

Agenda Item 6

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| Date | 26 June 2018 |

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|-----------------------|-----|---------------------|-----|
| Wards affected | All | Key Decision | Yes |
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| Subject | Community Infrastructure Levy: Annual Reports and change to Governance Arrangements |
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RECOMMENDATIONS

1. To approve the 2016/17 and 2017/18 CIL Annual Reports
2. To agree a change to governance arrangements for spending CIL receipts
3. To recommend a change to the Scheme of Delegation to Council

EXECUTIVE SUMMARY

The Council is required to publish annual reports on the amount of CIL collected and spent for each financial year. The reports for 2016/17 and 2017/18 are attached.

Governance arrangements for spending CIL were agreed by Council in October 2016. Part of those arrangements dealt with spending of the 'neighbourhood' element in unparished areas, which is intended to be consistent with MVDC's community grant allocation process. The grant process was modified last year to introduce a faster and more flexible procedure for agreeing smaller grants. For consistency, it is proposed that the governance arrangements for spending smaller amounts of neighbourhood CIL in unparished areas is likewise modified.

Modifying the CIL governance arrangements in this way requires a change to the Constitution's Scheme of Delegation. The Cabinet is asked to recommend to Council that the changes be made.

CORPORATE PRIORITY OUTCOMES

ENVIRONMENT: A highly attractive area with housing that meets local need

CIL is intended to help provide infrastructure needed to support development in the District, including highway improvements, flood defences, educational facilities and medical centres.

PROSPERITY: A vibrant local economy with thriving towns and villages

The neighbourhood element of CIL can be used by communities to help them provide local infrastructure needs.

CIL provides additional funding to improve infrastructure in the District.

COMMUNITY WELLBEING: Active communities and support for those who need it

CIL can be used to help fund improvements to sports and recreation facilities.

The Cabinet has the authority to determine recommendations 1 and 2; and recommend changes to the Scheme of Delegation to Council under recommendation 3.

1.0 BACKGROUND

- 1.1 The Community Infrastructure Levy (CIL) is a levy on new development. Its purpose is to help fund infrastructure needed to support growth in the area. A more detailed description of CIL and how it works is contained in an explanatory document on the Council's CIL [webpage](#).
- 1.2 CIL was introduced in Mole Valley on 1 January 2017. As expected, collection was slow at first as permissions granted prior to CIL were built out, but the rate of collection is now starting to pick up. Details of receipts collected so far is set out in the annual monitoring report, see section 2 below. To date no CIL has been spent.
- 1.3 The type of development on which CIL is collected, and the charging rates is set out in the CIL charging schedule, which is available on the Council's website. This document will in due course be reviewed to take account of changes in development viability and the infrastructure needs arising from the Future Mole Valley Local Plan. The timetable for review is set out in the Local Development Scheme.

2.0 CIL ANNUAL MONITORING REPORT

- 2.1 The Council is required to publish a CIL annual monitoring report setting out the total CIL receipts and expenditure for the reported year, summary details of expenditure including the amount of CIL passed to parish councils, CIL receipts carried forward, and infrastructure received in lieu.
- 2.2 For the partial financial year 2016/17 in which CIL was collected, total CIL receipts were £27,387.51. No CIL was spent and no CIL was collected in parished areas.
- 2.3 For the first full financial year 2017/18, total CIL collected was £456,465.21. No CIL was spent and no CIL was collected in parished areas.
- 2.4 Copies of the annual monitoring reports are included at Annex 1 and will be published on the Mole Valley website. A financial statement of total available CIL receipts as at 5 April 2018 is also included for reference.

3.0 SPENDING COMMUNITY INFRASTRUCTURE LEVY

- 3.1 Use of CIL receipts collected by MVDC falls into three categories:
 - a. administration - up to 5% of CIL income per annum can be used for administrative purposes.
 - b. neighbourhood element - between 15-25% of CIL income is for use in the

community area in which it is collected. The minimum amount of neighbourhood CIL is 15%, subject to a cap¹. This rises to 25% in areas with a neighbourhood development plan, and is uncapped. In areas with no parish council, the neighbourhood element is retained by MVDC, for spending in the respective neighbourhood area, after consultation with the local community.

- c. strategic element - the remaining CIL income (70-80%) is retained by MVDC to contribute to the delivery of infrastructure that is needed to support new development.

