

<b>Committee(s):</b>  Planning and Transportation Committee For Information	<b>Dated:</b> 10 January 2023
<b>Subject:</b> Infrastructure Funding Statement CIL/S106	<b>Public</b>
<b>Report of:</b> Gwyn Richards, Planning and Development Director – Environment Department	<b>For Information</b>
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### Summary

The report presents the City's Community Infrastructure Levy (CIL) and Section 106 (S106) infrastructure Funding Statement as at 2021/22 which summarises the City's CIL and S106 balances at the end of the financial year. It is a requirement under the CIL Regulations to produce an annual Infrastructure Funding Statement (IFS) for publication on the City's website.

#### **CIL highlights for 2021/22:**

- £ 10.4m receipts in Mayoral CIL
- £ 9.8m receipts for City CIL
- £ 42.0m potential City CIL (CIL Liability on planning permissions granted in 2021/22)
- £1.9m allocated to projects
- £ 4.6m spend
- £ 43m remaining City CIL balance at the end of 2021/22

#### **S106 Highlights for 2021/22:**

- £ 6.2m S106 receipts
- £ 21.0m S106 spend
- £ 2.3m potential S106 contributions secured from fourteen agreements signed but where development has not commenced
- £ 77.4m remaining S106 balance at the end of 2020/21 allocated to site specific mitigation measures as per the agreement

### Recommendation(s)

Members are recommended to note the content of this report 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, contributions received, allocated and spent on relevant infrastructure projects in the financial year 2021/22.

### **Current Position**

2. Additional resources have been committed to CIL and planning obligations to implemented changes to the CIL / S106 monitoring and administration processes. Together with the recruitment of additional officers this will resolve any delays in monitoring CIL and S106 allocations, spends, and reporting the annual Infrastructure Funding Statement going forward.
3. This report provides information on developer contributions from the Community Infrastructure Levy and Section 106 Agreements which have been secured, received, allocated and spent in the financial year 2021/22 (01 April 2021 - 31 March 2022).

### **Key Data Community Infrastructure Levy**

4. The compact nature of the City and the intensification of development and employment, place demands on the City's services, 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.
5. 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 developments 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.

6. 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.
7. 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.
8. 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.
9. 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 2021/22.

**Figure 2: 2021/22 CIL highlights**

<b>City CIL Highlights</b>	<b>2021/22</b>
City CIL Receipts	£9,782,408.11
Outstanding Demand Notices (City CIL) at 31 March 2021	£1,629,797.01
Potential City CIL Receipts (Liability Notices issued for planning permissions granted in 2021/22)	£42,034,958.66
CIL allocated to identified agreed projects	£1,857,668
CIL Spend	£4,616,591.64

10. CIL receipts in 2021/22 for both City (£9,782,408.11) and Mayoral CIL (£10,437,423.52) were collected from twenty-seven developments.

## Outstanding CIL

11. At the end of March 2022, a total £1,629,797.01 in City CIL was outstanding from two developments. These liabilities will be due on commencement of the development or in the following financial year if the instalments policy is applied (2022/23).

12. Figure 3 below provides details of the £52,014,540.34 in City CIL receipts banked cumulatively by ward as at 31/03/2022.

**Figure 3: Total CIL Receipts by Ward**

Ward	City CIL Liability on <i>Planning Permissions Granted</i>	City CIL <i>Demand Notices Raised</i>	City CIL <i>Received</i>
Aldersgate	£54,534.06	£40,134.25	£40,134.25
Aldgate	£16,225,414.46	£75,157.03	£75,157.03
Bassishaw	£2,453,744.84	£2,427,202.37	£681,146.83
Billingsgate	£93,659.94	£44,094.98	£44,094.98
Bishopsgate	£20,750,557.84	£5,503,985.04	£5,503,985.04
Bread Street	£154,574.37	£275,946.34	£275,946.34
Bridge & Bridge Without	£3,491,746.76	£41,121.34	£41,121.34
Broad Street	£3,292,237.46	£2,888,867.25	£2,173,526.83
Candlewick	£258,480.03	£201,009.00	£201,009.00
Castle Baynard	£2,032,226.17	£1,559,577.74	£1,080,127.76
Cheap	£3,193,804.36	£3,011,328.45	£142,107.74
Coleman Street	£8,549,835.01	£5,311,251.25	£5,116,064.59
Cordwainer	£20,319.04	£20,319.04	£20,319.04
Cornhill	£214,975.73	£214,975.73	£214,975.73
Cripplegate	£814,982.79	£814,982.79	£814,982.79
Dowgate	£110,376.15	£87,317.57	£87,317.57
Farringdon Within	£9,953,776.98	£4,605,749.28	£3,613,915.65
Farringdon Without	£2,685,562.48	£1,284,135.62	£911,338.81
Langbourn	£8,299,443.32	£103,439.44	£103,439.44
Lime Street	£37,672,392.00	£27,104,937.44	£27,104,937.44
Portoken	£76,945.25	£29,503.20	£29,503.20
Queenhithe	£578,813.91	£589,652.32	£300,245.37
Tower	£11,062,534.82	£2,964,877.47	£2,964,877.47
Vintry	£414,218.40	£414,218.40	£414,218.40
Walbrook	£89,072.70	£60,047.70	£60,047.70
<b>Totals</b>	<b>£132,544,228.87</b>	<b>£59,673,831.04</b>	<b>£52,014,540.34</b>

## Potential CIL

13. CIL Liability Notices with a total value of £114.8m were issued to thirty-one chargeable developments in 2021/22. Of this, £42.0m was for City CIL and £72.7m for Mayoral CIL. Nine of these developments commenced in 2021/22.

