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<b>TO</b>	Executive
<b>DATE</b>	Thursday, 22 July 2021
<b>EXECUTIVE MEMBER</b>	Portfolio Holder for Planning Policy and Place Delivery

<b>KEY DECISION REQUIRED</b>	N
<b>WARDS AFFECTED</b>	(All Wards)

<b>SUBJECT</b>	Community Infrastructure Levy (CIL) Spending Update
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<b>RECOMMENDATIONS</b>
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- (i) The Executive notes the updates for the projects in the current 5-year Community Infrastructure Levy (CIL) Strategic Infrastructure Programme (SIP) 2017-22.
- (ii) The Executive notes the timetable and arrangements for preparing and agreeing a new 5-year SIP for 2022-27.
- (iii) The Executive notes progress on spending Local CIL funding since Local Area Advisory Panels were introduced in 2019

<b>REASONS FOR RECOMMENDATIONS</b>
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To help deliver the Five Year Plan objective to ensure new development is properly planned and sustainable, and therefore benefits the boroughs' communities, the Council collects Community Infrastructure Levy (CIL) and section 106 planning contributions, and invests it on supporting development, including through funding infrastructure projects.

This report provides an update on CIL funding collected from developments and spent to date for the "Strategic" element of the Council's CIL funds. It also covers the reporting arrangements for Local CIL.

The proposed new 5-year Strategic Infrastructure Programme (SIP) for 2022-27 will help to ensure infrastructure providers and the wider public are aware of this funding opportunity and provide a framework for investment in coming years.

## **EXECUTIVE SUMMARY**

The Council's Strategic Infrastructure Programme (SIP) provides a framework for the allocation of the strategic portion of CIL over a 5-year period, giving clarity about the Council's infrastructure priorities. Annual review of the SIP helps to ensure that it remains reflective of the Council's priorities, and that the strategic portion of CIL funds is available when needed to support projects.

In July 2017, the Executive approved the 2017-022 SIP, along with procedures for administering, reviewing, and updating the SIP. Progress on funding and delivery of the current SIP priority projects is provided in Annex 1.

An invitation for new project bids to be (at least part) funded by Strategic CIL will be sent out in autumn 2021, to inform the next SIP for the period 2022-27.

The Local CIL fund is administered and spent in accordance with the arrangements agreed by the Executive in July 2018, and subsequently with the relevant Portfolio holder and with all councillors, as required by 19 July 2018, Executive Minute 23. This streamlined system involves meetings of four Area Advisory Panels, with the exception of the Horley Town Council and Salfords and Sidlow Parish Council areas as those councils administer the Local CIL generated in their areas.

The cost of this work is reported within the Planning Policy budget and is part-funded through an annual administration contribution (5% of CIL received) which funds the CIL Officer and Spending Support Officer posts.

**Executive has authority to approve the above recommendations**

## **STATUTORY POWERS**

1. The Council has discretionary powers under the Planning Act 2008 (as amended) and the Community Infrastructure Levy Regulations 2010 (as amended) to introduce and to operate a levy on new development for the purpose of funding infrastructure and helping to address the cumulative impact of development on the area.

## **BACKGROUND**

2. Following the adoption of the Core Strategy in 2014 and independent examination of development viability and other evidence in late 2015, in April 2016, the Council introduced the Community Infrastructure Levy (CIL) in the borough. Focussing on new build residential development, in April 2016, the Council adopted a range of CIL rates across different areas of the borough for new residential buildings, and also for convenience retail stores.
3. The Council must spend (or pass to others to spend) the Strategic portion of the CIL on "infrastructure" to support development of the area. The aim is to use CIL to address the infrastructure funding gaps through mitigating the cumulative impacts of development, which cannot be addressed through a s106 planning obligation.

4. For the purpose of CIL, “infrastructure”, includes open spaces, road and transport facilities, school and other educational facilities, flood defences, sporting and recreational facilities, and medical facilities. CIL guidance advises that infrastructure also includes cultural and sports facilities, district heating schemes, police stations and other community safety facilities.
5. The amount of CIL collected has built up over the past five years, and now far exceeds the amount that was originally estimated in 2017 to be collected over that period.

