



Council

17 December 2020

Report of: Councillor Leigh Higgins - Portfolio Holder for Growth and Prosperity (and Deputy Leader)

Infrastructure Funding Statement 2020

Corporate Priority:	Priority 3 - Delivering sustainable and inclusive growth in Melton
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No

1 Summary

- 1.1 This report seeks the approval from the Council to publish the Infrastructure Funding Statement 2020 (IFS), following the production of the statement by the Council’s officers.
- 1.2 The publication of this statement is a legal requirement following the adoption of the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019.
- 1.3 The IFS is a factual account of all s106 contributions secured, received and spent by the Council (including those collected and passed on to other agencies), but does not include those secured for Leicestershire County Council (LCC), who are also subject to the duty to produce an IFS for their own receipts and expenditure via s106.

2 Recommendation

That Council:

- 2.1 Notes the Infrastructure Funding Statement 2020 (IFS) so that it can be published on the Council’s website.**

3 Reason for Recommendations

- 3.1 Following the adoption of the [Community Infrastructure Levy \(Amendment\) \(England\) \(No. 2\) Regulations](#) in 2019, the Council now has a statutory requirement to publish an Infrastructure Funding Statement (IFS) annually by the 31st December each year.
- 3.2 Therefore, the main reason for this recommendation is that it is a legal requirement for the Council to publish the IFS. The intention of this statement is to be open and transparent about s106 receipts associated with development and their subsequent use.
- 3.3 The alternative to this recommendation is not to publish the IFS, leading the Council to not fulfil its statutory requirement and the associated reputational risk. Hence, this approach is not recommended.

4 Background

- 4.1 In 2019 the Government considered that there was a need for a more transparent and standardised approach to the reporting of developer contributions within local authorities. Consequently amendments to the Community Infrastructure Levy Regulations were made to require local authorities to publish an annual Infrastructure Funding Statement (IFS). The first IFS is required by the 31st December 2020, this statement covers the period April 1st 2019 to March 31st 2020.
- 4.2 The objective of the IFS is to improve transparency of monitoring and reporting so that monies secured, received, allocated, spent and delivered can be followed through the developer contributions system. This information corresponds to frequently asked questions that the Council secures and receives through Freedom of Information requests. The audience for the IFS are key stakeholders in the development process including local communities, developers, infrastructure partners alongside Ward Councillors and officers.
- 4.3 The IFS provides a narrative of various developer contributions and their status from securing the funds in a s106 agreement through to implementing the infrastructure. The Council has postponed work on the Community Infrastructure Levy, therefore IFS need only report on developer contributions secured through section 106 agreements. In addition to this the Council's IFS does not include developer contributions secured for LCC; they have duty to produce an IFS for their own receipts and expenditure secured via s106. Therefore it is recommended that their IFS be viewed alongside ours to understand the full picture of infrastructure secured from development proposals.
- 4.4 The IFS is a 'snapshot' of the work of the planning team towards securing developer contributions as it relates to a single year. Such obligations play a key role in the delivery of our Corporate Strategy. 'Sustainable Growth' (Priority 3) means that development is supported by the right level of infrastructure, for example in education, health, transport and open spaces. This is secured through developer contributions via s106 agreements and has, and continues to support the funding of the Melton Mowbray Distributor Road (MMDR) new education facilities including new schools in Melton Mowbray, and towards new primary health care facilities in the town.
- 4.5 Affordable housing is a key element of sustainable growth which is also delivered through s106. The Council has a strong record of securing affordable housing – with examples where it has exceeded the policy requirements set out in the Local Plan - and continues to deliver in this area by securing varying types of affordable housing to meet the varied needs of our communities.

- 4.6 The Melton Mowbray Distributor Road (MMDR) is critical to ensure longer term growth and prosperity, and developer contributions are one way we are supporting its delivery. To date a total of £13,499,120 has been secured through the planning process from developments in and around Melton for this purpose.
- 4.7 The content of s106 agreements is the preserve of the Council as local planning authority and therefore although not contained within the Council's IFS, we have worked with LCC to secure a significant amount of funding for large-scale infrastructure such as education and highways placing the highest priority on these items when negotiating with developers.
- 4.8 This has led to over £2,000,000 being secured for LCC within the 2019/20 period and looking further back over a 5 year time horizon some £32,098,217 including £12,325,224 for education infrastructure and £13,499,120 for the MMDR.
- 4.9 This represents a success rate of over 99% in terms of requests for developer contributions made by LCC. It is notable that it includes several cases where developers have sought to seek concessions on contributions through claims of unviability which have been successfully resisted, resulting in full contributions being secured.
- 4.10 In addition to LCC, we have also worked with other infrastructure providers such as Clinical Commissioning Groups (CCGs) to ensure their infrastructure capacity keeps pace with housing growth. Funds have been received for the improvement of primary health capacity in Melton Mowbray and similarly funds are secured for extensions to village and branch surgeries in several villages.
- 4.11 Working with local communities and their representatives, we have been able to support local service provision for example by the funding of improvements to village halls, play equipment, new public open spaces and supporting other local priorities affected by development.