## CIL Allocations

14. In 2021/22 a total of £1,857,668 allocated to projects, Neighbourhood CIL grants and CIL Administration as set out in Figure 4 below.

**Figure 4: Total CIL allocations and expenditure up to 31 March 2022**

Infrastructure Project	Total CIL Allocations	Total CIL Spent	Unspent CIL Allocations*
<b>General City CIL Project Totals</b>	<b>£10,630,370</b>	<b>£8,001,548</b>	<b>£2,628,821</b>
Bloomberg Place Highway Works	£182,324	£182,324	£0
Churchyards Enhancement Programme	£85,000	£84,061	£939
Hostile Vehicle Mitigation Security Programme	£2,767,000	£1,099,853	£1,667,147
Beech Street Transport & Public Realm Improvements.	£2,022,432	£1,582,566	£439,866
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	£1,527,147	£1,272,882	£254,265
Secure City Programme	£2,626,342	£2,626,342	£0
Barbican and Golden Lane Healthy Streets Plan	£0	£7,124	-£7,124
Public Realm Security Programme	£225,000	£0	£225,000
<b>Neighbourhood CIL Project Totals</b>	<b>£2,594,671</b>	<b>£623,608</b>	<b>£1,971,063</b>
Becket Pageant for London / The Skinners' Malmesbury Foundation	£24,500	£17,966	£6,534
Maggie Keswick Jencks Cancer Caring Centers Trust	£254,827	£51,609	£203,218
St Vedast-alias-Foster	£25,000	£25,000	£0
Bevis Marks Synagogue Heritage Foundation	£240,000	£0	£240,000
Age UK City of London	£48,171	£23,847	£24,324

Fleet Street Sundial CIC	£31,250	£23,250	£8,000
Barbican Centre Trust Limited	£230,730	£182,962	£47,768
Globe Studios Limited	£198,633	£12,490	£186,143
Learning Through The Arts	£49,984	£18,744	£31,240
Repowering Limited	£33,660	£13,439	£20,222
City Property Association Limited	£100,000	£25,000	£75,000
Golden Lane Estate Residents' Association	£50,000	£0	£50,000
Parochial Church Council of the Ecclesiastical Parish of St Mary-le-Bow	£18,274	£0	£18,274
The Worshipful Company of Chartered Architects	£24,600	£0	£24,600
New Diorama	£154,640	£154,640	£0
The World Reimagined Limited	£100,000	£50,000	£50,000
Temple Bar Trust	£250,000	£12,500	£237,500
Royal Society for Blind Children	£48,646	£12,162	£36,485
Outset Contemporary Art Fund	£110,932	£0	£110,932
Historical Royal Palaces	£300,000	£0	£300,000
Pollinating London Together	£230,000	£0	£230,000
Curving Road	£24,000	£0	£24,000
XLP	£46,824	£0	£46,824
<b>City CIL Administration Totals</b>	<b>£436,511</b>	<b>£436,511</b>	<b>£0</b>
* Please note allocations may be spent over multiple years			
<b>Grand Totals</b>	<b>£13,661,551</b>	<b>£9,061,667</b>	<b>£4,599,884</b>

## CIL Expenditure

15. A total of £4,616,591.64 of City CIL was spent in 2021/22 comprising of £3,888,570.57 of general CIL funds, £618,708.00 of Neighbourhood CIL funds, and £109,313.07 of the City CIL administration.
16. At the end of March 2022, a total of £9,061,667 City CIL had been spent since the City introduced its charging schedule (consisting of: £8,001,548.21 of General CIL Funds; £623,608.00 of Neighbourhood CIL Funds and £436,510.84 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.

## Key data S106 financial Obligations

18. 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.

19. 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 2021/22 are listed below in Figure 5.

