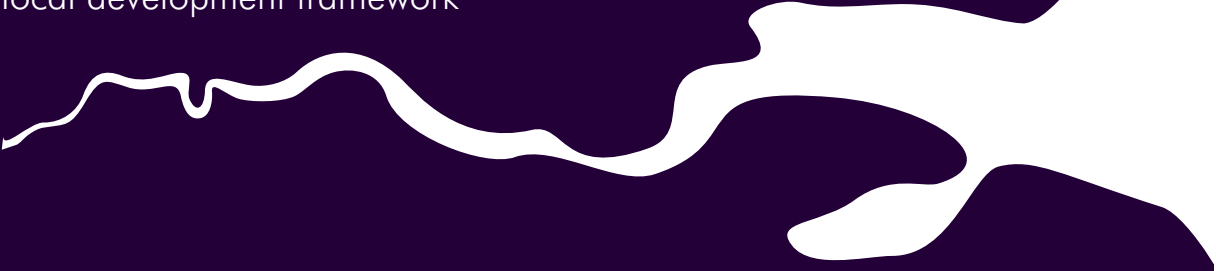


community infrastructure levy
july 2015

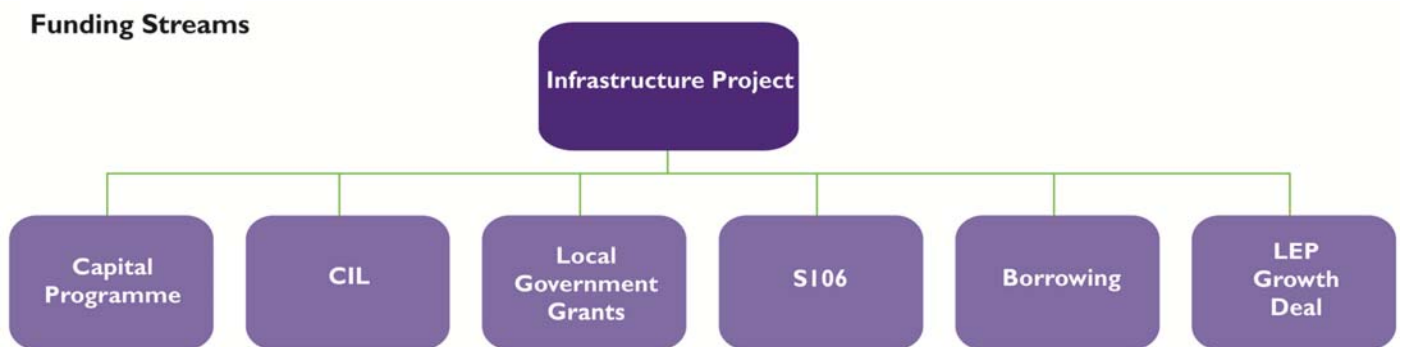
southend on sea borough council
local development framework



Community Infrastructure Levy (CIL) Governance Framework

1 Context

- 1.1 Southend Borough Council's CIL Charging Schedule will come into effect in July 2015 and therefore the following reporting and spending arrangements will be operational from the end of April 2016 onwards (as the reporting year must relate to the financial year).
- 1.2 Development presently being constructed and proposals already with planning permission will not be CIL liable. Therefore, there will be a transitional period between the new and old systems and it is not expected that there will be standard annual CIL receipts until Year 4 of implementation (2018/19).
- 1.3 CIL is just one funding stream that can be used in conjunction with others to fund infrastructure projects. See examples of other funding streams in the diagram below.



- 1.4 Although the priority to date has been to devise the policy and set up processes to collect CIL, there is a need to formalise future governance arrangements for CIL spend/allocation.

2 Statutory Requirements

- 2.1 As a Charging Authority, Southend Borough Council is responsible for determining CIL spend. The statutory guidance states that Charging Authorities should work closely with County/Town/Parish Councils in setting priorities on how CIL is spent. In the context of Southend, this would include Leigh Town Council.
- 2.2 Each year, 15% of CIL receipts will need to be spent on locally determined infrastructure in areas where development takes place – this is referred to below as the 'Neighbourhood Allocation' (up to a maximum of £100 per existing Council Tax dwelling). This will rise to 25% for those areas with an adopted neighbourhood plan in place but there are currently no Neighbourhood Plans in place in the Borough. As Leigh Town Council (LTC) is a Parished area 15% of CIL receipts from developments within the boundary of the Town Council must be passed to LTC. In the non-Parished areas the Neighbourhood Allocation is held by the Council for

spending on local neighbourhood infrastructure projects. A further 5% of CIL receipts can be retained by Charging Authorities for administrative costs.

