

Infrastructure Funding Statement



2019-2020



Published December 2020

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1. Introduction

- 1.1. As part of recent changes in Central Government Planning Policy, Local Authorities have a responsibility to provide a summary of all financial and non-financial developer contributions that they have been involved with over the course of a given financial year. The Infrastructure Funding Statement (IFS) is the platform in which to do this and must include information on Section 106 (S106) and legal agreements under the Community Infrastructure Levy (CIL).
- 1.2. Along with summary information, this IFS will also provide some examples of infrastructure projects that Kent County Council (KCC) has delivered, planned or allocated contributions towards during 2019-20 as a means to demonstrate how developer contributions are an essential tool in unlocking and delivering growth across the county.
- 1.3. KCC is responsible for delivering and maintaining a wide range of strategic infrastructure such as roads, schools, and social care but it may not be the immediate Local Planning Authority for entering into legal agreements with developers. Thus, KCC works closely with its local District and Borough colleagues to ensure that its statutory responsibilities can be met as well as a smooth and timely transfer of developer contributions between the respective authorities. KCC will report the net result of such transfers within its IFS.
- 1.4. Throughout the IFS there will be references to the following definitions:
 - **Secured** – Contributions that have been included within a signed legal document for a planning application. These contributions have not been collected / delivered and if the planning application is not implemented they will never be received.
 - **Received** – Contributions received, either monetary or non-monetary (in kind), that have been transferred to Kent County Council.
 - **Allocated** – Contributions that have been received and allocated to specific projects.
 - **Spent / Delivered** – Monetary or non-monetary contributions that have been spent or delivered.
 - **This Financial Year** - unless stated otherwise, this refers to the period 01/04/2019 – 31/03/2020.
 - **District** – unless stated otherwise, used to refer to one or more of Kent's District and Borough Councils.

2. Developer Contributions

Section 106 Planning Obligations

- 2.1. Section 106 Agreements, commonly referred to as S106 agreements, are a legal mechanism used to fund additional infrastructure needed as a result of increased demand caused by development within a local area.
- 2.2. Section 106 monies are secured for a range of infrastructure and can only be sought where they are directly related to the development, fairly and reasonably related in scale and kind to the development, and necessary to make the development acceptable in planning terms.
- 2.3. KCC secures contributions towards primary and secondary education, highways and transportation, adult social care, sustainable urban drainage, strategic waste services, libraries, adult education and youth and community facilities. Kent's District and Borough councils secure contributions towards infrastructure such as affordable housing, healthcare, local play areas and some aspects of further education. All of these items are essential in building and maintaining sustainable communities.
- 2.4. S106 agreements are secured on a site-by-site basis with payments typically being made in instalments as the development is built out. Contributions can only be spent against the purposes for which they are collected.
- 2.5. Unilateral Undertakings (UUs), which are a simplified version of a planning agreement entered into between the landowner and KCC will also be included within this section.

Community Infrastructure Levy (CIL)

- 2.6. Under CIL, each District is to create a charging schedule which is applied to the floor space of the development. The funding raised from CIL is collected by the Districts, pooled into a 'pot' and can be spent on a wide range of infrastructure types.
- 2.7. The infrastructure that receives CIL funding will be determined by the local Council. Whilst KCC is not directly responsible for collecting CIL, it is heavily involved in discussions about accessing these funds in order to deliver its statutory duties and ensure that all communities, both new and existing, within Kent benefit.

Section 278 Highway Agreements

- 2.8. Additional legal agreements that can fund infrastructure are Section 278 Agreements (S278). These are legally binding agreements made under the Highways Act 1990 between Local Highway Authorities and Developers. S278 agreements are required to secure alterations or improvements to the highway.

Forecasting

- 2.9. National guidance recommends that Councils should consider reporting on estimated future income where possible. KCC will look at incorporating forecasting of developer contributions within future versions of the IFS, although KCC will ultimately rely on information provided by Kent's Districts and Boroughs.

3. S106 Contributions

Contributions received or invoiced before the start of 2019/20 that had not been spent

- 3.1. Table 1 below shows the total amount of S106 money held or invoiced but not spent by KCC on 31st March 2019, the end of the previous financial year (2018/19). Invoiced money has not necessarily been received.
- 3.2. It is important to note that large accumulations of contributions are not uncommon as some projects require a great deal of starting capital, plus the sums are spread across 12 Kent Districts and Boroughs.

