

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 £726,106.10 for the reporting period 1st October 2020 – 31st March 2021.

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

Portfolio: Finance

Date Portfolio Holder signed off report – 25 May 2021

Wards Affected

All

Recommendation

The Executive is advised to NOTE:

- (i) the income received in the period 1st October 2020 to 31st March 2021 as set out in Annex 1
- (ii) the amended CIL regulations due to the impact of Covid19 on the development industry
- (iii) the possible implications of State Aid for CIL payments
- (iv) that no change is recommended to the Neighbourhood CIL pooling arrangements at this time.

1. Resource Implications

- 1.1 CIL includes a contribution toward the cost of administration of the scheme. The monies raised are currently 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- 2.1 Section 106 payments have largely been replaced by Community Infrastructure Levy contributions although restrictions on the 'pooling' of section 106 planning obligations to fund infrastructure have now been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 ward and parish in the period 1st October 2020 – 31st March 2021. 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 during this reporting period, the second national lockdown took place due to Covid 19, with some aspects of the building industry temporarily shut down. As a consequence, this has had an impact on the amount of CIL receipts collected by the Council during this reporting period.as is shown in the table below.

CIL income April 2018 to March 2021

April 2018- September 2018	£1,926,672.71
October 2018 – March 2019	£1,251,433.76
April 2019 – September 2019	£1,299,716.82
October 2019 – March 2020	£1,013,934.13
April-September 2020	£740,106.93
October 2020-March 2021	£726,106.10

- 2.4 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. The Council published its first Infrastructure Funding Statement (IFS) in December 2020 (dated November 2020) for the period 19/20 and it is available to view on the website. The Council’s current November 2020 Regulation 123 List (also known as the Strategic Infrastructure Spending Priorities) is appended to this report (see Annex 2). Future CIL spending priorities will align with the Regulation 123 list but are not limited to this.
- 2.5 In October 2020 the Executive agreed to pool the Neighbourhood CIL contributions to allow wards that don’t deliver new development but that do experience its impact to have access to CIL funding and also to allow the community to bid for funding. Funding is only for small scale local capital projects and is at the discretion of the Councils Executive subject to availability of funding. Information on the Fund bidding process is published on the Councils website. The next bidding round will open in June.
- 2.6 Payments to parishes’ payable from 1st April 2021 for income collected in the last reporting period were as follows;
- a. Chobham £1,092.83
 - b. West End £37,849.89
 - c. Windlesham £119,829.04

3. Options

3.1 The Executive is requested to agree the following:

- (i) To NOTE the income received in the period 1st October 2020 to 31st March 2021 in Appendix1
- (ii) To NOTE the amended CIL regulations due to the impact of Covid19 on the development industry
- (iii) To NOTE the possible implications of State Aid for CIL payments
- (iv) To NOTE that no change is recommended to the Neighbourhood CIL pooling arrangements at this time.

3.2 There are no other alternative options being proposed.

4. Proposals

4.1 In the period 1st October 2020 – 31st March 2021, a total of £726,106.10 has been collected. Of the total amount collected for this period, £300,604.70 is retained by the Council, to be spent on key priorities, with £154,698.46 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 has published amended regulations to modify the collection of CIL and S 106 payments asking local authorities to modify their collection regime 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
- 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.

These amendments came into effect on 22nd July 2020.

4.3 Since this time, the Council has received a number of requests to defer or pay by instalment. Surrey Heath operates an instalment policy (see para 5.3 below) but has also agreed bespoke instalment arrangements in certain cases. In order to comply with the Habitat Regs. it remains a requirement that SANG monies are paid prior to commencement of works.

- 4.4 The issue of whether exemption from CIL are deemed a subsidy control post 1st January 2021 is still unclear. However, the new de minimus threshold of approximately £345,000, should result in any potential subsidies being very much the exception. Officers will be mindful of any further guidance on this issue but do not expect any issues.
- 4.5 The Council is currently required to pay 15% of CIL received in parishes to the Parish Councils (25% where a neighbourhood plan exists) to match this 15% is ring fenced for non-parished wards. The remaining monies are divided between the SANGs pot to cover costs for avoidance measures, administration and a CIL main fund to cover strategic costs and contributions to Surrey County Council.
- 4.6 It has been suggested that this amount also be paid to the parishes or wards. At this time, however, it is considered that the current approach be maintained for the following reasons. Some of the money is ring fenced for feasibility work for Surrey County Council schemes as agreed by Executive. The remaining monies are intended to be used for larger schemes that have Boroughwide benefits in accordance with the Regulation 123 list as adopted by the Council.
- 4.7 Officers have informally suggested to Surrey County Council that for highways two such schemes could be: improvements to Frimley High Street and the A325 roundabout to address the impact of traffic accessing Frimley Park Hospital on the businesses in adjoining industrial estates and in Frimley centre; and , improvements to the A322 through Bagshot, Bisley, Lightwater and West End to address the impact of traffic flows from development in surrounding areas including that from Brookwood and Bracknell. As future funding for transport improvements will now be devolved to Counties rather than Local Enterprise Partnerships the CIL Main Fund represents a resource to offer match funding for county contributions and a fund for initial feasibility work on schemes. This would not be possible if money is distributed to parishes.

