

## **Cabinet**

**15 March 2018**

# **Community Infrastructure Levy – Implementation in Warwickshire**

## **Recommendations**

That Cabinet:

- 1) Notes and comments on the progress on the implementation of the Community Infrastructure Levy (CIL) across the District/Borough Councils in Warwickshire
- 2) Agree the principles, outlined in Section 3, as the basis of the County Council's response to CIL and any discussions going forward.

## **1. Background Information**

- 1.1. The Community Infrastructure Levy (CIL) is a levy which local planning authorities (LPAs) in England and Wales can choose to charge on new development in their area for the provision of new infrastructure required as a result of developments either individually or collectively.
- 1.2. A CIL is usually only introduced if there is an appropriate adopted development plan in place. The development plan sets out the scale and location of development and infrastructure required to meet the needs of an area over at least a 15 year period.
- 1.3. CIL attempts to ensure the majority of planning applications for new buildings, rather than just large applications, contribute towards funding infrastructure needed to support development in the area. In effect the CIL is a development tax set by 'charging authorities' and in two tier authorities this is the District or Borough Councils.
- 1.4. CIL may be levied on any type of development that increases the amount of enclosed floor space but is most commonly targeted at residential and

commercial development. The CIL rate will relate to the overall cost of identified infrastructure required in the area and CIL revenue from a development may be spent on any infrastructure needed in the area whether or not it has any connection with the development. Affordable housing will not be liable to a CIL charge.

- 1.5. CIL rates cannot be set at a level which could threaten the viability of development, so the amount collected is unlikely to be sufficient to bridge funding gaps on all required infrastructure. This is part of the key tests of the external examination of an LPA's CIL proposals.
- 1.6. A minimum of 15% of all CIL income has to be given to parish or town councils. This minimum increases to 25% if they have a Neighbourhood Plan in place. The parish or town council decides how it should be spent. If there is no parish or town council, the District or Borough is required to adopt arrangements to let local communities influence decisions as to how the relevant proportion should be spent.
- 1.7. Up to 5% of CIL income can be top sliced by the collecting authority as a contribution towards the cost of administering the levy.
- 1.8. The final decisions on the allocation of any CIL funding collected are made by the relevant District and Borough Council taking into account the infrastructure needs identified by other public body stakeholders. As well as providing new infrastructure the funding may also be used to increase the capacity of existing infrastructure or repairing failing existing infrastructure, if that is necessary to support development/s.
- 1.9. It should be noted that the introduction of CIL does not mean the end of s106 agreements. Major development sites, e.g. Long Marston, and/or particular types of infrastructure spending will continue to be designated as subject to an s106 agreement.
- 1.10. The purpose of this report is to inform Cabinet of the current position of the Warwickshire Districts and Boroughs in relation to the implementation of CIL and to seek Cabinet's agreement as to how the County Council should respond to the challenge of CIL and the approach the Council will adopt going forward.

## **2. Warwickshire - The Current Position**

- 2.1. The Local Planning Authorities across the county are at different stages with the adoption of their Local Plans and the introduction of CIL. The current position is as follows:

### North Warwickshire Borough

The draft Local Plan is currently in development and is due to be submitted for Examination shortly. The Borough has no plans to introduce CIL at this time.

### Nuneaton and Bedworth Borough

Part 1 of the Public Hearing on the Local Plan was in September. This required additional evidence work to be undertaken. Part 2 of the Hearing commenced in January. There are no plans to introduce CIL at this time as viability is felt to be marginal and s106 agreements will continue to be used for strategic sites.

### Rugby Borough Council

The Local Plan is currently going through the examination process. It is hoped the Plan can be formally adopted later this year. The Borough has no plans to introduce CIL at this time.

### Stratford District Council

An adopted Local Plan is in place and CIL “went live” on 1 February 2018. The estimated level of CIL income is £2.5 million over the life of the Core Strategy through to 2031, excluding the new settlements at Long Marston Airfield and Gaydon/Lighthorne Heath which are designated as s106 sites.

### Warwick District Council

The Local Plan was formally adopted on 20 September 2017 and CIL was introduced in 18 December 2017. The estimated level of CIL income has not been made public other than that it is not expected to be sufficient to fund all infrastructure requirements.

- 2.2. In practice this means that the current focus of work on CIL is the arrangements being put in place by Stratford and Warwick for distributing any CIL monies collected, recognising this may then be rolled out across the County in the future.

