

# Appendix 1: Community Infrastructure Levy Governance Proposals

## 1. Introduction

- 1.1. This report presents the proposed approach to governing Community Infrastructure Levy (CIL) funds that will be received from future developments. 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, for Cabinet approval (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 briefly be explained 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. It is proposed to utilise this ‘top slice’ option. 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 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 POIS and 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. These proposals are not considered to be particularly onerous over and above any existing responsibilities. However to ensure the cost of managing CIL is met, up to 5% of CIL receipts will be retained to cover 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 annually by the Strategic Planning Team. Each year, Council departments will nominate infrastructure schemes to be placed on the IDS.
- 2.4. It is proposed that the strategic portion from CIL contributions will be managed through a percentage split approach, similar to that utilised for managing funds from Planning Obligation Implementation Scheme (POIS) (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 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 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 that receives funds must report on how the funds have been spent. It is the intention that these reports will be included in an annual report on spending to Cabinet, and be published on the Council's website.
- 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 the spend 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 for funding;
  - 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 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. Proposal for Split of CIL Strategic Portion

- 3.1. The Strategic Portion of CIL is the remaining CIL 'pot' - after the Neighbourhood Portion and Administration Portion has been removed. The Strategic Portion will be used by the Council to deliver strategic infrastructure.
- 3.2. It is proposed that there be a percentage split of the Strategic Portion into strategic funding pools. These 'strategic pools' will reflect the infrastructure types set out in the R123 list. This approach is in line with the current split of POIS funds.
- 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, either by Corporate Directors or by Cabinet.

### Regulation 123 List Infrastructure Types & POIS Infrastructure Themes

- 3.4. The current R123 list (dated 24 April 2015) lists the infrastructure types for which CIL funds can be pooled and spent, these are:

- Strategic / city wide impact transport projects (excluding specific improvements necessary to make a development acceptable in planning terms)
- Education facilities
- Health facilities
- Indoor Sports and recreation facilities
- Library, museum and life-long learning facilities
- Waste Management infrastructure
- Emergency services
- Strategic Open Space
- Strategic flood risk management schemes (excluding flood risk measures required to facilitate the alleviation of flood risk in relation to a development site)
- Public realm
- Crematorium and burial grounds

3.5. Prior to the introduction of CIL, the Council collected developer contributions toward strategic infrastructure through a system of pooled planning obligations, known as POIS. POIS funds are split by infrastructure themes, further subdivided into a Strategic Pool and Neighbourhood Pool. The current POIS split is shown in Table 1, below:

**Table 1: Current POIS Split**

Infrastructure Type	Strategic Pool	Neighbourhood Pool
Transport & Communications	25%	5%
Community & Leisure	5%	5%
Education & Learning	20%	20%
Emergency Services	5%	0%
Environment	5%	5%
Health & Adult Social Care	0%	5%
Total	60%	40%

3.6. Each R123 infrastructure type can be categorised by POIS Infrastructure Themes. Table 2 shows the relationship between POIS infrastructure themes and R123 infrastructure types sits:

**Table 2: Relationship between POIS and R123 Infrastructure Types**

POIS Infrastructure Theme	CIL R123 List Infrastructure Type
Transport & Communications	Strategic / city wide impact transport projects
Community & Leisure	Indoor Sports and recreation facilities
	Library, museum and life-long learning facilities
Education & Learning	Education facilities
Emergency Services	Emergency services
Environment	Public Realm
	Strategic Open Space
	Strategic flood risk management schemes
	Crematorium and burial grounds
	Waste Management infrastructure
Health & Adult Social Care	Health facilities

3.7. Whilst POIS was broken down into strategic and neighbourhood pools, the CIL regulations require the neighbourhood portion to be administered separately (as discussed in Section 2). It is

therefore not necessary to split the Strategic Portion into strategic and neighbourhood pools. Council departments can make bids for funding from the neighbourhood portion (see Section 2), however they are likely to be more reliant on the strategic portion to provide certainty of funding each year.

- 3.8. It should be noted that the current POIS split allocates 5% of funds for Emergency Services infrastructure. However, such service providers have rarely made requests for funding. It is therefore proposed that the Emergency Services infrastructure type be combined with Health & Adult Social Care, to enable greater coordination in this area.
- 3.9. The proposed distribution of the strategic portion of CIL funds is set out in Table 3:

**Table 3: Proposed Split of CIL Strategic Portion**

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

- 3.10. This proposed division of funds closely follows the split currently used in POIS, taking into account the general spread of R123 categories within each POIS type. It is proposed that this is an appropriate distribution of funds from CIL at this time.
- 3.11. A worked example is provided in Table 4 for illustrative purposes. For every £1m CIL collected, the subsequent sums become available. This example assumes that no neighbourhood plans are adopted, which is accurate for Peterborough at present.

**Table 4: Worked example based on £1m CIL collected**

<b>Administration (5%)</b>	£50,000 (revenue)	Retained by PCC for admin (revenue costs)
<b>Strategic Funds (80%)</b>	£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
<b>Neighbourhood Funds (15%)</b>	£150,000 (capital)	Distributed proportionally to the areas (parished or non-parished) where the development took place e.g. if no development takes place in a parish, then the parish receives £0
<b>Total</b>	<b>£1,000,000</b>	

