

Report subject	Strategic Community Infrastructure Levy Governance and Allocation
Meeting date	29 September 2021
Status	Public
Executive summary	Community Infrastructure Levy (CIL) is collected from development and used to fund infrastructure necessary to support planned growth set out by the local plan. CIL receipts are around £5 million per year and split up as follows in accordance with legislation: • Strategic CIL – 80% • Neighbourhood Portion – 15% (rising to 25% if a neighbourhood plan is in place) • Admin – 5% We need to put in place a formal process to agree the spending priorities for Strategic CIL. Currently decisions are made in accordance with the Financial Regulations depending upon spending amount, requiring either Cabinet and Council agreement or delegated to the Chief Operations Officer or Head of Planning. To enable all service providers across the Council to have better access to Strategic CIL and to provide transparent governance, we propose that CIL project spend is governed by a new Future Infrastructure Programme Board, replacing the current Futures Fund Programme Board. This Board would benefit from the addition of the Chief Operations Officer and the Head of Planning that cover Planning. The Board would engage with service providers and review all requests for project funding and decide whether Futures Fund and/or Strategic CIL is suitable. This would better align the Council's capital infrastructure planning. The System Leadership Team set up a task and finish group to explore the potential for new housing development to contribute towards NHS health care infrastructure. The recommendations of the task and finish group were fed back and approved by the System Leadership Team in August 2020. If agreed, the Future Infrastructure Programme Board can review the NHS request and report back to Cabinet with a recommendation. The Council has a duty to publish the Infrastructure Funding Statement on an annual basis. The 2020/21 version sets out all CIL and planning obligations requested, received, spent, allocated to projects and monies held by the Council on 1 April 2021.

Recommendations	It is RECOMMENDED that Cabinet: (a) approve the change in name of the Futures Fund Programme Board to Future Infrastructure Programme Board and increase its scope to also consider Strategic CIL spending proposals; (b) approve the governance arrangements of the newly named Future Infrastructure Programme Board to include the Council's Chief Operations Officer and Head of Planning as Board members; (c) agree that the newly named Future Infrastructure Programme Board recommend the Strategic CIL spending priorities, and report this back to Cabinet within the calendar year alongside the final Infrastructure Funding Statement for 2020/21; and (d) agree to engage with service providers through the Future Infrastructure Programme Board to ensure Strategic CIL helps deliver the necessary infrastructure to support planned growth.
Reason for recommendations	The Futures Fund Programme Board reviews capital infrastructure spending and by reforming as the Future Infrastructure Programme Board and linking in Strategic CIL, it will ensure that infrastructure planning is aligned and well planned. Cabinet setting the spending priorities will provide a clear direction for the Board to awards funds to projects. The Systems Leadership Team recommended that the NHS as an infrastructure service provider can bid for CIL monies for 2020/21. The new Future Infrastructure Programme Board will engage with all service providers and provide a further level of scrutiny of the NHS request to ensure that the request is aligned with our spending priorities before making a recommendation to Cabinet. The Council has a duty to publish the Infrastructure Funding Statement each calendar year and to set out its spending priorities for CIL.
Portfolio Holder(s):	Councillor Philip Broadhead, Portfolio Holder for Regeneration, Economy and Strategic Planning.
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Wards	All wards
Classification	For Decision

Background

1. Community Infrastructure Levy (CIL) collected from development is for spending on infrastructure to support planned growth set out in the local plan. CIL receipts are split as follows:
 - Strategic CIL – Up to 80%
 - Town/Parish Councils & Neighbourhood Portion – 15% (rising to 25% if a neighbourhood plan is in place)
 - Admin – 5%
2. The regulations require us to pass 15% of the CIL receipts directly to a town or parish council of the CIL paid by development that takes place within that town or parish council area. It is the responsibility of the town or parish council to spend these CIL receipts. In unparished areas we have set up a process for spending the neighbourhood portion of CIL. Where there is a neighbourhood plan we put aside 25% of the CIL receipts from development taking place in that neighbourhood plan area. The neighbourhood forums can put forward projects to bid for those ringfenced monies. Strategic CIL is thus reduced to 70% in areas where there is a neighbourhood plan in place. Currently there are three neighbourhood plans for Broadstone, Boscombe and Pokesdown and for Poole Quays.
3. We use 5% of CIL income for administration purposes, which is the maximum allowable under the CIL Regulations. This supports the costs associated with the collection, management and spending of CIL.
4. This paper focusses on how we spend the 80% strategic CIL. The 2008 Planning Act Regulation 216 requires that CIL is used to support '*development by funding the provision, improvement, replacement, operation or maintenance of infrastructure*', with infrastructure defined as:
 - roads and other transport facilities;
 - flood defences;
 - schools and other educational facilities;
 - medical facilities;
 - sporting and recreational facilities; and
 - open spaces.
5. The Infrastructure Funding Statement (IFS) sets out the CIL and planning obligations, collected and spent in the financial year. We published our first IFS in December 2020 to cover the year 2019/20. The draft IFS for 2020/21 is provided for information purposes and is attached at Appendix A.
6. A key role of the IFS is to set out our spending priorities for Strategic CIL in the forthcoming year(s) to provide transparency on what we are collecting CIL for.
7. The following four sections of this report set out; (i) the current CIL position; (ii) a forecast for Strategic CIL; (iii) the known spending requests and (iv) the governance for determining future project spend.

