

Committee(s): Planning and Transportation Committee For Information	Dated: 16 May 2024
Subject: Infrastructure Funding Statement CIL/S106 2022-23	Public
Report of: Gwyn Richards, Planning and Development Director – Environment Department	For Decision
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Summary

The report presents the City's Community Infrastructure Levy (CIL) and Section 106 (S106) planning obligations infrastructure funding statement at the end of the financial year 2022/23. The report summarises the City's CIL and S106 balances, allocations and spend at the end of the financial year and updates the list of infrastructure projects or types of infrastructure the city will be wholly or partly funding by CIL. The CIL regulations require collecting authorities to produce an annual Infrastructure Funding Statement (IFS) for publication on the City's website.

CIL highlights for 2022/23:

- £ 28.33m receipts in Mayoral CIL
- £ 16.72m receipts for City CIL
- £ 8.63m potential City CIL (CIL liable planning permissions granted in 2022/23)
- £14.96m allocated to projects
- £5.64m spend
- £11.07m remaining City CIL balance in 2022/23

S106 Highlights for 2022/23:

- £ 10.29m S106 receipts
- £ 2.55m S106 spend
- £ 12.20m potential S106 contributions secured from ten agreements signed but where development has not commenced in the reporting year
- £ 93.2m remaining S106 balance at the end of 2022/23 allocated to site specific mitigation measures necessary to make the development acceptable as per the agreement

Recommendation(s)

Members are asked to note the content of this report and approve the infrastructure list at paragraph 19, repeated at section 4 of Appendix 1, for publication on the City's web site.

Main Report

Background

1. All local planning authorities have a duty to publish an Infrastructure Funding Statement (IFS) at least annually in accordance with the Community Infrastructure Regulations 2010 (as amended). The report must include the total CIL receipts for the reported year, CIL expenditure and receipts retained at the end of the reporting year as set out in the regulations. The IFS is to include a section 106 report for each year providing information on contributions to be provided under any planning obligation entered into in the year, contributions received, allocated and spent on relevant infrastructure projects in the financial year 2022/23.
2. This report provides information on the Community Infrastructure Levy and developer contributions which have been secured in section 106 agreements, received, allocated and spent in the financial year 2022/23 (01 April 2022 - 31 March 2023).

Key Data - Community Infrastructure Levy

3. The compact nature of the City, intense development activity and employment place considerable demands on City services, our infrastructure and environment. The City Corporation utilises the Community Infrastructure Levy (CIL), attaches planning conditions and negotiates section 106 agreements (also known as planning obligations) with developers, to secure the best and most sustainable use of land and to mitigate the impact of these demands.
4. The City of London Local Plan 2015, Core Strategic Policy CS4: Planning Contributions sets out the policy and background for securing contributions and setting the CIL Levy for the delivery of the infrastructure necessary to enable development in the area. The policy is set out below in Figure 1.

Figure 1: Core Strategic Policy CS4: Planning Contributions

To manage the impact of development, seeking appropriate developer contributions:

1. Requiring contributions through the Community Infrastructure Levy to assist in the delivery of the infrastructure necessary to support implementation of the Local Plan.
2. Requiring s106 planning obligations, having regard to the impact of the obligation on the viability of development, for:
 - (i) site specific mitigation meeting statutory tests;
 - (ii) affordable housing;
 - (iii) local training, skills and job brokerage;
 - (iv) local procurement in the City and City Fringe.
3. Requiring qualifying development to make an additional contribution to meeting the costs of Crossrail construction in accordance with the provisions of the London Plan.

