

SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL SCRUTINY COMMITTEE	AGENDA ITEM NO. 7
25 OCTOBER 2016	PUBLIC REPORT

Report of the Corporate Director of Growth and Regeneration		
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COMMUNITY INFRASTRUCTURE LEVY GOVERNANCE PROPOSALS & INFRASTRUCTURE DELIVERY SCHEDULE UPDATE 2016

1. PURPOSE

- 1.1 This report is submitted to the Sustainable Growth and Environment Capital Scrutiny Committee following approval of the Council's Community Infrastructure Levy (CIL) Charging Schedule (on 15 April 2015), in order to establish governance arrangements for managing CIL receipts, and to provide an updated Infrastructure Delivery Schedule.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee provide comments on the *CIL Governance Proposals* and *Infrastructure Delivery Update 2016*, before being submitted to Cabinet for approval on 7 November 2016.

3. LINKS TO THE CORPORATE PRIORITIES AND RELEVANT CABINET PORTFOLIO

- 3.1 It is a corporate priority to *Drive growth, regeneration and economic development*. Through the efficient and effective management of CIL funds, the CIL governance proposals and Infrastructure Delivery Schedule (IDS) Update 2016 will enable the delivery of infrastructure to facilitate and meet the needs of Peterborough's growth.
- 3.2 The Community Infrastructure Levy Governance Proposals & Infrastructure Delivery Schedule Update 2016 falls under the portfolio of the Cabinet Member for Growth, Planning, Housing and Economic Development.

4. BACKGROUND

- 4.1 In April 2015, the Council adopted the CIL Charging Schedule to raise funds from new development for the purpose of delivering infrastructure. The CIL effectively replaced the former POIS system of planning obligations. As the Council has recently begun to receive CIL receipts, it is necessary to establish governance arrangements to ensure CIL funds are managed effectively and in accordance with a number of statutory duties.
- 4.2 The current Infrastructure Delivery Schedule (IDS) was produced in 2014 as a supporting document to the CIL Charging Schedule, providing evidence of infrastructure required to meet Peterborough's growth needs. The IDS is an important document, informing Council plans and strategies (including the emerging Local Plan) and informing decisions on infrastructure spending, both by the Council and partner organisations. The IDS (2014) acknowledges the need for regular update. The IDS Update 2016 has therefore been prepared to ensure the Council maintains an up-to-date schedule of infrastructure required over the plan period.

5. KEY ISSUES

5.1 To manage funds raised from the CIL and meet certain legal obligations it is necessary to put in place a governance process. A proposal for managing CIL funds is provided in Appendix 1. This section provides a summary of the proposals, highlighting certain key issues.

5.2 There are three strands of CIL funding, briefly 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.
- **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.

5.3 **Administration**

It is proposed that the Council's *Compliance & s106 Team* act as CIL Administrator to fulfil such duties as the day-to day administration of CIL receipts, and manage requests for the release of CIL funds where the infrastructure item to be funded is identified on the IDS Update 2016 and/or Regulation 123 List. The Compliance & s106 Team will fulfil the Council's duties under the CIL regulations to transfer the Neighbourhood Portion twice each year and prepare an annual report.

5.4 It is recommended that up to 5% of total CIL receipts be retained to meet costs associated with CIL administration.

5.5 **Strategic Funding Pools**

Spending the strategic portion is proposed to be through a percentage split approach similar to that utilised for many years for managing funds from Planning Obligation Implementation Scheme (POIS). Broadly matching the current POIS split, it is proposed that the CIL funding distribution is as follows in the Table below:

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

5.6 **Neighbourhood Portion (non-parished areas)**

In areas where there is no Parish Council (such as Peterborough' urban wards), it is proposed that the Council's Community Capacity Manager take responsibility for managing spend of the Neighbourhood Portion. Such responsibilities will include:

- Consulting as appropriate with the community on spending priorities for the neighbourhood portion;
- Consider (and determine) requests for neighbourhood portion funding from other council departments and external bodies;
- Bring requests for funding that are either not in accordance with the IDS or are over the specified threshold to the Corporate Director for Growth and Regeneration; and
- Report spending to the Compliance and Section 106 Team.

5.7 **IDS Update 2016**

It is proposed that the IDS Update 2016 be approved and published, thereby replacing the IDS 2014 as the Council's current schedule of infrastructure requirements to meet Peterborough's growth needs.

5.8 The IDS Update 2016 is a factual document, summarising the Council's infrastructure priorities over the plan period. The IDS Update 2016 is intended to inform spending, but does not in itself allocate funds. It is proposed that the IDS continue to be regularly updated, preferably on an annual basis.

6. **IMPLICATIONS**

6.1 The CIL governance proposals will have implications for all sectors off the community throughout the local authority area.

Legal implications – The Council must manage CIL in accordance with the CIL regulations. It must spend CIL receipts on infrastructure needed to support the development of their area; transfer the neighbourhood portion twice per year (April and October); and, prepare an annual report of CIL receipts collected and spent.

Financial implications – The proposed percentage split of the strategic portion will have direct financial implications for different service areas within the Council. It is considered that the proposed split of funds is appropriate, reflecting the need for infrastructure and availability of other funding sources.

7. **CONSULTATION**

7.1 The documents were prepared following engagement with a range of Council areas, namely the Community Capacity Team, Transport Planning Team, Natural & Historic Environment Team, Schools Infrastructure, Commercial Group (waste), Verto team and Compliance & s106 team. Note that there is no formal requirement for consultation in producing these documents.

8. **NEXT STEPS**

8.1 It is anticipated that the Committee will offer comments on the CIL Governance Proposals and IDS Update 2016. The documents, and any comments made by committee will be presented to Cabinet (7 November). Cabinet will then be requested to approve the CIL Governance Proposals and IDS Update 2016, to be brought into effect immediately.

9. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

N/A

10. APPENDICES

- 10.1 Appendix 1: Community Infrastructure Levy Governance Proposals
- Appendix 2: Infrastructure Delivery Schedule Update 2016