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Consultancy Services

Monmouthshire County Council

Infrastructure planning and funding and relationship with Place Plans – Part 2

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1 Introduction

- 1.1.1 Monmouthshire County Council want to better understand the relationship between infrastructure planning, CIL and other funding and community engagement and are seeking advice as to how best approach the setting of priorities and governance arrangements.
- 1.1.2 The approach to community participation has become increasingly important, with Government seemingly moving away from a central model of control to more local bottom up governance, where local communities, voluntary groups and lower tier authorities have an increasing role in decision making.
- 1.1.3 Part 1 of this report explored the role of Place Plans, good practice in Wales and England on infrastructure planning and approaches to governance. The role of this Part 2 report is to reflect on the research in Part 1 and present a range of governance options for Monmouthshire that they could take forward when bringing in their CIL.
- 1.1.4 This report, as originally prepared by Parkwood Consultancy Services, included a section explaining the then current position (at April 2016) regarding the amount of housing growth still to gain planning permission under the provisions of the Monmouthshire Local Development Plan (LDP), which was adopted in February 2014. It then estimated the potential CIL return that could be raised from residential development due to come forward during the plan period, based on the Draft Charging Schedule that was issued for consultation in March/April 2016. At that time the aim was to have the levy in place by the end of 2016. Subsequently, however, a decision has been taken to delay the implementation of CIL. The recently published CIL Review is recommending a number of substantial changes to CIL that are going to be considered in the UK Government's Autumn Budget 2017. In addition, the Wales Act 2017 has devolved CIL to the Welsh Government and it is anticipated that the powers will be coming across in April 2018. There is, therefore, considerable uncertainty over the future of the measure. There is little point, therefore, in attempting to estimate the amount of CIL revenue that could be raised in Monmouthshire from the housing provision made in the LDP. Since the original report was prepared a number of the LDP strategic sites have also gained, or are shortly to gain, planning permission, with financial contributions towards infrastructure being achieved through Section 106 agreements. To avoid any confusion, therefore, the report has been edited to remove the estimates of possible CIL revenue.
- 1.1.5 While the Welsh Government's intentions towards CIL are not known at this point in time, it does seem that the UK government intends continuing with the measure, albeit this is likely to be in a modified form. If Monmouthshire is to adopt CIL in the future, the Council will need to decide how the revenue raised is to be spent and this Part 2 report presents a range of options for governance arrangements that will assist in this decision making process.

2 Context for governance arrangements

- 2.1.1 The Monmouthshire Local Development Plan (LDP) identifies a range of growth opportunities to meet the needs of its residents. The spatial strategy focuses housing growth at the main towns of Abergavenny, Chepstow and Monmouth and the Severnside area (including Caerwent, Caldicot, Magor, Portskewett, Rogiet, Sudbrook and Undy). Further but fairly limited growth is planned at small rural settlements and villages.
- 2.1.2 Since the adoption of the LDP in February 2014 two Annual Monitoring Reports (AMRs) have been published for the periods 2014-15 and 2015-16. The latest AMR identified a shortfall in the County's Housing Land Supply and as a result, recommended an early review of the LDP to facilitate the identification and allocation of additional housing land. It also suggested that the adoption of a pragmatic approach to the determination of residential development sites will also assist in this context. That is, where sites are a departure from the LDP but are otherwise acceptable in planning terms a recommendation for approval may be considered. The LDP Review should be completed by the end of 2017. The purpose of the Review is to assess whether or not the existing plan and its policies are operating effectively. The Review will make a recommendation on the form that any LDP Revision will take. Given the existing housing land supply situation, as identified in the AMR, it is very likely that there will be a need to revise the LDP to identify additional sites for residential development. Even if existing LDP allocations gain planning permission prior to the (now delayed) implementation of CIL, therefore, there will be a need to consider the potential for raising revenue through the levy in connection with the LDP Revision process and any potential departure or windfall sites

2.2 Potential CIL return for Community and Town Councils

Of the funds collected from CIL, Community and Town Councils in whose areas development takes place are entitled to 15% of the income with a maximum of £100 per existing council tax dwelling in any financial year to spend on locally determined projects.

