

Community Infrastructure Levy Charging Schedule - Prioritising Infrastructure Projects, Governance Arrangements and Neighbourhood Engagement.

SUMMARY

The Borough Council's Community Infrastructure Charging Schedule (CiL) was adopted by Full Council on the 16th July 2014 and was implemented from the 1st December 2014.

The CiL Charging Schedule was accompanied by the Council's Regulation 123 list, which sets out the list of infrastructure projects and/or types to be funded through CiL. The Regulation 123 List was agreed by Executive on the 1st July 2014.

The Borough Council will need to set up a governance system for the distribution and prioritisation of CiL receipts.

The Community Infrastructure Levy Regulations (as amended) set out a duty on the Council as the Charging Authority to pass a proportion of CiL receipts to Parish Councils from development that arises in their area. The proportion of CiL receipts is 15% capped at £100 per existing council tax property per year or 25% uncapped where there is a Neighbourhood Plan in place.

For un-parished areas the Council needs to consider how it engages with local communities to spend the 15% or 25% element of CiL.

The Council has to report how much CiL has been collected and how it has been spent in the Authorities Monitoring Report which is produced annually.

The Regulation 123 list and the CiL Charging Schedule are appended to this report.

Portfolio – Regulatory

Date Portfolio Holder signed off report: 1st June 2015

Wards Affected: All

Recommendation

The Executive is advised to RESOLVE that

- (i) a governance system, as set out at paragraph 2.5, be set up to prioritise those infrastructure projects set out in the Council's Regulation 123 List; and
- (ii) the Executive consult with Ward Members in unparished areas regarding the neighbourhood funding element of CiL.

1. Resource Implications

- 1.1 There are no resource implications for existing budgets.
- 1.2 CiL is charged at a tariff per square metre on new development where there is a net increase in floor area.
- 1.3 It is estimated that CiL will raise around £4.5m to 2018. However the CiL Amendment Regulations 2013 set out that in a parished area where development has taken place a proportion of CiL receipts received from that development will be transferred to the Parish Council on a six monthly basis. This will be 15% and capped to £100 per existing council tax property per year or 25% and uncapped where a neighbourhood plan is in place. In unparished areas the 15% or 25% of CiL receipts will be retained as a neighbourhood funding element to be spent on infrastructure agreed with local communities. These provisions could reduce the estimated CiL revenue to £3.8m.
- 1.4 The SANG infrastructure costs represent around £125 per sqm of the CiL charge and it should be noted that of the CiL likely to be raised over 5 years an estimated £2.9m is required for SANG alone. This represents 76% of the CiL receipts the Borough Council retains. This equates to just under £900,000 of CiL receipts for other infrastructure after both SANG and the neighbourhood funding element has been subtracted.

2. Key Issues

Charging Schedule

- 2.1 The Community Infrastructure Levy (CiL) is a mechanism to secure financial contributions from development towards infrastructure in and around the Borough. CiL will, for the most part, replace the current system of using planning obligations to secure funds, although there will still be occasions when using planning obligations will be required. The Council's adopted Infrastructure Delivery Supplementary Planning Document sets out that Section 106 planning obligations will still be used to secure affordable housing and other site-related infrastructure to enable the grant of planning permission unless site- related infrastructure has been identified on the CiL 123 list
- 2.2 Unlike Section 106 obligations there is no restriction on where or on what infrastructure projects CiL funds can be spent, provided projects have been identified by the Borough Council in the Regulation 123 List.

Regulation 123 List- Prioritisation of Projects and Governance

- 2.3 The Regulation 123 list sets out the infrastructure projects and/ or types to be funded through CiL. Aside from any proportion transferred to a Parish Council, it is the Borough Council who has the responsibility for determining which of the Regulation 123 list infrastructure projects to fund /part fund through CiL. The Regulation 123 list reflects the infrastructure types identified in the Borough Council's updated Infrastructure Delivery Plan.

- 2.4 To ensure the efficient and cost effective delivery of infrastructure projects set out in the Regulation 123 List the Borough Council will need to prioritise funding from CiL.
- 2.5 The Borough Council will need to set up a governance system for the distribution and prioritisation of CiL receipts. It is recommended that a working group comprising The Leader, Portfolio holder for Finance, The Chief Executive and Section 151 Officer is set up. This group will recommend prioritisation of projects and CiL receipts to the Executive for determination.

