

Appendix D

Maidstone Borough Council

Community Infrastructure Levy: Funding Gap Analysis (June 2016)

In order to justify the introduction of the Community Infrastructure Levy (CIL) it is necessary to demonstrate that there is an aggregate funding gap between the cost of providing the infrastructure required to support planned growth and the amount of funding available to deliver that infrastructure.

Infrastructure Costs

The Council's Infrastructure Delivery Plan (IDP) (May 2016) identifies a series of critical and essential infrastructure schemes which could be funded wholly or partly through the Levy. These schemes are set out in Table 1 below to provide an estimated cost of infrastructure identified for potential CIL funding. It is important to note that the IDP is a "living document" and may be updated or amended over time as new evidence is made available or as schemes are refined or progressed. Schemes to be funded through future section 106 legal agreements will not be CIL-eligible and are not included in Table 1.

Table 1: List of infrastructure schemes which may be funded wholly or partly through the CIL

Scheme	Estimated Cost	IDP Ref.
Schedule A: Highways and Transportation		
Romney Place Bus Lane	£60,000	HTTC2
Maidstone Bus Station improvements	£2,000,000	HTTC3
Pedestrianisation of Earl Street	£972,000	HTTC6
Maidstone East commuter car park	£9,000,000	HTTC13
Improvements to the pedestrian environment and public realm on Rose Yard, Pudding Lane and Market Buildings.	£1,520,000	HTTC14
Increased frequency of 333 / 334 route.	£2,700,000 ⁽¹⁾	HTJ75
Bus prioritisation measures from the Willington Street junction to the Wheatsheaf junction.	£3,800,000	HTSE1
A229/A274 Wheatsheaf junction.	£725,000 ⁽²⁾	HTSE6
Improvements to the approaches to the town centre between the Wheatsheaf junction and the Bridge Gyratory signal junctions.	Unknown	HTSE7
Improvements to bus services along Sutton Road.	£2,700,000 ⁽¹⁾	HTSE8

Traffic signalisation of M20 J5.	£575,000 ⁽²⁾	HTNW2
Provision of an additional lane at the Coldharbour roundabout.	£2,600,000	HTNW3
Improvements at the junction of Fountain Lane and A26.	£400,000	HTNW4
Improvements at the junction of Hermitage Lane and London Road.	£750,000 ⁽²⁾	HTNW5
Boughton Lane and at the junction of Boughton Lane and the A229.	£150,000 ⁽³⁾	HTUA1
Improvements at Linton Crossroads.	£650,000 ⁽³⁾	HTC1
Increased frequency of the No. 89 route.	£900,000 ⁽¹⁾	HTC2
A20 Ashford Road highways improvements, Harrietsham.	£1,100,000	HTHA1
Highway improvements to accommodate Lenham Broad Location	£2,000,000 ⁽⁴⁾	HTL2
Package of improvements to Marden Rail Station	£87,691 ⁽⁵⁾	HTM1
Improvements at the junction of A229, Headcorn Road, Station Road and Marden Road, Staplehurst.	£172,350 ⁽³⁾	HTS1
Improvements to public and passenger facilities at Staplehurst Rail Station.	£1,100,000	HTS4
Highways and Transportation TOTAL	£33,962,041	
Schedule B: Education Provision		
1FE expansion of The Maplesden Noakes School.	£3,000,000	EDM2
1FE expansion of The Maidstone Grammar School.	£3,000,000	EDM3
Provision of a new 2FE primary school on site H1 (2) Land East of Hermitage Lane.	£6,000,000	EDM4
Provision of a new 2FE primary school on site H1 (5) Langley Park.	£6,000,000	EDM5
1FE expansion of South Borough Primary School.	£2,600,000	EDM7
1FE expansion of Cornwallis Academy	£3,000,000	EDR1
1FE expansion of Harrietsham or Lenham Primary School.	£1,770,000	EDR2
0.6FE expansion of Marden Primary School	£1,439,000	EDR3

