



Community Infrastructure Levy (CIL) - Guidance Note for Town and Parish Councils (April 2017)

The following guidance note has been prepared to assist Town and Parish Councils with the use and administration of CIL. It provides the background to CIL and the relevant responsibilities for both Town and Parish Councils and Dacorum Borough Council in relation to the meaningful proportion of CIL funding. It also provides guidance on how Town and Parish Councils may determine their infrastructure priorities or CIL expenditure. Separate notes are available explaining how such funds are administered in the unparished areas of the Borough and covering general bids for CIL funds.

What is CIL?

CIL is a new way of collecting contributions from developments towards the provision of infrastructure required to support growth within the Borough. It is a tariff that will be applied per square metre of new development and varies by scale, use and geography. Different CIL charges for settlements and zones within the Borough have been established on the basis of scheme viability.

The CIL Charging Schedule can be located on the Council's website under www.dacorum.gov.uk/cil The CIL rates set out within the Charging Schedule are subject to indexation.

Roles and Responsibilities

The Borough Council is the Charging Authority for CIL and is responsible for setting CIL rates, collecting the charge and allocating expenditure for CIL. The Town and Parish Councils, subject to this advice note, are recipients of CIL funds under the CIL Regulations and are responsible for spending and reporting on CIL.

The CIL Regulations (Regulation 59) require the Charging Authority (Dacorum Borough Council) to pass on a meaningful proportion of CIL to Town and Parish Councils in which the development takes place. According to the CIL Regulations (as amended), for areas where there is no neighbourhood plan in place this sum will equate to some 15% of CIL receipts from development within their administrative area up to a maximum of £100 per Council tax dwelling per annum. This rises to 25% where a neighbourhood plan is in place.

Borough Council

Financial Implications – The Borough Council will make two payments to the Town or Parish Council covering the following payments periods for CIL:

- 1) For payments made between the 1st April and 30th September, monies will be transferred on or before the 28th October
- 2) For payments made between the 1st October and 31st March, monies will be transferred on or before the 28th April.

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.

It should be noted that the payment of larger CIL sums may be subject to Instalments which in turn will delay payment to the Town or Parish Council.

Sharing Information – The Borough Council must report on the amount of CIL received and spent within their area for any financial year by the 31st December. Such information should be published on the Council's website.

The Borough Council is also committed to advising the Town and Parish Councils of the CIL sums secured within a financial year at appropriate times to enable them to prepare bids for the use of core CIL funding. These bids will be prepared and considered in accordance with the Council's governance arrangements.

Town and Parish Councils

Financial Implications - 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 neighbourhood funding payments under the CIL.

The Town or Parish Council are responsible for spending CIL funds within 5 years of their receipt or run the risk of the Borough Council recovering the charge. In the event of a Town or Parish Council wishing to hold CIL funds for longer than 5 years the Borough Council should be notified as soon as possible.

If a Town or Parish Council does not wish to receive some or all of its CIL funding it must write to the Borough Council informing them of their position. At any time a Town or Parish Council can resume their right to receive funding by writing again to the Borough Council.

Sharing Information – Town and Parish Councils are required under Regulation 62A of the CIL Regulations to publish via their website or that of the Charging Authority 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 the Borough Council 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)

A copy of this report should be sent to the Borough Council. It would be good practice to also publish a copy of the report in any Town/ Parish newsletter or on local noticeboards.

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

Should the Town or Parish Council wish to report on its CIL spending via the Charging Authorities website, it should provide a full copy of the relevant paperwork no later than the 1st December each year.

Spending CIL Receipts

The CIL Regulations state that a local 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 should be considered when developing a CIL spending plan.

- *What are the Infrastructure Needs?*

Town or Parish Councils should carefully consider whether the expenditure addresses the extra demand on infrastructure and services that are caused by development within their area and be clear on the links between infrastructure and growth. CIL cannot be used as a replacement for every day Town or Parish Council expenditure and misspent CIL can be claimed back by the Charging Authority.

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. Cross references to the Borough Council Infrastructure Delivery Plan would strengthen this work.

- *What are our responsibilities?*

Does the Town or Parish Council understand the wider 'strategic' infrastructure requirements of the borough, 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 the Council and its partners. Town and Parish Councils should be clear that there may be on going 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. Town and Parish newsletters can be an effective mechanism for communication as can a website or Social Media presence.

- *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 have wider benefits for the local community.

While Town and Parish Councils are not required to spend their neighbourhood funds in accordance with the charging authorities priorities there are likely to be common infrastructure projects. It would be good practice to discuss the expenditure of CIL funds with the Borough Council as early discussions will ensure that projects are in line with the Regulations and will also allow other funding sources to be explored (including any CIL funding managed by the Borough Council). A separate bidding process is provided for core CIL funds and this is subject to a separate guidance note. Bids under this process are expected to be sent to the Infrastructure Officer by the end of May each year (unless otherwise advised) (see Cabinet report of the 29th November 2016 for further details).

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 some 25%. 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.

Further Information

For further information on this note please contact Robert Freeman, Infrastructure and Projects Delivery Team, on 01442 228663 or by using the email cil@dacorum.gov.uk