

Hertsmere Borough Council

Community Infrastructure Levy



Infrastructure and Funding Report

July 2013

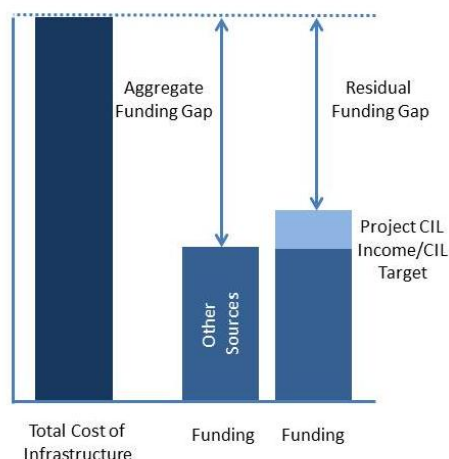
Document Title	Purpose
Infrastructure and Funding Report	Supporting document outlining an overview of Hertsmere's infrastructure requirement and demonstrating a funding gap

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1. Introduction

- 1.1 In order to establish a Community Infrastructure Levy (CIL) a charging authority needs to identify the total cost of infrastructure that it desires to fund in whole or in part from the levy. The Regulations require Charging Authorities to demonstrate that there is a funding gap in the provision of infrastructure required to support new development. To do this it must consider what additional infrastructure is needed in the area to support development and what other funding sources are available (including core Government funding which will continue following the introduction of CIL).



- 1.2 In determining the size of its total or aggregate infrastructure funding gap, charging authorities should consider known and expected infrastructure costs and the other sources of possible funding available to meet those costs. This process will identify a CIL infrastructure funding target. This target should be informed by a selection of infrastructure projects or types (drawn from infrastructure planning for the area) which are identified as candidates to be funded by the levy in whole or in part. The Government recognises that there will be uncertainty in pinpointing funding sources, particularly beyond the short term. **The focus should be on providing evidence of an aggregate funding gap that demonstrates the need to levy the Community Infrastructure Levy.**
- 1.3 This report has been produced to collate existing evidence about infrastructure necessary to deliver the planned level of growth within Hertsmere and show how the infrastructure funding gap used to support the CIL Preliminary Draft Charging Schedule has been derived.
- 1.4 As stated, this report updates and consolidates existing infrastructure planning evidence for the Borough for the preparation of CIL. Rather than replicating the evidence base, it points to the original source documents. It is not the purpose or role of this document to prioritise or identify infrastructure projects that may be funded partly or wholly through CIL monies in the future. This is a future process that it is anticipated will be undertaken through existing partnerships that the Council has with infrastructure providers and other authorities and agencies.

2. Infrastructure for Hertsmere

Local Plan Core Strategy (2013)

- 2.1 Regulations require that, information on the charging authority area's infrastructure needs should be directly related to the infrastructure assessment that underpins their relevant Plan, as planning identifies the quantum and type of infrastructure required to realise their local development growth needs.
- 2.2 Hertsmere's Local Plan Core Strategy was submitted for Examination in February 2012 and public hearings were held during May 2012, conducted by an independent inspector. Following the hearings, a number of issues were raised, requiring some further amendments to the Core Strategy. The proposed 'main modifications' were published for public consultation ending in October 2012. The Core Strategy January 2013 was adopted at a Full Council meeting on 16 January 2013. The document now forms part of the Development Plan and is used in the determination of all planning applications registered on or after 17 January 2013. The Core Strategy addresses national and regional policy requirements as well as local community needs. This plan will also influence how and where land is allocated for development, but will not deal with specific sites. Sites for development and development management policies will be included in forthcoming DPDs.

Infrastructure Assessment Document (2013)

- 2.3 In the preparation of the Local Plan Core Strategy the Council produced an Infrastructure Topic Paper which summarised and signposted infrastructure information which informed the production of the Core Strategy. The Topic Paper drew upon the conclusions of the substantial Core Strategy evidence base on infrastructure. It set out the amount and type of infrastructure required and location and timescales for provision, to support the development planned through the Local Plan Core Strategy. It contained an Infrastructure Delivery Schedule, which is a list of the infrastructure schemes which are planned or required to support the development of Hertsmere. As a 'live document' the paper has been updated to support the preparation of the Preliminary Draft Charging Schedule, it is also now referred to as the **Infrastructure Assessment Document**. The document will continue to be updated through to the CIL examination as greater certainty on infrastructure is known. Organisations including Hertfordshire County Council (HCC) have helped produce this document.

