



## **Community Infrastructure Levy (CIL)**

### Infrastructure Funding Gap Review

Report No. RT97498-01

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## Executive Summary

WYG (as part of the NCS consortium) has been appointed by Newark and Sherwood District Council (NSDC) to review its Community Infrastructure Levy (CIL). The existing CIL Charging Schedule for Newark and Sherwood District came into effect on 1 December 2011.

The purpose of the study is to demonstrate:

- that a residual infrastructure funding gap still exists, to confirm the continued need for CIL;
- which infrastructure may reasonably be expected to be funded via S106;
- where S106 'Pooling Restrictions' could be exceeded and CIL funding should be considered.

A schedule has been produced of the infrastructure required to support Local Plan development within the District. The schedule summarises the nature of the required infrastructure, its cost, the anticipated funding mechanism, delivery priorities and delivery responsibilities.

Information has been taken from the October 2016 Infrastructure Delivery Plan (IDP) Review report. From the findings of the IDP review a schedule of infrastructure schemes that are potentially eligible for CIL funding has been produced. Schemes have been assessed against a range of criteria and a 'traffic light' system used to summarise the findings, where:

**Green** – means the scheme is eligible and appropriate for CIL funding based on the available evidence.

**Amber** – are schemes currently identified for developer funding via S106 contributions however, there is a potential risk of exceeding the S106 'Pooling Restrictions' so CIL funding may be appropriate.

**Red** – schemes not considered eligible/relevant for CIL funding because the infrastructure will be funded via alternative means or delivered as an integral part of development at the developer's expense.



At the time of writing this report (Nov 2016) a total of **47** infrastructure schemes have been identified by NSDC and their partners to support Local Plan development within the District. The breakdown of these is summarised below and discussed in more detail later in this report:

**Green** – 21 schemes

**Amber** – 10 schemes

**Red** – 16 schemes

**Total = 47 schemes**

The total estimated Infrastructure Funding Deficit from **Green** schemes that are identified as being appropriate for CIL funding currently stands at circa **£27.70m**.

It is recommended that the Council considers the most appropriate funding mechanism for the 10 Amber schemes that have been identified to ensure that the S106 'Pooling Restrictions' will not be exceeded. This may result in additional infrastructure schemes being identified for CIL funding which would then increase the total infrastructure funding deficit quoted above.

# 1 Introduction

## 1.1 PREAMBLE

1.1.1 Nationwide CIL Service (NCS), a team comprising AMK Group, heb Chartered Surveyors, Gleeds and WYG, were appointed by Newark and Sherwood District Council (NSDC) to provide consultancy support to review the existing Community Infrastructure Levy (CIL) charging schedule for the District.

1.1.2 WYG's role in the NCS team is as infrastructure specialists. For the Newark and Sherwood CIL, WYG's role is to review background evidence documents and identify infrastructure schemes that are potentially eligible for Community Infrastructure Levy (CIL) funding and determine whether a robust Infrastructure Funding Deficit can be demonstrated.

1.1.3 The existing CIL Charging Schedule for Newark and Sherwood District came into effect on 1 December 2011.

1.1.4 The purpose of this report is to demonstrate:

- that a residual infrastructure funding gap still exists, to confirm the continued need for CIL;
- which infrastructure may reasonably be expected to be funded via S106;
- where S106 'Pooling Restrictions' could be exceeded and CIL funding should be considered.

1.1.5 This report provides a summary of the infrastructure evidence base review undertaken by WYG.

## 1.2 REPORT FORMAT

1.2.1 The layout of this report is as follows:

- **Section 2** describes the methodology used.
- **Section 3** provides commentary on the schemes on the infrastructure schedule.

## 2 Methodology

### 2.1 EVIDENCE SOURCE

2.1.1 This review is based on the findings of the Newark and Sherwood Infrastructure Delivery Plan (IDP) Review Report, dated October 2016. At the time of writing the IDP review report is still in draft and may be subject to minor modifications following the receipt of consultation feedback from the infrastructure providers who contributed to its preparation. However, no significant changes that would materially affect this CIL review are anticipated.

