

Report of:	Head of Economic Prosperity
Contact Officer:	Amy Jackson
Telephone No:	01543 464577
Portfolio Leader:	Economic Development and Planning
Key Decision:	No
Report Track:	Cabinet: 19/12/19

CABINET
19 DECEMBER 2019
CANNOCK CHASE COMMUNITY INFRASTRUCTURE LEVY (CIL)
FINANCIAL YEAR REPORT

1 Purpose of Report

- 1.1 To note the CIL financial year report 2018/19.
- 1.2 To note changes made to 'Community Infrastructure Levy – Guidance for Applicants and Developers' which reflect recent changes to legislation.

2 Recommendations

- 2.1 That the CIL financial year report be noted.
- 2.2 That the changes to the 'Community Infrastructure Levy – Guidance for Applicants and Developers' are noted.

3 Key Issues and Reasons for Recommendation

- 3.1 The Council approved the CIL Charging Schedule and Regulation 123 List of infrastructure projects eligible to receive funding at its meeting on 15/04/2015. CIL came into effect in relation to relevant chargeable development on 01/06/2015.
- 3.2 CIL is intended to provide a funding stream for infrastructure needed to support the policies and proposals in the adopted Local Plan. It will partly replace funding previously obtained via Planning Obligations under Section 106 of the Town and Country Planning Act 1990 (as amended).
- 3.3 The Council was legally required to produce a financial year report on CIL receipts and spend in accordance with the Community Infrastructure Levy

Regulations 2010 (as amended) (CIL Regulations). This is the fourth financial report since the adoption of CIL and it provides a summary of CIL receipts and expenditure for the financial year 2018-19. It should be noted that the CIL financial report will be replaced by an annual infrastructure funding statement as of 31 December 2020; this statement will have to provide summary details of CIL and Section 106 receipts and expenditure. For more information regarding infrastructure funding statements please see Council 06/11/19.

4 Relationship to Corporate Priorities

4.1 This report supports the Council's Corporate Priorities as follows:

- **Promoting Prosperity:** CIL supports investment in infrastructure which in turn encourages investment in housing, town centres and employment opportunities and skills in the District.
- **Community Wellbeing:** CIL supports investment in infrastructure which in turn can help encourage healthier living opportunities and safer, more attractive environments in the District. For example, CIL receipts can be used to fund Parks & Open Spaces projects which will in turn promote healthy lifestyles and social inclusion.

5 Report Detail

Financial report overview

- 5.1 The Council's CIL financial year report is provided at Appendix 1. It reports on the period from 1 April 2018- 31 March 2019. The CIL Regulations required that the Council must report on a stipulated set of figures. It should be noted that as of 1 September 2019, the CIL Regulations have been amended to now require Councils to publish annual infrastructure funding statements, which will include details of CIL and S106 receipts and expenditure.
- 5.2 The first infrastructure funding statement must be published by 31 December 2020 and will relate to the 2019/20 financial year. As there are no transitional arrangements provided in the amended Regulations for how the 2018/19 financial year figures are reported, it was deemed appropriate to report this in the same format at previous years for consistency, as the CIL matters included in previous reports are already in line with requirements set out for the infrastructure funding statements.
- 5.3 The CIL financial report includes the level of CIL receipts collected; the level of CIL expenditure within the reporting year; the items to which that expenditure has been allocated to; levels of neighbourhood fund expenditure; and the total amount of CIL receipts retained following expenditure. This information should be published on the Council website by 31 December 2019, following the end of the reporting year.

