

## **Community Infrastructure Levy - Revised Approach Bidding for and Distribution of Funding Including Updating of the Regulation 123 List**

### **Summary**

As part of the work preparing for changes in how (Community Infrastructure Levy (CIL) is required to be reported it is proposed to amend the Regulation 123 list to identify a new list of Strategic Infrastructure Funding priorities and to revise the process for bidding for CIL funding for local projects and allocation of that funding in the non-parished wards through a new Local Community Improvement Fund.

### **Portfolio Finance**

**Date Portfolio Holder signed off report – 9 October 2020**

### **Wards Affected**

**ALL**

### **Recommendation**

The Executive is advised to RESOLVE that

- (i) the revised approach to bidding for Community Infrastructure Levy funding to establish a Local Community Improvement Fund as set out in Appendix 1 for the non-parished areas be agreed;
- (ii) the revised approach to distribution of funding through pooling of the funds for the non-parished wards to create the Local Community Improvement Fund for those areas be agreed; and
- (iii) the revised Regulation 123 List as set out in Annex 2 to this report be agreed.

## **1. Resource Implications**

- 1.1 Community Infrastructure Levy (CIL) includes a contribution toward the cost of administration of the scheme. As signalled in the report on CIL income for 2019/20 submitted to the Executive in June 2020 Covid 19 is impacting on income. To date the monies raised have covered the cost of administration, however income has dropped considerably in 2020/21 and is now being closely monitored.
- 1.2 Funding for projects must be covered by the available funds. Income has declined in 2020/21 as developers reduce rates of build, new projects are slow to come forward and developers seek to rephase payments by instalments as allowed for by recent government guidance. This income trend seems set to continue into 2021/22. There will therefore be less income available for projects in the short to medium term but development impacts will also be slower to arise.

## **2. Key Issues**

## CIL Funding

- 2.1 The CIL income received from each development is proportioned as follows.
- 5% - Administration
  - 15% -to local neighbourhood ward or Parish (25% where a Neighbourhood Plan is adopted)
  - Funding for SANG (Suitable Alternative Natural Greenspace), the amount is dependent on area and scheme type.
  - The balance of income is allocated to the Surrey Heath BC CIL Main Fund for spending on the strategic priorities, as set out in the Council's Regulation 123 List.
- 2.2 The 15% funding to parishes is paid direct to them as required by the CIL Regulations and they are under no obligation to share that money with other areas. The 15% CIL funding to non-parished areas is discretionary and was agreed by the Executive, this money could be pooled if so desired. This approach would benefit those wards where no development is occurring but the impacts of development are nonetheless being felt.
- 2.3 Bidding for funding is currently submitted by Councillors and there is little or no opportunity for Community Groups to submit bids directly.

### The Regulation 123 List

- 2.4 The current Regulation 123 List was adopted by the Council in 2014 and apart from one minor change has not been reviewed since. The current project areas identified need updating to reflect changing Council priorities and needs of the Borough, particularly in the light of the emerging Local Plan.

## **3. Options**

- 3.1 The options for the Executive are to :
- (i) Agree the recommendation
  - (ii) Not Agree the recommendation
- 3.2 The Executive is asked to agree the recommendation

## **4. Proposals**

### Distribution of CIL Funding

- 4.1 It is proposed that going forward funds for non-parished wards be pooled into a single fund for those areas. The priority will be given to funding projects in those non-parished experiencing development but with any unspent funding then being opened up to the other non-parished wards and to schemes where SHBC is only a part funder. It is

suggested that this fund should be opened up to bidding from Community Groups for capital projects as a Local Community Improvement Fund.

- 4.2 It is further suggested that the first bid round be opened on 1<sup>st</sup> December 2020, closing on 31<sup>st</sup> January 2021 to be reported to Executive in April 2021 providing no issues affected by purdah for local elections arise.
- 4.3 It is suggested that there are two bid rounds per financial year, to be publicised on the Council's website with a dedicated webpage. Groups will need to submit properly formulated bids, with clear financial information and accountability identified. A draft bid form is attached as Annex 1. Bids will be checked by officers before being submitted to Executive for consideration.

