



AGENDA ITEM: 7

SUMMARY

Report for:	Finance and Resources Overview & Scrutiny
Date of meeting:	03 July 2012
PART:	1
If Part II, reason:	

Title of report:	
Contact:	<p>Cllr Terry Douris, Portfolio Holder for Planning and Regeneration</p> <p>Heather Overhead – Strategic Planning and Regeneration Officer (Infrastructure Planning) (ext 2663)</p> <p>James Doe – Assistant Director, Planning, Development and Regeneration (ext 2583)</p>
Purpose of report:	To recommend to Cabinet an approach for developing a Community Infrastructure Levy (CIL) for Dacorum.
Recommendations	<ol style="list-style-type: none"> 1. To note the implications of the CIL in helping provide infrastructure to support future development in the borough. 2. To agree the approach to the development of the CIL project for the Borough of Dacorum as outlined in this report. 3. To agree the timescales outlined in the report.
Corporate objectives:	<p>Preparation (and implementation) of a CIL contributes to all the corporate objectives.</p> <p><u>Affordable Housing</u> Affordable housing will be exempt from paying CIL, and the CIL revenues cannot currently be used for provision of Affordable Housing, which will continue to be provided via S106. Officers from the Strategic Housing service are involved in developing the CIL charging schedule, for which affordable housing requirements will be a key consideration.</p> <p><u>Safe and Clean Environment</u> The infrastructure provided through CIL monies is likely to include open space and urban realm improvements, both of which contribute to a safe and clean environment.</p> <p><u>Building Community Capacity</u></p>

	<p>CIL revenues may be used to social enterprise and local community infrastructure which supports those in the most deprived areas.</p> <p><u>Regeneration</u> CIL will be used in combination with S106 to deliver the key regeneration priorities for the Council.</p> <p><u>Dacorum Delivers</u> Developing the CIL represents Value for Money as it will become cost-neutral once it is up and running as explained below. It will lead to the delivery of infrastructure required to support new development so will improve the reputation of the Council.</p>
<p>Implications:</p> <p>'Value For Money Implications'</p>	<p><u>Financial</u> The cost of developing and implementing CIL is being borne by the Local Development Framework (LDF) budget, and may be repaid from future CIL receipts. Once implemented, up to 5% of CIL receipts may be used for its administration. The project is therefore expected to be cost-neutral.</p> <p>Once CIL is in place the Council will be responsible for collecting and allocating significant sums of money.</p> <p><u>Value for money</u> Where possible, technical work that supports the CIL has been jointly commissioned with adjoining authorities to ensure value for money. Also, see above regarding the project ultimately being cost neutral.</p> <p><u>Legal</u> CIL should reduce the need for involvement of the Council's planning solicitor, as it will reduce the role of s106 agreements.</p> <p><u>Human Resources</u> A member of the Strategic Planning and Regeneration team has taken over the role of leading CIL development and associated infrastructure planning work, for an initial two year period. Any additional staff needs will be considered as the project develops.</p> <p><u>Land</u> Once in place, CIL will be payable for any chargeable development on Council owned land.</p>
<p>Risk Implications</p>	<p>Key risks are identified in the Project Initiation Document (PID). They include insufficient buy-in from infrastructure providers and key stakeholders, changes in Government policy and team capacity.</p>
<p>Equalities Implications</p>	<p>An Equality Impact Assessment has been carried out for CIL in support of the PID. No significant issues have arisen, largely as any expenditure from CIL monies will need to be reflective of the need to develop infrastructure in the Borough, as set out in the Borough's Infrastructure Delivery Plan.</p>

Health And Safety Implications	None
Consultees:	This report was considered by the Strategic Planning and Environment Overview and Scrutiny Committee on 19 th June, and by Cabinet on 26 th June. A draft of this report has also previously been considered by Corporate Management Team. Key issues have been discussed at the Officer Working Group whose membership is outlined in section 3.2 of this report.
Background papers:	<ul style="list-style-type: none"> • Pre-Submission Core Strategy • Infrastructure Delivery Plan • Project Initiation Document (PID) • Huntingdonshire District Council Governance procedures diagram (attached at Appendix 1)
Glossary of acronyms and any other abbreviations used in this report:	<p>CIL – Community Infrastructure Levy CRG – Corporate Regeneration Group DCS – Draft Charging Schedule InDP – Infrastructure Delivery Plan PDCS – Preliminary Draft Charging Schedule PID – Project Initiation Document</p>