- 5.4 The financial year report outlines that £1,427,487 in CIL receipts was collected in 2018/19. This is a notable increase on the level of CIL receipts for 2017-18 (£211,434) and reflects the nature of CIL, i.e. schemes are only liable to pay CIL once they have commenced development, so many sites which obtained planning permission from 2015 onwards (when CIL was adopted) are now being implemented and generating CIL receipts. In addition, approximately 62% of the CIL receipts for 2018/19 are as a result of the McArthur Glen development. Of the £1,427,487 received in 2018/19 the Council has retained £1,143,952 for future expenditure on infrastructure (this totals £1,279,989 when neighbourhood funds applicable to the non-parished areas are included).
- 5.5 CIL expenditure on infrastructure totals £36,465 in 2018/19, which has been allocated to the Cannock Chase Special Area of Conservation (SAC) Mitigation Measures-a project identified on the CIL Infrastructure list (which identifies a range of projects eligible to receive CIL funding). The Cannock Chase SAC is an internationally protected ecological site and the approach to 'top slicing' of CIL funds to contribute towards projects that ensure no harm arises to this protected site as a result of additional housing development has been previously agreed by Cabinet (see 25/07/13 and 20/11/14). There is a package of measures which will ensure no harm arises to the SAC as a result of additional recreational pressures from the residents of new housing developments within the District and to ensure compliance with Conservation of Habitats and Species Regulations 2017.
- 5.6 A total of £39,659 has been passed to parish councils in 2018/19, representing 15% of the CIL receipts received in those Parishes (Rugeley Town, Hednesford Town, Heath Hayes & Wimblebury Parish, Norton Canes Parish, Cannock Wood Parish and Brereton & Ravenhill Parish Councils). This is required under Regulation 59A of the CIL Regulations. The transfer of neighbourhood funds to Parishes from the second half of the 2018/19 financial year occurs post 31 March 2019. Therefore these transfers are not included in the 2018/19 report. A total of £49,797 was transferred in April 2019 to Rugeley Town Council, Hednesford Town Council and Bridgtown Parish Council. The total CIL receipts retained will therefore be less following the transfer of these funds. This will be reflected in the infrastructure funding statement for 2019/20.
- 5.7 It should be noted that on 28 November 2018, Hednesford Neighbourhood Plan was 'made' (Council 28/11/18). Therefore, Hednesford Town Council will receive 25% of CIL funds received from CIL liable developments granted planning permission after 28/11/2018 in Hednesford Town Neighbourhood Area.
- 5.8 £136,037 has been retained as neighbourhood funds for non-parished areas in 2018/19, pending further consultation with the local community regarding its spend (Cannock East Ward-£132,133, Cannock South Ward-£2,239, Rawnsley Ward-£1,665). This represents 15% of CIL receipts received within those Wards. This is in accordance with Regulation 59F of the CIL Regulations and the Council's approved CIL allocations process (see Cabinet Report 23/07/15).
- 5.9 £71,374 allocated for expenditure on CIL administrative expenses in this financial year (representing 5% of the total CIL receipts as permitted in the CIL Regulations) as per Cabinet Report 08/11/2018.

- 5.10 Taking into account receipts retained from previous years, the total CIL receipts retained by the Council as at end of 2018/19 for future expenditure on infrastructure is £1,386,522 (note this figure is £1,546,433 if the neighbourhood funds for the non-parish areas retained at present are included).
- 5.11 This CIL financial year report will be incorporated into the Council's wider Annual Monitoring Report for the Local Plan (Part 1), for which there is already delegated authority to publish with the agreement of the Head of Economic Prosperity and Portfolio Leader for Economic Development and Planning (Cabinet Report 21/04/16).
- 5.12 A previous report on the funding decisions protocol (Cabinet Report 23/07/15), set out that the allocation of CIL funds process would not begin until a sufficient level of receipts had been received. Given the overall level of receipts received to date it was considered appropriate for the Council to carry out its first CIL allocations process in 2019/20. Details of this process and the recommendations made will be set out in an Appendix alongside the Council's overall budget report in February 2020.
- 5.13 The CIL Guidance for Applicants and Developers is a guide that provides details of CIL charges, advice on how the system of calculating and collecting CIL will operate the types of development which are exempt nationally, the circumstances where relief from the charges may be available. This is not a policy document and provides technical guidance only. It has been considered necessary to undertake some minor amendments to this document to reflect the national legislative amendments that have come into effect 1 September 2019, i.e. changes in penalties regarding failure to submit a commencement notice, removal of Regulation 123 etc. Cabinet is asked to note that this work has been undertaken.

6 Implications

6.1 Financial

The CIL receipts referred to in the body of the report are held in the Council reserves pending future allocation to CIL infrastructure list projects.

6.2 Legal

The legal implications are set out in the report.

6.3 Human Resources

None.

6.4 Section 17 (Crime Prevention)

None.

6.5 Human Rights Act

None.