### 3. County Council Approach

- 3.1. The nature of CIL with its set tariff and viability tests means it is likely that local planning authorities in Warwickshire will secure significantly less for off-site infrastructure through CIL than under the old arrangements for pooling s106 money. It also means CIL is unlikely to meet all the infrastructure costs arising from new developments.
- 3.2. The objectives of the County Council in relation to CIL and developer funding more generally are:
- To secure sufficient developer funding to meet the infrastructure needs consequent on the development itself or in the wider community.
  - To ensure any developer funding received is prioritised to fund the critical infrastructure needs initially.
- 3.3. Given that the lead authorities in relation to CIL and developer funding more generally are the districts/boroughs, the County Council's role is as a key stakeholder and the body accountable for the delivery of the majority of the infrastructure needs arising from development. It is therefore proposed that the County Council operates within a clear set of principles/guidelines that services within the County Council adhere to. In this way it is hoped that a clarity/consistency of communication and approach with the District/Borough Council's and other infrastructure providers can be achieved. And, by pursuing a collaborative approach wherever possible it is hoped that disputes on how to address infrastructure needs will be avoided or at least kept to an absolute minimum.
- 3.4. Cabinet are asked to approve the principles set out in the remainder of this section as the way forward. The wording in italics under each principle provides commentary on how the principles have been derived.
- 3.5. The County Council will:
- Prioritise the use of Section 106 agreements as the Council's preferred method for securing infrastructure funding, where practicable, to meet needs flowing from developments in an area.
    - *Section 106 funding provides greater certainty over the level of funding to be received and clarity about how any funding received will be used. This approach, if agreed, will form part of the Developer Guide currently being developed.*
  - Support and encourage all districts/boroughs where CIL is in operation to develop a collective approach to the determination of CIL requirements

and the allocation of funding.

- *It is believed a collective approach will ensure any modifications to capital programmes and the development of CIL policies do not take place in isolation and are after consideration of all the alternative funding mechanisms and potential opportunities available.*
  - *It is recognised that due to the diverse range of infrastructure needs across Warwickshire and the statutory role of the districts/boroughs there will always be a need for locally tailored solutions. But, collective working and shared approaches (whilst recognising the statutory role of the districts /boroughs in relation to decision making) will minimise the need to negotiate and engage through five different processes for all infrastructure providers.*
  - *We are working with partners to develop training for LPA and County Council staff in relation to CIL and s106 in conjunction with Warwick District Council to promote a collective approach.*
- 
- Support the development, with partners, of a comprehensive infrastructure needs assessment for Warwickshire that identifies infrastructure needs over the next twenty years based on existing deficiencies, natural growth and development requirements; and that this should form the basis of the identification of infrastructure needs from developer funding.
  - Actively engage with WALC about potential priorities for the use of CIL funding allocated directly to parishes, town councils and neighbourhoods.
    - *Warwick District Council is proposing a joint approach within their area and if successful it is hoped this could be extended across all CIL areas.*
  - Operate with a single voice/point of contact on all matters in relation to CIL.
    - *This will be The Head of the Infrastructure Delivery Team in Transport and Economy who is also the lead contact for Section 106 agreements.*
    - *The District/Borough Councils should not discuss infrastructure needs and funding requirements directly with individual services such as roads, public transport, education, public health, fire and libraries. This principle is intended to ensure the County Council is seen to operate with a single coherent voice and all service activity in this area is integrated and coordinated.*
  - Submit a single prioritised list of requirements for CIL funding to the district/borough councils.

- *Building on the principle above, this process will be co-ordinated by the Infrastructure Delivery Board, which includes representatives from all Business Units with infrastructure needs arising from developments in an area, to ensure the most critical investment needs from the County Council's perspective are clear*
- *It will also ensure any proposals are consistent with the approved capital strategy and infrastructure needs assessment.*
- Take into account all potential funding sources when making decisions about the allocation of its own capital resources. This may mean that local schemes could be affected by the way CIL funding is allocated.
  - *With the final decision on CIL resting with the district/borough councils there is a risk the districts/boroughs will use the CIL process to determine which County Council services they want supported. One potential consequence of this is the risk that even when the County Council is successful in securing CIL funding it may not be allocated to the highest priority County Council infrastructure need. This principle, seen very much as a last resort, has been included should this risk materialise.*

## **4. Next Steps**

4.1. Subject to Cabinet agreement of the principles outlined in this report, the next steps will be:

- Finalise the Developer Guide that will detail the scope and range of contributions towards infrastructure which the County Council may seek from developers and landowners.
- Formalise these arrangements and principles into a document that can be circulated to Members, relevant officers and the Districts/Boroughs and other infrastructure partners so that all stakeholders are aware of our direction of travel.
- The Head of Transport and Economy will, through the Infrastructure Delivery Board:
  - Develop an updated approach for engaging with the districts/boroughs on the infrastructure needs arising from developments that reflects the needs of the CIL process.
  - Engage fully in the Warwick District Council's CIL 'dry run' to assess the impact of their proposed working practice on WCC and other infrastructure providers.

- Develop the formal approval process for preparing and prioritising CIL bids
- Engage with the Parish and Town Councils to identify opportunities for joint funding of projects through CIL.

## 5. Background Papers

### 5.1. None

	<b>Name</b>	<b>Contact Information</b>
Report Author	Virginia Rennie	vrennie@warwickshire.gov.uk
Head of Service	John Betts	johnbetts@warwickshire.gov.uk
Strategic Director	David Carter	davidcarter@warwickshire.gov.uk
Portfolio Holder	Peter Butlin	peterbutlin@warwickshire.gov.uk

The following Elected Members have been consulted in the preparation of this report:

Cllr Peter Butlin, Cllr Heather Timms, Cllr Parminder Singh Birdi, Cllr Maggie O'Rourke, Cllr Sarah Boad