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| To | Executive |
| Date | Thursday 23 March 2023 |
| Executive Member | Portfolio Holder for Planning Policy and Place Delivery |

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|------------------------------|-----------|
| Key Decision Required | Y |
| Wards Affected | All Wards |

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| Subject | Community Infrastructure Levy (CIL) Strategic Infrastructure Programme (SIP) 2023-2027 |
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| Recommendations |
| <p>That the Executive:</p> <ul style="list-style-type: none"> (i) Agrees the Council's second Community Infrastructure Levy Strategic Infrastructure Programme (CIL SIP) 2023-2027 with the amounts to be allocated in each relevant year including the national RICS CIL index (at Annex 4) (ii) Agrees that the release of Community Infrastructure Levy funding to infrastructure providers for projects on the Community Infrastructure Levy Strategic Infrastructure Programme (CIL SIP) 2023-2027 (at Annex 4 or as amended by any subsequent annual review) be delegated to the relevant Head of Service for CIL in consultation with the relevant Portfolio Holder for CIL and Chief Finance Officer. (iii) Agrees to receive an annual review of the Community Infrastructure Levy Strategic Infrastructure Programme (CIL SIP) 2023-2027, noting the reported delivery progress of projects in the SIP and updating the SIP as appropriate. |

Reasons for Recommendations

- (i) **To provide a framework for the next five years for allocating strategic CIL funds to provide clarity and certainty to the Council and to infrastructure providers**
- (ii) **To allow strategic CIL funding to be released in a timely manner**
- (iii) **To ensure that the SIP remains up to date in light of any changes to project delivery timescales and that the strategic CIL is used to fund projects that will be delivered in the SIP timeframe**

Executive Summary

The Council introduced the Community Infrastructure Levy (CIL) for the borough's developments in April 2016. Since then the Borough Council has collected CIL from most residential development and "convenience" shops, which it uses to help support the borough's development.

The Council's approach to spending the CIL that it collects was agreed by the Executive at its meeting in January 2016. This included spending the "strategic" portion (at least 80% of all CIL funding collected in the borough) through a 5-year "Strategic Infrastructure Programme" (SIP) of projects. The Council's first 5-year SIP was agreed by the Executive at its meeting in July 2017, to cover the period 2017-2022.

This 5-year "Strategic Infrastructure Programme" (SIP) with its annual reviews presented to the Executive, is proving to be a workable system for the Council to spend its strategic CIL receipts, which avoids the annual bidding rounds with resourcing impacts, that many other CIL spending authorities experience. Whilst all methods have advantages and disadvantages, a 5 year funding cycle was agreed on as an appropriate way of providing a suitable degree of certainty to infrastructure providers, residents and other interested organisations.

Bidding for, and preparation of this second SIP has happened at a time of high inflation and considerable pressure on public sector funding. There has been a large amount of interest from infrastructure providers seeking funding, far more than could be funded from strategic CIL. The system of screening and assessment of bids used to prioritise bids for funding was based on those used for the first SIP, with some changes introduced based on learning from the first SIP.

The Council's second SIP is presented at Annex 4. It sets out the 51 projects recommended for strategic CIL allocation. Infrastructure projects to be offered funding, subject to conditions, include project to improve active (cycle and pedestrian) travel, education, public transport, health, flood alleviation, community and cultural buildings, flood alleviation, open space and sport and recreation, sustainability and climate change, security and anti-crime infrastructure, and public realm.

Together these 51 SIP(2) projects have a combined project value of £47m, and a combined recommended CIL contribution of £16,345,061, representing a funding leverage ratio of 1:2.

Executive has authority to approve the above recommendations

Statutory Powers

1. The CIL is a charge on new buildings (Use Class C3 residential and convenience retail developments) in the Borough, intended to help fund infrastructure and projects that support development of an area, introduced by Part 11 of the Planning Act 2008 (as amended). The Council introduced the CIL in the Borough in 2016, with per square metre rates set out in the Council's CIL Charging Schedule 2016.
2. The Council does not have a statutory duty to implement the CIL, it is discretionary. However, once implemented, Community Infrastructure Levy Regulations 2010 (as amended) prescribe how the CIL receipts may be spent. 15%, referred to in R&B Borough as "Local CIL funding" is spent in the local area in which the development generating the CIL is located.
3. At least 80% of CIL is collected borough-wide into the "strategic CIL fund". This must be spent to fund "infrastructure" on the Council's published "Infrastructure List" in its *Annual Infrastructure Funding Statement (AIFS)*, in order to support development of its area.

