

Community Infrastructure Levy – Spending Strategy

November 2018

Background

1. To support the continued housing growth of South Oxfordshire there is a need to ensure the appropriate infrastructure is in place to support development. To help fund this, developers pay a Community Infrastructure Levy (CIL) on new housing or retail developments to contribute towards the infrastructure supporting such developments. The current charging schedule is being reviewed as part of the Local Plan process.
2. The CIL can only be used to fund infrastructure items as set out in our existing Regulation 123 list (Appendix 1) which sets out the type of infrastructure CIL can be used for.¹ This list is derived from our 2017 Infrastructure Delivery Plan (IDP) which supports the adopted 2012 Core Strategy.
3. CIL has not fully replaced Section 106 (S106) planning obligations. These will continue to be used for infrastructure needs such as on-site open space, allotments, play areas, playing pitches, public transport, recycle bins, street naming and securing affordable housing on specified S106 designated developments. Currently these sites are: Didcot North-East, Ladygrove East, and Site B Wallingford, where infrastructure needs will continue to be secured through S106 planning obligations.²
4. The recently approved restructure splits the collection and spending of S106 and CIL between the planning service (collection) and the infrastructure and development team within the development and regeneration service (spending). The infrastructure and development team will focus on ensuring effective spending and support to town and parishes to ensure infrastructure is delivered, including the possibility of providing parishes with approved projects on which they can spend allocated CIL funds. A system of monitoring will be established as a core function to ensure compliance with statutory CIL regulations and financial accountability.
5. The CIL Regulations do not set out governance arrangements for the council, however they are clear that we have:
 - i. a duty to pass to any town and parish 25 per cent of the CIL revenues raised in those towns/parishes where there is an adopted neighbourhood plan, or 15 per cent, subject to a cap of £100 per existing council tax dwelling, where there is no neighbourhood plan;

¹ Funds generated, save for the five per cent administration costs, cannot cover salary or overhead costs of any body that is allocated funding.

² Such locations will remain the S106 specific areas until a new “Local Plan” is finalised, when some new locations may be added.

- ii. a duty to transfer the CIL income to the relevant town or parish council by 28 April and 28 October in any financial year;
 - iii. the ability to recover administrative expenses incurred in connection with CIL of up to five per cent of the income generated;
 - iv. to spend the levy on infrastructure, and
 - v. a duty to report on CIL income generated and how it is spent.
6. CIL expenditure aims at mitigating the infrastructure impacts of an individual development, as well as the overall cumulative effect of development. However, although CIL spending does not have to be directly spent on the individual development through which it was raised and can be used to support infrastructure expenditure in general. Whilst this gives the council a good degree of flexibility over how to prioritise its spending, public pressure will require funds to be spent as much as possible, in the location that the CIL revenues were generated.
7. It should be noted that CIL is not meant to pay for all infrastructure items set out in the IDP but will help to reduce the funding gap. Other sources of funding streams will need to be explored.

CIL income

8. During the first financial year 1 April 2016 to 31 March 2017, the council issued Demand Notices for £1.3 million and received CIL payments of £515,567.06. The CIL payments only become due once a development has started and for liabilities over £50,000 developers can spread payments over three years. There will always be a gap between the amount demanded and funds received. For the period 1 April 2017 to 31 March 2018 the council issued Demand Notices for £7.8 million and received £2.1 million.
9. By November 2016 the first town and parish CIL transfer of £4,940.63 was made to Henley Town Council. A further £205,891 was transferred to a variety of town and parishes by October 2017 (see appendix 5 for details) and in April 2018 they received a further transfer of £202,030.
10. Regarding the maximum five per cent allocation of CIL revenue for administration expenses, £25,778.32 for 2016/17 and £109,509.95 for 2017/18, has been utilised to cover expenditures on staff costs (one full time Community Infrastructure Officer, one full time equivalent Registration Officer, a monitoring officer, and the partial cost of planning staff in Business Support. It has also been used to support IT upgrades to Ocella, plus, amongst other items, subscriptions to a Planning Officer Group (a professional forum for the implementation of CIL) and the Building Cost Information Service (BCIS) for indexation purposes. The council budgets reflect the use of this funding.
11. Expected CIL income, estimated in 2015, based on the housing trajectory in the Core Strategy Plan period to 2027, was £32.7 million, generating approximately £2.7 million per year.³ Estimating future CIL incomes annually is difficult as the

³ As per the council's "CIL 3, Response to examiners main issues and questions, July 2015".

charging rate although fixed is index linked and will therefore change over time, some developments may be delayed, and some expected developments may never get started. Therefore, the annual amount of funds generated will fluctuate dependent on the amount of new developments started in that year plus the rate of payment of CIL charges that have been carried forward from previous years. Should less than expected be received, a budget pressure may arise.

