

COMMUNITY INFRASTRUCTURE LEVY (CIL) GOVERNANCE ARRANGEMENTS
- REPORT FROM JOINT INFRASTRUCTURE GROUP

<u>Report of the:</u>	Head of Place Development
<u>Contact:</u>	Karol Jakubczyk
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
<u>Annexes/Appendices</u> (attached):	Annexe 1: Joint Infrastructure Group Terms of Reference
<u>Other available papers</u> (not attached):	Regulation 123 List of Infrastructure to be funded by CIL Strategy & Resources Committee 29 September 2015 Item 11: Community Infrastructure Levy Proposed Governance Arrangements

REPORT SUMMARY

The Council introduced the Community Infrastructure Levy (CIL) on 1 July 2014. The Council is responsible for the collection, distribution and spending of CIL monies. 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.

This report provides an overview of the JIG's inaugural meeting and seeks the Committee's ratification of the Group's Terms of Reference.

RECOMMENDATION (S)

- (1) That the Committee note the issues discussed during the JIG's inaugural meeting; and**
- (2) Subject to any further changes the Committee ratifies the JIG's Terms of Reference.**

Notes

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

- 1.1 The Local Plan is intended to provide the spatial planning mechanism for the vision set out in the Sustainable Community Strategy, and it will assist in the achievement of all the Council's Key Priorities. The Community

Infrastructure Levy (CIL) is the mechanism that will ensure that future developments contribute towards the community infrastructure that is needed to support growth.

2 Background

- 2.1 We adopted and began charging CIL from 1 July 2014. CIL is now the main way in which we collect contributions from developers to help fund the infrastructure provision required to support new development. It is a source of top-up-funding and as such, infrastructure improvement schemes will need to identify other supplementary sources of funding.
- 2.2 As the CIL collecting authority we have responsibility for determining how our receipts are spent. We are also responsible for distributing the funds to the relevant infrastructure providers.
- 2.3 Most of the money collected through CIL (80%) can be allocated towards the infrastructure items/types that we have identified on our Regulation 123 List. The Strategy & Resources Committee approved the Borough Council's Regulation 123 List on 29 September 2015.
- 2.4 The CIL Regulations allow us to spend up to 5% of our annual receipts to cover the administrative costs incurred in operating the Levy. The CIL Guidance states that the 15% should be allocated to fund local schemes. The funds may only be used to support the development of the relevant area by funding:
 - (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or
 - (b) anything else that is concerned with addressing the demands that development places on an area.
- 2.5 In order to help to decide how our CIL monies should be allocated and spent the Strategy & Resources Committee agreed to the establishment of a Joint Infrastructure Group (JIG). The Group also takes responsibility for overseeing the updating and prioritisation of schemes within the Council's Infrastructure Delivery Plan (IDP). The JIG will report any recommendations to the Borough Council's S&R Committee; Capital Members' Group and Capital Officers' Group when appropriate.

3 Outputs from Inaugural JIG Meeting

- 3.1 The JIG's inaugural meeting took place on 13 September 2016. Although attended by Members of the Borough Council, some of those Members were also acting as representatives from the County Council's Local Committee. This reflects the objectives in infrastructure planning and delivery that both authorities share. The meeting was also attended by the Head of Place Development, the Planning Policy Manager and the County Council's Infrastructure Agreements & CIL Manager.