2.3 Infrastructure requirements

- 2.3.1 The infrastructure plan is an important part of the CIL process as it informs the Regulation 123 List and provides the starting point for discussions in respect of priorities for funding. The Regulation 123 list sets out what the Council will spend its CIL on and is important as it is there to demonstrate how the Council is to avoid 'double dipping' i.e. using S106 and CIL money from a development to fund the same piece of infrastructure.
- 2.3.2 A substantial amount of work has already been carried out on infrastructure requirements in connection with the LDP. This includes a Draft Infrastructure Plan (IP), including infrastructure necessary for delivering the LDP strategic

sites. It also includes potential 'place-making' and other infrastructure projects by settlement to enable initial consideration of the options that could be included in the IP, particularly if CIL funding is to become available.

- 2.3.3 Further work has been carried out to the Infrastructure Plan as an addendum. This updates the 2013 version by providing an overview of what categories/types of infrastructure will be (part) funded by CIL and what will be brought forward through S106. The infrastructure projects have been reassessed and reflect the latest position on requirements, costs and timing, funding sources and the funding gap. The following table summarises the Infrastructure Plan Addendum:

Table 2.3 Infrastructure requirements to be included within 123 list

Infrastructure category	Estimated cost
Transport	£37,233,424
Public realm	£2,500,000
Flood defence	£1,000,000
Waste and recycling	£2,000,000
Education	TBC
Community facilities	£3,775,000
Sports and recreation	£3,690,000
Green infrastructure	£1,250,000
Total	£51,448,425
Severn Tunnel Junction Station access road	£25,300,000
Revised Total	£76,748,425

- 2.3.4 The total identified estimated infrastructure funding gap is currently £52,973,425 (excluding the Severn Tunnel Junction station new access road)/ £78,273,425 (including the Severn Tunnel Junction station new access road). This is a significant amount and clearly exceeds the amount of CIL revenue projected to be generated during the Plan period.
- 2.3.5 The costs associated with certain schemes, including education and broadband, are yet to be determined meaning that this figure is likely to rise further. However, it is also recognised that as more detailed cost information

and available funding sources are confirmed it may be that the total funding gap is reduced. It should be noted that the Infrastructure Plan is an evolving document and will be regularly reviewed/revised as more up-to-date cost information becomes available.

2.4 Context summary

- 2.4.1 Any potential CIL will by no means cover the costs of infrastructure requirements to deliver the growth planned for the area. As such, it is critical that funds are directed to projects that are most urgent or where they will have the biggest impact. Many of the projects, particularly relating to transport provision are often strategic projects and have implications and benefits that cross administrative boundaries.
- 2.4.2 With a new approach to seeking contribution, i.e. CIL there is an opportunity to implement a new governance structure in order to prioritise and administer funds raised from CIL. It is also possible that the arrangements may extend to include all local authorities within the Cardiff Capital City Region.
- 2.4.3 Chapter 3 of this document sets out three models for governance; Model A, Model B and Model C. These three models range from total control for Monmouthshire County Council through to limited involvement and responsibility passed to local bodies.

3 Possible governance structures

3.1 Models for governance

3.1.1 A number of options are presented for CIL governance arrangements. The models are set out dealing with the local community based and County wide options and then an approach for the neighbourhood element is also discussed. For each model a structure is suggested and then the benefits and negatives of each approach outlined. An alternative approach is also set out in Appendix A to provide a structure to accommodate a wider regional approach to governance, should this happen in the future. The alternative approach assumes that Monmouthshire will retain its individual status but that much of the decision making will be undertaken at a regional level. Clearly other decision making bodies may replace the current structure but the principles could still be applied.