5. CIL helps fund the infrastructure needed to deliver the City's Local Plan and address the cumulative impact of development across the City of London. A development is liable for CIL if it is creating one or more dwellings, or new floorspace of 100sqm or more.
6. The levy is payable either within 60 days of the commencement of a development, or within the terms of an instalment policy set by the CIL charging authority. The City Corporation has an Instalment Policy in place set out below:
 - Where the payable amount of CIL is £100,000 or less, the whole amount shall be paid in a single instalment not more than 60 days after commencement of the development.
 - Where the payable amount is more than £100,001, developers have the option to pay two instalments:
 - The greater of £100,001 or half the value of the total payable amount is due within 60 days after commencement, and
 - The remainder is due within 240 days after commencement.
7. As a result of the Instalment Policy, CIL Demand Notices issued during the year do not necessarily equate to the CIL sums likely to be received that year. In addition, developments can be altered through further applications for planning permissions, often resulting in revised demand notices.
8. Re-issued notices are not double counted in this report. If a demand notice is issued and re-issued in the same reporting year, only the re-issued notice is relevant. Figure 2 below sets out the CIL highlights for financial year 2022/23.

Figure 2 2022/23 CIL highlights

City CIL Highlights	2022/23
City CIL Receipts	£16,724,439
Outstanding Demand Notices (City CIL) at 31 March 2023	£10,932,135.38
Potential City CIL Receipts (CIL Liability for planning permissions granted in 2022/23)	£8,629,864.71
CIL allocated to identified agreed projects	£14,963,598
CIL Spend	£5,647,421

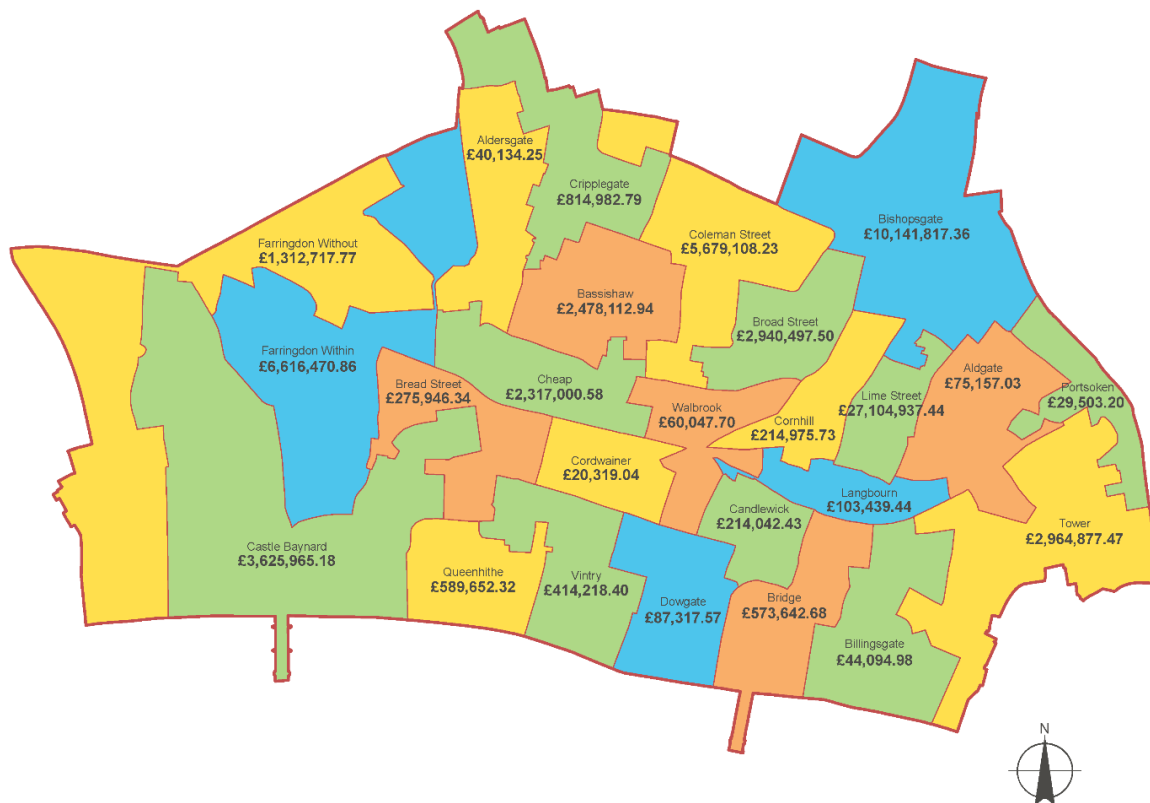
9. CIL receipts in 2022/23 for both City (££16,724,439) and Mayoral CIL (£28,332,224) were collected from twenty-five developments.