Background

4. National legislation and guidance concerning CIL spending is very broad-brush, giving CIL "charging authorities", such as RBBC, considerable freedom to decide how to spend the CIL funding that it collects.
5. In January 2016 the Executive agreed to spend the Council's "strategic" portion of CIL that it collects through a 5-year programme of projects. The Council's first Strategic Infrastructure Programme (SIP) was agreed by the Executive in July 2017 to cover the period 2017-2022. The programme of projects selected from the bids received in September 2022 will guide how strategic CIL funding will be spent in the period 2023-2027, subject to annual review by the Executive.
6. The Council's first SIP consisted of fifteen projects (some grouped) to be delivered by seven organisations using strategic CIL funding during the period 2017-22. The SIP was agreed by the Council's Executive meeting of 13 July 2017. Of those fifteen SIP(1) projects, seven were delivered within the SIP(1) funding period. This in-principle agreement to fund is not "rolled forward" to the next SIP period, but infrastructure providers needed to reapply for funding.
7. The SIP indicates the projects that the Council has agreed to support with its "strategic" CIL funding during this period. Inclusion in the SIP is not a formal commitment by the Council to fund that project. Release of Strategic CIL funding for agreed SIP projects is only made when a project is at a suitable stage in its planning and delivery, when other match funding (if required) is available or committed, when any other project-specific conditions have been complied with, and provided sufficient strategic CIL funding is available.
8. The Council's first SIP covered the period 2017-22. At the time it was drawn up in 2017, it was projected that the Council would collect approximately £3 to £4m of strategic CIL funding (80% of all CIL collected) over that five year period (*Executive*

Report 13 July 2017, paragraph 8), to help support the borough's development. However, in the five year period 1 April 2017 to 31 March 2022, the Council actually collected £9.38m of strategic CIL funding from new developments in the borough, almost three times that predicted, and averaging £1.88m each year.

9. Underestimating the amount of CIL the Council would collect is one of the reasons why there is currently an accumulation of strategic CIL funding that has been collected in the last few years, but currently remains unspent. Given the current very high inflation rate, it is important that CIL funding is used soon to deliver projects to support the borough's development.
10. As the first three years of collecting CIL in the borough included the building out of many developments that were approved before CIL was introduced and therefore were not liable to pay CIL, it is anticipated that the amount collected in coming years will far exceed that. For example, the average amount of CIL paid to the Council in the last 3 years (between 1 April 2019 and 31 March 2022) was £2,842,828 per year.
11. Further information on CIL collection and spending is available in the Council's Annual Infrastructure Funding Statement available on the Council's [CIL webpages which you can access using this weblink](#).

Key Information

Bidding for strategic CIL funding for 2023-2027

12. The strategic CIL is at least 80% of all the CIL funding collected. It is predicted that an average of about £2,274,262 of strategic CIL funding per year will be collected in each year between 2024 to 2027. However, as projects to be allocated CIL funding in years 2024, 2025, 2026 and 2027 will be indexed linked in line with the RICS CIL index (as agreed by the Executive in July 2018 and outlined in this report's recommendations; although noting that this index is now used nationally for CIL purposes rather than the BCIS used previously), sufficient funding must be retained unallocated to allow for this. It is therefore anticipated that approximately £1.8m is likely be available to allocate in each of years 2024-2027.
13. As of February 2023, approximately £10m (£9,835,414.04) strategic CIL funding was available to spend, with a further £1m of strategic CIL funding expected to be collected in the remainder of 2023. Between 2024 and 2027, approximately £1.8m per year of strategic CIL funding is expected to be received, giving a total predicted strategic CIL funding available over the SIP(3) period of 2023 to 2027 of approximately £18.2m.
14. Officers emailed potential bidders for SIP(2) funding in July 2022 to alert them to the forthcoming bidding opportunity. Potential bidders included the Council's infrastructure partners, as well as several community organisations who had bid for Local CIL funding in the past, but who were advised the amount of CIL funding needed was too much for Local CIL to fund. The bidding form and supporting guidance was made available on the Council's Strategic CIL webpage. Potential bidders were invited to request virtual meetings with CIL Officers to discuss potential bids, which were held in August 2022. Bids were invited for the Council's second Strategic Infrastructure Programme (SIP) over eight weeks between 01 August 2022 and 25 September 2022.

15. As shown in Figure 1 below, a total of 75 funding bids were received, although two were subsequently withdrawn by the applicants, leaving 73 bids to be screened. The full list of all 75 bids received is provided at Annex 1.
16. RBBC submitted 24 bids (two of which are either / or project options for same locations) requesting a cumulative total of £8,514,501 of CIL funding; and one of which is a joint submission [SIP(2)-39] from RBBC and Surrey County Council (SCC) which for the purposes of this bid analysis has been included with the RBBC bids.
17. Four of the bids made by RBBC are part of the joint partnership work with SCC and others as part of the “Delivering Change in Horley Town Centre”; Horley subway refurbishment, Horley High Street public realm improvements, Central Car Park improvements, and Signage and Wayfinding.
18. SCC submitted 15 bids requesting a cumulative total of £14,279,339. Three funding bids made by Surrey County Council [SIP(2)-27, 29 and 36] are for (revised version of) projects included in the first SIP (2017-2022) which were not delivered in that period.
19. Other organisations that submitted bids included government agencies, voluntary sector organisations and charity infrastructure providers, such as NHS commissioning organisations, East Surrey Hospital, YMCA East Surrey, Raven Housing Trust, Surrey Wildlife Trust, and education providers. Together they submitted a total of 36 bids requesting a cumulative total of £29,131,439.

