



Cabinet



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Report for:	Cabinet
Title of report:	Release of Community Infrastructure Levy Core Funds
Date:	14 th February 2023
Report on behalf of:	Councillor Alan Anderson, Portfolio Holder for Place
Part:	I
If Part II, reason:	N/A
Appendices:	<p>Appendix 1: Breakdown of CIL funds collected to date</p> <p>Appendix 2: Parish and Neighbourhood CIL Amounts Held</p> <p>Appendix 3: Revised Terms of reference for the Infrastructure Advisory Group</p> <p>Appendix 3a: Proposed Governance Map</p> <p>Appendix 4 – Assessment Criteria</p> <p>Appendix 5 – Community Impact Assessment</p> <p>Appendix 6 – Completed Assessments Presented to the Infrastructure Advisory Group</p>
Background papers:	<ol style="list-style-type: none"> 1. Report to Cabinet – Governance Arrangement for the Community Infrastructure Levy (28 November 2016) - https://democracy.dacorum.gov.uk/documents/g529/Public%20reports%20pack%2029th-Nov-2016%2019.30%20Cabinet.pdf?T=10 2. Infrastructure Delivery Plan (2023) https://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/evidence-base/infrastructure-and-delivery 3. Draft Infrastructure Delivery Plan (Regulation 18 consultation) - https://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/new-single-local-plan/technical-work-for-the-early-partial-review 4. Report to Strategic Planning Overview and Scrutiny Committee (dated 1 February 2023) - Agenda for Strategic Planning & Environment Overview & Scrutiny on Wednesday, 1st February, 2023, 7.30 pm (dacorum.gov.uk)
Glossary of acronyms and any other abbreviations used in this report:	<p>IBP: Infrastructure Business Plan</p> <p>CIA: Community Impact Assessment</p> <p>CIL: Community Infrastructure Levy</p> <p>IAG: Infrastructure Advisory Group</p> <p>IDP: Infrastructure Delivery Plan</p> <p>IFS: Infrastructure Funding Statement</p>

Report Author / Responsible Officer

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Corporate Priorities	<p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p> <p>Ensuring efficient, effective and modern service delivery</p> <p>Climate and ecological emergency</p>
Wards affected	<p>All</p>
Purpose of the report:	<ol style="list-style-type: none"> 1. To consider releasing a proportion of Core Community Infrastructure Levy (CIL) currently held by the Council and to make changes to current governance arrangements. 2. To consider the recommendations made by the Infrastructure Advisory Group on the first round of projects for core CIL allocation and award funding.
Recommendation (s) to the decision maker (s):	<p>That Cabinet recommends that Council:</p> <ol style="list-style-type: none"> 1. Approves the release of 20% (£3,027,519) of CIL core funds collected to the end of financial year 2021/22 and allocate this towards the delivery of priority infrastructure projects in advance of the Local Plan; 2. Approves the proposed revised framework for assessing projects, including the amended Terms of Reference of the Infrastructure Advisory Group detailed in the report. 3. Considers the recommendations of the Infrastructure Advisory Group on the first round of projects set out in section 5 of the report and determines which, if any, projects should receive Core CIL funding.
Period for post policy/project review:	<p>Annual</p>

1 Introduction/Background:

- 1.1. The Community Infrastructure Levy (CIL) is a mechanism for collecting financial contributions from new developments to help fund the provision of infrastructure required to support housing and commercial growth in the Borough. It is a tariff style system applied to the area of the development as a cost per square metre and may vary by both use and location.
- 1.2. The Borough Council is the Charging Authority for CIL. It is responsible for setting the proposed CIL rate, collecting the charges and spending the CIL income. The Council adopted its CIL Charging Schedule on the 25th February 2015 and started charging its CIL on all new developments receiving planning permission from the 1st July 2015.
- 1.3. The Borough Council is required to allocate CIL funding to the local community – neighbourhood CIL (15%) and may also allocate funds for the purposes of administration (5%). The bulk of CIL funding (80%) sits in a further pot from where it may be allocated towards its infrastructure projects and priorities. The following table sets out the total funds collected and spent up until the end of the 2021/22 financial year. A more detailed breakdown is provided at [Appendix 1](#).

