

TITLE OF REPORT: **Infrastructure Funding Statement**

REPORT OF: **Peter Udall – Strategic Director Economy, Innovation and Growth**

Purpose of the Report

1. To inform Cabinet of financial contributions the Council has secured through the Community Infrastructure Levy (CIL) contributions and Section 106 agreements from new developments for off-site infrastructure works and affordable housing.
2. To request Cabinet to approve the Infrastructure Funding Statement (IFS) so that it can be published on the Council's website by the end of December 2023.

Background

3. The Council is required to produce and publish an Infrastructure Funding Statement on an annual basis under the CIL Regulations. The current IFS was approved by Cabinet and published in December 2022. However, it is required to be updated by the end of December 2023.
4. CIL and Section 106 agreements (collectively known as 'planning obligations' or 'developer contributions') income, through the granting of planning permission, is used to help fund the provision of supporting infrastructure in association with development and maximise the benefits and opportunities from growth, such as transport infrastructure, biodiversity net gain and affordable homes.
5. CIL is to be used on strategic infrastructure (80%) (main CIL pot) to help support the delivery of growth identified in the Council's Core Strategy and Urban Core Plan (CSUCP) and projects in local areas (15%) on local infrastructure (also known as the CIL neighbourhood portion) or anything else that is concerned with addressing the demands that development places on the area.
6. In December 2021, Cabinet approved a proposal in the IFS for the main CIL pot to be used to fund improvements to junctions along the A695 to help mitigate the impacts of new housing development in Ryton and Crawcrook. Cabinet have also approved a governance structure for the use of the CIL neighbourhood portion.

7. In December 2022 Cabinet asked for a review of CIL expenditure. Since this time the government has consulted on the idea of an infrastructure levy. There was widespread concern about the changes proposed and a government response on next steps is awaited. The CIL review also needs to be considered alongside reviews of our capital programme and other funding workstreams and it is therefore suggested that further time is needed to take this into account. In any event, noting the low level of CIL funds available because of reduced housebuilding in the current economic climate, it is unlikely there will be a significant increase in the CIL funding available in 2023/24. A report will be provided on completion of the review.
8. The IFS includes information on income received through Section 106 Agreements and CIL and expenditure of this income in 2023/24 including the CIL neighbourhood portion along with income projections for 2024/25 and spending priorities.

Recommendation

9. It is recommended that Cabinet approves the IFS set out in Appendix 2 so that it can be published on the Council's website by the end of December 2023.

For the following reasons:

- (i) To comply with CIL Regulations.
- (ii) To continue to ensure that developer contributions received are published and spent in a transparent manner.

Policy and legislative context

1. Cabinet approved the Community Infrastructure Levy charging schedule for Gateshead in November 2016 and it came into force in January 2017. The Council is both the collection and charging authority.
2. The Community Infrastructure Levy (CIL) Regulations 2010 set out that a charging authority must apply CIL to funding infrastructure to support the development of its area. As part of this, the Council was required to produce a list (under Regulation 123 of the CIL Regulations) of strategic infrastructure to be funded by CIL (also known as a Regulation 123 List) so as to support new development allocated in the Core Strategy and Urban Core Plan (CSUCP) for Gateshead and Newcastle upon Tyne.
3. The need for a Regulation 123 List has now been replaced by an Infrastructure Funding Statement (IFS) under the CIL (Amendment) (England) (No. 2) Regulations 2019. The IFS is required to be published on a website at least annually by a Local Planning Authority (LPA). The original IFS was published in December 2020 and this is required to be updated and published yearly on the Council's website by 31 December.
4. The IFS is required to include:
 - A statement of the infrastructure projects or types of infrastructure which the charging authority intends will be, or may be, wholly or partly funded by CIL.
 - A report about CIL, in relation to the previous financial year which includes:
 - The total value of CIL set out in all demand notices.
 - The total amount of CIL receipts.
 - The total amount of CIL expenditure.
 - The items of strategic infrastructure on which CIL has been spent.
 - The amount of CIL used for the neighbourhood portion and the items of infrastructure it has been allocated for or spent on.
 - A report about planning obligations (also known as Section 106 Agreements) in relation to the previous financial year which includes information on monies received and what they were spent on.
5. Further information on preparing an IFS is set out in the Planning Practice Guidance.

Strategic infrastructure spending priorities

A695 corridor

6. For strategic infrastructure, Cabinet have already approved the use of CIL (alongside Section 106 contributions) to fund the upgrade of junctions along the A695 corridor to support new housing in this area, on three sites at Crawcrook North, Crawcrook South and Ryton (187 homes at Crawcrook North, 169 homes at Crawcrook South and 550 homes at Ryton). It also includes 404 homes at the Prudhoe Hospital (within Northumberland) which leaves a total of 1310 new homes.
7. So far, Section 106 contributions have funded the signalisation of Blaydon Roundabout and the widening of the Beweshill Lane roundabout. This leaves additional remedial works at Beweshill Lane, which have come out of the safety audit process, the Stargate Lane roundabout, and the Greenside Road roundabout.
8. The costs for the whole A695 corridor are £2,250,820. A total of £1,054,590 has been committed from Section 106 contributions, and £1,196,230 funded through CIL. No further funding is required from the CIL Strategic Fund for the A695 works.
9. As new homes are already completed at Crawcrook North and South and the initial site preparations for the build-out of the Ryton site are taking place, the remaining works along the A695 corridor need to be carried out, in accordance with planning permissions and to prevent severe cumulative impacts on the road network.

Consultation

10. The Leader and Deputy Leader and the Cabinet Members for Environment and Transport and Cabinet Members for Communities and Volunteering have been consulted.

Alternative options

11. There is a requirement to publish an IFS annually under the CIL Regulations and so there is no alternative option for this.

Implications of Recommendation

12. Resources:

a. **Financial Implications** – The Strategic Director, Resources and Digital confirms that there will be sufficient funds in the CIL reserve to make the financial contribution.

b. **Human Resources Implications** – There are no human resource implications arising from this report.

c. **Property Implications** - There are no direct property implications arising from this report.

13. **Risk Management Implication** – No risks associated with the consultation.
14. **Equality and Diversity Implications** – None.
15. **Crime and Disorder Implications** – None.
16. **Health Implications** – None.
17. **Climate Emergency and Sustainability Implications** – None.
18. **Human Rights Implications** - None.
19. **Ward Implications** – The strategic infrastructure along the A695 corridor has supported housing development at Crawcrook and Ryton to prevent severe cumulative impacts along the road network covering the A695 corridor in Crawcrook and Greenside, Ryton, Crookhill and Stella and Blaydon Wards.

Infrastructure Funding Statement

APPENDIX 2