Screening and assessment of project bids

20. A note summarising the “screening” criteria and “assessment” criteria used in considering which of the bids should be offered strategic CIL funding is set out in Annex 2 to this report. This note was agreed by the Council’s Planning, Finance and Legal officers, and includes an explanation of how the assessment criteria were evolved from the first SIP assessment criteria in 2017.
21. Initially, each bid received was “screened” for compliance with the four “screening” requirements for SIP(2). Two of these reflect CIL Regulation requirements, and are needed for legal compliance governing spending of strategic CIL monies. Charging authorities must apply the strategic CIL to “*funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area*”. The “infrastructure” involved must be of a type included on the Council’s published “Infrastructure List”, and the project bid must support development of the Borough. The other two screening criteria that we have chosen to apply are that the project bid demonstrates that it would be delivered in the five year SIP(2) timeframe, and that the bid is for at least £10,000 of CIL (so that smaller less costly projects to support development are directed to Local CIL funding).
22. Three bids, and one of the two elements of a fourth bid were “screened out” for not meeting the “screening” requirements. This left sixty nine and a half bids for funding to be assessed.

Figure 1: Number of potential infrastructure projects at each stage in bidding process



23. As set out in Table 1 below, of the 75 bids received, 87% of SCC’s bids (representing 35% of the CIL funding bid for), 50% of bids from other organisations (representing 80% of the CIL funding bid for), to 43% of bids from other organisations (representing 18% of the CIL funding bid for) are to be included in the SIP and allocated funding.
24. The total amount of strategic CIL funding bid for was £50.89m towards a cumulative project value of £99.84m. It is clear therefore that there will be insufficient strategic CIL available to fund all the project bids. The Council could allocate up to £18.2m over the 5-year period, consisting of £11m in 2023 (of which £9,835,414.04 has already been collected and not yet allocated to projects), and up to £1.8m for each of the four subsequent years, based on expected Strategic CIL income. The amount to allocate for years 2 to 5 must exclude the amount of funding required for the annual CIL indexation of each SIP projects to account for inflation between the allocation year (2023) and the funding transfer year.
25. The £16,345,061 strategic CIL funding to be allocated through this second SIP would fund, or contribute to the delivery of, infrastructure projects with a cumulative project value of £47m, with other funding coming from other public and private sources, representing a funding leverage ratio of almost 1:2.
26. Set out below are Tables of the bids received and allocated, by type of bidding organisation, by geographic area, and by the key infrastructure type (noting that many bids were for projects which could be categorised under more than one infrastructure type). The percentage figures are rounded to one decimal point so do not always total exactly 100%.
27. Table 1 shows that just over half of all funding bids received (58.8%) were from (county, Borough, town and parish) councils in the area. Bids from councils represent almost three-quarters (74.5%) of projects to be offered funding.

Table 1 - Bids received and to be allocated by type of bidding organisation

| Type of bidding organisation | Number of bids received | Number of bids allocated |
|------------------------------|-------------------------|--------------------------|
|------------------------------|-------------------------|--------------------------|

| | (and as a % of all bids received) | funding (and as a % of all SIP projects) |
|---|-----------------------------------|--|
| Local Authority: Reigate and Banstead Borough Council Includes SIP(2)-22 – a joint bid by Reigate and Banstead Borough Council and SCC | 24 (32%) | 20 (39.2%) |
| Local Authority: Surrey County Council | 15 (20%) | 13 (25.5%) |
| Local Council: Horley Town Council | 4 (5.3%) | 4 (7.8%) |
| Local Council: Salfords and Sidlow Parish Council | 1 (1.3%) | 1 (2%) |
| Registered Charities Including YMCA East Surrey, Surrey Wildlife Trust, South Park Sports Association, GLF Schools | 10 (13.3%) | 6 (11.8%) |
| Voluntary Sector Organisation Including local community and sports organisations | 4 (5.3%) | 2 (4%) |
| Private companies (mainly sports clubs) | 3 (4%) | 0 (0%) |
| “Other” organisations – Other public sector organisations including NHS Surrey Heartlands Integrated Care Board (ICB) and Surrey and Sussex Healthcare NHS Trust, and Community Interest Companies | 14 (18.7%) | 5 (9.8%) |
| Total | 75 (100%) | 51 (100%) |

28. Bids were received for projects across the borough, and also just outside the borough. The location of the infrastructure projects proposed for CIL funding is summarised in Table 2 below. 40% of bids received were for projects located in either Redhill or Horley, and over one fifth of bids received were for projects in Redhill, which is to be unsurprising given the recent development in these areas. It is significant to note that Redhill and Horley Town Centres both have a zero CIL residential development rate and a lower CIL residential rate in these towns outside their centres (due to development viability), so that for any given amount of new

development, these areas generate less CIL than other areas of the borough. They are also both key urban development areas in the borough's local development plan.

29. Nine bids received were for projects located in Reigate, and ten bids had "borough-wide" (multiple) locations. One bid was received for infrastructure at a GP surgery located just outside the borough boundary, which serves some of the residents of Horley within R&B Borough. The Council can use its CIL to support infrastructure projects outside of the borough provided they would support development of the borough.