Percentage	Allocation	Total CIL collection (up to 31 March 2022)	CIL spent/allocated (up to 31 March 2022)	CIL Balances (as of 31 March 2022)
5%	Administration of CIL	£942,494	£942,494	£0
15% (or 25% where there is a neighbourhood plan in place)	Neighbourhood CIL -allocated to town/parish and other neighbourhood areas	£2,805,802	£1,761,190 *	£1,044,612
80%	Core fund - held and spent directly by Dacorum Borough Council on new infrastructure items.	£15,137,594	£0	£15,137,594

** Note this amount has not all been spent on projects to date, but has been transferred to the town/parish councils and other neighbourhood areas.*

- 1.4. The Council currently transfers CIL bi-annually to the Town and Parish Councils and relevant areas under the CIL regulations. Town and Parish Councils are not constrained in the use of such sums to the provision of new infrastructure and may use funding broadly to support the needs arising from growth (the payments are not suited to long term revenue use as they are one-offs).
- 1.5. In the case of unparished areas, the Council retains this portion of CIL but works with Ward councillors to support the use of these funds. A breakdown of the total amount of CIL funding currently held by Parish Councils and other wards is set out in Appendix 2.
- 1.6. The remaining, or Core, CIL funds should be allocated by the Council towards the infrastructure requirements arising from the growth planned in the Council's Local Plan. At

a strategic level, these needs are identified in the IDP which sets out the infrastructure plans and funding arrangements of infrastructure providers. This plan is a “live” document and is subject to regular discussion and review. It is published on the website (<http://www.dacorum.gov.uk/home/planning-development/planning-strategicplanning/evidence-base/infrastructure-and-delivery>).

2 Release of CIL core funds

- 2.1 The Council to date has deferred releasing Core CIL until the new Local Plan is adopted, accompanied by a new IDP that identifies the infrastructure needs to support the growth coming forward. This would provide the Council with a complete picture of new infrastructure requirements alongside the new Local Plan.
- 2.2 In July 2021, Cabinet voted to defer the publication of the Regulation 19 of the new Local Plan citing, amongst other things, the need to commission further evidence to support the Local Plan, to seek clarification from Government on the potential extent of planning reforms first announced in August 2020 and to continue with the detailed recreational, air and water quality surveys of the Chilterns Beechwoods Special Area of Conservation. Government has also recently published a series of proposed changes to national planning policy which are unlikely to expedite plan production in Dacorum. As a result of the above, the Council does not expect its new Local Plan to be adopted until 2025.
- 2.3 As a consequence of the delay, the delivery of much needed new infrastructure in the Borough could be delayed. The Council therefore considers it appropriate to release a portion of its Core CIL funds to allow infrastructure to be delivered in the short term.
- 2.4 The Council has considered the following options for its approach to CIL core funds:

	Pros	Cons
Option 1: Retain 100% of CIL core funds obtained to date until the Local Plan and new IDP is finalised/adopted.	CIL is a limited pot of funding available for the delivery of strategic infrastructure. By waiting until the Local Plan and new IDP is finalised/adopted the Council can ensure that CIL is used to its maximum potential to fund the most appropriate and highest priority projects.	Development continues to come forward and infrastructure continues to be needed to mitigate its impact. In the face of the delays to the local plan, retaining the CIL core funds collected from development that has already come forward could prevent infrastructure that is required immediately being delivered.
Option 2: Release all CIL funds collected to the end of financial year 2021/22 to be used for currently known infrastructure priorities.	This option allows the Council to make a significant and immediate contribution to meeting infrastructure needs across the Borough. It will also reduce risk of “salami slicing” the available funds.	Risk of less CIL available to support the delivery of key infrastructure priorities that will be finalised through the emerging Local Plan process.
Option 3: Allocate/spend 20% (£3,027,519) of funds	This option allows the Council to retain the majority of the CIL money until the Local Plan and IDP is finalised, whilst enabling the spend of some of the core funds to deliver current infrastructure requirements.	This amount of CIL core funds released (£3,027,519) risks some ‘salami slicing’ of the available funds without being able to invest sufficient funds to deliver projects that may have a much greater strategic need.
Option 4: Allocate/spend 35% (£5,298,158) of funds	This option allows the Council to retain some of the CIL money until key infrastructure projects are finalised through the IDP process whilst enabling	The relatively small amount of CIL core funds released (£5,298,158) risks some ‘salami slicing’ the funds without being able to invest