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 Accessible 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 Regulation 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. The Windlesham ward is the only ward in the Borough to have adopted a neighbourhood plan.
- 5.6 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.
- 5.7 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.
- 5.8 During the last reporting period, the payments to wards were as follows:
- Frimley Green £4,619.82
Mytchett & Deepcut £44,413.06
Town £1,547.02
Watchetts £3213.00

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.
- 8.2 For clarity, funds for a ward or a parish are allocated from the total CIL income for a development. Annex 1 does not include total CIL income but only income received during the reporting period, which may be an instalment payment. The allocations will therefore depend on what stage of the instalment process the developer is at. For example, the £53,649 to the parish under 17/0889 is 15% of the total charge of £357,660, not 15% of £109,285.

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 01/10/2020 – 31/03/2021 Annex 2 – Regulation 123 List
Background Papers	
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ANNEX 1

<u>CIL INCOME</u>		
<u>Frimley Green</u>	<u>CIL Receipts Received</u>	
<u>Ref 19/0042</u> <u>91,Worsley Road,Frimley</u> Erection of a detached dwelling Total Received	£15,780.82	<u>Allocation</u> (£1539.94 Admin) (£4619.82 Ward) (£875.00 SANG) (£8746.06 Main Fund) £15,780.82
<u>Mytchett & Deepcut</u>	<u>CIL Receipts Received</u>	
<u>Ref 18/0527</u> <u>Land adjacent to 4,Coleford Bridge</u> <u>Road.Mytchett</u> Erection of a detached dwelling	£8,428.10	(£1,264.21 Admin) (£3,792.60 Ward) (£3,371.29 Main Fund)
<u>Ref 19/0021</u> <u>Doone Cottage,Linfield & Little</u> <u>Rosewarne</u> <u>Potteries Lane, Mytchett</u> Erection of 6no three bed & 2no two bed dwellings	£49,439.31	(£9,150.64 Admin) (£27,451.92 Ward) (£3,050.00 SANG) (£9,786.75 Main Fund)
<u>Ref 20/0279/FFU</u> <u>Deepcut Business Centre, 123-127</u> <u>Deepcut Bridge Road</u> <u>Deepcut</u> Erection of 3no three bedroom terraced dwellings	£87,790.29	(£4,389.51 Admin) (£13,168.54 Ward) (£43,625.00 SANG) (£26,607.24 Main Fund)
Total Received		£145,657.70
<u>Town</u>	<u>CIL Receipts Received</u>	
<u>Ref 20/0280/FFU</u> <u>Bradley Court, 3 Knoll Road,</u> <u>Camberley</u> Second floor extension to form additional 1 bed flat	£10,313.47	(£515.67 Admin) (£1,547.02 Ward) (£5,125.00 SANG) (£3,125.78 Main)
Total Received		£10,313.47

<u>Watchetts</u>	<u>CIL Receipts Received</u>	
Ref 18/0240 <u>78, Watchetts Drive, Camberley</u> Two Storey Rear Extension	£21,420.00	(£1,071.00 Admin) (£3,213.00 Ward) (£17,136.00 Main Fund)
Total Received		£21,420.00
<u>Parish</u>		
<u>Chobham</u>	<u>CIL Receipts Received</u>	
Ref 18/1017 <u>Holly Cottage, 11a, Killy Hill, Chobham</u> Erection of a detached 3 bedroom chalet bungalow and detached single garage, following demolition of the existing.	£7,285.55	(£364.27 Admin) (£1,092.83 Parish) (£5,828.45 Main Fund)
Total Received		£7,285.55
<u>West End</u>	<u>CIL Receipts Received</u>	
Ref 18/0311 <u>Land to the rear of Thurdon, Bear Cottage and Homeleigh, Beldam Bridge Road, West End</u> Erection of three 4 bedroom and one 5 bedroom dwellings.	£37,849.89	(£37,849.89 Parish)
Total Received		£37,849.89
<u>Windlesham</u>	<u>CIL Receipts Received</u>	
Ref 18/0499 <u>45, Guildford Road, Bagshot</u> Erection of a two storey building comprising five 2 bed flats.	£50,000.00	(£23,375.00 SANG) (£26,625.00 Main Fund)
Ref 19/2258/PMR <u>89-91, Guildford Road, Lightwater</u> Erection of three 4 bed and three 3 bed dwellings.	£107,914.88	(£68,250.00 SANG) (£39,664.88 Main Fund)
Ref 17/0889 <u>Land adjacent to 1 Whitmoor Road, Bagshot</u> Erection of 16 dwellings.	£109,285.00	(£17,883.00 Admin) (£53,649.00 Parish) (£37,753.00 Main Fund)

<u>Ref 18/0667</u> 24 & Greenways, 26, London Road, Bagshot Erection of three storey building to provide 12 one bed & 13 two bed retirement apartments.	£220,598.79	(£22,060.04 Admin) (£66,180.04 Parish) (£10,398.46 SANG) (£121,960.25 Main Fund)
Total Received		£487,798.67
Grand Total	£726,106.10	