

Scrutiny Committee



Report of Head of Planning

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Community Infrastructure Levy – Annual Financial Statement 2017/18

Recommendation

To receive an update on the Community Infrastructure Levy (CIL) income received and spent in 2017/18 and to provide any feedback to the Cabinet member for planning.

Purpose of Report

1. To receive an update on the Community Infrastructure Levy (CIL) income received and spent in 2017/18 (see Appendix 1).

Strategic Objectives

2. The CIL monies contribute to our objective to invest in the district's future by creating the right conditions for economic growth so that businesses, residents and workers can prosper by directly addressing matters in our control that fetter growth, such as housing supply and provision of affordable housing. We will work with partners to seek to overcome infrastructure bottlenecks that impact adversely on business competitiveness.

Background

3. CIL is a mechanism to allow local planning authorities to raise funds for infrastructure from new development, in the form of a levy. The CIL Charging Schedule was implemented in April 2016. Funds raised can be pooled and primarily used for

infrastructure to support new development in the district in accordance with the Regulation 123 list and the emerging CIL Spending Strategy.

4. The CIL procedure is made up of several steps as set out below:
 - A Liability Notice is issued together with the planning consent.
 - The applicant needs to inform the council when (date) development is to commence and also needs to assume liability to pay CIL.
 - An exemption for self-build housing and social housing relief must be granted by the council before development commences.
 - On receipt of the commencement notice the council will issue a demand notice for the payment of CIL and apply the instalment policy¹ - provided the CIL procedure has been followed.
 - If self-build exemption for a new residential dwelling was granted, we will not issue a demand notice but will monitor this case for the duration of the clawback period, which is three years. If the dwelling is let or sold the CIL liable amount will become payable.
5. The CIL Regulations 2010 (as amended) requires a 'meaningful proportion' of receipts to be passed to the local town or parish councils, where receipts have been received from development in their area. The Regulations set this proportion at 15 per cent of receipts, but this increases to 25 per cent where a Neighbourhood Plan is in place ('made').
6. Town/Parish councils will receive their CIL share twice a year:
 - by 28 April (CIL receipts collected between 1 October and 31 March) and
 - by 28 October (CIL receipts collected between 1 April and 30 September).
7. Up to 5 per cent of receipts can be used for administrative costs and to recover the initial set up costs (i.e. viability consultants fee, planning inspector fee, room bookings, advertisement etc). The regulations allow for a 'rolling cap' for the period of three years after introduction (i.e. 5 per cent applied to total CIL receipts for the first three years). After this time the cap will be applied annually.
8. As a CIL charging authority we are required to prepare a report for any financial year we collect CIL and publish, a statement, before 31 December each year on our website (CIL Regulation 62). This is the second CIL annual statement and covers the period 1 April 2017 to 31 March 2018 (see Appendix 1).

Financial Implications

9. We have received £2,190,161.72; however, we have issued demand notices for £7,881,397.39, leaving a balance of £5,691,235.67. The balance will be paid over the next 1-2 years due to our instalment policy.
10. The opening balance for the District CIL funds was £402,549.85 (unspent CIL monies from last financial year). We held £82,298.21 for parishes from last year, and advanced £1,006.20 to one council, amounting £83,304.41, which we transferred in April 2018 (see Appendix 2). As set out under paragraph six we transfer the CIL proportion to parishes twice a year.

¹ CIL liability up to £30,000 – payment within 60 days
CIL liability £30,000-£150,000 – 20% within 60 days, 40% within 180 days, 40% within 1 year
CIL liability over £150,000 - 20% within 60 days, 40% within 1 year, 40% within 2 years

11. The total balance for the district carried forward to 2018/19 is £2,088,488.84 (balance £402,549.85 carried forward from 2017/18 + £1,685,938.99 carried forward in 2018/19).

Table 1: CIL monies received/spent in 2016/2017

CIL receiver	Received (£) 2016/17	Paid/spent (£) 2016/17	Balance (£) c/f to 2017/18
SODC	402,549.85	0	402,549.85
Town/parish	87,238.84	4,940.63	82,298.21
CIL admin	25,778.32	25,778.32	0
Total	515,567.01	30,718.95	484,848.06

12. The CIL funds received and spent in 2017/18 are set out in table 2 below. The balance for parishes is going to be transferred at the next payment date.

Table 2: CIL monies received/spend in 2017/18

CIL receiver	Received (£) 2017/18	Paid/spent (£) 2017/18	Balance (£) carry forward to 2018/19
SODC	1,685,938.99	0	1,685,938.99
Town/parish	394,712.78	-205,890.61	188,822.17
CIL admin	109,509.95	-109,509.95	0
Total	2,190,161.72	-315,400.56	1,874,761.16

13. The direct resource implications in relation to managing CIL is funded by the 'up to 5 per cent' administrative element of the CIL income, this includes the subscription fees for British Institute of Chartered Surveyors (for indexation data) and Planning Officers Society CIL group (networking/good practice).

Legal Implications

14. This report satisfies the CIL Regulations 2010 (as amended).

Risks

15. It is important for the council to comply with the CIL Regulations and to prepare and publish a financial statement by 31 December 2018.

Conclusion

16. To note this report in relation to the CIL received and spent in 2017/18.