

For publication

Community Infrastructure Levy (CIL) –

CIL Expenditure 2019

Meeting: Cabinet

Date: 14 July 2020

Cabinet portfolio: Economic Growth

Report by: Strategic Planning and Key Sites Manager

1.0 Purpose of report

- 1.1 To set out the progress on managing the Chesterfield Community Infrastructure Levy (CIL)
- 1.2 To seek Cabinet approval for funding awards for the strategic element of CIL expenditure from the bids received in 2019
- 1.3 To seek Cabinet approval to set up the CIL Neighbourhood Fund for non-parish areas of the Borough.

2.0 Recommendations

- 2.1 That Cabinet notes the progress on receipts from the CIL.
- 2.2 That Cabinet approves the awards for the expansion of Poolsbrook Primary Academy as the strategic CIL funding for 2019, in line with the assessment set out in Appendix 3 in this report.

- 2.3 That Cabinet approves the recommendation for managing expenditure of the neighbourhood portion in non-parish areas of the borough.

3.0 **Background**

- 3.1 CIL is a mechanism to allow local planning authorities to raise funds from new development, in order to contribute to the cost of infrastructure projects that are, or will be, needed to support new development.
- 3.2 CIL took effect in Chesterfield Borough on 1st April 2016. The current charging year, 2020/21 is the fifth financial year in which CIL has been charged and in which CIL payments were collected.

CIL Receipts

- 3.3 CIL income will build up over time but early contributions have been dependent on the development programmes for individual CIL-liable developments. Full details of CIL income and expenditure for 2018/19 (charging year 3) are set out in the CIL Annual Report published in December 2019. <https://www.chesterfield.gov.uk/media/1022829/cil-annual-report-2018-19-summary.pdf>. In summary, at the end of the 2018/19 (charging year 3) monitoring period around £900,000 had been received, leaving around £740,000 available for strategic expenditure. The amount of CIL collected now allows for bids for CIL expenditure to be considered and funding awards confirmed.

4.0 **CIL Expenditure**

- 4.1 The CIL Regulations set out the overall breakdown for how monies collected from the CIL are to be distributed. This is illustrated in the table below.

Purpose of Funding	% Allocated
Strategic/core CIL infrastructure	80% - Remaining CIL receipts collected for the financial year
Neighbourhood portion	15% of CIL collected (capped at £100 per dwelling)
Administration – (Costs of administrating receipt and expenditure of CIL)	5% of all receipts

4.2 This report addresses each of these areas in 3 sections:

- Strategic/Core Infrastructure
- Local Infrastructure / Neighbourhood funding
- Administration Expenses

Strategic/Core infrastructure

4.3 The purpose of CIL is to help to provide the infrastructure needed to support the development of the Borough. CIL receipts (excluding the neighbourhood element and administration fees) are held in a centralised pot and will be used to fund the delivery of strategic infrastructure across the Borough.

4.4 When the Chesterfield CIL charging scheme was introduced, the Regulation 123 Infrastructure List set out the types of infrastructure on which CIL revenue would be spent. The infrastructure list (reproduced at Appendix 2) provided clarity on what CIL might be spent on and ensured that there was no duplication between CIL and S106 agreements in funding the

same infrastructure projects, a requirement of the CIL Regulations at that time.

- 4.5 The amendments to the CIL Regulations which took effect on 1st September 2019 deleted Regulation 123 Lists and replaced them with Infrastructure Funding Statements (IFS). However, the first IFS is not due to be published until December 2020.
- 4.6 There does not appear to be any evidence to suggest an immediate need to review priorities as set out in Regulation 123 List. Therefore, the original CIL expenditure priorities identified on the Regulation 123 list remain valid at least until they have been reviewed through the publication of first IFS December 2020.
- 4.7 The annual IFS will set out details about receipts from both CIL and planning obligations and anticipated expenditure. The intention is to provide clarity and transparency to local communities and developers on the infrastructure and expenditure and in aligning this to planned development. The Statements will also offer an opportunity to re-assess CIL expenditure priorities in the light of any change in circumstances or evidence since the original Regulation 123 list was first published.
- 4.8 In advance of this, the Infrastructure Delivery Plan (IDP) has been updated in support of the emerging draft Local Plan (which has now received a positive Inspectors' Report following its Examination in Public and is considered elsewhere on this agenda). The IDP identifies the essential strategic and local infrastructure which will be required at different times over the duration of the plan period to deliver the Plan strategy. It sets out what infrastructure will be needed and when, who will deliver it and how it will be funded. The IDP will continue to be updated as the future programme develops.

