



Committee and Date

Cabinet

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Item

Public

COMMUNITY INFRASTRUCTURE LEVY – UPDATE

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1. Summary

- 1.1 The purpose of this report is to respond to the recommendations of the Performance Management Scrutiny Committee in relation to the allocation of Community Infrastructure Levy (CIL) funds.
- 1.2 CIL is a charge on new development to help fund supporting infrastructure across Shropshire. Shropshire Council took a decision in 2012 to distribute CIL receipts in the following way, and this remains the current arrangement:
 - Administrative Expenses – up to 5% of total, as set out in national regulations
 - Neighbourhood Fund – 15%, or 25% where there is a Neighbourhood Plan or Neighbourhood Development Order, as set out in national regulations

Of the remainder:

 - CIL 'Strategic' – 10%
 - CIL 'Local' – 90%
- 1.3 It is accepted that there are insufficient CIL funds to support all identified infrastructure priorities for the county. In addition, the allocation of CIL is relatively complex: Shropshire Council is the only CIL charging authority that splits CIL into Local and Strategic, as all others have a single pot. Further, CIL Local is currently administered on the basis of expressions of interest from towns and parishes for projects which effectively means it operates as a sort of 'grant' application process, although this was never the intention for the fund; the original intention was to allocate funds in a more strategic and planned way.
- 1.4 Performance Management Scrutiny Committee, following consideration of the Draft Corporate Plan 2016/17 to 2018/19, established a Task and Finish Group to look at the current and future use of developer contributions including CIL. The Group first met in March 2017, and continued to meet until July 2019.

2. Recommendations

Cabinet agree:

- 1) That Shropshire Council's current arrangements for allocation of CIL receipts, as described within this report, remain unchanged.
- 2) That the Portfolio Holder for Communities, Place Planning and Regulatory Services holds meetings of the Members' Informal Advisory Group (IAG) as required in order to review progress of CIL spend and discuss projects in relation to CIL allocations. The Portfolio Holder will involve other Elected Members, along with the chair of the Performance Management Scrutiny Committee, in IAG discussions as he deems appropriate.
- 3) That Shropshire Council will, as the charging authority, identify priority infrastructure projects for receipt of CIL Strategic and CIL Local funds as set out in the Place Plans, which will be published in September 2019. The Portfolio Holder for Communities, Place Planning and Regulatory Services will continue to liaise with the Shropshire Association of Local Councils (SALC) Working Group to implement this Place Plan-led approach.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 As Local Planning Authority, Shropshire Council is charged with ensuring that new development is accompanied by the local facilities, services, and infrastructure which are needed to support a sustainable community. The Council receives contributions from new development through various mechanisms to help mitigate its impact and to deliver infrastructure to support the development of the area. The effective management of these revenue collection mechanisms and appropriate use of the resultant revenue is essential for compliance with national legislation and to manage the impact of new development by providing the infrastructure required.

4. Financial Implications

- 4.1 New development can impose a significant burden on existing facilities, services and infrastructure, including those which are the responsibility of Shropshire Council. Whilst substantial sums are collected annually from developer contributions, including CIL and Section 106, these amounts are highly unlikely to be able to support all identified infrastructure improvements. It is therefore essential that this revenue is prioritised and used effectively for investment in infrastructure for which no other funding sources are available.

5. Background

Community Infrastructure Levy (CIL)

- 5.1 CIL is a charge on new development to help fund supporting infrastructure across Shropshire.
- 5.2 Shropshire Council took a decision in 2012 to distribute CIL receipts in the following way and this remains the current arrangement:
- Administrative Expenses – up to 5% of total, as set out in national regulations
 - Neighbourhood Fund – 15%, or 25% where there is a Neighbourhood Plan or Neighbourhood Development Order, as set out in national regulations

Of the remainder:

- CIL 'Strategic' – 10%
 - CIL 'Local' – 90%
- 5.3 The maximum administrative expenses charge is set by national regulations and cannot be altered locally. The minimum Neighbourhood Fund percentages are also set by national regulations and cannot be altered locally.
- 5.4 CIL Strategic in Shropshire will be allocated to infrastructure which is vital to the delivery of Shropshire's development strategy and which will have County-wide importance, as well as to infrastructure required in order to fulfil the Council's statutory functions. This infrastructure has the highest level of priority.
- 5.5 CIL Local funds also give highest priority to infrastructure which is vital to the delivery of Shropshire's development strategy and which will have county-wide importance, as well as to infrastructure required in order to fulfil the Council's statutory functions.
- 5.6 Decisions relating to the application of CIL funds are delegated to the Executive Director of Place who has provided onward delegations to the Assistant Director of Economic Growth to make those decisions in accordance with recommendations of the officer Internal Infrastructure Group. Officers have informally consulted the Portfolio Holder for Communities, Place Planning and Regulatory Services before making those decisions, and the Portfolio Holder has involved other Cabinet members in an Informal Advisory Group. This group has received explanation from officers and provided feedback and comment but the decisions remain the responsibility of the Executive Director of Place.

5.7 CIL Task and Finish Group

The Task and Finish Group began meeting in March 2017. Throughout its meetings, the group sought to:

- understand the processes, legal factors, and policy parameters related to the how and where monies delivered through Section 106, CIL and New Homes Bonus (NHB) can be used.
- learn how Shropshire Council currently uses Section 106, CIL and NHB and the impact that this has had.
- confirm how town councils, parish councils and hubs can access the CIL which they are responsible for and what they can use it for.
- scrutinise how Section 106, CIL and NHB will be used in Shropshire to enable or encourage projects or initiatives for economic growth and prosperity.
- learn from other places how they have used Section 106, CIL and NHB to enable or encourage projects or initiatives for economic growth and prosperity.
- make evidence based recommendations on how Section 106, CIL and NHB could be used in Shropshire to enable or encourage projects or initiatives for economic growth and prosperity.

5.8 In September 2017, the Group made a series of interim recommendations, including that:

- increased effort be directed into promoting community-led affordable housing schemes
- arrangements for allocating CIL revenue should be clarified to ensure that available funding is used to support the highest investment priorities.
- the portfolio holder for planning should be asked to agree any spending decisions made by the officer level Internal Infrastructure Group and
- a letter be sent to all Shropshire Council councillors and all parish and town councils clarifying who the responsible authorities are for various parts of the CIL revenue, and Shropshire Council's expectations on how the CIL revenue will be prioritised.

5.9 Following the interim recommendations of September 2017, the Group continued to meet over the next 18 months. The Group focussed its work on clarifying the practical implications of applying the current approach to using CIL Local funds, and the benefits of looking at alternative options for its use.

6. Recommendations of the CIL Task and Finish Group

6.1 In total, officers prepared six possible options for CIL funding allocation for consideration by the Group, but there was no consensus as to which option might be preferred. On 24 July 2019, the Community Infrastructure Levy Task and Finish Group recommended to Performance Management Scrutiny Committee that Shropshire Council should:

- (i) keep the proportion of CIL funding allocated to the Neighbourhood Fund to 15% of the total, or 25% where there is a Neighbourhood Plan in place
- (ii) include the existing members of CIL task and finish group in future meetings of the current informal officer and member CIL discussion groups

- (iii) as the charging authority, identify priority infrastructure projects as set out in the place plans by September 2019 and seek to commission delivery in the most efficient way.

Portfolio Holder response to the recommendations of the CIL Task and Finish Group recommendations