0.5FE at Staplehurst Primary School	£885,000	EDR5
Provision of a new 2FE primary school at Lenham Broad Location	£6,000,000	EDR6
Education Provision TOTAL	£33,694,000	
Schedule C: Health Provision		
Works at Brewer Street Surgery	£224,000	HPU1
Works at Bower Mount Medical Centre	£97,000	HPU2
Works at The Vine Medical Centre	£150,000	HPU3
Works at Barming Medical Practice	£150,000	HPU4
Works at Blackthorn Medical Centre	£150,000	HPU5
Works at Aylesford Medical Centre	£224,000	HPU6
Works at Allington Park Surgery/Allington Clinic	£73,000	HPU7
Works at the Mote Medical Practice	£275,000	HPU8
Works at Orchard Medical Centre, Langley	£224,000	HPU9
Works at Wallis Avenue Surgery	£170,000	HPU10
Works at Grove Park Surgery	£93,000	HPU11
Works at New Grove Green Surgery	£243,000	HPU12
Works at Bearsted Medical Practice	£264,000	HPU13
Works at Sutton Valence Surgery	£100,000	HPU14
Works at Cobtree Medical Practice	£100,000	HPU15
Works at Boughton Lane Surgery	£50,000	HPU16
Works at Marden Medical Practice	£378,000	HPR1
Works at Glebe Medical Centre	£339,000	HPR2
Works at The Len Valley Practice	£207,000	HPR3
Works at Headcorn Surgery	£370,000	HPR4
Works at Staplehurst Medical Centre	£847,000	HPR5

Works at Orchard Medical Centre, Coxheath	£308,000	HPR6
Works at Stockett Lane Surgery	£224,000	HPR7
Works at Yalding GP Practice	£223,000	HPR8
Health Provision TOTAL	£5,483,000	
Schedule E: Public Services		
Community First Responder scheme at Bearsted	£7,000	PS1
Community First Responder scheme at Harrietsham	£14,000	PS2
Community First Responder scheme at Lenham	£7,000	PS3
Community First Responder scheme at Marden	£17,500	PS4
Community First Responder scheme at Staplehurst	£28,000	PS5
Community First Responder scheme at Headcorn	£17,500	PS6
Community First Responder scheme at Yalding	£10,500	PS7
Community First Responder scheme at Hollingbourne	£7,000	PS8
Public Services TOTAL	£108,500	
TOTAL COST	£73,247,541	

- (1) Cost estimates exclude deductions for revenue generated by the scheme.
- (2) Cost estimates include 50% allowance for potential costs of land acquisition and statutory undertakings.
- (3) Cost estimates exclude cost of statutory undertakings.
- (4) Broad cost estimate including 100% allowance for contingency and potential costs of land acquisition and statutory undertakings.
- (5) Cost unknown – figure based on contributions secured to date.

In addition to the schemes identified in Table 1, the IDP confirms that the County Council will continue to seek developer contributions towards small scale improvements and equipment for a range of social and community infrastructure though the lifetime of the Local Plan. Although no specific schemes are currently identified or costed in the IDP schedules, analysis of contributions secured from consents on development sites allocated in the emerging Local Plan indicates an average per dwelling contribution of around £175 towards libraries, social care, community learning and youth services. It is likely that similar costs will continue and therefore, to assist in establishing a realistic estimate of future infrastructure costs, a total of £1,712,725 is incorporated into the calculations.

In addition to identifying the key schemes necessary to support the delivery of the Local Plan, the IDP looks to distinguish between schemes which can be considered critical, essential or desirable in the context of the strategy as a whole. At this time desirable schemes are not included in the funding gap analysis, as they often relate to the more strategic Local Plan objectives, rather than the delivery

of physical development. A breakdown of the above costs in terms of critical and essential infrastructure is provided below.

Table 2: Infrastructure cost breakdown by schedule and category

Infrastructure which may be funded wholly or partly through the CIL	Critical (£)	Essential (£)	Total (£)
Highways and Transportation	14,297,350	19,664,691	33,962,041
Education Provision	18,000,000	15,694,000	33,694,000
Health Provision		5,483,000	5,483,000
Social and Community Infrastructure		1,712,725	1,712,725
Public Services		108,500	108,500
TOTALS	32,297,350	42,662,916	74,960,266

Calculating the Funding Gap

To calculate the aggregate funding gap it is necessary to establish what funding may be available to deliver infrastructure included on the list. This can be summarised in three key categories: (1) existing section 106 agreements or unilateral undertakings; (2) projected future CIL receipts; and (3) other funding sources.

Existing Section 106 Agreements

At present, developer contributions towards the provision of strategic infrastructure are generally secured through section 106 agreements or unilateral undertakings. A full review (June 2016 snapshot) of these contributions has been undertaken to inform an assessment of the levels of funding that may be available to deliver the schemes identified in Table 1.

The total amount potentially available from section 106 agreements or unilateral undertakings for the delivery of infrastructure in the Regulation 123 List will change over time however as additional planning permissions will be granted prior to the adoption of the CIL. Separately, the levels of funding anticipated from individual developments may be refined when detailed permissions (known as reserved matters) establish the precise number of units and/or dwelling mix following an outline planning permission. Contributions towards education infrastructure for instance are often calculated per pupil or per housing unit, and therefore a precise figure may not be calculable until these variables are known.