- 4.9 The IDP has identified major infrastructure items that will be critical to unlocking key sites. In relation to the Staveley and Rother Valley Corridor Strategic Site for example, school capacity has been identified as an obstacle to the development of a new community in this strategic location and it will therefore be necessary to address this through the provision of a new school as part of the wider regeneration proposals. Strategic transport infrastructure, particularly in the form of a new link road/regeneration route, is also required in order to improve accessibility. Work is continuing with the County Council (as education authority and highways authority), the landowners, and other key partners to identify the options for funding and delivery of critical infrastructure.

5.0 Apportioning Strategic/Core CIL Income

- 5.1 The CIL Expenditure Strategy approved by Cabinet in July 2018, (<https://www.chesterfield.gov.uk/media/759153/cil-expenditure-strategy.pdf>) sets out the process which will be followed to identify specific items of infrastructure upon which CIL revenue will be spent in order to support growth and development across the Borough. The Strategy establishes the key foundations for prioritising CIL expenditure and balancing competing infrastructure requirements, anchored by the Local Plan strategy in order to deliver critical infrastructure necessary to unlock strategic sites, and support positive development in Regeneration Priority Areas.

The CIL Approval Body

- 5.2 Originally, in considering the CIL Expenditure Strategy and how collected receipts from the CIL should be allocated to infrastructure projects, the Finance and Performance Board at its meeting on 21st March 2018 was of the view that the portfolio holder in conjunction with Leader would represent the most appropriate arrangement for the CIL Approval Body to approve bids for strategic CIL funding. This was designed as the

most efficient arrangement and the most effective use of cabinet time. The Board also agreed that in addition to the formal annual CIL report required by the CIL Regulations, more frequent reports to cabinet would be appropriate in order to achieve necessary scrutiny.

- 5.3 However, this arrangement was proposed when it was originally anticipated that recommendations for CIL expenditure could take place several times a year. Subsequently, the CIL expenditure process has been finalised and it has now been established that funding bids and awards would take place only once a year on an annual cycle, on the basis of the new Infrastructure Funding Statement (IFS). As the first IFS is not due to be published until December 2020, it is therefore most appropriate to review this arrangement, and for Cabinet to act as the CIL approval body in the interim.

CIL Expenditure – The 2019 Funding Round

- 5.4 Bids for funding for the 2019 CIL expenditure round were invited in Spring 2019 from stakeholders who were identified as being in a position to submit projects which would qualify for strategic expenditure.
- 5.5 5 bids were received from 3 parties. These were:
- Derbyshire County Council (Education) – proposal to expand Poolsbrook Primary Academy to provide additional capacity generated by planned housing growth
 - Chesterfield Borough Council (Leisure) - 3 proposals to upgrade existing play areas
 - Don Catchment Rivers Trust – proposal for Natural Flood Management measures at Grassmoor Country Park
 - In addition, an outline expression of interest has been received from Chesterfield Canal Trust for a potential longer term bid beyond 2019.

- 5.6 These bids for CIL funding have been assessed in accordance with the procedure set out in the CIL Expenditure Strategy. A summary of the assessment and officer recommendations is provided at Appendix 3.
- 5.7 The assessment has been undertaken on the basis of the tests set out in the CIL regulations and National Planning Guidance.
- It must be spent on 'the provision, improvement, replacement, operation or maintenance of infrastructure'
 - It can be used to increase the capacity of existing infrastructure or to repair failing infrastructure if that is necessary to support new development.
 - It cannot be used to fund solutions to existing problems or on repairs to existing infrastructure in an area that has not/is not expected to experience growth.
- 5.8 The CIL Expenditure Strategy acknowledges the need to balance short term and long-term priorities. It recognises the inevitable pressure to seek to utilise CIL funding for purposes which are not central to provision of infrastructure to support growth and development. However, this would risk undermining the long-term development strategy for the Borough and ultimately the ongoing credibility of the CIL charging scheme, to which developers contribute in the expectation that available funds will support growth and mitigate the impacts of development. To assist in the assessment process and to ensure the protection of CIL to meet longer term ambitions, the table therefore indicates the proportion of available CIL income which would be utilised under the bids received. This confirms that the recommendation on CIL expenditure for 2019 would retain around 40% of available strategic CIL income for future years.

