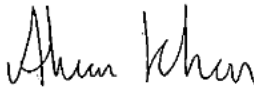


## LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	<b>Cabinet</b> <b>7<sup>th</sup> December 2023</b>	
Report Title	<b>Infrastructure Funding Statement (2022/23)</b>	
Cabinet Portfolio	Councillor Ahsan Khan, Deputy Leader (Housing and Regeneration)	
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Wards affected	All	
Public Access	Open	
Appendices	Appendix 1: Infrastructure Funding Statement Appendix 2: Equalities Screening Form	

### 1. SUMMARY

1.1 This purpose of this report is to:

- a) seek Cabinet's approval of the annual Infrastructure Funding Statement ('IFS') for the financial year 2022/23, attached to this report at Appendix 1, that the Council is required to publish by 31 December 2023.
- b) seek Cabinet's approval of the Infrastructure List (section 5 of the IFS) setting out priority projects eligible for Community Infrastructure Levy Funding

### 2. RECOMMENDATIONS

2.1 Cabinet is recommended to:

- 2.1.1 Approve the Infrastructure Funding Statement (IFS) (2022/23) and the incorporated Infrastructure List at Appendix 1 and agree to the publication of the IFS on the Council website as required under the Community Infrastructure Levy Regulations 2010 (as amended).
- 2.1.2 Delegate authority to make any minor amendments necessary to the IFS (2022/23) before it is published, to the Corporate Director – Regeneration, Planning & Delivery, in consultation with the Portfolio Holder for Housing and Regeneration and the Strategic Director of Governance.

### **3. PROPOSALS**

#### **Background**

- 3.1 A new Local Plan is being prepared to guide development in the borough for the next 15 years. The Local Plan shows how we can go as far as possible to meet the need for new homes in the borough, whilst also securing high quality exemplar design, protecting and enhancing the character of local areas, providing new and improved green spaces and public realm, responding to the climate emergency, improving air quality, significantly reducing flood risk, creating safer spaces, reducing fear of crime, maximising the number of local jobs and employment space, and delivering a whole range of community infrastructure, including health facilities, a new hospital, public transport/station improvements, facilities for young people and new cultural amenities.
- 3.2 To help deliver the infrastructure needed to support this planned growth, developer contributions are secured. These include Community Infrastructure Levy ('CIL') payments (non-negotiable payments charged per square metre of new floorspace) and Section 106 planning obligations negotiated to mitigate the direct impact of development in a particular location. Section 106 contributions can be either financial or delivered in kind - for example as affordable housing secured on site.
- 3.3 CIL and S106 planning obligations have already delivered numerous tangible benefits for communities across Waltham Forest, at a variety of different scales. For example, the development in the Blackhorse Lane Strategic Location has already delivered a number of important infrastructure investments in the area, including: the new Sutherland Road Health Centre, which opened in 2022; the opening of Walthamstow Wetlands and ongoing funding to continue to support its operation; public realm and junction improvements to improve the cycling and pedestrian experience outside Blackhorse Road Station; public realm enhancements on Forest Road and Ferry Lane, along with improved access to the Wetlands; and planned public realm improvements on Sutherland Road.
- 3.4 The CIL Regulations 2012 (as amended) require 80% of CIL receipts to be spent on the provision, improvement, replacement, operation or maintenance of infrastructure to either support future growth or to mitigate the impact of development.
- 3.5 The Regulations also require 15% of CIL receipts (or 25% of receipts in an area where a Neighbourhood Plan has been adopted), to be allocated towards the delivery of neighbourhood priorities in consultation with local communities. This is known as Neighbourhood CIL ('NCIL').
- 3.6 5% of CIL is retained by the Council to cover the administrative expenses of collection and distribution of CIL.
- 3.7 The Council also secures developer contributions through Section 278 of the Highways Act 1980 (as amended). This is used to carry out works to the public highway that are necessary because of new development.

- 3.8 Developer contributions, together with other sources of funding, are key to supporting the delivery of the infrastructure necessary to support planned growth in the borough and to ensuring that the benefits of investment in our communities are shared by all. It is therefore essential that the contributions received are well managed and spent effectively.
- 3.9 Development in the borough is also subject to a separate Mayoral CIL ('MCIL') charge collected by the Council and passed directly to the Mayor of London to fund the Elizabeth Line (Crossrail 1) and future Crossrail 2. Although the Elizabeth Line opened on 24 May 2022, MCIL receipts will continue to be used to repay Crossrail borrowing and the GLA has until 31 March 2043 to service this debt.
- 3.10 Each calendar year before 31st December, the Council must publish an IFS detailing what CIL and S106 monies have been received for the previous financial year and how such monies have been spent. The IFS must also include an Infrastructure List, setting out the infrastructure priorities which the Council intends will be wholly or partly funded by CIL for the next financial year.
- 3.11 The reporting period for the IFS subject to this report is the financial year 2022-23.