- 3.2 MVDC is required to apply the strategic element of CIL to fund *'the provision, improvement, replacement, operation or maintenance of infrastructure² to support the development of the area³*. CIL funding may be applied to infrastructure outside the Mole Valley where to do so would support the development of the area. Applying CIL includes the ability to pass it to other organisations where its use would have the same effect.
- 3.3 The neighbourhood element of CIL can be used by parish councils (or MVDC in the case of unparished areas) for the same purposes specified in paragraph 3.2, and in addition *'anything else that is concerned with addressing the demands that development places on an area⁴*.
- 3.4 CIL will not be able to fund all the infrastructure that the Council or parish councils would like to see provided. It is therefore necessary to prioritise the use of CIL to help bring forward those infrastructure projects considered to be most important.

4.0 GOVERNANCE ARRANGEMENTS

- 4.1 Governance arrangements for spending CIL were agreed in October 2016. Spending of CIL receipts is the responsibility of the Cabinet, other than as required by the regulations (the neighbourhood element passed to parish councils).
- 4.2 It is proposed that the governance arrangements for spending CIL remain as previously agreed, other than for a proposed change to the neighbourhood element in unparished areas. The proposed change and the reason for it are described in more detail below.

Strategic Element

- 4.3 The strategic element of CIL is intended to fund infrastructure required to support development of the District. Decisions on spending the strategic element will remain with the Cabinet either on an annual basis at the same time the annual monitoring report is approved; or for large infrastructure schemes as required dependent on the timing and agreement with organisations providing the infrastructure. One of the advantages of CIL is that receipts can be pooled and used anywhere in the District to address infrastructure needs.
- 4.4 To provide direction over funding the Cabinet will in due course be asked to approve a Strategic Infrastructure Statement indicating in broad terms the proportions of strategic CIL that will be allocated to particular types of infrastructure. The statement is dependent on progressing the Future Mole Valley Local Plan, which will establish the scale and location of new development in the District.
- 4.5 CIL funding would not be released for a project until it has been designed, with match

1 The cap is calculated as a maximum aggregate of £100 per dwelling in the relevant civil parish.

2 'Infrastructure' is defined as: 'including roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities, and open spaces (S216 Planning Act 2008).

3 CIL Regulation 59.

4 CIL Regulation 59C.

funding secured from other sources where relevant, and with an agreed implementation date.

- 4.6 No proposals for spending strategic CIL are recommended in this report. While collected funds are growing, the current 'pot' is still relatively small in relation to the cost of major infrastructure projects. Identification and prioritisation of infrastructure funding is also dependent on progression of the Future Mole Valley Local Plan, as noted in paragraph 4.4 above.

Neighbourhood Element

- 4.7 For the parished areas of the District, the neighbourhood element of CIL is passported to the respective parish council in which development took place. Payments will be made twice yearly⁵. It is for the parish councils to decide how the money is spent within the terms of the CIL Regulations (see paragraph 3.3).
- 4.8 For the unparished areas of the District⁶, similar provisions apply but MVDC retains the neighbourhood element, and facilitates its use to fund projects local to the area in which each receipt is collected, within the wider terms applicable to parish councils (see paragraph 3.3).
- 4.9 Spending the neighbourhood element of CIL in unparished areas was agreed by Council as following the established process currently used to determine community grant funding. Local community groups or infrastructure providers will be able to bid for the neighbourhood element of CIL in the same way that they can bid for community grants. In all cases, interested parties will be expected to put forward a justification to support their projects, with the type of information needed appropriate to the scale and cost of the scheme in question.
- 4.10 Decisions on which projects should benefit from the neighbourhood element were to be decided on an annual basis by the Cabinet. However, since approving this arrangement, the grant allocation process has been modified to enable smaller grants to be approved under delegated powers on a quarterly basis. The revised grants process has been operating for a little over a year and has been well received.
- 4.11 Having regard to this change, it is proposed that the governance arrangements for spending the neighbourhood element of CIL in unparished areas be modified to make them more responsive and consistent with the small grants process. It is recommended that for amounts above £10,000 Cabinet approval will still be required, to be determined on an annual basis. For smaller amounts up to £10,000 the decision will be made under delegated powers by the Executive Head of Service (Place and Environment) in consultation with the Cabinet Member for Planning Policy and Ward Members. This revised process and delegation threshold is consistent with the current process for the use of planning infrastructure contributions (PIC). The change in governance arrangements will need an amendment to the Scheme of Delegation (Annex 3).
- 4.12 In all cases where the neighbourhood element of CIL is being proposed to be spent in unparished areas, the ward member(s) will be consulted for their views where they are not the applicants for the funding.
- 4.13 While decisions on spending will remain the responsibility of the Cabinet or in consultation with the Cabinet Member as appropriate, Ward Members have an important role in the process in two respects:
- A. A local leadership role in signposting CIL as an additional funding opportunity for local projects, and liaising with community groups.

