



Committee and Date

Item

Public



Annual Infrastructure Funding Statement 2024

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Cabinet Member (Portfolio Holder):	Cllr Chris Schofield		

1. Synopsis

This report seeks approval for the 2024 Infrastructure Funding Statement (Appendix 1).

2. Executive Summary

- 2.1. The Infrastructure Funding Statement (the Statement) is a statutory requirement for Councils to produce. It must be published before the end of the calendar year.
- 2.2. The key purpose of the Statement is to report on the developer contributions (Community Infrastructure Levy (CIL) and Section 106 Planning Obligations) which Shropshire Council has received, allocated and spent during the reported year (between 1st April 2023 and 31st March 2024) and to provide an Infrastructure List which sets out the infrastructure projects or types of infrastructure which Shropshire Council may fund wholly or partly by the CIL.
- 2.3. Appendix 1 to this report provides the Infrastructure Funding Statement for 2024. The recommendation is to approve this report for publication before the end of December 2024 to ensure the Council's meets its regulatory requirements. Should there be any amendments needed to the Statement this report recommends these can be made by the Executive Director for Place in consultation with the Portfolio Holder for Planning and Regulatory Services
- 2.4. The collection and use of developer contributions, both through Section 106 and the Community Infrastructure Levy (CIL) are essential to ensure the delivery of necessary infrastructure to support new development. The use of CIL and Section 106 funds are covered in national legislation which the Council must follow.

- 2.5. The purpose of CIL is fund the cumulative infrastructure requirements of new development. Whilst the range of items the Council can spend CIL on is not defined and is not exhaustive, national planning guidance states “*The levy can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities*”.
- 2.6. The majority of CIL collected remains the responsibility of Shropshire Council for allocation within either the relevant Place Plan area (CIL Local) or on infrastructure of county wide importance (CIL Strategic). Some CIL is the responsibility of the relevant Parish and Town Councils to spend in the form of the Neighbourhood Fund which is transferred to the relevant Parish and Town Council annually.
- 2.7. The Infrastructure List, included within the Infrastructure Funding Statement (Appendix 1) therefore only relates to the CIL Local and CIL Strategic funds. It is important to note, the purpose of the Infrastructure List is not to formally agree the projects where CIL will be used. Rather the list is intended to provide an indication as to the possible projects or types of projects where the Council intends to focus its CIL funds in order to mitigate the impacts of new development.
- 2.8. In 2024 the Council published 18 updated Place Plans and an updated Strategic Infrastructure and Investment Plan, following conversations with both Parish and Town Councils and strategic infrastructure providers. The purpose of these documents is to identify current or predicted infrastructure capacity issues, and where known, projects to mitigate these issues. Where these infrastructure capacity issues have or are forecast to be caused or exacerbated by the impacts of new development, the Council can direct CIL funding towards their mitigation.
- 2.9. The updated Place Plans propose a level of priority to infrastructure items. The Infrastructure List (part 2) included in the Statement only include items where the Council believes Council CIL funding would be appropriate, having regard to relevant national regulations. Therefore, this does not include any item identified as a ‘Neighbourhood Project’ in the Place Plan, where it is expected the CIL Neighbourhood Fund, which rests with the relevant Parish and Town Councils, should be the primary source of funding.
- 2.10. The outcome of the Infrastructure Funding Statement (appendix 1) takes account of the wider strategies of this Council, most notably the current and emerging Local Plans, its extensive evidence base, and the Shropshire Plan.

3. Recommendations

Cabinet:

- 3.1. Agrees the Infrastructure Funding Statement included as Appendix 1 to this report for publication before the end of 2024.

