

Community Infrastructure Levy Governance

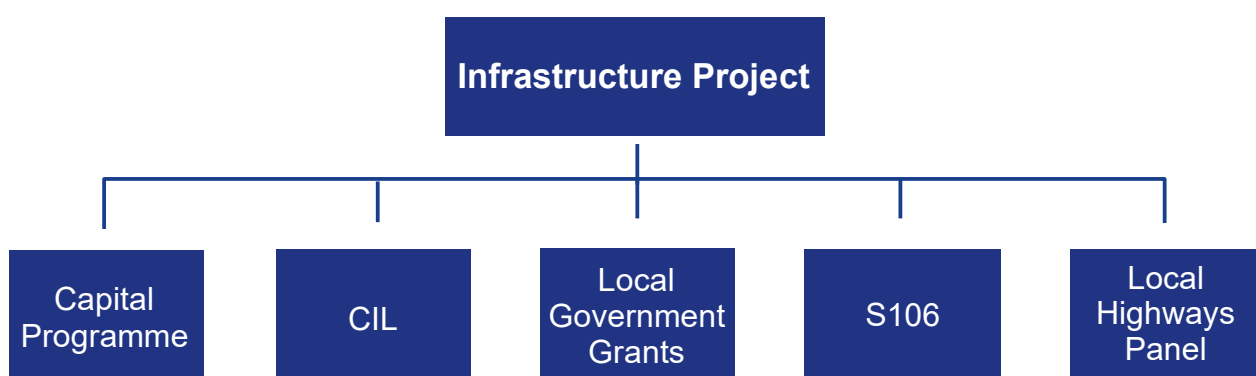
Allocating and Spending CIL



1. Introduction

- 1.1 The Community Infrastructure Levy (CIL) is a charge which local authorities can place on developers to help fund infrastructure needed to support new development in their areas. CIL is governed by the CIL Regulations 2010 (amended).
- 1.2 Chelmsford City Council approved the introduction of CIL on 26 February 2014 and started charging on 01 June 2014.
- 1.3 CIL is paid to the Council by developers after their planning permissions commence. Since CIL was implemented, it has become the only significant means by which the Council is able to collect and pool developer contributions to deliver infrastructure improvements.
- 1.4 In Chelmsford, CIL is charged on all residential and retail developments which add one or more new dwelling(s) or more than 100sqm of floor space. The Council's CIL Charging Schedule sets out a levy of £125 per sq.m for residential development, and £87 and £150 per sq.m for retail development, and a zero rating for all other types of development. The CIL rate changes on 01 January each year in line with an index of inflation.
- 1.5 This document details the governance arrangements in place at Chelmsford City Council for the allocation and spending of CIL.
- 1.6 Since adopting CIL, the Council has funded a range of infrastructure projects and these are detailed in the "how we spend CIL" pages published at www.chelmsford.gov.uk/cil
- 1.7 CIL is just one funding stream that can be used, in conjunction with others, to fund infrastructure projects. Alongside CIL, S106 obligations still exist, but generally as one-off agreements to mitigate the impacts of larger developments and to secure on-site developer requirements, such as the provision of affordable housing. Examples of how infrastructure projects can be funded can be seen in Figure 1.

Figure 1 - Funding Streams



2. Statutory Requirements

- 2.1 Under the CIL regulations, Chelmsford City Council will act as the designated Charging Authority. As a Charging Authority the Council has an obligation to:

- Prepare and publish the CIL Charging Schedule
- Determine CIL spend, ensuring it is used to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support development of its area
- Report publicly on the amount of CIL revenue collected, spent and retained each year in an annual Infrastructure Funding Statement.

2.2 Chelmsford City Council's CIL Charging Schedule and annual Infrastructure Funding Statement can be found on the Council's website at www.chelmsford.gov.uk/cil

3. What CIL can be spent on

3.1 CIL is pooled into one fund, which can be used for any infrastructure needed to support new development across the Council's administrative area.