Table 2 - Bids received and to be allocated by geographic area

| Geographic Area | Number of bids received (and as a % of all bids received) | Number of bids allocated funding (and as a % of all SIP projects) |
|--|--|--|
| Borough-wide (multiple locations) | 10 (13.3 %) | 7 (13.7%) |
| Banstead | 2 (2.7%) | 0 (0%) |
| Burgh Heath | 1 (1.3%) | 1 (2%) |
| Chipstead | 1 (1.3%) | 0 (0%) |
| Earlswood | 8 (10.7%) | 4 (7.8%) |
| Horley | 14 (18.7%) | 12 (23.5%) |
| Merstham | 3 (4%) | 3 (5.9%) |
| Merstham / Redhill | 3 (4%) | 1 (2%) |
| Redhill | 16 (21.3%) | 12 (23.5%) |
| Redhill / Reigate | 1 (1.3%) | 1 (2%) |
| Reigate | 9 (12%) | 4 (7.8%) |
| Salfords & Sidlow | 3 (4%) | 3 (5.9%) |
| Tadworth | 2 (2.7%) | 2 (4%) |
| Walton-on-the-Hill | 1 (1.3%) | 1 (2%) |
| Smallfield, Tandridge (outside of borough) | 1 (1.3%) | 0 (0%) |
| Total | 75 (100%) | 51 (100%) |

30. The type of infrastructure involved in each project bid received and to be allocated funding is recorded in Table 3 below. These are all the types of infrastructure on the Council's "Infrastructure List" published on its website annually in its *Annual Infrastructure Monitoring Report*, [which you can view using this link](#). It should be

noted that many bids involve more than one type of infrastructure, and bidders decided what to record in their forms as the main infrastructure type, and also any other infrastructure types involved in the project. Only the main type of infrastructure is recorded in Table 3.

31. Fifteen bids were received for “community and cultural facilities” projects, of which 12 (almost one quarter of all SIP project allocations) are included in the second SIP. Fifteen bids were also received for “open space sports and recreation (including pavilions)” projects, of which nine projects are included in the SIP (17.7% of SIP projects). “Education” projects represented 12% of the bids received and make up 11.8% of the SIP projects to be allocated funding.
32. Four “active transport - pedestrian and cyclist infrastructure” project bids were received, representing 5.3% of all bids, and 5.9% of the SIP(2) project allocations. Whilst healthcare projects represented over 8% of all bids received, only one of the projects is to be included in the SIP, primarily because of the disproportionate amount of CIL requested relative to the benefits of the projects to the borough, or due to insufficient detail about proposed healthcare projects in some of the bids received.

Table 3 - Bids received and to be allocated by type of infrastructure

| Type of Infrastructure (where the project involves more than one type of infrastructure, the <u>key</u> type of infrastructure) | Number of bids received (and as a % of all bids received) | Number of bids allocated funding (and as a % of all SIP projects) |
|---|--|---|
| Active transport - pedestrian and cyclist infrastructure | 4 (5.3%) | 3 (5.9%) |
| Biodiversity and tree planting | 1 (1.3%) withdrawn by bidder | 0 (%) Also an aspect of project SIP(2)-50 |
| Cemeteries and crematoria | 0 | 0 |
| Community and cultural facilities | 15 (20%) | 12 (23.5%) |
| Digital infrastructure | 2 (2.7%) | 0 (0%) |
| Education facilities | 9 (12%) | 6 (11.8%) |
| Electric car charging facilities | 1 (1.3%) Was the key element in bid SIP(2)-54 which was screened out as the EV chargers were proposed for existing housing which would not therefore support development. The other element of bid, for | 0 (0%) Included as an infrastructure type in 4 other SIP(2) projects to be offered funding [SIP(2)-03, 07, 12, 18 and 54], although not listed |

| | | |
|--|---|--|
| | more off-street parking is to be offered funding as it reduces on-street parking pressure | as the key infrastructure type |
| Emergency Services | 0 | 0 |
| Flood risk reduction schemes | 3 (4%) | 3 (5.9%) Also part of projects SIP(2)-39 and 69 although not listed as the key infrastructure type |
| Healthcare | 6 (8.4%) | 1 (2%) |
| Highways - Strategic road network | 2 (2.7%) | 1 (2%) |
| Highways - Local road network | 0 Listed as an infrastructure type for 7 project bids, although not as the key infrastructure type | 0 |
| Leisure centres | 2 (2.7%) | 2 (4%) |
| Off-street parking including public car parks | 1 (1.3%) | 2 (4%) Also, this is the only element of SIP(2)-54 to be offered funding (although it is not its key infrastructure type) |
| Open space sports and recreation including pavilions | 15 (20%) | 9 (17.7%) |
| Open space, green infrastructure and allotments | 1 (1.3%) | 1 (2%) |
| Public realm improvements | 3 (4%) | 3 (5.9%) |
| Public transport | 3 (4%) | 3 (5.9%) |
| Security and anti-crime infrastructure | 1 (1.3%) | 1 (2%) |
| Sustainability and Climate change | 5 (6.7%) | 3 (5.9%) |
| Waste and recycling collection and management facilities | 1 (1.3%) | 1 (2%) |