⁵ By 28 April and 28 October for the preceding whole six months.

⁶ For CIL purposes neighbourhood areas are defined on the attached map (Annex 2)

B. Advising the Cabinet or Cabinet Member as appropriate on the merits of different schemes.

4.14 Further guidance for Members and interested parties wishing to bid for the neighbourhood element of CIL, and the opportunities and limitations on its use, will be developed and published on the MVDC website following agreement by the Cabinet Member for Planning Policy. The guidance will set out clearly the type of information required, in a similar format to that currently used for PIC-funded projects, and will be proportionate to the scale and value of the scheme for which funding is sought. Recipients of CIL funding will be expected to credit such support in their own publicity material.

Financial Implications

4.15 Based on assumptions set out in the CIL Explanatory Document published on the MVDC website projected CIL receipts will be approximately £1.6million per annum once the system has fully established. Since its introduction there have been changes to CIL exemption and reliefs which may affect future CIL receipts. Similarly, adoption of a new Local Plan is likely to change the rate of development in the District with a consequent effect on CIL income.

4.16 Up to 5% of CIL receipts can be used to cover administrative costs. This has been used to help fund an IT system and the costs of an additional post to administer CIL. Administrative costs can be averaged over the first three years of operation, and thereafter are calculated on an annual basis. If administrative costs fall below 5% of CIL receipts, the surplus will be added to the strategic fund.

Legal Implications.

4.17 The change to governance arrangements for spending the neighbourhood element of CIL in unparished areas will require a change to the Scheme of Delegation in the Constitution.

5.0 OPTIONS

5.1 Publication of annual CIL accounts is a requirement under the CIL regulations.

5.2 For spending neighbourhood element of CIL receipts in non-parished areas, options are as follows:

- option 1 - Modify to enable more flexible arrangements for amounts up to £10,000 as set out in paragraphs 4.7- 4.14 above (recommended).
- option 2 - Retain existing governance arrangements for spending neighbourhood element of CIL receipts (all decisions by Cabinet on an annual cycle)

6.0 CORPORATE IMPLICATIONS

Monitoring Officer commentary

The Monitoring Officer confirms that all relevant legal implications have been taken into account.

S151 Officer commentary

The S151 officer confirms that all relevant financial implications have been taken into account.

Risk Implications

There is a risk that unless adequately funded, the collection and spending of CIL will fail to meet the CIL regulations or will not be used to best effect.

The risk of not modifying governance arrangements for the neighbourhood element of CIL in non-parished areas is that smaller grants would take longer to administer.

Equalities Implications

No equalities implications have been identified.

Employment Issues

None.

Sustainability Issues

No sustainability issues have been identified.

Consultation

None required.

Communications

Additional information for Members and interested parties on how to bid for CIL funding will be provided and published on the MVDC website.

BACKGROUND PAPERS

Annex 1 – CIL Annual Monitoring Reports 2016/17 and 2017/18, and financial statement as at 5 April 2018.

Annex 2 – Map of Neighbourhood Areas (for purposes of CIL)

Annex 3 – Amendment to the Scheme of Delegation

Community Infrastructure Levy Annual Monitoring Report 2016/17

CIL was introduced into Mole Valley on 1 January 2017. For the partial financial year 2016/17 (01/01/2017-05/04/2017) the following Community Infrastructure Levy (CIL) was collected and spent:

1. CIL collected

| Neighbourhood Areas | Admin | Neighbd CIL | Strategic CIL | Totals |
|-----------------------|-----------------|-----------------|------------------|------------------|
| Abinger Parish | 0 | 0 | 0 | 0 |
| Wotton Parish | 0 | 0 | 0 | 0 |
| Ockley Parish | 0 | 0 | 0 | 0 |
| Capel Parish | 0 | 0 | 0 | 0 |
| Holmwood Parish | 0 | 0 | 0 | 0 |
| Newdigate Parish | 0 | 0 | 0 | 0 |
| Charlwood Parish | 0 | 0 | 0 | 0 |
| Leigh Parish | 0 | 0 | 0 | 0 |
| Betchworth Parish | 0 | 0 | 0 | 0 |
| Buckland Parish | 0 | 0 | 0 | 0 |
| Brockham Parish | 0 | 0 | 0 | 0 |
| Mickleham Parish | 0 | 0 | 0 | 0 |
| Headley Parish | 0 | 0 | 0 | 0 |
| Bookham | 956.38 | 2,869.13 | 15,302.00 | 19,127.51 |
| Fetcham | 0 | 0 | 0 | 0 |
| Leatherhead | 413 | 1,239.00 | 6,608.00 | 8,260.00 |
| Ashted | 0 | 0 | 0 | 0 |
| Westhumble and Pixham | 0 | 0 | 0 | 0 |
| Boxhill | 0 | 0 | 0 | 0 |
| Westcott | 0 | 0 | 0 | 0 |
| Dorking | 0 | 0 | 0 | 0 |
| No Neighbourhood | 0 | 0 | 0 | 0 |
| Totals | 1,369.38 | 4,108.13 | 21,910.00 | 27,387.51 |

