

APPENDIX 1

**INFRASTRUCTURE FUNDING STATEMENT
NOVEMBER 2020**

1. Introduction

- 1.1 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), and information should be drawn from this. 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.
- 1.2 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.
- 1.3 Other noteworthy changes to be introduced by the revision to the regulation is summarised as follows:
 - Removal of the restriction on pooling more than 5 planning obligations towards a single piece of infrastructure.
 - Deletion of the Regulation 123 List
 - Allowing authorities to choose to pool funding from different routes to fund the same infrastructure provided that authorities set out in their infrastructure funding statements which infrastructure they expect to fund through the levy and through planning obligations.

2. Preparing an Infrastructure Funding Statement

- 2.1 The guidance² advises that when preparing infrastructure funding statements, authorities should consider known and expected infrastructure costs taking into account other possible sources of funding to meet those costs. This process will help the charging authority to identify the infrastructure funding gap and a levy funding target. The Planning Policy Guidance (PPG) recognises some of the challenges surrounding the identification of infrastructure funding, noting that:

“It is recognised that there will be uncertainty in pinpointing other infrastructure funding sources, particularly beyond the short term. Charging authorities should focus on providing evidence of an aggregate funding gap that demonstrates the need to put in place the levy.

Any significant funding gap should be considered sufficient evidence of the desirability of CIL funding, where other funding sources are not confirmed. The Community Infrastructure Levy examination should not re-open infrastructure planning issues that have already been considered in putting in place a sound relevant plan.

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

² Paragraph: 017 Reference ID: 25 017 20190901 Revision date: 01 09 2019

Authorities may have existing ‘regulation 123 lists’ dating from before the Community Infrastructure Levy regulations were amended in September 2019. These lists remain useful as important evidence to inform plan making and the preparation of charging schedules. By no later than 31 December 2020, authorities will replace these lists with infrastructure funding statements.”

2.2 Funding for the delivery of infrastructure will be sought by the Council from multiple sources over a number of years. Developer contributions can be provided in several ways:

- Through planning conditions – to make development acceptable that would otherwise be unacceptable.
- Through planning obligations in the form of Section 106 agreements – where it is not possible to address unacceptable impacts through a planning condition.
- Through the Community Infrastructure (CIL) – a fixed charge levied on new development to fund infrastructure.

2.3 It is generally expected that Developer Contributions: CIL and Planning Obligation (Section 106) will only provide a contribution to funding the infrastructure costs. Alongside this funding there are mainstream sources of funding available to support delivery including sources of funding for education, transport, health and utilities infrastructure. Funding can also be used from the town and parish council CIL pots.

2.4 The PPG on Infrastructure Funding Statements³ 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.”

³ Paragraph: 176 Reference ID: 25 176 20190901 Revision date: 01 09 2019

3. A report relating to the previous financial year on the Community Infrastructure Levy

3.1 The reporting on the previous financial year is for the period 1 April 2019 to 31 March 2020 (note this is different to the tax year which runs from 6 April to 5 April).

3.2 It is noteworthy that the District Council has been reporting on S106 contributions and CIL receipts collected for a previous financial year to the Planning and Licensing Committee as an agenda item, so as to ensure the recommendations of the audit report are met and that information relating to the collection and allocation of S106 legal agreements is publicly available.

3.3 Previous reporting can be found under items of the Planning and Licensing Committee as follows:

- DCL/17/31 dated 23rd January 2018, with the following included as appendices:
 - Appendix 1: Contributions Required By Section 106 Agreements 2015/17
 - Appendix 2: Community Infrastructure Levy (CIL) Annual Monitoring Report 2016/17.

- DCL/18/33 dated 26th February 2019, with the following included as appendices:
 - Appendix 1 – Table of S106 Financial Contributions

3.4 Table 3.1 provides details of CIL receipts (payments) collected during the reporting period 1 April 2019 to 31 March 2020. Table 3.2 provides information on the total CIL receipts by Town and Parish Council area since August 2016 and corresponding transfer of CIL receipts (as of 31st March 2020).

