

This Report will be made public on 9 April 2024

Report Number **C/23/103**

To: Cabinet
Date: 17th April 2024
Status: Key Decision
Responsible Officer: Amandeep Khroud – Assistant Director:
Governance and Law
Cabinet Member: Councillor Tim Prater – Cabinet Member for Finance
and Governance

SUBJECT: Infrastructure Funding Statement 2023

SUMMARY:

In accordance with the latest revisions made via the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019¹, from December 2020 local authorities must publish an Infrastructure Funding Statement (IFS). The IFS document provides a summary of all financial and non-financial developer contributions relating to Section 106 Legal Agreements (S106) and the Community Infrastructure Levy (CIL) within Folkestone & Hythe District for a given financial year. This report seeks approval of the IFS, and identifies the infrastructure needs, the total cost of this infrastructure, anticipated funding from developer contributions, and the choices the authority has made about how these contributions will be used.

REASONS FOR RECOMMENDATIONS

To replace the Regulations 123 List which has been deleted by legislation and replace with the Infrastructure Funding Statement in accordance with the regulations.

RECOMMENDATIONS:

1. To receive and note report C/23/103.
2. To agree that the Council accepts the proposed Infrastructure Funding Statement contained in Appendix 1, which is to have immediate effect and be published immediately following Cabinet approval.

¹ <http://www.legislation.gov.uk/ukdsi/2019/9780111187449>

1. Introduction

- 1.1 In accordance with the latest revisions made via the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019), from December 2020 local authorities must publish an Infrastructure Funding Statement (IFS), and information should be drawn from this. A copy of the IFS is presented in **Appendix 1**.
- 1.2 Accordingly, the IFS is to provide a summary of all financial and non-financial developer contributions relating to Section 106 Legal Agreements (S106) and the Community Infrastructure Levy (CIL) within Folkestone & Hythe District for a given financial year.
- 1.3 The IFS should also identify infrastructure needs, the total cost of this infrastructure, anticipated funding from developer contributions, and the choices the authority has made about how these contributions will be used.

2. Preparing an Infrastructure Funding Statement

- 2.1 The Planning Policy Guidance (PPG) on Infrastructure Funding Statements provides guidance on the contents of statements, as follows:

“Infrastructure funding statements must set out:

- *A report relating to the previous financial year on the Community Infrastructure Levy;*
- *A report relating to the previous financial year on section 106 planning obligations;*
- *A report on the infrastructure projects or types of infrastructure that the authority intends to fund wholly or partly by the levy (excluding the neighbourhood portion).*

The infrastructure funding statement must set out the amount of levy or planning obligation expenditure where funds have been allocated. Allocated means a decision has been made by the local authority to commit funds to a particular item of infrastructure or project.”

- 2.2 Associated reporting is set out within the body of the IFS.

3. Scheme prioritization through reference to the Infrastructure Funding Statement

- 3.1 The District Council formally adopted a Community Infrastructure Levy Governance Framework at Cabinet on 24th June 2020, and Cabinet report C/20/12 and its associated appendices refer.
- 3.2 The purpose of having a governance framework in place is to ensure the deployment of CIL income follows clear and appropriate processes. Decisions to be taken by the District Council on spend of CIL receipts from the strategic pot would be taken in accordance with the IFS priorities and through the involvement/discussions between the Planning Policy team which leads on

preparation of the IFS, and the two Directors in conjunction with the S151 Officer:

- Director of Strategy and Resources
- Director of Housing and Operations

3.3 A significant role of the IFS is, therefore, to identify those infrastructure projects or types of infrastructure which Folkestone & Hythe District intends will be, or may be, wholly or partly funded by the Community Infrastructure Levy; whilst indicating other sources of funding that can be pooled to fund the same infrastructure projects.

3.4 In conjunction with the approved process for scheme prioritization as set out in the District Council's CIL Governance Framework, the District Council has identified the following projects to represent its top priorities:

Table 3.1. Priority projects for the spend of CIL receipts by FHDC

Project name	CIL funding support required	Timescale for delivery	Report reference (where applicable)	Policy requirement
Folkestone: A Brighter Future	£997,170	2025/26 financial year in line with project completion	A/22/15, recorded in the infrastructure Schedule 2023, and agreed at officer group on 10/01/2024 (with a further updated agreed at the officer group meeting on 5 th February 2024)	Policy SS5 District Infrastructure Planning of the adopted Core Strategy Review
Coast Drive Visitor Centre	£300,000	Complete by Spring 2025	C23/70, recorded in the infrastructure Schedule 2023, and agreed at officer group on 10/01/2024	Policy SS5 District Infrastructure Planning of the adopted Core Strategy Review
Landslip – engineering works	£150,000	Spring 2024	Recorded in the infrastructure Schedule 2023, and agreed at officer group on 10/01/2024	Policy SS5 District Infrastructure Planning of the adopted Core Strategy Review
F51 Environs and Payers Park	£75,000	Summer 2024	Recorded in the infrastructure Schedule 2023, and agreed at the officer group meeting on 5 th February 2024	Policy SS5 District Infrastructure Planning of the adopted Core Strategy Review
Infrastructure improvements to the Leas (paths, walls and steps)	£150,000	About to be scoped	Recorded in the infrastructure Schedule 2023, and agreed at officer group on 10/01/2024	Policy SS5 District Infrastructure Planning of the adopted Core Strategy Review
Strategic Play Areas as set out in the adopted Play Area Strategy	£300,000	About to be scoped. Implementation expected in late '24 early '25	Recorded in the infrastructure Schedule 2023, and agreed at officer group on 10/01/2024	Policy SS5 District Infrastructure Planning of the