Total CIL income Received (at Y3 year end)	£924,784	
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Available strategic CIL income) (80%) (at Y3 year end)	£739,827	
Total value of bids received for strategic CIL funding	£598,796	80.9% of available strategic CIL income
Total value of officer recommended funding awards for strategic CIL funding (See Appendix 3)	£450,000	60.8% of available strategic CIL income
Total Remaining balance of strategic CIL fund if officer recommendations for strategic CIL expenditure are accepted	£289,827	

Future years' expenditure

- 5.9 Approval by cabinet of funding awards for the 2019 round of CIL expenditure would then enable the process to commence for the 2020 round and funding awards to be made before the year end.
- 5.10 In future years, the proposed annual funding cycle is set out below:

DECEMBER	Publication of Infrastructure Funding Statement, (including statement of infrastructure projects or types of infrastructure will be, or may be, wholly or partly funded by CIL)
JANUARY	Invitations to bid for funding
MARCH - APRIL	Assessment of bids received; Recommendations to Cabinet
MAY-JUNE	Decisions on strategic CIL funding awards by CIL Approval Body

JUNE	Announcement of funding awards
SEPTEMBER - NOVEMBER	Monitoring and reporting of income and expenditure; preparation of Infrastructure Funding Statement, including CIL income and progress on CIL expenditure, and review of long term CIL strategy
DECEMBER	Publication of Infrastructure Funding Statement

Local Infrastructure / Neighbourhood Funding – The Neighbourhood Portion

- 5.11 The Community Infrastructure Levy Regulations (Regulation 59A) place a duty on charging authorities to allocate at least 15% (up to a cap of £100 per existing council tax dwelling) of CIL receipts to spend on priorities that should be agreed with the local community in areas where development is taking place. This is known as the neighbourhood portion.

Parished Areas

- 5.12 The 2010 Regulations require charging authorities to pass the 15% of CIL receipts directly to parish councils where the chargeable development has taken place. Parishes can contribute towards strategic projects but are ultimately autonomous in taking spending decisions. Due CIL receipts continue to be passed on to Staveley Town Council and Brimington Parish Council where chargeable developments has taken place in their areas. Over the first three charging years (2016-2019) £8,179.05 has been passed on to Staveley Town Council, £907.50 to Brimington Parish Council.

Non-Parished Areas

- 5.13 The extent of the parishes however does not cover the majority of the urban area of Chesterfield Borough. This creates a gap in the coverage for the neighbourhood portion in the Borough where there are no parishes or town councils to oversee its expenditure. Parishes and Wards are listed in Appendix 2.

Expenditure of Neighbourhood Portion in Non-Parished Areas

- 5.14 Communities without a parish or town council will still benefit from the neighbourhood portion of CIL receipts. Where the chargeable development takes place in an area where there is no parish council, the charging authority retains the levy receipts but must spend the neighbourhood portion on, or to support, infrastructure in the area where the chargeable development takes place. Funds from the neighbourhood portion can be used for a wider range of spending than is the case with the strategic portion. Around £130,000 is available to spend in non-parished wards from the first three CIL charging years (2016-19).
- 5.15 There is no prescribed process for agreeing how the neighbourhood portion should be spent, but guidance suggests that charging authorities should use existing community engagement processes, proportionate to the level of levy receipts and the scale of the proposed development to which the neighbourhood funding relates. Rather than establishing any completely new structure, it is proposed to use the Health and Wellbeing Partnership as the platform to manage the neighbourhood portion in non-parished areas of the Borough. This would involve a bi-annual invitation for local communities to bid for available funding for local infrastructure projects. This would build on the experience of managing the Council's previous Community Chest programme.

- 5.16 Cabinet is now invited to endorse this recommendation for managing expenditure of the neighbourhood portion in non-parish areas of the borough. This will allow the process to be commenced later in 2020, co-ordinated by the Assistant Director for Health & Wellbeing.

Administrative expenses

- 6.1 Whilst the overwhelming majority of revenue from the levy is directed towards infrastructure provision, the CIL Regulations recognise that there are costs associated with operating CIL and allow charging authorities to spend up to 5% of total levy receipts on administrative expenses. Administrative expenses associated with the levy include the costs of the functions required to establish and run a levy charging scheme.
- 6.2 The 5% for administrative expenses is included in the budget each year to offset the costs of officer time on CIL.