Table 3.1. CIL receipts (payments) collected during the reporting period 1 April 2019 to 31 March 2020

Site name	Planning ref	Total CIL liability	Total CIL received	Outstanding liability	CIL neighbourhood proportion	Town/Parish Council
33 Newlands St Marys Bay Romney Marsh Kent TN29 0EY	Y17/0150/SH	£9,050	£9,050	£0	£2,262.50	St Mary in the Marsh

Land Adjoining 143 Queens Road Littlestone Kent	Y18/0524/FH	£6,892.20	£6,892.20	£0	£1,033.83	New Romney Town Council
Land Opposite Dorland New Romney Kent	Y18/0327/SH	£35,390.90	£35,390.90	£0	£5,308.64	New Romney Town Council
Great Field Farm Mising Lane Stelling Minnis Canterbury Kent	Y17/1512/SH	£12,581	£12,581	£0	£1,887.15	Elmsted Parish Council
Land Adjoining Steynes Madeira Road Littlestone Kent	Y17/0127/SH	£19,800	£0	£19,800	£2,970 (once received)	New Romney Town Council
Land adjoining Telephone Exchange, Barnhurst Lane, Hawkinge	Y16/0628/SH	£23,750	£23,750	£0	£3,562.50	Hawkinge Town Council
Land Adjoining 17 Hillcrest Road, Hythe, Kent	Y18/0215/SH	£59,590.65	£59,590.65	£0	£8,938.60	Hythe Town Council
Stonegate Farmers, Stone Street 96 St Leonards Road, Hythe	Y15/1292/SH	£118,458.58	£118,458.58	£0	£17,768.79	Elmsted Parish Council
96 St Leonards Road, Hythe	Y17/0866/SH	£28,444	£28,444	£0	£4,266.60	Hythe Town Council
Land rear 162 High Street, Hythe	Y17/0971/SH	£54,600	£54,600	£0	£8,190	Hythe Town Council
74 High street New Romney	Y17/0312/SH	£39,600	£39,600	£0	£5,940	New Romney Town Council

	Total	£408,157	£388,357	£19,800	£59,159	n/a
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3.5 In line with the Regulations, 15% of CIL receipts (capped at £100 per Council tax dwelling per annum in the parish area) will be transferred to Town and Parish Councils twice a year, where development has occurred in their area, rising to 25% of CIL receipts (without any cap) for Town and Parish Councils that have made Neighbourhood Plans. St Mary in the Marsh Parish is the only area within the district that has an adopted, or 'made', Neighbourhood Plan. At the time of writing, there are no additional Neighbourhood Plans being prepared by Town or Parish Councils). The cap that applies of £100 per Council tax dwelling per annum has only had implications on the payment to be made to Elmstead Parish Council in the 2019/20 financial year. Because of the small population of the parished area (141 properties in total) the annual CIL payment for 2019/20 could not exceed £14,100. The 15% allocation for 2019/20 would amount to a transfer of £19,655.94 if there were no cap in place. Because of the cap the residual amount of £5,555.94 is transferred into the strategic pot.

Table 3.2. Total CIL receipts by Town and Parish Council area since August 2016 and corresponding transfer of CIL receipts (as of 31st March 2020)

Parish/Town Council	Amount owed from CIL receipts currently held on account	Amount transferred as of 31 st March 2020	Date of transfer	Number of Council Tax properties as of 31 st March 2020	Notes
Acrise Parish				75	
Brenzett Parish				179	
Brookland Parish				206	
Burmarsh Parish				133	
Dymchurch Parish	£701.77	£0		1737	
Elham Parish				688	
Elmsted Parish	£14,100	£0		141	Payments relate to Y15/1292/SH and Y17/1512/SH. Both payments were made to F&HDC in 2019/20. There are 141 Council Tax properties in Elmste0d parish, and so the neighbourhood allocation in the 2019/20 financial year is limited to £14,100, equivalent to £100 per existing Council Tax dwelling.
Folkestone Town	£6,321.30	£6,321.30	Single payment made on 14 th July 2020	22332	The single payment made on 14 th July included the sum of £2313.75, which relates to a CIL payment made to F&HDC after 31 March 2020. The reporting on this row relates to payments up to 31 March 2020