- 2.4 The following level of development is planned within Hertsmere, this excludes those already permitted.

Table 1: Planned Level of Development

Residential Development – Number of Dwellings					
	Borehamwood (60%)	Potters Bar (10%)	Bushey (25%)	Radlett and other suitable locations (5%)	
2013-2027	1546	254	636	127	2563
Non-Residential Development					
Offices	No areas of proposed growth, retention of existing designated employment land				
Industrial					
Warehousing					
Retail	No significant growth proposed, support existing centres				

3. Infrastructure Funding Gap

- 3.1 Government Guidance states that a Charging Authority should provide evidence of a funding gap which demonstrates the need to charge the Community Infrastructure Levy. Based on the information currently available to the Council and set out in the Infrastructure Assessment Document June 2013 there is clear justification for charging the levy.
- 3.2 Government Guidance also states that the Council should focus on providing evidence of an aggregate funding gap that demonstrates the need to levy CIL. This should be the funding gap associated with the schemes likely to be funded by CIL once alternative sources of funding have been taken into account.
- 3.3 The starting point for identifying whether a funding gap existed was to establish the total cost of infrastructure required across the Borough to support planned growth up to 2027. The next step was to eliminate from the funding gap analysis any infrastructure item which the Council is not expected to contribute to. This includes, for example, utilities infrastructure which is funded via revenue from consumer bills. The final stage was to deduct known funding from other sources which is earmarked for or likely to contribute towards the costs of some of the required infrastructure items. Funding for some items has already been secured from the Council's capital budget and in other cases a reasonable alternative to CIL has been identified. S106 has been considered appropriate in certain cases where a link can clearly be drawn between a new development and the need for an infrastructure item.
- 3.4 Table 2 below sets out the infrastructure funding gap by type of infrastructure, the sole purpose is to demonstrate a shortfall in funding the aggregate costs of known infrastructure needed to support new development. The difference between the total identified cost and the funding gap represents identified alternative sources of funding. Only infrastructure requirements which meet the following criteria have been taken into account:

- The total cost of the project is known or can be reasonably estimated
- The project is specific to Hertsmere (or the cost of the Hertsmere element of the scheme is known or can be reasonably estimated)
- The project is required to support future development of the Borough rather than addressing existing capacity issues
- The project is something tangible, i.e. not a review or feasibility study

Table 2: Identified Funding Gap

Infrastructure	Total Cost	Funding secured / committed	Non-developer funding	Net Funding Gap (Possible CIL Schemes)
Transport	£11,557,600	£1,691,000	£2,997,600	£6,869,000
Education	£34,260,000 - £58,250,000	Not known	Not known	£34,260,000 - £58,250,000
Playing Fields	£3,440,000	£172,383	£0	£3,267,617
Allotments	£7,373,908	£113,462	£0	£7,260,446
Watling Chase Greenways	£4,680,000	£801,212	£0	£3,878,788
Cemeteries and Burial Places	£1,300,000	£27,523	£0	£1,272,477
Police	£500,000	Not known	Not known	£500,000
Health	TBC	TBC	TBC	TBC
Parks (Open Space)	£11,070,000	£1,488,638	£0	£9,581,362
Totals	£74,181,508	£4,294,218	£2,997,600	£66,889,690

*Note: There are some costs that are not yet available and the cost of land is not included.
Where a range of costs have been identified the lower value has been selected.
Details on costs will continue to be refined and determined as more details become available.*

- 3.5 The Infrastructure Funding Gap is not a prioritised list of infrastructure delivery and it does not identify the infrastructure which will necessarily be funded by CIL. Its purpose is to demonstrate the existence of a funding gap for the provision of infrastructure requirements, which justifies the imposition of a CIL.
- 3.6 The Infrastructure Funding Gap identified in Table 2 is inevitably an under-estimation of the true funding gap for all the infrastructure required for the period 2013-27. This is because a number of requirements do not have costs of provision identified, and so have been removed from the assessment. It is also important to note that the list of infrastructure requirements is a lot more accurate for the short term and so most of the schemes relate to the first half of the Plan period.
- 3.7 The Council has reviewed its extensive infrastructure planning evidence base which supports its new Local Plan in the preparation of its CIL Charging Schedule. Infrastructure planning is a fluid and on-going process, especially in the recent past with changes in the availability of Central Government and other funding streams.

