

COMMITTEE : COMMUNITIES AND PLACE OVERVIEW AND SCRUTINY
COMMITTEE

DATE: 2 FEBRUARY 2022

NORTHUMBERLAND INFRASTRUCTURE FUNDING STATEMENT

Report of Rob Murfin, Interim Executive Director of Planning and
Local Services

Cabinet Member: Councillor Colin Horncastle

Purpose of report

The Northumberland Infrastructure Funding Statement, which reports on developer contributions (via Section 106 agreements) was submitted to the Department for Levelling Up, Housing and Communities, in December 2021. The purpose of this report is to explain the Infrastructure Funding Statement and summarise what it reported for the year 2020 / 2021.

Recommendations

The Committee is recommended to note:

- The purpose and requirement for an Infrastructure Funding Statement;
- The summary of the Infrastructure Funding Statement content for the financial year 2020/21; and
- The forthcoming changes to the Council's approach to developer contributions, upon adoption of the Northumberland Local Plan.

Link to Corporate Plan

The Infrastructure Funding Statement is indirectly relevant to several priorities included in the Northumberland County Council Corporate Plan 2020-2021 as follows:

- How - our operating principles for financial prudence and being resourceful. The Infrastructure Funding Statement reports on financial and in-kind contributions. The statement helps to demonstrate every penny is spent wisely.
- Living - living, safe, healthy and cared for: Developer contributions are used towards the likes of sport and play and the provision of affordable housing
- Enjoying - love where you live: Planning contributions are intended to ensure the impacts of new development are effectively dealt with, including improved infrastructure in support of development.

Key issues

1. The 2020/21 Infrastructure Funding Statement (IFS) is the second such statement to be produced by the Council. The IFS is appended to this report. It has been embraced as a positive tool to help previous Council efforts to ensure transparency and accountability in the system, and to showcase the positive contribution that developer contributions have made in the County. The contributions can be seen to play a critical role in delivering much needed affordable housing and necessary infrastructure and mitigation measures, including education, sport and play, and coastal mitigation. Communication of this may influence public attitudes to development.
2. The total amount of money to be provided under any planning obligations which were entered during the reported year is **£5,628,195.06**, while the total amount of money received from planning obligations during the reported year was **£1,568,156.24**
3. The delivery of 328 affordable homes have been agreed in the reported year along with 175 school places. There was also **£1,117,970** secured by s278 Highway agreements during this year for highway improvement works.
4. The total amount of money from planning obligations allocated towards infrastructure and mitigation during the reported year was **£2,834,401.29**. Details of which are provided in the IFS.
5. The total amount of money retained at the end of the reported year (collected in the reporting year and previous years) is **£7,699,318.41**. The Council will work to ensure the money is effectively and lawfully spent.
6. The above figures are comparable to the previous year. The notable exception is in respect of money received, which is around £700,000 lower than in the previous year. It is difficult to say decisively why this is the case. However, housing development commencements and completions have declined, most likely on account of the pandemic. This has in turn influenced developer contributions or at least delayed their receipt. In addition, the IFS should be recognised to only ever represent a snapshot in time.
7. It should also be noted that it is not unusual to have a balance of unspent contributions. Many projects require several months and in some cases years, for the schemes to be implemented. Awards are closely monitored to ensure funds are spent in accordance with the legal agreements, including within prescribed time limits.
8. Central government feedback from the Council's first Infrastructure Funding Statement was positive, suggesting that it was an 'excellent document, very clear and informative'. Nevertheless, the document offers the public the opportunity to provide feedback as to how the document may be improved in future years.
9. As well as reporting on the facts, the document has been used to provide an explanation of planning contributions, and narrative (with photographs) on individual

case studies, to demonstrate how money has been used. It also discusses future infrastructure spending priorities.