#### Regulation 123 List

- 4.4 The Regulation 123 List currently identifies the following areas for funding, this does not preclude other types of projects coming forward.
- 1) Shared Suitable Accessible Natural Greenspace (SANG) – Shared SANG includes SANG provided for development which cannot secure its own SANG solution.*
  - 2) Open Space (with the exception of Shared or On-Site SANG) which is not directly related to a development.*
  - 3) Local Transport Projects and Pedestrian Safety Improvements which are not directly related to a development.*
  - 4) Play Areas & Equipped Playing Space which are not directly related to a development.*
  - 5) Indoor Sports & Leisure Facilities which are not directly related to a development.*
  - 6) Community Facilities not directly related to a development.*
  - 7) Waste & Recycling not directly related to a development.*
  - 8) Strategic Transport Projects.*
- Flood Defence & Drainage Improvements which are not directly related to a development.*
- 4.5 Having reviewed the funding available and the projects being funded and in the light of the needs being identified by the emerging Local Plan. It is proposed that waste and recycling be removed from the list as no projects have been identified. That flooding also be removed as

this work is currently being funded by other grant funding from the Environment Agency or through the SANGs provision.

- 4.6 It is proposed that reference to transport be amended to local sustainable transport e.g. electric vehicles and that climate change and digital infrastructure projects be added to the list. The revised list is set out in Annex 2.

## **5. Corporate Objectives And Key Priorities**

- 5.1 This project supports the objective to make Surrey Heath an even better place to live. It also supports prosperity in sustaining the local economy so that people can work and do business across Surrey Heath.

## **6. Policy Framework**

- 6.1 The ability to set a CIL charge is set out in the Planning Act 2008 ( as amended) and the Community Infrastructure Levy Regulations 2010 ( as amended).

## **7. Legal Issues**

- 7.1 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.

## **8. Governance Issues**

- 8.1 The decision making for award of CIL funding will move from a CIL Governance Panel which no longer meets, to approval by Executive to provide a more transparent process.
- 8.2 Surrey Heath has agreed to create a ring fenced fund through allocation of £100,000 per year of CIL income for transfer 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.

<b>Annexes</b>	<b>Annex1 Draft Community Improvement Fund bid form and guidance Annex 2 Proposed Regulation 123 List</b>
<b>Background Papers</b>	<b>None</b>
<b>Author/Contact Details</b>	<b>Jenny Rickard – Executive Head of Regulatory</b>
<b>Head Of Service</b>	<b>Jenny Rickard – Executive Head of Regulatory</b>

## **Surrey Heath Borough Council**

### **Local Community Improvement Fund 2020-2021**

#### **Project Application Form and Guidance**

##### **Guidance notes**

What is CIL and how is it allocated

The Community Infrastructure Levy (CIL) allows the Council to raise funds from some forms of new development to help fund the infrastructure needed to mitigate the impacts of new development. CIL funds are used for either local infrastructure or infrastructure of wider strategic benefit to the borough. The Council has been collecting CIL since XXX 2014.

An initial 5% of CIL funds collected is retained by the council for administration purposes and 15% of the funds are allocated to parishes and wards for infrastructure projects which are required in the communities where development took place.

The funds for parished areas are paid to parish councils and bids can be made to them. For bids for funding in the non-parished areas priority will be given to funding projects in those non-parished experiencing development but with any unspent funding then being opened up to the other non-parished wards and to schemes where SHBC is only a part funder.

##### **Strategic Priority Programme**

The remaining CIL funds are allocated towards strategic borough-wide infrastructure, such as SANGs or highway schemes to support and enable growth. The strategic CIL funds are allocated through the Strategic Priority Programme (SPP). The SPP sets out the priority projects the council will fund through strategic CIL and identifies the amount of funding agreed via the Strategic CIL Working Group.

The Project Application form must be completed for each project that an infrastructure provider wishes to be considered for inclusion in the SPP.

##### **What is not eligible for CIL funding**

- Projects that have commenced prior to an application being submitted
- Ongoing revenue costs for a project
- Annual maintenance or repair
- Projects promoting a political party
- Projects that conflict with existing council policies
- VAT that you can recover

## Payment of CIL funds if awarded

Successful projects must be able to commence within the twelve months following the award and acceptance of the terms and conditions. Where relevant, the CIL funding will be conditional upon the applicant obtaining any necessary building regulations and/or planning permission and any other consents or permissions as may be required.

