

## **Allocation of Local Spending Element of the Community Infrastructure Levy (CIL 15%)**

<b>Report of the:</b>	Head of Corporate Governance
<b>Contact:</b>	Gillian McTaggart
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Annexes/Appendices (attached):</b>	<b>Annexe 1</b> – Draft CIL 15% Criteria Scoring Matrix
<b>Other available papers (not attached):</b>	Regulation 123 List

### **Report summary**

**This report proposes a process to determine the governance system for allocating the local spending element of the Community Infrastructure Levy (CIL 15%).**

### **Recommendation (s)**

**That the Committee agree:-**

- (1) An interim proposal for the governance arrangements of the CIL 15% (local spend) for 2018/2019 through two funds, Community Infrastructure Fund and the Borough Investment Fund as outlined in section 3 of this report.**
- (2) To the establishment of a Panel to evaluate and agree bids comprising of the Chairman of Strategy & Resources Committee, Chairman of Community & Wellbeing Committee and one additional member from the Strategy & Resources Committee and to agree substitutes.**
- (3) That authority be delegated to the Head of Corporate Governance to agree the projects to be awarded funding from the Community Infrastructure Fund based on the recommendations from the Panel**
- (4) That a further report be brought back to the Committee by April 2019 to determine a permanent scheme for the governance arrangements of CIL 15%.**

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

- 1.1 The monies collected from the Community Infrastructure Levy supports the delivery of strategic and community infrastructure across the Borough

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to support sustainable growth as set out in planning policies with benefits to the community.

### 2 Background

- 2.1 The Community Infrastructure Levy (CIL) is a tariff in the form of a standard charge for developments. It is based on floor space to reflect the size, type and location of a new development to help fund infrastructure.
- 2.2 CIL replaces some of the previous S106 agreements however those will still exist to deal with the provision of affordable housing. The Council adopted a CIL charging policy on 1 July 2014. The Council have responsibility as both the charging and collecting authority for developments taking place in the Borough. The CIL regulations require us to allocate an element of the CIL to local projects for infrastructure.
- 2.3 Within the Council the distribution of CIL funding is broken down as follows:-
  - 80% infrastructure
  - 15% local spending
  - 5% administrative costs
- 2.4 Guidance provides that local authorities must allocate at least 15% of levy receipts to spend on priorities that should be agreed with the local community in areas where development is taking place. This 15% is often referred to as the 'neighbourhood portion' of the levy. The government does not prescribe a specific process for agreeing how the neighbourhood portion should be spent, but will expect a process of engagement with the communities where development has taken place and to agree with them on how best to spend neighbourhood funding.
- 2.5 Charging authorities are required to set out clearly and transparently their approach to allocation of funding and these should match priorities that have been identified. They are expected to use existing community consultation and engagement processes such as neighbourhood groups and networks already in place by its members.
- 2.6 5% of the total CIL receipt can be used for administrative purposes. The CIL regulations allow for a "rolling cap" on administration expenditure for the first three years of operation. This will be used to fund the post of an administrator for the process. This will initially be a fixed term contract for two years.
- 2.7 The Council have a growing balance of the 15% element and there is now an opportunity to allocate this funding in the coming year to deliver highly valued, key capital projects to the community.

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- 2.8 As at the 31 March 2018, the Council has received £5,232,084. The unallocated balance for local spend is £784,813
- 2.9 The Council will continue to incorporate the spend of the 80% of the CIL collected through the annual capital programme and the Joint Infrastructure Group (JIG) to agree priorities of spend as identified in the Regulations 123 List.

### 3 Borough Investment Fund

- 3.1 It is proposed to reactivate and expand the former Civic Investment Fund (CIF), to be renamed the Borough Investment Fund (BIF).
- 3.2 The Civic Investment Fund was initially established in 2014 after the Council secured money from the government for high street innovation. The fund finished in early 2016. A new Borough Investment Fund will be established and the current guidance will be adapted for funding projects. This fund will be run along similar lines to the previous fund and will focus on smaller public realm improvements.
- 3.3 £100,000 will be allocated to the Borough Investment Fund.
- 3.4 Requests to this fund can be made throughout the year.
- 3.5 The minimum bid will be £10,000.

