

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Corporate Director for Place

to
Cabinet
on

28th June 2016

Report prepared by:
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Community Infrastructure Levy (CIL) Annual Financial Report 2015/16

Place Scrutiny Committee – Executive Councillor: Councillor Flewitt Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1 To provide Members with the CIL Annual Financial Report for the financial year 2015/16, and confirm that CIL receipts to date should be carried forward until the end of 2016/17 with the exception of 5% administrative costs and the 15% Neighbourhood Allocation to Leigh Town Council.
- 1.2 The following recommendation and appendix is being referred to Cabinet in accordance with the arrangements set out in the CIL Governance Framework (agreed by Members in June 2015).

2. Recommendations

- 2.1 That Members note the content of this report and agree the following recommendation:
 - 2.1.1 **To note the content of the CIL Annual Financial Report 2015/16 and agree to carry forward CIL receipts to date (except Leigh Town Council Neighbourhood Allocation and 5% administrative expenses) to the next financial year (2017/18), when spending plans will be reviewed.**

3. Background

- 3.1 Southend Borough Council became a CIL Charging Authority and commenced CIL charging in July 2015.
- 3.2 As CIL charging did not commence until 27th July 2015, this first CIL Annual Financial Report reflects a partial financial year from 27th July 2015 (i.e. from adoption of a Charging Schedule) to 31st March 2016. In accordance with the CIL Regulations the CIL Annual Financial Report is to be published on the Council's website by 31st December 2016.

- 3.3 See the Council's [CIL Governance Framework](#) for further details in relation to spending and reporting for the Levy
- 3.4 As explained in the CIL Governance Framework, it was expected that there would be an initial 'lag' period for CIL income due to the number of planning permissions already in place prior to CIL adoption and the fact that planning permissions can be implemented any time within 3 years. Therefore, Cabinet has previously agreed within the CIL Governance Framework that the first release of CIL funds should not take place until **April 2019** (i.e. CIL receipts carried forward each financial year until this point). However, it was also agreed that this arrangement would be reviewed annually.
- 3.5 The total CIL receipts in the last financial year amounted to **£13,903.89**. This includes £11,123.11 in the CIL Main Fund, which is to be spent on items identified in the Council's Regulation 123 Infrastructure List; £2,085.58 (15% of total receipts) Neighbourhood Allocation; and £695.20 (5% of total receipts) to be applied to administrative expenses.
- 3.6 The £2,085.58 Neighbourhood Allocation includes the following:
- Leigh Town Council allocation £885.06
 - Milton ward allocation £248.02
 - West Shoebury ward allocation £697.50
 - Westborough ward allocation £255
- 3.7 In accordance with CIL regulation 59A and 59D, £885.06 is being transferred to the "local council" (Leigh Town Council); and in accordance with CIL regulation 61, £695.20 is being applied to administrative expenses associated with CIL.
- 3.8 In accordance with CIL regulation 59C, "A local council must use CIL receipts passed to it in accordance with regulation 59A or 59B to support the development of the local council's area, or any part of that 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."
- Leigh Town Council will have 5 years to spend CIL receipts.
- 3.9 The spending criteria referred to above also apply to the Ward Neighbourhood Allocation across the Borough.
- 4. Options**
- 4.1 Consistent with the previously agreed CIL Governance Framework it is recommended at this stage that the content of the CIL Annual Financial Report 2015/16 is noted, and that CIL receipts to date (except Leigh Town Council Neighbourhood Allocation and 5% administrative expenses) be carried forward to the next financial year (2017/18), when spending plans will be reviewed.

4.2 More significant CIL receipts are anticipated over the next two years and it may be more beneficial to wait until these receipts are received before deciding how to apply them. Hence, it is recommended to carry forward the CIL Main Fund and three Ward Neighbourhood Allocations at this stage. However, there is the alternative option of not carrying forward the CIL Main Fund of £11,123.11 and Ward Neighbourhood Allocations set out in paragraph 3.6 (including Milton, West Shoebury and Westborough).

