

Peterborough City Council

Community Infrastructure Levy
Governance Arrangements

Updated - July 2018

1. Introduction

- 1.1. This report presents the approach to governing Community Infrastructure Levy (CIL) funds that will be received from development. It is an update from the version approved in 2016. It explains how the spending of CIL funds will be administered and reported (Section 2). This report also proposes a split for funding from the strategic portion (Section 3).
- 1.2. The report seeks to identify the roles, responsibilities and processes relating to the different strands of CIL funding in accordance with the CIL regulations and the Peterborough City Council Constitution. There are three strands of CIL funding, which can be summarised as follows:
- **Administration Portion (5%)** – The regulations allow up to 5% of funds collected to be allocated to pay for the administration (revenue costs) aspect of CIL. Full Council has already agreed to utilise this ‘top slice’ option, and it will continue to do so. The remaining 95% are capital funds.
 - **Strategic Portion (up to 80% of all funds)** – The Council is responsible for managing and spending this, but external providers can bid for funds. CIL receipts must be spent on infrastructure needed to support the development of the area and should be based on the infrastructure priorities set out on the R123 List and Infrastructure Delivery Schedule (IDS).
 - **Neighbourhood Portion (15% or 25% of all funds) -**
 - **Parished areas** – at least 15% of CIL receipts received from development in the parish (up to £100 per existing council tax dwelling per financial year) are transferred to the parish council to spend on local infrastructure priorities. This proportion of CIL receipts rises to 25% where there is a ‘made’ Neighbourhood Plan. The parish council must report its spending on an annual basis. Parishes can contribute toward strategic projects but are ultimately autonomous in taking spending decisions.
 - **Non-parished areas** – at least 15% of CIL receipts (up to £100 per existing council tax dwelling per financial year) to be spent on local community infrastructure. The money is managed by Peterborough City Council, who must engage with communities where development has taken place and agree with them how best to spend the neighbourhood funding. Where there is a ‘made’ Neighbourhood Plan, this proportion of CIL receipts rises from 15% to 25%. The Council must report this spending annually.

2. How CIL funds will be managed

Administration and cost implications

- 2.1. The Compliance and Section 106 team will continue to maintain responsibility for the day-to-day administration of CIL funds, alongside other planning obligations. The team will administer the transfer of the Neighbourhood Portion, and also fulfil the Council's reporting requirements in accordance with the CIL regulations. This includes the preparation of an annual report.
- 2.2. The 5% of CIL receipts will be retained to cover these administration costs each year.

Spending process

- 2.3. The Strategic Portion of CIL receipts will be spent by the Council in order to provide the strategic infrastructure required to deliver Peterborough's growth. These spending decisions will be informed by the Council's Regulation 123 list (a list of spending priorities which the Council is legally required to publish) and the Infrastructure Delivery Schedule (IDS). The IDS will be updated regularly by the Strategic Planning Team with Council departments nominating infrastructure schemes to be placed on the IDS.
- 2.4. The strategic portion from CIL contributions will continue to be managed through a percentage split approach (see Section 3).
- 2.5. Once received, CIL funds will be held by the Compliance and Section 106 Team as CIL administrator. The Compliance and Section 106 Team will fulfil requests to release CIL funds where the proposed infrastructure item is:
 - a) identified in the IDS and/or R123 list; and
 - b) there is funding available in the relevant strategic pool.
- 2.6. Spending decisions over £500,000 and those that affect more than one ward will continue to require specific approval by Cabinet.

Neighbourhood Portion (parished areas)

- 2.7. The neighbourhood portion of any funds collected from CIL receipts will be transferred to the appropriate parish council by the Compliance and Section 106 Team in its role as the CIL administrator twice a year. This transfer will be made by the end of April and by the end of October, unless there is a specific agreement in place for alternative arrangements.
- 2.8. Each parish council that receives funds must report on how the funds have been spent.
- 2.9. The Compliance and Section 106 Team will, in discussion with the Strategic Planning Team, maintain a list of parishes with adopted neighbourhood plans to identify the locations where a higher proportion of CIL funds will be retained in the neighbourhood portion and to ensure the correct funds are provided.

Neighbourhood Portion (non-parished areas)

- 2.10. In areas without a parish council, the neighbourhood portion will be retained by Peterborough City Council. Responsibility for managing spending of this fund will lie with the Community Capacity Manager. The neighbourhood portion of any funds collected from CIL receipts will be transferred by the Compliance and Section 106 Team to the Community Capacity Manager twice a year at the end of April and the end of October.