Payment will be made after completion of the project and submission of verifiable invoices. In some cases the Borough Council make require checks to show the project has been satisfactorily completed. The original invoices/receipts need to be submitted to the council as proof of expenditure. You must have a bank account in the name of your organisation into which the council will pay the funding.

The CIL funding is a one-off payment and will not result in any future revenue commitment by the council. Any maintenance responsibility, revenue liability or ongoing future funding related to the application lies with the Applicant.

The assessment process is competitive and not all applications will be funded. There is no right of appeal against the decision.

## Publicity

The applicant will need to agree to publicise the support of Surrey Heath Borough Council and the council reserves the right to use images of the project resulting from the award of the CIL funding as part of any publicity material that it may wish.

## Completing the application form

The deadline for submission of completed applications to the Council for this funding round is midnight on XXXXXXXX.

To discuss a potential project or for further guidance, please contact  
XXXXXXXXXXXXXX

Please submit the completed application form and supporting evidence via email to XXXXXXXXXXXX

## 2020-2021 Community Improvement Fund Project Application Form

### Overview

Applications are invited for infrastructure projects to be considered for funding from the Community Improvement Fund.

To bid for funding, you will need to fill out the following application form and submit relevant supporting material, as necessary. This should include a letter of support from your Ward Councillor(s). Please ensure the information you provide is correct and complete to the best of your knowledge.

### Deadline for applications

The deadline for submission of applications to XXXXX is **XXXXX**.

Please submit the completed application form and supporting evidence via email to XXXXXXXXX

### Please Note

Failure to answer all the questions on this form could impact upon the consideration and success of your application.

### Section A: Applicant Contact Information

Question	Answer
Organisation name	
Organisation address	
Name of main contact	
Position of main contact	
Phone number for main contact	
Email address for main contact	
Type of organisation (If a charity, please provide registration number)	
Is the organisation able to reclaim VAT?	

### Section B: Project Overview and Strategic Case

Question	Answer
1) Project Title	
2) Summary of the project proposal	
3) Full address of project location	

## Annex 1

4) Project partner/s (if applicable)	
5) How will the proposed project help address the pressures caused by development in the borough?	
6) What problem is the project addressing, and what are the expected outcomes?	
7) Please provide details of any supporting council policy, strategy, programme, action plan, etc.	
8) Why is strategic CIL funding being sought? What other sources of funding have been considered and applied for? Please specify which elements of the project, the funding secured is required to deliver.	
9) Is there a related revenue spend associated with the project once it is complete, and if so, how will this be addressed?	
10) Please set out the detailed breakdown of the estimated project cost and provide supporting costing documentation (e.g. planned spend profile, project cost estimates, supporting quotes, procurement policy).	
11) Please set out the proposed project delivery plan, including key tasks and milestones (this can be appended to	

<p>your application). Please include plans and maps where relevant.</p>	
<p>12) Please specify whether planning permission is required, and if it has already been secured (stating reference number).</p>	
<p>13) Is there any additional information that may support the application? Remember to include a letter of support from your ward councillor(s).</p>	

**Section C: Financial Summary**

Please show in the table below the amount of CIL funding being sought and any other contributions that may have been allocated for this scheme.

<b>Funding Source</b>	<b>Amount</b>	<b>Detail</b>
CIL funding sought		
Infrastructure provider contribution		
Third party contribution		
Total cost of project		

When you have completed the application, please read and sign the declaration below and submit the application form as directed.

**Declaration**

To the best of my knowledge the information I have provided on this application form is correct.

If Surrey Heath Borough Council agrees to release funds for the specified project, these funds will be used exclusively for the purposes described. In such an event, I agree to inform the Council's CIL officer of any material changes to the proposals set out above. When requested, I agree to provide the council with all necessary information required for the purposes of reporting on the progress or otherwise of the identified project. I recognise the council's statutory rights as the designated CIL Charging Authority, which includes provisions to reclaim unspent or misappropriated funds.

