

REPORT TITLE: COMMUNITY INFRASTRUCTURE LEVY AND TOWN IMPROVEMENT FUND

WINCHESTER TOWN FORUM

16 NOVEMBER 2016

CABINET

7 DECEMBER 2016

PORTFOLIO HOLDER: Not Applicable

REPORT OF WINCHESTER TOWN FORUM INFORMAL (ACCOUNT) GROUP

Contact Officer: Cllr Learney Tel No: 01962 886367 Email
klearney@winchester.gov.uk

WARD(S): ALL WINCHESTER TOWN WARDS (EXCLUDING THAT PART OF ST BARNABAS WITHIN LITTLETON AND HARESTOCK PARISH]

PURPOSE

To set out the principles for spending the Winchester Town Forum's part of the Community Infrastructure Levy (the City Council's neighbourhood portion of CIL) in order to provide for the community led improvement of the environment and infrastructure in Winchester Town.

RECOMMENDATIONS:

That the Town Forum

1. Consider and approve in principle the suggested approach to spending the Winchester Town part of the Community Infrastructure Levy as set out in section 8.7 of the report; and
2. Asks the Town Forum Account (Informal) Group to bring forward guidelines and mechanisms for inviting and adjudicating project proposals, and disposing of funds, at its next meeting in January 2017.

TO CABINET

3. That 15% of CIL from qualifying development in the Winchester Town area (other than that part of St Barnabas which is within the Parish of Littleton and

Harestock) be allocated to support the development 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.

IMPLICATIONS:

1. COMMUNITY STRATEGY OUTCOME

1.1 Using CIL funds for infrastructure and other measures is consistent with delivering the following:

1.2 Active Communities

- Promote community cohesion
- Provide accessible sport and recreation
- Ensure our communities are healthy and safe

1.3 Prosperous Economy

- Support the local economy
- Promote tourism and the cultural assets of the District

1.4 High Quality Environment

- Work towards a lower carbon District
- Effective traffic management and support for transport provision
- Ensure that the quality of the place we enjoy is maintained and enhanced

2. FINANCIAL IMPLICATIONS (to be reviewed by s151 officer)

2.1 This report seeks to agree a way forward to develop guidelines and mechanism for spending the Winchester Town (15%) share of CIL budgets will be set in line with existing budget setting processes and final project approval will only take place based on CIL funds actually collected.

3. LEGAL AND PROCUREMENT IMPLICATIONS

3.1 In general, money received under the Levy can only be spent on infrastructure projects. However, the Community Infrastructure Levy Regulations 2010 (as amended) provide for 15% of the levy receipts to be passed to the parish council, and this portion (the "neighbourhood portion") can be spent on a wider range than applies to the other income received.

3.2 The Regulations provide that in an area which is unparished, the City Council may use 15% of CIL from that area to the same extent as a parish council could. It can therefore be used to support the development of the relevant 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.
- 3.3 Although the Regulations use the word “may”, suggesting this is a permissive power, the associated guidance states that local authorities “must” use 15% in this way. There is clearly an expectation from Government that local authorities will comply with that guidance.
- 3.4 In using CIL money in this way, the City Council must engage with communities and agree with them how best to spend the neighbourhood proportion.
- 3.5 Following the 2015 Boundary Changes, Harestock is part of St Barnabas Ward. However, it is also part of Littleton and Harestock Parish Council. 15% of any CIL received from development within Harestock would therefore have to be given to the Parish Council, rather than being dealt with by the Town Forum.
4. WORKFORCE IMPLICATIONS
- 4.1 None.
5. PROPERTY AND ASSET IMPLICATIONS
- 5.1 Improved ability to maintain and improve community assets within Winchester Town
6. CONSULTATION AND EQUALITY IMPACT ASSESSMENT
- 6.1 No consultation has been carried out in advance of this report but this paper forms an initial consultation with the Councillors of the Winchester Town Forum.
7. RISK MANAGEMENT

For those risks shaded grey below, please ensure compliance with the Council’s risk appetite

<http://sharepoint/Intranet/HRHub/InsuranceRisk/Shared%20Documents/Risk%20Appetite%20Statement.pdf> for further information)

Risk (Detail in this column specific risks, under each of these headings)	Mitigation	Opportunities
<i>Property N/A</i>		
<i>Community Support – CIL is not allocated to projects which have community support</i>	Protocol requires requests for funding to show community benefits.	Secure investment in city wide infrastructure which may otherwise not occur.