The CIL position at 1 April 2021

8. The CIL summary for 2020/21 is set out in the IFS as referenced in Figure 1 below.

Figure 1: CIL summary at 1 April 2021

Summary for 2020/21		CIL	Reference in IFS
Contributions requested		£3,917,695	Table 1
Contributions received		£5,102,340	Table 2
Contributions spent		£5,258,898	Table 3
Unspent Strategic CIL	Total unspent	£7,988,751	Table 11
	Allocated	£6,856,834	Table 11
	Not allocated	£1,131,917	Table 11

9. We hold £7,988,751 of unspent CIL. The majority, £6,856,834, is already allocated to projects as set out in Table 12 of the IFS. This leaves £1,131,917 of Strategic CIL uncommitted.

A forecast for Strategic CIL

10. We received £5,102,340 of CIL receipts during 2020/21. The 2019/20 receipts were £6,336,179, which gives an average of £5,719,259 over the two years. On this basis and with some caution, the following forecast assumes an annual income of £5 million per annum.
11. After top slicing for Town/Parish Councils, Neighbourhood Portion in unparished areas and CIL admin there is up to 80% left as Strategic CIL which is around £4 million per year as shown in Figure 2.

Figure 2: CIL split based on a £5 million income estimate per annum

	Proportional split	Income per year
CIL received	100%	£5,000,000
Top slicing	Admin (5%)	£250,000
	Neighbourhood portion (15%)	£750,000
Strategic CIL	80%	£4,000,000

Known Spending Requests

12. The three adopted local plans prepared by the predecessor authorities include priorities for the use of CIL to support the planned growth. We have brought these together to set out a single list for the BCP Council area as set out at Appendix B.
13. As part of the process of preparing a local plan we ask service providers to identify the infrastructure requirements of the number of homes and other uses we are planning for. These infrastructure requirements are set out in the Infrastructure Delivery Plan (IDP). We are currently preparing an IDP to accompany the proposed growth in the emerging BCP Local Plan. Previous IDPs identified requirements over and above the anticipated CIL receipts over the local plan period and we expect this to remain the case for the BCP Local Plan.
14. Through the emerging BCP Local Plan we will review the quantum and location of growth and plan for strategic infrastructure accordingly to deliver the Big

Plan. As part of the engagement process in the BCP Local Plan we are engaging with service providers to identify strategic infrastructure projects. We can then determine our priorities for spending Strategic CIL.

15. The three local plans that cover the BCP Council area include the requirement that net additional residential development and some other uses must be mitigated to ensure it has no adverse effect upon designated sites, in particular the Dorset Heathlands, and for the Poole Local Plan area, Poole Harbour Special Protection Area. To ensure certainty under the Habitats Regulations and allow us to continue to grant planning permission for new homes, this mitigation is considered a priority for the use of Strategic CIL and set aside for this purpose. This enables us to deliver the mitigation before occupation of the new dwellings or other relevant uses. Currently there four mitigation schemes:
 - Dorset Heathlands Planning Framework Supplementary Planning Document (SPD);
 - Dorset Heathlands Interim Air Quality Strategy;
 - Nitrogen Reduction in Poole Harbour SPD; and
 - Poole Harbour Recreation SPD.
16. If 1,500 homes per year are built in the BCP Council area, the current cost of mitigation in accordance with these strategies is around £2-2.5 million per year. This is a significant draw on Strategic CIL, leaving £1.5-2 million of Strategic CIL per year for spending on other infrastructure.
17. Figure 3 illustrates a selection of possible funding projects needed over the next five years (2020/21-2025/26). These are just a sample of known projects and do not include other critical infrastructure projects such as flood defences, open spaces, and other transport and education schemes. For context, this sample would use the full £20 million Strategic CIL income expected over 5 years (5 years of £4 million Strategic CIL income). The projects listed below have yet to be approved for spending but illustrate the difficult choices ahead for use of the Strategic CIL fund.

