

Further Information Relating to Risk Number CRR/9: Infrastructure Funding Shortage

The information below has been provided to the Audit and Accounts Committee to address some queries raised by Cllr Topping regarding Risk Number CRR/9: Infrastructure Funding Shortage.

Further clarification was sought on the following:

- a) Which controls link to each of the two triggers?
- b) What specific actions are occurring, particularly the similar action for each of the five Councils in assisting to implement the Community Infrastructure Levy (CIL) regime and setting of charges?
- c) Are the actions on track in terms of target dates?

The Links Between the Trigger and Controls

Trigger

Insufficient funding is obtained from a variety of sources, including Government funds, Section 106 payments and other planning contributions, to deliver required infrastructure. This is exacerbated by the recession and increased requests for deferral of developer contributions.

Controls in place

- Maximisation of developer contributions through Section 106 negotiations.
 - Prudential borrowing strategy is in place.
 - Section 106 deferrals policy is in place.
 - External funding for infrastructure and services is continually sought.
 - Hunts DC has implemented their Community Infrastructure Levy (CIL) regime.
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- Maximisation of developer contributions through Section 106 negotiations.

Officers are fully aware of the limited funding available to deliver required infrastructure, and seek to negotiate requirements to ensure that the necessary infrastructure required is provided to help facilitate and mitigate the impacts of growth. S106 is a negotiated process and officers seek to ensure that the maximum amount possible is secured via developer contributions.

However officers must be mindful of national policy contained within the National Planning Policy Framework at paragraph 16, which states that *“where the deliverability of the development may be compromised by the scale of planning obligations and other cost, a viability assessment may be necessary... A site is viable if the value generated by its development exceeds the costs of developing it and also provides sufficient incentive for the land to come forward and the development to be undertaken”*.

- Prudential borrowing strategy is in place

A prudential borrowing strategy is in place to assist in funding priority projects where there is a strong business case in terms of addressing barriers or supporting the growth and ongoing prosperity of the county. This is where insufficient funding may have been obtained from Government funds, Section 106 payments or other external funding sources and borrowing is needed to support in delivering the required infrastructure to help deliver the benefits for our communities. Where possible, officers look to maximise the external funding and reduce the need for borrowing. Examples of where borrowing is proposed are the Ely bypass scheme and the Kings Dyke level crossing replacement scheme, although there are others too.

- Section 106 deferrals policy is in place

The County Council seeks to ensure that development always contributes to infrastructure as required. Officers are aware that developers may not always be able to pay all contributions up front, therefore, whenever possible, phased S106 payments will be agreed with S106 agreements. Despite this, there will be occasions when developers will seek deferral of payments. However the County Council is fortunate that this is a rare occurrence. Therefore, in the vast majority of cases, we have negotiated and signed S106 agreements which avoid such deferral. On the rare occasions when it does occur (and in the past this was recession related), requests are dealt with on a case by case basis, where the business case for deferral is carefully scrutinised and approvals for deferring payment are needed. The risk to provision of infrastructure in these instances is generally one of delay rather than under provision.

- External funding for infrastructure and services is continually sought.

Given the scale of infrastructure required to support growth and mitigate its impacts, address current deficiencies, and the gap in available funding, external funding is continually sought. This is particularly to support the priority of site and strategic infrastructure from Government funding and other sources to facilitate growth and address barriers.

S106 payments are sought towards site specific infrastructure, and infrastructure or services needed to mitigate the impacts of growth. Therefore, external funding for infrastructure and services is needed and continually sought to support in delivering the necessary infrastructure.

- Huntingdonshire District Council has implemented their Community Infrastructure Levy regime.

Huntingdonshire District Council has implemented its CIL regime and County Council priority essential infrastructure projects will directly benefit from this where the infrastructure has been prioritised and there is sufficient funding available. This additional stream of planning contributions in this area reduces the risk of infrastructure not being delivered.

Specific actions occurring in relation to assisting each of the five Councils to implement the CIL regime and setting of charges

Huntingdonshire District Council (HDC)

The County Council has worked with HDC to develop infrastructure plans and support in implementing the CIL regime. There are regular Growth and Infrastructure Group meetings with officers and members to review income, approach and provide views on priorities. The County Council continues to work with partners to update plans and establish effective monitoring for CIL funding. A key priority currently for CIL funding is west of town centre link which the County Council has supported delivery of and CIL funding is expected to contribute towards this.

East Cambridgeshire District Council (ECDC)

The County Council is working with ECDC to fully implement the CIL regime. ECDC has an adopted CIL charging schedule but is commencing the process of prioritising what infrastructure CIL funds will be spent on. The County Council and ECDC have established a joint member and officer steering group tasked with leading on this work, and a review of the Infrastructure List (Regulation 123 list) is expected to be consulted on shortly.

South Cambridgeshire District Council/Cambridge City Council (SCDC/City)

SCDC and City have submitted their CIL draft charging schedules to Government for examination. The County Council has responded to all consultation in this regard. Until these documents are examined by a planning inspector, declared sound and adopted, it is not possible to implement a charging regime. However, we have commenced discussions with the authorities in relation to future monitoring of CIL monies once received and are currently considering governance arrangement for allocations of these monies. This will be considered alongside joint arrangements for City Deal where the authorities are working together on Planning and Transport and funding from development.

Fenland District Council (FDC)

FDC commissioned independent consultants to complete viability work to help inform if a CIL would be viable. This work was completed and published in December 2014 and concluded that a CIL is not viable in Fenland. Therefore, the County Council will not be able to assist in implementing a CIL in Fenland. FDC has produced a Planning Contributions SPD which it is currently consulting on and we are responding to this consultation.

Timescale of Actions

Actions are ongoing and remain on track in terms of target dates although implementation of CIL in Cambridge and South Cambridgeshire is now expected to be later than anticipated. However, since Cambridgeshire County Council is not a CIL charging or collecting authority, this matter is outside our control. We continue to support partners in developing plans and have been in discussions with SCDC about possible contingency measures in the absence of a definite timetable for examination, adoption and implementation for a CIL charging schedule.