BACKGROUND

1. Introduction:

- 1.1 The Community Infrastructure Levy (CIL) is a new way of collecting contributions from development towards the provision of infrastructure required to support growth. It will be applied as a charge per square metre on development and may vary by use and by geography. The level of charge must be informed by evidence of infrastructure need and development viability, and once set it will be mandatory for developers to pay.
- 1.2 Dacorum Borough Council is responsible for setting the charge, collecting the money and allocating the money for spend. Both the rate at which CIL is set and how its revenue is used will have a big impact on the future growth of the borough. The Council can spend CIL revenues on '*infrastructure to support development of its area*'; it can be spent on the provision of new infrastructure or on the ongoing costs of infrastructure – but it can't be used to correct existing deficits in infrastructure provision.
- 1.3 Section 106, the current method of collecting developer contributions, will continue to play a role in funding infrastructure. However, the way it is applied to new developments will change. From the adoption of CIL (or April 2014, whichever is earliest) S106 monies towards a particular piece or type of infrastructure will only be able to be pooled from 5 legal agreements. This means that S106 is only likely to be sought from larger developments, or where infrastructure requirements are on-site or very site specific. The Council will also need a joined up approach to the use of CIL and S106.

2. The current position

- 2.1 The Council has an Infrastructure Delivery Plan (InDP), which is required to justify charging a CIL and forms part of the background evidence to support the Core Strategy. The InDP will be kept under review to ensure it continues to reflect both local needs and the funding programmes of infrastructure providers. DBC, along with 8 other Herts authorities have commissioned a viability assessment, which will help show what CIL rate is achievable in different parts of the Borough, for different uses. This may need to be supplemented with a more detailed viability assessment depending on the approach taken in setting a CIL. Viability evidence is required to justify the level of CIL charged by the Council.
- 2.2 A Project Initiation Document (PID) has been completed for the development of CIL, which shows the key stages of developing CIL, along with proposed timescales. The PID has been approved by the Corporate Regeneration Group (CRG) and copies are available in Group Rooms.

3. CIL as a corporate initiative

Officer involvement: CIL working group

- 3.1 The approach to infrastructure planning and CIL is being led by Heather Overhead, with management support from Assistant Director for Planning, Development and Regeneration, and Group Manager and Team Leader (Strategic Planning) in the Strategic Planning and Regeneration team. Input from other officers is provided through the CIL working group. The CIL

working group is an officer group that meets monthly to discuss the progress of infrastructure planning and CIL, issues that arise, and how best to proceed.

3.2 The CIL working group is made up of:

- Heather Overhead (Infrastructure Planning Officer – Strategic Planning and Regeneration)
- Laura Wood (Team Leader – Strategic Planning)
- Chris Taylor (Group Manager – Strategic Planning and Regeneration)
- James Doe (Assistant Director – Planning, Development and Regeneration)
- Mark Gaynor (Corporate Director – Housing and Regeneration)
- Paul Newton (Team Leader – Development Management)
- Robert Freeman (Senior Planning Officer - Development Management)
- Camelia Smith (Lead officer – Housing Delivery)
- Mark Brookes (Group Manager – Legal Governance)
- James Deane (Group Manager – Financial Services)
- Laura Badham (Technical Assistant, Strategic Planning and Regeneration)

Member Involvement

3.3 Officers consider that Member involvement is required throughout the process of setting CIL rates and setting up governance arrangements for spending CIL monies. The decisions involved in setting a CIL rate (or rates) will be fairly complex with implications for the future development of the Borough. The development of governance procedures for spending CIL monies will also involve some complex and difficult decisions as it is anticipated that the demands upon CIL revenue will exceed the amount of CIL collected. Also, that arrangements will be needed with key infrastructure and service providers, in particular (but not exclusively) the County Council and the health services.

3.4 For the reasons set out above, Officers will require input from Members at key points during the development of the CIL. A Task and Finish Group will enable 6 – 10 Members to develop a thorough understanding of the evidence underpinning key decisions and advise Officers and other Members about the best approach. The Strategic Planning and environment Overview and Scrutiny Committee agreed to set a Task and Finish Group on 20th June 2012.

3.5 Members will be able to have further input to the development of CIL at future OSC and Cabinet meetings as set out in section 4.