	<p>the spend of some of the core funds to deliver current infrastructure requirements. By releasing in excess of £5million it allows for investment in larger scale projects and/or a larger number of projects, which are likely to have a more significant impact than Option 3.</p>	<p>sufficient funds to deliver projects with significant impact although this risk is less than Option 3. It would leave a smaller amount of Core CIL for use towards other priorities as the Local Plan is finalised.</p>
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- 2.5 As CIL is a very limited pot of funding with a remit to deliver strategic infrastructure that is not linked to a particular development, careful consideration needs to be given to allocating CIL monies, particularly to strategic infrastructure projects that do not have alternative sources of funding and/or to projects that have secured match funding or borrowing to deliver.
- 2.6 It is considered that Option 3 balances the need to deliver projects in the short term whilst reducing the risk of 'salami slicing' a large proportion of the core CIL funds as this would minimise the overall impact on this key strategic infrastructure funding. All options would include a retained contingency of 10% which could be used to support either shortfalls or smaller projects.

3 Governance Arrangements

Existing Governance Arrangements:

- 3.1 Under the existing governance arrangements, as agreed by Cabinet in November 2016, prioritisation of bids for CIL spending are made by an Infrastructure Advisory Group (IAG). The IAG was set up to provide leadership on the delivery of infrastructure and coordinate the funding of new infrastructure items by working in partnership with other organisations and providing a coordinated approach to infrastructure planning between tiers of government and Dacorum.
- 3.2 As part of its role, the IAG was to make recommendations to Council on how the CIL core funds were allocated and to determine which submissions for CIL funding (following an open bidding process) should be prioritised. The intention was for CIL monies to be focussed on the delivery of those infrastructure projects which aligned with the Infrastructure Delivery Plan (IDP) and a proposed Infrastructure Business Plan (IBP) making the best use of CIL funds.
- 3.3 The recommendations of the IAG would be made via an Infrastructure Business Plan (IBP), which set out the Council's priorities for allocating CIL money on a short, medium and long term basis. This document was intended to focus on the delivery of infrastructure and making the best use of CIL funds and should align with the IDP.
- 3.4 The IAG would operate within an agreed framework for considering submissions for CIL funding to ensure that funding would be encouraged for those items of infrastructure that fit within a select group of local themes. Submissions for funding were initially to be assessed by officers for suitability allowing any bids falling outside of the chosen CIL themes/budgets/timescales to be removed. The IAG and applicants would be advised of the reasons why bids fail to progress beyond this stage. The submissions which pass this stage will be referred to the IAG for more detailed consideration.

Proposed Governance arrangements

- 3.5 It is vital that in considering the release of significant sums of money, the Council puts in place a robust system for identifying and assessing potential projects and ensures appropriate governance arrangements are in place for the operation of the new system.

These arrangements need to ensure that the identification and assessment of projects is based on need and the assessment is objective. This will ensure that monies are not diverted to low priority schemes that provide little benefit to the wider community or do not meet identified growth pressures.

3.6 The following overarching principles guide the new arrangements:

- a. The release of Core CIL is to be used for 'strategic priorities', that is priorities that are identified in Dacorum's Infrastructure Delivery Plan (IDP) and support mitigating the impact of wider overall growth and benefit a significantly large population (over approx. 1000 people).
- b. The Dacorum IDP will be the key document for identifying infrastructure priorities and, in order to be considered for CIL core funding, the project will need to have been included in the IDP as a strategic priority.
- c. Only strategic projects requiring CIL funding over £50,000 will be considered for CIL Core Funds. This threshold will not apply to the contingency fund.
- d. Projects will be expected to have exhausted all other sources of funding prior to the allocation of CIL Core Funds. However projects that are match funded/partially funded by other sources of funding will be eligible to be considered for CIL core funding.