### 2.2 RELEVANT PLANNING POLICY

2.2.1 This study has been prepared in accordance with the requirements of the National Planning Policy Framework (NPPF). The NPPF contains the Government's planning policies for England and is therefore a strong material consideration in the determination of planning applications and formation of planning policy. The NPPF promotes sustainable development and to achieve a strong, responsive and competitive economy; strong, vibrant and healthy communities and the protection of the natural, built and historic environment.

2.2.2 Infrastructure requirements are considered in paragraph 162. This specifies that Local planning authorities should work with other authorities and providers to assess the quality and capacity of infrastructure for transport, water supply, wastewater and its treatment, energy (including heat), telecommunications, utilities, waste, health, social care, education, flood risk and coastal change management, and its ability to meet forecast demands. Planning authorities should take account of the need for strategic infrastructure including nationally significant infrastructure within their areas.

2.2.3 Planning guidance specific to CIL is provided in 'Planning Practice Guidance (Community Infrastructure Levy)'; paragraph 16 of which states:

*"Charging authorities must identify the total cost of infrastructure they wish to fund wholly or partly through the levy. In doing so, they must consider what additional infrastructure is needed in their area to support development, and what other sources of funding are available, based on appropriate evidence. Information on the charging authority area's infrastructure needs should be drawn from the infrastructure assessment that was undertaken as part of preparing the relevant Plan. This is because the plan identifies the*

*scale and type of infrastructure needed to deliver the area's local development and growth needs ...*

*In determining the size of its infrastructure funding gap, the charging authority should consider known and expected infrastructure costs and the other possible sources of funding to meet those costs. This process will help the charging authority to identify a levy funding target."*

#### 2.2.4 Paragraph 17 continues:

*"At examination, the charging authority should set out a draft list of the projects or types of infrastructure that are to be funded in whole or in part by the levy. The charging authority should also set out any known site-specific matters for which section 106 contributions may continue to be sought. This is to provide transparency about what the charging authority intends to fund through the levy and where it may continue to seek section 106 contributions. The role of the list is to help provide evidence on the potential funding gap – it is not the purpose of the examination to challenge the list."*

## 2.3 METHODOLOGY

2.3.1 In accordance with the NPPF and national planning practice guidance this report considers infrastructure schemes (and types of infrastructure) that are eligible for CIL funding and determines an aggregate funding gap to justify the continued need for CIL within the District.

2.3.2 To establish which infrastructure schemes are potentially eligible for CIL funding an infrastructure schedule has been produced. It is expected that this will be maintained as a 'live' document and updated by the Council as infrastructure requirements change in the future. A copy of the infrastructure schedule can be found in **Appendix A**. Specific schemes on the schedule are discussed in **Section 3** of this report.

2.3.3 The infrastructure schedule in **Appendix A** has been developed to consider the following questions, critical to identifying eligibility for CIL funding:

- Is the infrastructure scheme required to help support Local Plan development? (CIL can only be used to help pay for infrastructure required to support development and should not be used to remedy pre-existing deficiencies unless those deficiencies will be made more severe by new development).

- What is the estimated cost to provide the infrastructure?
- Which organisation is responsible for delivery and funding of the infrastructure?
- Have timescales been identified for infrastructure delivery?
- Is there any alternative funding available? If so what is the value of available funding?
- Has an aggregate infrastructure funding deficit been identified and quantified? (This is the fundamental question as this establishes the overall need for CIL).

2.3.4 With these issues in mind the infrastructure schedule has the following column headings:

- **Infrastructure Type** – schemes have been grouped into categories to capture all types of infrastructure and to provide a quick means of assessing which type of infrastructure will get the most, or least funding from CIL. The categories applied are highways, healthcare, education, libraries, waste, utilities, flood and green infrastructure.
- **Cost Estimate** – where available this information has been summarised. Where estimated costs are not available zero values have been applied.
- **Anticipated Funding Sources** – this summarises the expected mechanism for funding each element of infrastructure but does not imply funding has already been secured or confirmed.
- **Anticipated Funding Sources (£ and %)** – these columns summarise the amount of funding expected to be available from the anticipated funding sources.
- **Funding Gap (£ and %)** – this summarises the gap between the estimated scheme cost (where available) and anticipated funding sources. The total at the foot of this column represents the aggregate infrastructure funding deficit that CIL would be expected to fund.
- **Evidence Base** – a note of the evidence base document the infrastructure requirement has been taken from.
- **Is the Infrastructure required to Support Development?** – summarises whether the available evidence base demonstrates that each infrastructure scheme is required (in whole or part) to support planned development.
- **Delivery Responsibility** – summarises which organisation is responsible for the delivery of each element of infrastructure.
- **Timescales/Priority for Delivery** – where available this column indicates a delivery period. This information will help to determine when schemes are required within the District to facilitate development.