- 2.11. Responsibilities for the Community Capacity Manager in relation to the neighbourhood portion of CIL include:
- Consulting as appropriate with the community on spending priorities for the neighbourhood portion;
 - Consider requests for funding from other council departments and external bodies;
 - Distribute funds to bodies and departments as appropriate (limited to £50,000 or 20% of the total neighbourhood portion fund) where their proposals are in accordance with the IDS and/or are in accordance with recognised community priorities;
 - Bring any requests for funding that are either not in accordance with the IDS and/or are over the specified threshold to the Corporate Director for Growth and Regeneration; and
 - Submit a report on spending to the Compliance and Section 106 Team annually to go into the annual report on spending to cabinet and to be placed on the PCC website.
- 2.12. The Compliance and Section 106 Team will, in discussion with the Strategic Planning Team, maintain a list of non-parished areas with adopted neighbourhood plans to identify the locations where a higher proportion of CIL funds will be retained in the neighbourhood portion and to ensure the correct funds are provided.

3. The Split of CIL Strategic Portion

- 3.1. The Strategic Portion of CIL is the remaining CIL 'pot' - after the Neighbourhood Portion and Administration Portion have been removed. The Strategic Portion will be used by the Council to deliver strategic infrastructure.
- 3.2. The Strategic Portion is split into strategic funding pools. These 'strategic pools' will reflect the infrastructure types set out in the R123 list. This approach is in line with past council policy, including before CIL was in existence (i.e. under the 'POIS' system of developer contributions).
- 3.3. The percentage split of the Strategic Portion will be set by Cabinet and will continue until such time as it is proposed to be reviewed.

Regulation 123 List Infrastructure Types

- 3.4. The R123 list (as revised in July 2018) details the infrastructure for which CIL funds may be pooled and spent, and these are grouped into a number of themes, namely:
- Transport
 - Education
 - Health
 - Emergency services
 - Community and leisure
 - Waste management
 - Green infrastructure; and
 - Crematorium and burial grounds

It is important to note that not all of these themes contain items on the R123 List for sites of over 500 dwellings. Furthermore, a number of specific types of infrastructure under these themes are confirmed as not being included on the R123 List.

- 3.5. The distribution of the strategic portion of CIL funds is set out in Table 3 (and is unaltered from the 2016 version of the governance arrangements and closely follows the split previously used under the earlier POIS system):

Table 1: Split of CIL Strategic Portion

Infrastructure Type	Percentage of Strategic Portion
Transport & Communications	30%
Community & Leisure	10%
Education & Learning	40%
Environment	10%
Health & Adult Social Care and Emergency Services	10%
Total	100%

4. Worked Examples

- 4.1. Worked examples are provided in Tables 4 and 5 for illustrative purposes. For every £1m CIL collected, the subsequent sums become available. The example in Table 4 is for an area in which no neighbourhood plan has been adopted. The example in Table 5 is for an area where a neighbourhood plan has been adopted.

Table 4: Worked example based on **£1m** CIL collected in an area without a neighbourhood plan in place (and assumes the £100 per existing council tax dwelling per financial year cap is not reached)

Administration (5%)	£50,000 (revenue)	Retained by PCC for admin (revenue costs)
Strategic Funds (80%)	£800,000 (capital)	Transport & Communications - £240,000 Community & Leisure - £80,000 Education & Learning - £320,000 Environment - £80,000 Health & Adult Social Care and Emergency Services - £80,000
Neighbourhood Funds (15%)	£150,000 (capital)	Distributed to the parish council (or to the Community Capacity Manager in non-parished areas) where the development took place.
Total	£1,000,000	

Table 5: Worked example based on **£1m** CIL collected in an area with a 'made' neighbourhood plan

Administration (5%)	£50,000 (revenue)	Retained by PCC for admin (revenue costs)
Strategic Funds (70%)	£700,000 (capital)	Transport & Communications - £210,000 Community & Leisure - £70,000 Education & Learning - £280,000 Environment - £70,000 Health & Adult Social Care and Emergency Services - £70,000
Neighbourhood Funds (25%)	£250,000 (capital)	Distributed to the parish council (or to the Community Capacity Manager in non-parished areas) where the development took place.
Total	£1,000,000	