Table 1 – Received or invoiced contributions yet to be spent and held by the Council at 31st March 2019

Service Area	Amount
Adult Social Care s106 agreements	£2,641,966
Adult Social Care UUs	£515,845
Community Services ¹ s106 agreements	£3,416,810
Education ² s106 agreements	£27,375,375
Education UUs	£3,519,732
Highways ³ s106 agreements	£11,830,400
Highways UUs	£3,429,783
Kent Thameside s106 agreements	£1,925,645
Total	£54,655,556

- 3.3. The majority of the developer contributions held are in education and highways. To give some context, KCC's Capital Programme includes education schemes relying on over £70m of developer contributions over the next three years and KCC are likely to have to forward fund a large chunk of this. The timing of developer contributions rarely matches with when the spend is incurred. On some occasions KCC gets money in before the capital project and spend is due to take place, or KCC has to await match funding from other sources, but overwhelmingly KCC are asked to bear the risk on developer contributions by delivering schemes in advance and then having to wait and get in contributions over a number of years.

Contributions agreed in 2019/20 through S106 Agreements

- 3.4. Table 2 outlines the financial contributions that have been secured by KCC through signed S106 agreements this financial year. The majority of this will be transferred to KCC from Kent's Districts and Boroughs.
- 3.5. Whilst money may be secured through S106, it is not a guarantee that the money will ever be received. If the development does not go ahead or planning circumstances change through appeals, renegotiations etc., then the amounts of money that KCC actually receive will be different.

¹ Community services includes Community Learning and Skills, Libraries and Youth Services

² Education includes Primary and Secondary Educational facilities

³ Highways includes works to the road network, cycle lanes, pedestrian access and public rights of way

Table 2 – Contributions secured in 2019/20 through S106 Agreements

Service Area	Amount
Community Services	£539,544
Education	£16,823,913
Highways	£1,497,000
Land (for Educational facilities)	£1,548,935
Social Care	£174,407
Strategic Waste Services	£11,639
Monitoring Fees	£19,000
Other	£384,000
Total	£20,998,438

Contributions received in 2019/20 (regardless of S106 Date)

- 3.6. Table 3 shows the total amount of money received by KCC from developer contributions this financial year. The majority of this money is transferred from Districts and Boroughs at KCC's request.
- 3.7. In many instances the money received was agreed and signed for in S106 agreements predating this financial year.

Table 3 – Total s106 contributions received this financial year by KCC

Service Area	Amount
Adult Social Care	£122,213
Community Facilities	£641,524
Education	£11,069,007
Highways	£6,030,265
Total	£17,863,009

Contributions spent in 2019/20

- 3.8. Table 4 provides details on the amount of S106 contributions spent by the KCC this financial year.
- 3.9. Some of this will be money that was received and allocated in previous years but could only be spent when sufficient sums were received to pay for a project in its entirety.

Table 4 – Total contributions spent by KCC in 2019/20

Service Area	Amount
Adult Social Care	£220,586
Community Facilities	£359,629
Education	£11,780,403
Highways	£1,497,623
Strategic and Corporate Services	£9,726
Total	£13,867,967

Contributions returned in 2019/20

- 3.10. Most s106 agreements come with a return clause where if contributions remain unspent after a certain period, then KCC is legally obliged to hand the contribution back to the developer.
- 3.11. No s106 contributions had a return clause triggered during 2019/20.

Non-monetary contributions agreed in 2019/20 through S106 Agreements

- 3.12. Table 5 provides a summary of the non-monetary (in kind) contributions that were agreed through S106 agreements in the financial year 2019/20. The non-monetary contributions include provision of ultra-fast broadband and land transfers for the provision of Primary and Secondary schools.

Table 5 – Non-monetary S106 contributions

Item	Amount
Broadband	5 agreements
Land transfers	There was one agreement at Aylesford for a new Primary School site at £1 cost to KCC

Money borrowed

- 3.13. In the last financial year, no S106 money was spent repaying money borrowed.

Case Study: Finberry Primary School – Ashford

Developer Contributions used: £6.2m

C1.1 KCC delivered a one form of entry expansion at Finberry Primary School which handed over in time for the 2020/21 academic year.



C1.2 The project has delivered an additional eight classrooms, a new library and resource centre and has relocated the nursery to a dedicated space within the school.

C1.3 In total 210 primary school places and 26 nursery spaces have been provided in the heart of the Crest Nicholson development in Sevington. The project has been delivered with S106 developer contributions.

Case Study: Southborough Hub – New Build Community Hub

Current RIBA Stage: 5 (Construction)

Expected Project Completion Date: March 2021

Developer Contributions used: £535,000 (KCC part)



Project Background

C2.1 The Southborough Community Hub has been a long-term aspiration of Southborough Town Council (STC), Tunbridge Wells Borough Council (TWBC) and Kent County Council (KCC), to deliver a community facility for the people of Southborough and High Brooms.

