



Committee and Date

Item

Public



Annual Infrastructure Funding Statement 2023

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| Cabinet Member (Portfolio Holder): | Cllr Chris Schofield | | |

1. Synopsis

This report seeks approval for this year's Annual Infrastructure Funding Statement (Appendix 1).

2. Executive Summary

- 2.1. The Annual Infrastructure Funding Statement (the Statement) is a statutory requirement for Councils to produce. It must be published before the end of the calendar year.
- 2.2. The key purpose of the Statement is to report on the developer contributions (Community Infrastructure Levy (CIL) and Section 106 Planning Obligations) which Shropshire Council has received, allocated and spent during the reported year (between 1st April 2022 and 31st March 2023) and to provide an Infrastructure List which sets out the infrastructure projects or types of infrastructure which Shropshire Council may fund wholly or partly by the CIL.
- 2.3. Appendix 1 to this report provides the Annual Infrastructure Funding Statement for 2023. The recommendation is to approve this report for publication before the end of December 2023 to ensure the Council's meets its regulatory requirements. Should there be any amendments needed to the Statement this report recommends these can be made by the Executive Director for Place in consultation with the Portfolio Holder for Planning and Regulatory Services.

- 2.4. The collection and use of developer contributions, both through Section 106 and the Community Infrastructure Levy (CIL) are essential to ensure the delivery of necessary infrastructure to support new development. The use of CIL and Section 106 funds are covered in national legislation which the Council must follow.
- 2.5. The purpose of CIL is to support the cumulative impacts of new development by funding additional infrastructure. Whilst the range of items the Council can spend CIL on is not defined and is not exhaustive, national planning guidance states “*The levy can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities*”.
- 2.6. The majority of CIL collected remains the responsibility of Shropshire Council for allocation within either the relevant Place Plan area (CIL Local) or on infrastructure of county wide importance (CIL Strategic). Some CIL is the responsibility of the relevant Parish and Town Councils to spend in the form of the Neighbourhood Fund which is transferred to the relevant Parish and Town Council annually.
- 2.7. The Infrastructure List therefore only relates to the CIL Local and CIL Strategic funds. However, of importance, the purpose of the Infrastructure List is **not to** formally agree the projects where CIL will be used. Rather the list is intended to provide an indication as to the possible projects or types of projects where the Council intends to focus CIL funds in order to mitigate the impacts of new development.
- 2.8. The Council has recently been undertaking a comprehensive review of the 18 Place Plans for the County, which has included discussions with Parish and Town Councils. The purpose of the Place Plans is to identify current or predicted infrastructure capacity issues, and where known, projects to mitigate these issues. Where these infrastructure capacity issues have or are predicted to be caused by the impacts of new development, the Council can direct CIL funding towards their mitigation.
- 2.9. Whereas the updated Place Plans will include a wide range of projects, including those where the use of Council CIL funds would not be appropriate, the Infrastructure List included in the Council’s Annual Infrastructure Funding Statement must only include projects where the Council believes Council CIL funding would be appropriate, having regard to relevant national regulations. This does not include the Neighbourhood Fund element of CIL which rests with the relevant Parish and Town Councils to allocate to projects.
- 2.10. Whilst the updated Place Plans are yet to be published (likely to be in early 2024) there has clearly been a significant level of evidence collected as part of this process which has informed the Infrastructure List. Wider evidence collected through the Council’s Local Plan preparation, as well as other published or emerging Council strategies has also been taken into account.
- 2.11. There will inevitably be a close correlation between the delivery of the Local Plan’s growth strategy and the need for new or improved infrastructure. Settlements where significant planned growth is proposed in the Local Plan to 2038 will

therefore need to be a focus for use of CIL funds to support new or improved infrastructure.

3. Recommendations

- 3.1 Cabinet agrees the Annual Infrastructure Funding Statement included as Appendix 1 to this report for publication before the end of 2023.
- 3.2 If required, delegated responsibility be given to the Executive Director of Place, in consultation with the Portfolio Holder for Planning and Regulatory Services, to agree any necessary amendments to the Annual Infrastructure Funding Statement before its publication.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. It is a national requirement for Councils to prepare and publish their Annual Infrastructure Funding Statement before the end of the calendar year. Failure to do so will lead to the Council being in breach of its regulatory obligations. It is therefore important that Cabinet resolve to approve Appendix 1 to this report as per recommendation 3.1, or if changes are required as a result of Cabinet discussion, that authority be given to the Executive Director of Place in consultation with the Portfolio Holder for Planning and Regulatory Services to make necessary amendments, as per recommendation 3.2.
- 4.2. The Council must use the Statement to set out, in principle, the projects or types of projects where it intends to use CIL funds in the future. However, it is important to note that this does not constitute a formal agreement to use CIL funds for these purposes and there remains wider Council procedures that must be followed in order to formally agree CIL funding for projects, including where required, approval by Cabinet and Council. It is therefore considered there is limited risk to the Council of including an item on the Infrastructure List, and conversely of an item not being included, should additional evidence subsequently suggest the position regards funding has changed.
- 4.3. It is important the Council seeks to use available and future CIL funds for the most appropriate infrastructure, recognising that there is likely to be a need to prioritise projects to ensure that critical infrastructure is delivered. The Statement seeks to do this by using recent evidence collected through the Place Plan review process, as well as wider dialogue between relevant service areas (e.g. Education, Highways, Leisure), to establish a realistic list of potential infrastructure projects that meet the requirements of CIL regulations and are genuinely required to support the impacts of new development. It is considered there is little risk to the Council given the use of this evidence base.

