

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
9 June 2015

Subject: **COMMUNITY INFRASTRUCTURE LEVY – PRIORITISATION OF SCHEMES**

**All Wards (outside the North York Moors National Park)
Portfolio Holder for Environmental and Planning Services: Councillor B Phillips**

1.0 PURPOSE AND BACKGROUND

- 1.1 Following the adoption of the CIL Charging Schedule (CA.78), the Council needs to identify how it intends to use the collected CIL monies to deliver the strategic infrastructure on the CIL Regulation 123 List. The purpose of this report is to consider any revisions to the List and the prioritisation of the schemes to be funded either entirely, or in part, through CIL. The report identifies options and seeks Cabinet's approval to undertake the recommended approach.
- 1.2 CIL is a levy on development with the funds being used to provide infrastructure to support the development of the area. There is wide discretion for the Council in how the funds are used, although CIL cannot be used to fund affordable housing. S106 planning obligations may still be used to fund site specific improvements where these are necessarily and directly related to new developments. In contrast CIL is secured to address the cumulative impacts of development across the Council's area and to support improved infrastructure across the area.
- 1.3 The CIL regulations provide that areas that accept new development will get 15% (rising to 25% in areas with adopted Neighbourhood Plans) of the CIL revenues secured in their area paid directly to the Town or Parish Council. CIL Regulations also allow for the Council to retain up to 5% of CIL receipts to cover its administrative costs.
- 1.4 The anticipated income from CIL receipts is estimated in Annex 'E'. This is based on the planned growth as set out in the Council's adopted Local Development Framework. Annex 'E' should only be used as a guide.

2.0 REVIEW OF REGULATION 123 LIST:

- 2.1 Since the examination of the CIL Charging Schedule there have been some changes in circumstance which affect schemes on the original Regulation 123 List. Before considering the prioritisation of the schemes, it is sensible to review the List to ensure that the most appropriate infrastructure requirements for CIL funding are included. It is proposed to remove the Dalton Bridge Improvements from the List as this is now anticipated to be funded through alternate sources. Also, the Bedale Footpath and Cycleway has also been removed from the List because of changes to the local highway network, these changes are reflected in the list of schemes in Annex 'A'.

3.0 PRIORITISATION:

- 3.1 The key strategic elements of infrastructure identified on the revised Regulation 123 List relate to the North Northallerton Link Road and Bridge, the new primary school for North Northallerton and the Northallerton Sports Village. It is possible the Council could commit significant amounts of CIL receipts to these schemes early on. This could help to match other sources of funding committed to the proposals.

3.2 CIL is still a relatively new revenue stream and there is little in the way of best practice guidance available on how prioritisation should take place. The following options are based on the experiences of other local authorities. They are expanded on in Annex 'B'.

1) Identify a percentage to be allocated to individual infrastructure providers:

A set proportion of funds are passed to partners to be spent on specific types of infrastructure (e.g. NYCC, Environment Agency).

2) Create a CIL working group which would identify schemes / infrastructure types which will receive funds on an annual basis:

A Council working group which would meet on a regular basis (e.g. 6 monthly) to allocate CIL monies. Bids would be invited which would be considered by the Group and recommendations made to Cabinet.

3) Allocating a percentage to be spent on local infrastructure and a percentage on strategic infrastructure:

A hybrid of the two approaches outlined above. By taking this approach a percentage of CIL monies can be identified for 'local' infrastructure (i.e. that at a community level) and a percentage on 'strategic' infrastructure.

4) Prioritising schemes on the Regulation 123 List through assessment criteria (e.g. need, timing and relevance to Council strategies and the Development Plan and the Council's priorities) and allocate CIL monies accordingly.

Schemes identified on the CIL Regulation 123 List all have strategic importance and contribute towards delivering and supporting housing and economic growth.

Some schemes have a more significant role in delivering that growth and feature prominently in the Council's priorities (e.g. North Northallerton). This approach provides the ability to consider these aspects in determining the prioritisation of the identified schemes. A proposed schedule of criteria which has been drawn from those applied by other CIL charging authorities amended to align with circumstances in Hambleton, along with an assessment of the Regulation 123 List schemes is set out in Annex 'C'. The resultant prioritisation of schemes from this assessment is set out in Annex 'D'.

The advantages of this approach are that CIL monies are directed to the strategic infrastructure schemes where the need is most urgent in delivering housing and economic growth; the approach is transparent and relatively quick to undertake and gives infrastructure providers clarity on what income from CIL may be provided and when.

The disadvantage of this approach is that some identified infrastructure schemes may not receive CIL monies in the short to medium term

3.3 The recommended approach is Option 4 which provides an objective and transparent mechanism for assessing and prioritising the Regulation 123 schemes. The assessment and prioritisation of the schemes on the Regulation 123 List would be carried out annually by Cabinet.

3.4 In terms of the allocation of CIL monies to priority schemes, there are options to be considered (each are expanded upon in Annex 'B'):

(A) A percentage of the available CIL monies could be apportioned to all the Regulation 123 infrastructure schemes reflecting the priorities identified in Annex 'D'.

- (B) All of the available CIL monies could be allocated just to the priority schemes for a period until those schemes are delivered.
- (C) All CIL monies are pooled to be retained and allocated based on the prioritised schemes as set out in Annex 'D'. Cabinet would decide on the funding allocation at the same time as schemes are prioritised. This could be reviewed during a year should problems in the delivery of particular schemes occur.

3.5 It is recommended that Option C is the best approach. It provides pragmatism and flexibility in providing CIL monies to the priority schemes as well as the other schemes where and when necessary.

