

Community Infrastructure Levy Governance

The Neighbourhood Cap



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1. Introduction

- 1.1 The Community Infrastructure Levy (CIL) was adopted by Chelmsford City Council on 1 June 2014. It is a non-negotiable charge on new buildings to help pay towards the infrastructure needed to support growth in an area.
- 1.2 In Chelmsford, CIL is applied to all residential and retail developments which add one or more new dwellings or more than 100sqm of floor space. CIL is charged at a rate per square metre and varies according to land use. Affordable housing and certain charitable-led development are exempt for CIL.
- 1.3 As per the CIL regulations and guidance, The income from CIL is proportioned for spending using the following approach:
 - 80%, known as the Strategic Allocation, is retained by Chelmsford City Council to allocate to projects in accordance with the Council's adopted CIL Regulation 123 List
 - 15%, known as the Neighbourhood Allocation, is established for spending within the neighbourhood of contributing development
 - 5% is retained by Chelmsford City Council to cover administrative costs
- 1.4 In June 2016, Cabinet agreed a process for allocating and spending CIL. In April 2017, Cabinet then agreed a series of recommendations put forward by the CIL Spending Panel for the allocation of Chelmsford's Strategic CIL (the 80% pot).
- 1.5 In relation to the Neighbourhood Allocation of CIL (the 15% pot), in areas which are parished, these monies are passed directly to the relevant Parish or Town Council. For non-parished areas, a similar process to the Strategic Allocation of CIL has been developed and implemented.
- 1.6 This document is concerned with the process for dealing with the Neighbourhood Allocation of CIL when the Neighbourhood Cap is reached. This document sits within the wider governance framework in place at Chelmsford City Council for managing CIL. These arrangements are detailed in the Allocating and Spending CIL document.

2. The CIL Neighbourhood Cap

- 2.1 The CIL Regulations (59A) state that the total amount of CIL receipts passed to a Parish or Town Council is capped at £100 per Council Tax dwelling per year. So, for instance, if a Parish contains 100 properties, it will not be eligible for any more than £10,000 per year in CIL payments.
- 2.2 The £100 cap is index linked to the year in which the transfer is made, for example in 2018 the £100 cap will increase to £131.51 per dwelling.
- 2.3 Transfers are made to parishes twice each year; in April for CIL received October – March, and in October for CIL received April – September. While CIL receipts may therefore be in one financial year, the parish transfer may fall into the next financial year.
- 2.4 The CIL Regulations do not state what should happen to any surplus Neighbourhood Allocation, once the £100 per Council Tax dwelling cap has been reached.

3. Governance arrangements - once the cap is reached

- 3.1 There may be certain instances where a Parish reaches its capped amount.
- 3.2 In instances where a Parish reaches its Neighbourhood Cap, the CIL Spending Panel will be informed and provided with financial information detailing the surplus CIL that remains following the Parish allocation.
- 3.3 In such cases, the following process shall be followed in order to apportion the surplus CIL Neighbourhood Allocation.

Applying for surplus Neighbourhood Allocation

- 3.4 After reviewing the financial information, the CIL Spending Panel may recommend that the Council invites 'Neighbourhood Expressions of Interest' detailing projects that the surplus CIL monies could be spent towards.
- 3.5 Neighbourhoods which are invited to express an interest for the surplus CIL monies can include both Parish Councils and the Non-Parished Neighbourhood Groups. **However, bids can only be made for projects which are in the vicinity of the development in which the CIL money was originally collected.** This means that only Parishes and Non-Parished Neighbourhood Groups surrounding the development will specifically be invited to express an interest in the surplus CIL monies.
- 3.6 Parish Councils and Non-Parished Neighbourhood Groups will be given 8 weeks to express an interest in surplus CIL monies. All expressions of interest are to be made using a standard detailed project proposal form which can be accessed via an on-line link
- 3.7 The project proposal form will require various information including details of the project lead, detailed costings for the project, a project plan and timescales and details of any permission(s) needed.

Eligible Projects

- 3.8 The surplus CIL monies must be spent on projects that support the development of the area. The regulations state that CIL monies can be spent on:
- The provision, improvement, replacement, operation of infrastructure;
Anything else that is concerned with addressing the demands that development places on an area.
- 3.9 This means that there is considerable freedom on what the surplus portion of CIL can be spent on. Examples include:
- Improvements to a community centre
 - New or improved play areas
 - Improvements to cycle / pedestrian routes
- 3.10 The main eligibility criteria for allocating the surplus CIL monies is that monies must be allocated to a project that is in the vicinity of the development in which the CIL money was originally collected. This ensures that that community affected by the development is the same community benefiting from how the CIL money is being spent.

The decision making process

- 3.11 Project proposals received will be validated by a Council officer and where necessary further information on the project will be collected.
- 3.12 A report detailing the project proposals received will then be taken to the CIL Spending Panel for consideration.
- 3.13 The CIL Spending Panel will review the project proposals received and will make recommendations which will go forward to Cabinet. If agreed by Cabinet, the relevant parties will be informed and funds will be allocated.
Once the funding decision has been made
- 3.14 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. It is expected that the CIL Spending Panel will receive regular updates on the progress of the project(s).
- 3.15 Unsuccessful projects will receive full feedback detailing why the request for funding was unsuccessful and, if appropriate, details of what information or actions are required to secure a further positive result.
- 3.16 It is important to have a back stop position should a local project not be identified within an appropriate timeframe, suggested to be three years. If surplus CIL monies are not allocated following the process outlined above within three years, the CIL Spending Panel can decide for the surplus money to be put back into the strategic CIL pot.

4. Monitoring and review

- 4.1 As and when such instance arises, Chelmsford City Council will publish a report detailing how any surplus CIL monies have been spent. This document will be available on the Council's website.
- 4.2 Chelmsford City Council will continue to monitor the operation and implementation of this procedure and review this process as and where necessary.

5. Further information

- 5.1 If you have any questions about this guidance, or CIL generally, please contact Chelmsford City Council's Planning Contributions Officer at cilenquiries@chelmsford.gov.uk or call 01245 606817.