Figure 3: Example of projects seeking CIL funding to 2025/26

Item	5 year cost
Habitats Regulations mitigation	£10,000,000
Primary School in Merley & Bearwood ward	£2,000,000
E-buses	£2,000,000
Capital Funding Swap *	£1,408,000
NHS Health **	£3,875,000
Total	£19,283,000

* Subject to approval by Council following Report to [Cabinet](#) of 22 June 2021 Item 16, Appendix B2. ** Assumes 1500 homes per year / £775,000 per annum.

18. We will need to make choices on whether to spend Strategic CIL on smaller projects more regularly or put Strategic CIL aside for longer term larger infrastructure items such as flood defences, transport schemes or new schools. This highlights the need for effective governance and planning of future of infrastructure requirements.

Governance

19. In April 2021 Cabinet approved the governance arrangements for the Futures Fund, a subgroup of the Regeneration Board. To help facilitate more efficient and effective strategic decision making for all infrastructure activity, it is

proposed to combine the review of Community Infrastructure Levy (CIL) related proposals with the Futures Fund proposals.

20. The newly titled Future Infrastructure Programme Board will act as an initial gateway for project requests and sanction the development of any relevant business cases and the preferred source of funding. Each business case will still be required to adhere to the prevailing financial regulations and go through the normal approval process before commencing.
21. To ensure a robust and fully informed decision can be made regarding proposals submitted to the Future Infrastructure Programme Board, it is proposed to include the Chief Operations Officer and the Head of Planning as Board members, in addition to the existing Board members.
22. It is proposed that Strategic CIL spend is operated on the basis of a 60/40 split, with the 60% used to fund major strategic infrastructure projects in excess of £0.5 million such as flood defences, schools and transport schemes that will take time to deliver and 40% used for smaller but still important strategic projects in a shorter timescale.
23. Cabinet is asked to approve that the Future Infrastructure Programme Board is set up and that content of this report is scrutinised, before reporting back on spending priorities. This would be undertaken on an annual basis.
24. Officers will be guided by the spending priorities identified by the Future Infrastructure Programme Board, although will retain the authority to spend CIL in accordance with the Financial Regulations. This will avoid delay in agreeing project spend particularly for smaller project requests that help to satisfy the mitigation requirements of the Habitats Regulations.

NHS Health contributions

25. The System Leadership Team set up a task and finish group to explore the potential for new housing development to contribute towards health care infrastructure. The recommendations of the task and finish group were fed back and approved by the System Leadership Team on 27 August 2020 (See Appendix C). The recommendations were:
 - a) The geographical split between East and West Dorset, aligned to the Local Plan;
 - b) The use of a housing trajectory led approach yielding a contribution per home in accordance with the outputs of the HUDU model;
 - c) That the identified costs will be recovered through each Council's Community Infrastructure Levy, except for the area covered by the North Dorset Local Plan where Section 106 contributions will be used;
 - d) That the contributions paid to the CCG and Hospital Trusts by the end of each calendar year will be based upon the Council's annual monitoring of housing completions for the preceding financial year, commencing with the year 2020/21;
 - e) The proportioning of health contributions between the primary, acute and community sectors in accordance with the outputs of the HUDU model;
 - f) That the costs and assumptions contained in this report are monitored and reviewed as necessary alongside the development of local plans and other emerging strategies, including a regular assurance review in relation to the HUDU model data inputs and associated outputs;
 - g) The CCG and Hospital Trusts cease submission of requests for contributions to planning applications and current 'live' requests are superseded by this new approach.
26. For 2020/21 the contribution to the NHS would be £516 per home for Eastern Dorset which contains the BCP Council area. With 832 net homes completed in

the BCP Council area during 2020/21 the contribution to mitigate the additional pressure upon health care in 2020/21 would be £429,312.