12. In order to simplify the allocation process, funds available for CIL spending will be based on actual amounts received, less transfers to town and parishes and administrative costs incurred. Funds currently available are set out in the council's CIL Annual Financial Statements.⁴ To meet the council's budget setting requirements the actual amount of funds available as at each December year end will be used as a basis for calculating the percentage allocation.⁵
13. The collection and spending arrangements of existing and new S106 agreements will continue in addition to CIL collection where necessary.

CIL percentage allocation

14. The advantage of allocating a percentage of CIL revenues towards key infrastructure types is that it:
 - i) provides clarity for Oxfordshire County Council (OCC)/Oxfordshire Clinical Commissioning Group (OCCG) so they can plan and meet infrastructure needs.
 - ii) enables the relevant internal council departments to incorporate funds into their annual strategies and plans.
 - iii) will give the wider community the confidence that necessary infrastructure will be provided either by the town or parish or other CIL recipients.
 - iv) negates the requirement for a bidding process to take place.

The disadvantage of allocating a percentage of CIL revenues towards key infrastructure types is that it reduces flexibility in terms of spending on other types of infrastructure needs.

15. Once the 15 or 25 per cent allocations for the town or parishes, and the maximum five per cent for CIL administration costs have been deducted, the balance remains with the council to be utilised. Taking into consideration historical S106 spending, the council's Infrastructure Delivery Plan, the Core Strategy, and comments from key council officers, the percentage allocations, split by OCC, OCCG, and the council expenditures, by departments, are set out in Table 2 below. Please note that as this is the first CIL Spending Strategy, there is no precedent on which to base these percentage allocations. A basic reasoning approach has been adopted to arrive at unbiased percentages for all parties concerned. The possibility of having a contingency fund was considered, however, our decision is that this would not work within the current allocation process and would generate significant additional administration costs.

⁴ Generated by the planning service who track all invoiced and received CIL payments.

⁵ Fiscal year end actuals would arrive too late for budgeting timings.

Table 2: Percentage allocation of CIL

Infrastructure type	Percentage of CIL available	Example of funding allocation – based on 2017/18 CIL funds currently unspent ⁶
OCC:		
Education and transport infrastructure	50%	£842,969
CCG:		
Community Health Care	20%	£337,188
SODC:		
Sports and Leisure facilities (including improved disabled access)	20%	£337,188
Green Infrastructure/Biodiversity provision	5%	£84,297
Public art and cultural heritage/Public realm (including improved disabled access)	5%	£84,297
TOTAL	100%	£1,685,939

Oxfordshire County Council:

16. A certain percentage of the funding will need to be shared with OCC to ensure the broader provision of infrastructure items, identified as part of general development needs, in this instance, as requested by OCC, restricted to transport and education only. As per Table 2, OCC's allocation of CIL has been set at 50 per cent.
17. A memorandum of understanding (MoU) between the council and OCC will be outlined in this respect agreeing how CIL funds transferred to OCC will be spent. This will be revised annually. The amount to be transferred will be calculated on an annual basis. The amount should be included in our annual financial budget and released in either a lump sum annual payment or quarterly as per the agreement reached.
18. OCC will complete a request for CIL funding form (appendix 2) annually in order to draw down the allocated funding. This request would be subject to set criteria:
 - meet the requirements of CIL Regulations
 - address the needs identified in our Infrastructure Development Plan
 - be fully costed
 - be deliverable within a specified timescale.