| | | |
|--------------|------------------|------------------|
| Total | 75 (100%) | 51 (100%) |
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33. As a result of learning from the first SIP, project bids have not been grouped together for strategic CIL funding. Each bid was assessed and scored separately on its own merits, even when submitted by the same infrastructure provider or on the same site.
34. In drawing up the Council's first SIP (for 2017-2022), as it was early in the operation of the CIL, some projects were allocated less CIL funding than bid for, generally because of match funding expected to become available. In assessing the bids for the second SIP, the requested funding was either considered acceptable and needed, or not.
35. In only a few cases was a lesser amount of funding considered and recommended, for example because a project funding bid consisted of two or more discrete elements, which could be undertaken separately at different times without affecting the delivery of the other elements of the overall project, and which have been costed separately. Such bids have each been assessed as a single whole project, as they were submitted. Also, project bids which requested a range of CIL funding may potentially have less than the maximum recommended for allocation.
36. Three bids and part of a fourth project bid were "screened out" (SIP4, 53, 55) as well as the main and most costly element of a fifth bid (SIP54), either because they were not a type of infrastructure on the Council's Infrastructure List, and / or because the project would not support development.
37. Three bids received were for SCC projects that were allocated strategic CIL funding for delivery in the first SIP, for 2017 – 2022. There were several reasons why eight of the fifteen projects allocated funding in the SIP(1) were not delivered in the first SIP period. These included the impact of the Covid-19 pandemic on delivery of infrastructure projects in 2020 and 2021 particularly for public sector organisations much of whose work was re-prioritised. One of these projects had its strategic CIL SIP(1) funding allocation released in 2021 to support its delivery in 2020, but was returned unspent in 2022 as the project costs, and therefore scope, had changed considerably so it is now proposed as a two phase project.
38. In assessing the bids received, four key issues were considered:
 - supporting development in the borough;
 - benefit to the borough (its environment, economy and / or communities);
 - deliverability, which included evidence of community, public and / or business support for the project; and
 - value for money and match funding.
39. The assessment of each CIL bid also included consideration of whether CIL is needed to deliver the project, and if it is not, whether an allocation of strategic CIL funding could improve the project scope, specification or quality and / or the likely delivery timescale.
40. As well as scoring each bid to provide a quantitative assessment score out of 75, where relevant, qualitative commentary was provided, which helped to compare the relative merits of bids of very different scales, costs, and delivery timeframes.

41. The assessment of bids included cross-checks between various bids, as elements of projects were sometimes included in more than one bid, for example, refurbishment of the tennis court at Merstham Recreation Ground, and energy efficiency improvement measures for Horley Community Centre. Cross-checks were also made against other funding sources noted in the CIL bids, including s106 planning obligation funding available, planning permissions, landownerships, licenses and leaseholds.
42. It is rare for an infrastructure project to benefit the whole borough. Bids for strategic CIL funding with more localised effects than borough-wide are suitable for strategic CIL, particularly if the effects of the project would span several parts of the borough or various communities and /or the amount of funding bid for is more than the Local CIL could fund.
43. It is notable that three bids requested over £4m each, and a further five bids which each requested between £3m and £4m CIL funding. Together these eight bids requested some £30m of strategic CIL funding, significantly more than the CIL funding that will be available to allocate. The largest bid was for £4.89m of strategic CIL, which is over a quarter of the amount of Strategic CIL funding anticipated to be available in the SIP period 2023-2027.
44. Given that the total strategic CIL available during the SIP period 2023-2027 is expected to be about £18.2m (£11m for 2023 and £1.8m for each year thereafter), as well as assessing “the amount of CIL funding sought against likely benefits and outcomes for the borough’s environment, economy and / or communities”, qualitative consideration was also given to each bid in considering whether development across the borough would be best supported by using the strategic CIL funding available in the SIP(2) period 2023-2027 by funding (or contributing to) a few very large infrastructure projects, or a mixture of large and medium infrastructure projects. The qualitative aspects of the bid assessments included consideration of whether the amount of CIL funding required as a proportion of that likely to be available over the 5-year SIP period 2023-2027 is disproportionate to the benefits the project would bring to the borough.
45. The importance of minimising any increase in ongoing revenue costs associated with Borough Council infrastructure projects to align with the Council’s sustainable financial plan was considered. On-going maintenance costs have been considered to ensure that there is little or no increase on the current maintenance costs for the site for R&B Council. For example, Battlebridge running track resurfacing [SIP(2)-71] has not been included in the SIP because of the additional staffing costs that would be required to maintain an improved athletics facility.

SIP(2) 2023 – 2027

46. The Council’s second SIP for consideration and agreement is provided at Annex 4 to this report. Projects to be allocated strategic CIL funding, subject to conditions, include open space sport and recreation, community and cultural facilities, public transport, active travel - pedestrian and cycle infrastructure, public realm, education, flood alleviation, flood alleviation, sustainability and climate change, health, and security and anti-crime infrastructure.
47. By way of summary, the overall “success rate” of bids for CIL SIP funding is over two thirds (68%) of bids received, representing almost one third (31%) of the CIL funding requested.