Outstanding CIL

10. At the end of March 2023, a total £10,932,135 in City CIL is outstanding from several developments which commenced in 2022/23. These liabilities are due within 2-8 months of commencement of the development (if the instalments policy is applied) and therefore due to be received in 2023/24.

11. Figure 3 below provides details of the £68,738,979.23 in City CIL receipts banked cumulatively by ward as at 31/03/2023.

Figure 3 CIL Receipts by Ward



Potential CIL

12. CIL Liability Notices with a total value of £20.9m were issued to twenty-two chargeable developments in 2022/23. Of this, £8.6m was for City CIL and £12.3m for Mayoral CIL. Ten of these developments commenced in 2022/23.

CIL Allocations

13. National Planning Practice Guidance states that CIL is required to be spent on infrastructure projects to support the delivery of the growth envisaged in the Local Plan. The City will spend the levy on infrastructure needed to support the development of the area. The priorities board consider infrastructure projects necessary to deliver growth envisioned by the policies in the City Plan and Infrastructure Delivery Plan. Recommendations for allocation of CIL is made on this basis to the relevant Committees.

14. In 2022/23 a total of £14,963,598 allocated to projects, Neighbourhood CIL grants and CIL Administration as set out in Figure 4 below.

Figure 4 CIL Allocations and Expenditure up to 31 March 2023

Infrastructure Project	Total CIL Allocations to 31/03/2023	Total CIL Spent to 31/03/2023	Unspent CIL Allocations
General City CIL Project Totals	£23,768,940	£10,685,985	£13,082,954
Bloomberg Place Highway Works	£182,324	£182,324	£0
Churchyards Enhancement Programme	£85,000	£84,061	£939
Hostile Vehicle Mitigation Security Programme	£3,369,130	£1,109,848	£2,259,282
Beech Street Transport & Public Realm Improvements.	£2,022,432	£1,660,600	£361,832
Golden Lane Community Centre	£632,625	£632,625	£0
Relocation of Adult Skills & Education Services to the Guildhall Business Library	£25,000	£11,237	£13,763
City Mental Health Centre	£521,000	£502,534	£18,466
Citigen Energy Network Feasibility	£16,500	£0	£16,500
Secure City Programme - CCTV & Telecommunications	£4,094,857	£2,324,499	£1,770,358
Secure City Programme	£9,394,072	£3,421,973	£5,972,099
Secure City Programme – VMS	£3,060,000	£700,224	£2,359,776
Barbican and Golden Lane Healthy Streets Plan	£141,000	£56,060	£84,940
Public Realm Security Programme	£225,000	£0	£225,000
St Paul's Cathedral External Lighting	£1,160,000	£0	£1,160,000
Finsbury Park Reinstatement	£2,558,000	£0	£2,558,000
Neighbourhood CIL Project Totals	£5,694,213	£2,369,189	£3,325,025
Becket Pageant for London / The Skinners' Malmesbury Foundation	£24,500	£24,499	£1
Maggie Keswick Jencks Cancer Caring Centres Trust	£254,827	£101,609	£153,218
St Vedast-alias-Foster	£25,000	£25,000	£0
Bevis Marks Synagogue Heritage Foundation	£240,000	£152,500	£87,500
Age UK City of London	£48,171	£48,171	£0
Fleet Street Sundial CIC	£31,250	£28,850	£2,400
Barbican Centre Trust Limited	£504,100	£435,758	£68,342
Globe Studios Limited	£198,633	£134,974	£63,659
Learning Through The Arts	£49,984	£43,736	£6,248
Repowering Limited	£33,660	£26,877	£6,783
City Property Association Limited	£100,000	£75,000	£25,000
Golden Lane Estate Residents' Association	£50,000	£6,000	£44,000
Parochial Church Council of the Ecclesiastical Parish of St Mary-le-Bow	£18,274	£18,274	£0