5. Financial Implications

- 5.1. The Annual Infrastructure Funding Statement provides detailed breakdown of the amount of Section 106 and CIL contributions the Council has received in the reporting year (2022-2023), as well as breakdowns of where these funds have been used or allocated to. Officers from the Finance department have supported in compiling these figures.
- 5.2. The Infrastructure List (section 3 of the Statement) provides a comprehensive overview of the projects or types of projects intends to focus CIL funds. This list reflects the known infrastructure needs of the County forecasted through the planned growth scenarios in the adopted and emerging Local Plans, as well as seeking to support wider Council strategies and schemes.
- 5.3. The purpose of Section 106 and CIL funds is to mitigate the impacts of new development. These contributions are not intended to fund wider projects where a link to development cannot be established. Section 106 funds are established through discussions on separate planning applications and are governed by national legislation. CIL is also governed by national legislation, and is the responsibility of the Council to determine how to prioritise and spend (aside from the Neighbourhood Fund element which is the responsibility of the relevant Parish and Town Council). Given the importance of developer contributions to supporting necessary infrastructure it is vital the Council seeks to prioritise its use in the most appropriate manner, focussing in the first instance on those critical items necessary to enable development to take place.

6. Climate Change Appraisal

- 6.1. The Annual Infrastructure Funding Statement includes information on where the Council intends to use CIL Local and Strategic funds. This can include items to support Active Travel and wider sustainable transport provision, where there is shown this is necessary to support new development.

7. Background

- 7.1. The Annual Infrastructure Funding Statement (the Statement) is a statutory requirement for Councils to produce. It must be published before the end of each Calendar year by the Local Authority.
- 7.2. The key purpose of the Statement is to report on the developer contributions which Shropshire Council has received, allocated and spent during the reported year (between 1st April 2022 and 31st March 2023) and to provide an Infrastructure List which sets out the infrastructure projects or types of infrastructure which Shropshire Council may fund wholly or partly by CIL.

- 7.3. Any authority which receives a contribution from development through the Community Infrastructure Levy (CIL) or Section 106 planning obligations (S106) must publish an Infrastructure Funding Statement on their website each year.
- 7.4. In Shropshire, the CIL has been collected since 2012 and is chargeable on developments which propose one or more new dwellings (with the exception of affordable housing), or create more than 100m² of new floorspace through residential extensions or annexes for existing residential properties. Section 106 planning obligations are legal agreements which are entered into to mitigate the impacts of a specific development.
- 7.5. Both CIL and Section 106 planning obligations are used by Shropshire Council to collect developer contributions to fund necessary infrastructure as a result of new development. Providing reports on these developer contributions will help local communities and developers to see how contributions have been used and how any future contributions may be spent.
- 7.6. Appendix 1 to this report provides the Annual Infrastructure Funding Statement for 2023.
- 7.7. Section 1 of the Statement provides **the CIL Report** which uses a suite of nationally prescribed indicators for the reporting year (2022-23). This shows that in the reporting year the Council:
- Collected **£8,965,828.92** of CIL receipts, of which:
 - o £1,207,929.71 was ring-fenced and sent to relevant parish and Town Councils as the CIL Neighbourhood Fund in April 2023;
 - o £445,895.58 was retained by the Council to support the administration of CIL; and
 - o £7,312,003.63 was retained by the Council as CIL Local and CIL Strategic Funds.
- 7.8. Section 1 of the Statement shows that of the £34,287,910.41 of CIL funds retained by Shropshire Council at 31 March 2023 (i.e. not already spent on infrastructure projects) **£26,861,751.63** is not currently committed to an infrastructure project.
- 7.9. Therefore the key purpose of the Infrastructure List (Section 3 of the Statement) is to indicate which projects or types of projects the Council intend to use unallocated CIL funds to support delivery.
- 7.10. The Infrastructure List can also indicate how the Council intend to use future CIL funds, where there is a good understanding of the likely impacts of future planned growth – for instance as part of large scale new planned development in the emerging Local Plan Review.
- 7.11. Whilst the Infrastructure List does not dictate how Shropshire Council must spend CIL, it does set out Shropshire Council's intentions of how it could be used. The intention is for the Infrastructure List to be reviewed regularly (at least annually) through the updates to the Annual Infrastructure Funding Statement. Therefore, future iterations of the list could include additional infrastructure projects where more information is known and they are considered necessary to support new development.