48. Table 4 below summarises the varying “success” of bids by the type of bidding organisation. SCC have the highest proportion of their bids (87%) included in SIP(2), followed by RBBC (83%), and then “other organisations” (50%). However, RBBC has the highest proportion of the amount it bid for (88%) allocated in the second SIP, with 35% of the funding bid for by SCC, and 13% of the amount bid for by “other organisations”. This is mostly due to RBBC’s bids being generally for lesser amounts of funding, with the largest funding requests for individual projects submitted by SCC and a few “other organisations”.
49. By including in the second SIP many medium and large projects located across the borough, rather than a few very large and costly projects, the benefits of the strategic CIL funding will be spread around many of the Borough’s communities to support its development. The largest SIP(2) contribution is to be for SIP(2)-36 improvements to A23 junction with Three Arch Road and Maple Road, South Earlswood, which is a priority project in the Borough for both the Borough and the County Council.

Table 4: Summary of percentage of bids received and funding requested to be allocated by organisation type

| RBBC bids to fund | RBBC bids NOT to fund | SCC bids to fund | SCC bids NOT to fund | Other organisations bids to fund | Other organisations bids NOT to fund |
|---|------------------------------|---|-----------------------------|---|---|
| £7,524,652 | £1,015,500 | £4,984,000 | £9,295,339 | £3,,836,409 | £25,346,358 |
| Total CIL funding (£) that RBBC bid for = £8,514,501 | | Total CIL funding (£) that SCC bid for = £14,279,339 | | Total CIL funding (£) that other organisations bid for = £29,131,439 | |
| <p>20 of the 24 bids submitted by RBBC are to be included in SIP(2) <i>(This includes the joint RBBC/SCC bid 22 for Horley subway, and two "either / or" option bids for refurbishment of the borough's tennis courts)</i></p> <p>Which is 83% of RBBC's bids and 88% of the funding bid for by RBBC</p> | | <p>13 of the 15 bids submitted by SCC are to be included in SIP(2) <i>(plus also the joint RBBC / SCC bid)</i></p> <p>Which is 87% of SCC's bids and 35% of the funding bid for by SCC</p> | | <p>18 of the 36 bids submitted by "other organisations" (including S&S Parish Council's 1 bid; and 3.5 of the four Horley TC bids)</p> <p>Which is 50% of "other organisations" bids and 13% of the funding bid for by "other organisations"</p> | |

50. The assessment scoring for each project, together with any qualitative commentary, is provided at Annex 3. All projects include in the second SIP scored 37 or more points in their assessment. Another nine bids [SIP(2)-06, 49, 52, 54, 70, 71, 72, 74 and 75] also scored 37 or more points, but have not been selected to be included in

the second SIP for the reasons given in Annex 3's Project Assessment Summary, in the column "Qualitative considerations".

51. In the current financial climate with very high inflation, particularly in construction materials and labour shortages, the project costs (even when contingencies have been included) may well exceed the stated cost for projects to be delivered later in the 5 year SIP. Many bids included in their project costs contingency of between 10 and 30% to account for inflation and some also included an amount for "optimism bias". All SIP(2) projects offered funding in 2024 and later years will be indexed linked using the RICS' CIL Index between the date the SIP is agreed (2023) and the date the funding is to be released.
52. The amount allocated to support project delivery in each year of the five years of SIP(2) is £6,433,727 for 2023, £5,807,314 for 2024, £2,726,603 for 2025, £527,708 for 2026, and £846,708 for 2027. This totals £16,345,061 of strategic CIL funding over the 5 year period (excluding CIL indexing for construction development inflation). Sufficient funding needs to remain unallocated by the SIP, in order to enable each project to be funded to be annually from 2024 to be indexed-linked (to the national RICS CIL Index) from the date the Council's second SIP was agreed. This is in accordance with the resolution of Executive on 19 July 2018, and a recommendation of this report.
53. The amount of funding for projects allocated funding for later SIP years may need to be amended as the projects progress towards delivery, and a report will be brought to the Executive each year of the SIP requesting agreement to any amendments to the SIP.

Release of Strategic CIL Funding

54. To enable the timely release of Strategic CIL funds, in order to support the delivery of the projects included in the SIP(2) following agreement of the SIP by the Executive, officers will work with infrastructure providers as schemes are developed in more detail and delivery timescales become more certain.
55. Each infrastructure project bid included in the second SIP will be offered funding in a particular year depending on its likely delivery dates, or over certain years if there are several elements of the bid which the Council is offering to fund separately, and on availability of funding.
56. Inclusion in the SIP(2) does not commit the Council to fund each project, as each offer is subject to sufficient CIL funding being available at the time required, and to meeting relevant conditions, some more general (such as agreeing to submitting twice yearly project progress updates (each April and September), and to any other conditions relevant to the project bid, such as obtaining any planning permission needed, landowner consents, licenses, and / or consultations.
57. The funding is also offered subject to entering into a Spending Agreement (for non-RBBC projects), to ensure that CIL funds are spent as intended, and if not, can readily be reclaimed. All CIL Spending Agreements are added to the Council's Contracts Register.
58. The funding is offered to the SIP projects conditionally on meeting required conditions, including being at a suitable point in the project's delivery, obtaining planning permission and consultations where required, and any other project-specific conditions that may be attached to each SIP project.