7.0. Next steps:

- (i) Allocate strategic CIL funding for 2019/20, in line with the recommendations in this report.
- (ii) Continue to update and further develop priorities for strategic expenditure through the Infrastructure Delivery Plan in support of the Local Plan, and working closely with delivery partners, particularly the County Council, D2N2 and SCR and other strategic infrastructure providers.
- (iii) Continue to engage with Staveley Town Council and Brimington Parish Council and for the neighbourhood element (15%) of CIL expenditure in the parished areas of the Borough, in line with CIL Regulations.
- (iv) Commence the process for expenditure of the Neighbourhood Portion in non-parished areas through the

new Community Fund, to be managed through the Health & Wellbeing Partnership in line with the recommendation in this report.

- (v) Continue monitoring of CIL and S.106 agreements in preparation for publication of first annual Infrastructure Funding Statement by 31st December 2020.
- (vi) Update to council delegations to reflect arrangements for approval of CIL strategic expenditure (this will be the subject of a future report).
- (vii) Set out proposals for a review of the Chesterfield CIL charging scheme, for future consideration by Cabinet.

8.0 Financial considerations

- 8.1 The financial ramifications of introducing a CIL were originally reported to Cabinet when the CIL charging scheme was established, and in subsequent reports. Importantly, CIL regulations permit charging authorities to finance initial set-up and ongoing administration costs from up to 5 per cent of CIL receipts. Therefore, over time, it should be possible to recover the costs of preparing the CIL evidence base and Charging Schedule (including examination costs) and other on-going administration or staffing costs.
- 8.2 CIL will provide funds to protect enhance and promote the Borough's existing green infrastructure assets.

9.0 Legal Implications

- 9.1 Management and expenditure of CIL income has been assessed in accordance with the The Community Infrastructure Levy Regulations 2010 (as amended) and the National Planning Practice Guidance (NPPG).

10.0 Risk Management

10.1 This work concerns the implementation of statutory and good practice performance requirements. All relevant documents and reports have to be published and available for public scrutiny.

Description of the risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Expenditure is not approved – infrastructure is not in place to support housing growth	Med	Low	The potential projects have been assessed in accordance with the relevant regulations and guidance	Low	Low
Expenditure is approved but not delivered on site – infrastructure is not in place to support housing growth	Low	Low	Finance is not released to party delivering structure until evidence is in place of provision	Low	Low

11.0 Equalities Impact Assessment

11.1 An EIA was undertaken at the time that CIL was introduced. The proposed expenditure sits within the range of purposes that were considered at the time.

12.0 Recommendations

- 12.1 That Cabinet notes the progress on receipts from the Community Infrastructure Levy (CIL).
- 12.2 That Cabinet approves the awards for the expansion of Poolsbrook Primary Academy as the strategic CIL funding for 2019, in line with the assessment set out in Appendix 3 in this report.
- 12.3 That Cabinet approves the recommendation for managing expenditure of the neighbourhood portion in non-parish areas of the borough.

13.0 Reasons for recommendations

- 13.1 To ensure that CIL expenditure takes place in accordance with the CIL Expenditure Strategy to ensure that CIL investment supports planned growth and sustainable development and Chesterfield's continued vitality.

Decision information

Key decision number	957
Wards affected	ALL

Document information

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Appendices to the report	
Appendix 1	Parish and Non-Parish Areas
Appendix 2	Community Infrastructure Levy: Regulation 123 List
Appendix 3	Summary of CIL bids received - 2019; Assessments and recommendations

Appendix 1: Parish and non-parish areas

Parish areas

Chesterfield has 2 parish areas which cover the following Wards:

Staveley Town Council:

Barrow Hill & New Whittington (part)
Lowgates & Woodthorpe
Middlecroft & Poolsbrook
Hollingwood & Inkersall

Brimington Parish Council:

Brimington North
Brimington South (part)

Non-Parished Areas

The non-parished areas of Chesterfield Borough cover the following Wards:

Barrow Hill & New Whittington (part)
Brimington South (part)
Brockwell,
Dunston
Hasland
Holmebrook
Linacre
Loundsley Green
Moor
Old Whittington
Rother
St Helens
St Leonards
Walton
West