27. If approved this request should be paid to NHS Dorset before the end of 2021. In return the CCG and Hospital Trusts will cease submission of requests for Section 106 contributions on future planning applications.
28. Cabinet is asked to agree that the Future Infrastructure Programme Board review this funding request and report back with a recommendation before the end of the calendar year. As part of this, engagement with wider service providers is crucial, and therefore Cabinet is asked to approve the Future Infrastructure Programme Board undertaking this engagement.

Options Appraisal

29. There are numerous options for different ways that this steer could be provided, but for simplicity we have only set out three options:

- Option 1: Continue with current practices
- Option 2: Set up the Future Infrastructure Programme Board
- Option 3: Require all Strategic CIL spending to be agreed by Cabinet

30. The advantages and disadvantages of each option are set out below:

Option 1 Advantages

- Allows officers to quickly deliver smaller projects in accordance with the limitations set by the Financial Regulations

Option 1 Disadvantages

- Lacks clear direction on corporate priorities for future infrastructure spending
- Danger of being in isolation to wider corporate priorities for infrastructure spending with potential to miss opportunities

Option 2 Advantages

- Provides an overview of all Council infrastructure priorities
- Maximises opportunities to plan for larger infrastructure items that will be delivered over longer periods
- Can draw together different funding schemes to bring projects forward quicker

Option 2 Disadvantages

- Potential for delay in securing agreement for funding urgent projects

Option 3 Advantages

- As Option 2 but also provides a strong political steer for the use of Strategic CIL

Option 3 Disadvantages

- As Option 2, but also lacks the opportunity to debate the intricate details of different projects.
- Too detailed for effective Cabinet meetings

31. All options could be considered as they each have advantages and disadvantages. The current approach, Option 1, lacks governance and transparency and therefore highlights the need for a clear organisational steer.

32. Option 2 is preferable. The Future Infrastructure Programme Board provides the opportunity to join up the plan for all capital infrastructure spending. However, gaining agreement from the Board and then obtaining Cabinet and Council approval may lead to delays to obtain the decision to spend Strategic CIL.
33. The alternative option 3 to agree all spending through Cabinet provides a political steer and removes the debate by a board, but would not lead to effective Cabinet meetings.
34. Overall Option 2 is preferable as although it adds an extra stage into the process, the joined-up approach will be clearer and welcomed by service providers.

Summary of financial implications

35. Strategic CIL is expected to provide £4 million funding per annum towards infrastructure. The Future Infrastructure Programme Board would provide a coordinated approach to capital and revenue spending on Infrastructure to support growth, enabling the Council to make informed decisions.
36. The 5% of CIL used for administration purposes is spent on staff time to cover the calculation and collection of CIL, appeals, enforcement, monitoring, legal requirements and spending of CIL.

Summary of legal implications

37. The requirements for how CIL can be collected and spent are set out in the Community Infrastructure Levy Regulations 2010 (as amended). Regulation 59 states:

'A charging authority must apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area.'

38. Other key paragraphs include:

- Para 61: No more than five per cent of CIL collected in that year to be spent on administration; and
- Para 121A: Publish the Infrastructure Funding Statement annually.

39. The Conservation of Habitats and Species (EU Exit) Regulations 2019 known as the Habitat Regulations require that decision makers ensure that a project or proposal does not cause an adverse effect to a protected site or species. There are numerous sites afforded such protections in South East Dorset, in particular the Dorset Heathlands and Poole Harbour.

Summary of human resources implications

40. No implications identified

Summary of sustainability impact

41. The completed Decision Impact Assessment demonstrates that the proposed spending of Strategic CIL will only have positive sustainability benefits.

Summary of equality implications

42. The completed Equality Impact Needs Screening Tool does not highlight any negative impacts.
43. The proposed governance will allow all service providers, whether internal to the Council or external organisations, the opportunity to make a bid for CIL to

fund infrastructure to cope with additional growth pressures. Through these service providers the whole community will be represented in future decision making on infrastructure provision.

Summary of risk assessment

44. The key risks are outlined in this report.

Background papers

(A) 14 April 2021 Cabinet, agenda item 17 – Futures Fund Governance

<https://democracy.bcpccouncil.gov.uk/documents/g4262/Public%20reports%20pack%2014th-Apr-2021%2010.00%20Cabinet.pdf?T=10>

Appendices

Appendix A – Infrastructure Funding Statement 2020/21

Appendix B – Local Plan spending priorities for Strategic CIL

Appendix C – Systems Leadership Team Report 22 August 2020