


<p>Cabinet</p> <p>30 January 2018</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Ann Sutcliffe, Acting Corporate Directorate, Place</p>	<p>Classification: Unrestricted</p>
<p>The Infrastructure Delivery Framework: Report to Cabinet recommending the approval of the Annual Infrastructure Statement 2017/18 & 2018/19</p>	

Lead Member(s)	Councillor Rachel Blake, Cabinet Member for Strategic Development
Originating Officer(s)	Owen Whalley, Divisional Director, Planning and Building Control, Place Directorate
Wards affected	All Wards
Key Decision?	Yes
Community Plan Theme	A great place to live; A fair and prosperous community; A safe and cohesive community; A healthy and supportive community.

1. EXECUTIVE SUMMARY

- 1.1 This Cabinet Report seeks approval from the Infrastructure Delivery Board for the adoption of the Annual Infrastructure Statement 2017/18 & 2018/19 attached at Appendix A.
- 1.2 The Annual Infrastructure Statement (AIS) will set out the Mayor's approach to investing Community Infrastructure Levy (CIL) monies up until 31st March 2019 into infrastructure to support the development and growth of Tower Hamlets. Table 1 below sets out the proposed approach to the allocation of CIL up until 31st March 2019. Further information is provided in this report.
- 1.3 The AIS is intended to provide an informed course of direction for the allocation of CIL by theme only and it should be noted that all projects seeking CIL funding will need to be individually assessed and approved through the Infrastructure Delivery Framework reporting process. This commitment was set out in a paper titled '*The Infrastructure Delivery Framework: Governance Proposals*' that was approved by the Mayor in Cabinet on 4th October 2016.
- 1.4 In considering this report, it should also be noted that at Cabinet on 6th December 2016, it was agreed that the approach to be taken forward in Tower Hamlets is that 25% of CIL receipts should be allocated as the CIL

Neighbourhood Portion across the whole borough, irrespective of whether there is a Neighbourhood Plan in place or not. The Local Infrastructure Fund (LIF) is the term the Council is using for Neighbourhood Portion (as reported to Cabinet on 6th December 2016).

2. RECOMMENDATIONS

The Mayor in Cabinet is recommended to:

1. Adopt the proposed Annual Infrastructure Statement attached to this report at Appendix A.

3. REASONS FOR THE DECISIONS

3.1 Approval is sought to adopt the AIS 2017/18 and 2018/19 attached at Appendix A for the following reasons:

1. The AIS sets out the Mayor's approach to allocating CIL to themes which underpin the Community Plan themes of:

- A Great Place to Live;
- A Fair and Prosperous Community;
- A Safe and Cohesive Community;
- A Healthy and Supportive Community.

2. The AIS responds to the infrastructure needs identified in the Infrastructure Delivery Framework: Evidence Base presented at Infrastructure Delivery Board / Members Advisory Board on 7th November 2017.

3.2 Please refer to the following associated documents/appendices for more information about the projects:

- Appendix A: Proposed Annual Infrastructure Statement 2017/18 and 2018/19

4. ALTERNATIVE OPTIONS

4.1 The only identified alternative would be that the AIS is not approved or taken forward. This would lead to an absence of a clear, strategic and planned direction for the allocation of CIL and a high degree of uncertainty in the decision making process.

4.2 Not approving an AIS may also result in a 'first come – first served' approach rather than funding being allocated to different infrastructure themes that encompass the Borough's infrastructure needs. To address these cross-borough needs, the AIS has taken full account of service area infrastructure requirements and is informed by the Infrastructure Delivery Plan that is evidence for the draft Local Plan (to be adopted in 2018).

- 4.3 Whilst in the future not all individual CIL funding approvals will be for capital cost items (funding may include revenue expenditure subject to approval), the majority of CIL related expenditure will likely relate to the capital delivery of infrastructure. It is recognised that the Council is committed to reporting a capital programme that encapsulates the wider capital needs of the Borough. The AIS makes indicative allocations to infrastructure themes only, meaning it can work in accordance with the Capital Programme.
- 4.4 Notwithstanding the above, it is imperative that CIL is spent in accordance within the terms of the Community Infrastructure Levy Regulation 123 list (April 2015) and relevant CIL regulations pertaining to its allocation. Only in accordance with guidance issued by national government, through consultation, and as a result of engagement with the Council's service areas on infrastructure can an evidenced and balanced approach be taken in order to meet specific infrastructure needs across the Borough.
- 4.5 With the absence of an AIS, there is a very real risk that individual projects would be presented for approval through the Infrastructure Delivery Framework (IDF) reporting process without the necessary support in place to guide infrastructure related decision making. In that context, an even more serious risk is that some areas of infrastructure need could be seriously under-represented, leading to under-investment in specific areas with associated impacts on places and people in the Borough as a whole.

