

# Gloucester City Council

<b>Meeting:</b>	<b>Cabinet</b>	<b>Date:</b>	<b>12 February 2020</b>
<b>Subject:</b>	<b>Community Infrastructure Levy (CIL) Update and Proposed Review</b>		
<b>Report Of:</b>	<b>Cabinet Member for Planning &amp; Housing Strategy</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Paul Hardiman, CIL Manager for the JCS Authorities</b>		
	<b>Email:</b>	<b>Paul Hardiman</b>	<b>Tel:</b>
		<a href="mailto:paul.hardiman@gloucester.gov.uk">paul.hardiman@gloucester.gov.uk</a>	<b>07771997335</b>
<b>Appendices:</b>	<b>1. Summary of Adopted Charging Schedules for all 3 JCS Authorities</b>		
	<b>2. Summary of Income for all 3 JCS Authorities</b>		
	<b>3. Summary of Adopted Instalments Policy for all 3 JCS Authorities</b>		
	<b>4. Summary of the Adopted JCS, Infrastructure Delivery Plan (IDP)</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 Provide an update on the operation of the CIL after one year of operation, including income to date and invoiced, changes to legislation, actions proposed to be taken in the year ahead and current progress on establishing governance arrangements.

### 2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** it be noted that:

- (1) 5% of income received to date will be transferred to the JCS budget as a contribution towards administrative costs
- (2) the remaining 95% of income received during the financial year 2019/20 will be rolled forward into 2020/21
- (3) a review of the CIL Charging Schedules is being undertaken
- (4) proposals for the governance arrangements for funding the infrastructure schemes identified in the JCS Infrastructure Delivery Plan, will be brought to Cabinet as a recommendation of the CIL Leader Board during the next financial year
- (5) proposals for governance arrangements for local (i.e. Gloucester) infrastructure schemes will be brought to Cabinet early in the next financial year.

### 3.0 Background and Key Issues

#### 3.1 Background:

- 3.1.1 Following adoption of the CIL Charging Schedule at Full Council on 25<sup>th</sup> October 2018, along with JCS partners, Gloucester City Council commenced charging formally on the 1<sup>st</sup> January 2019.
- 3.1.2 CIL is a charge levied on new buildings and extensions to buildings according to their floor area which is payable on commencement of development (subject to instalment policies). The charge is calculated by taking the Gross Internal Area (GIA) in square metres and multiplying it by the rate applied in the Charging Schedule. **Appendix 1** shows the Charging Schedules for the three JCS authorities.
- 3.1.3 Each of the three JCS District authorities is a CIL Charging Authority in its own right.
- 3.1.4 Currently a team of two officers works alongside planning colleagues across the three JCS authorities.
- 3.1.5 Prior to the 1<sup>st</sup> January 2019 CIL officers undertook procurement of a CIL (and S106) management system (called Exacom), integrating with the planning Management system, 'Uniform', and with the Local Land Charge system 'TLC'. Investigation of the potential for integration with the Councils' financial systems is underway.
- 3.1.6 The CIL process is prescribed by legislation, with CIL forms being provided by Central Government and available through the Planning Portal. Further processes for establishing key dates within the CIL process (commencement of development and completion), establishing ownership and interests in land, securing evidence that existing buildings have been in-use for the required period to justify deductions and monitoring development as it takes place, have been developed with the help of colleagues in Building Control, Revenues and Benefits, Local Land Charges, the Land Registry and Development Management.

#### 3.2 Key Issues:

- 3.2.1 Income – **Appendix 2** to this report provides (in table 1) details of the income received to 31 December 2019 across the three JCS council areas since charging commenced and (in table 2) details of the income invoiced. **Appendix 3** shows the instalments policy adopted in October 2018. Members will note that £47,583 has been received to date in Gloucester, and £428,247 has been billed to date.
- 3.2.2 Expenditure – Administrative costs are currently being met from the JCS budget, however the legislation (Regulation 61) allows up to 5% of CIL receipts in any one year to be used for administration. As and when received 5% of receipts will therefore be transferred to reimburse the JCS budget. None of the remaining 95% funding received has been spent, and it is proposed that the receipts will be rolled forward into the next financial year 2020/21.

### 3.2.3 Governance Proposals –

- 70% pooled to deliver schemes identified in the JCS Infrastructure Delivery Plan (IDP). **Appendix 4** displays the level of funding estimated to be required for Infrastructure to support the development planned in the JCS. With a substantial shortfall, prioritisation will need to be made on schemes depending on a number of factors including any additional funding sources available. The Leaders Board is currently considering the most appropriate governance arrangement, including a joint committee of Members with delegated authority from each of the JCS authorities and the County Council. Each of the CIL authorities will be required to individually adopt the proposed governance arrangements. Cabinet has authority to agree the proposals, so a proposal that has the ‘in principle’ support of each of the CIL Charging Authorities will be submitted later this year.
- 25% retained by each District council, from which they must meet their obligations to either pass on or spend (in consultation with the community) the Neighbourhood Portion. Officers within the City Council are currently discussing options and principles that might underpin the local governance arrangements and intend to submit a proposal to Cabinet early in the 2020/21 financial year.

