

 <b>Executive Committee</b> <b>5<sup>th</sup> April 2018</b>		<b>Agenda Item No.</b> <b>7</b>
<b>Title</b>	Community Infrastructure Levy (CIL) Regulation 123 List for 2018/19	
<b>For further information about this report please contact</b>	Dave Barber – Head of Development Services 01926 456065 Dave.barber@warwickdc.gov.uk	
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	15 <sup>th</sup> November 2017 Minute no. 83	
<b>Background Papers</b>	Draft Reg 123 List adopted 15 <sup>th</sup> November 2017	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Yes</b>	No
<b>Included within the Forward Plan? (If yes include reference)</b>	Yes – Ref 921
<b>Equality Impact Assessment Undertaken</b>	No
Not applicable	

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	14/3/18	Chris Elliott/Bill Hunt
Head of Service	02/3/18	Dave Barber
CMT	14/3/18	Bill Hunt
Section 151 Officer	14/3/18	Mike Snow
Monitoring Officer	14/3/18	Andrew Jones
Finance	14/3/18	Jenny Clayton
Portfolio Holder(s)	15/3/18	Cllr Alan Rhead
<b>Consultation &amp; Community Engagement</b>		
<p>The Infrastructure Delivery Plan (IDP) was subject to consultation as part of the Local Plan process. The CIL Regulation 123 is based on the IDP. In developing the proposals in the Reg 123 list, there has been significant consultation with Infrastructure Providers including Warwickshire County Council, SWFT, the Clinical Commissioning Group, the Police, and other services within WDC.</p>		
<b>Final Decision?</b>	Yes	
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **Summary**

- 1.1 The report sets out the proposed CIL Regulation 123 list for 2018/19 as the basis for focusing the distribution of CIL receipts collected during the year.

## 2. **Recommendation**

- 2.1 That Executive approves the CIL Regulation 123 List set out in Appendix 1
- 2.2 That the table set out at paragraph 3.8 below is used as the basis for distributing CIL receipts collected during 2018/19.

## 3. **Reasons for the Recommendations**

- 3.1 In preparing the proposals for the Reg. 123 List, officers have consulted with Infrastructure Providers including Warwickshire County Council, NHS South Warwickshire Foundation Trust, the Clinical Commissioning Group, the Police, and other services within WDC. These providers have submitted proposals for consideration for inclusion in the Reg. 123 list for 2018/19. A full description of the submitted proposals is set out in Appendix 2. Having assessed these proposals, taking particular account of likely CIL receipts for the year and alternative sources of funding, the recommended CIL Reg. 123 list is set out in Appendix 1.

- 3.2 In August 2017, in conjunction with the Development Portfolio Holder, the following criteria were put forward as the basis for assessing proposals for the Reg. 123 list:

- Identified benefits of project
  - § Relationship to development proposed within the Local Plan
  - § Extent to which project addresses current and projected issues
  - § Anticipated impact on infrastructure capacity once project completed
- Identification of the project within the IDP
- Overall cost of project
- Required level of funding from CIL (taking account of other sources of funding and the degree to which these are committed)
- State of progress (is the scheme clearly planned and deliverable within the timescale envisaged?)

These criteria have been circulated to infrastructure providers to help shape their proposals and have been used to assess the proposals as set out in the table below.

- 3.3 These criteria were identified to provide a way of fairly assessing infrastructure proposals from different organisations. In doing, officers have been conscious that, although Warwick District Council is the CIL charging authority and has the ultimate say on where CIL money is spent, the purpose of CIL is to collect money to spend on infrastructure that the community needs. In this context, the relationship between the Reg. 123 List and the Infrastructure Delivery Plan is important. The IDP is underpinned by an evidence base which was prepared alongside the Local Plan. Schemes in the IDP have therefore been identified as being priorities to address the impact of growth. It is therefore reasonable to use the IDP as the starting point for the Reg. 123 list as we can be confident that the benefits of these schemes have been evidenced and tested alongside the Local Plan preparation and examination.

3.4 It should also be noted that the CIL regulations prevent Section 106 contributions being sought for any items that are included within the Reg.123 List. It is therefore important to consider which infrastructure projects are directly related to specific developments (and are therefore best funded through Section 106 contributions) and which relate either a large number of developments or do not relate well to any specific development, in which case CIL may be more appropriate.