<i>Timescales None</i>		
<i>Project capacity No capacity to deliver projects identified for CIL funding.</i>	Protocol requires requests for CIL funding to show how a scheme would be delivered.	
<i>Financial / VfM Over reliance on funding arising from development to fund forecast expenditure</i>	Appropriate budget management including monitoring & review. Programme based on CIL funding received.	An improved approach to allocating capital expenditure from the Town Account.
<i>Legal Failure to comply with regulations for the expenditure of CIL monies</i>	Legal advice provided in relation to the development of the spending protocol	
<i>Innovation N/A</i>		
<i>Reputation Failure to use CIL funds could attract criticism as could allocating funds to projects which have no demonstrable community support.</i>	Spending protocol will enable funds to be allocated in a logical and transparent way and requests for funding need to show community benefits or linkages.	Show that accommodating development in the city can have wider benefits.
<i>Other</i>		

8. SUPPORTING INFORMATION:

8.1 Background

- 8.1.1. The change from the previous mechanism of Section 106 agreements and unilateral undertakings, which supported items like open space provision within the town, to new arrangements under the Community Infrastructure Levy (CIL) which was introduced in April 2014 has led to changes in the way the City, County, Town Forum and Parish Councils consider funding many of their capital projects and other commitments.
- 8.1.2. The Council decided that it will allocate 25% of its CIL to the County Council, because they are responsible for providing a wide variety of infrastructure in the District (education, transport etc.), and is also required to pass 15 % (25% where there is an adopted neighbourhood plan) to parish councils (the neighbourhood portion). It was also determined that in the absence of a parish/town council for Winchester, the Town Forum would receive 15% of CIL which is in effect the neighbourhood portion for the Town area. The remainder is retained by the City Council (District wide CIL funds). A spending protocol for this fund was agreed by Cabinet in July 2016.

- 8.1.3. Until recently the Winchester Town Account relied on Open Space funding to cover the need for refurbishment of play grounds and open spaces. With less funding coming from CIL, compared to the previous system, the play area requirement would alone use most of the Town Forum's CIL funding if deployed in this way. The risk of failing to have funds for essential renovation is increasing. It is also questionable whether allocating all of the neighbourhood proportion in this way reflects CIL guidance on meeting local priorities.
- 8.1.4. The Town Forum Informal (Account) Group has expressed a desire to put expenditure on play areas on to a sustainable long term footing and work by officers and the Group has shown this is possible without relying upon CIL income. This has created a space to examine how the Town Forum recommends the allocation of the Council's neighbourhood proportion of CIL most effectively for community benefit.
- 8.1.5. An additional opportunity exists to create a clear and more evidence-based process for the allocation of much of the Town Account capital funding.
- 8.2 Current levels of CIL funding available
- 8.2.1 CAB 2807 reported that as of 31 March 2016 the Town allocation of CIL was £56,113. As at 8 September 2016 the total Town share of demand notices issued, since the introduction of CIL in 2014/15, was £147,238 with £60,522 of this collected by the Council.
- 8.2.2 CAB2807 agreed the principle that final project approval can only occur once the CIL funds have actually been collected, with demand notices issued but not collected used for planning purposes.
- 8.3 Guidance on spending the Neighbourhood portion of the Levy
- 8.3.1 The Government has published comprehensive guidance on the regulations surrounding the collection and spending of CIL funds – relevant extracts are in italics below.
- 8.3.2 In order that local people can experience benefit or at least perceive less harm from development a proportion should be spent in the neighbourhood of new development - *“Local authorities must allocate at least 15% of levy receipts to spend on priorities that should be agreed with the local community in areas where development is taking place.”*
- 8.3.3 Where Parish and Town Councils exist the Levy is passed directly to them, where they don't exist different arrangements need to be set in place - *“Communities without a Parish, Town or Community Council will still benefit from the 15% neighbourhood portion . If there is no Parish, Town or Community Council, the charging authority will retain*

the levy receipts but should engage with the communities where development has taken place and agree with them how best to spend the neighbourhood funding. Charging authorities should set out clearly and transparently their approach to engaging with neighbourhoods using their regular communication tools e.g. website, newsletters, etc. The use of neighbourhood funds should therefore match priorities expressed by local communities, including priorities set out formally in neighbourhood plans.”