3.2.4 Review of the CIL Charging Schedules – A review is necessary for a number of reasons including: The legislative requirement to periodically review; further requirements identified by the Inspector at the CIL Examination in 2018; issues arising over the first year of operation, and, recent (1<sup>st</sup> September 2019) changes to legislation. The procurement process to appoint an expert consultant to undertake the viability research and assessment to inform new Charging Schedules is underway.

### 3.2.5 Changes as a result of the new 2019 regulations –

1. Phases of public consultation when creating charging schedules reduced from two to one.
2. No longer restrictions on CIL and s106 monies being expended on the same project/type of infrastructure.
3. Pooling restriction on S106 agreements removed.
4. Monitoring fees for S106 applications confirmed in legislation.
5. Penalty for failure to submit a commencement notice no longer includes loss of relief already granted.
6. Infrastructure Funding Statements required, with the first reporting on the financial year 2019/20 due for submission and publication by the 31<sup>st</sup> December 2020 then annually. Regulation 61 includes this requirement and Schedule 2 to the regulations provides details of what must be included, including:
  - A CIL Report;
  - A S106 Report; and
  - An Infrastructure List (replacing regulation 123 lists)

## **4.0 Social Value Considerations**

- 4.1 CIL has the potential to generate significant income for the City and its communities over years to come, securing funding for the delivery of strategic infrastructure and community facilities to support the growth of the City. Whilst a relatively small amount has been collected in the first year of operation it can be seen in Appendix 2 that CIL income is forecast to grow year on year.

## **5.0 Environmental Implications**

- 5.1 CIL receipts have the potential to have a positive impact on all 3 dimensions of sustainable development through the provision of infrastructure necessary to facilitate growth including 'Environmental Implications' by contributing to protecting and enhancing our natural, built and historic environment.

## **6.0 Alternative Options Considered**

- 6.1 As an update on the performance of a 'new' statutory function this report does not include a re-consideration of the options to charging CIL.

## **7.0 Reasons for Recommendations**

- 7.1 This report provides members with an update on CIL after the first year of operation and asks them to note actions required and to be taken in the next year.

## **8.0 Future Work and Conclusions**

- 8.1 Governance Proposals will be brought back to Cabinet for formal approval in the new financial year.
- 8.2 5% of CIL receipts (£2,379.15 in the first year of operation) will be transferred to contribute towards reimbursing the JCS budget for administrative costs.
- 8.3 95% of CIL receipts (£45,203.50 from the first year of operation) will be rolled forward into the next financial year 2020/21.
- 8.4 A review of the CIL Charging Schedule will be undertaken along with JCS partners and the County Council. This will include updating the viability evidence base, carrying out an up to date viability assessment, producing draft Charging Schedules, undertaking public consultation and submitting them to public Examination before adopting them.
- 8.5 Prepare the council's first Infrastructure Funding Statement on the financial year 2019/20 submitting and publishing it by the 31<sup>st</sup> December 2020.

## **9.0 Financial Implications**

- 9.1 5% of CIL receipts (£2,379.15 in the first year of operation) will be transferred to contribute towards reimbursing the JCS budget for administrative costs.
- 9.2 95% of CIL receipts (£45,203.50 from the first year of operation) will be rolled forward into the next financial year 2020/21.

(Financial Services have been consulted in the preparation of this report.)

## **10.0 Legal Implications**

- 10.1 The power to charge CIL is contained within Part 11 (Section 205-225) of the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (as amended). CIL is defined as the imposition of a charge; the overall purpose of which is to ensure costs incurred in supporting the development of the area can be funded (wholly or partly) by owners or developers of land in a way that does not make development of the area economically unviable (Section 205(1) and (2) of the Act).
- 10.2 The reported actions to be undertaken are in conformity with the requirements of the 2010 CIL Regulations (as amended).

(One Legal has been consulted in the preparation of this report.)

## **11.0 Risk & Opportunity Management Implications**

- 11.1 In addition to the requirement to carry out periodic reviews of the CIL Charging Schedule(s) and factors such as the changes in legislation brought in by the amendments to the CIL Regulations on the 1<sup>st</sup> September 2019, experience during the first year of operation has raised concerns about the impact on viability of the redevelopment of heritage assets both in Gloucester and Tewkesbury which supports the need for the review to be undertaken immediately.

## **12.0 People Impact Assessment (PIA) and Safeguarding:**

- 12.1 The Council adopted CIL with the purpose of raising additional funding to pay for infrastructure supporting the development of the area, and to ensure the City grows sustainably. Whilst not identifying any negative impact on protected groups potential positive impacts were identified as a result of this new income stream for the City Council.,
- 12.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impacts therefore a full PIA was not required.
- 12.3 The allocation of CIL funding towards individual projects may have an impact on individuals and groups in the community, and each allocation will be required to carry out a People Impact Assessment.

### **13.0 Community Safety Implications**

13.1 Potential positive implications are anticipated as a result of this new way of securing additional developer contributions for the City Council.

### **14.0 Staffing & Trade Union Implications**

14.1 None reported.

**Background Documents:** None