6.6 Data Protection

None.

6.7 Risk Management

A risk assessment has been undertaken. The main area of risk relates to non compliance with the CIL Regulations, however this has been minimised through the production of this annual report and guidance which has been produced in fulfilment of the Council's Duty in that regard.

6.8 Equality & Diversity

None.

6.9 Best Value

None.

7 Appendices to the Report

Appendix 1: CIL Financial Report 2018-19

Previous Consideration

Interim Planning Policy on Planning Obligations Relating to Impact of New Residential Development on the Cannock Chase Special Area of Conservation	Cabinet	25 July, 2013
Cannock Chase Special Area of Conservation Partnership Memorandum of Understanding and Permission to Spend on Mitigation Projects	Cabinet	20 November, 2014
Cannock Chase Community Infrastructure Levy Charging Schedule	Council	15 April, 2015
Cannock Chase Community Infrastructure Levy Funding Decisions Protocol	Cabinet	23 July, 2015
Local Plan (Part 1) Authority Monitoring Report	Cabinet	21 April, 2016
Cannock Chase Community Infrastructure Levy Financial Year Report and CIL Guidance for Parish and Town Councils	Cabinet	8 November, 2018
Hednesford Neighbourhood Plan Adoption	Council	28 November, 2018
Recommendations Referred from 17/10/19 Cabinet: Updated Community Infrastructure Levy Infrastructure List (Former Regulation 123 List)	Council	6 November, 2019

Background Papers

- Planning Act 2008
- Community Infrastructure Levy Regulations 2010 as amended in, 2011, 2012, 2014, 2015, 2019
- Conservation of Habitats and Species Regulations 2017

Community Infrastructure Levy (CIL) Annual Financial Report (2018/19) to be published by 31st December 2019

Cannock Chase Council (CCDC- the charging authority) introduced its CIL charging schedule on the 1st June 2015. Regulation 62 of the Community Infrastructure Levy Regulations 2010 (as amended) (CIL Regulations) required the Council to produce an annual report for each financial year setting out the amount of CIL receipts received; spending of CIL receipts; and the amount of CIL retained by the Council for future spend. This Regulation is no longer enforced but the Council is still providing the information. This report covers the period from 1st April 2018-31st March 2019. *Note- amounts are rounded to the nearest £1.*

CIL Regulation Reference	Reporting Criteria	Value (£)/ Project (see also explanatory notes)
62(4)(a)	Total CIL receipts for the reported year.	£1,427,487
62(4)(b)	Total CIL expenditure for the reported year.	£107,839
62(4)(c)	<i>Summary details of CIL expenditure during the reported year other than in relation to CIL to which regulation 59E or 59F applied (i.e. excludes funding for local priorities passed to local councils or in unparished areas) including:</i>	
62(4)(c)(i)	The items of infrastructure to which CIL (including land payments) has been applied.	Cannock Chase SAC
62(4)(c)(ii)	The amount of CIL expenditure on each item.	£36,465
62(4)(c)(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 including any interest, with details of the infrastructure items which that money was used to provide (wholly or in part).	£0
62(4)(c)(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.	£71,374 (5%)
62(4)(ca)	<i>The amount of CIL passed to:</i>	
62(4)(ca)(i)	Any local council under regulation 59A or 59B.	£39,659
62(4)(ca)(ii)	Any person under regulation 59(4).	£0