Project Deliverables

C2.2 The project involves the constructions of a new Community Hub, with a total floor area of 2,828m², containing the following accommodation:

- a library
- adjoining kitchen/café
- community hall with capacity arrangement for up to 350 people
- storage and dedicated changing and WC facilities
- STC offices and community rooms
- a retail unit that can be leased as a shell
- a medical centre leased to St Andrews medical practice

C2.3 The project also provides for a new sports pavilion for use of the local football club designed to FA Standards with an adjoining shed/yard and welfare facilities for the STC workmen, together with a new market square that incorporates the public realm of the new neighbouring residential development.

Project Timescales

C2.4 The Project was initiated in 2014. The project faced objection in the early phases of conception due to the proposed demolition of the former Royal Victoria Hall. Several designs were considered with views to keep or replace the existing building. Further to consultations, planning guidance, and an assessment of the former building condition a decision was made to proceed with replacement of the

Royal Victoria Hall.

- Planning approval was granted in February 2019
- Baxall Construction were awarded the Design and Build contract in September 2019
- Works commenced on site: 18th November 2019.
- Contract Completion date: 19th March 2021.

Current Progress Project Photos



Library



Medical Centre



Sports Pavilion



Sports Pavilion – Viewing Area



Community Hall

4. Community infrastructure Levy (CIL) Contributions

- 4.1. As mentioned earlier, KCC is not responsible for collecting CIL. However, as part of ongoing negotiations between the County Council and those Districts and Boroughs charging CIL, governance exists or is in the process of being formed that sets out the requirements for KCC to access these funds.
- 4.2. The processes set out for KCC to access a District's CIL receipts varies between Districts. These processes may take the form of either a set percentage of CIL receipts transferred from a District to KCC annually, or a requirement to make bids against a District's CIL receipts. Further details can be found in Section 6.

Unallocated receipts from previous years

- 4.3. KCC has no unallocated CIL receipts from previous years as no money was received.

Total CIL receipts

- 4.4. KCC was successful in a bid to Sevenoaks District Council for monies towards works at Swanley train station.

Table 6 – CIL Receipts transferred to KCC during 2019/20

Item	Amount
Swanley train station	£750,000

CIL retained at end of year

- 4.5. The Swanley train station bid was not spent during 2019/20.

CIL receipts allocated and spent in the year 2019/20

- 4.6. No CIL receipts were either allocated or spent by KCC in 2019/20.

Amount of CIL spent on administrative expenses

- 4.7. No CIL receipts were spent on administrative expenses by KCC in 2019/20.

5. S278 Contributions

- 5.1. KCC, as the local highways authority is responsible for the maintenance and development of the local road network within its borders. If planning permission has been granted for a development that requires changes or improvements to public highways, then KCC will often enter into a Section 278, or S278, Agreement with the developer. This agreement details and enables these changes to be made which the developer pays for and constructs. Examples of works that may be featured in a S278 include roundabouts, improved facilities for pedestrians and cyclists and traffic calming measures.
- 5.2. The value of S278 agreements takes the form of a performance bond paid to KCC by the developer based on the cost of the highway works (including utility works). A performance bond protects KCC against the risk of unforeseen expenditure if the works are not completed by the developer. If the works are delivered, then the bond is repaid to the developer, generally in parts based on completion stages.
- 5.3. KCC can also request a commuted sum payment from the developer. A commuted sum covers the maintenance and renewal costs (for 30 years) of assets built by the developer as part of an S278 agreement and then adopted into public ownership by KCC.
- 5.4. S278 agreements are subject to reasonable and proportionate fees which KCC can charge as part of delivery and monitoring arrangements outlined within each agreement. These charges cover KCC costs associated with the necessary work involved for example commissioning road safety audits.

Bonds agreed in 2019/20 through S278 Agreements

- 5.5. Table 7 outlines the value of bonds within signed S278 agreements this financial year.

Table 7 – Total value of S278 bonds signed in 2019/20

Item	Amount
S278 bonds signed with KCC	£9,902,104

Fees received in 2019/20 (regardless of S278 Date)

- 5.6. Table 8 outlines the total value of fees that have been paid to KCC as part of S278 agreements this financial year.

