



# Community Infrastructure Levy Infrastructure Delivery Plan Evidence

Prepared on behalf of  
**Wakefield Metropolitan District Council**  
July 2013

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# 1 Introduction

## 1.1 PURPOSE

DTZ has been appointed by Wakefield Metropolitan District Council (the Council) to assist with the preparation of an evidence base to inform the proposed introduction of a Community Infrastructure Levy in Wakefield District. The work has two distinct elements:

1. Economic viability evidence, to inform the tariff levels that will be set out in the charging schedule
2. Supplementary research to support the assessment of the infrastructure funding gap necessary to justify CIL.

This report provides a summary of the results of the second of these two work-streams. It does not replace the Council's existing infrastructure study evidence base, but rather builds on it by assimilating the District's projected infrastructure requirements into a schedule together with cost and funding information. Its purpose is to assess the 'aggregate funding gap' which is required to support the introduction of CIL.

## 1.2 THE REQUIREMENT FOR INFRASTRUCTURE FUNDING EVIDENCE

CLG's Community Infrastructure Levy Guidance (April 2013) outlines the need for charging authorities to carry out robust infrastructure planning as a key element of the process of developing CIL. In accordance with the National Planning Policy Framework, it states that information on the charging authority's infrastructure needs must be based on the infrastructure assessment that underpins the development plan. It states that in assessing the size of its total or aggregate infrastructure funding gap, the charging authority should consider "known and expected infrastructure costs and other sources of possible funding available to meet those costs".

## 1.3 APPROACH AND STRUCTURE OF REPORT

The Wakefield Core Strategy was adopted in April 2009. As part of the evidence base supporting the Core Strategy, an Infrastructure Study was produced by Arup in 2010. This study examined the infrastructure requirements needed to support the development proposed by the Core Strategy over the 15 year period.

We have taken this study as the starting point for the funding gap assessment and assimilated the findings into a summary schedule, structured as follows:

- Infrastructure category
- Requirements
- Costs
- Committed funding
- Gross funding gap
- Anticipated complementary funding
- Net funding gap

In order to inform this assessment, we have had consultations with relevant officers at Wakefield Council and supplemented the evidence with more up to date information on infrastructure requirements, cost data and funding. We would highlight that there remain some gaps in respect of cost information and also that there are elements of the infrastructure assessment that require further updating, particularly education, for which

we have been unable to extract the required information from the relevant council department. We consider that this scheduled can be treated as a live document by the Council and updated as the Council progresses towards development of a Preliminary Draft Charging Schedule.

## **2 Infrastructure cost and funding schedule**

## Transport

Strategic infrastructure category	Requirements	Costs	Committed funding	Gross funding gap	Anticipated complementary funding	Net funding gap
<b>Transport</b>						
	<b>CONTACT: Paul Stevenson</b>					
	Wakefield Westgate Station Platform improvements, Accessibility improvements	£9m	Network Rail and private sector funding	0	0	0
	Wakefield Kirkgate Station Public Transport, Accessibility Improvements	£6.1m	Network Rail, metro and other contributions	0	0	0
	Town End, Pontefract junction capacity improvements.	£1.1m	£1.1 from LTP	0	0	0
	Chantry Roundabout to Ings Road – Denby Dale Road, Wakefield Highway improvements	£8.2m	£0 (this scheme is included in WY Transport Fund bid)	£8.2m	0	£8.2m
	Castleford Bus Station improvements	£5.2m	£4.2m from Metro LTP	£1.0m	£0.8m LTP	£0.2m
	Pontefract Monkhill Rail Station improvements	£4.3m	£0.4m from Metro LTP	£3.9m	£0.1 (s106 contributions)	£3.8m
	Castleford Northern Road	£70m	£0 (this scheme is included in WY Transport Fund bid)	35m	£35m	£0
	Bus improvements in SE Wakefield	£10m	£0	£10m	0	£10m
	Glasshoughton South Link Road	£4m	£0 (this scheme is included in WY Transport Fund bid)	£4m	0	£4m

