

Community Infrastructure Levy Governance

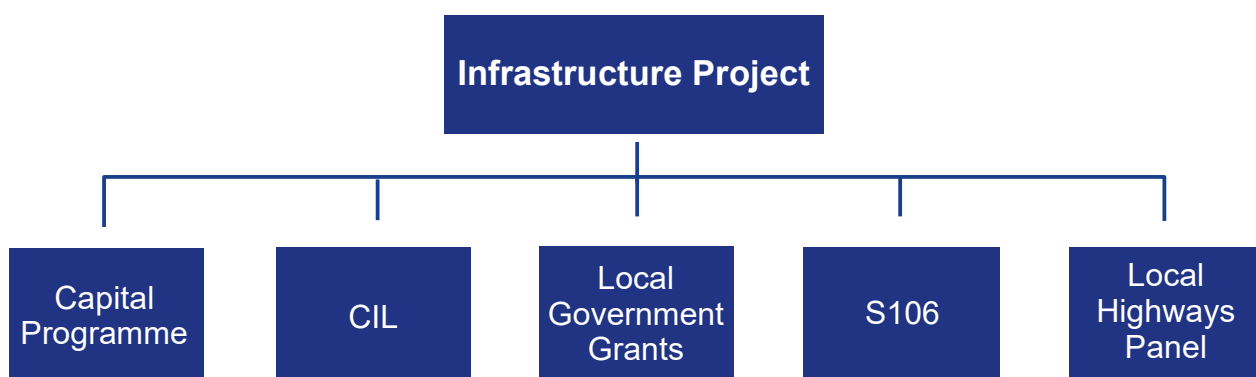
Allocating and Spending CIL



1. Introduction

- 1.1 The Community Infrastructure Levy (CIL) is a charge which local authorities can place on developers to help fund infrastructure needed to support new development in their areas. CIL is governed by the CIL Regulations 2010 (amended).
- 1.2 Chelmsford City Council approved the introduction of CIL on 26 February 2014 and started charging on 01 June 2014.
- 1.3 CIL is paid to the Council by developers after their planning permissions commence. Since CIL was implemented, it has become the only significant means by which the Council is able to collect and pool developer contributions to deliver infrastructure improvements.
- 1.4 In Chelmsford, CIL is charged on all residential and retail developments which add one or more new dwelling(s) or more than 100sqm of floor space. The Council's CIL Charging Schedule sets out a levy of £125 per sq.m for residential development, and £87 and £150 per sq.m for retail development, and a zero rating for all other types of development. The CIL rate changes on 01 January each year in line with an index of inflation.
- 1.5 This document details the governance arrangements in place at Chelmsford City Council for the allocation and spending of CIL.
- 1.6 Since adopting CIL, the Council has funded a range of infrastructure projects and these are detailed in the "how we spend CIL" pages published at www.chelmsford.gov.uk/cil
- 1.7 CIL is just one funding stream that can be used, in conjunction with others, to fund infrastructure projects. Alongside CIL, S106 obligations still exist, but generally as one-off agreements to mitigate the impacts of larger developments and to secure on-site developer requirements, such as the provision of affordable housing. Examples of how infrastructure projects can be funded can be seen in Figure 1.

Figure 1 - Funding Streams



2. Statutory Requirements

- 2.1 Under the CIL regulations, Chelmsford City Council will act as the designated Charging Authority. As a Charging Authority the Council has an obligation to:

- Prepare and publish the CIL Charging Schedule
- Determine CIL spend, ensuring it is used to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support development of its area
- Report publicly on the amount of CIL revenue collected, spent and retained each year in an annual Infrastructure Funding Statement.

2.2 Chelmsford City Council's CIL Charging Schedule and annual Infrastructure Funding Statement can be found on the Council's website at www.chelmsford.gov.uk/cil.

3. What CIL can be spent on

3.1 CIL is pooled into one fund, which can be used for any infrastructure needed to support new development across the Council's administrative area.

