

WAVERLEY BOROUGH COUNCIL

POLICY OVERVIEW & SCRUTINY COMMITTEE

Title:
COMMUNITY INFRASTRUCTURE LEVY (CIL): GOVERNANCE & EXPENDITURE

Portfolio Holder: Cllr N Palmer, Portfolio Holder for Operational and Enforcement Services

Head of Service: Zac Ellwood, Head of Planning and Economic Development

Key decision: No

Access: Public

1.0 Purpose and Summary

1.1 The purpose of this report is to respond to the request of the VFM O&S Committee to update the Policy O&S Committee (the Committee) on the progress and work regarding the Community Infrastructure Levy (CIL) governance and spending.

2.0 Recommendation

2.1 That the Committee note the contents of the report and make any observations or recommendations to the Portfolio Holder and /or Executive as appropriate.

3.0 Reason for the recommendation

3.1 This report provides an overview of the work on CIL governance and expenditure to the Committee whose role it is to scrutinise the decisions of the Executive.

4.0 Background

4.1 The CIL Regulations 2010 (as amended) state that the CIL is to be allocated between 'Administrative', 'Neighbourhood' and 'Strategic' CIL.

Administrative CIL

4.2 Up to 5% of CIL receipts are to be retained by Waverley Borough for administrative expenses associated with CIL collection. Administrative expenses have and will include: examination costs (upfront and possible future costs following review), staff, training, IT software and indexation subscriptions. Administrative CIL is ring-fenced and is reported on annually.

Neighbourhood CIL:

4.3 15% of CIL receipts (capped at £100 per Council tax dwelling per annum in the parish area) will be transferred to the relevant Town or Parish Councils twice a year, where development has occurred in their area, rising to 25% of CIL receipts (without any cap) for Town and Parish Councils that have made Neighbourhood Plans.

- 4.4 The Neighbourhood CIL must be spent by Town or Parish Councils in accordance with the CIL Regulations 2010 (as amended). Expenditure must support the development of the area by funding the provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on the area.
- 4.5 Town and Parish Councils must produce and publish an annual report detailing CIL receipts, balances and spending for each financial year. If a parish or town council does not spend its levy share within five years of receipt, or does not spend it on initiatives that support the development of the area, Waverley Borough Council may require it to repay some or all of those 'Neighbourhood CIL' funds.

Strategic CIL:

- 4.6 The remaining 70-80% of CIL is to be allocated to 'Strategic' infrastructure projects by Waverley Borough Council. In accordance with the CIL Regulations 2010 (as amended), Strategic CIL must be spent on "the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area". 'Infrastructure' is defined within the Planning Act 2008. It includes: roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities, and open spaces. CIL should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development. There is no legislative time requirement for the expenditure of 'Strategic CIL' funds.

5.0 Waverley CIL Governance Arrangements

- 5.1 As the result of approvals by the Council in December 2018 and March 2019, the Waverley CIL governance arrangements are set up to allow for an annual bidding cycle for the allocation of Strategic CIL receipts to enable the delivery of specific infrastructure projects that will support development in the Borough. These approvals also included the use of a scoring criteria for evaluating bids for infrastructure from the Strategic CIL Fund. It was also agreed that for each annual bidding cycle the available Strategic CIL is 'bottom-sliced' to create a 'Community CIL Fund' of 10% of the Strategic CIL Fund receipts, for funding low-value but desirable community infrastructure projects; priority for this fund is to be given to bids from parish council areas that have generated relatively low Neighbourhood CIL Fund receipts. The approved governance arrangements were considered by Overview and Scrutiny prior to approval.
- 5.2 The development of the Waverley CIL governance arrangements considered and discussed the merits of CIL governance structures used by other Surrey Local Authorities. Officers also engaged with Surrey County Council (SCC) when developing the approved governance arrangements.
- 5.3 The agreed CIL governance arrangements allow for the Executive to approve bids for allocation of Strategic CIL Funding, on the recommendation of the CIL Advisory Board, subject to an upper limit of £2.5m per individual award, above which approval reverts to Full Council.
- 5.4 It is not necessary for the CIL Advisory Board to recommend the allocation of all 'Strategic CIL' funds available. If schemes are not deemed high priority, the 'Strategic

CIL' funds will not be allocated and will be reserved for the next 'Strategic CIL' bidding cycle.