Background

10. Regulations¹ require Local Authorities to submit to government an annual Infrastructure Funding Statement (IFS), where they are in receipt of development contributions via Section 106 planning agreements and / or where they are in receipt of Community Infrastructure Levy funds. Northumberland is not a Community Infrastructure Levy Charging Authority. However, the Council does collect developer contributions in-kind, and by way of financial contributions.
11. As explained in the IFS, planning obligations (frequently referred to as Section 106 agreements) are planning tools that can be used to secure financial and non-financial contributions, and to put in place certain requirements or restrictions, to ensure new development can be made acceptable in planning terms. It is the authority's responsibility to ensure that the requirements for obligations meet legal tests, which can be summarised as being necessary, fair and reasonable. It is also the authority's responsibility to ensure that contributions are spent lawfully and effectively and that these are reported on. The aim of the IFS is to improve transparency of monitoring and reporting, specifically in respect of Section 106 agreements for financial and non-financial contributions, but also Section 278 Agreements. The latter refers to agreements relating to alterations or improvements to a public highway, as part of a planning approval.
12. The Community Infrastructure Levy (CIL) is a fixed rate levy, charged per square metre of new development. To date, there is no CIL charge in Northumberland. It has not been possible to introduce the Levy without an up-to-date statutory development plan for the County; although the Northumberland Local Plan is now close to adoption. In addition, the government has signalled potential reforms to the Levy and to wider system of developer contributions. This is therefore being closely monitored. Should a Levy be introduced, it would be subject to additional evidence gathering and an independent examination process.

Changes to Developer Contributions in Northumberland

13. The emerging Northumberland Local Plan will provide new policies against which planning obligations are secured. By their nature, planning obligations are specific to an individual development. They can cover a host of very different measures. However, it has been possible to include what is sometimes referred to as 'tariff style'

¹ The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019

or 'standard' planning obligations in respect of major residential developments (i.e. typically of 10 or more units) in some instances. These include:

- Affordable Housing – The Plan introduces new policies for providing a percentage of affordable homes. The percentage is variable according to value areas;
- Open Space and Play – The Plan requires open space and play as part of new development, or where this is not possible, a financial contribution towards new or improved open space and play off-site;
- Healthcare – Where there are primary healthcare capacity constraints in an area, the Plan includes a standard formula by which a contribution will be calculated towards provision;
- Education – Where there are school capacity constraints in an area, the Plan includes a standard formula by which a contribution will be calculated according to pupil numbers;
- Coastal mitigation - The Northumberland Coast is of national and international importance for its wildlife. Developers are required to mitigate the impacts of development on protected sites. This is difficult for individual developers to do therefore they usually opt to pay a contribution to the Coastal Mitigation Service.

Implications

Policy	The statutory development plan sets out planning policies against which planning obligations may be secured. The statutory development plan currently comprises the saved policies of the former districts, and the policies of Neighbourhood Plans. Upon adoption of the Northumberland Local Plan the existing local plan and core strategy policies of the former districts will be superseded.
Finance and value for money	An important role of the Infrastructure Funding Statement is to communicate to the public and government the money and in-kind contributions via development and how these have been used to best effect / best value.
Legal	Planning obligations are legal obligations entered into to mitigate the impacts of a development proposal. This can be via a planning agreement entered into under Section 106 of the Town and Country Planning Act 1990 by a person with an interest in the land and the local planning authority; or via a unilateral undertaking entered into by a person with an interest in the land without the local planning authority under Section 106 of the Town and Country Planning Act 1990.

	The requirement to produce an Infrastructure Funding Statement is set out in the Community Infrastructure Levy (Amendment)(England)(No.2) Regulations 2019 Regulation 121A covers Annual infrastructure statements while Schedule 2 details the matters to be included in the infrastructure funding statement.
Procurement	There are no direct implications for the production of the IFS
Human Resources	The management and overview of planning obligation agreements and the IFS is done by a dedicated senior section 106 officer.
Property	There are no direct implications for the production of the IFS
Equalities (Impact Assessment attached) N/A <input type="checkbox"/>	There are no direct implications for the production of the IFS
Risk Assessment	There are no direct implications for the production of the IFS
Crime & Disorder	There are no direct implications for the production of the IFS
Customer Consideration	The Infrastructure Funding Statement will be publicly available on the Council's website. It has been written in a way to help make it easy to understand. It is a visual document to help engage the public, with the inclusion of narrative to explain what the document is about and photographs of case studies. It also includes an executive summary and glossary to explain terms used. It offers the opportunity for the public to feedback so the Council may consider any improvements in future reporting years.
Carbon reduction	The IFS is published and submitted electronically rather than being paper based. There are no other direct implications of the IFS on carbon reduction.
Health and Wellbeing	The planning obligations reported in the IFS include contributions to healthcare and sport and play provision.
Wards	All

Background papers:

Northumberland Infrastructure Funding Statement 1 April 2020 to 31 March 2021

Report sign off

Authors must ensure that officers and members have agreed the content of the report:

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Executive Director of Finance & S151 Officer	J Willis
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