3.2 Model A – Enhanced ‘business as usual’

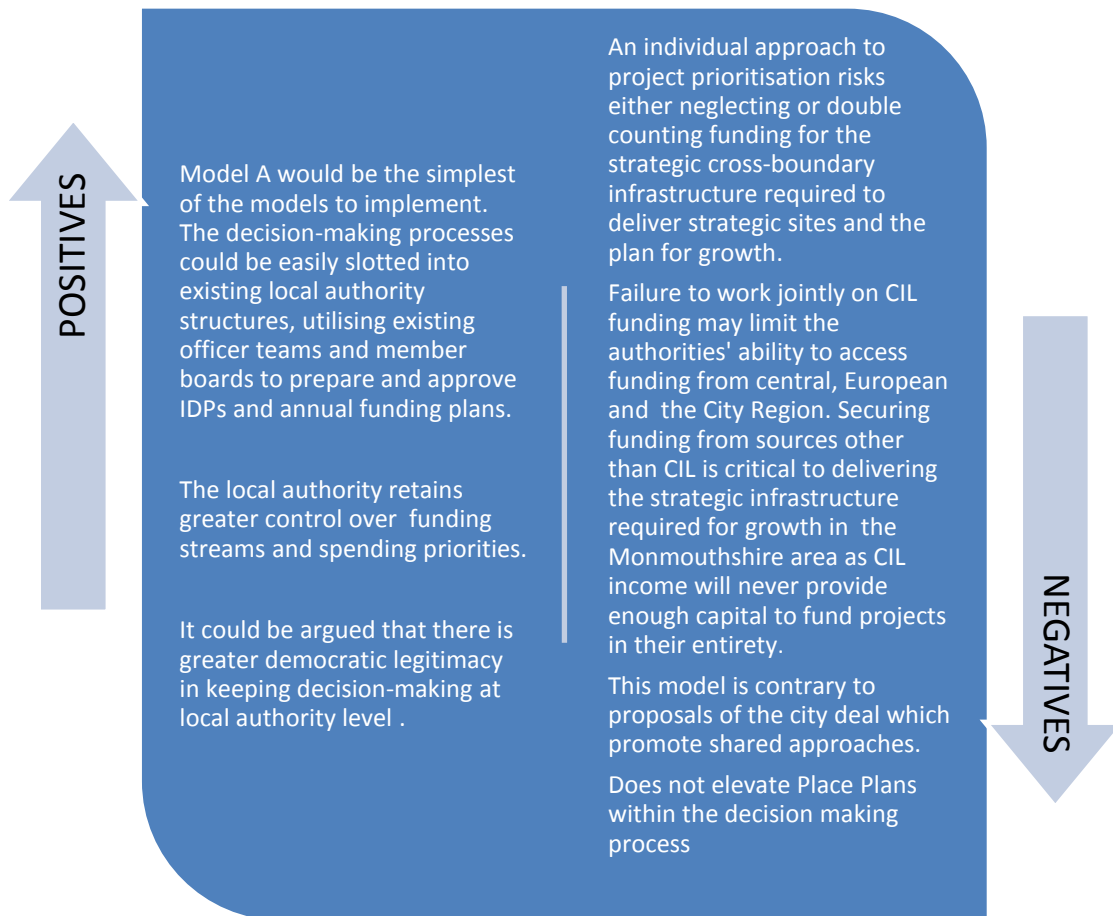
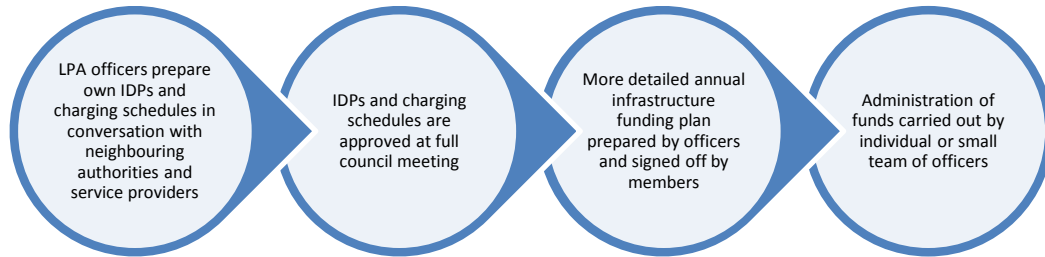
3.2.1 Model A represents an enhanced ‘business as usual’ approach to CIL governance arrangements. The model outlined in Figure 3.1 is based on Monmouthshire acting independently within a joint, pre-agreed framework at a County level. The framework is broadly based on the current systems in place for negotiating and administering S106 agreements, taking the best practice examples identified through consultation and utilising other ideas coming from the ‘best practice’ joint working bodies, highlighted in the Part One report, that can be applied on an individual authority basis.