Parish/Town Council	Amount owed from CIL receipts currently held on account	Amount transferred as of 31 st March 2020	Date of transfer	Number of Council Tax properties as of 31 st March 2020	Notes
					A further payment of £13,376.25 was made in September 2020, and will be reported in the 2021 IFS As such Folkestone Town Council have received total monies of £22,011.30 as of September 2020
Hawkinge Town	£5,018.10	£0		3323	
Hythe Town	£57,674.50	£48,735.90	Single payment made on 25 th February 2020	7693	
Ivychurch Parish				102	
Lydd Town				3103	
Lyminge Parish				1273	
Lympne Parish				652	
Monks Horton Parish				50	
New Romney Town	£12,282.47	£12,282.47	Single payment made on 17 th July 2020	3407	
Newchurch Parish				138	
Newington Parish				164	
Old Romney Parish				97	
Paddlesworth Parish				15	
Postling Parish				94	
Saltwood Parish				392	
Sandgate Parish				2441	
Sellindge Parish				757	
Snargate Parish				60	
St Mary in the Marsh Parish	£2,933.75	£0		1462	
Stanford Parish				166	
Stelling Minnis Parish				253	
Stowting Parish				103	
Swingfield Parish				532	
Total	£99,03189	£67,339.67			

CIL Spending Protocol

- 3.6 The Council is responsible for making the final decision on the allocation of funding raised through CIL. 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. The purpose of

having a governance framework in place is to ensure the deployment of CIL income follows clear and appropriate processes.

- 3.7 The District Council acknowledges the crucial role played by the County Council in the delivery of key strategic infrastructure. Indeed, charging authorities must consult and should collaborate with the County Council in setting the levy and should work closely with them in setting priorities for how the levy will be spent in 2-tier areas. Collaborative working between County Councils and charging authorities is especially important in relation to the preparation of infrastructure funding statements (see Schedule 2 introduced by the 2019 Regulations) bearing in mind the potential impact on the use of highway agreements by the County Council and the timely delivery of schools.
- 3.8 Under the proposed governance arrangements the District Council is pledging to assign 35% of CIL receipts from the strategic pot to Kent County Council in order to enable KCC to spend this proportion of the receipts in accordance with agreed priorities for infrastructure delivery within Folkestone & Hythe district.
- 3.9 A requirement of the proposed governance arrangements is that the County Council's priority infrastructure schemes shall be recorded within the District's Infrastructure Funding Statement (IFS); the associated spend of CIL receipts by the County Council must be in accordance with the prioritisation of CIL funds. This ensures full transparency for the deployment/investment of CIL receipts.
- 3.10 CIL collected will be used to provide infrastructure to support growth within the District. Of this:
- 5% will be used to provide a dedicated resource for the annual monitoring and management required by the CIL regulations
 - Either 15% or 25% of receipts accruing from development within their Parish will be allocated to the relevant Parish or Town Council. On the basis that St Mary-in-the-Marsh is the only area with an adopted Neighbourhood Plan - and recognising that the quantum of development expected to come forward in this parish area is very limited - the neighbourhood apportionment is principally 15%
 - Remaining CIL monies will be allocated by the Council and/or County Council for investment in infrastructure for the District, in accordance with this Spending Protocol. A proportion of the strategic pot, 35% (i.e. applying a ratio of 35:80 from the 80% under the strategic pot) will be passed across to Kent County Council in accordance with the approved Governance arrangements.
- 3.11 A breakdown of the CIL receipts by the corresponding pots is presented in Table 3.3.

Table 3.3. Breakdown of CIL receipts by percentage split as of 31 March 2020

Total CIL receipts received	5% administration	Neighbourhood allocation	Strategic pot	
£689,428.80	£34,471.44	£99,031.89	£555,925.47	
			F&HDC (45/80)	KCC (35/80)
			£312,708.07	£243,213.45

Notes

Under the agreed governance arrangements KCC shall receive a proportionate share (35%) of the strategic pot

Scheme prioritisation through reference to the Infrastructure Funding Statement

3.12 As part of the CIL spending protocol agreed by Cabinet in June 2020, 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 one of the following Directors, depending on the directorate area where a particular project falls:

- Director of Place
- Director of Housing and Operations
- Director of Corporate Services

3.13 The District Council has set out a comprehensive list of infrastructure schemes to be delivered across the District within a corresponding Infrastructure Schedule. Inclusion 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.