Appendix 2: Community Infrastructure Levy: Regulation 123 List

REGULATION 123 INFRASTRUCTURE LIST	
Infrastructure Type or Project	
Strategic Green Infrastructure	
<ul style="list-style-type: none"> • Public Open Space and/or play provision and/or improvements* • Sports and Playing Pitches* • Restoration of Chesterfield Canal • Access improvement to Green Wedges and Strategic Gaps • Biodiversity and habitat enhancement including tree planting* 	
Transport Infrastructure	
<ul style="list-style-type: none"> • Improvements to A61 Chesterfield Inner Relief Road Junctions* • Chesterfield Staveley Regeneration Route • Hollis Lane Link Road • Implementation of Chesterfield Strategic Cycling Network* • Measures to improve walking, cycling and public transport provision within*: <ul style="list-style-type: none"> i. The A61 Corridor ii. The A619 Chatsworth Road iii. The A619 corridor through Brimington and Staveley iv. Access to Chesterfield Railway Station v. The proposed Strategic Cycle Network 	
Other Infrastructure	
<ul style="list-style-type: none"> • Strategic Flood Defences and alleviation measures* 	
Education Provision	
<ul style="list-style-type: none"> • Provision of additional pupil capacity in existing schools and contributions to a new school or schools to address shortfalls in capacity arising from new housing growth 	

*Excluding Site Specific measures arising as a result of specific development proposals, subject to statutory tests set out under Regulation 122 of the Community Infrastructure Levy Regulations 2010 (as amended), which stipulates the following:

A planning obligation may only constitute a reason for granting planning permission for the development if the obligation is –

- a) necessary to make the development acceptable in planning terms*
- b) directly related to the development; and*
- c) fairly and reasonably related in scale and kind to the development.*

Appendix 3: Summary of CIL bids received - 2019; Assessments and recommendations

Applicant	Project	Value of bid (£)	Assessment of bid and Recommendation
DCC Education	Poolsbrook Primary Academy expansion	450,000	<p>Essential to support delivery of 175 houses in a RPA. Development due to commence during 2019</p> <p>Recommendation: Approve funding</p>
CBC Leisure	Princess Street Play Area	45,000	<p>Unclear how proposed site has have been prioritised; Further evidence needed as to how proposal would support new development; Insufficient evidence provided to demonstrate that proposal is not seeking to rectify a pre-existing deficiency</p> <p>Recommendation: Do not approve CIL funding, but invite applicant to resubmit for 2020 funding round, supported by additional information demonstrating clear relationship between proposed infrastructure project and planned development.</p>

CBC Leisure	Chester Street Play Area	50,000	<p>Unclear how proposed site has have been prioritised; Further evidence required to demonstrate that proposal is not seeking to rectify a pre-existing deficiency</p> <p>Recommendation: Do not approve CIL funding, but invite applicant to resubmit for 2020 funding round, supported by additional information demonstrating clear relationship between proposed infrastructure project and planned development</p>
CBC Leisure	Pearsons Recreation Ground	50,000	<p>Unclear how proposed site has have been prioritised; Further evidence required to demonstrate that proposal is not seeking to rectify a pre-existing deficiency.</p> <p>Recommendation: Do not approve CIL funding, but invite applicant to resubmit for 2020 funding round, supported by additional information demonstrating clear relationship between proposed infrastructure project and planned development.</p>

Don Catchment Rivers Trust	<p>Natural Flood Management (NFM) measures at Grassmoor Country Park (Phase 1).</p> <p>Infrastructure in form of earth buds and wet areas designed to slow amount & rate of water entering river systems upstream of Chesterfield</p>	3796	<p>Grassmoor Country Park located in catchment of Spital Brook a confluence with Rother in Chesterfield close to Chesterfield Waterside and where Hipper also discharges into Rother. This area is very prone to flooding;</p> <p>Bid presented as phase 1 (survey & analysis) pursuant to a phase 2 (infrastructure provision). However, costs of phase 2 not specified in detail.</p> <p>Outline estimate of projected costs for delivery of natural flood management measures outlined in application is £50,000 +/- 20%, but dependent on outcome of feasibility study and opportunities/limitations this presents.</p> <p>Recommendation:</p> <p>Do not approve CIL funding, but invite applicant to resubmit bid for 2020 funding round, supported by additional information demonstrating full project costs and clearer relationship between proposed infrastructure project and planned development in Chesterfield.</p>
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Chesterfield Canal Trust	Restoration of C'field Canal in Staveley. to CBC south of Renishaw	0	<p>No detailed costings at present. Greater clarity expected by April 2020. Total cost expected to be c. £2/3 million. Therefore no bid for CIL funding in 2019.</p> <p>Recommendation: Include in forward plan</p>
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