- 8.3.4 The City Council needs to demonstrate it has engaged communities although it can decide how best to do this as long as it is at a local level: *“The Government does not prescribe a specific process for agreeing how the neighbourhood portion should be spent. Charging authorities should use existing community consultation and engagement processes....Crucially this consultation should be at the neighbourhood level. It should be proportionate to the level of levy receipts and the scale of the proposed development to which the neighbourhood funding relates.”*
- 8.3.5 The neighbourhood portion is not subject to the same limitations as the District which has to specify through its regulation 123 list the infrastructure and types of infrastructure CIL can be spent on - *“Where the charging authority retains the neighbourhood funding, they can use those funds on the wider range of spending that are open to local councils.”* This is clarified in CIL regulation 59F which states that CIL money in areas such as Winchester town can be spent on - *“the provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on an area”.*
- 8.3.6 Thought needs to be given as to how, when and where CIL money is spent given the pressure development puts on particular areas across the city - *“In deciding what to spend the neighbourhood portion on, the charging authority and communities should consider such issues as the phasing of development, the costs of different projects (e.g. a new road, a new school), the prioritisation, delivery and phasing of projects, the amount of the levy that is expected to be retained in this way and the importance of certain projects for delivering development that the area needs. Where a neighbourhood plan has been made, the charging authority and communities should consider how the neighbourhood portion can be used to deliver the infrastructure identified in the neighbourhood plan as required to address the demands of development.”*

8.4 Meeting neighbourhood priorities

- 8.4.1 Reductions in expenditure by the County and City Councils have inevitably been targeted at non-statutory services leaving little room in budgets for non-essential environmental improvements or indeed the

maintenance of assets we already have. This is giving rise to demand for action from residents and questions about what the Council does for them with little resource to meet those pressures or aspirations.

- 8.4.2 Formal neighbourhood plans have not been agreed in the Town area but several neighbourhoods do have community plans which have been widely consulted on. These plans identify issues of importance to those communities both in terms of preservation and enhancement of existing facilities and community wishes going forward. The updated Vision for Winchester document adopted by the Town Forum in 2012 after widespread discussion sets out aspirations for the Town in response to the challenges of development.
 - 8.4.3 While the guidance is clear that the City Council has to agree spending priorities with communities, it also emphasises the use of existing mechanisms and consultation processes should be proportionate to the funds available. The existing Town Forum consists of all Councillors representing the Winchester Town area. Councillors are constantly in contact with neighbourhood groups, hold surgeries and contact individual residents through door knocking, surveys and so on. They have a democratic mandate which does not exist for other interest groups in the Town area. With last year's CIL receipts (2015/16) equivalent to approximately 7% of the Town Account net expenditure, there seems little justification for setting up a resource intensive alternative consultative process. The Forum is ideally placed to fulfil the requirement to engage with Winchester's communities in relation to the allocation of the neighbourhood portion of CIL.
 - 8.4.4 Consideration must be given to the location of development in deciding priorities in order that residents can see a clear linkage between what is going on in their area and benefits achieved from CIL funds.
 - 8.4.5 In addition to members of the Forum, Community groups, residents and other local organisations should be able to put their ideas forward for consideration to demonstrate community involvement in the process.
- 8.5 A Town Improvement Programme
- 8.5.1 In considering how the money should be spent, and what the process might be, it is useful to look at what is already going on successfully within the Council.
 - 8.5.2 The estates improvement programme run by the Council's Housing service for a number of years has delivered a significant number of projects in areas with a high proportion of Council tenants and could provide a means to deliver a range of improvements. The scheme has been very popular with tenants and other residents in those areas. Projects have included

- Improving parking arrangements and facilities
- Improving security in communal areas, through the installation of door entry systems
- The installation of communal fencing & lighting
- Small scale regeneration projects.

8.5.3 Funding for an improvement scheme covering the whole of the Town would allow the Council to deliver smaller projects benefitting a wide range of residents as well as any key items of expenditure. In addition to the kind of schemes funded through the existing estates improvement programme this could include for example building small scale local sports facilities, improving local community centres, planting trees or making shopping areas more attractive.

8.5.4 Schemes may need a combination of Town Account and CIL funding in order to proceed and the ability to examine both together in the context of the budget available to develop a coherent programme would be advantageous. It is also possible that schemes which have more than a local benefit could be jointly funded by the neighbourhood portion and District-wide CIL.

8.6 Other considerations

8.6.1 A higher level of capital expenditure from the Town Account will create an increased need for officer support in developing and implementing plans. 5% of CIL receipts can be spent on administrative support and the City Council has an officer in place to assist. The Town Forum Account Group is aware of the need to consider whether further support is required.

8.6.2 Cabinet agreed (CAB2807) that “15% of CIL from qualifying development to the Winchester Town Account for expenditure on infrastructure projects in the Winchester Town area which are consistent with the Council’s Regulation 123 list;”. However, there is greater flexibility within the regulations for the neighbourhood portion. The recommendations therefore include a recommendation to Cabinet to widen the scope for spending the 15% element.