- 2.3 As part of producing the CIL Charging Schedule, there is a requirement to produce a list (Regulation 123 Infrastructure List) of infrastructure projects or types that may be funded in whole or in part by CIL (although this list does not apply to the Neighbourhood Allocation). This list will be published on the Council's website, reviewed annually and can be amended following local consultation.

3 Governance

- 3.1 The governance framework for CIL is set out in Appendix 1, which shows in diagrammatic form the spending and reporting arrangements that would in place from April 2016 onwards.

CIL Annual Report

- 3.2 There is a requirement for Southend Borough Council (SBC), as a Charging Authority, to prepare an annual report detailing CIL receipts, balances and spend for each financial year. Leigh Town Council (LTC) will also have to produce a similar annual report relating to their Neighbourhood Allocation; however, as this is not required to be provided to SBC until 31st December 2016, the first SBC CIL Annual Report will exclude LTC CIL Annual Report but from April 2017 onwards will be incorporated.

Estimated CIL receipts

- 3.3 It is anticipated that after the 'lag' period outlined in paragraph 3.1 CIL receipts will average £428,760 per year if development continues at same pace as the last 3 years. Therefore, up until the end of the plan period 2021 the projected CIL income is as follows:

2018/19	2019/20	2020/21	
£428,760	£428,760	£428,760	TOTAL: £1,286,280

Including:

Neighbourhood Allocation of 15%: £192,942 (£64,314/year)

Administration costs up to 5%: £64,314 (£21,438/year)

These figures are broad estimates based on an average floor area for new dwellings, and affordable housing provided at 20%. CIL receipts will be affected by a number of other factors, which are more difficult to forecast, such as pace of development, CIL relief for self-build dwellings and windfall development. The estimated annual Neighbourhood Allocation (i.e. projected annual CIL receipts by ward) is shown in Table 1.

Table 1: Estimated/projected annual CIL receipts by ward

Ward	% of total Dwelling Completions by Ward between 2001 and 2012 ¹ :	Total estimated/projected CIL receipts by Ward (£/year) ²	15% Neighbourhood Allocation (£/year)
Belfairs	2%	8,078	1,212
Blenheim Park	2%	8,078	1,212
Chalkwell	6%	24,235	3,635
Eastwood Park	2%	8,078	1,212
Kursaal	16%	64,627	9,694
Leigh	5%	20,196	3,029
Milton	12%	48,470	7,271
Prittlewell	5%	20,196	3,029
Shoeburynes	16%	64,627	9,694
Southchurch	7%	28,274	4,241
St Laurence	1%	4,039	606
St Luke's	4%	16,157	2,424
Thorpe	3%	12,118	1,818
Victoria	11%	44,431	6,665
West Leigh	3%	12,118	1,818
West Shoebury	1%	4,039	606
Westborough	4%	16,157	2,424
TOTAL		403,920	60,590

Neighbourhood Allocation (Leigh Town Council)

- 3.4 15% of CIL receipts from development in Leigh Town Council (LTC) boundary will be transferred to LTC. If agreed with LTC their Neighbourhood Allocation will be transferred annually at the end of each financial year. However, in the absence of such an agreement, CIL Regulation 59D specifies that the neighbourhood portion of levy receipts must be paid every six months, at the end of October and the end of April.
- 3.5 Wards that fall, in whole or part, within Leigh Town Council (LTC) boundary are highlighted in Table 1 above; and the annual allocation to LTC is estimated as follows:

¹ Figures based on Annual Monitoring Report 2012 (if development continues at same pace as last 3 years, an average of 187 dwelling will be completed each year, deducting 20% affordable housing as non-CIL liable); and therefore the estimated/projected annual residential CIL receipts 2018/19 onwards will be **£403,920** based on average dwelling size of 72sqm and average CIL rate of £30/sqm.

² Includes **projected annual residential CIL receipts** only as no ward breakdown details for commercial uses; projected annual commercial CIL receipts amount to an additional £24,840.

Ward	Estimated annual CIL amount allocated to LTC	Estimated annual CIL amount responsibility of SBC Ward Members
Leigh (100% of ward within LTC boundary)	£3,029	£0
West Leigh (100% of ward within LTC boundary)	£1,818	£0
Belfairs (approx. 12% of ward within LTC boundary)	£145	£1,067
Blenheim Park (approx. 21% of ward within LTC boundary)	£255	£957
TOTAL	£5,247	-

3.6 As can be seen from the table above, two wards (Belfairs and Blenheim Park) are not wholly within the LTC boundary. Therefore, any CIL receipts relating to development outside LTC boundary within Belfairs and Blenheim Park will be the responsibility of the relevant SBC Ward Members.

3.7 The Neighbourhood Allocation of the levy can be spent on a wider range of projects than the rest of the levy, provided that it accords with CIL Regulation 59C to “support the development of the local council’s 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.

For example, the levy could be used to fund environmental improvements or affordable housing.