4. Timescales and key decisions

Developing the CIL Charging Schedule

4.1 The Charging Schedule will set out the rate of CIL by geography and use. It will undergo two rounds of consultation and an examination before being adopted by the Council. The key decisions for the Council are whether to have a simple or complex charging schedule (i.e. how many different rates by use and location) and what level to set the CIL rate(s) at. It is proposed to develop the approach through the CIL working group and the Task and Finish Group.

4.2 The Preliminary Draft Charging Schedule (PDCS), based on the agreed approach, will be taken to Overview and Scrutiny (both Strategic Planning and Environment and Finance and Resources), Cabinet and Full Council. It will then undergo public consultation for 6 weeks. Responses will be considered and changes to the schedule may be required, or new evidence may need to be commissioned.

4.3 The revised Draft Charging Schedule (DCS) will be developed through the CIL working group and Task and Finish Group before being considered by Overview and Scrutiny, Cabinet and Full Council; it will then undergo further public consultation for 4 weeks. Depending on the responses, minor changes may be made to this draft and it will need to be approved by Cabinet and Full Council before being submitted for Examination.

4.4 Following the Examination the final Charging Schedule will need to be approved by Cabinet and Full Council.

Timescales for the Charging Schedule

4.5 The following timetable is proposed:

- Public Consultation on the PDCS: December 2012 – January 2013
- Public Consultation on the DCS: May – June 2013
- Submission to the planning inspectorate: September 2013
- Had the examination and received the inspector's report: end of 2013
- Take final Charging Schedule to Cabinet and Full Council: February 2014
- Adopt CIL in March 2014.

CIL Governance procedures

4.6 A set of procedures for the governance of allocating CIL monies to types of infrastructure and/or specific projects will be developed by the CIL working group and the Task and Finish Group. Governance procedures are currently at a very early stage of development, but it is envisaged that input will be required from infrastructure providers via the Infrastructure Delivery Plan (InDP) and the Destination Dacorum Board. Procedures will need to ensure that Cabinet has the final authority for making decisions about how CIL monies is spent, with some level of delegation to Officers.

4.7 In particular Officers have been in liaison with Huntingdonshire District Council and other authorities that, like Dacorum, are participating in the Planning Officers' Society CIL project. Huntingdonshire's CIL charging schedule has recently cleared the Public Examination stage of the process with it being endorsed by the Planning Inspector, subject to some minor changes. We are drawing on this good experience as appropriate.

4.8 Huntingdonshire's approach to CIL governance is reproduced for information at appendix 1 to this report. Officers are working up options for how this might be modified to suit Dacorum's circumstances. Options will be presented to the CIL working group and the Task & Finish Group for discussion and further development.

4.9 A key aspect of the governance will be a business plan for allocating CIL funds to infrastructure based on the evidence gathered to prepare the InDP. A 'Meaningful Proportion' of the funds received from development in individual neighbourhoods will be allocated to be spent on neighbourhood or local items, which could provide Members with the opportunity to run local projects

(which should be predominantly capital in nature as CIL is not intended as routine funding for service delivery). Further guidance regarding what constitutes this 'meaningful proportion' is awaited from Government.

- 4.10 It is proposed that the business plan will make the allocation of funds clear, and would be approved by Cabinet and included into the Capital Programme. As such, governance procedures could be developed to obviate the need to refer every item of CIL or S106 funding, especially small expenditure levels, through the Capital Strategy Steering Group (CSSG).

5. CIL and S106

- 5.1 The regulations prevent the Council using CIL monies and S106 contributions to fund the same piece of infrastructure. In addition, once CIL is adopted (or from 1st April 2014) the Council will only be able to pool S106 towards a single piece, or type, of infrastructure from up to 5 developments. When CIL is adopted we will have to publish a 'Regulation 123 list' stating what types or pieces of infrastructure we intend to fund from CIL, and by implication, not from S106.

- 5.2 These rules will require the Council to have a well organised and co-ordinated approach to the use of S106 and CIL in order to optimise the delivery of infrastructure. Officers will work with infrastructure providers to determine the most appropriate approach to delivering infrastructure through CIL and S106 contributions.

