

Meeting date: 8th November 2018

Report to: Cabinet



Subject/report title: SPENDING MECHANISM FOR THE NEIGHBOURHOOD ALLOCATION OF THE COMMUNITY INFRASTRUCTURE LEVY

Report from: Cabinet Portfolio Holder for Managed Growth & Cabinet Portfolio Holder for Stronger Communities

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Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege

Public/private report: Public

Exempt by virtue of paragraph: N/A

1. Purpose of Report

- 1.1 To provide Cabinet with an update of monies received via the Community Infrastructure Levy (CIL) and seek approval for the publication of the CIL Annual Monitoring Report. Additionally, the report sets out the legislation regarding the neighbourhood allocation of the Community Infrastructure Levy and proposes a spending mechanism to allow for communities to bid for access to funding.

2. Decision(s) recommended

- 2.1 Cabinet are asked to;
- 1) To approve the publication of the Community Infrastructure Levy Annual Monitoring Report (2017/2018).
 - 2) Agree a spending mechanism where bids are received via the Stronger Communities network, assessed against a published scoring matrix and reported to CPH for Stronger Communities and Partnerships decision session for approval.

3. What is the issue?

- 3.1 The Community Infrastructure Levy (CIL) was introduced in 2010 as a more transparent, flexible and fairer way of raising developer contributions. It is a tariff

based planning charge levied on new development by local authorities to fund infrastructure to support the development of their area.

- 3.2 CIL takes the form of a tariff per m² of additional floor space. The level of the tariff is set by the local authority based on the needs identified through infrastructure planning, but is also tested to ensure that it will not affect the overall viability of development of the area. Solihull's levy rates are set out in an adopted Charging Schedule, which was approved by Full Council on 12th April 2016, with the levy being applied to liable planning approvals from 4th July 2016.
- 3.3 The CIL Regulations 2010 (as amended) require charging authorities to prepare a CIL Annual Monitoring Report (AMR) for publication on their websites by 31st December following the reporting year. The CIL AMR attached at Appendix A to this report and covers the period from 1st April 2017 to 31st March 2018.
- 3.4 Total receipts received during this period total £872,794. This equates to £698,236 added to the Strategic CIL fund, £130,919 to the Neighbourhood CIL fund and £43,639 is allocated against the budgetary expenditure of the administration of the fund.
- 3.5 Regulation 59A of the CIL regulations requires 15% of the levy to be passed directly to the Parish or Town Council where the liable development has taken place. This can be increased to 25% following the adoption of a Neighbourhood Development Plan. In the financial year 2017/2018, payments were made to Bickenhill & Marston Green Parish Council, Hampton-In-Arden Parish Council and Tidbury Green Parish Council. Parish Councils have authority under the regulations to distribute the funds without further involvement from the Charging Authority.
- 3.6 Where the Levy is collected in areas without a Parish, monies are held within a Ward allocation, with the responsibility for spending held with the Charging Authority.
- 3.7 Appendix B to this report shows a current breakdown of funding received to date within these wards.
- 3.8 Regulation 59C of the CIL regulations states the Neighbourhood allocation must be spent on:
 - 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.
- 3.9 Together with the responsibility for spending the neighbourhood allocation, the Charging Authority should consult with the local community to identify which projects should receive CIL funding.
- 3.10 The Planning Practice Guidance states that the Government does not prescribe a specific process for agreeing how the neighbourhood allocation should be spent, however Charging Authorities should consider using existing community consultation and engagement processes, together with working alongside neighbourhood groups and forums, local businesses and networks of Ward Councillors.

4. What options have been considered and what is the evidence telling us about them?

- 4.1 A full options appraisal was undertaken, following research with other Charging Authorities to determine existing neighbourhood CIL spending methods. The appraisal was also informed by discussions with other parts of the Council who undertake significant neighbourhood engagement.
- 4.2 Options were assessed against how successful they would be in delivering the following:
- Ensure Member engagement within decision making.
 - Simple process for the communities to access funds.
 - Ensure legal compliance and projects funded meet regulation tests.
 - Ensure correct of monitoring projects for the CIL Annual Monitoring Report.
 - Transparency in decision making and how projects are funded.
- 4.3 The preferred option recommends engagement with neighbourhoods to be undertaken in a coordinated approach by members of the Stronger Communities internal governance Board, which is overseen by the Assistant Director of Stronger Communities and Partnerships. Representatives of the board include officers from the authority's Neighbourhood Management team, Public Health team and Adult and Childrens Services. These teams have existing strong links with a variety of local neighbourhood groups, elected Members and external agencies. Clear guidance for neighbourhoods outlining the legislation, definitions and what can/cannot be funded by CIL will be provided by officers from Planning Design and Engagement Services. It is proposed that engagement work is carried out at the start of each financial year, with bids to be received by July/August.
- 4.4 Proposed projects will be assessed to ensure they comply with the CIL spending regulations and scored against a number of criteria, including benefits of the project, how the outcomes of the schemes align with the Councils priorities and level of public support. The standard scoring matrix will be published to ensure both transparency and to provide guidance to applicants when making funding bids.
- 4.5 Member consultation is currently taking place to gather feedback on the proposed scoring matrix and the proposed final version will be reported to Cabinet Member for Stronger Communities for approval. A draft copy of the spending matrix is attached in Appendix C.
- 4.6 Projects bids will be reported to Cabinet Member for Stronger Communities and Partnership for approval in September/October. An update of successful bids would be specified within the CIL Annual Monitoring Report, which is reported to Cabinet in December.
- 4.7 Other options considered and discounted include:
- Setting up a CIL Spending Panel, who would lead on engagement and agree sign off of projects. This option would allow transparency and member engagement, however would also result in considerable financial implication in terms of setting up of the panel and new engagement activities.