3.2 Unlike other obligations or charges, CIL spending does not need to be directly related to the donor development.

3.3 The key points set out by the CIL Regulations and Guidance relating to CIL funding are:

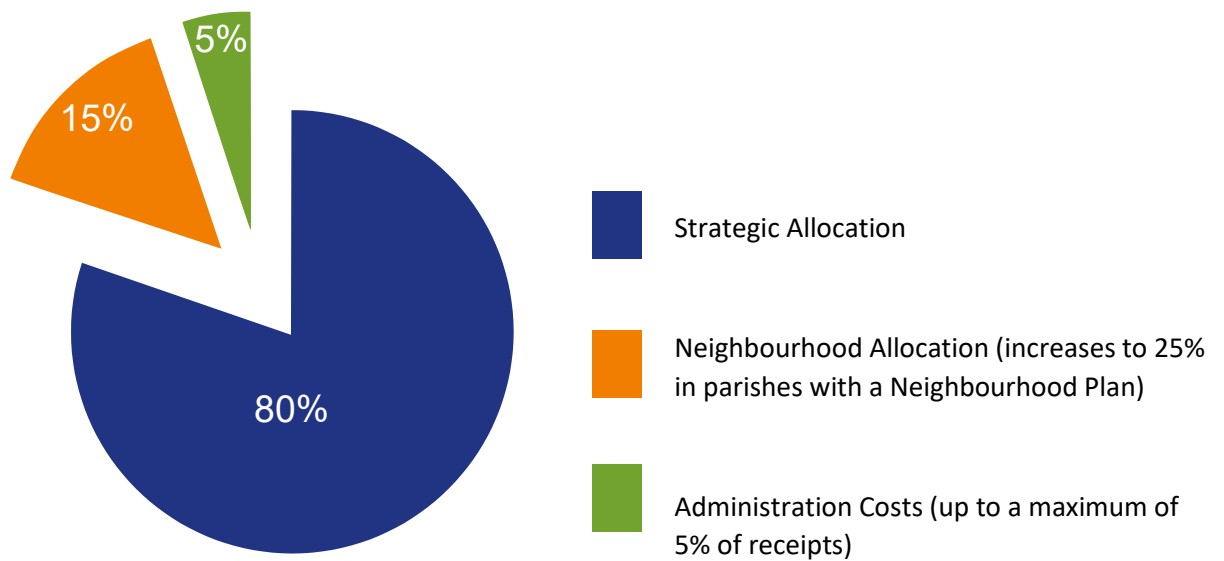
- CIL should be spent on infrastructure, including roads and other transport, schools and other education, community facilities, health, sport / recreation, and open spaces as defined in the Planning Act 2008
- The infrastructure funded must support the development of the area
- CIL can be used to increase the capacity of existing infrastructure or to repair failing infrastructure, if needed to support development
- CIL cannot be used to fund the delivery of affordable housing

3.4 As per the CIL Regulations and Guidance, CIL is proportioned and allocated using the following approach:

- A maximum of 5% is retained by Chelmsford City Council to cover administrative costs (including consultation on the levy charging schedule, enforcing CIL, legal costs and reporting on CIL activity).
- 15%, known as the Neighbourhood Allocation, is established for spending within the neighbourhood of contributing development (up to a maximum of £100 per existing Council Tax dwelling in areas with a parish or town council). This allocation can either be transferred to the relevant parish council or retained by Chelmsford City Council to be spent on neighbourhood projects where the development is not in a parish. This allocation rises to 25% when a parish has a Neighbourhood Plan in place. There are currently four adopted neighbourhood plans within the administrative boundaries of Chelmsford City Council. These are in South Woodham Ferrers, Writtle (both adopted 08/12/21), Little Baddow (adopted 18/08/23) and Sandon (adopted 28/11/23). Plans are also being developed in Boreham, Broomfield, Danbury and East Hanningfield.
- The remainder (around 80%), known as the Strategic Allocation, is retained by Chelmsford City Council to allocate to strategic infrastructure projects.

- 3.5 It is very unlikely that CIL will generate enough funds to completely cover the cost of new infrastructure needed to fully support planned development. As such, there will be competing demands for this funding. It is therefore important to ensure there are robust, accountable and democratic structures in place to ensure the spending of CIL funds are prioritised in the right way.
- 3.6 The sections that follow set out the governance arrangements and approach for how decisions are made on the prioritisation and spend of CIL.

Figure 2 – How CIL is allocated in Chelmsford



4. Governance Arrangements - Strategic Allocation

- 4.1 The majority of CIL funds, the Strategic Allocation, are retained by Chelmsford City Council for spending on infrastructure in accordance with the definition in the 2008 Planning Act (section 216).
- 4.2 To date, the CIL receipts collected by the City Council relate to development brought forward via the previous Local Development Framework (plan period to 2021). The new Local Plan, adopted in May 2020, covers the period to 2036 and the future use of CIL receipts from now on will prioritise the delivery of infrastructure to support the development set out in the new Plan and its associated evidence base, including the Infrastructure Delivery Plan.
- 4.3 Inevitably, there will be competing interests for the use of CIL to fund strategic infrastructure priorities and the framework below sets out how the Council will prioritise spend and involve external organisations in this process.