3.5 A summary of the assessment of each proposal is set out below:

Infrastructure Project Title	Total CIL requested 2018-2023	CIL requested 2018/19	Assessment	Include in reg 123? y/n
Improvements to Destination Parks – St Nicholas, Warwick and Abbey Fields, Kenilworth	£4.00m	Nil	Aligns with IDP and given nature and location infrastructure may be difficult to achieve through S106 funding.	Yes
Tach Brook Country Park Visitor and Interpretation Centre	£500k	£100k	Total project cost is around £2.1m. Much of these is already funded through Section 106 agreements. The specific proposals are not included in IDP, although adds value to Country Park proposals. The may be potential to explore alternative delivery models and/or other sources of funding	No
Improvements to Neighbourhood Parks and Local Green Spaces	£800k	£50k	In general these are local impacts only. Although the project(s) may be appropriate for CIL funding, it is suggested that they are a lower priority than other proposals	No
Warwickshire Fire & Rescue Service - Equipment Costs to Enable Service Provision	£28.5k	£5k	This is a revenue cost. Although the impact of development on this service is understood, it is not considered appropriate for inclusion within CIL reg. 123 list	No
Bath Street Improvement Scheme	£3.9m	£70k	This is an area of significant congestion which requires improvements. It is defined as a key project within the IDP and due to the pattern of development across the District, there are unlikely to be significant S106 contributions available. It aligns well with the Creative Quarter proposals in terms of both location and timing. No other sources of funding have been identified.	Yes
Emscote Road Multi Modal Corridor Improvements	£1.66m	£200k	Contribution towards a wider package of improvements along main link between Warwick and Leamington. This is an area of significant congestion which requires improvements. It is defined as a key project within the IDP and due to the pattern of development across the District, there are unlikely to be significant S106 contributions available. In addition to CIL, around £890k may be available from other sources of funding (such as Section 278)	Yes

<b>Infrastructure Project Title</b>	<b>Total CIL requested 2018-2023</b>	<b>CIL requested 2018/19</b>	<b>Assessment</b>	<b>Include in reg 123? y/n</b>
Warwick Town Centre Improvement works – traffic flow changes, junction enhancements and improved pedestrian and cycle connectivity	£1.98m	Nil	Contribution towards a wider package of improvements in the Town Centre. It is defined as a key project within the IDP and due to the pattern of development across the District, there are unlikely to be significant S106 contributions available. Total project costs are approx. £4.1m. It is expected that specific projects within wider scheme may be funded from S106 to fund around £2.1m	Yes
Public Health - miscellaneous wider health and wellbeing infrastructure (including green gyms, community defibrillator, benches, cycle parking, measured miles, electric vehicle charging points)			Not included in IDP and proposals not sufficiently specific for inclusion at this stage. Could be funded or provided either part of planning application schemes. Improvement to parks or by discussing with T&PCs regarding their share of CIL	No
Kenilworth Leisure (Phase 2): Castle Farm Recreation Centre	£4.4m	£250k	Included in IDP and is part of WDC's commitment to improve leisure infrastructure in Kenilworth. Whilst S106 contributions could be justified, pooling restrictions suggest this may not provide sufficient funding	Yes
Kenilworth Leisure (Phase 2) Abbey Fields Leisure facilities	£4.4m	£250k	Included in IDP and is part of WDC's commitment to improve leisure infrastructure in Kenilworth. Whilst S106 contributions could be justified, pooling restrictions suggest this may not provide sufficient funding	Yes
Medical facilities - North Leamington Spa (Cubbington/Lillington)	£6m (TBC)	Nil	Included in IDP as a key project. Given the pattern of development there are unlikely to be significant opportunities to identify S106 contributions.	Yes
Medical facilities - Leamington Spa Town Centre	£6m (TBC)	Nil	Could be part of CIL in future but uncertain whether this is desirable or feasible and requires further development	No
Wayfinding	£140k	£70k	Whilst not included specifically in IDP, this project supports proposals to improve accessibility in Town Centres for cyclists and pedestrians	Yes

3.6 The schemes in the table above identified as fitting the Reg. 123 criteria total £26.44m for the period 2018 to 2023. This exceeds the predicted CIL income (see paras 5.2 and 5.3 below) of £17.7m to £20m. For 2018 alone the schemes total £840,000. This can be accommodated within the predicted CIL income (see paras 5.2 and 5.3 below) of £1.65m to £1.87m, with any balance rolled forward to support funding in 2019/20. To manage the risk that development may not come forward in line with the Housing Trajectory, it is proposed that

the total cost of schemes over 5 years to be included within the Reg.123 risks should not exceed £17.7m. It is therefore necessary to further prioritise these schemes to ensure CIL provides sufficient funds to deliver.