Privacy Notice: By signing this form, the applicant agrees to Surrey Heath Borough Council checking all supplied information for the purposes of informing decision making. The information on this form will be stored by the Council for the sole purpose of fund processing, analysis and accounting. Information about the project may be publicised on the council website and in public material for publicity purposes. Personal data will not be disclosed without any prior agreement of those concerned, unless required by law. For further information on the council's privacy policy, please see: XXXXXXXXXXXX

All organisations involved with the application will need to sign and date the form.

Applicant organisation signature

Signed: \_\_\_\_\_

Organisation: \_\_\_\_\_

Date: \_\_\_\_\_

Supporting organisation signature (if applicable)

Signed: \_\_\_\_\_

Organisation: \_\_\_\_\_

Date: \_\_\_\_\_

## Surrey Heath Borough Council Community Infrastructure Levy: Regulation 123 List

The following list of infrastructure projects may be funded or part funded through the Community Infrastructure Levy (unless otherwise stated).

- 1) Shared Suitable Accessible Natural Greenspace (SANG) – Shared SANG includes SANG provided for development which cannot secure its own SANG solution. 1
- 2) Open Space (with the exception of Shared or On-Site SANG) which is not directly related to a development. 2
- 3) Sustainable Local Transport Projects and Pedestrian Safety Improvements which are not directly related to a development. 2
- 4) Play Areas & Equipped Playing Space which are not directly related to a development. 2
- 5) Indoor Sports & Leisure Facilities which are not directly related to a development. 2
- 6) Community Facilities not directly related to a development. 2
- 7) Sustainable Strategic Transport Projects. 2
- 8) Climate change projects 2
- 9) Digital Infrastructure Projects 2

---

1 Development sites which cannot provide their own SANG solution will contribute to shared SANG solutions by way of a CIL payment. Development which is required to provide its own bespoke SANG solution will continue to be secured by S106 obligations in line with CIL Regulations 122 & 123. Nothing in this footnote overrides the Borough Council's obligations as the competent authority for the purposes of its duties under the Conservation of Habitats & Species Regulations (2017) as amended.

2 Provision, improvement, replacement, operation or maintenance to reduce the incremental impact of development on off-site infrastructure which is not provided or required as avoidance/mitigation on or near individual development sites. This Regulation 123 List excludes projects for infrastructure which are directly related to an individual site i.e. on or near site infrastructure to avoid/mitigate impact arising from that site. The Borough Council may apply CIL, continue to seek S106 obligations, or a mix of S106 and CIL, toward on or near site infrastructure in line with the Infrastructure Delivery SPD and in accordance with Regulations 122 and 123 of the Community Infrastructure Levy Regulations 2010 (as amended).

NOTE: To enable delivery of new residential units that are not CIL liable but nonetheless include a net increase in residential units the Council will require

such development to contribute toward the cost of the ongoing management and maintenance of SANG through a Unilateral Undertaking. This is to meet the requirements of the Conservation of Habitats and Species Regulations 2017, (or as subsequently amended). The Council will levy a contribution of £112.50 per square metre for the residential floorspace created. This is the management and maintenance cost of SANG.

The types of development affected include:  Change of use to Residential use through the Prior Approval process under the General Permitted Development Order 2015 (or as subsequently amended);  Self / custom build homes;  Affordable Housing and Starter Homes as defined in the National Planning Policy Framework (NPPF);  Applications where less than 100sqm residential floor space is created;  Conversions to residential use from other use classes (as set out in the Town and Country Planning Use Classes Order), through planning permission, where not CIL liable;  Conversions to a C2 use where the development may be considered to give rise to likely significant effect to the SPA.

For residential conversions within use class C3 (Residential) and C4 (Houses of Multiple Occupation), where no additional floorspace is created but the overall number of units increases, avoidance measures must also be provided through the allocation of SANG, with contributions charged as set out in paragraphs 6.7-6.10 of the Thames Basin Heaths Special Protection Area Avoidance Measures Supplementary Planning Document (2019).

The development types above may not form an exhaustive list of residential developments providing net additional units that are not CIL liable. The Council will seek appropriate SANGs contributions for any other residential development types that are not CIL liable but are required to provide avoidance measures for their impact on the Thames Basin Heaths Special Protection Area.