


REPORT TO CABINET

4 March 2020

Subject:	Community Infrastructure Levy
Presenting Cabinet Member:	Cllr Wasim Ali Cabinet Member for Resources and Core Services and Inclusive Economic Growth
Director:	Director of Regeneration and Growth - Amy Harhoff
Contribution towards Vision 2030:	
Key Decision:	Yes
Cabinet Member Approval and Date:	Yes
Director Approval:	Yes
Reason for Urgency:	Urgency provisions do not apply
Exempt Information Ref:	Exemption provisions do not apply
Ward Councillor (s) Consulted (if applicable):	Boroughwide
Scrutiny Consultation Considered?	Scrutiny consultation was undertaken on 06/06/2017
Contact Officer(s):	John Baker Service Manager; Development Planning. john_baker@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. Approve the spending process for the Community Infrastructure Levy income received by the Council as follows:-
 - 80% of income be allocated as a Boroughwide portion to fund those infrastructure priorities identified and approved by the Director – Regeneration and Growth, in consultation with the Leader and Cabinet Member for Inclusive Economic Growth,

which support the delivery of Sandwell's Corporate Plan and the Inclusive Economy Deal;

- 15% of income be allocated as a Neighbourhood Funding portion to support and deliver development at a neighbourhood/town level;
- 5% of income be allocated for administration purposes to support the costs of administration/monitoring of Community Infrastructure Levy collection and spend.

1. PURPOSE OF THE REPORT

- 1.1** To seek approval for the proposed spending process for Community Infrastructure Levy (CIL), which includes an 80% borough wide portion and a process for spending the 15% Neighbourhood Funding portion.

2 IMPLICATION FOR VISION 2030

- 2.1** Developer contributions can contribute to the Council's Vision including;

Ambition 2 – Sandwell is a place where we live healthy lives

Ambition 3 – Our workforce and young people are skilled and talented

Ambition 4 – Our children benefit from the best start in life and a high-quality education

Ambition 7 – We now have many new homes to meet a full range of housing needs

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1** The Community Infrastructure Levy Regulations 2010 provide local authorities with the opportunity to generate revenue from new developments to be spent on a wide range of infrastructure projects which are needed as a result of, or to enable, development. Such projects include (but are not limited to) roads, public transport, open space or health centres in their areas.
- 3.2** CIL was implemented in Sandwell on 1st April 2015. However, prior to implementation, a Viability Assessment was undertaken to produce a CIL Charging Schedule. This sets out the charges (the amount that a developer pays per square metre) that would apply. The charges are based on this Viability Assessment of development in the borough which looked at whether different development types could reasonably contribute to a levy.

The results from the Viability Assessment found that only certain development types could justify a charge. The types and charge per square metre identified are currently as follows:

- £30 per square metre for residential schemes below 15 units,
- £15 per square metre for residential schemes of 15 units or more,
- £50 per square metre for all retail units in West Bromwich Strategic Centre,
- £60 per square metre for larger retail schemes Borough-wide.

As well as the Viability Assessment, the Council also had to produce a list as to what infrastructure was needed to support new development in the borough. This was known as the 'Regulation 123' (R123) list.

The R123 list contained definitions of the type of infrastructure which could have been funded in whole or in part by CIL. Funds could have been used for the provision, improvement, replacement, operation or maintenance of education facilities; health care facilities; open space and recreation facilities; flood defences and local transport schemes. The R123 list and the CIL Charging Schedule were approved by Cabinet on 04/02/2015 (minute 27/15 refers).

However, it should be noted that the Government have recently proposed replacing the R123 list with a requirement for Council's to produce an 'Infrastructure Funding Statement'. This statement would be similar in content and would set out infrastructure priorities and the proposed means and date of delivery. The Council would be required to have an Infrastructure Funding Statement in place during 2020.

4. THE CURRENT POSITION

4.1 CIL Expenditure Processes

The levy is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development. Therefore, any CIL monies used must be spent on an infrastructure need that has occurred as a result of the impact of new development.

CIL Funding is designed to accrue proportionality from those developments that qualify to pay the levy, this means that we would not necessarily spend the funds immediately as identified priorities may take a number of months or years before CIL has generated enough funding to deliver a priority.

In a number of areas across the country, local authorities have not put in place a CIL scheme due to the challenge of administration when compared to the possible funding CIL is forecast to generate for an area. Sandwell have taken a more ambitious approach and have applied a CIL scheme, albeit a pragmatic one, as large parts of the borough are subject to significant viability constraints and therefore significant funding takes a long period to accrue.

The CIL income is structured into 3 areas:

- 80% General boroughwide portion
- 15% Neighbourhood Funding Portion
- 5% Administration charge

4.2 80% Portion

It is a matter for the Cabinet as to how CIL is used so long as it is spent on “the provision, improvement, replacement, operation or maintenance of infrastructure”, and is guided by the impending Infrastructure Funding Statement, which will be similar in content to the Regulation 123 List referred to in paragraph 3.2. (A copy of the R123 list is enclosed with this report for information purposes).

In 2019 Sandwell MBC launched a public consultation to develop an Inclusive Economy Deal with our residents, businesses and Voluntary Sector.

This is a new participant-based approach to the development and delivery of our priorities and policies to deliver more inclusive growth. As a Council we see this as an approach to apply across all of our priorities and therefore for the large part of the CIL process we are proposing an approach which allows the Sandwell communities to nominate CIL priorities.