2. CIL spent

No CIL was spent during the financial year 2016/17, other than for the administrative element.

3. CIL passed to parish councils

No CIL was collected in parished areas during the financial year 2016/17.

Community Infrastructure Levy Annual Monitoring Report 2017/18

For the financial year 2017/18 (06/04/2017-05/04/2018) the following Community Infrastructure Levy (CIL) was collected and spent:

1. CIL collected

| Neighbourhood Areas | Admin | Neighbd CIL | Strategic CIL | Totals |
|-----------------------|------------------|------------------|-------------------|-------------------|
| Abinger Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Wotton Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Ockley Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Capel Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Holmwood Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Newdigate Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Charlwood Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Leigh Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Betchworth Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Buckland Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Brockham Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Mickleham Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Headley Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Bookham | 2,821.88 | 13,689.38 | 39,926.25 | 56,437.50 |
| Fetcham | 0.00 | 0.00 | 0.00 | 0.00 |
| Leatherhead | 4,266.80 | 12,714.30 | 68,354.90 | 85,336.00 |
| Ashtead | 11,614.91 | 48,633.86 | 172,049.44 | 232,298.21 |
| Westhumble and Pixham | 0.00 | 0.00 | 0.00 | 0.00 |
| Boxhill | 0.00 | 0.00 | 0.00 | 0.00 |
| Westcott | 0.00 | 0.00 | 0.00 | 0.00 |
| Dorking | 4,119.68 | 11,585.25 | 66,688.58 | 82,393.50 |
| No Neighbourhood | 0.00 | 0.00 | 0.00 | |
| Totals | 22,823.26 | 86,622.78 | 347,019.17 | 456,465.21 |

2. CIL spent

No CIL was spent during the financial year 2017/18, other than for the administrative element.

3. CIL passed to parish councils

No CIL was collected in parished areas during the financial year 2017/18.

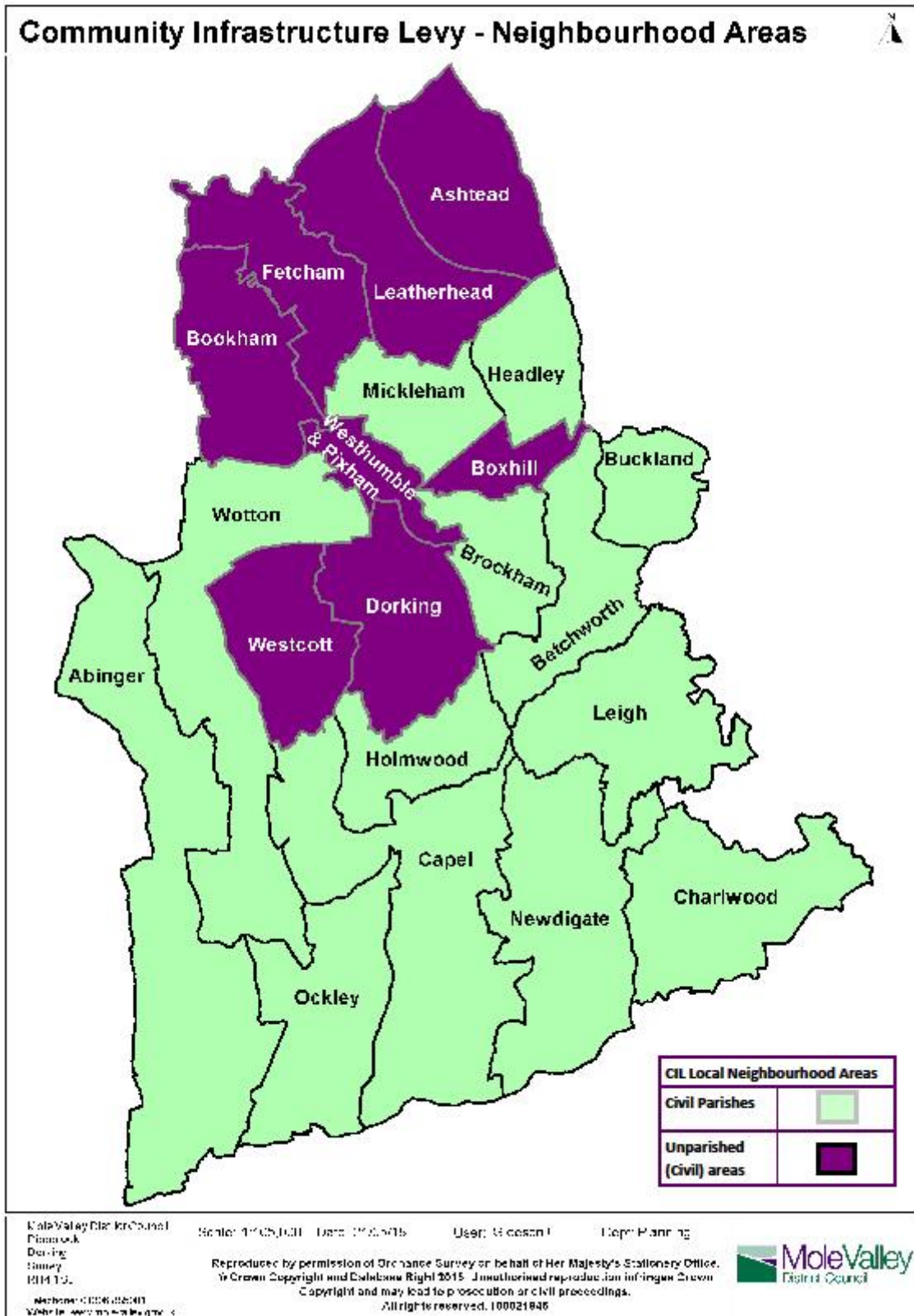
Community Infrastructure Levy Funding available at 5 April 2018

