

Cabinet

19 December 2023

Authority Monitoring Report and Infrastructure Funding Statement

Portfolio Holder: Councillor Simon Curry, Portfolio Holder for Climate Change and Strategic Regeneration

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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, although lower than the last three years, has still continued at historically high levels.

The report also presents the Infrastructure Funding Statement, which sets out details of funding agreed, received and spent through developer contributions, and proposed spend on infrastructure.

1. Recommendations

1.1. The Cabinet is requested to approve publication of the Authority Monitoring Report 2023 as set out at Appendix 1.

1.2. The Cabinet is requested to approve publication of the Infrastructure Funding Statement 2023 as set out at Appendix 2.

2. Suggested reasons for decisions

2.1. To comply with the duty to compile and publish a planning monitoring report.

2.2. To satisfy the requirement to annually publish an Infrastructure Funding Statement.

3. Budget and policy framework

- 3.1. The Medway Local Plan forms the main part of 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.
- 3.2. 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.
- 3.3. 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.

4. Background

Authority Monitoring Report

- 4.1. The Planning Service has been compiling and publishing annual Monitoring Reports for the last 19 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.
- 4.2. The report brings together substantial information about the area for the period 1 April 2022 to 31 March 2023. This includes statistics and indicators on Medway's 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.
- 4.3. 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

- 4.4. 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.
- 4.5. 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.
- 4.6. 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 (2022-2023) 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.
- 4.7. 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.
5. Options
- 5.1. 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.

- 5.2. The Council is required to publish an Infrastructure Funding Statement reporting on S106 contributions annually. Government has specified in regulations the data standard for the publication of the information. There are limited options on the publication and content of the IFS. The IFS indicates future spending priorities to deliver sustainable growth in Medway.

6. Advice and analysis

- 6.1. 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 2022.

- 6.2. A key measure reported in the AMR is the annual rate of housebuilding in Medway. 950 new homes were built in 2022-23, which, although is lower than the previous three years delivery, is still historically high for Medway. However, the rate still fell short of the defined level of local housing needs for 1,667 homes a year, following the standard method set by government. Just over half of new homes (56%) 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. 172, or 18%, of the new homes were affordable housing (gross), which was a 1% increase from the previous year. House prices continued to rise, but at a lower rate than seen previously; however the annual increase between March 2022 and March 2023 at 5.74% higher was in line with the wider Kent pattern, and above the regional and England average. Despite these rises, housing in Medway is comparatively more affordable than in Kent and the South East, but slightly less affordable than the England average.

- 6.3. The Office for National Statistics confirmed there has been a delay to the release of figures (including mid-year population estimates) for 2022, so these will be updated in the next monitoring report in 2024. With some demolition occurring in 2022/23 employment floorspace net completions were down this year (-12,235sq.m), however employment use has not been lost on these sites as it will be replaced in future years with new purpose built units. Gross retail completions increased this year to 6,770sq.m including the completion of the new Learning, Skills and Employment hub at Britton Farm Gillingham. Overall there were net losses of retail floorspace in the town centres; however the majority of losses were due to premises swapping to other town centre uses – any that were lost to residential use were only on the upper floors with ground floors remaining in commercial use. The employment rate increased

significantly again to 79.3%, standing above the regional level for the first time in at least 19 years. The economic activity rate (people in employment, or seeking employment) also increased to 81.9%, in contrast to wider regional and national trends of declines and stood above the Kent, regional and England average. The Job Seekers Allowance and Universal Credit claimant rate decreased for the 3rd year in a row; it has decreased by just over 10% since April 2022 to 3.8%, matching the national rate. The wider effects of the Covid pandemic previously been reflected in a number of measures including transport usage, education attainment and increases in childhood obesity are now starting to recover, although not yet to pre-Covid levels in some areas.

- 6.4. A summary of the key measures and statistics in the AMR is set out at Appendix 1.

Infrastructure Funding Statement

- 6.5. The total amount of money received from planning obligations during the reported year was £7,678,430.70. The total funding agreed to be provided under any planning obligations which were entered during the reported year was £5,781,989.54. The total amount of S106 contributions retained for delivering infrastructure projects at the end of the reported year was £21,014,150.17. The total amount of money from planning obligations spent during the reported year was £2,400,443.39. S106 funding was used to develop a range of services in Medway to address the impacts of growth. These included investment in schools; waste education; transport schemes; parks, including Great Lines Heritage Park (GLHP), play areas and environmental projects; community facilities; town centre improvements; river wall infrastructure; and affordable housing. 178 affordable homes were agreed under planning obligations entered into in 2022/23. 172 dwellings were delivered in the past year with 104 of these forming part of S106 obligations directly, with the remainder delivered via other means. A full breakdown of contributions spent in 2022/23 is set out in the Infrastructure Funding Statement at Appendix 2 to this report.
- 6.6. 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. The Council anticipates a reduction in funding receipts this year due to a slowdown in the wider development industry in a challenging economic context. A number of sites will be slower to start and build out, and therefore triggers for payment of S106 will be delayed.
- 6.7. 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.

6.8. 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.

7. Risk management

7.1. 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.

7.2. 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 details of the total amount of money agreed within S106 agreement in the reported year and the amount available to be spent from previous years. It is important to clearly understand the funding agreed in S106 agreements 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. During 2022/23, more than £7.5 million was collected in developer contributions but the Council expect to collect a significantly lower amount next year. There are signs that the delivery of housing has slowed, and this will directly impact the amount of S106 contributions that can be collected. The Council continues to work with developers to ensure they meet their S106 obligations.

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.	CII
Projected developer contributions are collected more slowly due to a slowdown in the housing market.	Reduced funding in the short to medium term to deliver sustainable growth, increasing pressure on services.	Continued monitoring of development activity and working with developers to ensure	BIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
		contributions are collected as they become due.	
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.	CII
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.	CII
Developer contributions are insufficient to deliver major service improvements.	Delay in services being upgraded to support sustainable growth.	Service planning for key services, i.e. schools, seeks to secure and coordinate funding sources.	CII

For risk rating, please refer to the following table (please **retain** table in final report):

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

8. Consultation

- 8.1. 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.

9. Climate change implications

- 9.1. 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, the number of renewable electricity installation and the number of ultra low emission vehicles (ULEV) licensed in Medway. There has been a 411% increase in ULEVs in Medway in the past five years, similar to the Kent average. 78.6% of new dwellings in Medway have been constructed to a 'B'

energy efficiency rating, and the majority of renewable energy installations have been solar, with 942 new installations over the past 5 years (these include domestic installations).

- 9.2. 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.

10. Financial implications

- 10.1. The report provides information in the IFS on the value of financial contributions received by Council from developer contributions towards improvement of services to mitigate the impact of development. It also reports on the sums agreed in S106 agreement within the reported year. 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.

- 10.2. There are no financial implications arising in relation to the Authority Monitoring Report.

11. Legal implications

- 11.1. 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.

- 11.2. 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.

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Appendices

Appendix 1: Medway Authority Monitoring Report 2023 Volume 1

Appendix 2: Medway Infrastructure Funding Statement, 2022/23

Background papers

None