

## **Community Infrastructure Levy (CIL) Monitoring report for the reported year 2016/17**

### **1. Background**

- 1.1 The Community Infrastructure Levy (CIL) is a mechanism to allow local planning authorities to raise funds from new development, in the form of a levy. Following two rounds of consultation and an examination in public, the Council adopted CIL at its meeting of 20 July 2016. CIL charges came into effect in Shepway on the 1st August 2016.
- 1.2 Under CIL, SDC acts as a designated charging authority, conferring responsibility on to the Council to:
  - Prepare and publish the CIL Charging Schedule (published August 2016),
  - Apply the levy revenue it receives to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support development of its area, and
  - Report to the local community on the amount of levy revenue collected, spent and retained each year
- 1.3 The relationship between CIL and s106 is complicated and therefore it is necessary to identify which infrastructure will be funded via CIL contributions and those contributions that will be collected via s106, to mitigate the impact of that particular development (see Regulation 123 list, link via Appendix 1). The Infrastructure Delivery Plan (IDP), produced in support of the Core Strategy Local Plan and updated for the CIL examination identified key infrastructure requirements within the district over the plan period. This is currently being updated to include additional infrastructure needs arising from the development proposed within the emerging Places and Policies Local Plan (PPLP).
- 1.4 One of the purposes of CIL, particularly related to the neighbourhood proportion, is to incentivise communities to accept growth. The levy places a responsibility on the Council to pass a 'meaningful proportion' of CIL receipts to Parish/Town Councils twice a year. Government Regulations enacted on 25th April 2013 require that the meaningful proportion should be 25% of CIL receipts where a Neighbourhood Plan is in place and 15% in other areas (capped at £100 per dwelling), as set out in table 1 below:

**Table 1 – Local Meaningful Proportion**

<b>Parish council</b>	<b>Neighbourhood plan</b>	<b>Levy</b>
✓	✓	25% uncapped, paid to parish
✓	✗	15% capped at £100/dwelling, paid to parish
✗	✓	25% uncapped, local authority consults with community
✗	✗	15% capped at £100/dwelling, local authority consults with community

- 1.5 At present St Mary in the Marsh Parish Council are progressing a neighbourhood plan to consultation, however the plan does not seek to allocate sites for development within the parish. There are no allocations proposed within the PPLP in the parish that do not already have planning permission.
- 1.6 The local meaningful proportion does not have to be spent purely on infrastructure but may be used to fund other measures as long as they address demand placed by development in the area. Where possible the Council and town and parish councils are encouraged to identify agreed priorities for infrastructure in order that both CIL and the 'local proportion' is focused on delivering these priorities.
- 1.7 An additional 5% of receipts can be used for administrative costs after the introduction of CIL in an area. To help charging authorities with initial set up costs, the regulations allow for a 'rolling cap' for a period of three years after introduction (ie. 5% applied to total CIL receipts for the first three years). After this time the cap will be applied annually. The Council will need to utilise the full 5% of administration costs during the first 3 years of implementation so as to ensure the substantial costs in adopting a CIL are recovered in accordance with the provisions of the regulations.
- 1.8 Shepway District Council, as the CIL charging authority is required to prepare a report for any financial year it collects CIL (CIL Reg 62). This annual report for Shepway covers the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017. It should be noted for this period that whilst the Council has issued a number of liability notices the Council did not received any receipts from CIL for the year 2016/17,

## 2. Report for 2016/17 Period

- 2.1 Table 2 shows an overall summary of CIL payments that have been received by the Council between 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2017 together with the total amount applied to administrative expenses and monies transferred to town or parish areas. As previously stated during the first financial year of collecting CIL, which was introduced midway through the year, no contributions were received.
- 2.2 It is not unusual for no or limited CIL expenditure to be incurred in the early stages of CIL implementation, due to the time lag between CIL introduction and CIL liabilities becoming due as funds are due upon the commencement of development. Officers can confirm that for the current financial year 2017/18 funds are now being received, with the first payment received 8<sup>th</sup> August 2017 for £13,300.

