

# ATTACHEMENT 1

**B&NES**

**DRAFT**

## **Community Infrastructure Levy (CIL) Strategic Spend Protocol (June 2015)**

### **1. Introduction**

- 1.1. Decisions on how Community Infrastructure Levy (CIL) income should be spent will be made through an annual process that aligns with the Council's annual capital programme and budget setting process, with a final decision on the release of funds being made by B&NES Council's Cabinet. Decisions on the release of these funds will not be made outside this process except in very exceptional circumstances.
- 1.2. The aim of the Protocol is to ensure transparent decision making in the process leading the allocation of funding. Through this protocol the Council will identify and agree priorities for the use of CIL income.

### **2. Key Principles**

- 2.1. All of the CIL collected will be used to support infrastructure for the communities within the District.
  - i. **Local Funds:** A proportion of CIL will be passed directly to local communities. 15% (up to £100 per Council tax dwelling per annum) or 25% with adopted Neighbourhood Plans. See section 5.
  - ii. **Administration Costs:** Up to 5% of CIL receipts will be used within Planning Services for the costs associated with monitoring, managing and collection of CIL required by the CIL regulations.
  - iii. **Strategic Funds:** The remaining CIL receipts will be allocated by the B&NES Council in accordance with this CIL Strategic Spend Protocol.
- 2.2. Other key principles:
  - Funds will be targeted to address infrastructure priorities identified in the Infrastructure Delivery Programme/Core Strategy.
  - The procedures and timetable will run on an annual basis and will be aligned with the annual budget decision making process including a review of the Regulation 123 List if necessary.
  - The Regulation 123 list is the list of those projects or types of infrastructure that the Council intends to fund, or may fund, through the levy.
  - The allocation decisions will be based on funds actually available and risk assessed projection of the future funding.

### **3. Summary of Process and Timetable for Strategic Fund allocation**

- 3.1. The process begins with updating the Infrastructure Delivery Programme (IDP) and a review of the projections of the likely amount of CIL available for infrastructure projects.

- 3.2. Whilst the key infrastructure is identified in the IDP, the various Service and Infrastructure providers will be invited each year to submit bids and programmes for the use of available CIL funds. Given the role of the Council as the statutory provider for a number of key infrastructures, it is expected that B&NES services will be the main bidders. The bids applications will be initially assessed by Planning Services and reported to Divisional Directors Group (DDG), taking into account the infrastructure requirements and funding gap to provide infrastructure projects.
- 3.3. The DDG, supported by Planning Services, will prepare a draft Spending Priority Programme that will be presented to the Cabinet for their decision. The Cabinet will be asked to agree the allocation of funding for the identified projects in year one, noting potential projects for funding in years two and three.

Table 1 Timetable for agreeing CIL spend priorities

<b>Date</b>	<b>Task</b>
By 30 <sup>th</sup> June*	Update and publish B&NES IDP.
From 1 <sup>st</sup> to 31 <sup>st</sup> July	Service / Infrastructure Providers to submit the CIL Bid forms
August	Planning Services to assess the CIL Bid forms and prepare a summary report.
Aug/Sep	Divisional Directors Group (DDG) to prepare a draft Spending Priority Programme
Oct/Nov	DDG to finalise the draft Spending Priority Programme and make an recommendation to the Cabinet
December	CIL Spending Priority Programme to be agreed by the Cabinet

\* Except the first year of the CIL operation in 2015.

#### **4. Prioritisation of CIL funds**

- 4.1. The levy must be spent on the provision, improvement, replacement, operation or maintenance of infrastructure needed to support the development of the area. It is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies unless they will be made more severe by new development.
- 4.2. It is important to recognise that CIL receipts can only be spent on capital projects, although capital spending to improve or extend the life of existing assets is also permissible. For example, it can be used to increase the capacity of existing infrastructure or to repair failing infrastructure if necessary to support development.

