

## **CABINET**

**13 DECEMBER 2022**

### **AUTHORITY MONITORING REPORT AND INFRASTRUCTURE FUNDING STATEMENT**

Portfolio Holder: Councillor Jane Chitty, Portfolio Holder for Planning, Economic Growth and Regulation

Report from: Richard Hicks, Director of Place, and Deputy Chief Executive

Author: Dave Harris, Head of Planning

#### **Summary**

This report concerns monitoring information prepared by the Planning Service to meet statutory requirements for publishing data on development and infrastructure. It presents the annual Authority Monitoring Report, which provides an assessment of development trends and wider social, economic and environmental indicators, together with progress on the preparation of the new Medway Local Plan. A key monitoring measure is the annual level of housebuilding, which has continued at historically high levels at over 1100 new homes. It also reports on the Infrastructure Funding Statement, which sets out details of funding agreed, received and spent through developer contributions, and proposed spend on infrastructure.

#### **1. Budget and policy framework**

- 1.1. The Medway Local Plan is the statutory development plan for the area and is part of the Council's Policy Framework. The Planning and Compulsory Purchase Act, 2004 requires local planning authorities to publish Authority Monitoring Reports setting out development data and wider social, economic and environmental indicators, and to report progress on plan making as set out in the Local Development Scheme.
- 1.2. The Monitoring Report complies with the Policy Framework. Approval of publication of the Monitoring Report is a matter for Cabinet. It has no budget implications. The report is produced to meet statutory requirements for the local planning authority to publish information about development in the area and the implementation of the Local Plan.

- 1.3. The Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019 require the Council to prepare an Infrastructure Funding Statement. The Council collects developer contributions in line with planning legislation and the Medway Local Plan, 2003 and the supplementary planning document, Medway Guide to Developer Contributions and Obligations, 2018.

## 2. Background

### *Authority Monitoring Report*

- 2.1. The Planning Service has been compiling and publishing annual Monitoring Reports for the last 18 years, following the statutory requirement introduced in the Planning and Compulsory Purchase Act, 2004. The Council has adhered to a timetable for the publication of the Authority Monitoring Report on an annual basis each December. This provides a basis for comparison with previous years.
- 2.2. The report brings together substantial information about the area for the period 1 April 2021 to 31 March 2022. This includes statistics and indicators on Medway's population and development trends, and social, economic and environmental aspects of the local area. It is a valuable reference source for many services, external organisations and potential investors, and is of particular interest to the planning and development sector. The report is based around a large collection of data, focusing on the progress made against a number of planning policy themes. These reflect the planned policy coverage in the new Local Plan.
- 2.3. The Authority Monitoring Report also provides an update on the progress of the preparation of the new Medway Local Plan with reference to the Local Development Scheme, which sets out the programme for plan preparation and review.

### *Infrastructure Funding Statement*

- 2.4. The timely and effective delivery of infrastructure and enhanced services is critical to sustainable growth. This is recognised in planning legislation and developers are required to address the resulting impacts of housing and commercial schemes on local services and infrastructure. The criteria for the use of developer contributions associated with new development are defined in planning policy. All S106 agreements should satisfy the following tests:
  - it must be necessary to make the proposed development acceptable in planning terms,
  - it is directly related to the proposed development,
  - it is fairly and reasonably related in scale and kind to the proposed development.
- 2.5. Local planning authorities should set out their policy on local standards, including infrastructure contributions and requirements for affordable housing in the Local Plan. Medway Council uses S106 agreements to secure

contributions to infrastructure and services, in line with the requirements of the Medway Guide to Developer Contributions and Obligations, 2018. The Council collects contributions to a range of services, including Education, Affordable Housing, Waste, Greenspaces, Leisure and Transport. It also collects contributions for the NHS Kent and Medway Integrated Care Board (formerly the Clinical Commissioning Group) that it allocates to primary care health services.

2.6. The Government requires Councils to report on developer contributions in a consistent and transparent manner, through the publication of an Infrastructure Funding Statement (IFS). All local authorities that receive developer contributions whether through S106, Community Infrastructure Levy or other contribution must prepare an IFS. The Council is required to publish the IFS reports annually, setting out:

- A report relating to the previous financial year (2021-2022) on section 106 planning obligations.
- A report on the infrastructure projects or types of infrastructure that the authority intends to fund wholly or partly by the contributions.

2.7. This involves publishing:

- details of all S106 contributions received;
- details of all S106 expenditure; and
- proposals for future infrastructure provision to be funded by S106 contributions.

