Bristol City Council

Community Infrastructure Levy

Funding Gap Background Paper

2 March 2012

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Purpose

The purpose of this paper is to provide additional information to supplement that contained in the Council's Infrastructure Delivery Programme (Updated February 2012).

The paper focuses on a number of infrastructure projects that are necessary in order to deliver the growth identified in the Council's Core Strategy. It identifies the known costs and funding sources and sets out the funding gap to which Community Infrastructure Levy (CIL) funding may be applied.

Finally the paper summarises the funding gap and shows that it is significantly greater than the anticipated level of CIL receipts between the proposed implementation date of 1 January 2013 and 31 March 2018, at which point it is anticipated the CIL charges will be revised by the Council.

The schemes this paper focuses on are as follows:

- School Organisation Strategy
- Major Transport Schemes
- Parks and Green Spaces Strategy
- Flood Defence Measures

School Organisation Strategy

The School Organisation Strategy identifies future requirements for capital investment to ensure that there is suitable and sufficient provision of school places in Bristol. Currently, it is anticipated that there will be a need for approximately 3,000 additional primary school places in Bristol by 2015. These spaces are planned to be delivered through a combination of increasing the size of existing schools, building new schools and converting existing non-educational buildings into schools. The cost of delivering these places is calculated to be approximately £152,000,000.

Capital funding for Education provision comes primarily from an annual grant from the Department for Education (DfE). However a number of other funding sources have been identified in respect of the delivery of the School Organisation Strategy. These are set out in the following table.

SCHOOL ORGANISATION STRATEGY 2011 – 2015	
Known funding sources	
DfE Basic Needs Allocation received prior to April 2012	£20,900,000
DfE Basic Needs Special Allocation received in November 2011	£18,300,000
Bristol City Council Capital Stimulus package approved on 28 February 2012	£15,000,000
DfE Basic Needs Allocation for 2012/13 Financial Year	£19,100,000
Currently held Section 106 Funding	£1,500,000
Anticipated funding sources	
DfE Basic Needs Allocation for 2013/14 Financial Year	£14,500,000
DfE Basic Needs Allocation for 2014/15 Financial Year	£14,500,000
Section 106 Funding yet to be received	£500,000
Total known and anticipated funding	**£104,300,000**
Cost of delivering the School Organisation Strategy	**£152,000,000**
Funding Shortfall	**£47,700,000**

The table shows that once all known funding sources are taken into account the School Organisation Strategy has a funding shortfall of £47,700,000.

Major Transport Schemes

In December 2011, the West of England was awarded Department for Transport (DfT) funding for five major transport schemes, which are to be delivered by 2018. The DfT funding covers only a proportion of the cost of the schemes, with the remainder having to be contributed by the West of England Authorities. Three of the schemes are mostly within the Bristol City Council administrative area, and these are:

- Bus Rapid Transit (Ashton Vale to Bristol Temple Meads and City Centre)
- South Bristol Link
- Bus Rapid Transit (North Fringe to Hengrove)

A number of future funding sources to enable the delivery of the above schemes are being considered, such a Business Rates Supplement and a Workplace Parking Levy. These, along with CIL funding were identified in a Council Cabinet report considered on 1 September 2011, however as yet they have not been progressed and there is no certainty regarding their implementation.

A Park and Ride site on the M32 originally formed part of the Bristol Rapid Transit (North Fringe to Hengrove) submission to DfT, and it is shown as forming part of the scheme in the West of England Joint Local Transport Plan 2011 – 2016. However due to a DfT requirement that scheme costs be reduced, the Park and Ride site was omitted from the scheme bid. Though it is now unfunded, the Park and Ride site is still considered to be essential to support the growth of the city and it would be desirable and cost effective to deliver this simultaneously with the Bristol Rapid Transit (North Fringe to Hengrove) route.

In addition to the above schemes, a further transport scheme (the Callington Road Link) contained in the Joint Local Transport Plan 2011 – 2016, and is identified in the Infrastructure Delivery Programme as being essential for the growth of South Bristol. This scheme is currently unfunded.