3.8 CIL guidance recommends that Parish, Town and Community Councils discuss their priorities with the Charging Authority during the process of setting the levy rates. And once the levy is in place, Parish, Town and Community Councils are recommended to work closely with the Charging Authority to agree on infrastructure spending priorities. If the Parish, Town or Community Council shares the priorities of the Charging Authority, they may agree that the Charging Authority should retain the neighbourhood funding to spend on that infrastructure. It may be that this infrastructure (e.g. a school) is not in the Parish, Town or Community Council’s administrative area, but will support the development of the area. If over the next couple of years LTC choose not to manage their Neighbourhood Allocation, this governance framework will be amended accordingly.

3.9 If LTC does not spend its levy share within five years of receipt, or does not spend it on initiatives that support the development of the area, the Charging Authority may require it to repay some or all of those funds to the Charging Authority (see CIL Regulation 59E(10) for details).

Neighbourhood Allocation (Wards outside LTC boundary)

- 3.10 In the non-Parished areas, the 15% Neighbourhood Allocation must be held separately by the Council. As set out in the CIL Charging Schedule, the Council will engage with the relevant communities at ward level to establish local infrastructure priorities.
- 3.11 The spending criteria referred to in paragraph 3.7 above also apply to the Ward Neighbourhood Allocation across the Borough.
- 3.12 When the CIL Infrastructure Business Plan (IBP) (see below for further details) is presented to Cabinet each July ward councillors will be delegated authority to agree on neighbourhood project(s) that their Ward Neighbourhood Allocation could be spent on. Upon agreement between themselves, ward councillors will be invited to submit a formal CIL Funding Bid (see Appendix 2) to the Council's Section 106 and CIL Officer.
- 3.13 If ward councillors cannot agree a Funding Bid for how their Neighbourhood Allocation is to be spent by the end of September following July's Cabinet, the Group Leaders will act as adjudicators in considering the project options and agreeing a Funding Bid. If an agreement can still not be reached then the matter will be reported back to Cabinet to make the final decision. If no decision is made by Cabinet then the funds would be rolled over to the next financial year up to a maximum of 5 years (consistent with the time period LTC have to spend their Neighbourhood Allocation).

NOTE: The Neighbourhood Allocation arrangements will be updated and amended should any Neighbourhood Plans be adopted across the Borough.

Infrastructure Business Plan

- 3.14 The Council will produce an Infrastructure Business Plan (IBP) which is updated and agreed annually. The CIL Annual Report will be appended to the IBP, which will:
- Identify the projects from the Regulation 123 Infrastructure List that will benefit from CIL receipts;
 - Set out the process and criteria for the prioritisation of infrastructure;
 - Set out the process for CIL funding and future updates;
 - Identify other funding sources;
 - Set out a cash-flow and spending plan;
 - Review the infrastructure projects contained within the Regulation 123 Infrastructure List and update if necessary.
- 3.15 It is recommended that each year the IBP prioritise a limited number of key infrastructure projects based on corporate priorities with a focus on using the prioritisation to gain match funding from other funding sources.
- 3.16 The draft IBP to be consulted and considered by Corporate Directors (who will liaise with any external infrastructure providers as necessary). Final agreement of the IBP would be made by Cabinet each July.

- 3.17 Due to the 'lag' period outlined in paragraph 3.1, it is likely that the Council will not receive any significant CIL receipts until 2018. Therefore, it is initially proposed that the first release of funds should not take place until April 2019 (i.e. CIL receipts carried forward each financial year until this point). However, this will be monitored (so that if significant sums are received they can be spent earlier) and reported to Cabinet each July following adoption and may be subject to change.

Updating the IBP

- 3.18 It is proposed that there is an annual update of infrastructure projects and infrastructure prioritisation within the IBP. The process of agreeing the updated IBP would follow the original IBP process as set out above i.e. agreement of priorities with Corporate Directors (liaising with any partner organisations/external infrastructure providers if necessary) and final agreement of IBP by Cabinet.
- 3.19 The Regulation 123 List will be reviewed annually alongside the IBP. Any resulting update to the Regulation 123 Infrastructure List would require local consultation in addition to agreement by Cabinet.

Third Party Infrastructure Providers

- 3.20 If CIL funding is allocated to a third party infrastructure provider, the CIL funding can only be used to deliver the agreed infrastructure type or project. This would be enforced by appropriate infrastructure contracts. A standard procedure will be created for the release of CIL monies for projects that are identified in the IBP.