- 4.3. In addition to understanding the infrastructure needs informed by the IDP, it will be important to understand the phasing of development as well as the need for phased funding and delivery of infrastructure. The Council's housing development trajectory (B&NES Strategic Housing Land Availability Assessment) will therefore be key evidence to assist with prioritisation. The trajectory updated at least annually in conjunction with the Council's Monitoring Report (AMR) so that the anticipated levels of growth can be fed into the CIL spending review process.
- 4.4. Bids for the funding of schemes and projects should be supported by robust evidence of the cost and practicality of delivering the scheme or project, including an exploration of alternative sources of funding.
- 4.5. Bids should include evidence of existing demands (including demands from permitted developments), additional demands likely to arise from the proposed development, the extent to which relevant existing infrastructure or services are capable, in terms of location, capacity and suitability, of meeting those additional demands and the estimated costs of providing new infrastructure or improving existing infrastructure to meet these additional demands. The bid (see Appendix 1) should set out the full costs of the scheme, and the time scales for implementation.
- 4.6. To be given consideration schemes should meet a number of criteria, as follows:

**Table 2: Infrastructure Prioritisation Criteria**

<b>Criteria</b>
Be included in the Regulation 123 List
Be included in the Infrastructure Delivery Plan
Contribute to the delivery of key development sites in the district to realise the Core Strategy proposals
Enable other funds that would not otherwise be available or offer a financial return on investment, e.g. needed to match or draw grant funding
Address a specific impact of new development beyond that which has been secured through a S106 obligation or S278 agreement

- 4.7. The Regulation 123 List refers to the types of infrastructure but does not specify particular schemes or projects. Reference back to the Infrastructure Delivery Plan will therefore be necessary. The IDP categorises which projects are critical to enable development, and those that will mitigate the effects of the development compared to those that are important to deliver place making benefits. The IDP also sets out the time frames as short term (within five years by 2019), medium term (by 2024) or long term (by 2029) projects.

- 4.8. The Bids will be initially assessed by Planning Services and reported to DDG.
- 4.9. Following the assessments, the DDG will make a recommendation to Cabinet. A detailed report will be brought to Cabinet outlining the process undertaken and presenting the rolling three year programmes. Cabinet will be asked to;
- Agree the Spending Priority Programme for a three year period (subject to review annually);
  - Agree release of funding for the identified projects in year one of the programme;
  - Agree intent to release funding for projects in year two of the programmes subject to sufficient funds being available, adherence to the programme and any other relevant factors;
  - Note and have regard to projects listed in year three of the programme.

## **5. Local funds**

- 5.1. The Council is required to pass 15% of CIL funds directly to the relevant parish or Town council raised from developments in their areas. This rises to 25% in areas which have an adopted Neighbourhood Development Plan.
- 5.2. The Regulations state that this proportion of funds must be used 'to support the development of the local 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.'
- 5.3. This is a wider definition of how the local funds may be used compared to how B&NES Council can use CIL funds (being restricted to funding infrastructure to support the development of the area).
- 5.4. B&NES and Parish/Town Councils may consider contributing funds to projects where there are shared priorities.
- 5.5. Local Funds will be passed on twice a year on 28<sup>th</sup> April and 28<sup>th</sup> October. Parish/Town Councils are required to report to B&NES Council how much of the funds they have spent by 30<sup>th</sup> April.
- 5.6. Further guidance, please see the Advisory Note for Town and Parish Councils (*currently being prepared*).
- 5.7. In the unparished Bath area of the district, B&NES Council will hold the funds until an appropriate framework is developed.