It is also important to note that although specific contributions may be established through a legal agreement, contributions will only be realised if the planning permission goes on to be implemented, and may only become available to deliver projects once relevant trigger points are reached. Additionally, section 106 agreements usually include a clause stipulating the date by which the funding must be spent on the identified infrastructure projects – often a period of 10 years. If the monies are not spent by the specified date there may be a requirement to return the funding to the developer.

Projected CIL Receipts

Once the CIL is adopted the Levy will provide a significant source of additional funding which can be used towards the delivery of the infrastructure necessary to support planned growth. Projecting potential CIL receipts is therefore critical to inform an understanding of the overall funding available to support infrastructure delivery. The total amount available for the delivery of infrastructure in the Regulation 123 List will however depend on a number of factors including the amount of floorspace created (e.g. the size of new homes or the potential for re-use of existing buildings on site) and the proportion payable to local councils or spent on behalf of local councils (the neighbourhood portion). The neighbourhood portion rises from 15% to 25% where development takes place in an area with an adopted Neighbourhood Development Plan and these monies do not need to be spent on schemes identified in the IDP.

As additional planning permissions are granted prior to the adoption of the CIL, although the amount of funding from section 106 agreements may increase, projected CIL receipts will be revised downwards.

Other funding sources

It may be the case that, through the lifetime of the Local Plan, other funding sources could become available which could help to meet the costs of infrastructure provision. One potential source of funding is from the Council's capital budget and monies have already been allocated towards infrastructure projects connected with the Local Plan, including the Bridges Gyratory scheme (IDP Ref. HTTC1) and Medway Towpath scheme (IDP Ref. HTTC9). The Council's existing Medium Term Financial Strategy identifies a further £3m of capital funding available towards the delivery of infrastructure schemes identified in the IDP and therefore this has been factored into the funding gap calculations as it likely to be used towards schemes identified in Table 1.

Another potentially significant source of funding for infrastructure provision could be the Local Growth Fund (LGF). Through LGF Round 1, some £8.9m was secured towards the delivery of Park and Ride infrastructure at sites near M20 J7 and Linton Crossroads, Coxheath. These schemes have since been removed from the Local Plan and the County Council has recently received approval from the South East Local Enterprise Partnership (SELEP) for the provisional re-allocation of £1.3m of these monies towards the Willington Street/Wallis Avenue/Sutton Road junction improvements (IDP Ref. HTSE2). Work to assess the potential for re-allocation of the remaining £7.6m remains ongoing however and there is no certainty that the monies can be used towards any of the schemes identified in Table 1. Accordingly, these monies are not factored into the funding gap calculations. This position will be monitored however and updated as necessary in subsequent iterations of this analysis.

Other funding sources may become available through the lifetime of the Local Plan, however it is difficult to predict the availability of such funding, as recognised in the National Planning Policy Guidance. Any additional confirmed funding which can be used towards the delivery of schemes identified in Table 1 will be taken into account as this analysis is updated.

Table 3. Aggregate Funding Gap analysis

Infrastructure which may be funded wholly or partly by the CIL	Critical (£)	Essential (£)	Total (£)
Highways and Transportation	14,297,350	19,664,691	33,962,041
Education Provision	18,000,000	15,694,000	33,694,000
Health Provision		5,483,000	5,483,000
Social and Community Infrastructure		1,712,725	1,712,725
Public Services		108,500	108,500
TOTALS	32,297,350	42,662,916	74,960,266
Potential funding from s106 planning obligations (£) ^{(1) (2)}			32,997,968
Projected CIL income (£) ⁽³⁾			29,729,265
Potential funding from other sources			3,000,000
AGGREGATE FUNDING GAP (£)			9,233,033

(1) Contributions agreed (subject to conditions precedent and payment triggers) and contributions resolved by Planning Committee subject to the completion of a s106 legal agreement correct as of 15 June 2016;

(2) Where the precise level of contributions is yet to be determined, for instance where development yield and/or dwelling mix are not confirmed through an outline planning permission, maximum figures have been applied. Once these details are established corresponding figures may be revised downwards.

(3) This figure includes potential income from relevant Local Plan development which has not received planning consent or a resolution from Planning Committee to grant planning consent subject to completion of a s106 legal agreement at 15 June 2016.

Output and Review

The above analysis confirms that there is an aggregate funding gap between the cost of providing the infrastructure required to support delivery of the Local and the potential funding available to deliver these projects. The analysis provides only a snapshot however and will be kept under regular review.