59. A condition of all CIL offers will be agreement to publicise the role of the CIL funding in delivering the project, both RBBC projects and projects delivered by other organisations. This will be included in each Spending Agreement a clause along the lines of requiring each project to display a signage board at the project including text that *“this project has received funding from R&B Borough Council’s Community Infrastructure Funding (x%)”*.
60. The funding offered in SIP(2) will be offered to successful bids on the basis of the funding being available at the time, and will be released to the bidding organisation at an appropriate time in the project delivery. For most organisations, this will be when the Council receives copies of relevant satisfactory invoice(s) receipt of copies of invoice(s) or signed contract(s) as required. For some smaller community organisations (not councils), which may face challenges borrowing / forward funding the finances needed, we may consider releasing CIL funding upfront on production of a copy of a signed contract for works (in stages where suitable). A Spending Agreement must have been agreed and signed by both parties before any CIL funding is released.
61. Whilst the Council is not able to formally commit to providing financial support for all these projects until sufficient CIL income has been accrued, inclusion on the SIP will provide greater certainty for project providers to progress with scheme design and / or make bids for other match funding. The indicative phasing of release of CIL funds reflects current information about likely project delivery timeframes, and the projected availability of CIL funding.
62. Many of the bidding organisations can claim VAT back; and VAT was included in the bids made by bidding organisations who would not be able to claim back VAT on the project costs, but not for those organisations who could claim VAT back.

Monitoring project delivery and annual review and updating of SIP(2)

63. The majority of bids received were requests for funding in 2023, as can be expected given current inflation. Strategic CIL funding available to allocate in 2023 is limited to that already collected but not yet allocated to projects, i.e. £9,835,414.04, and to that due to be collected in the remainder of 2023 (a total of approximately £11m). Therefore the projects to be offered CIL funding in 2023 are the ones are considered by RBBC to be most likely to be deliverable by the end of the year with CIL funding, due to their scale and match funding already available (or lack of need for match funding). Some of the funding collected before 2024 is to be allocated to projects in 2024 due the likely timing of their delivery and when they will need funding.
64. All infrastructure providers offered strategic CIL funding will be required to regularly update Council CIL Officers to ensure they are kept informed of any changes to the delivery dates of each SIP project, including in particular any diversion from the submitted bid timescale for project delivery. This will ensure that that the Borough Council has a full understanding of the likely timescales for delivery of SIP(2) projects and can ensure that CIL funds are released to each project at an appropriate time. Should prioritised schemes not be able to be delivered within the 5-year SIP(2) period, it may be appropriate to update the SIP(2) list of projects and when funding is to be transferred.
65. An Annual Review report will be presented to the Executive to advise on the position of each project and whether it is “on-track” according to its submitted delivery timescales.

66. Where an annual review for the Executive shows a SIP project is subject to delay in its delivery, its offer of funding may be moved to a later year in SIP(2). Should the delivery of any SIP(2) project be delayed until after the SIP period, or for any other reason no longer need CIL funding in this SIP period, other SIP(2) projects may be offered CIL funding earlier subject to their delivery timescales, the amount of CIL funding offered to another SIP(2) project may be increased, or potentially funding offered for a “screened in” SIP(2) project which was not included in SIP(2) or a variation of it.
67. Each December the Council publishes on its website its Annual Infrastructure Funding Statement. This is a national statutory requirement, and reports the amount of CIL allocated, and spent in each “Reported” year.

Options

68. Recommendation 1: That the Executive agrees the Council’s second Community Infrastructure Levy Strategic Infrastructure Programme (CIL SIP) 2023-2027 with the amounts to be allocated in each relevant year including the national RICS CIL index (at Annex 4)
- a. Option 1: Approve the SIP(2). This option would provide clarity and transparency over which projects the Council wishes to support through CIL funding over the next five years. Whilst it does not represent the formal allocation of funds it gives a degree of certainty to infrastructure and service providers to progress with scheme design and/or make bids for match funding. This option is recommended.
 - b. Option 2: Do not approve the SIP(2), but consider bids for CIL money on an ad-hoc basis. This option would enable the Council to allocate the CIL income it holds to infrastructure projects but in a more reactive way. It would not provide infrastructure providers with any advance indication that CIL funding is likely to be available to allow for bids for match funding. This option is not recommended.
 - c. Option 3: Do not identify any projects for strategic CIL funding at this time. This option would suggest that the Council is not committed to using CIL to deliver much needed infrastructure to support development to benefit local residents and businesses. This option is not recommended.
69. Recommendation 2: That the Executive agrees that the release of Community Infrastructure Levy funding to infrastructure providers for projects on the Community Infrastructure Levy Strategic Infrastructure Programme (CIL SIP) 2023-2027 (at Annex 4 or as amended by any subsequent annual review) be delegated to the relevant Head of Service for CIL in consultation with the relevant Portfolio Holder for CIL and Chief Finance Officer.
- a. Option 1: Delegate authority to the relevant Head of Service in consultation with the relevant Portfolio Holder for CIL and Chief Finance Officer. This option would allow for CIL funds to be released to infrastructure providers, at the appropriate stage, in a timely way. This option is recommended.
 - b. Option 2: Do not delegate authority. This option would mean that CIL funds would be released under existing delegation arrangements, and any agreement to release funds of more than £100,000 would require the approval of the

Executive (even for schemes supported by the Executive via the SIP). This could result in delays in the release of funding and is not recommended.