5 Main Considerations

- 5.1 The IFS, which can be found in Appendix 1, illustrates that in the period of April 1st 2019 to March 31st 2020, the Council secured £329,657.27 worth of financial developer contributions through section 106 agreements. This included contributions towards off-site affordable housing, healthcare, open space & leisure and monitoring fees. In addition to this 75 affordable housing units and 3 on-site open spaces were secured as non-financial developer contributions.
- 5.2 In 2019/20 the Council received £70,425.35 in financial developer contributions. To some extent this total is low, reflecting lower housing delivery rates in earlier years from which these receipts are now arising (typically the realisation of permissions granted circa 2015 – 2017). We are expecting the amount of received contributions to rise in the coming years, as more developments progress across the Borough.
- 5.3 The significance of the value of affordable housing provisions should not be underestimated as they are sold at discounted rates ranging from typically between 50 – 80% of market values. Translating the 75 affordable houses delivered in 2019/20 into financial terms would amount to several £million investment in affordable housing secured by the planning process.
- 5.4 Including transferring funds to the East Leicestershire & Rutland CCG, the Council spent £70,699.20 of developer contributions in the financial year 2019/20.

- 5.5 These factual statements are expanded upon within the full IFS which can be found in Appendix 1. The IFS contains a series of tables to clearly illustrate the origins of each developer contribution, allowing for a narrative to be established.
- 5.6 Officers from various departments have worked collaboratively to produce the IFS, this will continue on annual basis to ensure we meet the statutory requirements. Though delivered in association with decisions on planning applications, the funds relate to several Council functions.

6 Options Considered

- 6.1 The proposed option is for the council to approve the Infrastructure Funding Statement (IFS) and for it to be published on the council's website. This action will ensure that the Council meets the statutory requirements of local authorities to publish their first IFS by the 31st December 2020, set out in Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations. This action would correspond to the actions of a significant amount of local authorities in England.
- 6.2 The alternative option is for the council to reject the IFS and not publish the statement. This would lead to the Council failing to fulfil its statutory requirement.

7 Consultation

- 7.1 No consultation has occurred to produce the IFS, this is because the documents content is a series of factual statements, from data that is stored internally at the Council.

8 Next Steps – Implementation and Communication

- 8.1 The Infrastructure Funding Statement will be published on the council website and a press release made, subject to Council approval. This would occur early in the week commencing the 21st December 2020.

9 Financial Implications

- 9.1 The IFS has no direct financial implications, as the document has been produced internally. However the information provided within the statement details the financial position of section 106 contributions monitored and collected by the Council. Due to the ability to pool contributions to achieve a higher total, some financial contributions are held within planning's budget for a number of years.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 Following the [Community Infrastructure Levy \(Amendment\) \(England\) \(No. 2\) Regulations 2019](#), the Council has a statutory requirement to publish an Infrastructure Funding Statement (IFS) annually by the 31st December each year.
- 10.2 The IFS includes all relevant information as set out in Schedule 2 to the Community Infrastructure Levy Regulations 2010 (as inserted by the 2019 Regulations).
- 10.3 This is the first year that the requirement has come into force and this process will continue to occur annually from 2020.
- 10.4 Using the guidance provided within Schedule 2 of the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019, the Council's officers have produced the IFS, specifically the section 106 report as we have not adopted the use of CIL.

10.5 The IFS may be used to inform the current developer contribution position held by the Council.

Legal Implications reviewed by: Monitoring Officer

11 Equality and Safeguarding Implications

11.1 The IFS has no equality and safeguarding implications.

12 Community Safety Implication

12.1 The IFS has no direct community safety implications.

13 Environmental and Climate Change Implications

13.1 Although the IFS does not have any direct implications on the environment or climate change, the information contained within the statement may provide details on some positive implications. Specifically relating to the Council securing developer contributions towards open space infrastructure.

14 Other Implications (where significant)

14.1 As described in section 4 above, developer contributions secured by our planning team through s106 agreements have a direct and positive impact on health, wellbeing and environmental implications.

15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Council does not approve IFS	Low	Marginal	Low Risk
2	IFS is not published to the required timescales	Low	Negligible	Low Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant				
	3 Low	2	1		
	2 Very Low				

	1 Almost impossible				
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Risk No	Mitigation
1	Clearly illustrate within this report the statutory requirements of the IFS and that it is a factual document that has very little implications if published.
2	Work with the communications department to prepare press releases and the website to ensure document is published within the required timescales, once approved by Council.

16 Background Papers

16.1 None.

17 Appendices

17.1 Appendix 1 – Melton Borough Council’s Infrastructure Funding Statement (December 2020)

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