3.2.2 The model:

- i. Infrastructure Development Plans and CIL charging schedules are prepared by officers at Monmouthshire on an independent basis. Though independently prepared, in the spirit of the cooperation, Place Plans and officers from neighbouring authorities should be consulted as part of the preparation process, as should key utilities and service providers, especially in respect of cross boundary development and service provision.
- ii. The IDP will be in line with the plan period and set out a plan for delivering the infrastructure required to realise the authority’s ambitions for growth detailed in the LDP. As such, the infrastructure projects set out in the IDP should be categorised as critical, necessary or preferable, and should be prioritised in terms of time scale to facilitate the development strategy.
- iii. Both the IDP and CIL charging schedule will be signed off by the full council.
- iv. Officers will then prepare a more detailed annual infrastructure delivery plan, setting out the project priorities, delivery programmes and funding streams for the coming year.
- v. The annual plan will be signed off by a member board.

- vi. The administration of project funding from CIL is carried out by an individual or small team of dedicated officers charged with delivering the annual infrastructure plan. There should be no need for further member involvement on a case-by-case basis as the principle of releasing the pre-agreed capital will have already been approved.

Figure 3.1 Recommended processes for an improved 'business as usual' strategy for project prioritisation and CIL funding

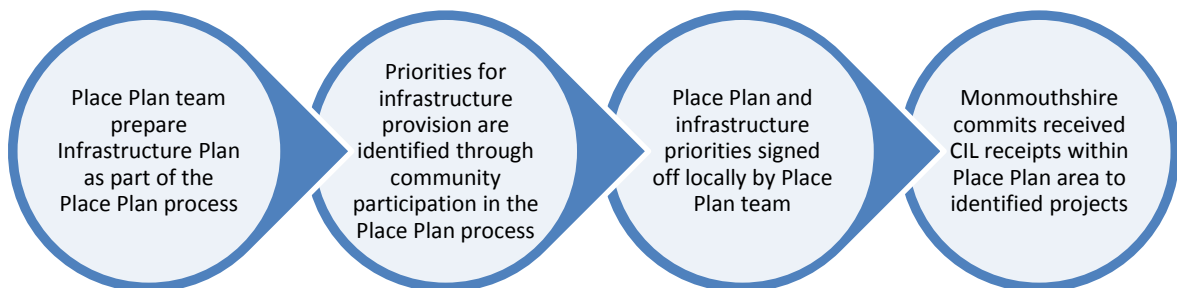


3.3 Model B – Place Plan approach

3.3.1 Model B enables the local community to decide infrastructure priorities and secure CIL funding through a Place Plan approach. The model outlined in Figure 3.2 is based on Monmouthshire Council enabling the Place Plan groups to act more independently, but within a joint, pre-agreed framework. It is important to note that whilst Monmouthshire Council would pass on the CIL receipts, the identified projects would still have to meet the tests set out in the regulations in terms of the type of projects that can be funded (as opposed to the neighbourhood proportion which is less defined). The framework could be based on existing Whole Place Plan governance and decision making structure. This is currently under review, but in lieu of this the following structure is proposed:

- i. Infrastructure Plan is prepared by each Place Plan area. However Monmouthshire will need to sign off each Plan in terms of its reasonableness and conformity with corporate objectives and the CIL regulations. In the absence of a suitable Place Plan, Monmouthshire will work with the Place Plan team to draw up a list of infrastructure priorities.
- ii. The Infrastructure Plan will be guided by local participation on infrastructure priorities, through the Place Plan process. The Place Plan should identify which projects should receive funding first over the period in which the Place Plan is operating within, i.e. by any review date.
- iii. Monmouthshire Council will need to put in place a commitment to pass all CIL funding gathered within a Place Plan area onto projects identified through the Place Plan approach.
- iv. Project delivery will vary, so flexible approach to distribution of funds to relevant project delivery vehicles – this could mean to Monmouthshire Council services, the Place Plan team, or other third parties e.g. community organisation

Figure 3.2 Recommended process for a 'Place Plan' approach for project prioritisation and CIL funding