3.2 Unlike other obligations or charges, CIL spending does not need to be directly related to the donor development.

3.3 The key points set out by the CIL Regulations and Guidance relating to CIL funding are:

- CIL should be spent on infrastructure, including roads and other transport, schools and other education, community facilities, health, sport / recreation, and open spaces as defined in the Planning Act 2008
- The infrastructure funded must support the development of the area
- CIL can be used to increase the capacity of existing infrastructure or to repair failing infrastructure, if needed to support development
- CIL cannot be used to fund the delivery of affordable housing

3.4 As per the CIL Regulations and Guidance, CIL is proportioned and allocated using the following approach:

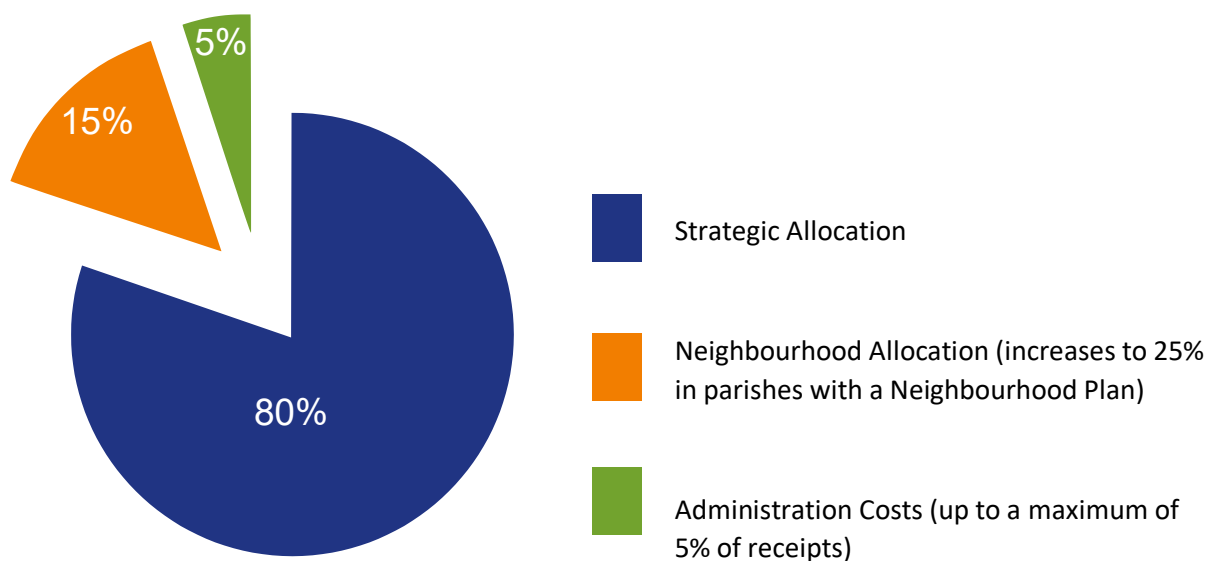
- A maximum of 5% is retained by Chelmsford City Council to cover administrative costs (including consultation on the levy charging schedule, enforcing CIL, legal costs and reporting on CIL activity).
- 15%, known as the Neighbourhood Allocation, is established for spending within the neighbourhood of contributing development (up to a maximum of £100 per existing Council Tax dwelling in areas with a parish or town council). This allocation can either be transferred to the relevant parish council or retained by Chelmsford City Council to be spent on neighbourhood projects where the development is not in a parish. This allocation rises to 25% when a parish has a Neighbourhood Plan in place. Details of currently adopted neighbourhood plans within the administrative boundaries of Chelmsford City Council can be found in the Planning section of the Council's website.
- The remainder (around 80%), known as the Strategic Allocation, is retained by Chelmsford City Council to allocate to strategic infrastructure projects.

3.5 It is very unlikely that CIL will generate enough funds to completely cover the cost of new infrastructure needed to fully support planned development. As such, there will be

competing demands for this funding. It is therefore important to ensure there are robust, accountable and democratic structures in place to ensure the spending of CIL funds are prioritised in the right way.

- 3.6 The sections that follow set out the governance arrangements and approach for how decisions are made on the prioritisation and spend of CIL.

Figure 2 – How CIL is allocated in Chelmsford



4. Governance Arrangements - Strategic Allocation

4.1 The majority of CIL funds, the Strategic Allocation, are retained by Chelmsford City Council for spending on infrastructure in accordance with the definition in the 2008 Planning Act (section 216).

4.2 The spend of CIL receipts will be prioritised for the delivery of infrastructure to support the development set out in the Council's adopted Local Plan and its associated evidence base, including the Infrastructure Delivery Plan.

4.3 Inevitably, there will be competing interests for the use of CIL to fund strategic infrastructure priorities and the framework below sets out how the Council will prioritise spend and involve external organisations in this process.