Infrastructure Payments 'In Kind'

- 3.21 CIL Regulations 73, 73A, 73B and 74 allow a Charging Authority to accept one or more land payments or infrastructure instead of a financial payment from a developer if they wish. For example, where a Charging Authority has already planned to invest CIL receipts in a project there may be time, cost and efficiency benefits in accepting completed infrastructure from the party liable for payment of the levy.
- 3.22 The option to take the provision of infrastructure 'in kind' is discretionary and would require Infrastructure Agreements with developers and independent valuation of the land being offered. It would result in lower overall CIL receipts, but could help ensure timely infrastructure delivery.
- 3.23 SBC as Charging Authority will be publishing a Payment in Kind and Infrastructure Payment Policy together with publication of the Charging Schedule to confirm that it would accept 'in kind' infrastructure, subject to conditions including the fact that the Council will only accept land or infrastructure as payment of a CIL liability if the offer relates to infrastructure projects or types of infrastructure included in the Council's published Regulation 123 Infrastructure List.

4 Reporting, Monitoring and Review

- 4.1 The CIL Annual Monitoring Report which sets out CIL receipts, balances and spend will be published at the end of April for each financial year. Subsequently, the IBP will be drafted and reported to Cabinet in July each year to agree on how CIL funds should be spent.
- 4.2 As stated in the CIL Charging Schedule, the Council intends to commence a review of the Charging Schedule in 2018, which includes the CIL rates.

Appendix I: CIL Spending and Reporting arrangements from April 2016 onwards

End of April: SBC CIL Annual Report for financial year) published including the following details

- Total CIL receipts and details of CIL expenditure for last financial year
- Amount allocated to Leigh Town Council (15% of receipts from developments within LTC boundary)
- Amounts allocated to each ward (15% of receipts from developments within each ward excluding any development within LTC boundary)
- Details of any notice(s) served to Leigh Town Council requiring repayment of any funds not spent within 5 years of receipt
- Total amount of CIL receipts for the last financial year retained at the end of the last financial year
- Total amount of CIL receipts from other years retained at the end of the last financial year

Neighbourhood Allocation (LTC)

End of April (to be agreed with LTC): 15% of receipts from development in LTC boundary transferred to LTC

CIL Annual Report to be received from LTC by **end of December** for last financial year (included in SBC CIL Annual Report **April the following year**)

LTC CIL Annual Report to include details of any funds to be returned to SBC as not spent within 5 years (statutory requirement) and funds transferred concurrently

Neighbourhood Allocation (Wards)

July: Cabinet delegate authority to Ward Members and Corporate Director for Place (in discussion with Portfolio Holder for Regulatory Services) to agree how Neighbourhood Allocation (excluding LTC area) is to be spent

End of August: Ward Members notified of amount available to spend and invited to agree how the funds are to be spent then submit a Funding Bid to S106 and CIL Officer (Group Leaders to act as adjudicators if necessary) by **end of September**

Funding Bid agreed by Corporate Director for Place (in discussion with Portfolio Holder for Regulatory Services)

July: If no agreed Funding Bid received by September following July Cabinet, project options referred back to Cabinet to make final decision (if no decision made, roll over funds to next financial year up to a max. of 5 years)

Main CIL Fund

In liaison with CMT, S106 and CIL Officer to draft annual Infrastructure Business Plan (IBP), appending CIL Annual Report and suggesting projects from Regulation 123 Infrastructure List upon which the funds could be spent

Draft IBP to be agreed by CMT together with an annual review of Regulation 123 Infrastructure List

July: Infrastructure Business Plan (IBP) reported to Cabinet and projects to receive CIL funding agreed

End of August: Project managers notified of CIL allocation agreed by Cabinet

Appendix 2: Template for Ward Member CIL Funding Bid

Ward Member Lead/Contact:

Project Title:

Amount of funding required (i.e. total cost of project including design, installation etc.):

Project Summary (no more than 150 words):

Who will the project be delivered by?

What are the consequences of not carrying out the project?

Briefly describe how the scheme will help support the development of the ward area by funding either: 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.

What other funding sources have been identified/explored if not fully funded by the CIL Neighbourhood Allocation?

Please provide details of any on-going maintenance costs:

In accordance with the CIL Regulations 2010 (as amended) the Neighbourhood Allocation **must** be spent on schemes that will help support the development of the ward area by funding either: 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.

CIL funds allocated to wards to spend on neighbourhood projects should be for one-off spends i.e. projects that have no on-going revenue consequences for Southend Borough Council. For example:

Eligible for CIL Funding

- Environmental improvements e.g. one-off litter clearance, landscaping or open space improvements
- Public art
- Play equipment
- Street furniture
- One-off community projects or set up of a community group

Not Eligible for CIL Funding

- Projects that will require a significant amount of Southend Borough Council officer time to implement unless exceptional circumstances can be demonstrated
- Use of the funds to explore feasibility of a scheme for which funds are not yet available
- Projects that only benefit individuals or companies
- Projects that are already funded
- Projects not in line with Southend Borough Council's corporate objectives
- Projects with on-going revenue implications/maintenance costs for Southend Borough Council

