

## Community Infrastructure Levy (CIL) Reporting

<b>Committee name</b>	Residents, Education and Environmental Services Policy Overview Committee
<b>Officer reporting</b>	James Rodger, Residents Services
<b>Papers with report</b>	Appendix 1 - Annual HCIL Monitoring Report
<b>Ward</b>	All

### HEADLINES

This report provides the Committee with information on the Council's current monitoring and reporting arrangements for Hillingdon Community Infrastructure Levy (HCIL) income and expenditure.

### RECOMMENDATIONS:

**That the Residents, Education and Environmental Services Policy Overview Committee notes and comments on the information presented within this report.**

### SUPPORTING INFORMATION

The Community Infrastructure Levy (CIL) is a charge which allows the Council to raise funds from developers undertaking new building projects, which supports financing of infrastructure costs that come from increasing residential and other developments happening across the borough. CIL has largely replaced planning obligations (Section 106 agreements) as a means of funding infrastructure provision in Hillingdon. The Charge was introduced by section 205 of the Planning Act 2008 and the Community Infrastructure Regulations 2010 (as amended) regulate its implementation.

Hillingdon's Community Infrastructure Levy (CIL) Charging Schedule and updated Planning Obligations Supplementary Planning Document (SPD) were adopted by resolution of full Council in July 2014. The provisions of the Charging Schedule and the Planning Obligations SPD have applied to new development in the borough from 1 August 2014.

The processes for budgeting for CIL income and its collection, monitoring and reporting are outlined below. Members should note that the scope of this report covers HCIL and not Mayoral CIL.

### HCIL Budget Setting

The forecast level of future HCIL income and utilisation is incorporated in the capital financing budget within the overall five year General Fund capital programme which is reviewed annually under the Medium Term Financial Forecast (MTFF) budget setting process. The revised five year capital programme expenditure and financing budgets are approved by Cabinet and Council in

February each year.

The draft revised capital programme funding strategy submitted to Cabinet in December 2019 is set out in the table below:

	2019/20	2020/21	2021/22 to 2024/25	Total
	£'000	£'000	£'000	£'000
Capital Expenditure	85,461	88,218	271,179	444,858
Financed By:				
Prudential Borrowing	45,203	60,603	140,238	246,044
Capital Receipts	6,581	6,413	43,389	56,383
Community Infrastructure Levy	4,000	3,500	14,000	21,500
<b>Council Resources</b>	<b>55,784</b>	<b>70,516</b>	<b>197,627</b>	<b>323,927</b>
Government Grants & Other Contributions	29,677	17,702	73,552	120,931
<b>Total Capital Financing</b>	<b>85,461</b>	<b>88,218</b>	<b>271,179</b>	<b>444,858</b>

Community Infrastructure Levy forms one of several sources of funding towards the overall capital programme. Capital expenditure projects and programmes that are not supported by external government grant are budgeted to be financed by Council Resources, which comprise both capital receipts and HCIL generated in year, with the remaining funding gap requiring prudential borrowing.

The level of forecast HCIL income is based on approximate levels that have been received annually since inception of the levy in August 2014. The level of Hillingdon CIL receipts achieved for capital financing each financial year, net of admin fees, has been as follows:

Year	£'000
2015/16	1,920
2016/17	3,679
2017/18	3,455
2018/19	3,287

Future year HCIL income levels are anticipated to be around £3,500k per annum. As at the end of December 2019, a total of £3,961k Community Infrastructure Levy (CIL) receipts (after administration fees) have been invoiced or received this financial year. There will be some annual fluctuation depending on the volume and size of chargeable developments proceeding each year.

Capital expenditure programmes and projects financed by Council Resources that are infrastructure related are significantly higher than the annual level of HCIL income. Eligible expenditure includes the schools expansions programme, highways structural works, library, leisure and community facilities all of which have significant budgeted capital investment in the approved programme.

### Monitoring and Reporting to Cabinet

HCIL monies are monitored on a monthly basis and reported on in the monthly Cabinet budget monitoring report.

Following planning consent for chargeable developments, Planning department issue Liability Notices stating the amount of chargeable HCIL (and MCIL) should the planning permission be implemented. On confirmation from the developer of the implementation, a Demand Notice is issued at which point the HCIL amount becomes payable. Planning also raise an invoice for the total amount payable and there is an instalments policy for payment in stages depending on the size of the amount.