## **KEY INFORMATION**

### **CIL Strategic Infrastructure Programme (SIP) Annual Review**

6. The Strategic Infrastructure Programme (SIP) for 2017-22 was agreed by the Executive in July 2017. The SIP provides an indication of the projects that the Council has agreed to support with “strategic” Community Infrastructure Levy (CIL) funding (which is 80% of the CIL collected in the borough).
7. 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 will only be made where a project is at a suitable stage in its planning and delivery, and where other match funding required is available, amongst other measures.
8. When the current SIP was agreed in July 2017, the Executive delegated authority to the relevant Head of Service, in consultation with the relevant Portfolio holder(s) to allocate CIL monies to infrastructure providers for projects on the SIP, in order to allow timely transfer of CIL funds when needed. Allocation is made only once a formal Funding Agreement has been signed by both parties and added to the Council’s contract register.
9. In 2017 it was estimated that around £3-£4m would be collected for the Strategic CIL fund in the period 2017-2022, based on expected housing delivery through new builds. As of 1 May 2021, £9.25m had been collected, of which £7.4m was for the Strategic CIL fund.
10. As can be seen from the 2021 review at Annex 1, the SIP 2017-22 is progressing well, with almost £1m of Strategic CIL spent since 2017. Of the 12 project groups in the current SIP (consisting of 17 SIP projects in total) 6 projects have been funded to date, with one year for the current SIP.
11. One of the Council’s key priorities is the improvement of the junction at A23 / Three Arch Road / Maple Road, for vehicles, pedestrians and cyclists. The Council continues to work with Surrey County Council to secure the delivery of this key project, including considering other additional funding sources, and potential for a greater proportion of CIL funding (the original CIL allocation represented about 25% of the estimated project cost at the time). With the Greater Redhill Sustainable Transport Package Phase 2 (of which this project was to be part), would have provided 100% of the match funding for the Coast to Capital LEP funding.
12. As well as the 5-year SIP, at its meeting of 13 July 2017, the Executive also agreed that 10% of all “strategic” CIL funding be set aside each year for urgent or unanticipated projects. The 10% of strategic CIL to 1 May 2021 is £740,000.

13. Following agreement of the 5-year SIP in July 2017, with the agreement for annual review (and where appropriate updating) the first annual review was presented to the Executive in July 2018. The 2018 Executive meeting also agreed the index-linking of the project amounts in line with the change in construction cost indicator (from Building Cost Information Service (BICS), in order that the relative value of the CIL contribution does not reduce over time between being allocated in the SIP in 2017 and delivery of the project.
14. A wide-ranging Local CIL community consultation was carried out in 2019, which resulted in no SIP review that year. The results of the 2019 community consultation are available on the Council's website. Officer redeployments during the COVID-19 pandemic meant that it was not feasible to review the 5-year SIP in 2020.
15. Council officers have been liaising with the project delivery organisations as the SIP projects are worked up, and costs delivery timescales change, as is common with many infrastructure projects.

#### **New 5-year SIP: timetable and arrangements**

16. The current 5-year SIP runs to July 2022.
17. An invitation for submission of new strategic project bids to be (at least part) funded by the Council's Strategic CIL will be sent out to infrastructure providers active in the borough for a fixed period, potentially 6 weeks, in autumn 2021. The project bidding form and the assessment criteria that were used in 2016, are being refined in light of lessons learnt from the Council's first SIP and may be updated. During the bidding period, CIL officers will arrange to hold discussions with relevant Borough Council and County Council officers, and other infrastructure delivery organisations about potential project bids.
18. Once the bidding period is ended, all bids received, as well as all outstanding projects from the 2017-22 SIP, will be fully assessed, and a list of recommended projects to fund will be provided to the Executive in June 2022 to consider for agreement just before expiry of the first SIP. The Council's SIP for 2022-27 will coincide with the end of the current development plan period of 2027.
19. CIL rates are currently "nil" in Redhill and Horley town centre areas, as was required by the independent examiner who considered the Council's proposed rates in late 2015 (and reduced them from the £20 per sqm submitted). The Council's CIL rates could be reviewed alongside the preparation of a new Local Plan to which CIL rates are linked, depending upon the outcome of the Government's Planning Bill, expected in autumn 2021.
20. The Government White Paper, Planning for the Future (August 2020), proposed reforming CIL to introduce a new "infrastructure levy". This is proposed as new nationally set rate(s) being a fixed portion of the development value above a threshold. Section 106 planning obligations would also be overhauled. However, this proposal, similar in its design to the Planning Gain Supplement proposed in 2006, is generally unpopular, and it remains to be seen whether it will be implemented, and if so, in what form.