### 3. Options

3.1. There is a statutory requirement to publish up-to-date information that the Council has collected for development monitoring purposes, and to report on progress against the Local Development Scheme. It is considered that the publication of the Authority Monitoring Report on an annual basis is an appropriate means of meeting this requirement.

3.2. The Council is required to publish an Infrastructure Funding Statement reporting on S106 contributions annually. Government has specified the data standard for the publication of the information. There are limited options on the publication and content of the IFS.

### 4. Advice and analysis

4.1. The Authority Monitoring Report (AMR) consists of two volumes:

- Volume 1 provides an overview of key population and development trends, social, economic and environmental indicators, and a commentary on progress with the preparation of the new Medway Local Plan.
- Volume 2 comprises detailed data tables that are summarised in Volume 1. It also includes the Medway Local Aggregate Assessment, which assesses the

supply of mineral aggregates from land won and imported sources in Medway in 2021. In line with guidance from the regional aggregates planning group, this is published in a 'dashboard' format. Due to the length and format of the report, this is web-published only and is available at:

[https://www.medway.gov.uk/info/200149/planning\\_policy/597/local\\_development\\_scheme\\_and\\_monitoring/2](https://www.medway.gov.uk/info/200149/planning_policy/597/local_development_scheme_and_monitoring/2)

- 4.2. A key measure reported in the AMR is the annual rate of housebuilding in Medway. 1102 new homes were built in 2021-22, which is a continuation of the high rates of housebuilding seen in Medway in the last three years. However, the rate still fell short of the defined level of local housing needs for 1675 homes a year, following the standard method set by government. Just over half of new homes (53%) were built on previously developed land. There has been an increasing amount of development on greenfield sites, reflecting planning consents to boost the supply of housing land in recent years. 192, or 17%, of the new homes were affordable housing, which was a decline from the previous year. House prices continued to rise, and the annual increase between March 2021 and March 2022 at 11.7% was in line with the wider Kent pattern, but higher than the regional and England average. Despite these rises, housing in Medway is comparatively more affordable than in Kent, the South East, or England.
- 4.3. Rates of population growth continued the trend of relatively low growth as seen in Medway over the last five years, with a trend for net internal out migration – more people moving out of Medway than into the area. There was an increase in new employment floorspace (a net gain of 26,504 sqm), despite some losses to residential, but town centre uses continued to decline. There were no gains in A1 floorspace (shops) in the town centres. The employment rate increased significantly to 78.1%, which matches the regional average and is above the Kent average. The economic activity rate (people in employment, or seeking employment) also increased significantly, in contrast to wider trends of declines and stood above the Kent, regional and England average. The wider effects of the Covid pandemic have been reflected in a number of measures, including transport usage and increases in childhood obesity.
- 4.4. Volume 1 of the AMR is set out at Appendix 1 to this report.

#### *Infrastructure Funding Statement*

- 4.5. The total amount of money from planning obligations spent during the reported year was £2,665,943.13. S106 funding was used to develop a range of services in Medway to address the impacts of growth. These included investment in schools; waste management and education; transport schemes; parks, including Great Lines Heritage Park (GLHP) play areas and environmental projects; youth facilities; and community facilities. 266 affordable homes were agreed under planning obligations entered into in 2021/2022. 192 dwellings were delivered in the past year with 138 of these forming part of S106 obligations directly, with the remainder delivered via

other means. A full breakdown of contributions spent in 2021/22 is set out in the Infrastructure Funding Statement at Appendix 2 to this report.

- 4.6. It is important to note that data on developer contributions is not definitive. The report represents estimates at a given point in time, and can be subject to change, for example, development may not come forward as originally planned, or agreements may be revised. The figures in the IFS represent the most robust data currently available.
- 4.7. The purpose of the IFS is as a reporting tool, to improve the transparency of information about developer contributions to enhancing services and infrastructure. It is not a policy document. However, there are clear links to the Council's wider work on infrastructure planning and ensuring that the policy basis for collecting developer contributions is effective and up-to-date. The Statement outlines areas for future infrastructure investment.
- 4.8. The preparation of the Medway Local Plan includes a Sustainability Appraisal and a Diversity Impact Assessment. The information collated in the Authority Monitoring Report provides context to the preparation of the Local Plan. The annual report will have an ongoing function in considering how the Council's objectives to strengthen the economy, improve quality of life and opportunities and to enhance the natural and built environment are being met.