- **Comments** – this column provides an overall summary comment on each scheme and has been highlighted using the 'traffic light' system described at the beginning of this report.

## 3 Commentary on Infrastructure Schedule

### 3.1 INTRODUCTION

3.1.1 The infrastructure schedule is presented in **Appendix A**. This section of the report provides a brief commentary on the individual infrastructure schemes and how appropriate each scheme is for CIL funding, based on the information available in the evidence base. This Section has been ordered by the 'traffic light' system described in the Executive Summary at the start of this report, to explain which schemes are considered eligible for CIL funding, which schemes may be eligible and which schemes are unlikely to be eligible for CIL, with rationale provided to explain how each scheme has been categorised.

3.1.2 The table below summarises the **47** projects listed in the schedule and classifies them by infrastructure type and how appropriate each scheme is for CIL funding based upon available evidence.

**Table 1 – Summary of Infrastructure Requirements by Type**

Infrastructure Type	Number of Schemes	Schemes Classed as 'Green'	Schemes Classed as 'Amber'	Schemes Classed as 'Red'
Highway	22	17	0	5
Healthcare	4	0	4	0
Education	10	4	5	1
Libraries	1	0	1	0
Waste	3	0	0	3
Utilities	5	0	0	5
Flood	1	0	0	1
GI	1	0	0	1
<b>Total</b>	<b>47</b>	<b>21</b>	<b>10</b>	<b>16</b>

**Key:**

**Green** – eligible and appropriate for CIL funding based on the available evidence.

**Amber** – identified for S106 funding however, risk of exceeding 'Pooling Restrictions' so CIL may be appropriate.

**Red** – not eligible/relevant for CIL funding – to be funded by alternative means or delivered as an integral part of development.

## 3.2 GREEN SCHEMES

3.2.1 There are 21 schemes on the draft list which are deemed to be suitable for CIL funding. Of these four are education and seventeen are highway related. Taking each of these categories in turn:

**Education** (four Green schemes) - these relate to the provision of new/extended secondary schools in order to meet new demand due to the population increase as a result of Local Plan development. Additional secondary school places are forecast to be required at the Dukeries Academy, the Joseph Whitaker School, the Minster Church of England School, the Colonel Frank Seely School and the Tuxford Academy. As these schemes are required to address the cumulative impacts of Local Plan development they are considered to be appropriate for CIL funding.

**Highways** (17 Green schemes) - all of these are highway infrastructure schemes that have been identified through the IDP Review process following detailed transport modelling. As these schemes are required to address the cumulative transport impacts of Local Plan development and are not directly attributable to a single development/allocation site they are considered to be appropriate for CIL funding. The majority of these 17 highway infrastructure schemes, subject to some minor changes as a result of the IDP Review, are already included on the current Regulation 123 List for CIL funding.

## 3.3 AMBER SCHEMES

3.3.1 A total of 10 schemes on the draft list fall within this category. Of these four are healthcare, five are education and one is library related. Taking each of these categories in turn:

**Healthcare** (four Amber schemes) – these relate to the provision of new/extended GP practices to maintain an approximate ratio of one Full Time Equivalent GP to 2,000 registered patients. The estimated increase in population due to Local Plan development will require new/extended GP practices at several locations across the District. Local guidance currently recommends securing S106 financial obligations per new household towards additional GP provision where shortfalls are identified. There is a significant risk of the 'S106 Pooled Contributions' limit being exceeded if this approach is adopted across the District. One method of mitigating this risk would be through the careful management of future S106 obligations to

ensure they are scheme specific. Alternatively the Council may wish to consider using CIL to fund these schemes instead.