The Worshipful Company of Chartered Architects	£24,600	£24,600	£0
New Diorama	£335,640	£199,840	£135,800
The World Reimagined Limited	£100,000	£100,000	£0
Temple Bar Trust	£250,000	£50,000	£200,000
Royal Society for Blind Children	£48,646	£48,646	£0
Outset Contemporary Art Fund	£110,932	£110,932	£0
Historical Royal Palaces	£300,000	£300,000	£0
Pollinating London Together	£230,000	£112,500	£117,500
Curving Road	£24,000	£24,000	£0
XLP	£46,824	£15,000	£31,824
St. Michael Cornhill	£7,855	£7,855	£0
The Temple Church	£408,500	£187,297	£221,203
Barts Heritage	£774,000	£0	£774,000
St Botolph without Aldgate	£50,000	£0	£50,000
St Stephen Walbrook	£25,067	£25,067	£0
The Parochial Church Council of The Ecclesiastical Parish of St Andrew by the Wardrobe, London	£250,000	£0	£250,000
LIFT	£240,870	£35,970	£204,900
The Worshipful Company of Carmen St Dunstan Heritage Trust	£49,791	£0	£49,791
Tempo Time Credits Ltd	£24,934	£6,234	£18,701
Museum of London	£650,605	£0	£650,605
London Diocesan Fund	£150,000	£0	£150,000
Ramadan Tent Project Limited	£13,550	£0	£13,550
City CIL Administration Totals	£559,937	£559,937	£0
Grand Totals	£30,023,089	£13,615,111	£16,407,979

CIL Expenditure

15. A total of £5,647,421 of City CIL was spent in 2022/23 comprising of £2,977,815 of general CIL funds, £2,546,180 of Neighbourhood CIL funds, and £123,426 of the City CIL administration.

16. At the end of March 2023, a total of £13,615,111 City CIL had been spent since the City introduced its charging schedule (consisting of: £10,685,985 of General CIL Funds; £2,369,180 of Neighbourhood CIL Funds and £559,937 of City CIL Administration Funds).

17. Spend on infrastructure projects (General CIL Fund) usually spans more than one financial year, therefore the allocations reported in this financial year can be spent in the next financial years.

Infrastructure Projects

18. CIL Regulations require the authority to publish a statement of the infrastructure projects or types of infrastructure which the charging authority intends will be, or may be, wholly or partly funded by CIL.
19. The City of London Infrastructure List consists of the following projects to deliver the vision of the adopted City Plan, Emerging City Plan and the Infrastructure Delivery Plan (IDP) 2020. The IDP is utilised for prioritising and determining bids for allocation of Community Infrastructure Levy funds.

Public Realm and Streets

- Eastern Cluster Public Realm
- Secure City Programme
- Barbican and Golden Lane Healthy Streets Plan
- Public Realm Security
- St Paul's Gyratory
- Sculpture in the City
- Transforming Fleet Street

Parks, Open Spaces and Recreation

- Finsbury Circus Reinstatement
- Museum of London - buildings and highway Infrastructure project

Community Services

- Golden Lane Community Centre
- Barbican Library Refresh

Infrastructure and Utilities

- Citigen Energy Network Feasibility
- Walbrook Wharf – Waste transfer station

Key data - S106 Financial Obligations

20. The City's Planning Obligations Supplementary Planning Document (SPD) sets out how S106 planning obligations in the City of London will be applied and explains how planning obligations are operated, within the context of the City of London Local Plan. Some Section 106 agreements secure wider obligations that achieve site specific mitigation measures, which cannot be bound by condition, such as Wind Mitigation Surveys and Security/Counter Terrorism Measures to make the development acceptable in planning terms.
21. Financial contributions for Affordable Housing and Local Training Skills & Job Brokerage contributions are pooled to fund City-wide programmes of works and initiatives, including development on City Corporation housing estates outside of the City. Other obligations are site specific and can only be used for the measures

set out in each legal agreement. Many of these relate to highways, public realm, and environmental improvements. These are listed under the title Local Community, Environment and Transport Improvements in the table below and include sums secured on the behalf of TfL for cycle hire and network improvements, and other transport infrastructure improvements. The S106 Highlights for 2022/23 are listed below in Figure 5.