The total amount invoiced is accounted for on the Council's general ledger as actual income and an allowed 5% administration fee is deducted and credited to the Planning department, in accordance with regulations, to cover expenses.

On a monthly basis planning and finance officers review actual income invoiced and received in year and the list of existing HCIL Liability and Demand Notices logged on the Ocella planning system, to assess forecast income for year. Forecast annual CIL income and year to date income received is subsequently reported on briefly to Cabinet in the capital monitoring section of the Budget Monitoring report.

At financial year end total HCIL receipts (net of admin fees) are applied to finance eligible infrastructure capital expenditure incurred during the year. Previously HCIL monies have been utilised to support financing of the Council's Chrysalis Programme, and Highways road improvements across the Borough.

## **Chrysalis**

CIL Regulations stipulate that a minimum of 15% of receipts must be allocated to local neighbourhood projects. Chrysalis meets the criteria for local CIL infrastructure spending as the numerous projects within this programme are driven by requests made by residents and/or local ward councillors. Annual spend on the Chrysalis programme is approximately £1m and has been fully financed by CIL, far exceeding 15% of total CIL receipts.

Chrysalis is the Council's highly successful asset enhancement initiative which funds projects ranging in scale from £5,000 to £100,000 for local initiatives that matter to residents. These can include installing an outdoor gym or new play equipment to improve fitness levels across all age groups, through to improving access and facilities at clubhouses, recreation grounds and community centres. This promotes how all residents can play an active part in decisions that improve where they live and making them proud to live in Hillingdon.

Throughout the year suggestions can be made by residents, ward councillors and officers for projects to receive Chrysalis funding. Information on the programme is online at [www.hillingdon.gov.uk/chrysalis](http://www.hillingdon.gov.uk/chrysalis) including the full eligibility criteria and, an online suggestion form.

Once suggestions are received, Officers in the Community Engagement and Town Centre Improvements team check that the suggestion meets the eligibility criteria and informs the applicant accordingly. Projects are then scoped and estimated costs obtained to confirm that delivery can be achieved within the £100k threshold.

All proposals are presented to the Cabinet Member for Commerce, Community & Regeneration in December of each year who prioritises a range of projects (usually around 20) across the borough to take forward for implementation in the next financial year. Suggestions which are not taken forward remain on the pipeline for future consideration. Applicants and Ward Councillors

are updated on all successful projects and those remaining on the pipeline.

Chrysalis funding also contributes to the popular Alleygating Scheme whereby residents experiencing anti social behaviour can apply for up to 90% funding towards the cost of gating privately owned alleyways [www.hillingdon.gov.uk/alleygatingscheme](http://www.hillingdon.gov.uk/alleygatingscheme)

## **Statutory Annual Report**

In line with regulatory requirements, a more detailed annual report on CIL total income and expenditure is published on the Council's website by 31st December in respect of the previous financial year.

Up to 2018/19 reporting on CIL was governed by Regulation 62 of the CIL regulations 2010 (as amended). This stated the following:

A charging authority must prepare a report for any financial year ("the reported year") in which

- (a) it collects CIL, or CIL is collected on its behalf; or
- (b) an amount of CIL collected by it or by another person on its behalf (whether in the reported year or any other) has not been spent

The report must include—

- (a) the total CIL receipts for the reported year;
- (b) the total CIL expenditure for the reported year;
- (c) summary details of CIL expenditure during the reported year including—
  - (i) the items of infrastructure to which CIL (including land payments) has been applied,
  - (ii) the amount of CIL expenditure on each item,
  - (iii) the amount of CIL applied to repay money borrowed, including any interest, with details of the infrastructure items which that money was used to provide (wholly or in part),
  - (iv) the amount of CIL applied to administrative expenses pursuant to regulation 61, and that amount expressed as a percentage of CIL collected in that year in accordance with that regulation; and
- (d) the total amount of CIL receipts retained at the end of the reported year.

The charging authority must publish the report on its website no later than 31st December following the end of the reported year.

See Appendix 1 for a copy of the 2018/19 annual statement published on the Council's website.