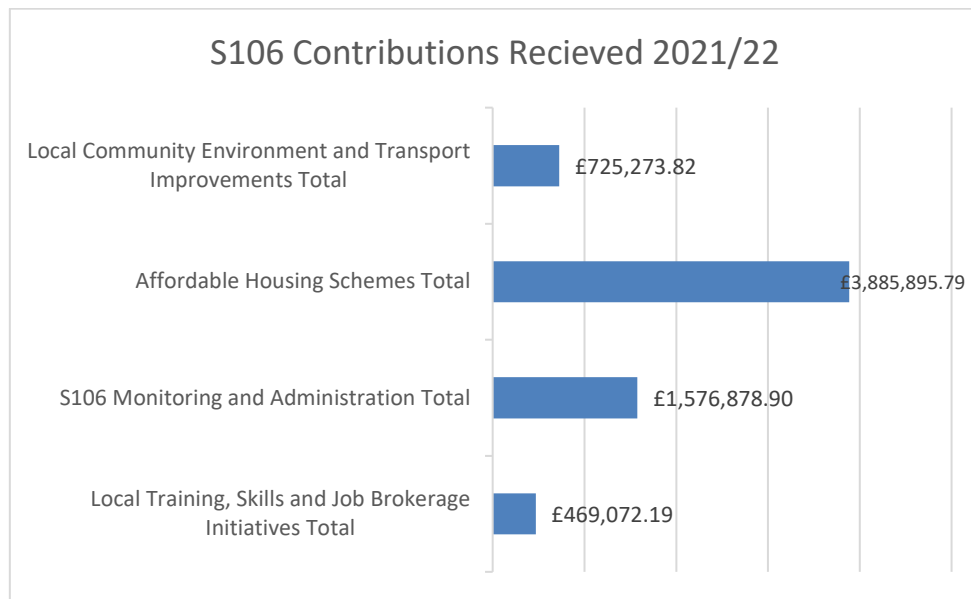
**Figure 5: 2021/2022 S106 Highlights**

<b>S106 Highlights</b>	<b>2021/22</b>
Total Agreements Completed 2021/22	28
Value of Contributions secured	£26.8m
Receipts in the year	£6.2m
Allocation in the year	£7m
Spend in the year	£20.9m

### **S106 Spend**

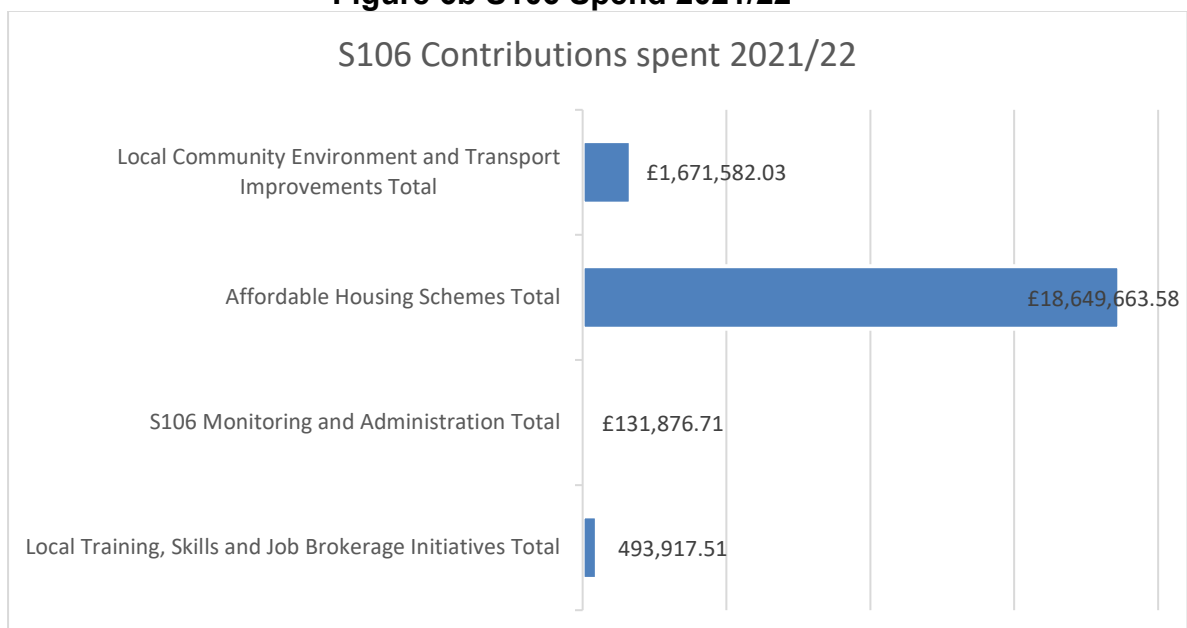
20. A total of £20,951,189 was spent towards S106 funded projects in 2021/22. This is an increase over the previous financial year total spend of £10,041,869.
21. Figure 6a and 6b provide an illustration of receipts and spend for 2021/22 by heads of terms and includes interest. Figure 6a provides an 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 2021/22**



22. Of the twenty-eight agreements signed in 2021/22, seven commenced in this year resulting in contributions received totalling £0.9m. Other contributions received in this financial year were received from agreements signed in previous years.
23. Spend on projects usually spans 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 £ 7,055,580.34 and total spend stands at £20,815,163. This is because of projects which may have been commenced in previous years but are ongoing in this financial year.

**Figure 6b S106 Spend 2021/22**





24. Potential contributions from the further twenty-one development agreements completed but not triggered in the year are £22,247,347.00. 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 illustrates the potential contributions secured from the seven 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: Projected receipts**



### Remaining Balance

25. The remaining balance of s106 contributions held by the City currently totals £77.4m at the end of 2021/22 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**

26. 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 2021 and March 2022. 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**

27. 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 2021/22 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

## **Background Papers**

None