## **Spending Local CIL Funds**

21. Whereas the Strategic CIL portion must be spent on funding “infrastructure”, the Local CIL can be spent on a wider range of projects, provided the project “supports development of the area” by funding either the provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that addresses the demands that development places on an area.
22. Following the Executive decision of July 2018, and the change to ward boundaries in May 2019, the ward-based allocation system for Local CIL funds was replaced with an area-based system. In accordance with the agreement of the Executive in July 2018, all councillors have had opportunity to input to the Terms of Reference for the Area Advisory Panels, which were agreed by the Head of Planning in consultation with the Portfolio holder for Planning Policy and Place Delivery. The first round of Local CIL Area Panel Advisory meetings was held in July 2019.
23. National CIL guidance advises that the use of local CIL funds should match priorities expressed by local communities. A survey held in late 2019 asked local communities their priorities for local improvements and invited project bids for Local CIL funding. The survey was promoted on social media, local media, by members, and the Council’s website. The Council received over 385 responses. A summary of the survey results is available on the Council’s website at:  
  
[https://www.reigate-banstead.gov.uk/info/20088/planning\\_policy/20/community\\_infrastructure\\_levy\\_information/6](https://www.reigate-banstead.gov.uk/info/20088/planning_policy/20/community_infrastructure_levy_information/6)
24. To date the Council has received approximately 290 bids for Local CIL funding. Of these, 19 were screened out as not complying with the legislative requirements regarding Local CIL spending. To date, 44 Local CIL project bids have had Local CIL funding “transferred” (i.e. spent), and a further 82 Local CIL project bids have had funding allocated to them but are not yet in a position to have funding transferred. Total Local CIL receipts to end of May 2021 was £1,404,579, with £511,428.24 already transferred (i.e. spent) of the £900,885 allocated.
25. As the CIL Local Fund generally funds smaller scale / lower value projects than the Strategic fund (delegated authority for authorising Local CIL spends is up to £100,000), a formal signed Funding Agreement is not considered necessary for CIL Local Fund projects. Instead, the applicant is required to confirm in writing that they agree to the Council’s terms and conditions and will provide a timescale for project delivery.
26. Good practice is constantly evolving with local CIL spending, and it is anticipated that in the coming year speedier progress will be made to unlock projects with Local CIL funding allocation, which appear to be stalled and where funding has not yet been transferred. The appointment of a new dedicated CIL Spending Support Officer in spring 2021, funded from the 5% CIL Administration allocation, will pro-actively help to deliver projects with Local CIL funding allocated.

## **Reporting CIL Collection and Spending**

27. The Council’s first Annual Infrastructure Funding Statement (AIFS) 2020, covering 2019-20 was published in December 2020, and is available on the Council’s website. An Infrastructure List in the AIFS sets out what the Strategic CIL portion may fund. There is now no restriction on S106 planning obligations also being used to fund

these items. This infrastructure list replaced the Regulation 123 Infrastructure List that was adopted in 2016. A link to the AIFS is available in the background documents to this report.