NHS Clinical Commissioning Groups (OCCG):

19. A certain percentage of the funding will be apportioned to the health sector to ensure that the provision of health care can also be increased in line with the demand generated by the increased number of residents in a location. As per

⁶ CIL Annual Financial Report 2017/18, available council CIL balance from 2017/18: £1,685,939

Table 2, OCCG's allocation of CIL revenue for expenditure on such items has been set at 20 per cent. The same procedures as OCC would need to be applied in terms of agreeing a MoU, and annual budget allocations and requests for funding.

The Council's allocation

20. Our allocation has been designated to sectors highlighted in the 2012 Core Strategy and the Infrastructure Delivery Plan to be spent in line with department spending strategies and priorities. Any allocations not utilised by the year end could be transferred to other council departments, as deemed appropriate in accordance with council financial procedures and rules. Any amounts unspent at the end of the year will be returned to the CIL budget to be utilised the following year.
21. It is important to note that developments liable for S106 planning obligations (North-East, Didcot, Ladygrove-East Didcot, and Site B Wallingford) will continue to secure funding for on-site specific infrastructure needs, as well as an element of offsite infrastructure, subject to current pooling regulations. Strategic sites will continue to deliver key infrastructure such as new schools, transport improvements, health provision, leisure and community facilities.

Town and Parishes

22. It should be noted that a significantly larger proportion of infrastructure monies will be going to town or parishes than historically secured via S106 funding. It is estimated, historically, that around five per cent has been passed to town or parishes for community and play facilities (see appendix 5 for a list of CIL funding allocations to date). With this additional funding the town or parishes will therefore be expected to help fund local infrastructure improvements. The council will support town and parishes with advice on how to spend CIL funds when required, including running Parish council forums, and facilitating linkages to OCC/OCCG project possibilities.
23. It will be important to establish strict monitoring practices to ensure the CIL allocations are spent on the relevant infrastructure required. This role will be fulfilled by a "CIL support officer" who will monitor the use of funds whilst also supporting the town or parishes in the usage of their allocated funds. The role will be funded from the CIL five per cent administrative support charge.
24. The budgetary allocation of the five per cent administration costs will be split evenly between CIL revenue management i.e. invoicing developers and tracking collection, and CIL spending and monitoring.

CIL Spending Process

25. Now the CIL Spending Strategy has been agreed, a CIL spending cycle will be established as follows:

- i. Identify current and prior year unspent CIL revenue, as at 31 December, in terms of CIL monies received.⁷
- ii. Calculate, based on percentage allocations, in time for inclusion in the council annual budget setting process, CIL monies to be allocated to OCC, and OCCG, to be transferred in April of each new fiscal year.
- iii. To further calculate, again based on percentages, allocations to be made within the “provisional capital programme budget” funds to be made available for those internal council departments selected as percentage recipients (see Table 2).
- iv. Prior to the transfer to OCC and OCCG, a MoU between the organisations on how shared CIL funds will be spent and reported on will be drawn up. OCC and OCCG should complete the necessary application form (appendix 2). These will be approved by the Head of Development and Regeneration.
- v. For town or parishes, funds will be released in line with regulations i.e. every six months.
- vi. At the end of the calendar year all town or parishes, the OCC, OCCG, and council departments will submit annual reports as per the report format in appendix 4.
- vii. The process should be annually reviewed, particularly in terms of the percentage allocations for infrastructure types, based on the effectiveness of delivery i.e. how much of the allocated funds departments have spent, and on project impact, i.e. the benefit such funds have had in the community.

26. The timetable for the CIL Spending Strategy is set out in Table 3 below:

Table 3: Timetable for CIL Spending Strategy:

July 2018	Draft CIL Spending Strategy Submitted to Strategic Management Team
August 2018	Draft CIL Spending Strategy to Cabinet briefing
August 2018	ICMD to approve the draft Spending Strategy to be sent out for consultation (four weeks) - invitation only.
September 2018	Review of consultation results
September 2018	Resubmit revised CIL spending strategy to Strategic Management Team
September 2018	Scrutiny Committee consider draft strategy
October 2018	Bi-annual town or parish allocations
November 2018	Formal Cabinet approval of CIL Spending Strategy
January 2019	Calculation of December year end unspent CIL balance. Estimate CIL fund allocations for financial year 2019/20 for inclusion in the council's annual budget. Amounts agreed with heads of service and included in annual budgets. OCC and CCG CIL application forms submitted.
February 2019	Agreement with OCC and CCG on CIL project allocations to be included in the Council/OCC/CCG MoA.
March 2019	Finalise MoAs with OCC/CCG to be signed off by the Head of Development and Regeneration.
April 2019	Transfer of funds to OCC/CCG
April – December 2019	Monitoring of CIL spend

⁷ As per the planning service ongoing spreadsheets which track CIL invoices, receipts, and ring-fenced monies for town or parishes, to be transferred every six months.