## **Infrastructure Funding Statement**

The CIL regulations were amended in September 2019 and have introduced the requirement in future to produce an Infrastructure Funding Statement. Authorities will no longer be required to

provide Regulation 123 lists which specify the infrastructure that is to be funded by CIL. Instead, they will need to produce annual Infrastructure Funding Statements.

For the financial year 2019/2020 onwards, any local authority that has received developer contributions (section 106 planning obligations or Community Infrastructure Levy) must publish online an infrastructure funding statement by 31 December 2020 and by the 31 December each year thereafter. Infrastructure funding statements must cover the previous financial year from 1 April to 31 March.

The guidance states the following:

Infrastructure funding statements must set out:

- A report relating to the previous financial year on the Community Infrastructure Levy;
- A report relating to the previous financial year on section 106 planning obligations;
- A report on the infrastructure projects or types of infrastructure that the authority intends to fund wholly or partly by the levy (excluding the neighbourhood portion).

The infrastructure funding statement must set out the amount of levy or planning obligation expenditure where funds have been allocated. Allocated means a decision has been made by the local authority to commit funds to a particular item of infrastructure or project.

It is recommended that authorities report on the delivery and provision of infrastructure, where they are able to do so. This will give communities a better understanding of how developer contributions have been used to deliver infrastructure in their area.

The infrastructure funding statement must also set out the amount of levy applied to repay money borrowed, applied to administrative expenses, passed to other bodies, and retained by the local authority. Local authorities will need to choose when to report money passed to other bodies in an infrastructure funding statement, depending on how the date the money was transferred on relates to the date of reporting.

Authorities can also report on contributions (monetary or direct provision) received through section 278 highways agreements in infrastructure funding statements, to further improve transparency for communities.

It is recommended that authorities report on estimated future income from developer contributions, where they are able to do so. This will give communities a better understanding of how infrastructure may be funded in the future.

The infrastructure funding statements are required to set out the infrastructure projects or types of infrastructure that the authority intends to fund, either wholly or partly, by the levy or planning obligations, though this will not dictate how funds must be spent and in turn collected.

Officers from Planning and Finance will work on producing the first Infrastructure Funding Statement for publication by the end of this calendar year.

### **Implications on related Council policies**

A key role of the Policy Overview Committees is to monitor Council services and make

recommendations on service changes and improvements to the Cabinet who are responsible for the Council's policy and direction.

### **How this report benefits Hillingdon residents**

The Community Infrastructure Levy allows the Council to raise funds from developers undertaking new building projects, which supports financing of new and improved local benefiting residents.

### **Financial Implications**

Financial implications have been covered throughout the report.

### **Legal Implications**

The Borough Solicitor confirms that the legal implications are included in the body of the report.

### **BACKGROUND PAPERS**

Further details in relation to the Council's CIL including Regulation 123 List and the Chrysalis Funding Programme are available on the Council's website at;

<https://www.hillingdon.gov.uk/chrysalis>

<https://www.hillingdon.gov.uk/article/24738/Community-Infrastructure-Levy>

<https://www.hillingdon.gov.uk/article/26611/Hillingdons-Community-Infrastructure-Levy>

## **London Borough of Hillingdon Community Infrastructure Levy Annual Report 2018/19**

The Community Infrastructure Levy (CIL) is a mechanism to allow local planning authorities to seek to raise funds from new development, in the form of a levy, in order to contribute to the cost of infrastructure projects that are, or will be, needed to support new development.

Pursuant to Regulation 62 of the Community Infrastructure Regulations 2010 (as amended) a charging authority ('the Council') is required to report on Community Infrastructure Levy (CIL) receipts and expenditure for a reported year.

Hillingdon's CIL Charging Schedule was adopted by resolution of full Council on 10th July 2014. The provisions of the Charging Schedule and the Planning Obligations Supplementary Planning Document apply to new development in the borough from 1st August 2014. The new charges apply in addition to the Mayor of London's CIL which has been applicable to new development since April 2012.