## **OPTIONS**

28. Recommendation 1: The Executive notes the updates for projects in the current 5-year Community Infrastructure Levy (CIL) Strategic Infrastructure Programme (SIP) 2017-22.
  - a. Option 1: Agree to note the updates to the SIP as presented at Annex 1. This option is recommended to ensure that the Council continues to support the sustainable development of the borough through provision of timely infrastructure and the improvements.
  - b. Option 2: Do not note the updates to the SIP. This option is not recommended as it may leave the borough without the infrastructure it needs to support planned development.
29. Recommendation 2: The Executive notes the timetable and arrangements for a new 5-year SIP for 2022-27.
  - a. Option 1: Agree to note the timetable and arrangements for preparation of the next 5-year SIP. This option is recommended to ensure that the Council's infrastructure providers and wider communities are alert to the opportunities presented by the preparation of a new infrastructure programme.
  - b. Option 2: Do not agree to note the timetable and arrangements for preparation of the next 5-year SIP. This option is not recommended, as it will not help stakeholders to be involved in development of the new infrastructure programme.
30. Recommendation 3: The Executive notes spending of the Local CIL fund since Local Area Advisory Panels were introduced in 2019).
  - a. Option 1: Agree to note the spending of the Local CIL fund since the Local CIL Area Advisory Panels were introduced in 2019. This option is recommended to ensure that the borough's infrastructure providers and wider communities are alert to the opportunities presented by the Local CIL, and that they and developers can clearly see the record of developer contributions set out in the Annual Infrastructure Funding Statement (the AIFS).
  - b. Option 2: Do not agree to note spending of Local CIL fund since the Local CIL Area Advisory Panels were introduced in 2019. This option is not recommended as it would not maximise the opportunities presented by the Local CIL fund.

## **LEGAL IMPLICATIONS**

31. National regulations and guidance define what the Strategic and Local CIL funding can be spent on, and how the Council must report this.
32. The Council's Legal Services Team has provided input to the Funding Agreement template which infrastructure providers are required to sign up to before receiving CIL receipts. The Constitution is due to be reviewed and the Scheme of Delegation will be amended to include the Council's Chief Finance Officer (CFO) alongside the

Head of Service and Portfolio holder for Planning Policy and Place Delivery to approve strategic CIL spending.

33. The Council is required to prepare and publish an annual report on developer contributions (both CIL and S106 planning obligations) received, allocated and spent in the borough for the previous “reporting year” (which is the financial year).
34. This national requirement replaces the former arrangement of reporting through Annual Monitoring Reports. The Council’s first Annual Infrastructure Funding Statement (AIFS) was published on the Council’s website in December 2020 and is provided as a background document to this report.

## **FINANCIAL IMPLICATIONS**

35. Measures are in place to ensure that CIL is collected, recorded and spent in accordance with the Council’s agreed financial procedures. The Planning team has day to day responsibility for maintaining CIL records while the Finance team ensure that these records are reconciled with the Council’s accounting systems.
36. Delegating responsibility for decisions to release CIL funding to infrastructure providers to the Head of Service with the Portfolio holder for Planning Policy and Place Delivery has ensured the timely release of monies. Requiring providers of strategic infrastructure projects to sign up to a formal Funding Agreement protects the Council’s CIL receipts against risk, as does the written agreement to Council’s Terms of Grant for Local CIL funding.
37. CIL regulations allow for CIL administration costs to be funded from CIL up to a maximum of 5% of CIL receipts, per year. In 2020/21 this element of CIL spending was £57,333. From April 2021, this is funding two posts, the CIL Officer and the CIL Spending Support Officer, approximately £93,000.

## **EQUALITIES IMPLICATIONS**

38. No direct equalities implications arising from this report have been identified.
39. The Council will include requirement for Equalities issues to be considered for all short-listed potential SIP-funded projects.

## **COMMUNICATION IMPLICATIONS**

40. The relevant Council CIL webpages are updated to reflect the latest position with regard to both local and strategic CIL spending. The Local CIL Project Suggestion Form is kept on those pages, as a new funding bid may be made for Local CIL at any time.
41. The Policy Team will use its contacts database to advise infrastructure providers of the opportunity to bid for the new SIP in autumn 2021. A Strategic CIL Bid Form will be uploaded the website.
42. The AIFS provides an annual opportunity to publicise how much developer contributions the Council has collected to use to support development, and it has used developer contributions to support development in the borough. This is available on the Council’s CIL webpages.