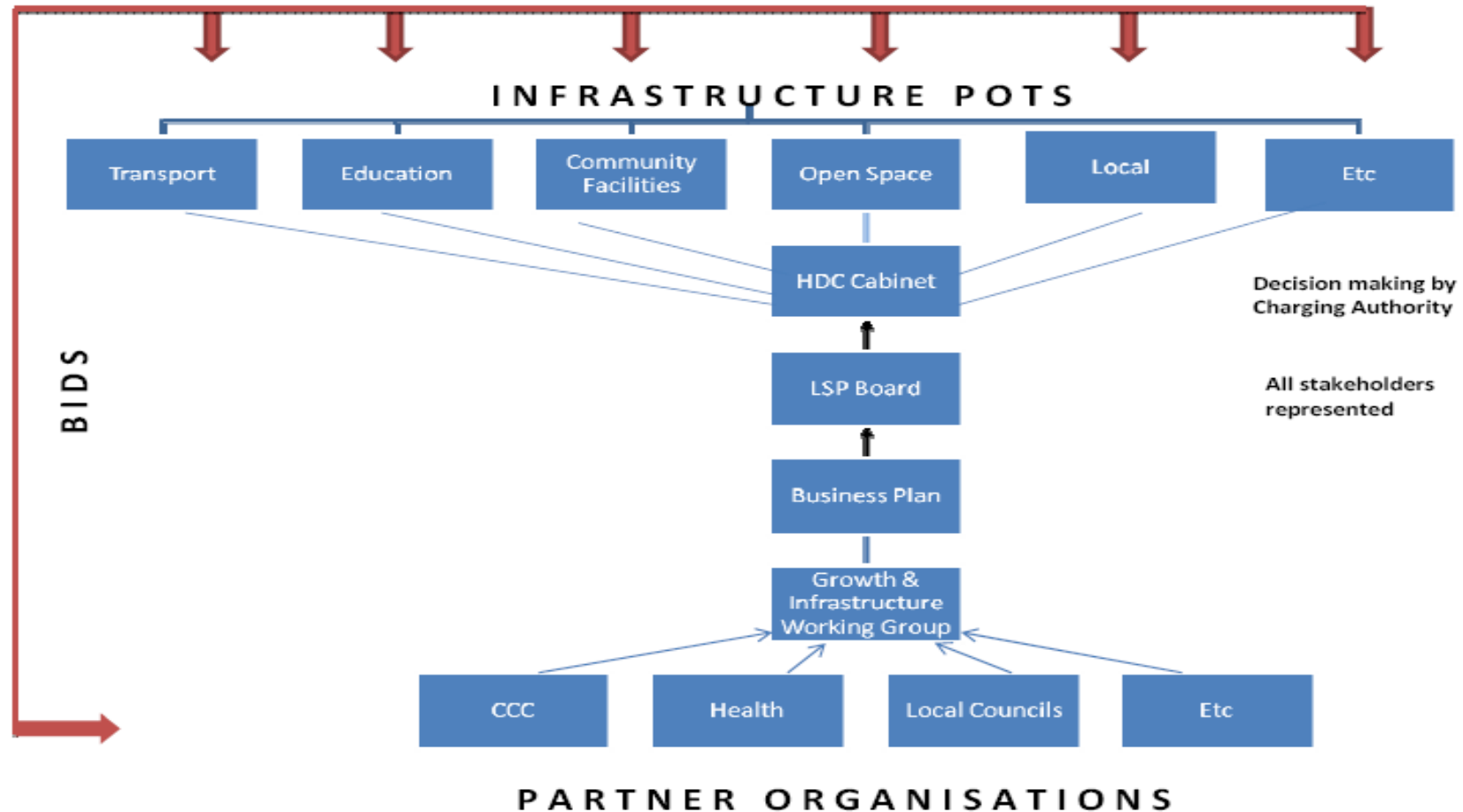
6. Further information for Members

- 6.1 As outlined in paragraphs 4.2 – 4.4 the key steps in the development of the CIL will be taken to Overview and Scrutiny and Cabinet for approval. Overall progress of the CIL will be reported to Members alongside the key decisions.

- 6.2 A Member briefing was delivered as part of the Member Development Programme on 31st May 2012. As an introductory session to this new and complex subject, this covered a wide range of ground in a short space of time, and some of the feedback received points to the need for further sessions. As such, Officers recommend that further Member training will be arranged at key stages of the project as considered necessary by the new Task and Finish Group.

APPENDIX 1:
HUNTINGDONSHIRE
DISTRICT COUNCIL'S
APPROACH TO
CIL GOVERNANCE

HDC Draft CIL Governance



Where bids in line with agreed business plan accepted

Where urgent need arises outside business plan – bid will need to go through the processes