Pontefract Northern Road	£5m	£0 (this scheme is included in WY Transport fund bid and Pinch Point bid.	£5m	0	£5m
Wakefield Eastern Relief Road	£35m	£0 (this scheme is included in WY Transport Fund bid	£35m	0	£35m
Growth Point general highway works	£10m	0	£10m	0	£10m
District Wide Cycle network	£7m	£0.5m	£6.5m	0	£6.5m
Local Network rail electrification	tbc	Metro is working with partners in West Yorkshire to identify the infrastructure projects to be included in Rail Plan 7 which covers the period 2013 – 2026. Schemes will be selected on a value for money basis and subsequently applications for funding will be made to DfT. No funding will be available for projects until 2019. Emerging results as to the selected projects will be available in September 2013.			
Rail Plan 7 improvements – Wakefield District	tbc				
<b>Subtotal cost</b>	<b>174.9m</b>	<b>20.2m</b>	<b>118.6m</b>	<b>35.9</b>	<b>82.7</b>

## Utilities

Strategic infrastructure category	Requirements	Costs	Committed funding	Gross funding gap	Anticipated complementary funding	Net funding gap
<b>Utilities</b>						
At district level utilities provision is not a constraint to housing and employment growth Costs determined on a site by site basis. Indicative figures can be shown for local or strategic reinforcement						
<b>Contacts: Matthew Gibson, Yorkshire Water / Tony Pearson, Northern Gas Network / Mark Roberts, Northern Power Grid</b>						
<b>Water</b> Wakefield district is served by the Grid Surface Water Zone of Yorkshire Water's Water Resources Zones.	Wakefield Council have consulted Yorkshire Water on allocated sites within their development plan framework and are aware of the local reinforcement costs which are likely to be required in bringing forward development. The costs of diverting Yorkshire Water infrastructure (if necessary) is met by developers and the costs of connecting new water supply infrastructure to Yorkshire Water mains supply are also borne by developers on a site by site basis,	0	0	0	0	0
<b>Gas</b> West Yorkshire is close to the major gas import installations on the East Coast.	There is reasonable capacity within the high pressure transmission network in the Wakefield area. Any reinforcement required may be as a result of new	0	0	0	0	0

	<p>development. If an insufficient supply is identified, Northern Gas Network assesses what infrastructure is required. Anything “downstream” of the network is funded by the developer. If reinforcement is required “upstream” Northern Gas Network runs an Economic Test. Any reinforcements required “upstream” of the development are funded by Northern Gas Network or the developer. In this regard, unless development is being brought forward by the Local Authority itself, the Council will not be required to meet the costs of improvements to gas infrastructure across the District.</p>					
<p><b>Electricity</b></p> <p>Development quanta and demand likely to exceed local supplies and reinforcements will be required.</p>	<p>Strategic reinforcement costs are assessed by Northern Power Grid prior to development coming forward. Infrastructure costs are assessed on a site by site basis. The total power</p>	0	0	0	0	0



	supply that is required for the new development should be specified to Northern Power Grid; who will then assess the infrastructure costs necessary in bringing forward new development.					
	<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Communications

Strategic infrastructure category	Requirements	Costs	Committed funding	Gross funding gap	Anticipated complementary funding	Net funding gap
<b>Communications</b>						
	<b>CONTACT:</b>					
Communications	Telecommunications services entirely open to competitive provision.	Projects are market led and so are determined on a site by site basis	n/a	0	n/a	0
	<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Flood risk and drainage

Strategic infrastructure category	Requirements	Costs	Committed funding	Gross funding gap	Anticipated complementary funding	Net funding gap
<b>Flood risk and drainage/Waste/Green Infrastructure</b>						
	<b>CONTACT: Rachel Jones Environment Agency</b>					
<b>Flood Risk and Drainage</b>	<p>The River Calder Flood Alleviation scheme is completed and existing flood defences protect the majority of settlements.</p> <p>There is an under capacity of sewers and drains serving Castleford and Pontefract.</p>	0	0	0	0	0
	<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Waste