Link CIL Spending Strategy to Capital Programme

27. CIL is just one funding stream that can be used in conjunction with others to fund infrastructure projects. The CIL spending estimates should be included in the council's capital programme and approved as part of the council's budget setting each February. The advantage of linking the CIL funded spending estimates to the council's capital programme is to ensure a full overview of the key infrastructure projects supported under various funding streams.

Can the levy be spent outside South Oxfordshire?

28. There have been incidences of other councils requesting S106 money for infrastructure projects outside their administrative areas, particularly where a new development lies on or close to our administrative borders. e.g. Oxford or Reading. We will limit any such arrangements, neither initiating nor accepting such proposals unless very exceptional circumstances can be evidenced. How the council CIL spending strategy will correlate with the Vale of White Horse District Council CIL spending strategy will be determined once the latter has its CIL spending strategy in place.

Can the CIL funds be spent outside the development area where they were generated?

29. Yes. Funds will be spent as much as possible, in the location where the CIL revenues were generated. However, where there is an identified need for larger infrastructure facilities, that also benefit a wider area and a large proportion of the population this will be considered reasonable.

Reporting of CIL

30. Both the council and the town or parishes are required to prepare an Annual Monitoring Report in relation to CIL income and expenditure (Financial Statement) and publish it on its website no later than 31 December each year for the proceeding financial year. Town and parishes also have to produce and send a copy of their annual report on their spending of CIL monies to the council. Please see appendix 4 for the reporting format. We would publish this information on our website. CIL monies passed on to town or parishes, which have not been spent within five years of receipt can be recovered by the council who then must spend such CIL monies to support the development of the area which they have been recovered from.

Conclusion:

31. The CIL spending strategy will utilise a percentage allocation approach, apportioning funds on an annual basis, calculated on available actual funds, once town or parish allocations and council administrative costs have been deducted, as per the following Table 4:

Table 4: CIL percentage allocations:

Infrastructure type ⁸	Percentage of CIL to be allocated
OCC:	
Education and transport infrastructure	50%
CCG	
Community Health Care	20%
SODC:	
Sports and Leisure facilities (incl. improved disabled access)	20%
Green Infrastructure/Biodiversity provision	5%
Public art and cultural heritage/Public realm (including disabled access)	5%
TOTAL	100%

32. Such an approach will be piloted and reviewed after one year to ensure compliance in terms of achieving CIL objectives and to assess the effectiveness of the Strategy.
33. In the unlikely event of any CIL funds being unallocated, for example, should one of the expected recipients be unable to put forward suitable projects or activities, then OCC, OCCG, and the relevant council departments can apply to utilise such funds.

⁸ Any infrastructure provided as a result of CIL, where relevant, should comply with the Local Plan Policies, Design Guide, and current best practice accessibility standards.

Appendix 1- Regulation 123 List, April 2016

Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended) restricts the use of planning obligations for infrastructure that will be funded in whole or in part by the Community Infrastructure Levy. The Regulation 123 list contains generic types of infrastructure that may be funded using CIL receipts, with the exception of specific on-site infrastructure or direct mitigation measures and specifically of the strategic development sites.

The list below sets out those infrastructure projects that South Oxfordshire District Council may wholly or partly fund by the CIL. The inclusion of a project or type of infrastructure on this list does not signify a commitment from the council to fund (either in whole or in part) the listed project or type of infrastructure through CIL. The order in the table does not imply any order of preference for spend and the council will review this list on an annual basis, as part of its monitoring of CIL collection and spend.

This list will be updated on a regular basis. It is anticipated that CIL receipts will be limited in the first years after adoption, given that contributions are not payable until commencement of development.