- 3.2. Delegates responsibility to the Executive Director of Place, in consultation with the Portfolio Holder for Planning and Regulatory Services, to agree, if necessary, amendments to the Infrastructure Funding Statement before its publication.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. It is a national requirement for Councils to prepare and publish annually an Infrastructure Funding Statement before the end of the calendar year. Failure to do so will lead to the Council being in breach of its regulatory obligations. It is therefore important that Cabinet resolve to approve Appendix 1 to this report as per recommendation 3.1, or if changes are required as a result of Cabinet discussion, that authority be given to the Executive Director of Place in consultation with the Portfolio Holder for Planning and Regulatory Services to make necessary amendments, as per recommendation 3.2.
- 4.2. The Council must use the Infrastructure Funding Statement to set out, in principle, the projects or types of projects where it intends to use its CIL funds in the future. However, it is important to note that this does not constitute a formal agreement to use CIL funds for these purposes and there remains wider Council procedures that must be followed in order to formally agree CIL funding for projects, including where required, approval by Cabinet and Council. It is therefore considered there is limited risk to the Council of including an item on the Infrastructure List, and conversely of an item not being included, should additional evidence subsequently suggest the position regards funding has changed.
- 4.3. It is important the Council seeks to use available and future CIL funds for the most appropriate infrastructure, recognising that there is likely to be a need to prioritise projects to ensure that critical infrastructure is delivered. The Infrastructure Funding Statement seeks to do this by using the 18 published Place Plans ([Place plans | Shropshire Council](#)), the Strategic Infrastructure and Investment Plan ([gc54-shropshire-strategic-infrastructure-and-investment-plan-2024-update-of-ev067-gc4t.pdf](#)), as well as wider dialogue between relevant service areas (e.g. Education, Highways, Leisure), to establish a realistic list of potential infrastructure projects that meet the requirements of CIL regulations and are genuinely required to support the impacts of new development. It is considered there is little risk to the Council given the use of this evidence base.

5. Financial Implications

- 5.1. Shropshire Council is currently managing an unprecedented financial position as budgeted for within the Medium Term Financial Strategy approved by Council on 29 February 2024 and detailed in our monitoring position presented to Cabinet on

a monthly basis. This demonstrates that significant management action is required over the remainder of the financial year to ensure the Council's financial survival. While all Cabinet Reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced. This may involve

- scaling down initiatives,
- changing the scope,
- delaying implementation, or
- extending delivery timescales.

- 5.2. The Infrastructure Funding Statement provides a detailed breakdown of the amount of Section 106 and CIL contributions the Council has received in the reporting year (2023-2024), as well as where these funds have been used or allocated to. Officers from the Finance department have supported in compiling these figures.
- 5.3. The Infrastructure List section of the Infrastructure Funding Statement provides a comprehensive overview of the projects or types of projects where the Council intends to focus its CIL funds. This list reflects the known infrastructure needs of the County forecasted through the planned growth scenarios in the adopted and emerging Local Plans, as well as seeking to support wider Council strategies and schemes.
- 5.4. The purpose of Section 106 and CIL funds is to mitigate the impacts of new development. These contributions are not intended to fund wider projects where a link to development cannot be established. Section 106 funds are established through discussions on separate planning applications, are governed by national legislation and must be used for the purposes set out in the legal agreements by which they are secured. CIL is also governed by national legislation, and is the responsibility of the Council to determine how to prioritise and spend (aside from the Neighbourhood Fund element which is the responsibility of the relevant Parish and Town Council). Given the importance of developer contributions to supporting necessary infrastructure it is vital the Council seeks to prioritise its use in the most appropriate manner, focussing in the first instance on those critical items necessary to enable development to take place.

6. Climate Change Appraisal

- 6.1. The Infrastructure Funding Statement includes information on where the Council intends to use CIL Local and Strategic funds. This can include items to support Active Travel and wider sustainable transport provision, where there is shown this is necessary to support new development.

7. Background

- 7.1. The Annual Infrastructure Funding Statement (the Statement) is a statutory requirement for Councils to produce. It must be published before the end of each Calendar year by the Local Authority.