3.7 Officers also consider that the decision-making process needs to be reformed to ensure both transparency and accountability but to ensure the approach is more proportional to the sums being released. Officers consider that the existing process for releasing Core CIL and the Terms of Reference for the IAG need to be updated to reflect this. The new Terms of Reference are set out in Appendix 3. The main changes suggested are:

- a. To focus the remit of the IAG to advising on CIL and funding of infrastructure.
- b. To reinforce the IAG as a consultative/advisory body supporting the review and assessment against agreed criteria.
- c. For the IAG to assess proposals and make recommendations to Cabinet, via the Portfolio Holder for Place.
- d. To remove reference to the Infrastructure Business Plan (IBP) with a more comprehensive Infrastructure Delivery Plan (IDP) serving as the core document which identifies infrastructure requirements for Dacorum and how they will be funded.
- e. To remove the need for all spending decisions to go to Full Council. All spending will require Cabinet approval.
- f. To change how CIL monies are ring fenced away from themes and to locations.

3.8 To accompany the changes to the Terms of Reference, a number of changes have been made to the Governance process map (Appendix 3a) to improve the speed and effectiveness of the decision-making process.

3.9 In addition to the above changes, it is proposed to provide updated assessment criteria against which projects for CIL core funding will be considered. An assessment will be completed by Dacorum Officers and will be presented to the IAG for consideration. This will ensure each scheme is objectively assessed against the assessment criteria. The IAG will then make a recommendation to the Portfolio Holder for Place before the recommendation is presented to Cabinet for final decision to release monies.

4 Priorities for the spend of CIL

4.1 Under the existing arrangements, the mechanism for targeting CIL funding to infrastructure is in areas in which we know significant growth is expected (geographic themes) or for types

of infrastructure which we know are necessary for growth to occur and where improvements would be visible and/or expected by the local community (subject themes).

- 4.2 This concluded that the bulk of CIL funding should be targeted to two themes, one geographic and one subject theme. A further theme for other projects would be available, so as not to exclude others from the submission process, with a cap introduced on individual bids. A limited proportion of CIL was set aside as a contingency for use on projects arising outside of the CIL submission process, for example infrastructure works to accelerate or intervene in the delivery of housing sites. The percentage of CIL allocated to each theme is expected to be a broad indication of the funds to be used and not a precise figure.
- 4.3 Since this time, further work has been done to assess the emerging infrastructure requirements linked to planned growth. The Council expects future infrastructure needs across the Borough to be apportioned in the following way (after taking into account the retained contingency):

Settlement	Total portion of total infrastructure requirement	Total amount of Core CIL to be released
Hemel Hempstead	77%	2,098,070.67
Berkhamsted	5.5%	149,862.19
Tring	6.5%	177,109.86
Bovingdon	0.7%	19,073.37
Kings Langley	0.5%	13,623.84
Rest of the Borough / Rural Area	9.8%	267,027.00

Table 1: Settlement Approach

- 4.4 Looking at individual infrastructure themes the needs are as follows:

Infrastructure Theme	Total portion of total infrastructure requirement	Total amount of Core CIL to be released
Highways and Transportation	72%	1,961,832.31
Education	21%	572,201.09
Community facilities	2%	54,495.34
Health and Wellbeing	1%	27,247.67
Green Infrastructure	3.5%	95,366.85
Emergency Services	0.3%	8,174.30
Utilities	0.2%	5,449.53
Flood protection	0.03%	817.43

Table 2: Thematic Approach

- 4.5 As part of wider changes to the use and timing of Core CIL, the Council considers that the framework for allocating CIL Core funds should be updated. It is important that the release of Core CIL is set within a framework which broadly aligns with that emerging in the IDP to ensure funding is directed towards the locations and projects that provide strategic benefits.
- 4.6 The Council considered a number of options for this framework. This included releasing funding into ring-fenced 'settlement and/or thematic' pots. It was considered that a combined approach could lead to only small amounts of money being available for infrastructure projects within certain areas. The Council also considered ring fencing spending either by settlement or theme.