Core principles

- 4.4 In deciding how to allocate CIL funding to strategic infrastructure the City Council will adopt the following core principles:
- Strategic CIL will only be spent on infrastructure projects within the definition of infrastructure as defined in the 2008 Planning Act
 - The Strategic Allocation will be applied to strategic infrastructure that supports the development of the area and the adopted Chelmsford Local Plan to 2036
 - On an annual basis, and as part of the Council's budget setting process, the Council will set out an Infrastructure Priority Schedule that, amongst other things, sets out the prioritisation of the spend of CIL alongside other funding streams, to support the delivery of strategic priorities, over the medium term to 5 years. This will be reviewed annually and will form part of the Council's Medium Term Financial Strategy. This will take into account projects delivered by the City Council and its external partners
 - External strategic partners (including Essex County Council and NHS England) will be able to submit an expression of interest for project funding through the Council's website, which will be permanently open
 - For any strategic projects that are the responsibility of the City Council, relevant service areas will be required to submit an expression of interest
 - Expressions of interest/business cases will be expected to demonstrate what other sources of funding are being used to support the infrastructure project
 - Strategic CIL receipts that arise from the Strategic Growth Area in South Woodham Ferrers will be ring fenced to support infrastructure that is required to support the development in that town
 - Strategic CIL receipts that arise from the Strategic Growth Area in North East Chelmsford (Chelmsford Garden Community) may be used to help fund infrastructure required to

support the delivery of Chelmsford Garden Community when it can be independently verified that the cost of infrastructure requirements for the development as a whole, make development unviable

Supporting Infrastructure Delivered by Chelmsford City Council

- 4.5 The City Council is a core provider of strategic infrastructure within the definition of infrastructure as defined in the 2008 Planning Act. Specifically, it is the provider of sport and recreation facilities (including museums and theatres), community facilities, open space/public realm and burial and cremation services.
- 4.6 All these facilities are impacted as new development comes forward within the City Council's area. The CIL will therefore be used, where appropriate, to deliver new and improved infrastructure that the City Council has responsibility for as Chelmsford grows.

Supporting Infrastructure Delivered by External Partners

- 4.7 The City Council recognises that infrastructure to support the development of the area is also the responsibility of key external partners, including Essex County Council, the Environment Agency and NHS England.
- 4.8 In prioritising spend, the needs and aspirations of the Council's external partners will be part of the prioritisation process, with a recognition that there will be limits to how much funding can be made available. The arrangements for the involvement of external delivery partners is set out below.

Expressions of Interest

- 4.9 Expressions of interest to request funding are invited from external organisations, through the submission of an online expression of interest form that requests key information about the infrastructure project, including:
- What is the infrastructure project and does it meet the definition of strategic infrastructure
 - Why the project is required
 - Cost of the project
 - Timing for project delivery
 - Funding from other sources
 - Detailed business case (if available)
- 4.10 Strategic infrastructure delivery partners will be able to submit an expression of interest throughout the year. Where further information is required this will be requested by the City Council.
- 4.11 Eligible projects will be considered as part of the City Council's Infrastructure Priority Schedule and annual budget planning process and medium-term financial strategy.

Eligibility for Externally Funded Projects

- 4.12 For a project to be considered for CIL funding, the following eligibility criteria must be met:

- The Expression of Interest Form has been completed satisfactorily
- The organisation has the legal right to carry out the proposed project
- The project is clearly defined as 'Infrastructure' as per the CIL Regulations and Planning Act 2008

The Decision Making Process

- 4.13 Funding decisions will be taken by Cabinet or Council, depending on the level of funding being agreed. Any funding of £1,000,000 or above must be determined by Council. If agreed by Cabinet or Council, stakeholders are informed and funds allocated, subject to completion of a funding agreement.
- 4.14 There may be occasions where the release of additional CIL funds is required for urgent or unforeseen infrastructure requirements. In these cases, a report will be taken to Cabinet for approval for the release of further funds or dealt with, in exceptional circumstances, through the Council's urgency arrangements.

Once the Funding Decision has been made

- 4.15 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 (once any funding conditions have been met). All approved schemes will be shown within the Council's Capital Programme. If funds are to be transferred to a third party, a legal funding agreement will be signed. Successful applicants of CIL funding are expected to maintain communication with Chelmsford City Council on the progress of their project after a decision has been made to provide funding. Where funding has been agreed 'in principle' or where staged payments are agreed, the scheme applicant is expected to provide information to justify funding being transferred.
- 4.16 Applicants should continue to provide information until the scheme has been completed and all CIL funding has been spent. At a minimum, an annual report will need to provide information on the progress of each scheme that funding has been allocated to. A requirement to submit this information forms part of the agreement that the successful applicant is required to sign between themselves and Chelmsford City Council.