3.4 Model C – Community and County Hybrid

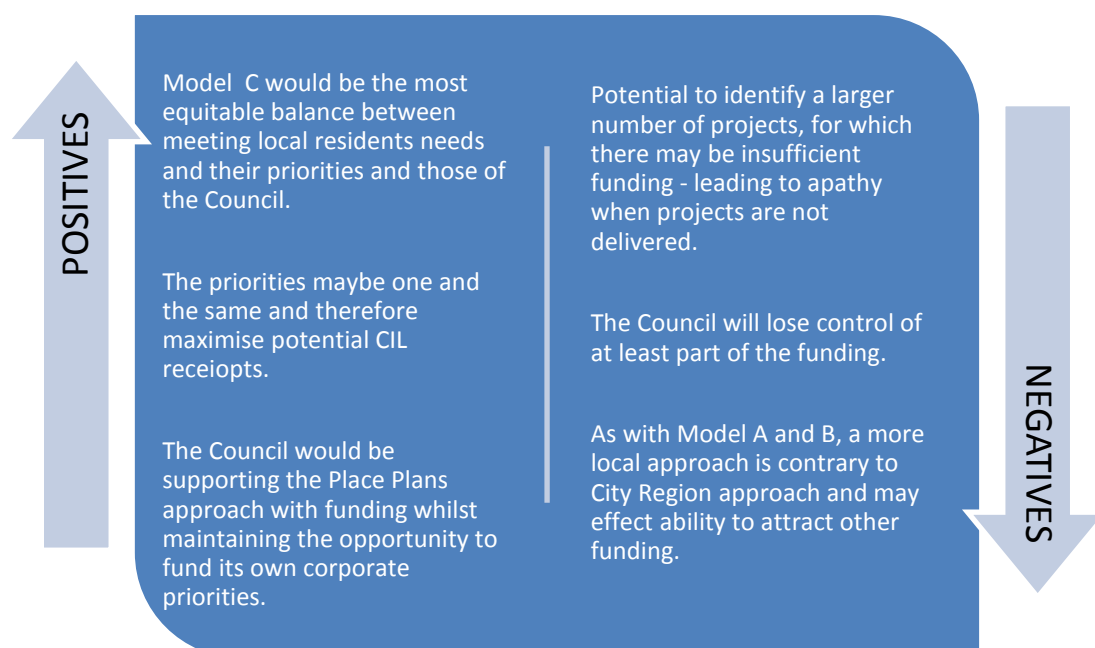
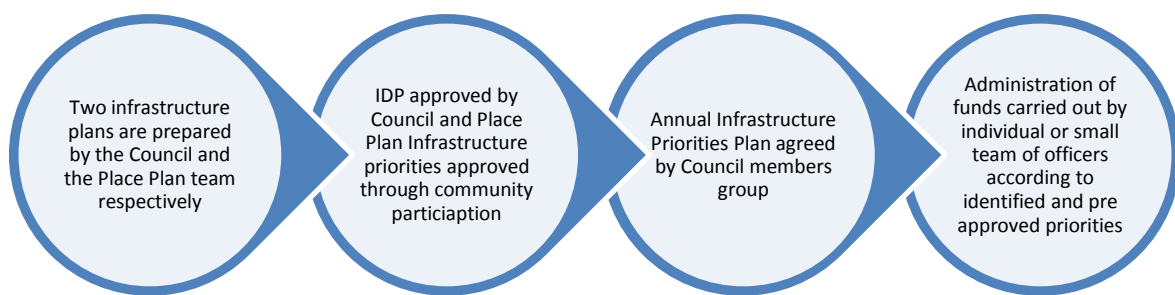
3.4.1 Model C represents a hybrid approach between Model's A and B. The model outlined in Figure 3.3 is based on Monmouthshire Council and the Place Plans both taking responsibility for infrastructure prioritisation and CIL funding. It utilises both approaches to decision making and offers the potential for both to prioritise the same projects but from different perspectives.

3.4.2 The model:

- i. Infrastructure Development Plans and CIL charging schedules are prepared by officers at Monmouthshire on an independent basis. Though independently prepared, in the spirit of the cooperation, officers from neighbouring authorities should be consulted as part of the preparation process, as should key utilities and service providers, especially in respect of cross boundary development and service provision.
- ii. Infrastructure Plans are also prepared by Place Plan teams as part of Place Plan process.

- iii. The IDP prepared by Monmouthshire will be signed off by the full council and the Place Plan Infrastructure Plan signed off by the local community through consultation.
- iv. Officers will then prepare a more detailed annual infrastructure delivery plan, setting out the project delivery programmes and funding streams for the coming year in respect of Monmouthshire Council and this will be signed off by a member board. The Place Plan will identify its infrastructure priorities until a pre agreed review.
- v. All projects will have been pre approved through each process, therefore administration of funding will be carried out by officers and distributed to the appropriate project and its delivery vehicle.

