

Bath & North East Somerset Council		
MEETING	Cabinet	
MEETING DATE	8th November 2017	EXECUTIVE FORWARD PLAN REFERENCE:
		E3007
TITLE:	Community Infrastructure Levy (CIL) spending arrangements	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Attachment 1: B&NES CIL Spend Protocol 2015		

1 THE ISSUE

- 1.1 This report proposes changes to the arrangements for agreeing how CIL income is spent

2 RECOMMENDATION

- 2.1 That the Cabinet agrees the revised B&NES CIL Spend Protocol in Attachment 1 to this report

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 CIL is in effect tax on new development and will therefore have indirect implications on the value of land and development proposals, although is not intended to be a policy tool.
- 3.2 The costs of managing CIL are met from existing budget arrangements.
- 3.3 CIL income to the Council varies depending on the level of development but has been increasing since the B&NES CIL was agreed in 2015.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Community Infrastructure Levy (CIL) came into effect in B&NES on 6th April 2015 following adoption of the CIL Charging Schedule by Council on 17 February 2015.
- 4.2 CIL largely replaces Section.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 can be funded by CIL unless they entail on-site provision.

- 4.3 Based on the Core Strategy/Placemaking Plan growth trajectory, the forecast CIL income from housing development over the next 5 years is expected to be around £13,300,000. However, this is an estimate and depends on the actual rate of development.
- 4.4 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. 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.
- 4.5 The types of infrastructure that CIL can be used for must be included in the Council's Regulation 123 List in order to avoid charging developers for both CIL and S.106 contributions for the same infrastructure items.
- 4.6 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 outlined below.
- 4.7 **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.
- 4.8 **Strategic Funds:** The majority of the CIL receipts will be allocated by B&NES as guided by CIL Strategic Spend Protocol.
- 4.9 **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.

5 THE REPORT

CIL Income

- 5.1 The forecast CIL income is set out in the tables below (NB Totals may be affected by rounding up)

The Strategic CIL component spend

- 5.2 The Infrastructure Delivery Plan (IDP) is being revised and updated to provide a clearer basis to formulate a medium term programme of spend aligned with corporate priorities, other funding sources and the capital programme. This will enable a co-ordinated approach to infrastructure provision. 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.

Table 1: CIL income Forecast to 2021 (£)

	16/17	17/18	18/19	19/20	20/21
Strategic	1,236,800	3,080,800	2,888,800	2,173,600	1,108,000
Local	231,900	577,650	541,650	407,550	207,750
Total	1,468,700	3,658,450	3,430,300	2,581,150	1,315,750

- 5.3 The proposed revised CIL Spend Protocol is set out in Attachment 1.
- 5.4 Unlike s.106 contributions, CIL should be seen as a tax on development and does not need to be spent where it is generated (other than the local component – see below). However, CIL is not additional income but entails funding for infrastructure that was formerly secured via S.106 developer contributions. It is therefore essential that CIL income is not dissipated on a variety of small, non-critical projects but is focused on a coherent programme of investment to provide the infrastructure needed to support the Council’s growth ambitions. Otherwise, the Council will need to fund this infrastructure directly from its own resources. It is the role of the local CIL income to fund locally important schemes. This longer term approach may require holding back CIL funds in some years for spend in subsequent years.

The Local CIL component spend

- 5.5 The Regulations provide a wider definition of how the local funds may be used, in 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.’
- 5.6 Local Funds are passed from B&NES to the Parish/town Councils twice a year on 28th April and 28th October. Parish/Town Councils are required to provide an audit/report to B&NES Council on the amount of CIL received, spent and details of projects CIL funds have been spent on by 30th April. An Advisory Note is currently being prepared to assist Town and Parish Councils with the use and administration of CIL. Ward Members will be kept up-to-date by the Planning Service on the amount of CIL generated and the decisions on spend.
- 5.7 Investigations are underway on the scope to proactively support parishes in their processes for deciding local spend priorities and the implementation procedures.
- 5.8 In Bath, which is unparished, CIL spend decisions will be made by Cabinet with the advice of the Bath City Forum.

Monitoring

- 5.9 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 The rationale for setting out and updating the CIL spend arrangements is to ensure an effective and transparent process that meets legislative requirements and corporate priorities.

7 OTHER OPTIONS CONSIDERED

- 7.1 The use of CIL income is regulated by national policy. The Council is not obliged to have a Spend Protocol in place but it is considered that such a Protocol provides clarity, transparent and helps to ensure the most effective use of CIL funds.

8 CONSULTATION

- 8.1 Legal and Finance officers were consulted in the preparation of this report and other Council services have been consulted in the preparation of the CIL Spend Protocol.

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.
- 9.2 In making the above recommendation, officers have had regard to the Equality Act 2010 and the Human Rights Act 1998.

Contact person	<i>Simon de Beer 01225, 477616</i>
Background papers	<i>B&NES CIL Charging Schedule B&NES Regulation 123 List B&NES Infrastructure Delivery Plan. B&NES Core Strategy B&NES Place-making Plan B&NES Authority Monitoring Report</i>
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ATTACHMENT 1: PROPOSED REVISED B&NES CIL SPEND PROTOCOL

Stage	Date	Task
1. Evidence Gathering		
a.	April to June	<p>Update the B&NES Infrastructure Delivery Plan (IDP) to identify critical infrastructure requirements, costs, timing and funding gaps and to align with the Capital Programme. This entails liaison with;</p> <ul style="list-style-type: none"> • Internal services • External infrastructure providers • Parishes/Towns • Bath City Forum • Cabinet Members & Ward Members
2. Prioritising		
a	July to Aug	Initial identification of investment priorities through the internal cross service working (Development Co-ordination Group). Ascertain scope to align strategic and local CIL
b	Sept to Oct	Prepare/review a draft 3 to 5-year CIL Spend Programme aligned with the Council's capital programme in liaison with Cabinet.
3. Decision-making		
a	Nov	CIL Spending Programme to be considered by Cabinet
b	Dec to Feb	Proposals incorporated in Council Budget setting process including Scrutiny Panels
4. Implementation		
a	Ongoing	Disbursement of funds and monitoring CIL spend to inform the review of the Spend Priority Plan.
b	Annually	Record CIL spend annually in the AMR (Authority Monitoring Report)