The types of infrastructure that may be funded by Hillingdon's CIL are outlined in Hillingdon's Infrastructure list known as 'Regulation 123 List' which is in Table 1 below:-

**Table 1:-** Regulation 123 list of infrastructure types to be funded through CIL

<b>Education facilities</b>
<b>Transport improvements</b> excluding site specific matters needed to make the development acceptable in planning terms.
<b>Health care facilities</b>
<b>Community care facilities</b> (social care institutions providing for older people and people with mental health or learning disabilities).
<b>Library services</b>
<b>Leisure facilities</b> (sports facilities defined as publicly owned leisure centres, gyms and swimming pools).
<b>Open space provision:</b> publicly accessible open space and allotments, excluding site specific matters needed to make the development acceptable in planning terms
<b>Community facilities</b> (community centres and meeting places but excluding places of worship; voluntary sector meeting places and centres and public cultural facilities).

This report summarises the position in the financial year 1st April 2018 to 31st March 2019 (2018/19). The summary position is in Table 2 below:-

**Table 2:-** Summary of Hillingdon CIL Income and Expenditure 2018/19

Reg. 62		2018/19 £
	Amount of unapplied CIL carried over from previous year(s)	0
4 (a)	Total CIL Receipts	3,460,274
4 (b)	Total CIL Expenditure	3,460,274
4 (c)	Summary Details of CIL Expenditure:	
(i)	The items of infrastructure to which CIL (including land payments) has been applied and	
(ii)	The amount of CIL expenditure on each item:	
<b>Transport Improvements</b>		
	Highways Structural Works	2,129,390
<b>Community Facilities</b>		
	Community Facilities Refurbishment	13,717
	Access Improvements	131,349
<b>Education Facilities</b>		
	Education Safety	17,890
	Education Improvements	68,000
<b>Open Space Provision</b>		
	Outdoor Sports and Play Facilities	628,342
	Access Improvements	104,885
	Community Facilities Refurbishments	46,189
	Community Safety Schemes	47,498
	Town Centre Improvements	100,000
(iii)	The amount of CIL applied to repay money borrowed, including any interest with details of the infrastructure items which that money was used to provide (wholly or in part)	0
(iv)	The amount of CIL applied to administrative expenses pursuant to regulation 61, and that amount expressed as a percentage of CIL collected in that year in accordance with that regulation (5% of total CIL receipts)	173,014
<b>Total CIL Expenditure</b>		<b>3,460,274</b>
4 (d)	The total amount of CIL receipts retained at the end of the reported year	0
4 (e)	In relation to any infrastructure payments accepted by the charging authority:	
(i)	The items of infrastructure to which the infrastructure payment relate	0
(ii)	The amount of CIL to which each item of infrastructure relates	0

There were zero CIL receipts and expenditure for the financial year 2014/15.

The CIL receipts and expenditure for the financial year 2015/16 was £2,021,483

The CIL receipts and expenditure for the financial year 2016/17 was £3,873,050



The CIL receipts and expenditure for the financial year 2017/18 was £3,636,863

## **NEIGHBOURHOOD CIL PROPORTION**

### **(Regulation 59 and Regulation 62 (ca) and (cb))**

2018/19 saw the payments made towards the delivery of both strategic and neighbourhood CIL projects.

The amount of CIL directed to "neighbourhood expenditure", is set at 15% of receipts subject to a cap of £100 per dwelling (indexed). The amount of neighbourhood CIL allocated within the London Borough of Hillingdon has been capped in accordance with Regulation 59A and 59F.

The allocation of the neighbourhood CIL portion to local projects meets the criteria set out in the Chrysalis Funding Programme, which is a community funding programme designed to support community driven projects since 2009.

The Chrysalis Funding Programme is a project driven funding system available for the provision of or enhancement of facilities on council land / assets whereby genuine proposals for improvements demonstrate a clear benefit to the wider community.

The programme is operated in a manner that seeks to enhance and meet the aims and objectives of CIL Regulations 59 and 62 by apportioning part of the CIL revenues to local based projects since 2015.

The Chrysalis Programme Funds are granted when community proposals demonstrate an improvement or benefit to the local community and support the council's objectives for the target neighbourhood. On the whole, the fund seeks to guide and provide support to proposals which aim to meet local priorities, including maintaining parks and green spaces, helping people to lead healthier, independent lives and, promoting and investing in town centres.

In 2018/19 payments totalling over £1m were made towards the delivery of neighbourhood CIL projects. Costs have been allocated to neighbourhoods in accordance with the criteria set out for the Chrysalis Funding Programme.