Figure 3.3 Recommended process for a 'Hybrid' approach for project prioritisation and CIL funding



3.5 Model for Community/Neighbourhood governance

- 3.5.1 Irrespective of which model is taken forward a minimum of 15% of the CIL funding (capped at £100 per existing council tax dwelling in any financial year) is to be awarded to the town and community council area in which the development takes place. The approach differs where areas are un-parished and in England where there are neighbourhood plans
- 3.5.2 As Monmouthshire is completely Parished either through Community or Town Councils there is limited legal scope for Monmouthshire to direct those areas in how they spend their CIL receipts.
- 3.5.3 However, it is advised that Monmouthshire guide their local Town and Community Councils to ensure that their CIL money is well used and maximised in terms of its outcomes. A number of approaches could be used:
- To make the most of these receipts, it is suggested that parishes could join together to form larger community areas centred on local service centre settlements and their hinterland, perhaps utilising the 'Place Plan' approach.
 - Community areas could conduct an audit of community infrastructure in order to identify gaps (unless already identified through the Place Plan and/or IDP)
 - Community infrastructure delivery programmes could be prepared which will set out the community area's infrastructure priorities with help of council officers.
 - Annual meetings with clusters of local town and community councils and officers to set out what funding has been received, what it has been spent on and setting out of future spending plans

3.6 Distribution of funds within the models

- 3.6.1 In addition to the models for governance there also needs to be consideration as to how the CIL receipts would be split and delivered within each of the model options. The CIL receipts could be split a variety of ways, however it does need to be simple and clear to administer. Each of the potential 'funds' are explained below and then options set out as to how they could be apportioned. It will be up to the authority to determine the method that best suits their needs. The potential to require receipts to be forwarded to a regional funding pot is a potential option in the future, therefore it is included to here to test the potential impact.

Community/neighbourhood fund

- 3.6.2 As previously discussed the CIL charging authority is bounded by the regulations to pass on up to 15% of CIL receipts (capped at £100 per existing council tax dwelling per year) to the town or community council in which the development takes place. As these are regulatory requirements there is no choice so the Charging Authority will need to allocate the appropriate funds for this purpose.

Local fund

3.6.3 This fund will be used to fund projects within the Charging Authority area. The priorities will be set according to the relevant Model and be focused on either County or Place Plan priorities. Only funding received within the Charging Authority area will be used in that area.

Regional fund

3.6.4 This is a cross boundary fund that takes a proportion of the CIL receipt to fund an agreed range of projects as discussed in Model D in the appendix. The CIL receipt will be taken from all the Charging Authorities but not necessarily spent within the authority from where it originated. The proportion used for this fund will be up to the authorities to agree, once the community/neighbourhood fund and the administrative costs have been allocated.

Distribution model

3.6.5 Figure 3.4 sets out how one to three layers of fund distribution could work within each of the previously suggested Models. The detailed model for regional contributions in found in Appendix A.

Figure 3.4 Matrix of funding distribution options

	Model A – Enhanced Business as usual	Model B – Place Plan	Model C – Hybrid
Distribution approach	1 – CIL is distributed to Parish/Town Councils.	1 – CIL is distributed to Parish/Town Councils.	1 – CIL is distributed to Parish/Town Councils.
	2 – Remaining CIL is distributed to projects identified by Monmouthshire Council	2 – Remaining CIL is distributed to projects identified by Place Plan process	2 – CIL is distributed to projects identified by Monmouthshire Council
			3 – Remaining CIL is distributed to projects identified by Place Plan process

3.6.6 The percentage of each layer of funding in broad terms will be up to the local authority. The percentages could be considered in the following terms.