## Infrastructure Funding Statement

### Community infrastructure Levy

- 3.12 The following table shows Borough CIL receipts from financial year 2014/15 when CIL was first introduced in the Borough to 31<sup>st</sup> March 2023. (The IFS covers the 2022/23 financial year only).

Table 1. CIL receipts between 2014/15 and 2022/23 financial years.

Financial Year	Total CIL Receipts (Boroughwide)	Strategic CIL	Neighbourhood CIL (15%)*	CIL Administration (5%)
2014/15	£ 37,991	£ 30,392	£ 5,699	£ 1,900
2015/16	£ 96,482	£ 77,186	£ 14,472	£ 4,824
2016/17	£ 1,900,759	£ 1,520,608	£ 285,114	£ 95,038
2017/18	£ 6,706,177	£ 5,364,942	£ 1,005,927	£ 335,309
2018/19	£ 4,899,612	£ 3,919,690	£ 734,942	£ 244,981
2019/20	£ 2,813,611	£ 2,250,889	£ 422,042	£ 140,681
2020/21	£ 1,616,848	£ 1,293,479	£ 242,527	£ 80,842
2021/22	£ 5,411,899	£ 4,329,519	£ 811,785	£ 270,595
2022/23	£ 7,347,001	£ 5,877,600	£ 1,102,050	£ 367,350
<b>Totals</b>	<b>£ 30,830,380</b>	<b>£ 24,664,305</b>	<b>£ 4,624,558</b>	<b>£ 1,541,520</b>

\*including 25% collected in the Highams Park Neighbourhood Area since May 2020

NB: these figures do not include the Mayoral CIL receipts.

3.13 **£7,347,000.85** of Borough CIL was received in 2022/23

3.14 As CIL is normally payable on commencement of construction works, CIL income varies year on year depending on the level of development on site in the borough.

#### Spend and Allocation of Strategic CIL

3.15 In 2022/23 the Council spent **£1,109,894.72** of strategic CIL. A detailed list of projects funded can be found in Table 2 of the IFS.

3.16 In 2022/23 the Council allocated **£5,762,483.08** of strategic CIL. A list of projects allocated funding can be found in Table 3 of the IFS.

3.17 In total, at the end of 2022/23 financial year **£15,772,296.23** of CIL was allocated to be spent on future projects, of which £9M has been ringfenced towards the Leyton Tube Station Capacity improvement and Step Free Access scheme and £2.62M towards Walthamstow Central Station Improvements. Details of all projects with CIL funding allocation are listed in Table 4 of the IFS.

#### Spend and Allocation of Neighbourhood CIL

3.18 No allocations of NCIL were made in 2022/23. The allocation process for Neighbourhood CIL is under review and was subject to a separate report considered by Cabinet in October 2023. The new process is currently being implemented with a commitment to allocate the money available in line with community priorities early in 2024.

3.19 NCIL collected in the Highams Park Neighbourhood Plan area will be allocated in cooperation with The Highams Park Planning Group.

#### S106 update

3.20 In 2022/23, **£7,391,754.60** of S106 financial contributions were received. Of all S106 monies available, including that collected and allocated to projects in previous years, **£7,572,800.20** was spent and a further **£6,846,060.43** was allocated to future projects.

3.21 The amount of unspent S106 carried over to 2023/24 is **£11,012,024.19**, of which **£7,560,631.84** has been allocated to future projects and is expected to be spent imminently.

3.22 Details of specific projects funded through S106 monies, or allocated S106 monies for future spend, are in Section 3 of the of the IFS.

3.23 A pipeline of **£21,829,957.00** was negotiated and secured through S106 legal agreements agreed in 2022/23 and should be received in the future, if planning permissions granted are implemented and development completed, with the exact payment triggers negotiated and secured in the legal agreements.