## 6. Monitoring

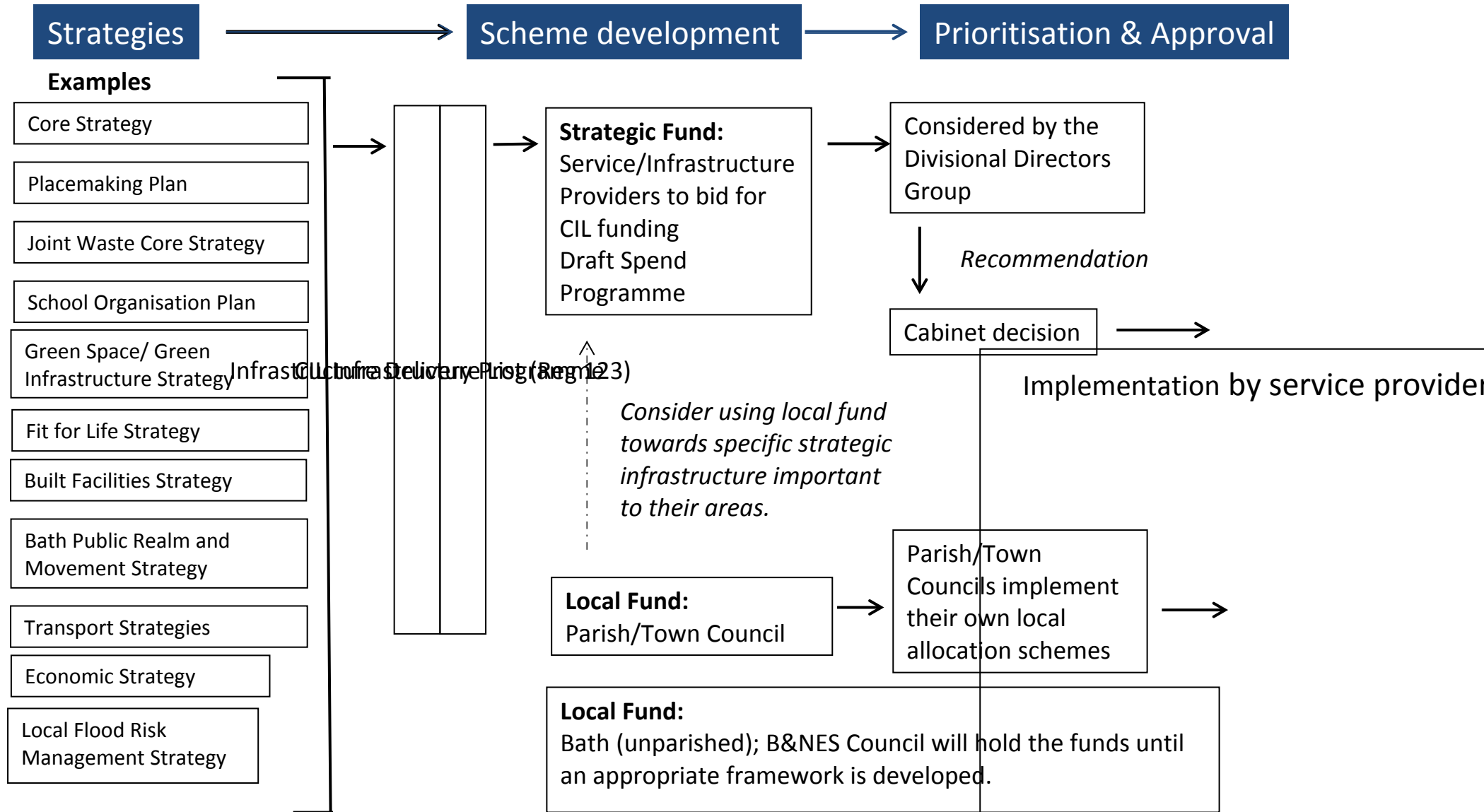
- 6.1. Details of charges, receipts and spending will be monitored. The Council will set out in the Council's Monitoring Report the amount of CIL that has been received, spent (and on what) and remains in the fund in the reporting year, 'April to March'.

### **Useful links**

B&NES CIL Charging Schedule and Reg 123 list

[www.bathnes.gov.uk/cil](http://www.bathnes.gov.uk/cil)

# CIL Funding Decision Process Protocol - Summary



Appendix 1

**DRAFT**

**Bid for Funding from Community Infrastructure Levy**

*Please Note: When preparing your submission, please ensure that your proposal is in conformity with criteria set out in the Protocol and:*

- ✓ *is supported by robust evidence;*
- ✓ *includes evidence of existing and additional demands and the extent to which existing infrastructure can meet those demands;*
- ✓ *includes estimated costs for the scheme and timing for delivery of the scheme;*
- ✓ *includes a reasonable assessment of alternative funding mechanisms available.*

- 1. Infrastructure Provider/Service/Body making the bid:**
- 2. Project Lead Officer/Person and contact details:**
- 3. Project Title:**
- 4. Project Summary:**
- 5. Who will the project be delivered by?**
- 6. Is it included in B&NES Infrastructure Delivery Programme?**
- 7. Is it included in B&NES Regulation 123 list?**
- 8. What are the consequences of not carrying out the project?**
- 9. How will the scheme help support the ongoing development in B&NES, taking account of where development has or is proposed to take place and the capacity of existing infrastructure to meet those additional demands?**
- 10. Funding summary: please explain the costs of the project, how much CIL funded is needed and when.**
- 11. What other funding sources have been identified/explored?**
  - a. If CIL funding is not available what is the likelihood of funding from these sources within next 5/10 years?**
  - b. Does this lever in other funds that would not otherwise be available, e.g. needed to match or draw grant funding**
  - c. Is the project likely to be directly linked to and necessary as a result of foreseeable development and therefore a separate S106 contribution or s278 may be justified?**
- 12. Please provide an outline of the implementation timetable, including key milestones:**
- 13. Please specify responsibility for on-going maintenance costs:**

**Please return this form to Planning Services, by 31<sup>st</sup> July.**