- 7.2. The key purpose of the Statement is to report on the developer contributions which Shropshire Council has received, allocated and spent during the reported year (between 1st April 2023 and 31st March 2024) and to provide an Infrastructure List which sets out the infrastructure projects or types of infrastructure which Shropshire Council may fund wholly or partly by CIL.
- 7.3. Any authority which receives a contribution from development through the Community Infrastructure Levy (CIL) or Section 106 planning obligations (S106) must publish an Infrastructure Funding Statement on their website each year.
- 7.4. In Shropshire, the CIL has been collected since 2012 and is chargeable on developments which propose one or more new dwellings (with the exception of affordable housing), or create more than 100m² of new floorspace through residential extensions or annexes for existing residential properties. Section 106 planning obligations are legal agreements which are entered into to mitigate the impacts of a specific development.
- 7.5. Both CIL and Section 106 planning obligations are used by Shropshire Council to collect developer contributions to fund necessary infrastructure as a result of new development. Providing reports on these developer contributions will help local communities and developers to see how contributions have been used and how any future contributions may be spent.
- 7.6. Appendix 1 to this report provides the Infrastructure Funding Statement for 2024.
- 7.7. Section 2 of the Statement provides the CIL Report which reports on a range of nationally prescribed indicators for the reporting year 2023-24. This shows that in the reporting year the Council Collected £7,881,074.60 of CIL receipts. In total, £5,044,633.64 of CIL was expended during the year, of which £1,438,342.60 was sent to relevant Parish and Town Councils as the CIL Neighbourhood Fund. The total amount of CIL receipts retained at the end of the reporting year was £37,124,351.41.
- 7.8. A key purpose of the Infrastructure List (Section 4 of the Statement) is to indicate which projects or types of projects the Council intend to use CIL funds to support sustainable growth and to mitigate the impacts of development. Part 1 of the Infrastructure List details the projects where CIL funding has already been agreed but has not yet been expended. Part 2 of the Infrastructure List provides information on the projects or type of projects where the Council could direct unallocated CIL funding to, to support the infrastructure needs of new development.
- 7.9. Whilst the Infrastructure List does not dictate how Shropshire Council must spend CIL, it does set out Shropshire Council's intentions of how it could be used. The intention is for the Infrastructure List to be reviewed regularly (at least annually) through the updates to the Infrastructure Funding Statement. Therefore, future iterations of the list could include additional infrastructure projects where more information is known and where they are considered necessary to support new development.
- 7.10. For clarity, items not included on this Infrastructure List can continue to receive CIL funding in advance of future updates to the Infrastructure List should there be

sufficient evidence to support this. Whether a project is included on the Infrastructure List or not, the process of securing formal agreement to use CIL Local or CIL Strategic funds remains through a consideration of an Expression of Interest (Eoi) process to the Council's Internal Infrastructure Group (IIG), and depending on the value of the scheme, through additional agreement by Cabinet or Full Council.

- 7.11. In line with CIL Regulations, the Neighbourhood Fund element of the CIL is distributed to relevant Town and Parish Councils annually, normally in April. The CIL Neighbourhood Fund is 15% of the gross amount of CIL received in the Parish or Town Council area, except for those areas with an adopted Neighbourhood Development Plan where this rises to 25% of gross CIL received. It is the responsibility of the respective Town and Parish Councils to administer and allocate CIL Neighbourhood Fund monies to appropriate infrastructure projects. Any potential Neighbourhood Fund schemes are therefore not detailed in the Annual Infrastructure Funding Statement.
- 7.12. CIL income from new development can be spent on anything that constitutes "infrastructure" as defined by section 216 of the 2008 Planning Act and the CIL Regulations (as amended). This includes but is not limited to roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities, and open spaces. Shropshire Council recognises that infrastructure needs vary from place to place and priorities vary over time in response to different development pressures.
- 7.13. In April 2024 the Council published a comprehensive review of the 18 Place Plans for the County, which has included discussions with Parish and Town Councils and wider strategic infrastructure providers. The purpose of the Place Plans is to identify and assign a level of priority to current or predicted infrastructure capacity issues. Where these infrastructure capacity issues have or are predicted to be caused by the impacts of new development, the Council can direct CIL funding towards their mitigation.
- 7.14. Whereas the updated Place Plans will include a wide range of projects, including those where the use of Council CIL funds would not be appropriate, the Infrastructure List included in the Council's Annual Infrastructure Funding Statement must only include projects where the Council believes Council CIL funding (CIL Local and CIL Strategic) would be appropriate. This does not include the Neighbourhood Fund element of CIL which rests with the relevant Parish and Town Councils to allocate to projects.
- 7.15. There will inevitably be a close correlation between the delivery of the draft Local Plan's growth strategy to 2038 and the need for new or improved infrastructure. Settlements which have experienced recent growth, and /or where further significant planned growth is proposed in the Local Plan to 2038 will be a focus for new and improved infrastructure provision and therefore also a focus the use of available CIL funds. The Infrastructure List in the Annual Infrastructure Funding Statement therefore generally reflects this in its distribution of proposed infrastructure schemes across the County.
- 7.16. Section 3 of the Infrastructure Funding Statement provides the Section 106 Report. This shows that during the reported year, the Council entered into planning obligations to the value of £3,308,942.00. During the reported year

(2023-24) the Council received £2,293,222.31 from planning obligations. The use of these funds is dictated by the specific Planning Obligation (Section 106 Agreement) to which it relates.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Local Member: All

Appendices Appendix 1 – Infrastructure Funding Statement 2024