Subject to approval, the scheme would be launched in Spring 2020 as the CIL Deal. This would include a selection of 5 to 10 known infrastructure priorities, which are compliant with CIL. Details of the scheme would be made available and the Council would allow a 6 week period for a public vote on which schemes should be supported by the £1.6million funds currently available. The infrastructure priorities identified would support the delivery of the corporate plan and the Inclusive Economy Deal. The results of the public priorities would be ratified by the Leader and the Cabinet Member for Inclusive Growth.

There are no time limits as to when monies in the 80% portion has to be spent by.

4.3 15% Portion

This is the locally focused element (neighbourhood/ town level). The CIL income must be spent in the areas where the development takes place. It can be spent on:

- “the provision, improvement, replacement, operation or maintenance of infrastructure”, or
- “anything else that is concerned with addressing the demands that the development places on an area”.

Guidelines showing the possible projects this proportion of the CIL fund can be spent on have been drafted and accompanies this report for information purposes.

Discussions with Audit again have led to an application process being created. This would be in line with similar processes currently in place. Previously, the Housing, Jobs & Economy Scrutiny Board indicated that the Six Towns would be a suitable unit to guide spending and the monies can easily be separated into Town ‘pots’ for this purpose. Applications can only be submitted directly by community groups or by the Council on behalf of the community.

By way of background information, in August 2019, a review of the small grants managed by the Council and also the small grants managed by Sandwell Community and Voluntary Organisations (SCVO) was undertaken. The purpose of the review was to evaluate the administration and management of the whole small grants process.

To improve visibility and accessibility across the strong voluntary sector within Sandwell, of which SCVO is a fundamental element, the development of a new, people focussed small grants fund managed by SCVO was identified as the way forward. The Vision 2030 small grants fund was therefore established and commenced in January 2020. To support making Sandwell a better place, the council will retain funding for place based small grants under the leadership of the Town Leads.

The proposed CIL process also devolves the spending of funds down to Town Leads and would be managed by the Neighbourhood Engagement/ Grants Team. The process would operate along the following lines;

- Community groups (or Council officers acting on their behalf) initially approach the Council's neighbourhood engagement team who would then consult with the Town Leads to get their initial thoughts on a proposed application.
- If the proposal is considered suitable for CIL funding, the neighbourhood engagement team will assist the community group in working up their bid. The bid will then be forwarded to the CIL Steering Group (comprised of Planning officers) who will double check that the final bid meets the requirements / criteria for CIL Regulation purposes.
- If the bid is acceptable the grants team will, in accordance with the CIL regulations, advertise the application on the Council's Funding webpage seeking views on the project within a two-week timeframe.
- If positive feedback is received, the application will then be referred to Cabinet Members for final ratification.
- Once the form is completed and signed by all parties mentioned above, it should be sent to Strategic Finance for processing, with a copy to the Planning Obligations Officer for future monitoring.
- Regular feedback on applications received and monies available will be given to Members in each town at Town Lead meetings.

4.4 5% Portion

The administration of CIL is involved and in line with the regulations, the Council will use this portion of the Levy to support the costs of its administration/ monitoring of CIL collection and spend by part funding the post that carries out these duties. However, the 5% is not an amount equivalent to recovering the full costs.

5. Current CIL Monies

The figures below represent CIL monies collected to date (as at 16th December 2019) since 1st April 2015;

80% portion	Boroughwide	£1,656,329.95
15% portion	Tipton	£29,962.82
	Wednesbury	£66,925.67
	West Bromwich	£44,288.03
	Oldbury	£53,874.91

	Smethwick	£69,194.77
	Rowley	£50,609.00
5% portion	Admin/ Monitoring	£103,743.30

6. CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

Consultation with the relevant members and officers has been undertaken as part of the proposed CIL spending process.

7. ALTERNATIVE OPTIONS

The collection of CIL has been Council policy since 2015 and is a non-negotiable payment for developers.

8. STRATEGIC RESOURCE IMPLICATIONS

The CIL regulations provide an element of funding to cover the costs of collecting CIL and the monitoring of spend.

9. LEGAL AND GOVERNANCE CONSIDERATIONS

The Community Infrastructure Levy Regulations 2010 (as amended) set the legislative framework for the collection and spend of CIL.

10. EQUALITY IMPACT ASSESSMENT

A fair and robust spending system is required to ensure that all groups have the potential to benefit from CIL contributions.

11. DATA PROTECTION IMPACT ASSESSMENT

CIL collection and spend is open to public scrutiny.

12. CRIME AND DISORDER AND RISK ASSESSMENT

There are no immediate crime and disorder issues to consider.

13. SUSTAINABILITY OF PROPOSALS

A successful application for CIL should demonstrate sustainability.

14. HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

CIL can be used to promote and assist healthy living and create opportunities for active lifestyles and healthy transport choices including walking, cycling and outdoor recreation.

15. IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

Council property or land may indirectly be subject to a CIL bid.

16. CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

CIL contributions from development in Sandwell have been collected for over 4 years and the need now is to progress the spend of such contributions for the betterment of the residents of the borough.

17. BACKGROUND PAPERS

The Community Infrastructure Levy Regulations 2010 (as amended)

18. APPENDICES

The now redundant Regulation 123 List for indicative purposes on potential schemes for the 80% portion.

Guidance on projects eligible for the 15% Neighbourhoods Fund.

Amy Harhoff
Director of Regeneration and Growth