CIL Regulation Reference	Reporting Criteria	Value (£)/ Project (see also explanatory notes)
62(4)(cb)	Summary details of the receipt and expenditure of CIL to which regulation 59E or 59F applied during the reported year (i.e. funding for local priorities passed to local councils and recovered or funding for unparished areas) including:	
62(4)(cb)(i)	The total CIL receipts that regulations 59E and 59F applied to.	£136,037
62(4)(cb)(ii)	The items to which the CIL receipts to which regulations 59E and 59F applied have been applied including the amount of expenditure on each item ((cb)((iii)).	£0 N/A
62(4)(cc)	Summary details of any notices served in accordance with regulation 59E (recovery of funding passed to parishes), including:	
62(4)(cc)(i)	The total value of CIL receipts requested from each local council.	£0
62(4)(cc)(ii)	Any funds not yet recovered from each local council at the end of the reported year.	£0
62(4)(d)	The total amount of:	
62(4)(d)(i)	CIL receipts for the reported year retained at the end of the reported year other than those to which regulation 59E and 59F applied.	£1,143,952
62(4)(d)(ii)	CIL receipts from previous years retained at the end of the reported year other than those to which regulation 59E or 59F applied.	£242,570
62(4)(d)(iii)	CIL receipts for the reported year to which regulation 59E and 59F applied retained at the end of the reported year.	£136,037
62(4)(d)(iv)	CIL receipts from previous years to which regulation 59E and 59F applied retained at the end of the reported year.	£23,874
62(4)(e)	In relation to any infrastructure payments accepted by the charging authority:	
62(4)(e)(i)	The items of infrastructure to which the infrastructure payments relate.	N/A
62(4)(e)(ii)	The amount of CIL to which each item of infrastructure relates.	£0

Explanatory notes

Regulation 62(4) (a) Total CIL receipts

CIL receipts for 2018/19 total £1,427,487. Of this, £5,692 was receipts from surcharges (where CIL procedures have not been followed, the Council can apply surcharges). The Council did not receive any CIL payments in land this year.

Regulation 62(4) (b) Total CIL Expenditure

Total CIL expenditure for the reporting year is £107,618. This consists of expenditure upon infrastructure projects and administrative expenses (see further detail below).

Regulation 62(4) (c) Summary details of CIL expenditure

- The only CIL expenditure in this reporting year on Regulation 123 list infrastructure items has been on Cannock Chase Special Area of Conservation (SAC) mitigation measures (£36,244). As per the locally agreed approach to the funding of this item 'top slicing' of all CIL receipts related to residential development within the District automatically takes place to be allocated against this project.
- £71,374 of CIL funds have been allocated for administrative expenses in 2018/19 (up to 5% is allowed as per Regulations).

Regulation 62 (4) (ca-cc) CIL funds passed to local councils, recovered from local councils and applied to non-parish areas

- CIL expenditure in relation to neighbourhood funds takes place automatically, as per CIL Regulations. This stipulates that 15% of CIL receipts (excluding surcharges) from local areas (with no neighbourhood plan) should be transferred to the relevant parish/town council or in non parish areas consultation undertaken with the local community. This increases to 25% in areas with a neighbourhood plan.
- Funds have been transferred to Rugeley Town Council, Hednesford Town Council, Heath Hayes & Wimblebury Parish Council, Norton Canes Parish Council, Cannock Wood Parish Council, Brindley Heath Parish Council and Brereton & Ravenhill Parish Council in this reporting year. These funds total £39,569. The transfer of neighbourhood funds to Parishes from the second half of the 2018/19 financial year occurs post 31st March 2019. Therefore these transfers are not reported here. A total of £49,797 was transferred in April 2019 to Rugeley Town Council, Hednesford Town Council & Bridgtown Parish

Council. The total CIL receipts retained will therefore be less following the transfer of these funds. This will be reflected in the financial report for 2019/20.

- In relation to CIL receipts from non-parish areas, in accordance with the Councils adopted protocols the 15% proportion for the relevant wards has been retained for future spending in consultation with the local communities (£132,133 Cannock East Ward, £2,239 Cannock South Ward, £1,665 Rawsley Ward).
- Cannock Chase Council has not made any requests for the recovery of neighbourhood funds from local councils within the reporting year.

Regulation 62(4) (d) Total amount of CIL receipts retained

- The total amount of CIL funds retained from 2018/19 receipts for future expenditure on infrastructure is £1,143,952 (note this figure is £1,094,155 when taking into account the parish payment of £49,797 that is transferred in April 2019). Taking into account receipts from previous years, the total amount of CIL receipts retained by the Council for future expenditure on infrastructure is £1,386,522 (note this amount is £1,546,433 if funds retained for unparished areas are included). These receipts have not been allocated to any Regulation 123 list projects at this time. The Council will retain these funds and keep under review the level of receipts received to inform a decision on when to begin the process of allocating funds to specific CIL Infrastructure list projects.

Regulation 62(4) (e) Infrastructure payments accepted

No payments 'in kind' of infrastructure have been accepted in this reporting year.