Figure 5: 2022/2023 S106 Highlights

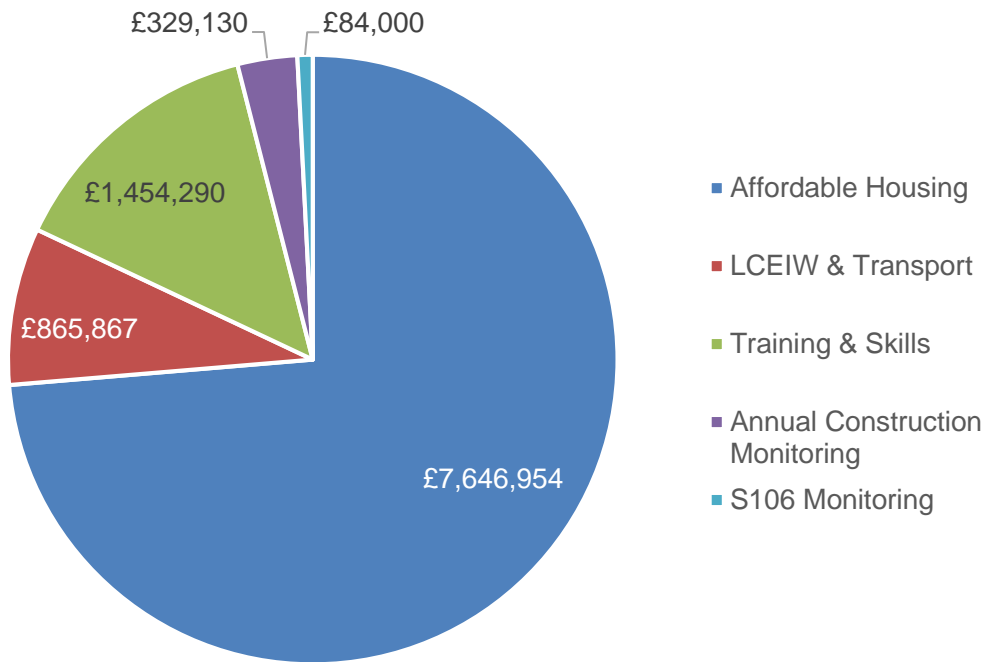
S106 Highlights	2022/23
Total Agreements Completed 2022/23	23*
Value of Contributions secured	£21.9m
Receipts in the year	£10.3m
Allocation in the year	£19.2m
Spend in the year	£2.6m

* - Includes variations to deeds

S106 Spend

22. A total of £2,551,407 was spent towards S106 funded projects in 2022/23. This is a decrease over the previous financial year total spend of £20,944,086.
23. Figures 6a and 6b provide an illustration of receipts and spend for 2022/23 by covenant type and includes interest. Figure 6a provides an analysis of the contributions received in the financial year by covenant type, including interest and Figure 6b provides an illustration of S106 expenditure.