4.7 The Council considers that this round of CIL Core funding should be broadly directed based on the approach set out in Table 1. This is intended to be a guide only and not to be applied rigidly. This approach strikes a balance between ensuring monies are being targeted towards the areas likely to experience greater infrastructure pressures in future years arising from growth but providing some flexibility depending on the specifics of the project.

5 Proposed projects for allocation of CIL core funds (as recommended by the IAG)

5.1 The IAG was convened on 3 February 2023 to consider the first round of potential projects. A total of seven projects were assessed by officers in accordance with the Assessment Criteria in Appendix 4. This assessment, together with officer recommendations, was presented to the IAG for their consideration. The recommendation of the IAG is set out table 3 with the detailed assessments for each project attached at Appendix 6.

Project	Summary of Project	Total Funding Sought	Summary of IAG Assessment and recommendation
Hemel Hempstead Town Bike Hire Scheme	The installation and operation of an e bike hire initiative across Hemel Hempstead for a period of four years	£1,371,264	IAG recommends approval of £700,000 towards the project with the remainder being provided by other sources.
Playground upgrades	The refurbishment and upgrade of eight play areas across the Borough.	£660,000	IAG recommends approval and a total of £610,000 for the project.
Playground upgrades (unscheduled)	The refurbishment and upgrade a further five play areas across the Borough.	£800,000	IAG recommends approval and a total of £750,000 for the project.
Breakspeare School	Development of a purpose built specialist education facility.	£2,666,194	IAG supports the principle of making a contribution to the cost of the project but a decision on the precise amount is to be deferred until further information is obtained. The project is to return to future IAG meeting in June 2023.
Long Marston Village Hall	Extension and refurbishment of exiting village hall.	£250,000	IAG recommends deferral to allow for a more detailed bid to be submitted, particularly on the precise funding needed.
Jarman Park A414 Crossing	New crossing of the A414 at Jarman Park	£800,000	IAG recommended deferral pending further information from Hertfordshire County Council.

Tring Community Centre	Replacement community hall	£3,000,000	IAG recommend deferral until further information is available on construction costs, further exploration of other funding is undertaken and a comprehensive place strategy for the town is in place.
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Table 3: Project Assessment

5.2 Cabinet should consider the information contained in Table 3 when recommending which projects, if any, should be allocated (all or partial) funding in the first round. Decisions should have regard to the overarching principles governing the release of Core CIL and the process set out in this report, including the ring-fenced approach outlined in section 4 of this report.

6. Consultation

6.1 The following sections have been consulted on the work undertaken to date:

- Strategic Planning and Environment Overview and Scrutiny Committee - The Committee expressed its broad support for the recommendations in the report. However, some Members were concerned that the proposed governance changes, specifically the removal of Full Council as the final authorising body, removes an important opportunity to scrutinise spending. Some Members were also concerned that there was insufficient representation from opposition Members on the Infrastructure Advisory Group to scrutinise the assessment and recommendation of projects.
- Informal Cabinet
- Strategic Leadership Team
- Development Management
- Strategic Planning
- Economic Development
- Hemel Garden Communities
- Community Partnerships
- Housing Development, and
- Housing Strategy and Policy.

7. Financial and value for money implications

7.1 All the financial implications of the report have been set out above. There are no direct financial implications for the Council as Core CIL sits outside of the Council revenue or capital budgets and represents monies collected by developers.

7.2 Indirect financial implication for the Council will be the additional resources needed to oversee the management of funding bids, managing the IAG and managing projects once they are approved.

8. Legal Implications

8.1 Legal requirements governing CIL are set out in the Community Infrastructure Levy Regulations 2010 (As amended). The Council adheres to these regulations in all matters relating to CIL. It is important that the release of CIL Core Funding is in line with legislative requirements.

- 8.2 In addition, the Council needs to ensure it has a robust and clear approach to allocating CIL Core funds and considers the proposed mechanisms will provide the necessary oversight and accountability in releasing funding.

9. Risk implications

- 9.1 Given the scale of growth taking place in Dacorum, and that expected to take place through the new Local Plan, it is important the Council is investing in infrastructure delivery across the Borough. The decision to release a portion of CIL Core funding will ensure that residents gain additional benefits from development taking place across the Borough.
- 9.2 Without these measures there is the risk that investment in infrastructure is delayed.