Core principles

4.4 In deciding how to allocate CIL funding to strategic infrastructure the City Council will adopt the following core principles:

- Strategic CIL will only be spent on infrastructure projects within the definition of infrastructure as defined in the 2008 Planning Act.

- In determining how funding is allocated to strategic infrastructure, the City Council will prioritise expenditure taking into account the adopted Local Plan, the Infrastructure Delivery Plan and the Council's capital expenditure priorities. This will be reviewed on an annual basis aligned to the Council's capital programme.
- External strategic partners (including Essex County Council and NHS England) will be able to submit an expression of interest for project funding through the Council's website, which will be permanently open.
- For any strategic projects that are the responsibility of the City Council, relevant service areas will be required to submit an expression of interest via a Capital Programme bid.
- Expressions of interest/business cases will be expected to demonstrate what other sources of funding are being used to support the infrastructure project.
- Strategic CIL receipts that arise from the Strategic Growth Area in South Woodham Ferrers will be ring fenced to support infrastructure that is required to support the development in that town.
- Strategic CIL receipts that arise from the Strategic Growth Area in North East Chelmsford (Chelmsford Garden Community) may be used to help fund infrastructure required to support the delivery of Chelmsford Garden Community when it can be independently verified that the cost of infrastructure requirements for the development as a whole, make development unviable.

Supporting Infrastructure Delivered by Chelmsford City Council

- 4.5 The City Council is a core provider of strategic infrastructure within the definition of infrastructure as defined in the 2008 Planning Act. Specifically, it is the provider of sport and recreation facilities (including museums and theatres), community facilities, open space/public realm and burial and cremation services.
- 4.6 All these facilities are impacted as new development comes forward within the City Council's area. The CIL will therefore be used, where appropriate, to deliver new and improved infrastructure that the City Council has responsibility for as Chelmsford grows.

Supporting Infrastructure Delivered by External Partners

- 4.7 The City Council recognises that infrastructure to support the development of the area is also the responsibility of key external partners, including Essex County Council, the Environment Agency and NHS England.
- 4.8 In prioritising spend, the needs and aspirations of the Council's external partners will be part of the prioritisation process, with a recognition that there will be limits to how much funding can be made available.

Eligibility for Externally Funded Projects

- 4.9 For a project to be considered for CIL funding, the following eligibility criteria must be met:
- The Expression of Interest Form on the Council's website has been completed satisfactorily

- The organisation has the legal right to carry out the proposed project
- The project is clearly defined as 'Infrastructure' as per the CIL Regulations and Planning Act 2008

The Decision Making Process

- 4.10 Funding decisions will be taken by Cabinet. If agreed by Cabinet, stakeholders are informed and funds allocated, subject to completion of a funding agreement.
- 4.11 There may be occasions where the release of additional CIL funds is required for urgent or unforeseen infrastructure requirements. In these cases, a report will be taken to Cabinet for approval for the release of further funds or dealt with, in exceptional circumstances, through the Council's urgency arrangements.

Once the Funding Decision has been made

- 4.12 If a project is successful with its request for funding, the funds will then either be allocated to the relevant Chelmsford City Council service area or transferred to a third party who are responsible for delivering the project (once any funding conditions have been met). All approved schemes will be shown within the Council's Capital Programme. If funds are to be transferred to a third party, a legal funding agreement will be signed. Successful applicants of CIL funding are expected to maintain communication with Chelmsford City Council on the progress of their project after a decision has been made to provide funding. Where funding has been agreed 'in principle' or where staged payments are agreed, the scheme applicant is expected to provide information to justify funding being transferred.
- 4.13 Applicants should continue to provide information until the scheme has been completed and all CIL funding has been spent. At a minimum, an annual report will need to provide information on the progress of each scheme that funding has been allocated to. A requirement to submit this information forms part of the agreement that the successful applicant is required to sign between themselves and Chelmsford City Council.

5. Governance Arrangements – Neighbourhood Allocation

- 5.1 One of the purposes of CIL is to encourage communities to support growth and recognise that development can bring clear and identifiable benefits to an area.
- 5.2 CIL places a responsibility on Chelmsford City Council to pass CIL monies to local neighbourhoods. This equates to 15% of CIL collected having to be spent locally.
- 5.3 The Neighbourhood Allocation of CIL can be used much more widely than the Strategic Allocation, provided it supports:
- The provision, improvement, replacement, operation or maintenance of infrastructure; or
 - Anything else that is concerned with addressing the demands that development places on an area.