**Education** (five Amber schemes) - these relate to the provision of new/extended primary schools in order to meet new demand due to the population increase as a result of Local Plan development. A need for two new 2FE primary schools has been identified in Newark-on-Trent (in addition to new schools already planned as part of the Land South of Newark and the Fernwood development sites), one new 1FE primary school in Ollerton & Boughton and a new 1.5FE primary school shared between Clipstone and Edwinstowe. Additional school places will also be required at other locations across the District which may require extensions to existing schools, where this is feasible. Local guidance currently recommends securing S106 financial obligations for education based on “cost per pupil place” cost multipliers to address increased demand, where this demand cannot be met by existing facilities. There is a significant risk of the ‘S106 Pooled Contributions’ limit being exceeded if this approach is adopted across the District. One method of mitigating this risk would be through the careful management of future S106 obligations to ensure they are scheme specific. Alternatively the Council may wish to consider using CIL to fund Primary school provision instead.

**Libraries** (one Amber scheme) – this relates to the provision of increased library stock to meet additional demand due to the population increase as a result of Local Plan development. Local guidance currently recommends securing S106 financial obligations per new household towards additional library facilities where shortfalls are identified. There is a significant risk of the ‘S106 Pooled Contributions’ limit being exceeded if this approach is adopted across the District. One method of mitigating this risk would be through the careful management of future S106 obligations to ensure they are scheme specific. Alternatively the Council may wish to consider using CIL to fund library provision instead.

### 3.4 RED SCHEMES

3.4.1 A total of 16 schemes on the draft list fall within this category. Of these five are highways, one is education, three are waste, five are utilities, one is flood protection infrastructure and one is green infrastructure (GI) related. Taking each of these categories in turn:

**Highways** (five Red schemes) – these relate to junctions and link locations on the A46(T) Newark-on-Trent bypass where improvements will be required to provide additional traffic capacity to accommodate increased demands due to Local Plan development. Highways

England are in the process of identifying short-term measures to address existing problems at some of these locations and are also currently investigating long-term improvement options with a view to including improvements schemes as part of the Roads Investment Strategy 2 (RIS2) post 2020. It has therefore been assumed that any improvements required at these locations will be funded and delivered by Highways England.

**Education** (one Red scheme) - Within Newark-on-Trent the IDP identifies the need for some 1,499 additional secondary school places which is assumed will be mainly addressed by provision of the Newark Toot Hill Free School (planned for opening in September 2017). It is assumed that this will be fully funded by the Department for Education (DfE) and/or the Education Funding Agency (EFA). There is therefore no requirement for CIL funding.

**Waste** (three Red schemes) – these relate to forecast shortfalls within the County of Nottinghamshire for; landfill, energy from waste facilities, recycling and composting facilities. Local Plan development within Newark & Sherwood will result in increased demand for these facilities however, as the provision of these facilities is the responsibility of Nottinghamshire County Council there is no requirement for CIL funding.

**Utilities** (five Red schemes) – these relate to the new/improved water supply, waste water, gas, electricity and telecommunications infrastructure required to facilitate Local Plan development within the District. The IDP Review has confirmed that no new/improved strategic utility infrastructure will be required so the identified provision relates to local network enhancements and local connections to development sites. It is expected that the details of these works will be identified and the works delivered as an integral part of individual developments, at the developer's expense.

**Flood Protection** (one Red scheme) – this relates to development-specific flood risk mitigation to ensure that new development across the District doesn't exacerbate any existing flood risk issues and where possible reduces flood risk. It is expected that any such infrastructure will be identified and delivered as an integral part of individual developments, at the developer's expense. There is therefore no requirement for CIL funding.

**Green Infrastructure** (one Red scheme) - this relates to the provision of green infrastructure in areas of the District where there are shortfalls or where Local Plan development will result in a change of the open space and green infrastructure provision (i.e. a change from adequate



provision to inadequate provision). It is expected that any such infrastructure will be identified and delivered as an integral part of individual developments, at the developer's expense. There is therefore no requirement for CIL funding.

### 3.5 FUNDING GAP

3.5.1 The aggregate infrastructure funding deficit stands at circa **£27.70m**. This is the value of infrastructure that CIL would be expected to fund. This value only takes into account those infrastructure schemes categorised as 'Green'. If the Council decided to include any of the schemes identified as 'Amber' the value of the deficit would increase.



## **Appendix A – Infrastructure Schedule**