Table 3.1 Example funding distribution

Model A – Enhanced business as usual	
	Percentage
County projects	80%
Place Plan projects	0%
Community projects	15%
Administration	5%

Model B – Place Plan	
	Percentage
County projects	0%
Place Plan projects	80%
Community projects	15%
Administration	5%

Model C - Hybrid	
	Percentage
County projects	40%
Place Plan projects	40%
Community projects	15%
Administration	5%

3.7 Summary and recommendation

- 3.7.1 It is recommended that Monmouthshire Council adopt the Model C approach in order that mechanisms are put in place to collect and administer CIL funds without delay. However, if a regional approach gathers momentum and there is a need to contribute to a shared view on infrastructure prioritisation and funding then the Council may wish to move towards Model D in Appendix A.
- 3.7.2 The Council have been developing a Whole Place Plan approach to public participation in decision making. In order for this to be successful it is likely that funding will be required to show real progress in delivering local community aspirations.
- 3.7.3 However the Council also needs to deliver the Local Development Plan – again this may require funding and as can be seen from the current Infrastructure Development Plan, the infrastructure costs are significant. Some of these infrastructure requirements have been identified by both the local community through their Whole Place teams and by the Council – therefore in some cases it is likely that either of the models could contribute, though clearly the more CIL receipts are identified for Place Plan the more the level of control for Monmouthshire Council diminishes.
- 3.7.4 It is within this context that Model C is recommended in that Monmouthshire Council can show both a commitment to Place Plans and also maintain some measure of control on seeking funds to support growth identified within the development plan.
- 3.7.5 In terms of the proportion of CIL funding that should be attributed with the Model approach, Table 3.1 has illustrated some options. However these are not set in stone and the Council can adjust them in whatever way best suits their approach.

Appendix A Model D Regional approach to governance

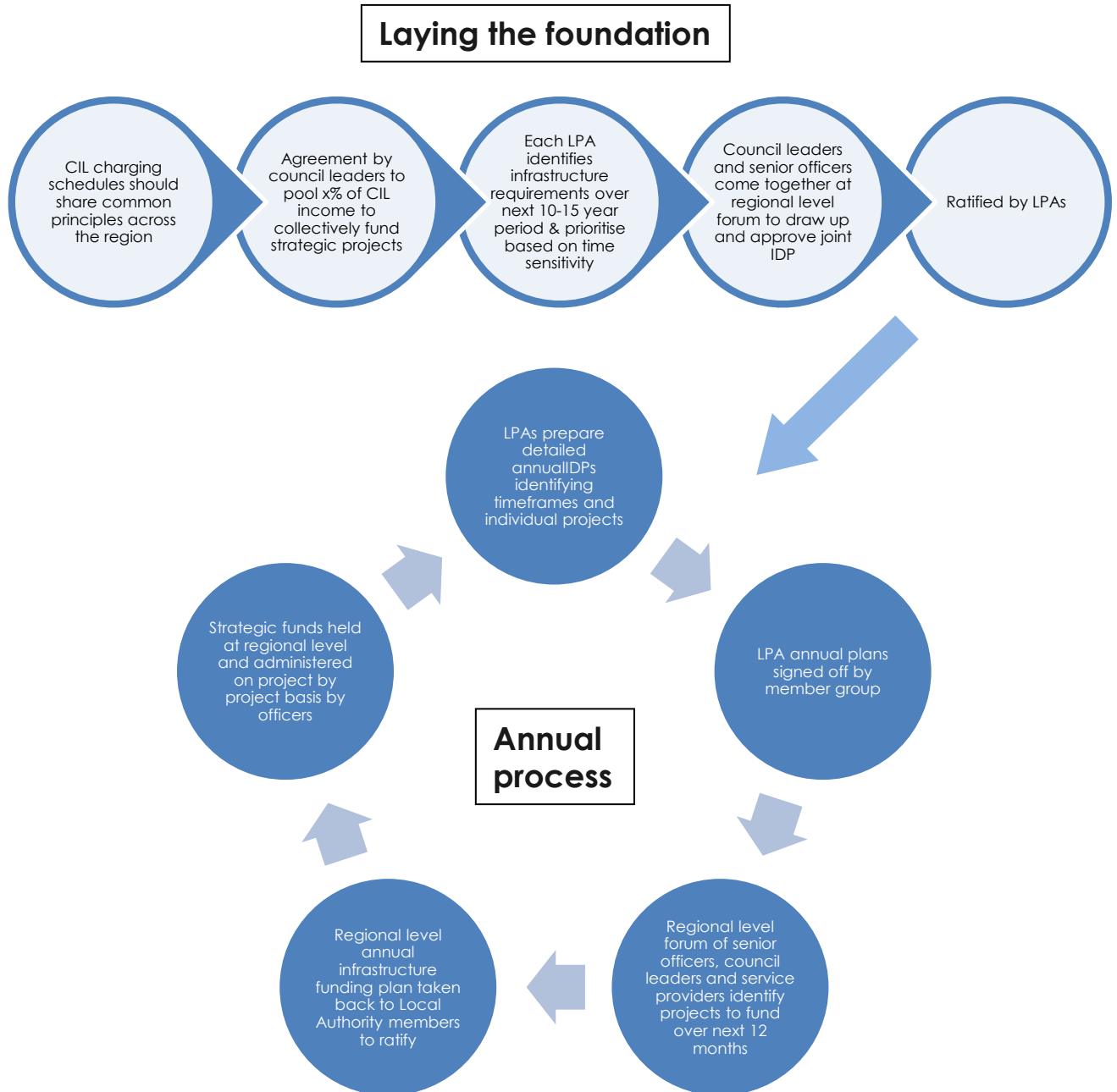
A1.1 The alternative Model represents the most joined-up approach to CIL governance for not just Monmouthshire but also the wider Cardiff Capital City Region. The model outlined in Figure A.1 is premised on all authorities within the region pooling a percentage of their CIL income to fund strategic infrastructure projects. The model draws upon the most effective ideas gleaned from the joint working best practice consultees, particularly some of the processes implemented by Norwich Growth Partnership.