## **The Infrastructure List**

- 3.24 Section 5 of the IFS sets out a list of projects which the Council will, or may, wholly or partly fund through CIL in the financial year 2023/24.
- 3.25 The Infrastructure List includes a broad list of projects that reflect the Council's priorities and evidenced need for infrastructure. The list is principally based on the Council's Infrastructure Delivery Schedule, which forms part of the Infrastructure Delivery Plan, and the Capital Investment Strategy and is intended to set clear spending priorities for CIL but also give the necessary flexibility to fund other priority projects that may come forward, when ready for delivery.
- 3.26 The [Infrastructure Delivery Plan](#) ('IDP') is an evidence based document produced to support the Local Plan and to coordinate planned growth with the delivery of the necessary infrastructure. It identifies what infrastructure is required, when it will be needed, how much is it likely to cost, how will it be funded, and who is responsible for providing it, and it identifies any predicted funding gaps.
- 3.27 The IDP includes a list of projects considered strategically important to deliver sufficient infrastructure capacity to support the planned growth identified in the Local Plan. This is set out in the [Infrastructure Delivery Schedule](#) ('IDS')
- 3.28 The Capital Investment Strategy sets the Council's investments plans and demonstrates that they are aligned to and will deliver the Borough's priorities and are affordable. It is a key component of delivering several cross-cutting local priorities including the borough's response to the Climate Emergency, tackling health inequalities, improving community safety and providing high quality education facilities.
- 3.29 The IDS and Capital Investment Strategy together form a comprehensive list of projects that align with and reflect the Council's corporate priorities and cover a wide range of infrastructure, both social and physical, to help create a fairer and more equal borough.
- 3.30 In addition to projects already identified in the IDS and Capital Investment Strategy, many of which already link directly to these themes, the current list also recommends that CIL funding could be allocated to the delivery of other projects that are aligned to the following strategic priorities:
- Social infrastructure upgrade and investment, including health, Special Educational Needs and Disabilities (SEND) and Early Years, to help people in every part of the borough live healthier, longer and more independent lives and help every family can access the services and support they need for children to thrive;
  - Projects creating safer neighbourhoods by improving community safety
  - Improved access to green spaces through the delivery of Suitable Alternative Natural Green Spaces (SANGs) as required by the Local Plan;
  - Active travel interventions;
  - Projects supporting the delivery of our 15 Minute Neighbourhoods vision;

- Community-led area regeneration projects arising from Area Frameworks and Town Centre Strategies;
  - Projects arising from the Climate Action Plan supporting a fair transition to net zero; and
  - Cultural infrastructure.
- 3.31 While the inclusion of a project on the Infrastructure List makes it in principle eligible for CIL funding, CIL is not expected to fund all projects on the list in any given year. All projects must comply with the requirements of the CIL Regulations in that they must provide, improve, replace, operate or maintain infrastructure to support development (Regulation 59).
- 3.32 Regardless of inclusion on the Infrastructure List, every application for CIL funding is assessed on its merits by the Developer Contributions Board (with representation from all directorates) and is subject to alignment with the Council's Capital Delivery priorities with senior Officer approval ahead of Capital Strategy & Asset Management Group, Senior Leadership Team, Place Board, Portfolio Lead Member and Cabinet consideration and approval where necessary. Proposed allocations are made through a competitive process which requires bids to demonstrate how they would support development.

#### **4. OPTIONS & ALTERNATIVES CONSIDERED**

- 4.1 The 'do nothing' option has been considered and is not recommended as the Council has an obligation under the CIL Regulations to publish an Infrastructure Funding Statement for the financial year 22/23 by the end of December 2023.
- 4.2 The options of a more selective Infrastructure List have been considered, either restricted to projects on the IDS only, or on the IDS and Capital Investment Strategy only. These options have been rejected as unduly restrictive, particularly in circumstances where CIL funding is used to initiate projects, secure match funding or CIL replaces funding lost and access to funding may be required at short notice.
- 4.3 The option of broadening the Infrastructure List has also been considered but the List as proposed, reflects the current priorities and the programme of investment in infrastructure and as the funding is limited, some initial prioritisation is necessary. The List is published annually and it will be reviewed ahead of the publication of the next IFS in 12 months.

#### **5. COUNCIL STRATEGIC PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)**

- 5.1 *The Planning Practice Guidance* requires that local authorities spend CIL on infrastructure needed to support the development of their area, and it is for each authority to decide what infrastructure is needed. It goes on to say that, in accordance with the Community Infrastructure Levy Regulations any authority that receives a contribution from development through the levy or section 106 planning obligations must prepare an Infrastructure Funding Statement.