Neighbourhood Engagement-Parished and Unparished Areas

- 2.6 The Community Infrastructure Levy Regulations (as amended) set out a duty on the Council, as the Charging Authority, to pass a proportion of CiL receipts to Parish Councils. This proportion only relates to development that has taken place within the parished area. The proportion of CiL receipts is 15% capped at £100 per existing council tax property per year or 25% uncapped where there is a Neighbourhood Plan in place. CiL receipts are passed over on a six monthly basis. An example of a 15% or 25 % proportion from CiL liable development is shown below.

Size of dwelling (CiL Liable)	CiL Receipt	15%	25%
200sqm	£44,000	£6,600	£11,000

- 2.7 If a Parish Council does not spend the monies within 5 years or does not spend it on infrastructure that supports development then the Borough Council, as the Charging Authority, may require the Parish Council to repay some or all of the funds. Although not set out in the Regulations the Council could enter into discussions with Parishes as to whether monies are retained to help fund larger infrastructure projects within a parished area.
- 2.8 An explanatory memorandum which accompanies the CiL Regulations sets out that in unparished areas where development takes place the Council is expected to retain the CiL receipts for the neighbourhood funding element. The Neighbourhood funding element for unparished areas is the same as for parished areas (that is 15% or 25%). Government guidance on CiL (April 2013) sets out that in unparished areas the Council should engage with those communities how best to spend any CiL monies from development in that area. It is recommended that Executive consult with Ward Members on how this element should be spent.

3. Options

- 3.1 The options for the Executive to consider are: -
- (i) **To set up a governance system to prioritise those projects set out in the Council's Regulation 123 List to be funded or part- funded by CiL**

- (ii) **To not set up a governance system to prioritise those projects set out in the Council's Regulation 123 List to be funded or part-funded through CiL**
- (iii) **To agree that the Executive consult with Ward Members in unparished areas regarding the neighbourhood funding element of CiL**
- (iv) **To not agree that the Executive consult with Ward Members in unparished areas regarding the neighbourhood funding element of CiL**
- (v) **That discussion is undertaken with Parished areas regarding whether monies should be retained to help fund larger projects within a parished area.**

4. Proposals

- 4.1 That a governance system for considering the prioritisation of projects on the Council's agreed Regulation 123 List is set up prior to the spending of any CiL receipts received during 2014-2015.

5. Supporting Information

- 5.1 The Community Infrastructure Levy Charging Schedule and the Regulation 123 list are available to view in the Members Room.

6. Corporate Objectives and Key Priorities

- 6.1 Underpins Objective 1 to make Surrey Heath an even better place where people are happy to live.
- 6.2 Underpins Objective 2 to sustain and promote the local economy so that our people can work and do business across Surrey Heath by promoting improvements to local transport and infrastructure.

7. Policy Framework

- 7.1 The ability to set a CiL charge is set out in the Planning Act 2008 (as amended) and Community Infrastructure Levy Regulations 2010 (as amended). A CiL charging schedule will sit alongside the Local Plan, although it does not form part of the statutory development plan.

8. Legal Issues

- 8.1 There could be changes to legislation regarding CiL as a mechanism for infrastructure delivery.

9. Governance Issues

- 9.1 Governance arrangements surrounding the transfer of CiL revenue to Surrey County Council for those projects prioritised by Surrey Heath BC which are to

be delivered by the County will need to be agreed.

10. Sustainability

10.1 Sustainability Appraisal is not required for a CiL charging schedule. The Borough Council produced a Strategic Environmental Assessment (SEA) screening determination, including Habitat Regulations Assessment (HRA) at the preliminary draft charging stage and has re-issued this for the draft charging schedule. Both Natural England and Environment Agency has confirmed that SEA and HRA are not required.

11. Risk Management

11.1 If the housing targets set out in the Council's Core Strategy are not delivered then this would have financial implications in respect of the amount of CiL which would be raised. It is anticipated that CiL will raise 4.5 million pounds to 2018.

12. Consultation

12.1 There is no further consultation are required at this stage.

Annexes	Annex A - The Regulation 123 list Annex B - CiL Charging Schedule
Background Papers	None
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Consultations, Implications and Issues Addressed

Resources	Required	Consulted
Revenue	✓	<u>11/05/2015</u>
Capital		
Human Resources		
Asset Management		
IT		
Other Issues	Required	Consulted
Corporate Objectives & Key Priorities	✓	<u>11/05/2015</u>
Policy Framework		
Legal	✓	<u>11/05/2015</u>
Governance	✓	<u>11/05/2015</u>
Sustainability		
Risk Management		
Equalities Impact Assessment		
Community Safety		

Resources	Required	Consulted
Human Rights		
Consultation		
P R & Marketing	✓	<u>11/05/2015</u>

Review Date:

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