	<b>CONTACT:</b> Julie Greenwood					
<b>Waste</b>	<p>A 25 year PFI contract was entered into on 11 January 2013 between the Council and Operator Shanks Waste Management. This will include the management of the HWRCs across the District and the management of waste treatment and disposal contracts.</p> <p>The existing 7 HWRCs will be replaced by 3 new and 1 refurbished facility at:</p> <ul style="list-style-type: none"> <li>• Wakefield</li> <li>• Glasshoughton</li> <li>• South Kirkby</li> <li>• Normanton</li> </ul> <p>This work is expected to be completed by September 2015. A Waste Transfer station will be Co-located at the Wakefield HWRC.</p> <p>The new Strategic Municipal Management Facility at South Kirkby is expected to be completed within the next two years.</p>	£795m represents the value of the PFI scheme to manage the Council's municipal waste across the District.	£33m of Waste Infrastructure Credit has been received from DEFRA. The Council will need to fund the balance. The medium term budget plan has allocated resources to meet these costs.	0	0	0
	<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Green Infrastructure**

<p><b>Green infrastructure, open space, public space</b></p>	<p><b>CONTACT: Charlie Tindill</b></p>					
	<p>Since 2010, the Council has been developing the Greenspace 2 Strategy. This identifies strategic priorities for the future.</p> <p>There are ten key parks within the District. These require updated management plans. Pontefract Park (East Wakefield) is the only site which has a current management plan in place.</p> <ul style="list-style-type: none"> <li>• Anglers Country Park (Green Flag)</li> <li>• New Millerdam Country Park</li> <li>• Thornes Park</li> <li>• Pontefract Park</li> <li>• Vale Head</li> <li>• Seckar Wood SSSI</li> <li>• Wrenthorpe Park</li> <li>• Frickley Country Park</li> <li>• Walton Nature Park</li> <li>• Haw Park Wood (Green Flag)</li> </ul> <p>Work has commenced on the production of management plan for seven of the other sites. Once these are in place, the infrastructure costs will be</p>	<p>Pontefract Park £3.8m required.</p> <p>Further work needed to determine specific costs for these ten sites.</p>	<p>£300,000 committed from charitable trusts to date.</p>	<p>£3.5m</p>		<p>£3.5m</p>

	<p>identified.</p> <p>The Council is also working on improving sites which do not meet Green Flag status.</p>					
	<b>Subtotal</b>	<b>3.8m</b>	<b>0.3m</b>	<b>3.5m</b>	<b>0</b>	<b>3.5m</b>

## Sport, Leisure and Recreation

Strategic infrastructure category	Requirements	Costs	Committed funding	Gross funding gap	Anticipated complementary funding	Net funding gap
<b>Sport, leisure and recreation</b>						
Further work needed to determine specific costs. Costs estimated at between £20m and £100m – Sport, Leisure and Recreation review currently underway. Completion of the review is expected by the end of June 2013.						
	<b>Officer contact: Dean Wilkinson</b>					
	A new swimming pool in the south east of the district.	£4.5m	0	£4.5m		£4.5m
	Improving the quality of Knottingley and Minsthorpe Pools.  (NB. If funding for a new swimming pool in the south east of the District was secured, the Minsthorpe Pool would close).	Recent structural, mechanical and electrical condition surveys for the Council's swimming and leisure facilities have identified repairs and maintenance works of varying levels to the cost of approximately £2.4m	0	£2.4m		£2.4m
	New stadium facilities for:  Castleford Tigers Wakefield Wildcats Featherstone Rovers.  Potential to integrate community leisure provision within new facilities.	Wakefield Wildcats stadium = £60m Castleford Tigers = £15m, as part of £75m scheme.  Featherstone	£0m	£75m	S106 contributions and council expenditure	Figures to be determined
	The District has a shortfall of indoor sports hall space the equivalent of 12 badminton courts. Further	<b>£3.2m (per 6 court hall)</b>  Or	0	<b>£6.4m</b>  Or	0	<b>£6.4m</b>  Or

	work is required to determine the mix of this shortfall (i.e. 2 x 6 badminton court sports halls in various locations, or one maor 12 badminton court sports hall)	£5m (12 court hall)		£5m		£5m
	The delivery of synthetic artificial pitches (full or mini-size) are of great value to the sport and recreation infrastructure. Ensuring wide-spread provision and access across the district in places such as Normanton and South Wakefield, would provide training and competition facilities that were at less-risk to the elements, and could be used all-year round.	400k (per junior ATP) 800k (per adult ATP )	0			
	<b>Subtotal</b>	<b>88.3m</b>	<b>0</b>	<b>88.3m</b>	<b>0</b>	<b>88.3m</b>