In accordance with the CIL Regulation 59A, this council will pass 15% of relevant CIL receipts to the Town/Parish Council for that area, capped at £100 per dwelling on existing dwellings. If the Town/Parish Council adopts a Neighbourhood Plan, this percentage will be increased to 25% (uncapped). This will be passed onto the Town/Parish Councils on a 6 monthly basis in accordance with the CIL Regulations.

Infrastructure type or project (to be funded through CIL)	Exclusions (to be secured through S106 and other statutory provision)
	The strategic sites North-East Didcot, Ladygrove-East Didcot, and Site B Wallingford are referred to as the Strategic Sites
	Affordable housing
Education	
<ul style="list-style-type: none"> • Primary (incl. pre-school) • Secondary education • Further education • Special education needs 	<p>Education infrastructure to serve development at the Strategic Sites¹</p> <p>Land for education provision associated with new development to make the development acceptable in planning terms</p>

Infrastructure type or project (to be funded through CIL)	Exclusions (to be secured through S106 and other statutory provision)
Transport	
Strategic highways or transport infrastructure projects (including public rights of way)	Site specific transport infrastructure including any works necessary for vehicle, cycle and pedestrian access and/or public transport on or adjacent to the site as a result of the development. Mitigation works remote from the development site where the need for such works is identified in a Transport Assessment. Works associated with a S278 agreement, or planning conditions
	Contribution towards delivery of the Science bridge, Didcot Northern Perimeter Road Phase 3, A4130 widening, Jubilee way roundabout, strategic bus network and Culham river crossing schemes associated with development at the strategic sites and employment development (where appropriate)
	Travel Plan monitoring
Recreation, sports and leisure	
Recreation, sports and leisure facilities other than site specific requirements	On-site provision, of recreation, sports and leisure facilities in accordance with policy requirements and to make development acceptable in planning terms. On and off-site provision of recreation, sports and leisure facilities to serve development at the Strategic Sites
Open space, play, allotment and biodiversity	
<ul style="list-style-type: none"> - Play areas - Allotments Other than site specific requirements	On-site provision of <ul style="list-style-type: none"> - open space - play areas - allotments in accordance with policy requirements
Strategic habitat creation enhancement and restoration Ecological enhancement of watercourses in line with Water Framework Directive	On-site habitat creation and mitigation to include restoration, enhancement and management of existing sites of ecological value

Infrastructure type or project (to be funded through CIL)	Exclusions (to be secured through S106 and other statutory provision)
Community and cultural facilities	
Community facilities including youth support and adult learning	On- and off-site provision of community facilities (incl. youth support and adult learning) to serve development at the Strategic Sites
Libraries and Museums	Library facilities incl. book stock provision to serve development at the Strategic Sites
Public realm/public art Improvements to the public realm and town centres to increase accessibility for disabled	Site related provision and maintenance of public art associated with development at the Strategic Sites, and retail and employment development Improvements to the public realm and town centres to increase accessibility for disabled in association with development at the Strategic Sites and employment development Contributions towards the conservation, restoration and enhancement of the historic environment and archaeological sites and monuments will be sought where an impact is directly linked as a consequence of a development site and requires mitigation.
Provision, expansion and maintenance of cemeteries	
Fire and Police	
Extension and/or new fire and rescue service infrastructure	
Improvements to policing and community safety infrastructure	On and off-site provision of policing and community safety to serve development at the Strategic Sites
Health	
Health services/ local surgeries	On and off-site provision to health services to serve development at the Strategic Sites
Recycling	

Recycling facilities and improvements to Household Waste Recycling Centres	Provision of household recycling and waste bins Contributions for Household Waste Recycling Centre to serve development at the Strategic Sites
Infrastructure type or project (to be funded through CIL)	Exclusions (to be secured through S106 and other statutory provision)
Health and wellbeing (Adult Day Care)	
Health and wellbeing facilities	On and off-site related provision of health and wellbeing to serve development at the Strategic Sites and to make development acceptable in planning terms
Flood protection and water management	
Strategic flood protection	On-site provision of flood protection and water management (i.e. Sustainable Urban Drainage System)
Air Quality	
Infrastructure/measures to improve air quality and monitoring	Mitigation infrastructure/measures required directly as a result of a specific development
	Wider Air Quality Infrastructure/Measures associated with development at the Strategic Sites and retail and employment development