5. Governance Arrangements – Neighbourhood Allocation

- 5.1 One of the purposes of CIL is to encourage communities to support growth and recognise that development can bring clear and identifiable benefits to an area.
- 5.2 CIL places a responsibility on Chelmsford City Council to pass CIL monies to local neighbourhoods. This equates to 15% of CIL collected having to be spent locally.
- 5.3 The Neighbourhood Allocation of CIL can be used much more widely than the Strategic Allocation, provided it supports:
- The provision, improvement, replacement, operation or maintenance of infrastructure; or
 - Anything else that is concerned with addressing the demands that development places on an area.

Parished Areas

- 5.4 In parished areas, 15% of CIL receipts from development within the parish will be transferred from Chelmsford City Council to the town or parish council. This allocation rises to 25% when a parish has a Neighbourhood Plan in place. This is capped at a maximum of £100 per existing council tax dwelling in each financial year, adjusted annually by an index of inflation.
- 5.5 The Neighbourhood Allocation will be transferred to the town or parish council every six months, at the end of October and at the end of April.
- 5.6 To ensure transparency, town and parish councils are required to produce an annual report detailing their total CIL receipts, total CIL expenditure and total amount of CIL payments retained at the end of the reported year. Town and parish councils must publish this report on their website or on Chelmsford City Council's website.
- 5.7 If a parish or town council is due more money than the cap allows, the councils and neighbourhood groups near the development that generated the CIL are invited submit expressions of interest. The process is detailed in Chelmsford City Council's CIL governance document, The Neighbourhood Cap, which is published on the 'how we allocate CIL' pages at www.chelmsford.gov.uk.

Unparished Areas and the Community Funding Scheme

- 5.8 In Chelmsford's unparished areas, the 15% Neighbourhood Allocation is administered by the City Council. It must be spent by the Council to support the development of the unparished areas. The Council retains 85% of this Neighbourhood Allocation to spend on capital projects within the unparished areas.
- 5.9 The Council has set up the Community Funding Scheme to review and distribute the remaining 15% of the Neighbourhood Allocation in unparished areas.
- 5.10 Voluntary and community organisations working within or for the benefit of Chelmsford's nine unparished wards, responding to the infrastructure needs linked to new developments (as detailed in the CIL regulations) can apply for this element of the Neighbourhood Allocation of CIL via the Community Funding Scheme.
- 5.11 The Community Funding Scheme was launched in September 2019 and combines the Council's old Corporate Aid Scheme discretionary fund, the Neighbourhood Allocation of CIL within Chelmsford's nine unparished wards and the Greener Chelmsford Grant.
- 5.12 For the purpose of the Neighbourhood Allocation of CIL, the nine unparished wards are considered as one geographical area.
- 5.13 Organisations interested in the Community Funding Scheme can submit an online form with information about the organisation requesting funding, a breakdown of costs and risks, as well as details of how the project aligns to the Council's corporate priorities.

The Decision Making Process

- 5.14 If the funding request is less than £10,000, Council officers will review the application and make recommendations to the Community Funding Panel. The Community Funding Panel comprises of the Deputy Leader of the Council, the Cabinet Member for Fairer Chelmsford, the Cabinet Member for Sustainable Development, the Director of Connected Chelmsford, the Director of Sustainable Communities, the Procurement and Risk Services Manager, the

Economic Development and Implementation Services Manager and an independent external funding professional. If agreed by the Panel, the relevant parties will be informed, and funds will be allocated once any funding conditions have been met.

- 5.15 For projects requesting funding over £10,000, twice a year a summary of projects will be taken to the Community Funding Panel for consideration, after being reviewed by officers.
- 5.16 Relevant ward members may also be invited to attend the Panel meetings when the Neighbourhood Allocation CIL funding is being discussed to provide further detail on the proposed projects.
- 5.17 The Community Funding Panel will review the proposals received and make recommendations which will go forward to Cabinet. If agreed by Cabinet, the relevant parties will be informed, a funding agreement will be put in place and funds will be allocated once any funding conditions have been met.