4.3 If it is decided to pursue the alternative option and spend 2015/16 receipts in 2016/17, then the following amended recommendations will need to be agreed:

4.3.1 Corporate Director for Place to prepare an Infrastructure Business Plan, identifying the project(s) from the Regulation 123 Infrastructure List that will benefit from CIL receipts within the CIL Main Fund, for consideration by Cabinet and spending in 2016/17.

4.3.2 Delegate authority to Ward Members and Corporate Director for Place (in discussion with the Executive Councillor for Housing, Planning and Public Protection) to agree how Neighbourhood Allocation (excluding allocation to Leigh Town Council area) is to be spent.

4.4 If the alternative option set out in paragraph 4.3 is pursued then in accordance with the procedure set out in the CIL Governance Framework, ward councillors will, after Cabinet, be invited to agree a Funding Bid by the end of September 2016 for how their Neighbourhood Allocation is to be spent. Ward councillors will be invited to engage with their local community at ward level to establish local infrastructure priorities/neighbourhood projects requiring funding.

5. Reasons for Recommendations

5.1 The CIL receipts to date are relatively nominal sums of money. More significant CIL receipts are anticipated over the next two years and it may be more beneficial to wait until these receipts are received before deciding how to apply them to infrastructure projects. Hence, it is recommended to carry forward the CIL Main Fund and three Ward Neighbourhood Allocations at this stage.

6. Corporate Implications

6.1 Contribution to Council's Vision & Corporate Priorities

CIL income will be spent on community infrastructure that supports development in the Borough (as defined in the Council's published Regulation 123 Infrastructure List). As such, this will support a number of the Council's Corporate Priorities, including creating safer, cleaner, healthier and more prosperous communities. CIL is therefore considered to be a key corporate priority.

6.2 Financial Implications

As expected, the previously projected CIL income of approximately £429,000/year is unlikely to be realised until 2018 as it is only 9 months since adoption of a CIL Charging Schedule and there will be a number of extant

planning permissions granted prior to a CIL Charging Schedule being in place. Also, it is difficult to estimate with any accuracy the likely income from CIL as any estimate is highly sensitive to multiple assumptions and variables such as exemptions and deductions.

6.3 Legal Implications

All procedures in relation to the CIL implementation, collection and reporting must adhere to the Planning Act 2008 (as amended) and the Community Infrastructure Levy Regulations 2010 (as amended). The relevant CIL regulations have been set out in the CIL Annual Financial Report.

6.4 People Implications

None.

6.5 Property Implications

CIL should have a negligible impact on Council assets.

6.6 Consultation

None required unless pursuing the alternative option set out in paragraph 4.3, in which case ward councillors will be required to consult their local communities in relation to neighbourhood projects potentially benefitting from CIL.

6.7 Equalities and Diversity Implications

CIL income and the continuation of S106 planning obligations, as appropriate, contributes towards infrastructure and other community needs made necessary by development thus taking into consideration issues of equality and diversity.

6.8 Risk Assessment

There is a slight risk that spending the £11,000 this year on small projects, rather than waiting and carrying the money forward to spend a bigger 'pot', may be less effective in enabling the Council to meet our infrastructure needs.

6.9 Value for Money

The CIL Charging Schedule is an important means of ensuring value for money for the wider community from development.

6.10 Community Safety Implications

None.

6.11 Environmental Impact

None.

7. Background Papers/Reference Documents

The Community Infrastructure Levy Regulations 2010
The Community Infrastructure Levy (Amendment) Regulations 2011
The Community Infrastructure Levy (Amendment) Regulations 2012
The Community Infrastructure Levy (Amendment) Regulations 2013
The Community Infrastructure Levy (Amendment) Regulations 2014
The Community Infrastructure Levy (Amendment) Regulations 2015
Southend Borough Council CIL Charging Schedule 2015
Southend Borough Council Regulation 123 Infrastructure List 2015
Southend Borough Council CIL Governance Framework 2015

8. Appendices

Appendix 1: Draft CIL Annual Financial Report 2015/16