- 6.2 The Portfolio Holder for Communities, Place Planning and Regulatory Services would like to thank Performance Management Scrutiny Committee for its work in relation to developer contributions, particularly CIL and specifically members of the Task and Finish Group who have reviewed and considered the current arrangements in considerable detail. The Portfolio Holder is in broad agreement with the three recommendations made by Performance Management Scrutiny Committee, subject to minor amendments as follows:
- (i) *keep the proportion of CIL funding allocated to the Neighbourhood Fund to 15% of the total, or 25% where there is a Neighbourhood Plan in place* **First rec – the Portfolio Holder is in full agreement with this recommendation, which proposes no change to current CIL allocations.**
 - (ii) *include the existing members of the CIL Task and Finish Group in future meetings of the current officer and member CIL discussion groups* – **the Portfolio Holder is of the view that Members should be invited to discussions of the Members' Informal Advisory Group (IAG) as appropriate to the particular project(s) under discussion.**
 - (iii) *as the charging authority, identify priority infrastructure projects as set out in the place plans by September 2019 and seek to commission delivery in the most efficient way* – **the Portfolio Holder is in full agreement with this recommendation, which will simplify the current process for distribution of CIL funds to projects across the county. This approach recognises that Shropshire Council is legally responsible for the appropriate use of both CIL Strategic and CIL Local, and is obligated to spend this money in a strategic way, as laid out in the current government regulations.**
- 6.3 Taking into account the above amendments, Cabinet is asked to agree the recommendations as set out in section 2, above.
- 6.4 Subject to Cabinet approval, officers will work with the Portfolio Holder and other elected Members to progress the recommendations, as outlined and amended, above.
- 6.5 It is suggested that a report is taken to Performance Management Scrutiny Committee in 12 months' time as an update on progress with the recommendations and CIL spend.

7. Place Plans

- 7.1 Over the past few months, we have been working to refresh and reinvigorate the 18 Place Plans for the county. As part of this process, we held 20 Place Plan meetings

across the county between March and May, discussing the draft documents with local Elected Members and Town and Parish Councils. These meetings proved to be useful and informative, with good dialogue established. Key to the success of these meetings was the establishment of our new Place Plan Officer team, consisting of six officers working across designated Place Plan areas. The team was established in January 2019, and has been an invaluable element of the Place Planning process so far.

- 7.2 In addition, the Portfolio Holder and officers have found the input of the SALC Working Group invaluable to the process of refreshing the Place Plans, and to developing clarity and better communications in relation to CIL. One of the outcomes of this joint working has been the delivery of two dedicated CIL training sessions for all SALC members, along with regular communications over the last 12 months.
- 7.3 Officers are now working hard to make further updates to the Place Plans, checking the revised content with external partners and council colleagues. At the same time, we are refreshing the Place Plan webpages on Shropshire Council's website. These pages will be streamlined and simplified, so that content is much easier to find. We are on-track to publish the revised Place Plans on Shropshire Council's website towards the end of the summer of 2019.
- 7.4 The published Place Plans will be considered 'live' documents which communities can update to reflect changing infrastructure needs. These updates can be made by working with the appropriate Place Plan Officer, who will be able to co-ordinate any necessary conversations with other council teams, and with relevant external partners. In this way, the Place Plans will continue to be the key documents for guiding the delivery of infrastructure in communities across the county, updated on a rolling basis so that they continue to be relevant as infrastructure needs change.

8. CIL and Highways projects

- 8.1 In November 2018, Shropshire Council opened a call for Expressions of Interest (Eols) to the CIL Local fund. The call for Eols closed on 22 March 2019. We received 42 CIL Local Eols, covering a wide range of different types of projects, from children's playgrounds through to village hall renovations. A number of council officers from different infrastructure teams assessed these Eols against the CIL criteria and regulations, and discussed their assessments with the Members' Informal Advisory Group.
- 8.2 Of the 42 Eols received, 18 were supported, and one was partially supported. Of the 23 projects that were not supported, often as there was not a clear enough link to local development, 11 focussed on highways and traffic management issues, ranging from speeding to parking. We are aware from the Place Plan meetings, and from other discussions with Town and Parish Councils, that communities are keen to see these projects delivered, so officers are now working to develop a package of CIL funding that will support traffic management and other highways projects. The Portfolio Holder will update Elected Members as this proposal is further developed.

List of Background Papers

Cabinet Member (Portfolio Holder)

Cllr Gwilym Butler – Portfolio Holder for Communities, Place Planning and Regulatory Services

Local Member – All

Appendices – None