CIL funding available as at 5 April 2018, including carry forward from previous year(s):

4. CIL collected

| Neighbourhood Areas | Admin | Neighbd CIL | Strategic CIL | Totals |
|-----------------------|-------|-------------|---------------|-------------------|
| Abinger Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Wotton Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Ockley Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Capel Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Holmwood Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Newdigate Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Charlwood Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Leigh Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Betchworth Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Buckland Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Brockham Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Mickleham Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Headley Parish | 0.00 | 0.00 | 0.00 | 0.00 |
| Bookham | 0.00 | 16,558.51 | 55,228.25 | 71,786.76 |
| Fetcham | 0.00 | 0.00 | 0.00 | 0.00 |
| Leatherhead | 0.00 | 18,220.10 | 74,962.90 | 93,183.00 |
| Ashted | 0.00 | 48,633.86 | 172,049.44 | 220,683.30 |
| Westhumble and Pixham | 0.00 | 0.00 | 0.00 | 0.00 |
| Boxhill | 0.00 | 0.00 | 0.00 | 0.00 |
| Westcott | 0.00 | 0.00 | 0.00 | 0.00 |
| Dorking | 0.00 | 11,585.25 | 66,688.58 | 78,273.82 |
| No Neighbourhood | 0.00 | 0.00 | 0.00 | |
| Totals | 0.00 | 94,997.72 | 368,929.17 | 463,926.88 |

Annex 2



Annex 3

Amendment to the Constitution of the Council, Part 3 (Responsibility for Functions – Delegation of Powers)

Amend section headed 'Community Infrastructure Levy' (p82) to read (changes in italics):

| Function | Delegated To |
|--|---|
| <u>Community Infrastructure Levy</u> | |
| To exercise the Council's functions in relation to the administration of the Community Infrastructure Levy including calculating chargeable amounts, determining liability, charging, determining exemptions and reliefs, determining payment-in-kind including any associated agreements, collection, enforcement and any associated powers and duties. | <i>Executive Head of Service</i> with responsibility for Planning Policy, Development Management and <i>Planning Enforcement</i> |
| To exercise the Council's functions in relation to appeals relating to the Community Infrastructure Levy | <i>Executive Heads of Service</i> with responsibility for Planning Policy, Development Management, <i>Planning Enforcement</i> and Legal Services |
| <i>To allocate the neighbourhood element of the Community Infrastructure Levy raised in unparished neighbourhoods up to £10,000 per project</i> | <i>Executive Head of Service</i> with responsibility for Planning Policy, Development Management and <i>Planning Enforcement in consultation with the Cabinet Member for Planning Policy and relevant Ward Members.</i> |