The following tables identify the known and anticipated funding sources for these four transport schemes. It should be noted that the £10,000,000 Bristol City Council capital stimulus figure has been allocated to the delivery of Bus Rapid Transit in general. For the purposes of this background paper only, it has been applied to the Ashton Vale to Bristol Temple Meads and City Centre scheme.

The above tables identify a total funding shortfall in respect of the delivery of the five major transport schemes of £116,500,000.

BUS RAPID TRANSIT (ASHTON VALE TO BRISTOL TEMPLE MEADS AND CITY CENTRE)	
Known funding sources	
DfT funding awarded in December 2011	£35,000,000
Bristol City Council Capital Stimulus package approved on 28 February 2012	£10,000,000
Anticipated funding sources	
Contribution from North Somerset Council	£3,000,000
Section 106 funding yet to be received	£500,000
Total known and anticipated funding	**£48,500,000**
Cost of delivering Bus Rapid Transit (Ashton Vale to Bristol Temple Meads and City Centre)	**£50,000,000**
Funding Shortfall	**£1,500,000**

SOUTH BRISTOL LINK	
Known funding sources	
DfT funding awarded in December 2011	£28,000,000
Anticipated funding sources	
Contribution from North Somerset Council	£8,000,000
Total known and anticipated funding	**£36,000,000**
Cost of delivering South Bristol Link	**£45,000,000**
Funding Shortfall	**£9,000,000**

BUS RAPID TRANSIT (NORTH FRINGE TO HENGROVE)	
Known funding sources	
DfT funding awarded in December 2011	£51,000,000
Anticipated funding sources	
Contribution from South Gloucestershire Council	£30,000,000
Section 106 funding yet to be received	£500,000
Total known and anticipated funding	**£81,500,000**
Cost of delivering Bus Rapid Transit (Ashton Vale to Bristol Temple Meads and City Centre)	**£102,000,000**
Funding Shortfall	**£20,500,000**

M32 PARK AND RIDE	
Known funding sources	
Anticipated funding sources	
Total known and anticipated funding	**£0**
Cost of delivering M32 Park and Ride	**£15,500,000**
Funding Shortfall	**£15,500,000**

CALLINGTON ROAD LINK	
Known funding sources	
Anticipated funding sources	
Total known and anticipated funding	**£0**
Cost of delivering Callington Road Link	**£70,000,000**
Funding Shortfall	**£70,000,000**

Parks and Green Spaces Strategy

The Parks and Green Spaces Strategy was adopted by Bristol City Council in February 2008. It sets quantity and quality standards for Bristol's parks and open spaces and identifies the capital cost of achieving these standards, taking account of the predicted levels of growth identified in the Core Strategy. The strategy runs for 20 years (2008 to 2028). This is broadly consistent with the Core Strategy, which identifies growth for the 20-year period from 2006 to 2026.

The capital cost of delivering the Parks and Green Spaces Strategy was calculated at £87,000,000, and at the time it was considered that the funding to deliver the Strategy would come from the following sources:

- Section 106 Contributions £15,000,000
- External Funding (Lottery / other grants) £21,000,000
- Sale of low value green space £41,000,000
- Bristol City Council Parks budget £10,000,000

However, since the adoption of the Strategy the financial and regulatory climate has changed significantly. The main changes are as follows:

Section 106 Contributions

The Council has used a tariff-based approach to secure contributions towards parks improvements. The Strategy assumed that such contributions would be secured throughout its lifetime. However the introduction of the CIL regulations has meant that upon the implementation of CIL by the Council, the tariff based approach must cease. Consequently only a proportion of the £15,000,000 anticipated from Section 106 contributions will have been received or secured.

Sale of low value green space

Land values have dropped significantly (by at least a third) over the past four years, meaning that this funding source has decreased substantially. In addition, the Council has devolved decisions over the sale of low value green space to its Neighbourhood Committees, and it is likely very little low value green space will now be sold. This will further decrease the level of funding available to deliver the Strategy.

Bristol City Council Parks budget

Reductions in local government funding settlements have had an impact on Council budgets and it is anticipated that the Parks Capital budget will reduce significantly, further impacting on the level of funding available to deliver the Strategy.