### 4 Community Infrastructure Fund

- 4.1 It is proposed to introduce a new Community Infrastructure Fund, eventually enabling communities, supported by Councillors to bid for funding for projects in their area.
- 4.2 As the funds within the local spend element are growing there is a need to commence the process. Following initial discussions, the preferred approach was to have an interim arrangement in place for 2018/19 in order that some key projects could be commenced and the community could benefit from some of the funds collected. Further work could then be undertaken to assess the most appropriate mechanism to allocate the CIL 15% in future years.
- 4.3 A simplified protocol will be operated in 2018/19 that will be enhanced in year 2. This will enable the Council to have a positive impact on the community by allocating monies to the agreed schemes through a process that is easy to administer and govern.
- 4.4 £250,000 will be allocated for priority projects in 2018/19. These will be allocated based on priority as set out in the attached Matrix (**Annexe1**). Additional guidance notes, application forms and a business case template will be available.

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- 4.5 In the interim year, bids may be made by Councillors and must be a minimum bid level of £10,000.
- 4.6 The monies must be spent on infrastructure. Infrastructure has a broad definition and includes transport, flood defences, schools, health facilities, sporting & recreational facilities and open spaces. The Council has defined its spend within the Regulation 123 List.
- 4.7 Bids must be received no later than 15 June.
- 4.8 For 2018/19 a Member Panel will review all bids against the matrix and determine the agreed projects (paragraph 4.12 refers)
- 4.9 With the benefit of information learnt from the interim year, a report will be brought back to the committee in April 2019 to outline future arrangements and recommend a permanent approach. This will provide time to review the methodology and recommend a scheme which includes bids from the community.
- 4.10 A CIL Co-ordinator post will be funded from the CIL 5 % administrative costs budget. Going forward the CIL Co-ordinator will co-ordinate and review all bids for submission to the Panel
- 4.11 There will be a briefing session for members on how the system will operate and what the money can be spent on. Councillors may ask for advice in putting together a bid but they cannot ask officers to complete the business case or complete the paperwork.
- 4.12 For 2018/19, the decision making Panel will comprise the Chairman of Strategy & Resources, Chairman of Community & Wellbeing and an additional member from Strategy & Resources Committee. If a member of the Panel is unavailable, or has submitted a funding bid, a substitute will attend. Substitutes will be the Vice Chairman of Strategy & Resources and another member of the Strategy & Resources Committee.

## 5 Financial and Manpower Implications

- 5.1 5% of the CIL receipts will be used to fund a CIL Co-ordinator post for a fixed two-year period.
- 5.2 **Chief Finance Officer's comments:** *A CIL Co-ordinator post has been created to assist in the administration and support of the proposed arrangements for CIL, the post has been funded for 2 years from the 5% admin element of CIL receipts.*
- 5.3 *The uncommitted balance of the administration element of CIL available to fund this post stands at £76,846. The Co-ordinator post will cost up to £60,000 for the 2-year period and can be met from these funds.*

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- 5.4 Applying these funds to finance this post complies with the 5% admin element as already mentioned earlier in this report, which is provided to assist the Council in administering CIL.

### **6 Legal Implications and Monitoring Officers comments**

- 6.1 The Localism Act (2011) and the CIL regulations set out how the levy must be spent and accounted for, how much can be retained for administration and the procedures for enforcement.
- 6.2 The Council are required to annually publish:-
- 6.2.1 CIL receipts
  - 6.2.2 The spend on any strategic funding, allocation to any neighbourhoods and the amounts allocated to cover administration costs.
  - 6.2.3 Any balances unspent to be carried forward into the following year.

### **7 Sustainability Policy and Community Safety Implications**

- 7.1 There are no specific issues for the purposes in this report.

### **8 Partnerships**

- 8.1 There are no specific issues for the purposes in this report.

### **9 Risk Assessment**

- 9.1 If a mechanism is not agreed for allocating CIL monies, they cannot be spent on providing community benefits.
- 9.2 A correct mechanism will ensure that there is adequate governance in place and that monies can be allocated fairly for the greatest benefit on infrastructure projects. This will also ensure there is a monitoring process in place to track progress and monitor what is spent.

### **10 Conclusion and Recommendations**

That the Committee agree to:-

- 10.1 An interim arrangement for the allocation of CIL local spending, delivering £100,000 into the Borough Investment Fund and £250,000 into the Civic Infrastructure Fund in 2018/19
- 10.2 The use of the 5% administrative fee to fund the post of a CIL Co-ordinator.
- 10.3 The establishment of a Member Panel consisting of Chair of S&R, Chair of Community & Wellbeing and an additional member of S&R.
- 10.4 That the Head of Corporate Governance be delegated authority to award funding from the Community Infrastructure Fund.

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- 10.5 A report being brought back to the Committee in April 2019 with details of the permanent methodology for future years and an update of the monies spent in 2018/19.

**Ward(s) affected:** (All Wards);