5. **BACKGROUND**

Community Infrastructure Levy

- 5.1 The AIS will set out the Mayor's approach to investing Community Infrastructure Levy (CIL) monies up until 31st March 2019 into infrastructure to support the development and growth of Tower Hamlets. Table 1 below sets out the proposed approach to allocating CIL up until 31st March 2019. Further information is provided below.

Table 1: Proposed Allocation of CIL

Funding Allocation		Percentage	Amount*
Local Infrastructure Fund		25%	£12m
Critical Enabling Projects		27%	£13m
Key Infrastructure Themes	Local Transport, Connectivity and Places	16%	£8m
	Sustainability, Leisure, & Healthy Living	16%	£8m
	Community, Education & Employment	16%	£8m
TOTAL		100%	£49m

**Note these figures are projections of CIL income up until 31 March 2019 and may differ from actual income received.*

Local Infrastructure Fund

- 5.2 Under CIL Regulation 59A, local authorities are required to allocate between 15% and 25% of CIL collected to the Neighbourhood Portion (also known as the Local Infrastructure Fund (LIF)). It was agreed by Cabinet on the 6th December 2016 to allocate 25% of CIL funds received in Tower Hamlets to LIF.
- 5.3 Public consultation was carried out from the 27th June to 8th August 2017 allowing residents an opportunity to identify their infrastructure priorities and nominate projects they would like to see delivered using LIF monies.
- 5.4 Feedback from the consultation has informed the allocation of LIF funding to indicative infrastructure themes.

Critical Enabling Projects

- 5.5 It is proposed to allocate 27% to Critical Enabling Infrastructure projects. Critical Enabling Infrastructure is defined as infrastructure which is deemed necessary to unlock and enable sites to be developed.
- 5.6 The latest version of the Infrastructure Delivery Framework: Evidence Base, which was presented to IDB on 7th November, introduces a new system for assessing projects, including a consideration of which are critical in enabling development sites to come forward.

Key Infrastructure Themes

- 5.7 It is proposed to allocate 48% to three Key Infrastructure Themes. Allocating funding to themes rather than specific projects will allow the Council some flexibility when allocating funding to projects. It will also allow the freedom to work alongside the emerging Capital Programme. Within each of the themes, funding will be allocated with consideration to the following:
 - Deliverability of the project;
 - Match funding available;
 - Whether it's identified within the IDF evidence base;
 - Opportunity cost.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 In accordance with the Council's Infrastructure Delivery Framework, this report seeks approval for the adoption of the Annual Infrastructure Statement for 2017/18 and 2018/19. The statement reviews infrastructure delivery in previous years and sets out the Mayor's approach to investing Community Infrastructure Levy (CIL) resources up to 31st March 2019.

- 6.2 The payment of both CIL and Section 106 contributions is linked to the development build process and wider economic considerations which are outside the control of the Council and future amounts receivable are difficult to estimate, however significant levels of Section 106 and CIL resources are received by the Council. Approximately £39 million of CIL income has been generated from the introduction of the Borough's CIL charging process in April 2015 to 31st October 2017, and for the purposes of the statement total CIL resources of £49 million have been estimated up to 31st March 2019.
- 6.3 The conditions associated with certain Section 106 resources mean they can only be used for specific purposes, however CIL funding is a more general resource to be used to help deliver infrastructure to support development within the borough. The Mayor in Cabinet on 6th December 2016 approved the top-slicing of 25% of borough-wide CIL resources to establish a Local Infrastructure Fund, and Table 1 of this report sets out a proposed allocation of the remaining CIL funding to key infrastructure themes.
- 6.4 Ultimately the approval of scheme funding should be undertaken in accordance with the needs and priorities outlined within the Council's Capital Strategy which in turn informs the Council's Medium Term Financial planning process. Although indicative funding allocations (by percentage of CIL collected) to key infrastructure themes are proposed, it is important that flexibility is retained to enable allocations to appropriate prioritised schemes as necessary. Funding allocation decisions will take place in accordance with the Council's Infrastructure Delivery Framework.