## Community and Cultural

Strategic infrastructure category	Requirements	Costs	Committed funding	Gross funding gap	Anticipated complementary funding	Net funding gap
<b>Community and cultural</b>						
	CONTACT: Graham Riding/Karen Collins/Ben Cook					
	<p><b>Wakefield Theatre Royal</b> HLF stage 1 secured. HLF stage 2 to be submitted in May 2013. Panel in September 2013.</p> <p>The Council need to demonstrate 90% of match funding (£800,000) is in place by end of July 2013 otherwise stage 2 application will be delayed.</p>	<p>Refurbishment costs amount to £1m. Total project costs £2.7m</p>	<p>Dependent on funding bids to Heritage Lottery Fund. Stage One HLF approved with a Stage 2 submission for £1.9 million expected to be submitted in May 2012 with approval September 2012 – subject to match funding being secured.</p>	<p>2.7m</p>	<p>0</p>	<p>£2.7m</p>
	<p>This long term project includes the aspiration to extend the theatre in order to increase capacity and circulation space. This will require a further £3-4m.</p>	<p>Theatre extension £3-4m</p>	<p>0</p>	<p>£4m</p>	<p>0</p>	<p>£4m</p>

	<p><b>Unity Hall</b> There is an aspiration for Unity Hall in Wakefield City Centre to be brought back into use as a performance venue. The building is currently vacant and houses a large performance space.</p>	£4m	£3m secured from ERDF for this major regeneration project . £375,000 secured through other funding sources and a community shares offer	250,000	0	£250,000
	<p><b>Pontefract Castle</b> Major development works are planned at Pontefract Castle to remove the castle from the Buildings at Risk Register and improve public access to the site to allow increased use of the facility.</p>	<p>£3.6 total project costs.  HLF stage 2 to be submitted in October 2013. Expected start April 2014 phased over four years.</p>	£3 million from HLF and £600,000 from Council, English Heritage and WREN – to be confirmed.	£3.6 million	0	£3.6m
	<p><b>West Yorkshire Archives</b> The archives are to be relocated to a new purpose built facility in the centre of the town (Kirkgate). HLF Stage 1 is approved. HLF Stage 2 is to be submitted in Spring 2014.</p>	<p>HLF stage 1 approved with Stage 2 expected to be submitted in summer 2014 for £3million with potential start date of April 2015. Completion in 2016</p>	Total costs £6million With £3 million from HLF and the rest through sale of building, value of the site for the new build, other funding and West Yorkshire Councils contribution of £15million. Subject to confirmation.	£6m	£6m	£6m
	<p><b>Bringing 14 libraries across the district up to a good standard</b> (includes the refurbishment /relocation/ and sharing services)</p>	Libraries refurbishment costs are £1.258m	Libraries refurbishment budget of £1.258m is secured	£0	Costs met from library revenue	£0

	<b>Subtotal</b>	<b>£20.3m</b>	<b>£4.633m</b>	<b>£15.667m</b>	<b>£6m</b>	<b>£9.667m</b>
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## Education