A1.2 The model:

- i. There should be pre-agreement regarding common principles for preparing and implementing CIL charging schedules across the region authorities. As all the authorities have prepared their Local Development Plans independently and are working to different plan period trajectories, it is necessary to agree on a timeframe for joint infrastructure funding and delivery (e.g., 10-15 years).
- ii. Constituent authorities will agree on a percentage of CIL income to be pooled and used to fund strategic projects. This will be determined by members; however the approach will need to be equitable and consistent across all authorities. This central fund should be held, monitored and managed by a region-level body of senior officers.
- iii. LPA officers will identify the infrastructure required within their area over the entire pre-agreed timeframe in order to deliver the strategy for growth outlined in each LDP. This list will be signed off by local authority members before going to region-level board.
- iv. Region-level group of senior officers and members representing each of the authorities consider submissions from all local authorities and agree upon an overarching strategic infrastructure projects to receive CIL funding over the long term agreed time period, formalised as a joint IDP
- v. The content of the joint IDP is ratified by each local authority
- vi. LPA officers then prepare an annual prioritised IDP, outlining in more detail the strategic projects within the authority's administrative area they wish to secure funding packages for the coming year. These projects will be derived from the joint IDP.
- vii. Annual IDPs are presented to region-level forum of senior officers, chairs and key service providers who identify projects and funding packages for the year across the region.
- viii. The prioritised region-level IDP is ratified by each Local Authority
- ix. Strategic funds held at region-level and administered on project-by-project basis by dedicated officers or small team. There should be no need to get further sign

off from members or chairs of councils at this point as the funding has already been agreed in principle

Figure A.1 Process for CIL income pooling and cross-boundary infrastructure project prioritisation for Cardiff Capital City Region authorities





A1.3 If Model D was taken forward then the distribution of CIL funds could be considered in the following terms, depending on which local option is taken forward:

Figure A.2 Matrix of funding distribution options

	Model A – Enhanced Business as usual	Model B Place Plan	Model C Hybrid
Regional commitment	1 – CIL is distributed to Parish/Town Councils.	1 – CIL is distributed to Parish/Town Councils.	1 – CIL is distributed to Parish/Town Councils.
	2 – CIL is distributed to projects identified by Monmouthshire Council	2 –CIL is distributed to projects identified by Place Plan process	2 – CIL is distributed to projects identified by Monmouthshire Council
	3 – Remaining CIL is distributed to projects identified at Regional level	3 – Remaining CIL is distributed to projects identified at Regional level	3 – CIL is distributed to projects identified by Place Plan process 4 – Remaining CIL is distributed to projects identified at Regional level

Table A.1 Example funding distribution- Regional Commitment

Model A- Enhanced business as usual	
	Percentage
Regional projects	20%
County projects	60%
Place Plan projects	0%
Community projects	15%
Administration	5%

Model B – Place Plan	
	Percentage
Regional projects	20%
County projects	0%
Place Plan projects	60%
Community projects	15%
Administration	5%

Model C– Hybrid	
	Percentage
Regional projects	20%
County projects	30%
Place Plan projects	30%
Community projects	15%
Administration	5%