



# **North Somerset Council**

## **Community Infrastructure Levy (CIL):**

### **Guidance for Town and Parish Councils**

**Last updated: 6<sup>th</sup> December 2017**

The following guidance note has been prepared to assist Town and Parish Councils with the use and administration of the Community Infrastructure Levy (CIL).

#### **1. What is the CIL?**

The Community Infrastructure Levy (CIL) is a new way of collecting financial contributions from developments towards the provision of infrastructure required to support growth in North Somerset.

CIL charges are based on a tariff of rates that have been set through public consultation and examination by the Planning Inspectorate. The rates are non-negotiable and must be paid within 60 days of commencement of development.

In North Somerset, charges will apply to residential and retail development, where this results in either the creation of a new dwelling or where there is 100sqm or more of newbuild floorspace. This can in some circumstances include floorspace resulting from a change of use, where the existing floorspace was not previously in lawful use.

Certain types of development are nationally exempt from CIL. The main exemptions are affordable housing, self-build development and charitable development for the delivery of charitable purposes.

North Somerset's CIL Charging Schedule can be viewed on our website at [www.n-somerset.gov.uk/cil](http://www.n-somerset.gov.uk/cil).

The CIL takes effect in North Somerset on 18<sup>th</sup> January 2018. Any development that is granted planning consent on or after this date may be liable to pay the CIL, even if the application was registered or passed through committee beforehand, or if determined on appeal.

#### **2. What will the CIL be used for?**

North Somerset Council can spend CIL income on any infrastructure to support development. The use of the CIL does not need to be linked to the development site that provided the funding, or to a project linked to that site.

However the council cannot ask developers to provide for infrastructure through Section 106 planning obligations if it intends to use CIL funds to do so.

North Somerset Council has published a list of types of infrastructure that might be funded through CIL, and those items that it would expect to continue being provided for through S106 agreements. This is called a "Regulation 123 List" and it can be viewed on our website at the above address.

The amount of CIL that North Somerset Council receives will not be sufficient to meet all infrastructure needs. Decisions on expenditure and priorities will be subject to the Council's normal governance procedures. An annual report will be published setting out CIL income and expenditure.

Town and Parish Councils will receive a share of the CIL. The rules on how they can spend CIL funds are different to those that apply to North Somerset Council. Further information is provided below.

### **3. Will Town and Parish Councils receive a share of CIL?**

Town and Parish Councils in North Somerset will receive a proportion of the CIL funds collected from development in their Town or Parish.

The proportion that will be passed to Town and Parish Councils is:

- Where there is no neighbourhood plan in place, 15% of CIL receipts from development within the Town/Parish area up to a maximum of £100 per pre-existing dwelling per annum.
- Where a neighbourhood plan is in place, 25% of CIL receipts from development within the Town/Parish area, with no maximum amount.

These proportions are set nationally.

### **4. When and how will Town and Parish Councils receive their share of CIL?**

Developers are required to pay CIL charges within 60 days of commencement of development. Where they are building in a series of phases agreed through Reserved Matters applications, they will only be required to pay the CIL that relates to that phase.

Unless alternative arrangements are agreed, North Somerset Council will make two annual payments to Town or Parish Councils:

- Payments in respect of CIL income received by NSC from 1st April and 30th September in any financial year: monies will be transferred on or before the 28th October of that financial year.
- Payments in respect of CIL income received by NSC from 1<sup>st</sup> October – 31<sup>st</sup> March in any financial year: monies will be transferred on or before the 28th April of the following financial year.

Transfer of funds will be carried out through BACS.

In view of the auditing and reporting requirements for CIL it is recommended that Town and Parish Councils set up a separate bank account for the receipt of these funds.

## 5. How can Town and Parish Councils spend their CIL?

The CIL Regulations state that a Town/Parish Council must use CIL receipts passed to it in accordance with Regulation 59A or 59B to support the development of the local council's area, or any part of that area, by funding:

- (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or
- (b) anything else that is concerned with addressing the demands that development places on an area.

This gives Parish and Town Councils considerable freedom to spend their proportion of CIL on the things that address the impacts of development on their area.

Notwithstanding this freedom there are a number of factors that we recommend should be considered when developing a CIL spending plan:

### What are our infrastructure needs?

Town or Parish Councils should carefully consider whether the expenditure addresses the extra demand on infrastructure and services caused by development within their area and be clear on the links between infrastructure and growth. CIL cannot be used as a replacement for everyday Town or Parish Council expenditure. Misspent CIL can be claimed back by North Somerset Council.

The production of a Town or Parish Infrastructure Delivery Plan (IDP) can be a useful starting point for the prioritisation of infrastructure projects and input into the Council's wider Infrastructure Delivery Plan is welcomed. A local IDP will assist in understanding how the needs of the town fit with the wider programme for infrastructure works. The IDP can be produced to support a Neighbourhood Plan, or as a stand-alone document.