(Leas Coastal Park refresh as priority)				adopted Core Strategy Review
Rationalisation and capital replacement of litter bin stock	£100,000	Scoped. Implementation expected by spring 2025	C/23/68, recorded in the infrastructure Schedule 2023	Policy SS5 District Infrastructure Planning of the adopted Core Strategy Review
Total	£2,072,170			

3.5 The projected spend and drawdown of CIL funds held by FHDC to deliver those priority projects referenced in Table 3.1 amounts to £2,072,170, which means as much of the budget held on account as of 31st March 2023 will be practically spent by spring 2025.

3.6 The District Council has set out a comprehensive list of infrastructure schemes that are required to support planned growth across the District within a corresponding Infrastructure Schedule that is appended to the IFS (Appendix 2 refers). This infrastructure schedule draws upon the version submitted to the examination into the Community Infrastructure Levy Charging Schedule examination in December 2022, albeit with relevant updates. The Overview and Scrutiny Committee considered this matter on 27 February 2024.

3.7 Inclusion of any individual project within the schedule does not guarantee that support via CIL shall be forthcoming. Indeed, a number of referenced schemes will be fully-funded via S106.

4. Conclusion

4.1 The District Council has prepared its fourth Infrastructure Funding Statement, and meets the requirements of the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019 for local authorities to publish information on the infrastructure funding they receive through Section 106 and CIL.

4.2 The Government has consulted on proposals for radical reform of the planning system, as set out in the Planning White Paper 'Planning for the Future' (MHCLG, August 2020). Any subsequent changes in legislation may, therefore, need to be reflected in future updates of this document.

4.3 The Levelling-up and Regeneration Bill makes provision for a new 'Infrastructure Levy' (IL) to replace the current regime of CIL and Section 106 agreements in most circumstances. The new IL was first proposed in the 2020 Planning for the Future White Paper, as a Gross Development Value (GDV)-based single mandatory charge, set nationally. The proposal was again included in the 2022 Levelling Up White Paper which said that the new IL will "enable local authorities to capture value from development more efficiently, securing the affordable housing and infrastructure communities need".

4.4 On 17 March 2023, the Department published further detail on its proposals in the Technical consultation on the Infrastructure Levy, alongside independent research, commissioned by the Department, which modelled the new IL. The

consultation’s introduction states: “The aim of the Levy is to create a swifter, simpler, more transparent system, and one that will raise at least as much revenue as at present, if not more, for local authorities to provide the infrastructure and affordable housing that communities need”.

4.5 The consultation sets out the Government’s intention to implement the new IL with a ‘test and learn’ approach, working with a small number of pilot local authorities to monitor, evaluate and improve the Levy’s operation. The consultation proposes that “National rollout will occur over the course of a decade and the current system will remain in place in areas which have not adopted the Levy”. More information can be found online².

5. RISK MANAGEMENT ISSUES

5.1 A summary of the perceived risks to the Council is shown below:

Perceived Risk	Likelihood	Seriousness	Preventative Action
KCC direct their allocation of CIL receipts to fund projects that would not accord with the CIL regulations, which requires that CIL is used to fund ‘the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of the area’.	Low	Medium	Maintaining close communication between officers of the District and County is a requirement of the IFS preparation. KCC have generated a list of projects that could be funded using their (KCC’s) proportionate CIL receipts, and the District Council is content that KCC would appropriately spend its proportionate CIL receipts in accordance with the CIL Regulations. KCC have published their infrastructure list within their own version of the 2023 IFS ³

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer’s Comments

The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019 vary the Community Infrastructure Levy Regulations 2010 to include a requirement in Regulation 121A for a local planning authority to publish, no later than 31 December in each calendar year, an infrastructure funding statement. This must comprise a report about planning obligations in relation to the reported year.

The publication of this statement ensures that the Council is complying with its statutory duties.

6.2 Finance Officer’s Comments

²<https://publications.parliament.uk/pa/cm5803/cmselect/cmcomloc/1122/report.html#:~:text=August%202020%2C%20Planning%20for%20the,on%20average%20to%2030%20months.>

³https://www.kent.gov.uk/_data/assets/pdf_file/0019/159013/KCC-Infrastructure-Funding-Statement-2022-2023.pdf

The data included in the IFS has been prepared in conjunction with Finance.

6.3 Diversities and Equalities Implications

There are no negative equality and diversity implications directly arising from this report. The proposed IFS provides a transparent process to make clear decisions on infrastructure related projects being funded by CIL. These projects could include schemes to assist specific sections of our community, for example improving wheelchair accessibility in public spaces.

6.4 Climate Change

There are no Climate Change Implications arising from this report.

However, any proposal for infrastructure arising from developer's contributions would need to be assessed for climate change implications as applicable.

7.0 Reporting officer

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Appendices

Appendix 1. Folkestone & Hythe District Council Infrastructure Funding Statement 2023 for the monitoring period 2022/23 (April 2024)

Appendix 2. Infrastructure Schedule (March 2024)