

Report of	Meeting	Date
Director of Business, Development and Growth (Introduced by the Executive Member for Economic Development and Public Service Reform)	Executive Cabinet	16 November 2017

ALLOCATION OF COMMUNITY INFRASTRUCTURE LEVY FUNDS

PURPOSE OF REPORT

- To seek approval for the allocation of main CIL monies to infrastructure projects which are on the Regulation 123 List.

RECOMMENDATION(S)

- To approve the allocation of £365,000 capital infrastructure monies to the Digital Office Park project for spend in 2017/18 and 2018/19.

EXECUTIVE SUMMARY OF REPORT

- The Community Infrastructure Levy (CIL) was introduced to simplify the process of calculating and collecting planning obligations and must be spent on infrastructure needed to support the development within the borough.

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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Reason Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

- To allocate the CIL Infrastructure Fund in the way it is intended and ensure the methodology of how it is allocated is transparent

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5. None

CORPORATE PRIORITIES

6. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	x	A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	

BACKGROUND

7. **Chorley's CIL Charging Schedule** was adopted in September 2013. The CIL charge was calculated by reference funding deficit required to deliver the infrastructure contained on the Regulation 123 list. The current charge for CIL on qualifying infrastructure is
- Dwelling Houses £65 sq.
 - Convenience Retail £160 sq.
 - Retail Warehouse £40 sq.m
8. However, these are subject to indexation, so currently the charges are circa £81, £201, and £50 respectively. The indexation fluctuates, so this can change on a weekly basis. CIL is payable on commencement of development, and receipts are now starting to accrue.
9. **Infrastructure** has to be physical items that are required for the operation of the area, and not simply contribute to its wellbeing. The legislation defines what qualifying infrastructure is as for the purposes of CIL as:
- A charging authority must apply CIL to funding the provision, improvement, replacement, operation, or maintenance of infrastructure to support the development of its area (Regulation 59(1)).
 - The CIL Regulations define infrastructure as the meaning given in section 216(2) of the Planning Act 2008 (as amended by Regulation 63). The list supplied by the Act includes, but is not exclusive to:
 - Roads and other transport facilities;
 - Flood defences
 - Schools and other educational facilities
 - Medical facilities
 - Sporting and recreational facilities and
 - Open spaces

ALLOCATING CIL EXPENDITURE

10. CIL receipts are split into 3 parts as identified below:
- administration expenses
 - the neighbourhood portion
 - CIL Infrastructure portion.
11. **Administration Expenses:** The CIL charging authority can charge up to 5% of CIL receipts for the administration of the CIL regime and the Council are using this in order to part finance the staffing costs for the Planning Obligations officers who run the scheme in addition to other planning obligations.

12. **Neighbourhood Portion:** The CIL regulations require the CIL Charging Authority to pass 15% of CIL receipts collected within the neighbourhood area in which the development takes place, to the Local Council. The amount of the annual neighbourhood portion is capped at up to £100 per dwelling, plus indexation, within that neighbourhood area and therefore may be less than the 15%.
13. **'Chorley Parish' CIL Income:** The regulations require that when an area where development occurs does not have a Parish/Civil/Town Council, and then the 15% share that would have been passed to those Civil Parishes is instead put into a separate pot to be used as though there is a Parish Council in place. This is the case in Chorley, with Chorley North East, North West, South West, South East, and East, accumulating CIL receipts.
14. The current main CIL pot (this is actual CIL funds received, and does not include instalments not yet paid) is shown at Table 1 below with £822,254.57 remaining as follows:

Table 1

Cumulative Actual	Income	Spent	Allocated	Remaining
Main CIL Pot	£2,122,524.57	£0.00	£1,300,000.00	£822,524.57

ALLOCATION OF INFRASTRUCTURE MONIES TO CIL 123 REGULATION LIST PROJECTS

15. The main purpose of this report is to formalise and implement a system for allocating the main CIL monies to infrastructure projects which are on the CIL 123 list (reviewed and adopted October 2017) as shown at Appendix 1.
16. Provided the projects funded are on the CIL 123 list, it is at the charging authorities discretion as to which projects are allocated funding and how much.
17. It is important to recognise that CIL is not intended to fully fund infrastructure projects on the CIL 123 list, rather it is to be used a source of match funding to enable projects to come forward.
18. **The Methodology for Assessing Projects** (approved January 2017) is attached at Appendix 2 and sets out the steps which will be used to assess and rank the infrastructure schemes applying the key principles of
 - Strategic priority
 - Deliverability
 - % match funding secured
19. The methodology includes five clear steps which involve collecting the necessary information as to the status of each infrastructure scheme (because situations change and some may be at different stages, some may no longer be a priority or have any match funding secured).
20. Provided the projects funded are on the CIL Regulation 123 List, it is at the charging authorities discretion as to which projects are allocated funding and how much.
21. The lead agencies for the strategic projects on the Regulation 123 List were contacted and provided with the opportunity to return data relating to projects that meet the assessment criteria. Neither Lancashire County Council nor their Schools Planning team responded to the request for allocation of infrastructure monies for schemes on the Regulation 123 List.
22. Only one project was submitted which is 'oven-ready' and has secured match funding is the construction of junction and access road for the Digital Office Park at Euxton Lane. This is an infrastructure project which is on the CIL 123 List and is being developed by the Council. The project meets the criteria as set out in the policy for the Allocation of CIL Infrastructure

as it is strategic, deliverable and has match funding. It supports the corporate priority on economic growth and the Digital Office Park will support 80 businesses, and create 270 jobs.

- 23 It is recommended that this project is approved for a CIL allocation as detailed in the table below.

Infrastructure Project	Lead Authority	What the Project will deliver	Total Cost	Capital Secured	Start and End Dates	Recommended CIL allocation
Digital Office Park	Chorley Council	Junction and access road for the Digital Office Park	£7,495,000	£7,130,000	November 2017 - July 2018	£365,000

24. There is £822,524.57 CIL infrastructure funding available and so it is recommended that following the deduction of £365,000 for the above project the residual amount of £457,524.57 is rolled over to the next cycle of allocation.

IMPLICATIONS OF REPORT

- 25 This report has implications in the following areas and the relevant Directors' comments are included:

Finance	X	Customer Services	
Human Resources		Equality and Diversity	
Legal	X	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

26. The £365k requested allocation to the Digital Office Park enabling works has been provisionally added to the capital programme as part of the quarter 2 revenue and monitoring capital report also on this Executive Cabinet agenda.

COMMENTS OF THE MONITORING OFFICER

27. The recommendation is in accordance with the requirements of the legislation with the allocation being to part fund a scheme on the regulation 123 list.

MARK LESTER
DIRECTOR OF BUSINESS, DEVELOPMENT AND GROWTH

Background Papers			
Document	Date	File	Place of Inspection
Governance Arrangements for the CIL and Proposals for the Allocation of Receipts.	19 January 2017	***	http://mod/documents/s71686/CIL%20Governance%20Arrangements.pdf
Report Author	Ext	Date	Doc ID
Alison Marland	5281	7 November 2017	***