Strategic infrastructure category	Requirements	Costs	Committed funding	Gross funding gap	Anticipated complementary funding	Net funding gap
Education						
Infrastructure study based on BSF. Review of infrastructure requirement needed.						
	<b>Contact: Jane Hall</b>					
Primary schools	<p><i>Primary Capital Programme identifies vision to modernise Primary school building stock. At least 5% replacement, 45% remodelling (DCSF target). Surplus places remain in Primary schools.</i></p> <p>Increasing birth rates and an increase in economic migrants is resulting in existing primary school places being full/over subscribed.</p> <p>Key priority areas: Central Wakefield/Agbrigg King's/Carleton Ackworth Minsthorpe Castleford/Airedale Ossett Cathedral/Kettlethorpe</p> <p>The Council needs to identify the schools able to expand and the associated</p>	<p><i>Renewal and maintenance of existing stock would amount to just over £66 million over the next 15 years.</i></p> <p><i>Build cost for new capacity unknown.</i></p> <p>To be determined.</p>	<p>Devolved Formula Capital (DFC) allocation for Wakefield MDC is £653,088 for 2013/14. This funding is for nursery /primary /secondary/special/PRU schools. This funding is devolved to schools and as such it is not available for the Council to spend.</p> <p>Capital maintenance budget for 2013/14 of £2,920,378.</p> <p>Basic need allocation (two year allocation announced on 1<sup>st</sup> March 2013) £3,947,214.</p>		<p>Targeted basic need programme – potentially assists with the provision of new high quality school places in locations experiencing basic need pressures over and above existing allocations.</p> <p>Maximum levels of funding £3,699,415 (Primary) and £12,655,312 (Secondary).</p> <p>NB the deadline for applications is 30 April 2013. The Council is considering applying for funding under this programme for</p>	

	costs.				the schools identified in the Schools Organisational Plan.	
Secondary schools	<p>Key priority areas:</p> <p><u>North West Wakefield</u> There is a shortage of secondary places. Wakefield East Master Plan identifies land to support additional secondary school places.</p> <p><u>South Elmsall</u> Pupil yield expected to create a shortfall of secondary aged and Post 16 places</p> <p><u>Pontefract</u> Population growth in this area. Substantial housing growth planned in the area. Pupil yield from housing developments expects in excess of 200 additional pupils.</p> <p>Castleford Population growth in this area. Substantial housing growth planned in the area. Pupil yield from housing</p>					

	<p>developments expects in excess of 200 additional pupils.</p> <p>Kettlethorpe Schools forecast to be full, or almost full. Pupil yield from housing development expects approximately 87 additional pupils.</p>					
	<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Information sourced from Schools Organisational Plan 2011 – 2016 and Briefing note on Wakefield Council School Capital Allocations

## Health

Strategic infrastructure category	Requirements	Costs	Committed funding	Gross funding gap	Anticipated complementary funding	Net funding gap
	<b>CONTACT: Alison Knowles 07919887326</b>					
Health						
	<p>Two new general hospitals to be delivered as direct replacements to existing Pinderfields Hospital (Wakefield) and Pontefract Hospital.</p> <p>Timescales for delivery are:</p> <ul style="list-style-type: none"> <li>• Pinderfields Hospital (Wakefield) - June/July 2011; and</li> <li>• Pontefract Hospital - 2010</li> </ul>	Value of Pinderfields and Pontefract Hospitals PFI (MidYorkshire Hospitals NHS Trust) = £311m.	Value of Pinderfields and Pontefract Hospitals PFI (Mid Yorkshire Hospitals NHS Trust) = £311.0million.	<p>PFI contract will cover delivery of new hospitals.</p> <p>No funding gap identified.</p>	n/a	0
	Identified shortfall in the number of general practice services being provided in Castleford. There are also issues linked to the quality of service provision and the level of access to services within the South-east of the district.					
	<b>Subtotal</b>	<b>£311m</b>	<b>£311m</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>

## Emergency services

Strategic infrastructure category	Requirements	Costs	Committed funding	Gross funding gap	Anticipated complementary funding	Net funding gap
<b>Emergency services</b>						
Police	<p>There is a need for a new neighbourhood police station for the Wakefield Rural policing area.</p> <p>The new Divisional Headquarters at Normanton is expected to be completed by November 2013.</p>	0	The New Divisional Headquarters at Normanton is funded through a PFI.	0	0	0
Fire	IRMP has identified that 3 new fire stations are to be delivered (Normanton, Pontefract, and Castleford).	£11million for 3 new fire stations – Normanton, Pontefract, Castleford.	Funding covered by Major Capital Schemes budget as set out in WYFRS Corporate Plan 2008 -2011 and Capital Programme as set out in WYFRA Draft Capital Plan 2008/2009 to 2010/2011	0	0	0
Ambulance	Yorkshire Ambulance Services' Strategy promotes the rolling out of a hub and spoke strategy within the major centres of	0	0	0	0	0