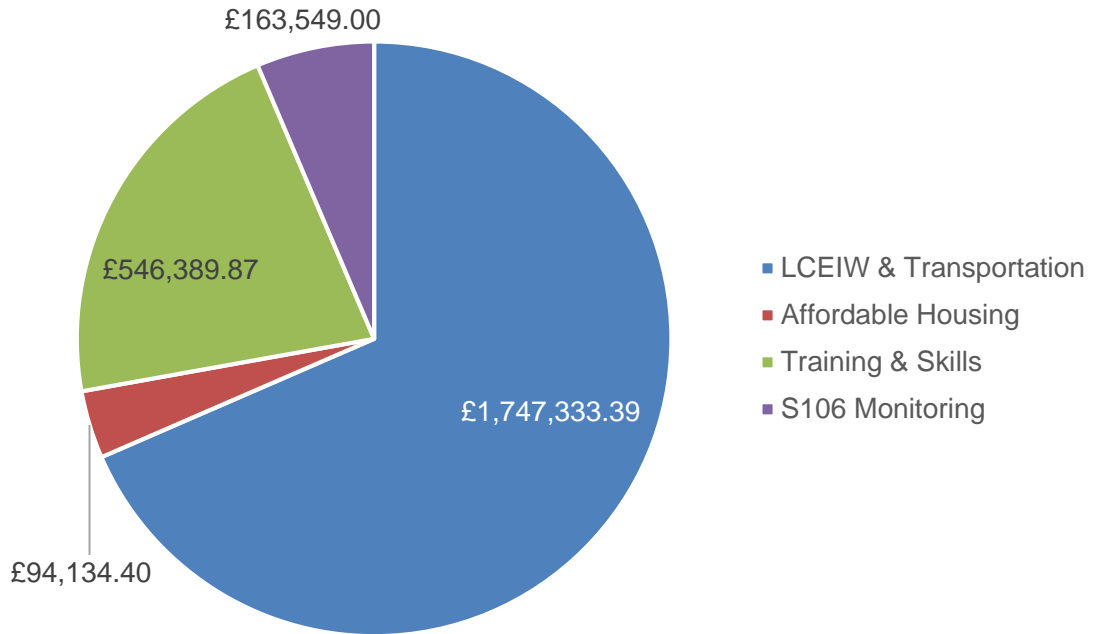
Figure 6a Contributions received 2022/23



24. Of the twenty-three agreements signed in 2022/23, eight commenced in the reporting year resulting in contributions received totalling £2.9m. Other contributions received in this financial year were received from agreements signed in previous years. Nine of the twenty-three agreements were variations of previously made agreements.