- Previously¹ Cabinet has agreed the establishment of a Growth and Development Investment Plan as a single reference plan that incorporates all infrastructure and development projects. The plan is a long term programme of infrastructure, transport, housing, regeneration, commercial and environmental projects which will unlock the growth potential of UK Central and the wider area; and provide resilience to the borough's highway network and associated infrastructure. The Investment Plan will help deliver 'managed growth' (in line with the approach set out in the Council's key strategies) through providing the necessary infrastructure/mitigation & place making needed to support the levels of growth to be accommodated as set out in the UK Central Programme and the emerging Local Plan.
- Cabinet also agreed that the previously approved² UKC governance arrangements also be used to oversee the spending of the strategic allocation of CIL, which accounts for 70-80% of funding received. The allocation of strategic CIL monies is considered for appropriate infrastructure projects in line with the Council's adopted Regulation 123 list.

The Regulation 123 list contains projects or types of infrastructure which are intended to be funded partly or wholly by CIL. The list approved by Full Council was based upon the infrastructure projects or types set out in the Infrastructure Delivery Plan and updated to include items that will support growth over the Local Plan period. It will be kept up to date to take into account any changes in circumstances and/or infrastructure needs identified in the future.

'Strategic' CIL receipts (sufficient to deliver major infrastructure projects) have been relatively limited since the levy only applies to developments obtaining planning consent following the implementation of CIL. In addition payment is not required until the development has commenced and on larger sites, developers have the option of payment via instalments throughout the lifetime of the build.

Although delegating the neighbourhood CIL to the Growth and Development Project Board (which was established as part of the UKC governance arrangements) would result in one body overseeing the all CIL funding, there is no existing clear local consultation process which could be used that would be effective and proportionate to the levels of funding available at the neighbourhood level.

5. Reasons for recommending preferred option

- 5.1 The use of the existing links within the Stronger Communities team with local neighbourhood groups and Ward Members will allow for effective engagement and consultation when determining spending of projects.
- 5.2 The assessment of projects against both the CIL regulations requirements and the Councils Priorities will ensure funds are distributed in a fairly and openly.
- 5.3 The reporting of projects for approval to CPH for Stronger Communities and Partnerships will ensure a transparent and proportionate level of decision making.

¹ Full Cabinet 13th July 2017

² Full Cabinet 12th January 2017

6. Implications and Considerations

6.1 Delivery of key themes in the Council Plan:

How will the options/proposals in this report contribute to the delivery of the key themes in the Council Plan?

- Improve Health and Wellbeing – communities will be able to bid for funds to support groups and activities, as well as to deliver enhancements to play areas, open spaces etc.
- Managed Growth – Helping to contribute positively towards the mitigation of the impacts of new development in the Borough.
- Build Stronger Communities - Creating the conditions for communities to thrive and allowing to enabling communities to be more self-reliant and working together in local areas to solve problems.
- Deliver Value – Ensuring that the funds raised are targeted effectively, and deliver value for money within the legislative constraints.

6.2 Implications for children and young people, vulnerable groups and particular communities:

6.2.1 No immediate implications as a result of this report.

6.3 Consultation and Scrutiny:

6.3.1 The preferred option will allow for neighbourhood consultation as part of determining which proposals come forward. Successful bids will also need to show that significant consultation has taken place within the respective neighbourhood.

6.4 Financial implications:

6.4.1 5% of the total levy collected is retained by the Charging Authority to recover the cost of any administration activities relating to the management of the fund. It is expected that costs associated with engagement work, assessment of the bids and preparation of reports would be recovered by the administration fund.

6.5 Legal implications:

6.5.1 As stated elsewhere in this report, Regulation 59A-59C of the Community Infrastructure Levy Regulations 2010 set out the Council's responsibility for spending of the neighbourhood allocation. The preferred option presented will ensure the Council meets its obligations under these Regulations.

6.6 Risk implications:

6.6.1 Without an appropriate spending mechanism for the neighbourhood allocation, the Council would not be undertaking its statutory duty as a charging authority to ensure use infrastructure payments to fund neighbourhood projects.

6.7 Statutory Equality Duty:

6.7.1 No implications as a result of this report.

7. List of appendices referred to

7.1 Appendix A – CIL Annual Monitoring Report

7.2 Appendix B – Current Neighbourhood Allocations

8. Background papers used to compile this report

8.1 N/A

9. List of other relevant documents

9.1 N/A