	<p>population (it is not viable in rural areas).</p> <p>The model is designed to reduce the number of core stations and enable the creation of satellite units which are to be scattered across the District.</p> <p>Some locations across Yorkshire have been targeted for implementation, however no sites have been identified in Wakefield at present. This is largely due to the fact that significant expense has been incurred on Wakefield Ambulance Station over the last year or two which enables it to meet certain minimum standards.</p> <p>The Strategy will apply until at least 2017.</p> <p>Summary: No change at Wakefield, Castleford and South Kirkby Ambulance Stations nor at the station at Dewsbury District</p>					
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	Hospital and the Standby Point at Dewsbury Bus Station.					
	<b>Subtotal cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 3 Complementary sources of funding

There are a number of additional sources of complementary funding that can potentially be accessed to support infrastructure delivery in Wakefield:

#### 3.1 LOCAL GROWTH FUND

In response to the Lord Heseltine Review *No Stone Unturned – in Pursuit of Growth* (March 2013), the Government has announced the development of a new Local Growth Fund that will be available to all Local Economic Partnerships to bid for. The fund is to be used to finance LEP's Strategic Economic Plans and is worth an estimated £2bn per annum nationally which, if distributed equally across the 39 LEPs would amount to approximately £50 million per annum for each LEP.

The fund integrates a number of existing funding streams including:

- Local Authority Transport Majors
- Local Sustainable Transport Fund (capital)
- Integrated Transport Block
- Further Education Capital
- European Social Fund Match
- New Homes Bonus.

It is expected that the Local Growth Fund will provide a valuable source of funding for infrastructure projects that directly facilitate growth. The timetable for determining funding allocations is structured to allow the preliminary awards to be announced in Spring 2014.

#### 3.2 WY-PLUS TRANSPORT FUND

West Yorkshire local authorities are proposing to introduce a local transport fund of £1billion for implementation of major public transport and highways schemes between 2014 and 2025. The fund is predicated on creating a transport levy via a precept on local authority council tax, topped up by securing other bespoke funding sources.

The transport fund, which forms part of the Leeds City Region's City Deal, targets projects that will deliver enhancements in GVA and jobs. It is proposed that a single authority will be set up to administer and deliver this funding, providing appropriately robust governance structures. Work is already underway to programme and prioritise projects that will receive funding from the scheme.

The transport fund will undoubtedly provide additional finance for transport infrastructure in Wakefield District over the ten year period. However, the amount of funding that could be attracted to the District will depend on the schemes that are prioritised for the fund. The approach to appraising and commissioning projects is yet to be fully established and therefore it is not possible to estimate the scale of funding that is likely to be committed to Wakefield's transport schemes. As a crude indicator, if Wakefield District was able to attract one

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fifth (as one of five local authorities in West Yorkshire) of the budget on a per annual basis this could amount to £20million.

The transport fund therefore represents a major source of funding and probably the principal source of 'core' funding for transport schemes in the future.

### **New Homes Bonus (NHB)**

The New Homes Bonus provides local authorities with a financial payment equal to the national average for the council tax band on each additional property and paid for the following six years as an un-ring-fenced grant. Local authorities can utilise the income generated by the New Homes Bonus to pay for infrastructure requirements. The delivery of new homes bonus is dependent on housing delivery and net housing growth performance, to which there is inevitably a fair degree of risk.

The NHB is currently committed until the next spending review in 2015. After this, its future is uncertain and the announcement by the Coalition Government that a significant portion of the New Homes Bonus is to be reallocated to the new Local Growth Fund which will be administered by Local Economic Partnerships (LEPs) has further raised a question over the future availability of this funding source.