**Table 2: Shepway CIL Summary April 2016 to March 2017**

Total CIL receipts during 2016/17	£0
Total CIL Expenditure to support delivery of infrastructure during 2016/17	£0
Total CIL 'local proportion' payments that have been transferred to town and parish councils during 2016/17	£0
Total CIL applied to administrative expenses and proportion of total CIL received	£0 0%
Total CIL retained during 2016/17 and available to be spent on infrastructure to support development in the District	£0

- 2.3 As set out above 15% of all CIL receipts (capped at £100 per dwelling), under the Regulations, must be transferred to the Parish or Town Council where development has occurred in their area. In a regulation 62A report, the Parish/Town Council must publish, on an annual (retrospective) basis the amount of CIL money that it has received, spent, brought forward from previous

years, intends to carry forward in to the following year and on what the money has been spent. Where a Parish Council has an adopted neighbourhood plan in place they will receive 25% of all funding received.

- 2.4 The NPPG makes it clear that Charging authorities and parish, town and community councils are free to decide the timing of neighbourhood funding payments themselves. However, in the absence of such an agreement, regulation 59D specifies that the neighbourhood portion of levy receipts must be paid every 6 months, at the end of October and the end of April. Officers are currently putting in place procedures and guidance ahead of the first payment to Town and Parish Councils in April 2018.
- 2.5 For each year when they have received neighbourhood funds through the levy, Parish and Town Councils must publish the information specified in Regulation 62A. If they haven't received any money they do not have to publish a report, but may want to publish some information to this effect in the interests of transparency. If, at the request of a Town or Parish Council, SDC hold and spend the neighbourhood portion on behalf of the local community, The District Council need to report this information.
- 2.6 In future years the monitoring of CIL will include information provided from Town and Parish Council's within the annual CIL monitoring report presented to cabinet.

#### Administration

- 2.7 As noted in section 1 of this report the costs of adopting and administering CIL are substantial. As no CIL receipts were received for the year 2016/17 the costs of administering CIL over this period cannot be met. It is however acknowledged that in future years (up until March 2020) there is opportunity to recover the costs of adopting CIL via the retention of up to 5% of income for administration purposes.

#### CIL Expenditure

- 2.8 There have been no receipts and no infrastructure expenditure from CIL receipts in the monitoring year.
- 2.9 The Council is in the process of updating the Infrastructure Delivery Plan to support the allocation of sites within the Places and Policies Local Plan. The IDP is currently being refined so as to prioritise projects and ensure projects within the IDP are deliverable and that any funding gap is recognised. Details of the infrastructure projects that CIL receipts have supported or will be used to support will be provided in future annual monitoring reports.

## Appendix 1 – Regulation 123 List

(Deprecated)

## Appendix 2 – CIL report requirements

- a. Total CIL receipts for year
- b. Total CIL expenditure during year
- c. Summary of CIL expenditure during the reporting year, including
  - The items of infrastructure (including land) to which CIL has been applied
  - The amount of CIL expenditure on each item
  - The amount of CIL applied to repay borrowed money, including any interest, with details of the infrastructure items which that money was used to provide
  - The amount of CIL applied to administrative expenses pursuant to regulation 61 and that amount expressed as a percentage of CLL collected in that year.
- d. The amount of CIL passed to
  - Any local Council under regulation 59A or 59B
  - Any person under regulation 59(4)
- e. Summary details of the receipts and expenditure of CIL to which regulation 59E and 59F applied during the reporting year including –
  - The total receipts that Regulation 59E and 59F applied to
  - The items to which regulations 59E and 59F applied have been applied.
  - The amount of expenditure on each item
- f. Summary details of any notices served in accordance with regulation 59E, including
  - The total value of CIL receipts requested from each local Council
  - Any funds not yet recovered from each local council at the end of the financial year
- g. The total amounts of
  - CIL receipts for the reported year other than those to which regulation 59E and 59F applied and
  - CIL receipts from previous years retained at the end of the reported year other than those to which regulation 59E and 59F applied
  - CIL receipts for the reported year to which regulation 59E and 59F applied retained at the end of the reported year
  - CIL receipts from previous years to which regulation 59E and 59F applied retained at the end of the reported year
- h. In relation to any infrastructure payments accepted by the charging authority
  - The items of infrastructure to which the infrastructure payments relate
  - The amount of CIL to which item relates