70. Recommendation 3: That the Executive agrees to receive an annual review of the Community Infrastructure Levy Strategic Infrastructure Programme (CIL SIP) 2023-2027, noting the reported delivery progress of projects in the SIP and updating the SIP as appropriate.
- c. Option 1: Agree an annual review of the SIP. This option would allow for the most up-to-date information about CIL income and project progress to be considered, and would allow for CIL funding to be used flexibly to support other bids for strategic CIL funding to be incorporated within the SIP. This option is recommended.
 - d. Option 2: Do not review the SIP annually. This option would mean that there is no clear process for reviewing projects included within the SIP, and could result in CIL not being spent in the most efficient or effective way. This option is not recommended.

Legal Implications

71. The CIL Regulations 2010 (as amended) and the Planning Act 2008 set out what CIL can be spent on, including the “strategic” portion of CIL collected.
72. In assessing bids for funding, consideration has been given to the requirements under the Subsidy Control Act 2022 provisions regarding using public grants in a way that may confer an advantage in competition between UK enterprises.

Financial Implications

73. In assessing bids for CIL funding from Council Services, consideration has been given to the need to minimise any increases in revenue budget pressures associated with project delivery. The aim has been to ensure that there is little or no increase in ongoing asset management and maintenance costs, in line with financial sustainability programme objectives.

Equalities Implications

74. The opportunity to bid was publicised on the Council website and intranet and infrastructure providers were invited to discuss potential bids with CIL officers. The funding application form included a question about how the project’s delivery would benefit the borough’s residents (including any specific groups), as well as its economy and / or its environment. The issues and commentary noted were considered as part of the assessment of each funding bid.

Communication Implications

75. The Council’s Communications Team has been involved throughout the duration of the project, to assist with sharing messages about the opportunity to bid for strategic CIL funding to RBBC’s officers and councillors through the Council’s intranet (The Knowledge), and the Members Bulletins (ReMember), as well as to external infrastructure providers and organisations through the website and initial emails sent in in July 2022.

76. All bidders will be advised of the outcome by email following the Executive meeting. Following this, wider communications will be considered as appropriate in light of the pre-election period.
77. Allocation and spending of strategic CIL funding, as well as other developer contributions, is publicised each year through the statutory publication of the Council's Annual Infrastructure Funding Statement (AFIS) on its website. [You can view the AIFS using this link.](#)

Environmental Sustainability Implications

78. The funding application form included a question about any links to RBBC's strategies, including the Environmental Sustainability Strategy and Action Plan 2020, and whether a project bid would support this Strategy was a factor considered when assessing each bid.

Risk Management Considerations

79. As the relevant Act, secondary legislation and guidance leave the method of allocating and spending the strategic CIL collected to each Charging Authority to decide, within the legal requirements, there is no potential for an appeal or legal challenge. A bidder whose project is not included in the second SIP may complain, and this would be dealt with through the Council's standard complaints procedure.

Consultation

80. Bids were invited from partner organisations and internal services delivering infrastructure in the borough to support development. The assessment process and criteria were considered by the Council's Overview and Scrutiny Committee on 16 March 2023, and any observation made will be reported to the Executive at the meeting.

Policy Framework

81. The Council's Policy Framework includes its Corporate Plan "Reigate & Banstead 2025: Our five year plan", which confirms the Council's priorities during that period, and how they will be delivered. In particular, this decision supports the objective in "shaping our places" to "ensure new development is properly planned and sustainable, and benefits the borough's communities and the wider area. This includes the Council's policy commitment to "collect Section 106 contributions and the Community Infrastructure Levy and spend it on the infrastructure needed to support new development". Supporting the priorities and objectives of the Corporate Plan was one of the criteria considered in the assessment of each bid.
82. The Council's Policy Framework also includes the Local Plan Core Strategy, with its emphasis on "sustainable locations in the urban area" under Policy CS6, as well as the Development Management Plan 2019, which includes an "Infrastructure Schedule" at Annex 6, which includes projects supporting planned development in the borough to be funded (at least in part) by the Community Infrastructure Levy. Both of these were considered in the assessment of each bid for strategic CIL funding.

Background Powers

1. Local Plan Core Strategy 2012 (Reviewed 2019)
2. Local Plan Development Management Plan 2019
3. Corporate Plan 2025 - https://www.reigate-banstead.gov.uk/info/20205/plans_and_policies/280/reigate_and_banstead_2025
4. RBC "Playing Pitch and Outdoor Sports Facilities Study Stage D Report" 2022
5. RBBC "Environmental Sustainability Strategy" 2020
6. "R&B Local Cycling and Walking Infrastructure Plan" 2022
7. Planning Act 2008
8. Community Infrastructure Levy Regulations 2010 (As amended)

Annexes

Annex 1 – List of Project bids received for SIP(2) funding

Annex 2 – Screening and Assessment criteria for SIP(2) project bids, incorporating learning from SIP(1)

Annex 3 - Project Assessment Summary

Annex 4 – SIP(2) 2023-2027