- 5.2 The IFS supports the priorities within the *Waltham Forest Public Service Strategy*, in particular Priority 3 Our 15-minute neighbourhood (Local neighbourhood life, people friendly streets, regeneration for everyone, the greenest borough, celebrating culture in challenging times), Priority 4 Confidence in our Future (Growing local economic strength, local leadership in building back greener) as Priority 1 Connecting people with jobs (Community support for jobs and skills).
- 5.3 The IFS supports the Council's Corporate Framework for 15 Minute Neighbourhoods, particularly Theme 1 Everyone taking part and fulfilling their potential (Create healthy neighbourhoods, Celebrate and support culture in every community), Theme 2 Everyone benefitting from shared prosperity (Opportunities for socialising, Leisure and play, Design open and accessible public spaces), and Theme 3 Improving the Borough Together (Resident ownership over their neighbourhoods, Local improvements, Lead and collaborate with local partners).
- 5.4 The IFS supports delivery of priorities in the Climate Action Plan by making projects reducing carbon emissions, encouraging active travel and improving green spaces and biodiversity eligible for CIL funding.

## **6. CONSULTATION**

- 6.1 There is no requirement to consult on matters included in this report.

## **7. IMPLICATIONS**

### **7.1 Finance, Value for Money and Risk**

- 7.1.1 The IFS creates an awareness of funds held and spent by the Council to uphold transparency and accountability in the interest of developers, other stakeholders and members of the public.
- 7.1.2 The IFS is an opportunity to evaluate how the Council is fulfilling its requirements to bring forward infrastructure through developer contributions and other sources of income.
- 7.1.3 The contributions are spent in accordance with the developer agreements and within the stipulated time limits.
- 7.1.4 All developer contributions are monitored regularly and reported to Cabinet as appropriate. In addition, regular updates are produced to the Developer Contributions Board to ensure regulatory and contractual obligations are fulfilled along with robust internal governance.
- 7.1.5 The inclusion on the Infrastructure List makes projects eligible in principle for Strategic CIL funding.
- 7.1.6 All applications for CIL funding are required to demonstrate value for money and return on investment as part of the submission process. The current governance through Developer Contribution Board making recommendations to allocate funding ensures that only projects that deliver genuine value for money are supported. The Board's recommendations are subsequently reviewed and agreed by CSAMG, PLMs and, where necessary, Cabinet.

7.1.7 Mayoral CIL is collected on behalf of the Mayor of London and quarterly submissions are made to transfer the collected income.

## **7.2 Legal**

7.2.1 Under Regulation 121A to the Community Infrastructure Levy Regulations 2010 ('the CIL Regs') local authorities who charge CIL or who enter into planning obligations under section 106 of the Town and Country Planning Act 1990 (as amended) must, no later than 31st December in each calendar year, publish an annual infrastructure funding statement that comprises the following:

- a statement of the infrastructure projects or types of infrastructure which the Council intends will be, or may be, wholly or partly funded by CIL ('the Infrastructure List')
- a report on CIL for the previous financial year – this must contain the information listed in paragraph 1 of Schedule 2 of the CIL Regs which includes the total amount of CIL received for the reported year, the total amount of CIL expenditure for the reported year and summary details of how CIL has been spent in the reported year
- a report on planning obligations for the previous financial year – this must contain the information listed in paragraph 3 of Schedule 2 of the CIL Regs which includes the total amount of money to be provided under any planning obligations entered into during the reported year, the total amount of S106 contributions received during the reported year, the total amount of S106 expenditure and a summary of how S106 contributions have been spent in the reported year

7.2.2 The annual infrastructure funding statement must be published on the Council's website by 31st December 2023.

## **7.3 Equalities and Diversity**

7.3.1 An Equalities Analysis screening has been completed and there are no negative or adverse impacts identified.

## **7.4 Sustainability (including climate change, health, crime and disorder)**

7.4.1 Developer contributions are used to mitigate the impact of development and to generate funds to deliver new and improved infrastructure, ultimately supporting the delivery of the Borough's long term spatial strategy – the Local Plan – including the infrastructure identified as being critical to support the Borough's sustainable growth and address the Climate Emergency.

7.4.2 Where major developments do not reach zero carbon, a specific financial contribution is sought to offset remaining emissions from the scheme. These contributions are used to fund the installation, of carbon saving, sustainable projects within the borough, including renewable and low carbon energy solutions. This is known as the Carbon Offset Fund (COF).

7.4.3 All proposals seeking CIL funding are expected to demonstrate how they meet sustainability criteria. Applications for funding that have potential to significantly contribute to climate change and/or that fail to demonstrate positive or neutral



impact on health, well being and community safety crime and disorder will not be supported.

- 7.4.4 Priorities identified in the Climate Action Plan are supported by their inclusion in the Infrastructure List.

## **7.5 Council Infrastructure**

- 7.5.1 The proposals are neutral to infrastructure in that they will be implemented within the existing Council infrastructure and resources. The ongoing monitoring of collection allocation and distribution of the Community Infrastructure Levy is carried out by the Place & Design Team and funded by the CIL administration fee retained by the Council.

## **BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)**

None