

PROPOSED CIL GOVERNANCE ARRANGEMENTS
(Report by Head of Planning Services)

1. INTRODUCTION

- 1.1 The purpose of this report is to update the Members on the progress being made regarding the implementation of the Community Infrastructure Levy for Huntingdonshire and to put forward an initial draft framework for the 'governance' of CIL receipts and its related spending for comment.

2. BACKGROUND

- 2.1 The Community Infrastructure Levy (CIL) is a mechanism, introduced by Government in 2010, to allow local planning authorities to seek to raise funds from development in order to pay for the infrastructure that is, or will be, needed as a result of new development.
- 2.2 The Huntingdonshire CIL Charging Schedule 2012, which was approved and adopted by Cabinet and Council in April 2012 (Minute109 and Minute 70 refer respectively) is as follows:

Charge for development types	CIL rate (per square metre)
All development types unless stated otherwise in this table	£85 (standard rate)
All A Class Uses 500 sq m or less	£40
All A Class Uses > 500 sq m	£100
All Class C1 Uses	£60
All Class C2 Uses	£45
Health (D1)	£65
Business (B1), General Industrial, Storage & Distribution (B2 and B8), Community Uses ⁽¹⁾ (within D1 - except Health Uses - and D2), and Agricultural <i>(1. Community uses are ones provided by the public, not-for-profit or charitable sectors)</i>	£0

- 2.3 The CIL is based on the need to finance identified community infrastructure needs, and it is payable per net additional square metre of floorspace. The identified community infrastructure needs are contained within Draft Charging Schedule Infrastructure Project List, November 2011, which was submitted as evidence with the Draft CIL Charging Schedule and can also be viewed on the CIL Examination page of the HDC website.
- 2.4 The CIL charge is payable on commencement of development and will be registered as a Land Charge until final payment, or beyond if relief granted. Further details on the administration processes of CIL can be found on the HDC website.

- 2.5 The CIL Charging Schedule is complementary to the Developer Contributions Supplementary Planning Document (SPD) which was approved by Cabinet in December 2011. The SPD and the CIL now operate in conjunction with each other.
- 2.6 Affordable housing development, certain development by charities and a limited range of minor ancillary development are exempt from CIL. All new dwellings, irrespective of size, are liable to pay CIL. Domestic household extensions under 100 square metres of net additional floorspace are not liable for CIL. All other development is liable for CIL if 100 square metres or above and is charged on a scale of rates based on viability testing that has been carried out. The outcome of the viability testing means that some types of new development, such as new business space, are subject to a nil charge, whilst other types of new development, including all new dwellings (houses and flats), are subject to a viability tested charge.

3. PROPOSED GOVERNANCE ARRANGEMENTS

- 3.1 Breaking the link between specific contributions and the delivery of specific related infrastructure provision, as is the case within existing S106 Agreements, whilst adding welcome flexibility to spending priorities presents a significant governance challenge. Clearly, it will be important to ensure that additional infrastructure capacity is timed to coincide with the expected delivery of new development in a particular area. The spending of CIL will therefore need to be carefully planned and managed. Given that even on the most optimistic assumptions of the availability of other sources of funding there is still very likely to be a significant funding gap, priorities will need to be agreed between the various infrastructure providers, although it will be the District Council which will be responsible for making the final decisions in this regard.
- 3.2 It is important to recognise that CIL receipts can only be spent on capital projects, although associated revenue spending to maintain those capital items is also permissible. There is a further requirement for a robust monitoring and reporting mechanism to account for all CIL funding which must be published annually.
- 3.3 The proposed governance structure for dealing with CIL spend is set out in Annex 1 to this report and it contains the following features:
- Infrastructure partners working together through the Growth & Infrastructure Group of the Huntingdonshire Strategic Partnership (HSP) to create a business plan.
 - This plan will need to be a 'living document' responding to the emerging development proposals coming forward to implementation phase.
 - The plan will allocate a proportion of CIL incomes to an infrastructure pot a 'meaningful proportion' pot (see para. 3.4), a contingency pot and administration/management pot.
 - The plan would be endorsed by the Huntingdonshire Strategic Partnership Board and recommended to HDC Cabinet for sign off or sent back for renegotiation.
 - Infrastructure providers could then bid for funding as infrastructure proposals come forward.