10. Equalities, Community Impact and Human Rights:

- 10.1 Community Impact Assessment – Appendix 5
- 10.2 Human Rights – There are no Human Rights implications arising from this report.

11. Sustainability implications (including climate change, health and wellbeing, community safety)

- 11.1 The decision to release a portion of CIL Core funding is expected to have a positive impact in these areas by leading to investment in infrastructure across the Borough.
- 11.2 A number of the projects already funded through neighbourhood CIL and S106 contributions support sustainability improvements including climate change, health and wellbeing and community safety improvements as well as providing affordable housing for local communities.

12. Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

None arising from this report

13. Statutory Comments

Monitoring Officer:

Effective governance procedures are essential to ensure that CIL funds can be allocated to appropriate infrastructure in a timely and efficient manner and that spend is properly monitored. The previous governance framework was agreed by Council in January 2017 on recommendation of Cabinet and therefore a Council decision is required to amend the framework and approve the current projects set out in section 5.

If the new framework is agreed, future spending decisions will be able to be made by Cabinet without referral to Council.

S151:

The proposal to allocate core CIL to support local infrastructure requirements is in line with the core principle of CIL. The decision to allocate a small percentage of CIL collected up to the end of 21/22 reflects the length of delay in the development of the current local plan, and the IAG governance will assess each project bid against the core Infrastructure development requirements with a strong reflection on the proportion of investment in each geographical settlement area, to reflect infrastructure requirements and wider population need.

14. Conclusions

Dacorum is likely to see continued growth and investment over the coming years and to ensure this is accommodated appropriately the necessary supporting infrastructure needs to be provided. Releasing a portion of Core CIL funding allows the Council to bring forward a number of strategically important infrastructure projects in advance of the Local Plan being finalised.

Appendix 2: Parish and Neighbourhood CIL Amounts Held

Zone	Neighbourhood CIL Collected	Neighbourhood CIL Allocated	Neighbourhood CIL Spent
Aldbury & Wiggington	0.00	0.00	
Berkhamsted Town Council	171,947.35	171,947.35	10,250.00
Bovingdon Parish Council	106,182.54	106,182.55	
Chipperfield Parish Council	67,658.07	67,658.07	
Flamstead Parish Council	29,067.99	29,067.99	
Flaunden Parish Council	7,491.79	7,491.79	2,770.00
Great Gaddesden Parish Council	27,197.96	27,197.97	
Kings Langley Parish Council	88,997.66	88,997.66	
Little Gaddesden Parish Council	17,632.31	17,632.31	
Markyate Parish Council	8,188.84	8,188.84	
Nash Mills Parish Council	31,712.10	31,712.10	4,227.82
Nettleden with Potten End Parish Council	1,328.56	1,328.56	
Northchurch Parish Council	338,759.28	338,759.28	
Tring Rural Parish Council	41,933.45	41,933.45	
Tring Town Council	785,029.86	785,029.08	36,386.50
Wigginton Parish Council	2,687.75		
Woodhall Farm	15,588.53		
Adeyfield East	88,498.02		
Adeyfield West	27,981.95		
Apsley and Corner Hall	248,545.94		25,000.00
Bennetts End	9,644.21		
Boxmoor	81,878.11	35,000.00	
Chaulden and Warners End	54,706.53		9,650.00
Gadebridge	13,316.64		13,406.00
Grovehill	8,413.56		2,866.00
Hemel Hempstead Town	355,153.07		44,248.00
Highfield	9,098.26		
Leverstock Green	32,715.23		
Berkhamsted Castle	0.00		
Berkhamsted East	0.00		
Berkhamsted West	0.00		
BovingdonFlaundenChipperfield	135,547.08		40,200.00
Tring East	0.00		
Ting West and Rural	0.00		
Watling	0.00		
Aldbury Parish Council	0.00		
Kings Langley	0.00		
Nash Mills	0.00		
Northchurch	0.00		
Ashridge	0.00		
Tring Central	0.00		