Table 8 – Total value of S278 fees received in 2019/20

Item	Amount
S278 fees received by KCC	£1,428,821

Case Study: Old Thanet Way (A2990), Lidl Store, Herne Bay

S278 bond value: £481,056

- C3.1 The works comprised of a new junction and right turn lane together with a footway/cycleway facility along the site frontage and a toucan crossing to promote sustainable access to and from the store.
- C3.2 Alterations were also made to Greenhill Roundabout, immediately east of the new store, with the aim of increasing capacity to mitigate the impact of the development and encourage better lane discipline by vehicular road users. These enhancements included alternations to traffic islands, white lines added to the roundabout itself, and a new approach lane added to one of the entry arms.
- C3.3 As part of the works the existing traffic regulation order was extended further west reducing approximately 160m of derestricted road across the store frontage to 40mph.
- C3.4 The design review and approval was conducted from October 2019 and the works delivered between May and August 2020.



Top left: New junction for the store with right turn lane and facilities for pedestrians to cross the junction.

Top right: New toucan crossing to provide a sustainable link to the store for pedestrians and cyclists to the south of the A2990.

Bottom left: New 3m wide pedestrian/cycleway facility along the site frontage to promote sustainable travel.

Bottom right: A new lane was added to this arm of the roundabout. Extensions to splitter islands and new lining was added to all five entry/exit arms of the roundabout.

6. CIL Spending Governance

- 6.1. KCC's process for receiving CIL is determined at District level. It is important to note that not all Districts have adopted a CIL. Table 9 below summarises the current position of local planning authorities with regards to a CIL charging regime; and how these funds can be accessed.

Table 9 – District CIL regimes and access to CIL funding

District	CIL Position	Process for accessing CIL funds
Ashford	No CIL	-
Canterbury	Adopted Apr 2020	Expected early 2021
Dartford	Adopted Apr 2014	Representation within Leader's Advisory Group and projects within Dartford's Infrastructure Delivery Plan
Dover	No CIL	-
Folkestone and Hythe	Adopted Jul 2016	Proposed set proportion of funds passed to KCC to spend on CIL infrastructure priorities
Gravesham	No CIL	-
Maidstone	Adopted Oct 2017	Application to annual bidding process
Sevenoaks	Adopted Feb 2014	Application to CIL Spending Board
Swale	No CIL	-
Thanet	No CIL	-
Tonbridge and Malling	No CIL	-
Tunbridge Wells	No CIL	-

- 6.2. Future IFS publications will update this CIL information. Given recent consultations by Central Government on reforms to the planning system including CIL, this is subject to change.
- 6.3. Regardless of the process required for KCC to access a District's CIL pot, KCC is currently establishing its internal governance for how to bid for and spend any CIL receipts it receives. This work is led through a CIL working group which includes representation from all of KCC's infrastructure services that make use of developer contributions including Highways, Education, Adult Social Care, Libraries, Youth Services, Community Learning and Skills, Sustainable Urban Drainage; and Strategic Waste Services.
- 6.4. Further details will be made available once the group is established and the governance arrangements have been formally signed off.

7. Future Funding Priorities

- 7.1. KCC remains committed to seeking developer contributions across the County to ensure that development pays a fair proportion for its impact on Kent's infrastructure, both existing and new.
- 7.2. Kent County Council emphasises the importance on taking an 'Infrastructure First' approach, reflected in KCCs Interim Strategic Plan (December 2020):
 - 7.2.1. *"Kent's population is growing quickly, and it is essential that development is well-planned and well-supported to protect and enhance the unique identity of local areas and quality of life. We need to use our influence to improve the planning system so it better meets the needs of local areas. There are also opportunities to work more closely with our partners to take a strategic approach to planning across the county. Growth requires investment in infrastructure and there is a gap of around £4 billion for essential infrastructure to support the necessary housing growth in Kent and Medway to 2031. This is why we are taking an 'infrastructure first' approach, to allow us to secure funding to put necessary infrastructure, like road improvements, more school places and broadband, in place before housing is completed. There are also current opportunities to bring forward investment in new infrastructure to stimulate economic growth and instil confidence in key sectors like construction."*
- 7.3. Districts' Infrastructure Delivery Plans (IDP) provide a long-term plan of infrastructure requirements arising from the allocation of housing within their Local Plans. These IDPs set out what is needed, where it is needed and when it is needed. These plans include KCC services.
- 7.4. KCC will continue to work in partnership with those Districts that are CIL charging authorities and set out governance arrangements in order to comply with their bidding processes. Regardless of the bidding requirements, KCC will prioritise the infrastructure projects that should be delivered first given the possible CIL monies available for KCC to bid for or spend.
- 7.5. A new Developer Contribution Guide is currently in production. This will be KCC's main policy document for explaining the developer contributions it is seeking across all its services and the justification for seeking them. A link to the Developer Contribution Guide will be provided in future IFS productions when it is published.