2020/21 Strategic CIL Bidding Cycle

- 5.5 For the first 'Strategic CIL' bidding cycle, infrastructure providers were invited to submit bids to the 2020/21 Strategic CIL bidding cycle between the 15th June 2020 and the 31st January 2021.
- 5.6 To encourage and support bids, Officers informed potential bidders of the Strategic CIL bidding cycle, this included contacting all Town and Parish Councils, all Waverley Borough Councillors, all internal Waverley infrastructure providers and known external infrastructure providers. The bidding cycle was also advertised on our website, through social media and in local newspapers. Potential bidders were encouraged to engage with Officers if they had any questions or queries. The Council's website also included information on the CIL bidding process, including an application form and detailed advice.
- 5.7 In regard to the 2020-21 CIL bidding cycle, in April 2021 the CIL Advisory Board recommended to Executive that 'Strategic CIL' funding be allocated to twelve infrastructure projects for a total value of £1,304,632, this included three 'Community CIL Fund' infrastructure projects. This recommendation was approved by the Executive.
- 5.8 Following this approval, successful bidders were required to commit to, and sign, a set of terms and conditions in relation to the 'Strategic CIL' offered. To ensure expenditure remains in accordance with the CIL Regulations 2010 (as amended) payments will be made to successful submissions after completion of the project (or agreed major stages if appropriate) to the satisfaction of the Council and after submission of verifiable invoices, as proof of expenditure.
- 5.9 Following the completion of the 2020/21 bidding round, Officers and the CIL Advisory Board met to discuss lessons learnt and agreed some improvements for future rounds which have now been implemented.

2021/22 Strategic CIL Bidding Cycle

- 5.10 The 2021/22 Strategic CIL bidding cycle opened for bids on the 1st July 2021 and closed on the 15th October 2021. The same process as above was used to advertise the bidding cycle. Officers are currently in the process of validating and scoring the submitted bids against the agreed CIL bid scoring criteria. In January, the valid bids will be reviewed by the CIL Advisory Board and following this, the Board will make recommendations to the Executive/Council regarding the bids submitted in the 2021/22 CIL bidding cycle.

6.0 CIL Monitoring and Reporting

Infrastructure Funding Statement (IFS)

- 6.1 As from 2020, any local authority that has received developer contributions (CIL or S106) within a financial year is required to publish an Infrastructure Funding Statement

(IFS) at least annually. The CIL Regulations 2010 (as amended) set out the requirements of an IFS, which includes reporting on receipts and expenditure.

- 6.2 The Waverley IFS for the 2019-20 financial year is published on the Council's website. In regard to CIL, the IFS shows that receipts of £440,569.17 were collected in the 2019-20 financial year. It also details that all available 'Administrative CIL' was spent, and that the 'Neighbourhood CIL' was transferred to the relevant Town and Parish Councils, in accordance with the CIL Regulations 2010 (as amended). No 'Strategic CIL' was allocated or spent in the 2019-20 financial year.
- 6.3 Officers are working to produce the Waverley IFS for the 2020-21 financial year, this will be published on the Council's website by the end of the year.

Exacom: Public Facing Module (PFM)

- 6.4 The Council has procured the [Exacom Public Facing Module \(PFM\)](#); this web-based platform allows the public to see the full detailed picture of Waverley's collection, management and spending, of all types of planning obligations gained through Section 106 and the Community Infrastructure Levy (CIL). The PFM is updated daily.
- 6.5 As of the 25th October 2021, the PFM shows that in total, the Council has collected £3,915,955.76 of CIL, £3,015,957.07 of which has been collected as 'Strategic CIL'.

7.0 Relationship to the Corporate Strategy and Service Plan

- 7.1 The CIL helps to deliver infrastructure across all the priority themes and ambitions set out in the Corporate Strategy. This report supports the Corporate Strategy and Service Plan by outlining how the CIL is spent fairly and transparently and how CIL contributes to the delivery of the strategic and local community infrastructure necessary to support growth.

8.0 Implications of decision

8.1 Resource (Finance, procurement, staffing, IT)

There are no resource implications of this report.

8.2 Risk management

No risks arising from the recommendations of this report have been identified.

8.3 Legal

The legal implications are addressed within the body of this report.

8.4 Equality, diversity and inclusion

There are no direct equality, diversity or inclusion implications in this report.

8.5 Climate emergency declaration

There are no direct climate change implications from this report.

9.0 Consultation and engagement

This is an update report on CIL governance and expenditure and no decision is being made at this committee.

Background Papers

There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972). But please refer to Annexe 1 – Executive Report – Community Infrastructure Levy CIL Bidding Cycle 20202021.

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Agreed and signed off by:
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Head of Finance: 26/10/21
Strategic Director: 26/10/21
Portfolio Holder: 26/10/21