## **3.3 HOMES AND COMMUNITIES AGENCY**

The HCA has recently introduced a new Local Infrastructure Fund with three distinct components:

- Large sites
- Enterprise Zones
- Public Land Investment Fund

For large sites and EZs, the fund aims to provide upfront investment for infrastructure that will remove the barriers preventing sites coming to the market and being developed for housing and economic growth. The fund can provide short, medium and long term investment through loans and equity to private sector partners. The emphasis is on repayment of the funding and therefore this source of finance does not represent subsidy for funding infrastructure costs.

## **3.4 BUSINESS RATE RETENTION**

In December 2011, following a lengthy consultation period, proposals to enable local authorities to retain a portion of locally generated business rate income were published and incorporated into the Local Government Finance Bill.

The business rate retention scheme will allow local authorities to retain a portion of business rate growth, enabling this income to be used for investing in infrastructure.

The mechanism includes provision for tariffs and top ups to allow for a 'safety net', to ensure that local authorities in low demand areas are compensated by the redistribution of income from high demand areas.

There is a significant case nationally for utilising business rate income for infrastructure funding and delivery, particularly where infrastructure can help unlock economic development and commercial property opportunities. However, the ability to use this source will depend on the net growth of business rates over

time. For Wakefield, the level of business rate growth can be modelled according to the development trajectories anticipated in the Core Strategy.

### 3.5 PROCEEDS FROM THE DISPOSAL OF ASSETS

Proceeds from the disposal of surplus Council and other public sector owned assets form a further source of funding that can potentially be used to pay for infrastructure works. Wakefield Council owns a significant amount of land, some of which it is anticipated will be available for release for development over the period of the development plan. However, it should be recognised that the utilisation of capital receipts for infrastructure investment purposes will be subject to internal assessment in the same way as any other investment proposal and that there will need to be strong business case in respect of contributing to the Council's corporate objectives and priorities.

There is also potential for utilisation of other public sector assets such as the Homes and Communities Agency (HCA) and other Government Departments. The HCA is taking a stewardship role in the disposal of surplus Government assets including the former Yorkshire Forward property portfolio, in order to ensure that such assets are used to deliver housing development and regeneration.

A full audit of the public sector asset base is required in Wakefield to determine the potential availability of property assets that can be used for these purposes.

### 3.6 COUNCIL TAX UPLIFT

The hypothecation of Council Tax has been considered and implemented by a number of local authorities based on a limited increase in Council Tax specifically to help fund new infrastructure development. A council tax supplement is effectively being mooted as part of the West Yorkshire Transport Fund proposals so there is effectively a precedent for such an approach. Effectively, the increase in council tax revenue is ring-fenced specifically for infrastructure in the area – potentially specifying the infrastructure item for which the council tax supplement is required. This is set as an increase for a defined period, therefore demonstrating a long term commitment to the delivery of enhanced infrastructure. This income stream can then be used either for direct delivery or to be securitised to borrow prudentially to fund the additional provision. Whilst increasing council tax represents a potentially politically sensitive option, it offers an effective and direct means of increasing revenue for infrastructure projects.

### 3.7 GROWING PLACES FUND (GPF)

The Growing Places Fund was set up by the Government in late 2011 as a £400million (extended by a further £270million in the March 2012 budget) to provide seed capital for Local Economic Partnerships (LEPs) to establish Revolving Infrastructure Funds (RIFs). The fund is to be used to pay for infrastructure projects that facilitate development, leasing land value, a portion of which can then be recycled into the fund to pay for further infrastructure projects.

The Government allocated the funds to LEPs on the basis of a formula relating to socio-economic data. Leeds City Region was allocated £24million, topped up to £36million following the budget and launched a call for projects earlier this year. The fund can be used to:

- Unlock and accelerate the development of key growth sectors
- Support the potential of firms to grow and adapt
- Establish physical infrastructure
- Delivery key investment to support economic growth

The stated priorities for the first round in Leeds City Region are:

- Leverage a minimum of £3million GPF for each £1million GPF
- Start to repay a loan or investment within three years
- Require funding of between £0.5million and £2million
- Increase employment and provide apprenticeship opportunities
- Support a low carbon economy
- Provide a long term legacy to the LCR

DTZ understands that the majority of interest in the first round has been from private sector applicants seeking loan finance to fund site infrastructure works that can unlock development sites. However, future rounds will enable the public sector to act as 'project sponsor' and could include GPF being used to forward fund infrastructure works in lieu of CIL and/or S106 receipts.