3.14 In terms of reporting, it is proposed that a Cabinet statement is prepared every 6 months to provide an update on CIL receipts received and expenditure.

Profiling future CIL receipts

3.15 A further £2.5m of CIL receipts are expected from development which has been granted planning permission, but the consent has not yet been implemented to trigger the CIL payment. Up to a further £7m is expected from sites that are allocated within the Places and Policies Local Plan (PPLP), which was adopted on 16 September 2020. A number of sites within the PPLP have already been granted planning consent and are coming forward to implementation.

3.16 These figures are broad estimates based on an average floor area for new dwellings, and affordable housing in accordance with the prevailing policy

requirement. CIL receipts will be affected by a number of other factors, which are more difficult to forecast, such as pace of development, CIL relief for self-build dwellings and windfall development.

4. A report relating to the previous financial year on the S106 planning obligations

- 4.1 The basis for collecting S106 developer contributions is policy SS5 of the adopted Core Strategy Local Plan, as well as other policies within the Local Plan relating to requirements for open and play space provision. The aim of S106 contributions is to mitigate the impact of development on local services such as local schools and social care facilities etc. and to ensure that, where provision is not made on site off site mitigation is provided. S106 contributions for these services can only be sought.
- 4.2 Importantly in the context of infrastructure funding and delivery, the removal of regulation 123 takes away not only pooling restrictions, but also the restriction on seeking S106 contributions to infrastructure on the infrastructure list.
- 4.3 Table 4.1 below shows the total amount of S106 money held by the Council on 31 March 2020. Table 4.2 details monies held at 31 March 2020 due to be transferred to the local CCG in future. Table 4.3 provides a further breakdown of monies held at 31 March 2020 due to be transferred to Kent County Council.
- 4.4 When S106 money is available, i.e. is held on account by the District Council following receipt of payment from a developer, and that money is required for a project, the party seeking a transfer payment (e.g. KCC in the case of a school expansion) is required to contact the Development Control Manager and clearly set out details of the project, its S106 justification, responsibilities for governance on spend and associated programming for delivery for S106 monies to be released. This is to ensure monies are spent in accordance with the specific legal agreements in a controlled project management environment.

Table 4.1 – Total S106 monies held by the F&HDC at 31 March 2020

Planning reference number	Balance 30/03/2020	Total KCC	Other 3rd Parties	FHDC Affordable Housing	FHDC Open Space	FHDC Other	Total
Y03/0903/SH	£68,641	0	0	0	£20,000	£48,641	£68,641
Y07/1566/SH	£81,307	0	£81,307	0	0	0	£81,307
Y09/0627/SH	£16,845	0	0	0	0	£16,845	£16,845
Y10/0898/SH	£969,682	0	0	£969,682**	0	0	£969,682

Y11/0284/SH	£8,093	0	£8,093	0	0	0	£8,093
Y11/0812/SH	£2,800	0	0	0	£2,800	0	£2,800
Y11/1156/SH	£7,076	0	0	0	£7,076	0	£7,076
Y13/0172/SH	£117,745	0	0	0	£8,327	£109,418	£117,745
Y13/0595/SH (Y12/055/SH)	£5,000	0	0	0	£5,000	0	£5,000
Y13/1206/SH	£102,658	£12,658	0	£90,000	0	0	£102,658
Y14/0300/SH	£2,000	£2,000 *	0	0	0	0	£2,000
Y10/0698/SH & Y15/0806/SH	£61,421	0	0	0	£21,022	£40,399	£61,421
Y15/0467/SH	£77,716	0	0	£77,716	0	0	£77,716
Y15/0581/SH	£135,903	0	0	£135,903	0	0	£135,903
Y15/0164/SH	£557,313	£136,794 *	£70,471	0	£168,607	£181,439	£557,313
Y15/0751/SH	£55,951	0	0	0	0	£55,951	£55,951
Y17/1377/SH	£147,500	0	0	0	0	£147,500	£147,500
Total	£2,417,650						
		£151,452	£159,871	£1,273,619	£232,832	£600,193	£2,417,650

*Denotes that payments have been transferred to the receiving body post the reporting period, i.e. after 31 March 2020. This will be reflected in the 2021 IFS

** Small drawdown on Affordable Housing sum from £1,416,000 post the reporting period, i.e. since March 2020

4.5 Of the £2,870,196 held on account by F&HDC as of 31st March 2020, some £2,558,871 is to be spent on services that are delivered by the District Council.