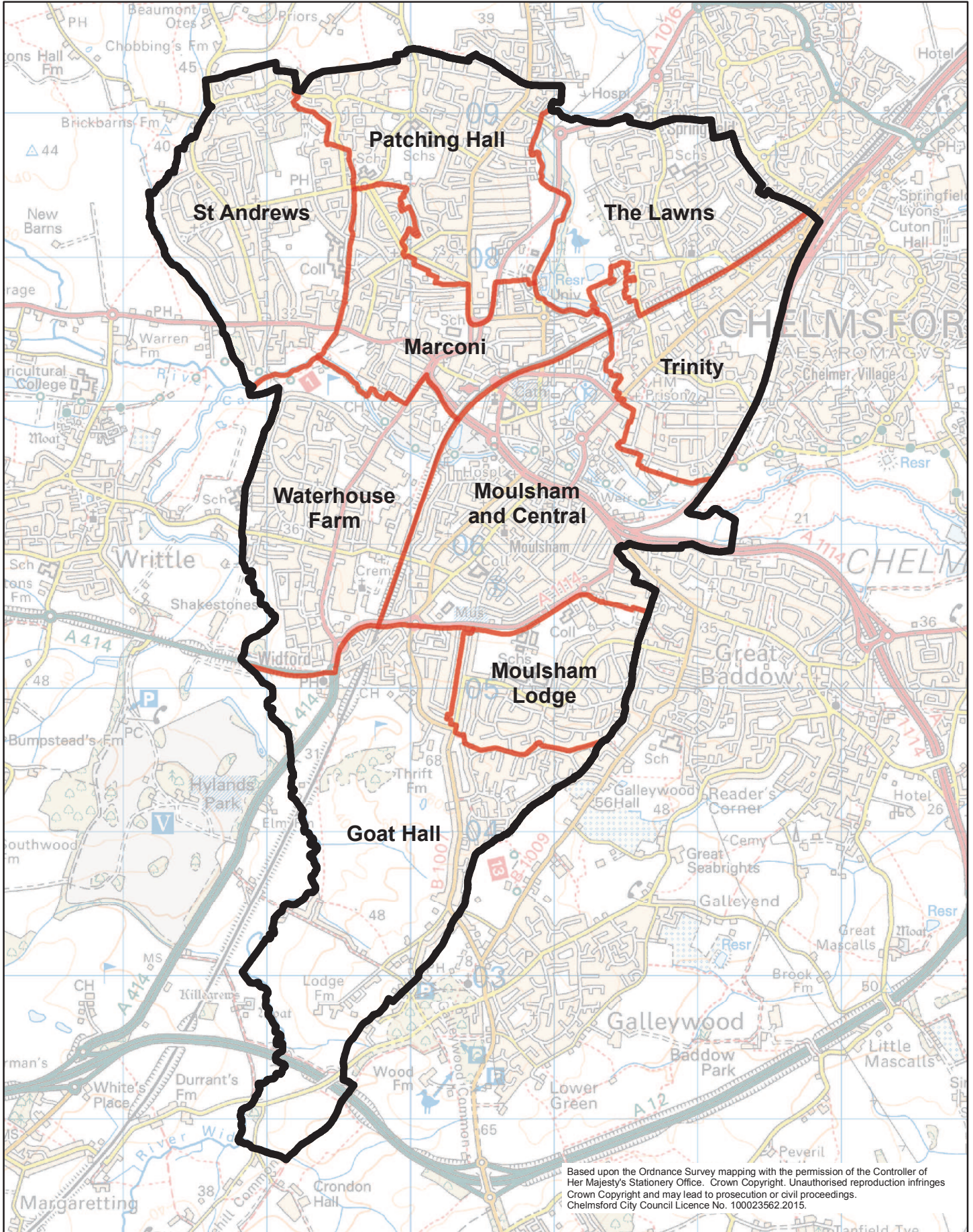
Once the Funding Decision has been made

- 5.18 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, and terms and conditions must be met. It is expected that the Community Funding Panel will receive updates on the progress of the project(s).
- 5.19 Unsuccessful projects will receive feedback detailing why the request for funding was unsuccessful and, if appropriate, details of what information or actions are required to secure a future positive result.

6. Monitoring and Review Arrangements

- 6.1 Chelmsford City Council is committed to ensuring the use of CIL is open and transparent. The Council is required to produce an annual Infrastructure Funding Statement that includes both CIL and S106 funding revenues and spend.
- 6.2 Chelmsford City Council will continue to monitor the operation and implementation of CIL.
- 6.3 If you have any questions about this guidance, or CIL generally, please contact Chelmsford City Council at cilenquiries@chelmsford.gov.uk or call 01245 606817.

APPENDIX 1 - CHELMSFORD CITY COUNCIL AREA
WARD BOUNDARIES IN THE UNPARISHED AREA



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