The scale of the fund could however be enlarged through the establishment of a broader based Revolving Investment Fund for Leeds City Region, which forms a key element of the City Deal, outlined below.

### 3.8 LEEDS CITY REGION REGIONAL INVESTMENT FUND (RIF)

A separate but linked proposal established in the LCR's City Deal was to develop a Revolving Investment Fund for Leeds City Region. This fund is estimated at £400million for ten years, based on pooled local funding sources matched by devolved future Government funding sources. These will include:

- Local authorities matching Growing Places Fund money already committed
- Regional Growth Fund, Round 3 and future rounds
- Over the longer term, pooling of CIL revenue and business rate receipts
- HCA and other sources

Clearly, in view of the expectation that some of this fund will comprise pooled CIL revenue receipts, careful regard must be had so as to avoid any double counting in estimating future infrastructure funding packages. Furthermore, as with GPF, it is a revolving fund and therefore it is anticipated that projects will be funded on a loan/equity basis with receipts being recycled into the fund. It therefore implies that RIF will offer a means of forward funding infrastructure in lieu of CIL and other receipts, but the degree to which it offers an additional / alternative source of grant is unclear at the present stage.

However, notwithstanding the implicit caveats, the RIF clearly represents an important source of funding for infrastructure projects, which crudely on a pro rata basis could equate to £4million per annum for each of the ten districts over a period of ten years.

### 3.9 PRUDENTIAL BORROWING

The Government's CIL guidance documents highlight the availability of prudential borrowing to local authorities to enable forward funding of infrastructure works. The Council can borrow from a number of sources, most commonly from the Public Works Loan Board (PWLB). The cost of prudential borrowing is particularly low and typically ranges from 3-4.5%, well below typical private sector debt or equity costs. However, whilst PWLB borrowing is cheap the local authority needs revenue headroom to ensure debt repayments through the term of the borrowing – taking into consideration the risks of delivery of CIL revenue. The use of prudential borrowing is clearly a valuable source of funding to assist with cashflow, but as it is debt it will not plug any funding gaps.

### 3.10 JOINT VENTURES

The use of a partnership approach to develop a pipeline of sites across an area is a popular potential route that is being pursued by a number of local authorities at present. Such partnerships can include the public sector vesting land and/or equity alongside an equivalent commitment by a commercial partner to deliver a development or regeneration scheme. The site is developed together through the vehicle by leveraging development capital using the public sector assets - the profits are then shared between the two parties or reinvested in further schemes. Wakefield Council is currently engaged in such a mechanism in respect of the Northern Road and the Wakefield Eastern Relief Road, partnering with major landowners in these regeneration areas.

The development of an infrastructure based JV has potential where the public sector owns development land and is able to use that land to attract private sector investment to deliver infrastructure. In this case, the

private sector would put equity into the JV to pay for infrastructure works, then development takes place on the Council's land, the receipts from which are shared between the parties.

The potential for such mechanisms to be applied on an ad hoc or area wide strategic basis should be explored alongside the audit of assets recommended above.

## 4 Conclusions and Recommendations

Although there remain a number of gaps in information relating to infrastructure requirements, costs and complementary funding sources, it is clear from the information provided in the above schedule that there is a shortfall in the funding that is available to meet the stated infrastructure requirements.

There are a wide range of additional and supplementary funding sources that can potentially be deployed to assist infrastructure delivery in Wakefield. However, these sources are highly uncertain and are based – in the main – on equity and loan finance as opposed to grant funding.

Therefore, we consider that there is ample evidence to support the justification for charging CIL in Wakefield. We would though urge that those gaps identified in the schedule above are addressed, and that this report is developed as a working document as more complete information is made available on infrastructure requirements, costs and funding, leading up to the point at which a Draft Preliminary Charging Schedule is examined.