## 5. Risk management

- 5.1. As the Authority Monitoring Report is a factual account of development, social, economic and environmental data, there are no specific risks associated with its production.
- 5.2. There is much concern from residents and Members about pressures on services and infrastructure resulting from development. The IFS is intended to provide clarity on how developer contributions have been and will be used to increase the capacity of services and infrastructure. The statement includes a projection of anticipated receipts from S106 agreements in future years. It is important to clearly understand this projected funding is subject to review and may not come forward as currently anticipated. The projected funding is dependent on development coming forward in line with the original planning consent associated with the S106 agreement. It is common for some development schemes to progress slowly to delivery, and particularly for large schemes to be reviewed during different development phases. S106 agreements can be re-negotiated, for example where the development proposal changes, or viability issues prevent the scheme coming forward.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Projected developer contributions are reduced on viability grounds.	Reduced funding to deliver sustainable growth, increasing pressures on services.	A Viability Assessment provides evidence on the local plan policies and proposed allocations.	C2
Services and infrastructure are not upgraded to meet needs arising from growth.	Increasing pressure on services resulting from unsustainable growth.	Corporate and service level governance and project planning support timely investment in improved services.	C2
Developers challenge S106 requests.	Reduced funding to deliver sustainable growth, increasing pressures on services.	Robust evidence base through IDP and updated policy in Local Plan.	C2
Developer contributions are insufficient to deliver major service improvements.	Delay in services being upgraded to support sustainable growth.	Service planning for key services, ie schools, seeks to secure and coordinate funding sources.	C2

For risk rating, please refer to the following table

Likelihood	Impact:
A Very high B High C Significant D Low E Very low F Almost impossible	1 Catastrophic (Showstopper) 2 Critical 3 Marginal 4 Negligible

## 6. Consultation

- 6.1. As the Authority Monitoring Report and Infrastructure Funding Statement are factual reports, there is no requirement to consult. The documents are web published to inform the public and users of the planning system, and to meet statutory requirements.

## 7. Climate change implications

- 7.1. As factual reports on monitoring indicators, there are no direct climate change implications. However, the AMR provides information on a number of measures that show progress in addressing climate change. This includes the energy efficiency ratings of new homes, use of different transport modes, and the number of ultra low emission vehicles (ULEV) licensed in Medway. There has been a 371% increase in ULEVs in Medway in the past five years, similar to the Kent average. 91.4% of dwellings in Medway have been constructed to a 'B' energy efficiency rating, which is significantly higher than the England average of 81.7%.
- 7.2. The IFS provides a factual report on developer contributions. However, it is noted that the contributions to services align with corporate strategies and there are a number of projects that make positive contributions to addressing and mitigating climate change. These include nature conservation projects and sustainable transport projects.

## 8. Financial implications

- 8.1. The report provides information in the IFS on the value of financial contributions to Council services from developer contributions. These represent important income streams for upgrading services in response to development in the local area. The IFS has been produced using the resources of the Planning Service.
- 8.2. There are no financial implications arising in relation to the Authority Monitoring Report.

## 9. Legal implications

- 9.1. The Authority Monitoring Report fulfils the requirements set out in the Planning and Compulsory Purchase Act 2004, Localism Act 2011 and the Town and Country (Local Planning) (England) Regulations 2012. There are no legal implications arising from this report.
- 9.2. The Council collects developer contributions through S106 agreements, in accordance with the Town and Country Planning Act, 1990, and the Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019. The collection of developer contributions through S106 agreements is subject to legally defined criteria. The Council collects contributions in line with the Medway Guide to Developer Contributions and Obligations, 2018. This is an adopted Supplementary Planning Document, which is a material consideration in determining planning applications.

## 10. Recommendations

- 10.1. The Cabinet is asked to approve the Medway Authority Monitoring Report 2022, as set out at Appendix 1, and referenced at paragraph 4.1 of the Cabinet report, for publication.
- 10.2. The Cabinet is asked to approve the publication of the Infrastructure Funding Statement, 2022 as set out at Appendix 2.

## 11. Suggested reasons for decisions

- 11.1. To comply with the duty to compile and publish a planning monitoring report.
- 11.2. To satisfy the requirement to annually publish an Infrastructure Funding Statement.

### Lead officer contact

Dave Harris  
Head of Planning  
Regeneration, Culture, Environment & Transformation  
Gun Wharf  
Telephone: 01634 331575  
Email: [dave.harris@medway.gov.uk](mailto:dave.harris@medway.gov.uk)

### Appendices

Appendix 1: Medway Authority Monitoring Report 2022 Volume 1  
Appendix 2: Medway Infrastructure Funding Statement, 2022

### Background papers

None