Appendix 2: OCC/OCCG Draft Form for CIL Funding

To apply for CIL funding you will need to complete the following application form and submit it along with relevant supporting material. Please return to:

jayne.bolton@southandvale.gov.uk

Requirement Criteria

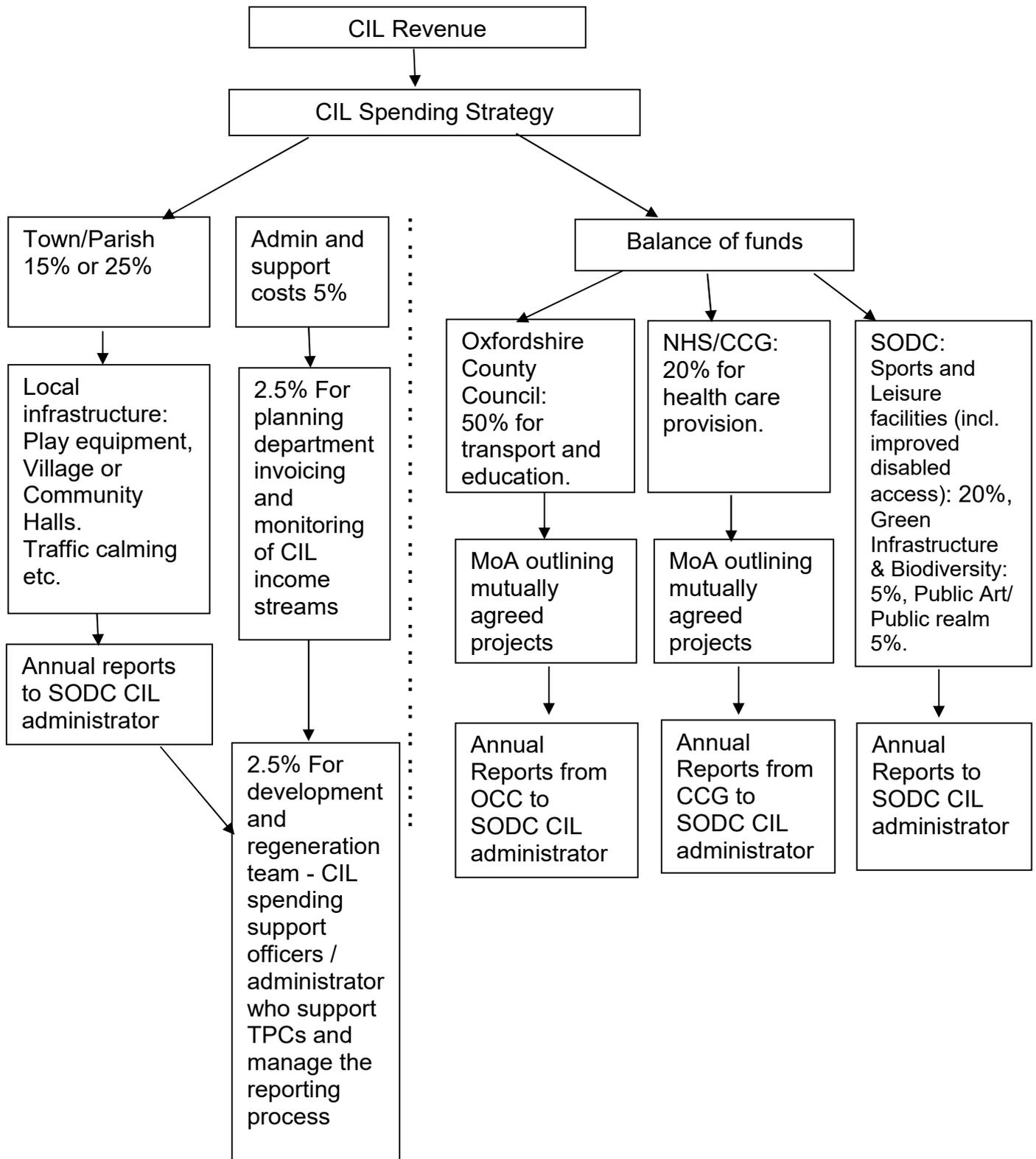
The project must:

- meet the requirements of the CIL Regulations
- address the needs identified in the Infrastructure Delivery Plan and support additional demands arising from new development
- be fully costed
- be deliverable within a specified timescale

APPLICANT CONTACT DETAILS	
Name	
OCC/CCG/ Council Department	
Contact number	
Email address	
PROJECT OVERVIEW	
Project Title	
Please provide a brief summary of the project proposal (max 500 words)	
Location (please provide a map)	
Delivery partner (if applicable)	
MEETING SODC'S OBJECTIVES	
Please explain how the proposal addresses infrastructure demands within the area, including the number of people, including minority, vulnerable or disadvantaged groups, who will benefit from the project and in what way.	
COSTS	
Please provide - a summary of both the overall cost of the infrastructure scheme and those funds requested through this application. Please mention other contributors to the project.	
Please provide details of the development sites where the income has been generated from.	
DELIVERY	
Please explain the project's current status and whether any additional approvals are necessary prior to the commencement of works.	
Please provide details of the timetable for implementation of the infrastructure project including key milestones.	
ADDITIONAL INFORMATION	

Please provide any additional information which may further clarify how the activity supports growth in South Oxfordshire.	
Signed	
Dated	

Appendix 3 – CIL governance overview



Appendix 4 – Annual Report for CIL funded Projects

APPLICANT CONTACT DETAILS	
Name	
OCC/CCG/council department/town or parish	
Contact number	
Email address	
PROJECT OVERVIEW	
Project Title	
Please provide a brief summary of work undertaken to date (max 500 words).	
Photographic evidence attached Y/N	
MEETING SODC'S OBJECTIVES	
Please explain how the proposal has met infrastructure demands within the area, including the number of people, including minority, vulnerable or disadvantaged groups, who have benefited from the project and in what way.	
COSTS	
Please provide a summary of both the overall cost of the infrastructure scheme spent to date against the original budget. Please mention other contributors to the project.	
Please provide details of the development sites where the income has been generated from.	
DELIVERY	
Please explain the project's current status and whether any additional approvals are necessary prior to the continuation of works.	
Please provide details of the timetable for finalisation of the infrastructure project including key milestones.	
ADDITIONAL INFORMATION	
Please provide any additional information relevant to future work to be undertaken or any challenges faced while implementing the project.	
Signed	
Dated	

Appendix 5: Town and Parish transfers as at October 2017

	26/04/2017	30/10/2017
Benson Parish Council	£ 8,992.50	£ 810.00
Bix & Assenden Parish Council	£ 1,803.38	
Brightwell Baldwin Parish Meeting		£ 3,015.00 ⁹
Chinnor Parish Council	£ 3,880.80	£ 13,352.85
Cholsey Parish Council		£ 1,029.60
Clifton Hampden Parish Council	£ 1,647.00	
Didcot Town Council	£ 3,990.75	£ 1,718.06
Drayton St Leonard Parish Council		£ 1,801.80
Forest Hill with Shotover Parish Council		£ 23,394.38
Great Haseley Parish Council		£ 2,041.65
Henley-on-Thames Town Council	£ 17,821.89	£ 32,404.50
Holton Parish Council		£ 1,642.50
Pishill with Stoner Parish Council		£ 824.85
Rotherfield Peppard Parish Council		£ 405.00
Sonning Common Parish Council	£ 32,844.38	£ 24,323.25
Stadhampton Parish Council		£ 2,295.00
Thame Town Council		£ 9,275.25
Waterstock Parish Meeting	£ 1,822.50	£ 1,822.50
Wheatley Parish Council	£ 7,756.20	£ 2,700.00
Whitchurch Parish Council	£ 1,085.63	£ 1,085.63
Woodcote Parish Council	£ 1,659.38	£ 1,659.38
Total received £		£125,601.20
Total transferred £	£ 83,304.41	£122,586.20

⁹ *monies have not been transferred yet. We are working with the Parish Meeting/community to identify suitable infrastructure projects, before the monies are transferred