- 3.8 The CIL Infrastructure Funding Gap List only includes infrastructure that is likely to be funded through CIL. Where it is already known, or it is very likely that infrastructure items will be funded and delivered as part of new development through Section 106 agreements, these infrastructure items have not been included on the CIL Infrastructure Funding Gap List.
- 3.9 Accurately assessing what revenue will be generated from CIL is difficult as each development scheme differs. It is however estimated that CIL will deliver approximately £12.5m over the plan period 2012-2027, this is based on a number of assumptions and should only be taken as a guide.

	Dwellings	Market dwellings ¹	Average dwelling size (sqm)	Existing floorspace to be deducted	CIL liable floorspace (sqm)	CIL rate	Projected income 2012-2027
Borehamwood (not including the Elstree Way Corridor)	746	472	95	25%	33623	£120	£4,145,895
Potters Bar	254	165	95	25%	11763	£120	£1,411,605
Bushey	636	413	95	25%	29455	£210	£6,185,498
Radlett and other suitable locations	127	76	95	25%	5429	£210	£1,140,143
Total							£12,883,141

Table 3: Estimated CIL receipts from residential development 2012-2027

Note: The above is based on broad assumptions and is only an indication of likely funding generated.

The figures used are considered to be conservative estimates.

¹ CIL is not applied on affordable housing.

- 3.10 As CIL only becomes payable when development is commenced, and it is likely that options for staggered payment will be offered, CIL it is not expected to begin generating significant amounts within the first year following adoption.

4. CIL Allocation

- 4.1 Guidance requires that CIL monies be spent on infrastructure to support the development of the borough. Funding should be focused on the provision of new infrastructure rather than correcting existing shortages in capacity. CIL receipts may also be used to expand and enhance existing infrastructure if it will serve the needs of new development.
- 4.2 While CIL will replace current S106 Agreements their use will remain to deal with site specific infrastructure requirements and there are mechanisms in place to avoid developers being 'double charged' for provision of specific infrastructure items. The CIL Regulations require the Council to publish a list of infrastructure types or specific schemes that it intends will, or may, be wholly or partly funded by CIL. The Council will

not be able to seek S106 contributions towards infrastructure on this list, this list is referred to as the 'Regulation 123 list'.

- 4.3 Subject to local consultation the Regulations permit Regulation 123 lists to be changed when priorities change. The Guidance states that if the proposed changes have a significant impact on viability it should only be as part of a review of the schedule (para.90-CIL Guidance- April. 2013).
- 4.4 As has been demonstrated as part of the Funding Gap, CIL will not be able to fund all of the infrastructure required across the borough. The Council will need to determine how to prioritise between the different infrastructures projects eligible to receive CIL monies. Governance processes are being considered and will be reported in due course.
- 4.5 The Council is committed to work with infrastructure providers and the local community to establish procedures for prioritising infrastructure projects for receipt of CIL monies. Alongside this, the Council will develop a set of transparent governance procedures for the allocation and release of CIL monies.
- 4.6 Amendments to the Regulations in 2013 now require that to help communities to accommodate the impact of new development and to strengthen the role and financial autonomy of neighbourhoods fifteen per cent of Community Infrastructure Levy revenue received by the charging authority will now be passed directly to those Parish and Town Councils where development has taken place. This should encourage local people to support development by providing direct financial incentives to be spent on local priorities.
- 4.7 This neighbourhood funding element can be spent on wider range of things than general Levy funds, as set out in paragraph (b) below. It can be spent on supporting the development of the area by funding:
 - (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or
 - (b) anything else that is concerned with addressing the demands that development places on an area.
- 4.8 In areas which have embraced positive planning for future development in their local area by putting in place a neighbourhood development plan (in line with the powers inserted by the Localism Act 2011 into the Town and Country Planning Act 1990) the neighbourhood funding element is increased to twenty five per cent of Levy receipts for development in their area.