8.6.3 Any program for spending CIL will require monitoring, up-dating and revision as and when opportunities arise for example for match funding projects.

8.6.4 Some projects may require a longer term to bring to fruition and therefore a programme which covers 2-5 years could be developed, this would have to rely on projections of CIL funding but could be supported by additional town account funding.

8.6.5 A Town Improvement programme may be funded from several sources. For the purposes of effective monitoring and reporting, clarity

will be needed regarding the projects to which CIL funds have been allocated and the extent of such funding.

8.7 Conclusion – principles for the allocation of CIL

- 8.7.1 The Town Forum should be the body that recommends schemes and projects for the allocation of the Council neighbourhood portion of CIL. It should decide its recommendations through a clear process which conforms to the CIL regulations and takes into account needs created by development, community plans and community priorities.
- 8.7.2 The allocation should be incorporated into a Town Improvement Fund budget which can then include further monies made available for the same purpose.
- 8.7.3 The fund should be for one-off capital projects which address individual neighbourhood or multi-neighbourhood issues within Winchester Town. Priority should be given to proposals which support the aims of the Winchester Town Vision, local community plans and the district Community Strategy.
- 8.7.4 It is envisaged that proposals will have an estimated cost to the Fund of between £1000 and £50000. The Town Forum is able to authorise under Financial procedure Rule 6.4 capital expenditure up to a limit £50,000 (and which is within the policy and budget framework) on Town Account capital schemes within the approved capital programme. The Scheme of Delegation also allows the Town Forum to “incur expenditure” within the policy and Section 35 Town Account Revenue Budget. Any other expenditure outside these provisions must be authorised by Cabinet.
- 8.7.5 All proposals must benefit primarily Winchester Town neighbourhoods. Projects that extend across Town/Parish boundaries but benefit Winchester Town residents will also be considered in conjunction with relevant County, City or Parish Council proposals. Other opportunities for joint funding could also be considered, as will projects that could attract additional sources of funding.
- 8.7.6 Proposals could be made by members of the Winchester Town Forum (City Councillors representing the Town Wards), Winchester Town community and neighbourhood organisations, residents groups, local non-profit, incorporated groups, societies, charities, neighbouring Parish, City and County councils.
- 8.7.7 Project proposals should be submitted using a standard form which would require information about:
- The impact and beneficiaries of the proposal
 - The deliverability of the scheme.

- The scale and location of the proposal
- The estimated cost
- The scope for joint/matched funding from other sources
- The scope for the proposal to be funded from another source
- On-going (revenue) cost implications

8.7.8 Proposals that satisfy initial screening, which will check to ensure they are consistent with the requirements of the protocol, should be considered by the Winchester Town Account Informal Group. Recommendations for the allocation of funds will then be made to the Town Forum and Cabinet as part of the budget setting process.

8.7.9 When making recommendations the group should take into account the neighbourhoods where CIL has been collected and the impact development has had on particular parts of the town.

8.7.10 Where proposals have considerable merit but do not satisfy the requirements for CIL funding or sufficient CIL is not available they may still be considered for additional funding from the Town account. A clear account must exist showing which projects have benefitted from CIL funding and to what extent.

8.7.11 It is suggested that at the current time proposals for revenue funding should not be considered. Any recurring revenue implications arising from proposed schemes must be assessed in the project's financial appraisal. Where future revenue costs arise proposals should only go forward if agreed through the relevant revenue budget processes.

8.7.12 In line with other budgets, a review stage part way through the financial year should be in place to allow for revisions where appropriate. This may happen for example where urgent projects come forward, where it becomes clear projects are not achievable, when an influx of CIL makes it possible to bring forward projects sooner or other opportunities arise to deliver projects using other funding streams but requiring a contribution from CIL (match funding).

9. OTHER OPTIONS CONSIDERED AND REJECTED

9.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB 2807 COMMUNITY INFRASTRUCTURE LEVY (CIL) SPENDING PROTOCOL

www.winchester.gov.uk/assets/files/26891/CAB2807.pdf

Other Background Documents:-

Community Infrastructure Levy guidance -

<http://planningguidance.communities.gov.uk/blog/guidance/community-infrastructure-levy/>

Community Infrastructure Levy (Amendment) Regulations 2013

<http://www.legislation.gov.uk/uksi/2013/982/regulation/8/made>

Vision for Winchester

<http://www.winchester.gov.uk/assets/files/12229/VisionofWinchester2012-WEBv2.pdf>

APPENDICES:

None