- 7.12. For clarity, items not included on this Infrastructure List can continue to receive CIL funding in advance of future updates to the Infrastructure List should there be sufficient evidence to support this. Whether a project is included on the Infrastructure List or not, the process of securing formal agreement to use CIL Local or CIL Strategic funds remains through a consideration of an Expression of Interest (EoI) process to the Council's Internal Infrastructure Group (IIG), and depending on the value of the scheme, through additional agreement by Cabinet or Full Council.
- 7.13. The Infrastructure List set out in Section 3 of the Statement indicates a **potential use** of available and future CIL funds towards a range of infrastructure, including:
- New and expanded education facilities in Shrewsbury, Bridgnorth and Oswestry, with the potential for further investment in other areas should a requirement be established;
 - Improvements to the County's network of strategic and local highways, including funding to support the North West Relief Road, if approved and if required;
 - Contributions towards the delivery of the Shrewsbury Riverside redevelopment programme;
 - Contributions to new and improved sustainable and active travel infrastructure;
 - Contributions towards infrastructure element of necessary expansion to medical facilities resulting from new development;
 - Contributions towards new and improved leisure facilities, including new swimming provision in Whitchurch and Shrewsbury
- 7.14. In line with CIL Regulations, the Neighbourhood Fund element of the CIL is distributed to relevant Town and Parish Councils annually, normally in April. The CIL Neighbourhood Fund is 15% of the gross amount of CIL received in the Parish or Town Council area, except for those areas with an adopted Neighbourhood Development Plan where this rises to 25% of gross CIL received. It is the responsibility of the respective Town and Parish Councils to administer and allocate CIL Neighbourhood Fund monies to appropriate infrastructure projects. Any potential Neighbourhood Fund schemes are therefore not detailed in the Annual Infrastructure Funding Statement.
- 7.15. CIL income from new development can be spent on anything that constitutes "infrastructure" as defined by Regulation 216 of the 2008 Planning Act and the CIL Regulations (as amended). This includes but is not limited to roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities, and open spaces. Shropshire Council recognises that infrastructure needs vary from place to place and priorities vary over time in response to different development pressures.
- 7.16. The Council has recently been undertaking a comprehensive review of the 18 Place Plans for the County, which has included discussions with Parish and Town Councils. The purpose of the Place Plans is to identify current or predicted infrastructure capacity issues, and where known, projects being delivered or planned to mitigate these issues. Where these infrastructure capacity issues have or are predicted to be caused by the impacts of new development, the Council can direct CIL funding towards their mitigation.

- 7.17. Whereas the updated Place Plans will include a wide range of projects, including those where the use of Council CIL funds would not be appropriate, the Infrastructure List included in the Council's Annual Infrastructure Funding Statement must only include projects where the Council believes Council CIL funding (CIL Local and CIL Strategic) would be appropriate. This does not include the Neighbourhood Fund element of CIL which rests with the relevant Parish and Town Councils to allocate to projects.
- 7.18. Whilst the updated Place Plans are yet to be published (likely to be in early 2024) there has clearly been a significant level of evidence collected as part of this process which has also informed the Infrastructure List. Wider evidence collected through the Council's Local Plan preparation, as well as other published or emerging Council strategies, has also been taken into account, as well as direct conversations with the relevant Council departments including Education, Highways, and Leisure.
- 7.19. There will inevitably be a close correlation between the delivery of the Local Plan's growth strategy to 2038 and the need for new or improved infrastructure. Settlements which have experienced recent growth, and /or where further significant planned growth is proposed in the Local Plan to 2038 will be a focus for new and improved infrastructure provision and therefore also a focus the use of available CIL funds. The Infrastructure List in the Annual Infrastructure Funding Statement therefore generally reflects this in its distribution of proposed infrastructure schemes across the County.
- 7.20. Section 2 of the Annual Infrastructure Funding Statement provides the Section 106 Report. This shows that during the reported year, the Council entered into planning obligations to the value of **£8,517,148**. During the reported year (22-23) the Council received **£2,414,858.27** from planning obligations. The use of these funds is dictated by the specific Planning Obligation (Section 106 Agreement) to which it relates.

8. Conclusions

- 8.1. Appendix 1 to this report sets out the proposed Annual Infrastructure Funding Statement. The Statement must be published by the end of the year.
- 8.2. The purpose of the Statement is to set out what funds the Council has received from CIL and Section 106 contributions in the reporting year (2022-23), and with respect to CIL funds, the projects or type of projects the Council intends to fully or partly support. These projects are set out in Section 3 to the Statement in the Infrastructure List.
- 8.3. In compiling the Infrastructure List, evidence collected as part of the recent updates to the Place Plans have been used, alongside evidence of infrastructure needs resulting from recent or planned development in the County, including those needs forecast to arise as part of the delivery of the Council's Local Plan review.

- 8.4. The inclusion of an item on the Infrastructure List does not dictate how the Council must use CIL funding, and does not constitute a formal agreement to use funds in this way. Instead it should be viewed as an indicator as to the projects or types of projects the Council intends in principle to use CIL funding in the future.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Local Member: All

Appendices Appendix 1 – Annual Infrastructure Funding Statement 2023.