Town and Parish Councils should note that the CIL funds received by North Somerset Council will not be sufficient to meet all needs, and that NSC is increasingly limited in the extent to which it can require alternative provision of infrastructure through Section 106 planning obligations. As a result it may be that some infrastructure previously provided for by North Somerset Council as a result of development will no longer be put in place. We recommend that Town and Parish Councils discuss their spending proposals with officers from the relevant services at North Somerset Council to understand the implications of these changes, as well as any opportunities for joint projects.

### What are our responsibilities?

Does the Town or Parish Council understand the wider 'strategic' infrastructure requirements within North Somerset, and how this impacts on the potential scope for 'local' infrastructure? Neighbourhood expenditure should be agreed in the full knowledge of both the needs of a local area and, in so far as it is possible, an understanding of where other strategic investment will be made in the area by North Somerset Council and its partners. Town and Parish Councils should be clear that there may be ongoing operational and maintenance costs associated with the provision of new infrastructure and will need to be clear how such costs will be met for the life of the infrastructure.

## How can we engage with the local community to determine their infrastructure needs?

Town and Parish Councils will need to consider the capacity of existing groups and local residents to engage in the CIL process and to ensure that such processes are inclusive, that all members of the community contribute to determining how local CIL may be spent, including those who are least vocal and most vulnerable.

## How can CIL funds be maximised?

There is a temptation to spend CIL receipts quickly on short term/quick win infrastructure projects, however Town and Parish Councils should consider the long-term housing growth and resulting infrastructure needs when developing plans for the spending of CIL. It may take some time for sufficient funds to accumulate for more strategic infrastructure or there may be other funding opportunities which will allow the delivery of more significant infrastructure projects which would benefit the local community.

While Town and Parish Councils are not required to spend their neighbourhood funds in accordance with North Somerset Council's priorities, there are likely to be common infrastructure projects that both organisations may want to see delivered. It would be good practice to discuss the expenditure of CIL funds with officers from NSC because early discussions will help ensure that projects are in line with the CIL Regulations, allow other funding sources to be explored and determine whether any CIL funding managed by North Somerset can go towards the project.

A Town or Parish Council could, if it wished, choose not to receive its CIL from a development and instead to allow NSC to spend the funding on an agreed project.

## **6. What are the reporting requirements for CIL?**

Town and Parish Councils must make proper arrangements for the proper administration of their financial affairs as set out in Section 151 of the Local Government Act 1972. They must have systems in place to ensure effective financial control in accordance with the Accounts and Audit (England) Regulations 2011. These requirements also apply when dealing with the proportion of CIL payments given to Town and Parish Councils.

Town or Parish Councils are responsible for spending their CIL within five years of the receipt of the funds from NSC. If it chooses to do so, North Somerset Council has powers to recover funds that are not spent within five years. We encourage any Town or Parish Council that is approaching the five-year deadline to discuss their circumstances with North Somerset, particularly if they wish to request an extended period for expenditure.

Town and Parish Councils are required under Regulation 62A of the CIL Regulations to publish via their website (or North Somerset Council's website) the amount of CIL received and spent within their area, a summary of the projects on which CIL was spent, details of any CIL returned to NSC and any balances brought forward from previous years. This should occur no later than the 31st December following the reporting year (1st April to 31st March).

There is no prescribed format for reporting on CIL. The income received from the CIL should also be included in the overall published Town or Parish accounts but is not required to be identified separately therein.

A copy of the report should be sent to the Section 151 Officer (Head of Finance) at North Somerset Council. It would be good practice to publish a copy of the report in any Town/Parish newsletter or on local noticeboards.

In the event that a Town or Parish Council has spent CIL in a manner that is in breach of the regulations, NSC is able to reclaim the amount spent, or to withhold future CIL income until such time as the money is repaid.

## **7. Neighbourhood Plans and CIL**

CIL is not only designed to pay for infrastructure needed to support growth, it is also designed to incentivise communities to welcome and promote development within their areas. Where development is in an area covered by a Neighbourhood Plan the proportion of CIL receipts received by the Town, Parish or Neighbourhood will increase to 25% of the CIL receipts for that Town/Parish

Town and Parish Councils should carefully consider whether the benefits of introducing a Neighbourhood Plans (noting that such plans should comply with national and local planning policies) outweigh the costs for its introduction, examination and any referendum.

## **8. Further information**

Further information on the CIL in North Somerset can be found on our website at [www.n-somerset.gov.uk/cil](http://www.n-somerset.gov.uk/cil)

The following may also be of use:

[National Planning portal guidance on the operation of CIL](#)

[National Planning practice guidance on the setting and operation of the CIL](#)

[CIL regulations](#)

Any further queries about CIL should be e-mailed to [CIL@n-somerset.gov.uk](mailto:CIL@n-somerset.gov.uk).