Parished Areas

- 5.4 In parished areas, 15% of CIL receipts from development within the parish will be transferred from Chelmsford City Council to the town or parish council. This allocation rises to 25% when a parish has a Neighbourhood Plan in place. This is capped at a maximum of

£100 per existing council tax dwelling in each financial year, adjusted annually by an index of inflation.

- 5.5 The Neighbourhood Allocation will be transferred to the town or parish council every six months, at the end of October and at the end of April.
- 5.6 To ensure transparency, town and parish councils are required to produce an annual report detailing their total CIL receipts, total CIL expenditure and total amount of CIL payments retained at the end of the reported year. Town and parish councils must publish this report on their website or on Chelmsford City Council's website.
- 5.7 If a parish or town council is due more money than the cap allows, the amount that cannot be transferred to the parish or town council will be retained by Chelmsford City Council as the CIL Cap Balance, and be spent according to the following governance principles:
 - The CIL Cap Balance can only be spent on identified capital projects in the wards that immediately adjoin the Parish where the development has taken place, within the Parish itself, or within a Ward or Parish impacted by the development from which the CIL receipts arose
 - The CIL Cap Balance should be spent on identified CCC capital projects, meeting the definition of infrastructure set out within the CIL Regulations
 - The CIL Cap Balance shall be overseen by the Community Funding Panel and aligned with the role of the Panel as set out in the Constitution, whereby any expenditure over £10,000 is referred to Cabinet for decision
 - Planned expenditure of the CIL Cap should be aligned to the capital bid process.

Unparished Areas and the Community Funding Scheme

- 5.8 In Chelmsford's unparished areas, the 15% Neighbourhood Allocation is administered by the City Council. It must be spent by the Council to support the development of the unparished areas. The Council retains 85% of this Neighbourhood Allocation to spend on capital projects within the unparished areas.
- 5.9 The Council has set up the Community Funding Scheme to review and distribute the remaining 15% of the Neighbourhood Allocation in unparished areas.
- 5.10 Voluntary and community organisations working within or for the benefit of Chelmsford's nine unparished wards, responding to the infrastructure needs linked to new developments (as detailed in the CIL regulations) can apply for this element of the Neighbourhood Allocation of CIL via the Community Funding Scheme.
- 5.11 For the purpose of the Neighbourhood Allocation of CIL, the nine unparished wards are considered as one geographical area.
- 5.12 Organisations interested in the Community Funding Scheme can submit an online form with information about the organisation requesting funding, a breakdown of costs and risks, as well as details of how the project aligns to the Council's corporate priorities.

The Decision Making Process

- 5.13 If the funding request is less than £10,000, Council officers will review the application and consult the Community Funding Panel. The membership of the Community Funding Panel is set out in the Council's constitution. Decisions are made by officer delegation in consultation with the Community Funding Panel and where agreed, the relevant parties will be informed, and funds will be allocated once any funding conditions have been met.
- 5.14 For projects requesting funding over £10,000, Council officers will review the application and make recommendations to the Community Funding Panel.
- 5.15 The Community Funding Panel will review the proposals received and make recommendations which will go forward to Cabinet. If agreed by Cabinet, the relevant parties will be informed, a funding agreement will be put in place and funds will be allocated once any funding conditions have been met.

