

Utilisation of CIL Balances

Report of the:	Chief Finance Officer
Contact:	Sue Emmons
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annexe 1: Regulation 123 List of Infrastructure Types
Other available papers (not attached):	Report to Council February 2015 Report to Council February 2016 Report to Financial Policy Panel December 2017 Report to Strategy & Resources February 2018 Infrastructure Delivery Plan April 2013

Report Summary

This report seeks approval of the use of Community Infrastructure Levy (CIL) funding to finance two infrastructure projects; the expansion of Epsom Cemetery and extending the life of Lower Mill Pond Weir (completed in 2016/17).

Recommendation (s)

That the Committee approves the use of CIL funds to finance the projects detailed in this report.

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

1.1 The Council's Medium Term Financial Strategy includes the following in regards to investment in services:-

- Maximise the use of external funding opportunities to deliver improvements to the community infrastructure, including affordable housing.
- Maintain a minimum uncommitted level of capital reserves of £1 million at 31 March 2018.

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2 Background

- 2.1 The Council introduced the Community Infrastructure Levy (CIL) on 1 July 2014. The Council has convened the Joint Infrastructure Group (JIG), comprised of Borough Council Members, Surrey County Council Members, Borough Council Officers and representatives from our infrastructure partners to help determine how funds collected through CIL should be distributed.
- 2.2 The Capital Programme 2018/19 report to the Strategy & Resources Committee in February 2018 confirms that once the commitments in the 2018/19 to 2019/20 Programme have been financed, the balance of capital receipts reserve will stand at £2.16m. In order to protect the level of capital receipts available to fund future needs, where legitimate infrastructure projects are prioritised within the Capital Programme, the use of CIL funding to finance these schemes should be investigated.
- 2.3 The Council has received funds from CIL totalling £5.23 million as at 31 March 2018. This is divided into three pots, 80% for strategic local infrastructure projects; 15% as a Local Fund; and a 5% monitoring fee. £476k of the strategic infrastructure pot has been committed to Plan E, leaving a balance of uncommitted funds of £3.71m.
- 2.4 The Joint Infrastructure Group met on 6 February 2018 and supported the use of £771k of CIL monies to fund two strategic infrastructure projects, Epsom Cemetery Extension and Lower Mill Weir. Both schemes are in accordance with the Council's Regulation 123 list, which details which types of infrastructure can be funded by CIL, and detailed within the local Infrastructure Delivery Plan.

3 Epsom Cemetery Extension

- 3.1 The Cemetery Extension project was agreed by Full Council in February 2016 as a priority and included in the Capital Programme, as recommended by Capital Members Group. A sum of £654k from capital receipts was agreed to fund the project. The prioritisation of this project has therefore already taken place, this report is seeking agreement to swap the funding source to CIL monies to preserve the capital receipts balance and therefore the capacity of the Council to undertake future capital works.
- 3.2 There is an update report on the Cemetery Extension project on the same agenda as this report.

4 Lower Mill Weir Improvements

- 4.1 In February 2015 Full Council agreed the Lower Mill Weir Improvements project as a priority and included it within the Capital Programme. The project was completed in 2016/17 and funded by £117k from capital receipts. This report seeks agreement to swap the funding source to CIL monies to preserve the capital receipts balance and therefore the capacity of the Council to undertake future capital works.

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5 Financial and Manpower Implications

- 5.1 The current balance of uncommitted funds held for local infrastructure is £3.71 million. This report is recommending the utilisation of a total of £771k of CIL monies which would reduce the balance to £2.94 million. Another report on the same agenda is seeking an additional £60k of CIL funding for additional paving works which complement Plan E. If the allocation of that sum is agreed the balance of uncommitted funds will stand at £2.88m.
- 5.2 The forecast balance of uncommitted capital receipts as at 31 March 2018 is £3.1 million. After financing the projects in the Capital Programme 2018/19 and £250k committed to date for 2019/20, the balance will stand at £2.16 million. Further projects identified as priorities for the 2019/20 Capital Programme will reduce this balance further. The Medium Term Financial Strategy requires the Council to maintain a minimum balance of uncommitted capital receipts of £1 million.
- 5.3 In February 2018 the Joint Infrastructure Group supported the proposal to use CIL funding for these schemes.
- 5.4 Both infrastructure projects detailed within this report will have ongoing maintenance requirements the cost of which will be met from existing Council revenue budgets.
- 5.5 **Chief Finance Officer's comments:** *All financial implications have been included within the body of this report.*

6 Legal Implications (including implications for matters relating to equality)

- 6.1 The community infrastructure levy is a tool for local authorities to help deliver needed infrastructure within their area. The money can be used to fund a wide range of infrastructure needed to support new development within the Borough, and is not restricted to the location where the money is raised.
- 6.2 Government guidance states "Charging authorities should think strategically in their use of the levy to ensure that key infrastructure priorities are delivered to facilitate growth and the economic benefit of the wider area."
- 6.3 **Monitoring Officer's comments:** The CIL Regulations require CIL monies to be used to fund strategic infrastructure. Although the CIL regulations broadly define 'infrastructure', they do not specify the type of infrastructure the planning authority can fund.

7 Risk Assessment

- 7.1 The main risk is that if CIL funds are not used to finance these projects the balance of capital receipts will be £771k lower. This would limit the Council's ability to fund future investment in its assets.

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- 7.2 There is a risk that using CIL to fund these two infrastructure improvements will reduce the CIL available for potentially larger, higher priority infrastructure improvements that may arise in future, as the population rises and the emerging Local Plan is implemented. Current growth projections are likely to require significant investment in transport and education infrastructure. Separate funding streams are available to deliver these improvements, but are likely to be dependent upon the deployment of CIL to match or lever them in.

8 Conclusion and Recommendations

- 8.1 The Joint Infrastructure Group has supported the substitution of CIL monies for capital receipt funding of these two projects. They fall within the definition of infrastructure and are in accordance with the Council's Regulation 123 list and Local Infrastructure Plan. The use of CIL monies to fund these schemes protects the Council's capital receipts balance and therefore enables future capital investment to support Council priorities.

Ward(S) Affected: (All Wards);