

<b>Bath &amp; North East Somerset Council</b>	
MEETING/	<b>Resources Policy Development &amp; Scrutiny Panel</b>
MEETING	<b>13<sup>th</sup> September 2017</b>
TITLE:	<b>Process for making decisions on spend of CIL income in B&amp;NES</b>
WARD:	All
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b> None	

## **1 THE ISSUE**

- 1.1 B&NES approved its Community Infrastructure Levy (CIL) in 2015 and the Council agreed a Spend Protocol in July 2015 in order to ensure transparency and to meet legislative requirements. This protocol was trialled for the spend 2016/17 and as a result of this trial, a number of amendments are required.

## **2 RECOMMENDATION**

- 2.1 The Panel is asked to give their views on the process for determining the priorities for the spend of CIL income, the key principles of the Spend Protocol in section 5 below and a fuller presentation on this will be given at the Panel meeting.

## **3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 3.1 Based on the Core Strategy/Placemaking Plan growth trajectory, the forecast CIL income from housing development is set out in the table below. These are estimates and will need to be reviewed annually.

<b>Table 1: Forecast CIL income to 2022/23</b>							
	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>
Bath	1,086,477	2,455,613	2,270,028	1,689,357	672,848	188,843	524,528
Keynsham	78,988	182,967	340,678	461,160	422,100	0	0
Somer valley	25,509	100,412	319,358	334,163	121,275	246,225	0
Rural Areas	354,878	804,150	231,472	103,803	168,840	0	0
SE Bristol	0	236,651	352,385	128,088	0	0	0
<b>Total CIL</b>	<b>1,545,852</b>	<b>3,779,793</b>	<b>3,513,921</b>	<b>2,716,571</b>	<b>1,385,063</b>	<b>435,068</b>	<b>524,528</b>

## **4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL**

- 4.1 CIL 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 The definition allows the levy to be used to fund a very broad range of facilities such as play areas, parks and green spaces, cultural and sports facilities, academies and free schools, district heating schemes and police stations and other community safety facilities. the levy may not be used to fund affordable housing.
- 4.3 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.
- 4.4 CIL can only be spent on infrastructure on the Council's Regulation 123 List in order to avoid charging developers for both CIL and S.106 contributions for the same infrastructure items.

## **5 THE REPORT**

- 5.1 The Community Infrastructure Levy (CIL) came into effect in B&NES on 6 April 2015 following adoption of the CIL Charging Schedule by Council on 17 February 2015.
- 5.2 CIL largely replaces s.106 contributions as developer-provided funding for infrastructure projects. Only Affordable Housing and site-specific requirements are now covered by s.106 obligations. Education, highways and other strategic schemes are to be funded by CIL unless they entail on-site provision.
- 5.3 All of the CIL collected will be used to support infrastructure for the communities within the District and to support the growth plans in the Core Strategy /Placemaking Plan. The apportionment of the CIL income is as follows;

- 5.4 **Local Funds:** A proportion of CIL generated in an area must be passed directly to local communities. This is 15% (with a cap of up to £100 per Council tax dwelling per annum) or 25% in parishes with adopted Neighbourhood Plans.
- 5.5 **Strategic Funds:** The majority of the CIL receipts will be allocated by B&NES as guided by CIL Strategic Spend Protocol.
- 5.6 **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.

Table 2: CIL Income by component £							
	16/17	17/18	18/19	19/20	20/21	21/22	22/23
<b>TOTAL</b>	1,546,000	3,780,000	3,514,000	2,717,000	1,385,000	435,000	525,000
Strategic	1,236,800	3,024,000	2,811,200	2,173,600	1,108,000	348,000	420,000
Local	231,900	567,000	527,100	407,550	207,750	65,250	78,750
Administration	77,300	189,000	175,700	135,850	69,250	21,750	26,250
Bath unparished - assumed CIL proportion	162,972	368,342	340,504	253,404	100,927	28,326	78,679
Parished Area (assumes 15% for all parishes.)	68,928	198,658	186,596	154,146	106,823	36,924	71

### The Strategic CIL component

- 5.7 The key principles in the B&NES CIL Spend Protocol are that;
- (1) decisions will be made **annually** but based on a longer term programme of spend where appropriate
  - (2) CIL income will be spent on items identified in the **Infrastructure Delivery Plan (IDP)** which are critical to supporting growth in the Local Development Framework
  - (3) spend must be aligned with the Council's annual **capital programme**
  - (4) the CIL spend will be **agreed by Cabinet** and feed into the Council's budget setting process.
- 5.8 The IDP will be used to formulate a programme of spend aligned with other funding sources to assist with planning infrastructure provision to enable a co-ordinated approach. The IDP will therefore need to be updated at least annually with the input of internal and external infrastructure providers in order to ensure decisions are based on up-to-date information.
- 5.9 The timetable and process for determining the spend of CIL income will be set out in the presentation to the Panel. Opportunities for the involvement of ward Members will be set out in the presentation at the Panel meeting.

- 5.10 Unlike s.106 contributions, CIL is in effect a tax on development and is not directly linked to a development and does not need to be spent where it is generated (other than the local component – see below).

### **The Local CIL component**

- 5.11 The Regulations state that the local 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.'
- 5.12 This is a wider definition of how the local funds may be used than the one that applies to B&NES Council's use of CIL funds (which are restricted to funding infrastructure to support the development of the area).
- 5.13 B&NES will be open to pooling CIL with Parish/Town Councils to fund projects where there are shared priorities.
- 5.14 Local Funds will be passed from B&NES to the Parish/town Councils twice a year on 28<sup>th</sup> April and 28<sup>th</sup> October. Parish/Town Councils are required to provide an audit/report to B&NES Council on amount of CIL received, spent and details of projects CIL funds have been spent on by 30<sup>th</sup> April. For further guidance, the Council has produced an Advisory Note for Town and Parish Councils. Ward Members will be kept up-to-date by the Planning Service on the amount of CIL generated and the decisions on spend
- 5.15 In Bath, which is unparished, CIL spend decisions will be made by Cabinet with the advice of the Bath City Forum.

### **Monitoring**

- 5.16 Details of CIL charges, receipts and spending will be monitored and audited by B&NES. The Council will include in its Annual 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'.

## **6 RATIONALE**

- 6.1 B&NES approved its Community Infrastructure Levy (CIL) in 2015 and the Council agreed a Spend Protocol in July 2014 in order to ensure transparency and to meet legislative requirements.

## **7 OTHER OPTIONS CONSIDERED**

- 7.1 None

## **8 CONSULTATION**

- 8.1 This report has been prepared in consultation with legal and finance officers

## 9 RISK MANAGEMENT

- 9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

<b>Contact person</b>	<i>Simon de Beer 01225 477616</i>
<b>Background papers</b>	<i>CIL Charging Schedule</i> <i>B&amp;NES Regulation 123 List</i> <i>B&amp;NES Infrastructure Delivery Plan</i> <i>B&amp;NES Local Plan 2014 &amp; 2017</i>
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