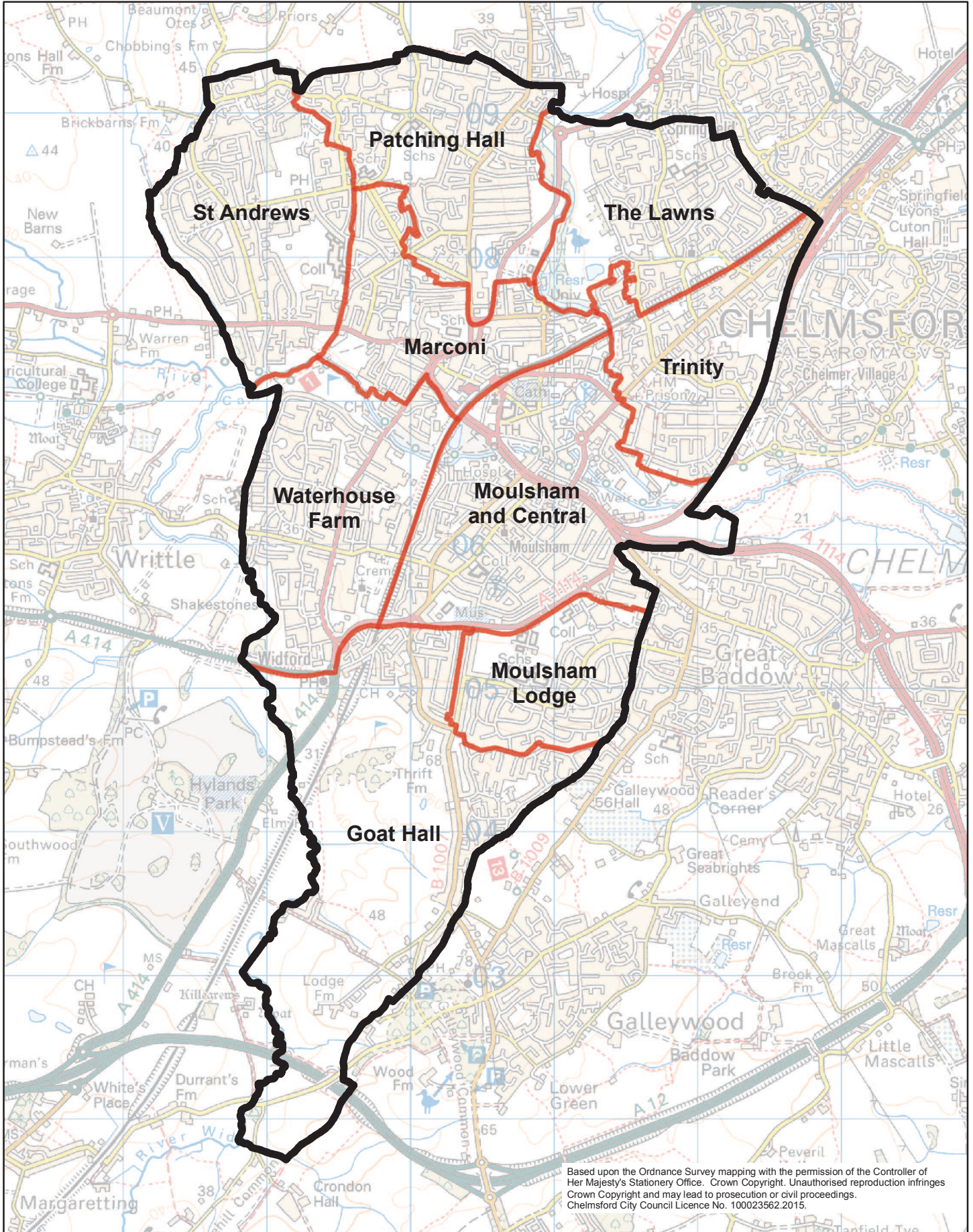
Once the Funding Decision has been made

- 5.16 If a project is successful with its request for funding, the funds will then either be allocated to the relevant Chelmsford City Council service area or transferred to a third party who are responsible for delivering the project. If funds are to be transferred to a third party, a legal funding agreement will be signed, and terms and conditions must be met. It is expected that the Community Funding Panel will receive updates on the progress of the project(s).
- 5.17 Unsuccessful projects will receive feedback detailing why the request for funding was unsuccessful and, if appropriate, details of what information or actions are required to secure a future positive result.

6. Monitoring and Review Arrangements

- 6.1 Chelmsford City Council is committed to ensuring the use of CIL is open and transparent. The Council is required to produce an annual Infrastructure Funding Statement that includes both CIL and S106 funding revenues and spend.
- 6.2 Chelmsford City Council will continue to monitor the operation and implementation of CIL.
- 6.3 If you have any questions about this guidance, or CIL generally, please contact Chelmsford City Council at cilenquiries@chelmsford.gov.uk or call 01245 606817.

APPENDIX 1 - CHELMSFORD CITY COUNCIL AREA
WARD BOUNDARIES IN THE UNPARISHED AREA



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Directorate for Sustainable Communities
 Civic Centre, Duke Street, Chelmsford, CM1 1JE
 Tel: 01245 606606 Fax: 01245 606642
 Web: www.chelmsford.gov.uk



Economic Development and Implementation
Directorate for Sustainable Communities
Chelmsford City Council
Civic Centre
Duke Street
Chelmsford
Essex
CM1 1JE

Telephone 01245 606817
cilenquiries@chelmsford.gov.uk
www.chelmsford.gov.uk

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