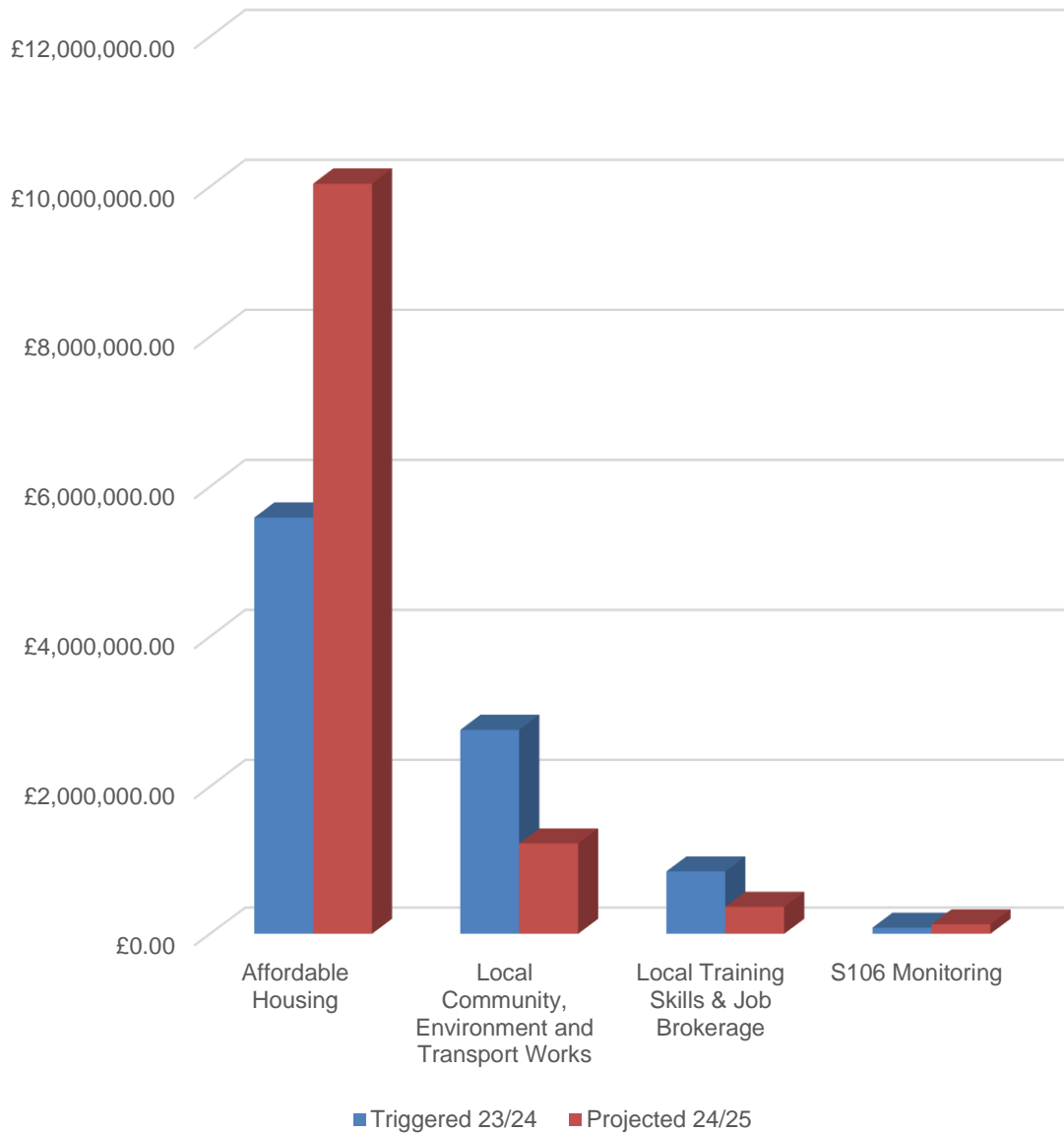
25. Spend on projects usually span more than one financial year. Therefore, allocations reported in this financial year may be spent in the next financial year. For example, the total allocations in this reporting year are £19.2m and total spend stands at £2.4m. This is because of projects which may have been commenced in previous years but are ongoing in this financial year.

Figure 6b S106 Spend 2022/23



26. Potential contributions from the further ten development agreements completed but not triggered in the year are £12.2m. However, we cannot be certain whether these developments will commence in the next financial year, and we will likely see developments commence from this and previous financial years. Figure 7 below illustrates the potential contributions secured from the eight agreements signed and triggered in the reporting year and a forecast of potential receipts in the next financial year based on agreements signed but not triggered in this reporting year.

Figure 7 Contributions from agreements signed and triggered in 2022/23, and potential receipts for 2023/24



Remaining Balance

27. The remaining balance of S106 contributions held by the City currently totals £94.8m at the end of 2022/23 and relates to contributions allocated but not spent in the financial year. Planning obligations are secured for site specific mitigation measures therefore, all money received under planning obligations as identified in the legal agreement can only be used for those purposes and are considered allocated for those purposes. Many of these projects will begin once the development is near completion. A detailed breakdown along with allocations to infrastructure projects in the pipeline can be seen in Appendix 1.

Financial Implications

28. There are no direct financial implications to the Authority from this report. However, it should be noted that references in this report to receipts relate to actual monies received between the period April 2022 and March 2023. These amounts will differ from the invoiced amounts appearing on the general ledger for this same period as a customer may be invoiced in one period and the monies received in the subsequent period.

Conclusion

29. Regulation 62 of the CIL Regulations 2010 as amended requires the charging authority to report on CIL receipts and expenditure on infrastructure projects at the end of a financial year. The detailed Infrastructure Funding Statement (CIL/S106 Report) for 2022/23 is set out in Appendix 1 and will be published on the City's website in accordance with the regulations.

Appendices

Appendix 1 - Local Plan Monitoring - Planning Obligations: Infrastructure Funding Statement 2022/23

Background Papers

None