7. LEGAL COMMENTS

- 6.1 This report seeks approval from the Mayor in Cabinet to adopt the AIS for 2017/18 and 2018/19; appended to this report at Appendix A.
- 6.2 The AIS sets out the approach to be taken by the Council for the expenditure of CIL for 2017/18 and 2018/19. Pursuant to it, funding will be allocated to the Local Infrastructure Fund and Critical Enabling Projects; with the remainder allocated under the themes: Local Transport, Connectivity and Places, Sustainability, Leisure, & Healthy Living and Community, Education & Employment.
- 6.3 CIL is a planning charge, introduced by the Planning Act 2008 ('the 2008 Act') as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010 ('the 2010 Regulations').
- 6.4 CIL is a pounds per square metre charge on most new development and must be used to help deliver infrastructure to support the development of the area. Infrastructure is defined by s216 of the Planning Act 2008 to

include: roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities and open spaces. A charging authority must apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area.

- 6.5 The Council are required (pursuant to Regulation 59F) to apply a portion of CIL receipts as 'the neighbourhood portion'. This Council has decided that in respect of all areas in the borough that a 25% portion will be applied and has chosen 4 neighbourhood portion areas (also known as the Local Infrastructure Funding ('LIF') Boundaries) as shown in Appendix 1. Government guidance provides that the Council are expected to engage with the communities where development has taken place and agree with them how best to spend the neighbourhood portion. Following consultation in 2017 the AIS details the key priorities for infrastructure that were identified for each of the neighbourhood areas through the consultation. Beyond the engagement required in respect of the LIF, as the AIS is not a statutory document, there is no statutory requirement for the Council to carry out consultation. Further, there is no common law duty to consult.
- 6.6 When making decisions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). A proportionate level of equality analysis is required to discharge the duty. Because this AIS is a high level document, there are no identified equality issues arising directly out of this report however, it is recognised that the provision of infrastructure can have equality implications. As such regard will need to be had to the public sector equality duty when individual decisions are taken to allocate CIL receipts to projects.

8. ONE TOWER HAMLETS CONSIDERATIONS

- 8.1 In preparing the AIS, consideration has been given to the objectives of One Tower Hamlets and those in the Community Plan. The strategic proposals in the AIS encompass the whole Borough and all residents. Without an AIS, officers have identified a possible risk of spatial disenfranchisement based on there being no clear guidance on infrastructure expenditure relating to the Community Infrastructure Levy.
- 8.2 It is intended that the ongoing delivery of infrastructure projects will contribute to the reduction of inequality and will foster cohesion in the borough.

9. BEST VALUE (BV) IMPLICATIONS

9.1 In the allocation of CIL funding, consideration will be given to best value implications and the Council's Best Value Strategy and Action Plan (2015).

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1 This report proposes to allocate CIL funding to a number of themes including a 'Sustainability, Leisure and Healthy Living' theme. Projects allocated CIL funding within this theme will contribute towards achieving a greener environment.

11. RISK MANAGEMENT IMPLICATIONS

11.1 The AIS is a high level document and provides indicative allocations of CIL funding to themes. Ahead of any projects receiving funding, further consideration will be given to any risk management implications.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1 The AIS sets out the proposed allocation of CIL funding. It is hoped that a number of infrastructure projects which receive CIL funding will improve places in the borough including buildings and streetscape, making them less susceptible to crime or disorder and increasing natural surveillance.

13. SAFEGUARDING IMPLICATIONS

13.1 The report seeks to allocate CIL funding to deliver infrastructure across the borough. The rights of all end users will be safe guarded and further consideration on safeguarding implications will be given ahead of individual projects being approved.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Proposed Annual Infrastructure Statement 2017/18 & 2018/19 – Appendix A.

Background Documents – Local Authorities (Executive Arrangements) (Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:

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