## **RISK MANAGEMENT CONSIDERATIONS**

43. To manage potential financial and legal risks, SIP funding is subject to the beneficiary entering into a Funding Agreement with the Council. The Council's Legal Service and Finance Teams are involved in this process.
44. To manage potential reputational and / or legal risks if CIL is not administered, enforced and spent in a transparent way according to the legal requirements, the Council has adopted clear frameworks to CIL collecting and spending.
45. By engaging local communities and infrastructure providers active in the borough in spending the CIL, the Council helps to ensure that infrastructure and other improvements delivered using CIL funding reflects their priorities.

## **OTHER IMPLICATIONS**

46. No other implications have been identified.

## **CONSULTATION**

47. The Portfolio holder for Planning Policy and Place Delivery and Executive Members have been consulted on the contents of this report. The Council's Legal and Finance Teams have been consulted and provided input to this report.
48. A targeted consultation will be held in autumn 2021 directed at infrastructure providers active in the borough. This will include Borough and County Council services, as well as external organisations.

## **POLICY FRAMEWORK**

49. Reigate & Banstead 2025 and the Council's development plan (the Core Strategy 2014; reviewed 2019 and the Development Management Plan 2019) are relevant to the SIP project assessment process. Both these documents form part of the Council's Policy Framework.
50. The projects included for prioritisation within the SIP will complement and support the delivery of corporate priorities, the Reigate & Banstead spatial strategy (the Core Strategy 2014 and Development Management Plan 2019), and the growth and development of the Borough. Both the CIL Local Fund and the Strategic Infrastructure Programme will help to deliver the infrastructure needed to support planned growth in the borough.

## **BACKGROUND PAPERS**

1. Reigate & Banstead 2025  
[https://www.reigate-banstead.gov.uk/info/20205/plans\\_and\\_policies/280/reigate\\_and\\_banstead\\_2025](https://www.reigate-banstead.gov.uk/info/20205/plans_and_policies/280/reigate_and_banstead_2025)
2. Executive Meeting 19 July 2018 (Item 23: Community Infrastructure Levy Update, & Minute No. 23)  
<https://reigate-bansteadintranet.moderngov.co.uk/ieListDocuments.aspx?CIId=137&MIId=215&Ver>



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3. Executive Meeting 13<sup>th</sup> July 2017 (Item 5: Community Infrastructure Levy: Strategic Infrastructure Programme; & Minute No. 18)  
<http://democracy.reigate-banstead.gov.uk/aksreigate/users/public/admin/kab12.pl?cmte=CAB&meet=199&arc=71>
4. Executive Meeting 7<sup>th</sup> January 2016 (Item 5: Community infrastructure Levy Approval and Implementation; & Minute No.79)  
<http://democracy.reigate-banstead.gov.uk/aksreigate/users/public/admin/kab12.pl?cmte=CAB&meet=180&arc=71>
5. Community Infrastructure Levy Regulations  
<https://www.legislation.gov.uk/ukdsi/2010/9780111492390/contents>
6. Community Infrastructure Levy Guidance  
<https://www.gov.uk/guidance/community-infrastructure-levy>
7. Planning for the Future, White Paper (August 2020)  
<https://www.gov.uk/government/consultations/planning-for-the-future>
8. Reigate & Banstead Annual Infrastructure Funding Statement (AIFS) 2020  
[https://www.reigate-banstead.gov.uk/info/20088/planning\\_policy/20/community\\_infrastructure\\_levy\\_information/4](https://www.reigate-banstead.gov.uk/info/20088/planning_policy/20/community_infrastructure_levy_information/4)

## **Annex**

Annex 1: 2021: Annual Review of Reigate and Banstead CIL Strategic Infrastructure Programme (SIP) 2017-2022