- 3.7 Prioritised proposals: The table below shows only those infrastructure projects that have been assessed as being proposed for inclusion in the 2018/19 CIL Reg 123 List (see projects identified as “yes” in the table above). As a number of the proposed projects are in early feasibility and design stages or may have access to other sources of funding, it is proposed that the level of CIL allocated to these can be reduced. To align the potential costs with projected receipts, it is proposed that the Reg 123 List is comprised of the Infrastructure projects set out in the table below and that over the 5 year period 2018 to 2023, the CIL receipts contribute accordingly:

Infrastructure Project	Requested	Proposed 18-23	Comment
Destination Parks	£4.0	£3.0m	Project still being scoped. This provides potential to prioritise works to align with CIL receipts, therefore full request may not be required.
Bath Street Improvement Scheme	£3.9m	£3.9m	
Emscote Road Multi Modal Corridor Improvements	£1.6m	£1.6m	
Warwick Town Centre Improvement works	£2.0m	£2.0m	
Kenilworth Leisure (Phase 2): Castle Farm Recreation Centre	£4.4m	£4.2m	Project still being scoped. Reduction by £200k can be addressed either through design or alternative sources of funding.
Kenilworth Leisure (Phase 2) Abbey Fields Leisure facilities	£4.4m	Nil	Not included in Reg 123 List but there is potential for Section 106 contributions to support this project
Medical facilities - N Leamington (Cubbington/Lillington)	£6.0m	£2.8m	The requested amount reflects the potential total cost of a new health facility. However as there are likely to be alternative sources of funding, it is unlikely that the whole amount will need to be funded from CIL. It may also be that the scheme, once designed, will be less expensive.
Wayfinding	£0.14m	£0.14m	
<b>Total</b>		<b>£17.64m</b>	

- 3.8 Some of the Infrastructure Projects within the proposed Reg 123 list do not require specific funding during 2018/19. It is therefore proposed that CIL receipts during 2018/19 be applied as follows:

Infrastructure Project	Proposed 18/19	Percentage
Destination Parks	Nil	-
Bath Street Improvement Scheme	£70k	8.3%
Emscote Road Multi Modal Corridor Improvements	£200k	23.8%
Warwick Town Centre Improvement works	Nil	-
Kenilworth Leisure (Phase 2): Castle Farm Recreation Centre	£500k	59.5%
Medical facilities - N Leamington (Cubbington/Lillington)	Nil	-
Wayfinding in Leamington, Kenilworth and Warwick	£70k	8.3%
<b>Total</b>	<b>£840k</b>	

3.9 Any surplus in CIL receipts for 2018/19 over and above £840,000 will be carried forward to 2019/20 and applied proportionately to the Reg 123 list priorities for 2019/20. There are three schemes in the Reg 123 list (destination parks; Warwick Town Centre Improvements; and N Leamington Medical facilities) which do not specifically require funding in 2018/19. These are included for transparency as each of them will require significant CIL funding in future years and any surplus in CIL receipts in 2018/19 may be applied to these schemes. It is therefore appropriate to include these from the start to ensure Section 106 agreements do not require future amendments.

#### 4. Policy Framework

##### 4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

<b>FFF Strands</b>		
<b>People</b>	<b>Services</b>	<b>Money</b>
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
<b>Impacts of Proposal</b>		
Will help co-ordinate the timely provision of infrastructure such as schools, community spaces, medical facilities that are essential to enable the growth required in the Local Plan	Will help co-ordinate the timely provision of infrastructure such as new parks, play areas and open spaces that are essential to enable the growth required in the Local Plan	Will help co-ordinate the timely provision of infrastructure such as roads that are essential to enable the growth required in the Local Plan
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>
<u>Intended outcomes:</u> All staff are properly trained All staff have the	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting

appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	our processes Increase the digital provision of services	Continued cost management Maximise income earning opportunities Seek best value for money
<b>Impacts of Proposal</b>		
None	None	None

## 4.2 Supporting Strategies

The CIL Regulation 123 list aligns with the Infrastructure Delivery Plan which formed a key part of the Local Plan evidence base. The CIL scheme ensures the delivery of appropriate infrastructure to enable the growth required through the plan period. It therefore directly supports the Local Plan.