4.6 Concerning the sum held on account that is to be transferred to third parties (amounting to £159,871 as of 31st March 2020), with the exception of the sum of £8,093 secured against planning permission Y11/0284/SH, the balance relates to healthcare contributions. Monies held on account by F&HDC to fund improved healthcare services are presented in Table 4.2. These contributions have been identified to support the delivery of a healthcare hub on land adjacent to the Marsh Academy, Station Road, New Romney. At the time of writing, this proposal has not proceeded to a formal planning application, although it's understood there's a justified business case to proceed to application stage in due course.

Table 4.2 – Monies held at 31 March 2020 due to be transferred to the CCG in future

Planning reference number	NHS contribution	Proposed project
Y07/1566/SH	£81,307	New surgery in New Romney
Y15/0164/SH	£70,471	New surgery in New Romney
Total	£151,778	

- 4.7 In respect of the £8,093 secured against planning permission Y11/0284/SH, this money is being drawn-down annually to fund a programme of ecological survey work to monitor the Emerald Moth habitat proximate to the scheme of residential development at Fisherman’s beach. The final amount of £2,583 is to be paid to Natural England in 2021/22, after which the full drawdown will have taken place.
- 4.8 Of the £151,452 held on account as of 31st March 2020 to be transferred to KCC, two payments relating to applications Y14/0300/SH (£2,000) and Y15/0164/SH (£136,794) have been transferred to KCC post the reporting period ending 31st March 2020. Corresponding information is presented in Table 4.3.

Table 4.3 – Monies held at 31 March 2020 due to be transferred to KCC

Planning reference number	KCC Social Care	KCC Libraries	KCC Education	KCC Community Learning	KCC Youth	KCC Other?	Total KCC
Y13/1206/SH	£376.74	£1,704.55	£10,198.26	£378.81	0.00	0.00	£12,658.36
Y15/0164/SH			£136,794 *				£136,794*
Y14/0300/SH						£2,000 * Travel Plan monitoring fee	£2,000*

*Denotes that payments have been transferred to the receiving body post the reporting period, i.e. after 31 March 2020. This will be reflected in the 2021 IFS

- 5. 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).**
- 5.1 This IFS identifies the 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 shown (Appendix 1 refers).

- 5.2 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.
- 5.3 The content of the Infrastructure Schedule presented in Appendix 2 has been drawn from the Infrastructure Delivery Plans (IDPs) prepared as part of the evidence base for the Places and Policies Local Plan and the Core Strategy Review respectively. Both IDP documents were produced following extensive discussion and collaboration with stakeholders, strategic infrastructure providers and the County Council throughout the period 2017 to 2019. As such, information drawn from the IDPs for inclusion within the Infrastructure Schedule remains both current and relevant.
- 5.4 However, it is important to note that the IFS and its supporting documentation are dynamic and will be subject to annual review and updating, as required. Member views on the content of the IFS and Infrastructure Schedule are welcomed, to include recommendations for the setting of priority projects. The 2020 IFS document does not set any priorities on project spend.

6. Conclusion

- 6.1 This document is the council's first 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.
- 6.2 It should be noted that, at the time of writing this statement, the Government is consulting on proposals for radical reform of the planning system, as set out in the Planning White Paper 'Planning for the Future' (MHCLG, August 2020).
- 6.3 The Planning White Paper includes proposals for the reform of the current system of developer contributions. If implemented as proposed, these reforms would see the scrapping of Section 106 agreements and the Community Infrastructure Levy and their replacement by a new consolidated Infrastructure Levy. This would be charged as a fixed proportion of the development value of a site, determined through a nationally-set rate.
- 6.4 These changes may therefore need to be reflected in future updates of this document.