External Funding (Lottery / other grants)

The majority of funding received through the Lottery or other grants requires the Council to match fund the grants (eg if the grant organisation provides £50,000, the Council has to match fund it with £50,000 of its own monies). The reduction in the funding sources identified above, means that there will be less funding available to match fund and this will have an adverse impact on the Council's ability to lever in Lottery and other grant funding.

The impacts of these changes are shown in the following table, which sets out the current position relating to the funding available for the delivery of the Parks and Green Spaces Strategy.

PARKS AND GREEN SPACES STRATEGY (2008 – 2028)	
Known funding sources	
Section 106 funding received to date for Parks Capital projects	£3,700,000
Parks Budget funding received to date	£800,000
External funding from Lottery and other grants received to date	£3,100,000
Anticipated funding sources	
External funding from Lottery and other grants	£12,000,000
Future funding from Parks budget	£5,000,000
Sale of low value green space	£1,000,000
Section 106 Funding yet to be received	£2,800,000
Total known and anticipated funding	**£28,400,000**
Cost of delivering the Parks and Green Spaces Strategy	**£87,000,000**
Funding Shortfall	**£58,600,000**

The table identifies a current funding shortfall of £58,600,000 over the duration of the Parks and Green Spaces Strategy.

Flood Defence Measures

Recent studies have been undertaken by the City Council in conjunction with the Environment Agency and the Lower Severn Drainage Board to assess the flood risk to both the Avonmouth / Severnside and Central areas of Bristol. In addition, the Council's Surface Water Management Plan has identified areas of the City that are at high risk of surface water flooding.

These studies have identified significant flood defence measures that are required to ensure that the levels of growth set out in the Core Strategy can be delivered, and that in the longer term, additional land can come forward for development.

In the City Centre, flood defence measures to the value of £3,252,000 have been identified as necessary to protect the area from tidal and fluvial events.

The Strategic Flood Risk Assessment for the Avonmouth / Severnside area identifies major improvements to the coastal defences. These would cost between £50,000,000 and £250,000,000 depending upon the nature and amount of flood defence measures provided. For the purposes of this background paper the cost of £50,000,000 is assumed.

The Surface Water Management Plan identifies schemes to the value of £8,930,000 that are required in order to protect those areas at high risk of surface water funding.

Some funding is available for delivering Surface Water Management Plan measures for areas at high risk of flooding, although the remainder of the flood defence measures required are unfunded. It is acknowledged that some funding could become available from the Environment Agency, the Department for Environment, Food and Rural Affairs, and from neighbouring Local Authorities. However, it is highly unlikely that any available funding would be sufficient to deliver the required flood defence measures.

SURFACE WATER, CITY CENTRE AND AVONMOUTH / SEVERNSIDE FLOOD DEFENCE MEASURES	
Known funding sources	
Environment Agency funding for 2014/15	£1,345,000
Anticipated funding sources	
Environment Agency funding beyond 2014/15	£7,585,000
Total known and anticipated funding	**£8,930,000**
Cost of delivering Surface Water, City Centre and Avonmouth / Severnside Flood Defence measures	**£62,182,000**
Funding Shortfall	**£53,252,000**

Summary

This background paper has concentrated on a number of infrastructure schemes that are required in order to deliver the growth set out in the Core Strategy.

It has identified the known and anticipated levels of available funding for the schemes and calculated the funding shortfall.

This is set out in the following summary table.

INFRASTRUCTURE SCHEME	FUNDING SHORTFALL
School Organisation Strategy	£47,700,000
Bus Rapid Transit (Ashton Vale to Bristol Temple Meads and City Centre)	£1,500,000
South Bristol Link	£9,000,000
Bus Rapid Transit (North Fringe to Hengrove)	£20,500,000
M32 Park and Ride	£15,500,000
Callington Road Link	£70,000,000
Parks and Green Spaces Strategy	£58,600,000
Surface Water, City Centre and Avonmouth / Severnside Flood Defence measures	£53,252,000
Total Current Funding Shortfall	**£276,052,000**

The total anticipated level of CIL funding for the period 1 January 2013 to 31 March 2018 is **£13,500,000**.