## 5. Budgetary Framework

- 5.1 There are no direct budgetary implications associated with the recommendations. Funding to appoint a CIL Officer to coordinate the work to collect CIL monies is already in place and the recruitment process has taken place.
- 5.2 If the Local Plan Housing Trajectory is achieved for 2018/19, CIL is predicted to deliver approximately £2,200,000 during 2018/19 and a total of approximately £23,600,000 between 2018 and 2023. It should be noted however, that CIL is payable within 60 days of developments starting on site. CIL receipts are therefore heavily dependent which developments start during any given year. Therefore the actual amount of CIL received is not easy predict accurately.
- 5.3 It should also be noted that a proportion of CIL receipts (15% or 25% - see para 8.5 below) must be distributed to Town and Parish Councils. This proportion does not need to be spent on items within the Reg 123 list. Therefore the amount of money available for projects within the Reg 123 list is predicted to be in the range of £1,650,000 to £1,870,000 for 2018/19 and £17,700,000 to £20,000,000 for the 5 year period to 2023.

## 6. Risks

- 6.1 The predicted CIL income is derived from the Local Plan Housing Trajectory. There is a risk that housing will not come forward at the rate suggested in the trajectory. Were this to be the case the actually amount of CIL received during 2018/19 may be lower than predicted. The same applies to the predicted receipts over the five year period to 2023. In this event, the CIL Reg. 123 List will be adjusted during 2018/19 including potentially re-prioritising some infrastructure projects. Further adjustments will then also be made in March/April 2019 when proposals are brought forward for the 2019/20 CIL Reg. 123 list.

## 7. Alternative Option(s) considered

- 7.1 Appendix 2, sets out the full range of proposals that have been put forward by infrastructure providers for inclusion in the 2018/19 Reg. 123 list. From this it

can be seen that a number of proposals have been excluded from the Reg. 123 list. From this full range of proposals, members could choose different priorities for inclusion. However, this is not recommended for the reasons set out Appendix 2 for the exclusion of proposals.

## 8. **Background**

### **General information about CIL**

- 8.1 The Community Infrastructure Levy (CIL) was introduced under the Planning Act 2008 and is a tariff system that enables local authorities to make a charge on new development to fund infrastructure needed to support development. The CIL Regulations came into effect in April 2010 and minor amendments were made to the Regulations in April 2011. Further Regulations were published during 2012.
- 8.2 CIL is a charge on new development; it is charged per square metre on net additional floor-space of development. CIL is not charged on social housing and developments used for charitable purposes. The amount payable will be set at the time planning permission is granted and payment will be linked to the commencement of development. Larger amounts will be payable in instalments over fixed time periods.
- 8.3 CIL is intended to complement rather than replace other funding streams and is intended to promote development rather than hinder it. Its main advantages are that:
- It is modest representing around 2-5% of total development costs and is not charged on types of development that cannot sustain it.
  - It is a fixed, non-negotiable charge and is therefore transparent and predictable.
  - It is less time-consuming and complicated than Section 106 planning obligations, with less need for protracted negotiations with applicants and the drawing up of legal agreements (although these will still be required to secure affordable housing and addressing site specific mitigation).
- 8.4 Unlike funding from Section 106 agreements, CIL funds can be spent on a wide range of infrastructure to support development without the need for a direct geographical or functional relationship with the development. Section 106 agreements will still be used, but in a more focused way to directly provide both 'off-site' infrastructure, (through financial contributions), and 'on site' improvements through site specific obligations.
- 8.5 Warwick District Council is responsible for collecting CIL monies due. A proportion of the money collected is distributed to Town and Parish Councils in which developments fall. For Town and Parish Councils with an adopted Neighbourhood Plan this proportion is 25%, for Councils without an adopted Neighbourhood Plan this is 15%. This proportion must be spent to support the impacts of developments on local communities.
- 8.6 To adopt a CIL Charging Schedule, we will need to demonstrate that there is a funding gap which exceeds the likely receipts from other sources. This is set out in a live and evolving document called a Reg. 123 List.