STRATEGY AND RESOURCES COMMITTEE
22 NOVEMBER 2016

- 3.2 The agenda was primarily concerned with procedural matters, some of which merit consideration and ratification by the S&R Committee.
- 3.3 The first item was the draft Terms of Reference for the JIG. Following discussion, a number of amendments were introduced. These were; that the Chairman of the JIG is appointed from the Borough Council representatives; that JIG is permitted to appoint substitutes to attend and participate; that County Council Officers are provided with an open invitation to attend; and that future JIG meetings be open to representatives from other infrastructure providers as necessary. The changes have been incorporated into the JIG Terms of Reference which is included under **Annexe 1** for the Committee to consider and ratify.
- 3.4 The JIG considered an item setting out how the Group will interact with other Borough Council committees and groups – specifically S&R, the Financial Policy Panel and the Capital Managers Group. In doing so the JIG discussed the model cycle originally put before the S&R Committee on 29 September 2015. The JIG is seeking to further streamline the process and will consider this matter further at their next meeting.
- 3.5 The Group were provided with an overview of both CIL monies collected and of committed allocations to date. The Group Members discussed allowance to spend up to 5% of our annual CIL receipts on administrative costs and agreed that this was a sensible approach and amount to allocate.
- 3.6 The Group considered infrastructure schemes that could benefit from top-up funding from the CIL funds. Specifically there was discussion as to whether monies be allocated towards the preparation of a feasibility study to explore options for delivering Plan E Phase 2; which proposes to extend the highway and infrastructure improvements currently being implemented (under Phase 1) to the rest of the town centre. The JIG agreed that CIL monies should be used to fund this part of Plan E Phase 2 and that their views be reported to the Strategy & Resources Committee for decision in due course
- 3.7 The JIG had a full discussion on the possible opportunities available for spending/ distributing the 15% local scheme allocation. They considered an option put forward by Officers and suggested alternatives of their own. It was agreed that Officers would prepare further information on the suggested alternatives, which would be made available for discussion at the next meeting.
- 3.8 Finally, the JIG requested a review of the Borough Council's existing Infrastructure Delivery Plan (IDP), which would take account of implemented schemes and any changes in priority. In order to initiate this process a revised draft IDP will be considered by the next JIG meeting, which is scheduled to take place during December 2016.

4 Financial and Manpower Implications

- 4.1 Staff resources have been allocated to oversee the day to day running costs of CIL such as monitoring, implementation and enforcement. These costs are being funded by the 5% of annual receipts available to cover administration. The JIG has agreed that this is a sound approach for the Borough Council to take.
- 4.2 It has been anticipated that further resources may be required to oversee the allocation of CIL monies. It has been suggested that there may be additional associated administrative costs with the JIG. The 5% administration allocation may be sufficient. Resource expenditure will be closely monitored and managed accordingly.
- 4.3 ***Chief Finance Officer's comments:*** *When determining the allocation of CIL monies due regard will need to be given to complying with both legislative and accounting requirements as well as the Council's budgetary process.*
- 4.4 *Monies allocated to fund feasibility studies that do not progress will fall to the Council's General Fund Revenue Account and consideration should be given to making appropriate provisions based upon the risk of the project not progressing.*

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

- 5.1 The Regulations require the Council to be transparent in how CIL funds are allocated. Establishing governance arrangements will ensure such requirements are addressed. The ratification of the Terms of Reference will contribute towards that process.
- 5.2 ***Monitoring Officer's comments:*** *It is important that whatever arrangements are put in place to decide how CIL should be spent, that there is due regard to the requirements of the legislation as to what CIL can and cannot be used to fund.*

6 Sustainability Policy and Community Safety Implications

- 6.1 Money collected through CIL will help to deliver essential community infrastructure that maintain and enhance the Borough as a sustainable place to live, work and visit.

7 Partnerships

- 7.1 The allocation of CIL monies will require partnership working with infrastructure providers. The JIG will facilitate such partnership working. This is demonstrated by the inclusion of Surrey Local Committee Members and Surrey Officers on the Group. The proposed amendments to the JIG's Terms of Reference will allow additional representation from other infrastructure partners/ providers.

8 Risk Assessment

- 8.1 Without governance arrangements for the allocation of CIL monies we will not be meeting the requirements of the CIL regulations.

9 Conclusion and Recommendations

- 9.1 The Committee notes that the JIG has held its inaugural meeting and discussed a number of issues, making recommendations specifically in relation to use of the 5% administrative allocation and the allocation of CIL funds towards the preparation of a feasibility study for Plan E Phase 2: both these matters will be subject to later approval by the Strategy and Resources Committee.
- 9.2 The Committee are also asked to ratify, subject to any changes, the JIG's Terms of Reference.

WARD(S) AFFECTED: (All Wards);