

SUBJECT: COMMUNITY INFRASTRUCTURE LEVY (CIL)

DIRECTORATE: COMMUNITIES AND ENVIRONMENT

REPORT AUTHOR: TOBY FORBES TURNER, PLANNING POLICY MANAGER

1. Purpose of Report

- 1.1 To provide members with an update on the Community Infrastructure Levy (CIL) since the implementation date of 5th February 2018 and options for discussion for the distribution of 'local' CIL monies collected.

2. Executive Summary

- 2.1 Members may recall that the City of Lincoln Council has been charging CIL on eligible development since the implementation date of 5th February 2018. Since that time a total of £31,826 has been collected from CIL receipts.
- 2.2 The majority of these CIL receipts will be used to contribute to agreed Central Lincolnshire Strategic Infrastructure priorities. For the remaining CIL receipts, for the City (where there are no Parish or Town Councils) under the CIL regulations it is up to the City Council to effectively decide how to distribute the funding to support the delivery of local infrastructure.
- 2.3 A decision by Executive in the near future therefore needs to be taken on how to effectively distribute these 'local' CIL monies and this report provides some potential options for committee to consider and discuss prior to going to Executive at a date in the near future to be confirmed.

3. Background

- 3.1 Members will recall that since 5th February 2018, the Council has been charging CIL on eligible forms of development. CIL has been developed and aligned with the other Central Lincolnshire Charging Authorities-North Kesteven and West Lindsey District Councils. The CIL charging schedule sets out the rates of CIL rates as follows:

For Residential Development

- Zone 1: The City £25 per square metre
- Zone 2: Sustainable Urban Extensions £20 per square metre
(Western Growth Corridor & North East Quadrant)

For Convenience Retail (supermarkets)

- £40 per square metre
- 3.2 Unlike Section 106 agreements CIL is a non-negotiable charge that developers must pay for eligible forms of development. It is worth noting that affordable housing is not eligible for CIL and affordable housing schemes therefore do not pay CIL. Apartments are also not eligible to pay CIL.
 - 3.3 In order to support the levels of growth as set out in the Central Lincolnshire Local Plan, the majority (80%) of CIL receipts will be used to contribute to agreed Central Lincolnshire Strategic Infrastructure priorities-namely the Lincoln Eastern Bypass and Secondary Education. CIL Regulations allow charging authorities to use up to a maximum of 5% of the funds from CIL to recover the costs of administering the levy.
 - 3.4 CIL regulations (Reg 59A) require that 15% of CIL receipts (25% where there is a neighbourhood plan in place) are passed onto local council's e.g. Parish or Town Councils. Where there are no local council's as in the City, CIL Regulation 59F requires the Local Authority to use 15% of CIL to support the development of the relevant area by funding the *"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"*.
 - 3.5 For these 'Local' CIL receipts, for the City (where there are no Parish or Town Councils) under the CIL regulations it is up to the City Council to effectively decide how to distribute the funding to support the delivery of local infrastructure.
4. Since CIL came into force on 5th February 2018, to date CIL receipts have totalled £31,826 of which £4,774 is available for distribution in the City. Going forward a CIL projection forecast sheet has been compiled which shows over the next 18 months approx. £74,000 total CIL receipts will be generated of which approx. £10,000 will be available for distribution in the City. In terms of the 5% CIL administration fee, to date a total of £1,591 has been generated which will be credited to the planning administration team to offset their staffing costs for the administering of CIL which is both lengthy and complex.
 - 4.1 A decision by Executive in the near future therefore needs to be taken on how to effectively distribute these 'local' CIL monies and this report provides some potential options for Policy Scrutiny Committee to consider and discuss prior to going to Executive.
 - 4.2 Looking at how other Local Authorities in a similar position to the City have dealt with the process, Sheffield City Council has decided to allocate local CIL income to individual Wards and made use of Local Area Partnerships as a mechanism for making decisions on how to spend the funds. In Camden following consultation with local communities, ward members produced Local CIL Priority Lists for each ward which guided future spending of local CIL funds.