- Where bids were in line with the business plan monies would be granted and handed over (providers would need to report back on money spent for the annual monitoring report.)
 - Where a development emerged outside of the business plan, arrangements would be needed to amend the business plan through the process.
 - A specific framework for working with partners would need to be drawn up and agreed.
- 3.4 A particular feature of CIL is that 'a meaningful amount' of the receipts will be allocated to the area in which the development is occurring. The extent of the amount has been the subject of an outstanding government consultation. This also may only be spent on capital items at the discretion of the relevant Parish/Town. The business plan would therefore not necessarily include local provision which could be provided locally from the 'pot' allocated in accordance with the emerging regulations.
- 3.5 A report on this proposal was taken to the Huntingdonshire Strategic Partnership Board and approved on 23rd November 2011 (item 14) and an update given on 18th July 2012 (item 7). Meetings are now being held with partners to start the business plan development.


4. RECOMMENDATION(S)

- 4.1 It is recommended that Cabinet:
- (a) Approve the proposed CIL governance structure;
 - (b) Authorises that work progresses with partners through the HSP to further develop the framework and draft business plan to take forward the next stages required in the governance process;
 - (c) Requests the Head of Planning and Housing Strategy to liaise with the Head of Finance and the Head of Legal to agree draft procedural and management protocols; and
 - (d) Authorise a further report to come forward to Cabinet in due course.

Background Papers:

- Huntingdonshire Local Investment Framework 2009
- Core Strategy 2009
- CIL Examination documents, which can be found on the HDC website at <http://www.huntingdonshire.gov.uk/Planning/Community%20Infrastructure%20Levy/Pages/CommunityInfrastructureLevyExamination.aspx>
- Huntingdonshire Community Infrastructure Levy Charging Schedule 2012

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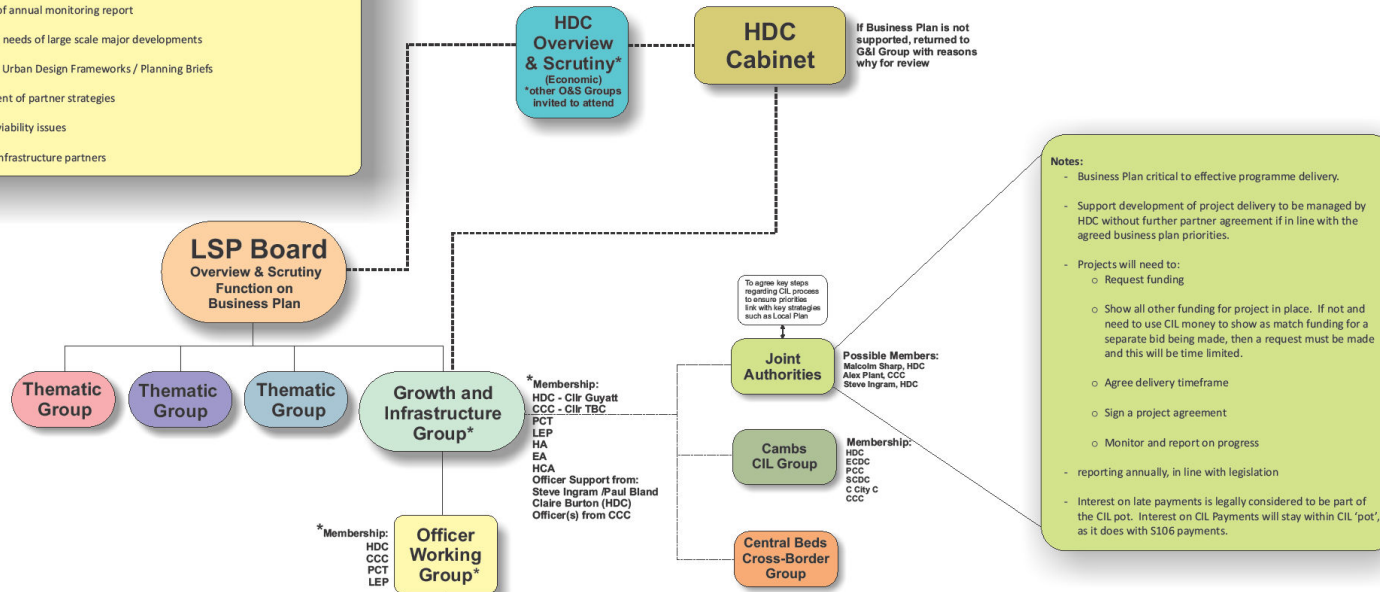
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Draft CIL Governance

July 17th 2012

Purpose
The purpose of the Growth and Infrastructure Group, supported by an Officer Working Group is to:

- Support the delivery of housing growth & economic priorities
- Develop Business Infrastructure Plan, including funding strategy
- Consider changes in infrastructure delivery trajectory
- Support development of annual monitoring report
- Consider infrastructure needs of large scale major developments
- Comment on emerging Urban Design Frameworks / Planning Briefs
- Support the development of partner strategies
- Consider and monitor viability issues
- Liaise with associated infrastructure partners



All groups to utilise basis of transport agreement and develops for their specific area

