

Community Infrastructure Levy

The Council has been collecting CIL funding since the Charging Schedule came into effect on the 1st December 2014.

The CIL Regulations require that the Council, as the collecting authority, pay money over to the parishes where development has taken place. It is for the parishes to decide how to use that money. The Regulations require the Council to publish its CIL income and expenditure.

The Council received a total of £1,013,934.13 for the reporting period 1st October 2019 – 31st March 2020.

A breakdown of the CIL receipts received for this reporting period is shown in Annex 1, attached to this report.

Portfolio: Finance

Date Portfolio Holder signed off report: 30 June 2020

Wards Affected

All

Recommendation

The Executive is advised to RESOLVE

- (i) to note the CIL monies received in the reporting period; and
- (ii) to note the likely impacts of Covid19 on income.

1. Resource Implications

- 1.1 CIL includes a contribution toward the cost of administration of the scheme. The monies raised are covering the cost of administration.

2. Key Issues

- 2.1 Section 106 payments have largely been replaced by Community Infrastructure Levy contributions although restrictions on the 'pooling' of section 106 planning obligations to fund infrastructure have now been removed.
- 2.2 In respect of monies collected to date, Annex 1 lists CIL monies collected from sites by parish and ward in the period 1st October 2019 – 31st March 2020. It also sets out how the CIL money is apportioned out according to the priorities in the Section 123 List in particular for SANGs and parishes.
- 2.3 It should be noted that from 1st September 2019, new amendments to the CIL regulations introduced a requirement for Councils to publish "infrastructure funding statements". These statements will replace existing

Regulation 123 lists and should include details of how much money has been raised through developer contributions and how it has been spent. Statements must be published on local authority websites at least once a year. Councils will be required to publish their first statements by 31 December 2020. Work on this has been delayed by Covid 19.

2.4 Payments to parishes' payable from 1st October 2019 for income collected in the last reporting period were as follows:

- a. Chobham £23,641.66
- b. Windlesham Parish £16,246.70

3. Options

3.1 The options for the Executive to agree are:

- (i) To NOTE the income received in the period 1st September 2019 to 31st March 2020 as set out in Annex 1.
- (ii) To NOTE the likely changes to CIL collection to reflect the impact of Covid19 on the development industry

3.2 The Executive is asked to agree options (i) and (ii).

4. Proposals

4.1 In the period 1st October 2019 – 31st March. A total of £1,013,934.13 has been collected for the reporting period 1st October 2019 – 31st March 2020. Of the total amount collected for this period, £293,164.60 is retained by the Council, to be spent on key priorities, with £576,638.26 payable to SANGS.

4.2 The government is concerned at the economic impact of Covid 19 on the development industry and in particular housebuilding. It will be publishing amended regulations to modify the collection of CIL and S 106 payments but is asking local authorities to modify their collection regime in the interim as follows:

- CIL charging authorities are encouraged to consider making use of the ability to introduce an instalment policy (or amend an existing instalment policy); and
- noting the government's clear intention to introduce legislation to permit deferral of CIL payments and disapply late payment interest for SMEs, CIL collecting authorities are encouraged to use their discretion in considering what, if any, enforcement action is appropriate in respect of unpaid CIL liabilities; and
- CIL authorities should take a positive approach to their engagement with SME developers, to ensure CIL liabilities do not cause undue burdens over the period of disruption caused by the coronavirus;
- CIL authorities should note the existing flexibilities they have around enforcing CIL for larger developers, including flexibilities over the imposition

of surcharges. Late payment interest will remain mandatory where such flexibilities are used.

- 4.3 Officers will bring forward a revised collection policy once the amended regulations have been published and in the interim will apply a flexible approach to collection where appropriate.
- 4.4 In addition, as part of the work for the Infrastructure Funding Statement officers will bring a revised infrastructure list and proposals for bidding for project funding in the non-parished wards to Executive later this year.

5. Supporting Information

- 5.1 CIL is only payable on development which creates net additional floor space, where the gross internal area of new build exceeds 100 square metres.
- 5.2 The CIL income received from each development is proportioned as follows:
 - 5% - Administration
 - 15% -to local neighbourhood ward or Parish (25% where Neighbourhood Plan adopted))
 - £125.00 per sqm (charged on net additional floor space created) - to SANG (Suitable Alternative Natural Greenspace)
 - Balance of income allocated to Surrey Heath BC CIL Main Fund for spending on the priorities, as set out in the Council's Section 123 List.
- 5.3 Surrey Heath Borough Council also operates an instalment policy. The Instalment policy requires the SANG element of the charge to be paid on commencement of the development, with the remaining instalment payments allocated, as set out in paragraph 5.2 above.
- 5.4 The expenditure of CIL is governed by regulations. Thus payments must be reported half yearly to Executive and payments to parishes must be made half yearly, the Council has no discretion in this. The Council is also required to report on levy income and spending on its website on 31st December each year.
- 5.5 The CIL Regulations require that no more than 15% of CIL collected within parishes and wards is payable. The payment to parishes and wards, in the absence of a neighbourhood plan, is currently capped at £100 per annum for each existing Council tax dwelling. Where neighbourhood plans have been adopted, 25% of CIL collected within parishes and wards is payable. This is uncapped.
- 5.6 The Windlesham Neighbourhood plan was adopted at Full Council on 12th June 2019. This covers the Windlesham ward only within the Windlesham Parish area. From 12th June 2019, this ward will receive 25% of CIL collected within this ward. CIL collected in the other areas of Windlesham Parish remains at 15%. To date, no CIL has been collected from development in this ward since the neighbourhood plan was adopted.

5.7 Under the CIL Regulations, the Levy portion collected for Parishes and Wards from new development must be spent on infrastructure provision in the local area in which development takes place.

5.8 Funding received for neighbourhoods in excess of the capped limits (currently capped at £100 per annum for each existing Council tax dwelling), is retained by the Council (as the Local Charging Authority) to spend on General Levy funds. This must be spent on infrastructure.

6. Corporate Objectives And Key Priorities

6.1 PLACE - to make Surrey Heath an even better place where people are happy to live.

6.2 PROSPERITY - 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 The legislation requires that that 15% of CIL funds received are transferred to a Parish Council where development has occurred in that area, 25% where that Parish Council has a Neighbourhood Plan. Payment commenced on 28th October 2015 and six monthly periods thereafter.

9. Governance Issues

9.1 Surrey Heath BC may arrange the transfer of CIL revenue to Surrey County Council as part of a programme to prioritise improvement of infrastructure in the Borough. This will be for projects or assets that are normally delivered through County Council resources. Such projects would be agreed on a case basis by the Executive.

10. Sustainability

10.1 CIL will enable the Borough Council to direct funding to those projects which it believes best meet the needs of the local community and to support a sustainable community with the Borough.

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. In addition the prior consent regime takes

development outside of CIL, the government is proposing to extend this regime.

Annexes	Annex 1 - List of CIL Income 01/10/2019 – 31/03/2020
Background Papers	None
Author/Contact Details	Steven Appleby - Community Infrastructure Levy Delivery Officer steven.appleby@surreyheath.gov.uk
Head of Service	Jenny Rickard – Executive Head of Regulatory