4.3 A number of options for the distribution of local CIL monies are therefore available to the Council and these could include:

- Distribution via Neighbourhood Boards
- Distribution evenly across all Council Wards
- Distribution to targeted areas in the City e.g. Sincil Bank
- 'Bank' local CIL monies for a period of time e.g. 2-3 years until a more substantial pot is built up

4.4 In order to aid discussions, the positives and negatives of each of the above options have been listed below:

Distribution Option	Positive Impacts	Negative Impacts
Distribution via Neighbourhood Boards	<ul style="list-style-type: none"> • Existing governance structures in place 	<ul style="list-style-type: none"> • Not all Wards have Neighbourhood Boards
Distribution evenly across all Wards	<ul style="list-style-type: none"> • Equitable approach for all Wards to receive funding 	<ul style="list-style-type: none"> • Small impact as limited funds will be spread thinly across all Wards
Distribution to targeted area e.g. Sincil Bank	<ul style="list-style-type: none"> • Funds could have the maximum impact in most deprived part of the City 	<ul style="list-style-type: none"> • Other Wards do not receive any funds
'Bank' local CIL monies for a period of time e.g. 2-3 years	<ul style="list-style-type: none"> • A more substantial amount funds will have more impact 	<ul style="list-style-type: none"> • Time delay for local CIL monies to be spent in the City

4.5 Regardless of which method of distribution is chosen, in order for the monies to build up to some significant amount (currently the local CIL pot amounts to £4,774), it is suggested that for the time being the Council effectively banks the money. This will give time for the local CIL pot to build up and allow time for members to decide how they wish to see the local CIL monies distributed. A decision on how the local CIL funds could be distributed could then be deferred and taken at a later date. A reasonable time frame for this could be approximately 2-3 years to allow for local CIL funds to build up.

4.6 Every December, under CIL Regulation 62 the Council must produce an Annual CIL Report which sets out CIL receipts and expenditure for the reported year and this could provide an opportunity to review local CIL monies distribution should they be greater than expected.

4.7 Members should be aware that it is highly likely that CIL will be reviewed over the next 12-18 months including whether the rates currently being charged “*provide an appropriate basis for the collection of the levy in the area*” as is needed to be demonstrated under the CIL regulations. As part of the review of the Central Lincolnshire Local Plan there will be a need to re-examine development viability across the City and Central Lincolnshire which

in turn will trigger the need to review CIL and potentially affect the CIL rates.

5. Strategic Priorities

5.1 Let's drive economic growth

CIL is a key mechanism in the provision of funds to provide infrastructure to support growth.

5.2 Let's reduce inequality

The Local Plan objectives support the reduction of poverty and disadvantage. In line with CIL Regulations the authority will be required to pass a 'meaningful' proportion of CIL receipts to suitable neighbourhood groups for use on infrastructure identified as important by the local community. Where there are no established Local Councils, District Councils are asked to spend this in consultation with local communities.

5.3 Let's deliver quality housing

Growth and development of the general housing market is a positive step in increasing the supply of all forms housing. The CIL Regulations provide for full relief from the CIL charge for any part of a development which is affordable housing (and includes social and affordable rent and shared ownership).

5.4 Let's enhance our remarkable place

Implementation of CIL will help support the development of the City and ensure contributions toward infrastructure can be used to improve Lincoln as a place.

6. Organisational Impacts

6.1 Finance (including whole life costs where applicable)

As set out in the detail of the report, CIL receipts of £31,826 have been received to date, of which £1,591 are attributable to offset the administration costs of the Council and £4,774 is available for distribution in the City. This resource along with future receipts will be held by the Council until such time that members decide how they wish to see the local CIL monies distributed.

In terms of any receipts that will be used to contribute to agreed Central Lincolnshire Strategic Infrastructure priorities a process of transferring these to Lincolnshire County Council has been established.

6.2 Legal Implications including Procurement Rules

The Council has; and will continue to, comply with the 2008 Planning Act and 2010 CIL Regulations (as amended), in the implementation, collection,

monitoring and distribution of CIL.

6.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

Equality implications have been carefully considered. Whilst a full assessment has not been carried out the introduction of CIL helps to support and deliver sustainable growth and development in the city. It is therefore promoting equal access to housing and employment and has no negative impact on those who exhibit a protected characteristic.

7. Risk Implications

7.1 (i) Options Explored

See Para 4.4.

7.2 (ii) Key risks associated with the preferred approach

No preferred approach has yet been decided.

8. Recommendation

8.1 Members consider the options for distribution of local CIL monies prior to approval by Executive at a later date.

Is this a key decision?

No

Do the exempt information categories apply?

No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?

No

How many appendices does the report contain?

None or insert number

List of Background Papers:

None

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