3.6 The assessment undertaken in Annex 'C' identifies the priority schemes as:

- the North Northallerton Link Road (inc. Bridge)
- a new Primary School in North Northallerton
- the Northallerton Sports Village at North Northallerton

3.7 A further report will be brought back to Cabinet on the actual amounts of CIL to be allocated to the priority schemes when the overall funding position for the projects is clearer.

4.0 LINK TO COUNCIL PRIORITIES:

4.1 CIL will help fund infrastructure necessary to support economic development and growth and will assist in delivering the Council's Economic Development Strategy and the emerging Investment Plan. Housing and employment development and strategic recreation facilities are all elements contributing to the Council priorities of driving economic development, meeting housing needs, including affordable housing and promoting health and well-being. Some of the schemes identified on the Regulation 123 List are also identified as Council priorities.

5.0 RISK ASSESSMENT:

5.1 Key risk associated with the recommendation of this report:-

Risk	Implication	Prob*	Imp*	Total	Preventative action
Delivery partners disagree with the infrastructure projects identified and also their priority.	Difficulty in relationships with delivery partners	4	4	12	Engage with delivery partners on the assessment of schemes.

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

5.2 Key risk in not approving the recommendation:-

Risk	Implication	Prob*	Imp*	Total	Preventative action
Infrastructure not provided to support development.	Delay in delivery of key strategic infrastructure will result in limited/ restricted development on a key strategic development site.	4	5	20	Agree recommendation

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

6.0 FINANCIAL IMPLICATIONS:

6.1 There are no financial implications to the Council by following the recommendation of this report.

7.0 LEGAL IMPLICATIONS:

7.1 The Council will need to follow the CIL Regulations (2010) as amended to ensure that the proper legal procedures continue to be adhered to in implementing the Charging Schedule.

7.2 The arrangements for the receipt of and management of CIL monies may require legal mechanisms between the Council and delivery partners such as the Highways Authority, NYCC Children and Young People's Services and other relevant parties.

8.0 EQUALITY/DIVERSITY ISSUES:

8.1 There are no equality or diversity issues to consider.

9.0 HEALTH AND SAFETY ISSUES:

9.1 There are no health and safety issues to consider.

10.0 RECOMMENDATIONS:

10.1 It is recommended that Cabinet:-

- (1) approves the reviewed CIL Regulation 123 List as set out in Annex 'A' for consultation;
- (2) approves the methodology and criteria for the prioritisation of schemes and distribution of CIL monies;
- (3) agrees in principle the prioritisation of schemes for 2015/16 as set out in paragraph 3.6; and
- (4) a report be brought back to Cabinet on the amount of CIL funding to be committed to the priority schemes..

MICK JEWITT

Background papers: CIL Adoption & Implementation Cabinet Report: 17 March 2015

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Hambleton District Council Community Infrastructure Levy (CIL) Regulation 123 List: May 2015

Introduction:

This document has been prepared in accordance with Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended). CIL Regulation 123 restricts the use of planning obligations for infrastructure that will be funded in whole or in part by the Community Infrastructure Levy, to ensure no duplication between the two types of developer contributions.

Charging authorities are required to publish on its website a list (the Regulation 123 List) setting out those projects or types of infrastructure that it intends will benefit from CIL funding. The Regulation 123 List can be reviewed at any time but it is likely that the Council will undertake to do this annually, following the publication of the Council's Annual Monitoring Report which will identify progress on collecting and spending CIL. In line with Government guidance on the preparation and implementation of the CIL, the Council will undertake appropriate local consultation when reviewing the Regulation 123 List.

The inclusion of a project or type of infrastructure in this list does not signify a commitment from Hambleton District Council to fund, either in whole or in part, the listed project or type of infrastructure through CIL. Nor does the order of the List imply any order of preference or weighting of one project against another.

Infrastructure to Benefit from CIL Funding:

The list below sets out those infrastructure projects that Hambleton District Council intends will be, or may be, wholly or partly funded by CIL.

	Location	Infrastructure Requirement
Road Network & Transport	Northallerton	North Northallerton Link Road (inc Bridge)
	Northallerton	Northallerton Public Transport Interchange
	Easingwold	Easingwold Footpath and Cycleway Network
	Stokesley	Stokesley Footpath and Cycleway Network
	Thirsk	Thirsk Public Transport Interchange
	District – Wide	Junction improvements required to mitigate the cumulative impact of housing and employment allocations.
Education	Northallerton	Provision of new primary school in North Northallerton.
	District - Wide	Provision of additional primary school places required as a result of new development.
Green Infrastructure	Northallerton	Northallerton Sports Village
	Northallerton	Northallerton Town Park
Healthcare	District - Wide	Healthcare Facilities – Additional GPs

Continuing Role for Planning Obligations (Section 106 Agreements):

The CIL Regulations 2010 include a deadline of April 2015 beyond which restrictions on the pooling of planning obligations (i.e. S106 Agreements and commuted sums) will come into force. From this date, the Council will not be able to pool more than five contributions from separate developments towards a single item of infrastructure not to be funded by the CIL. In order to ensure that developments are not

charged twice for the same item of infrastructure, the Council cannot require the provision of any item of infrastructure on the Regulation 123 List via a planning obligation.

Despite these restrictions, there will continue to be an important role for planning obligations in mitigating the site specific impacts of a development and in providing affordable housing. The Council will continue to secure the types of infrastructure identified in its adopted Local Development Framework by way of planning obligations, where they meet the tests set out in Regulation 122 of the CIL Regulations 2010 and do not appear on the Council's Regulation 123 List.

Affordable housing, on-site infrastructure requirements and open space provision (in line with Policy DP37 of the Council's Development Policies Development Plan Document) and maintenance payments to ensure the long-term upkeep of open spaces, will continue to be sought via planning obligations.

Summary of Options for Prioritisation Approach

Proposed Options:

1) Identify a percentage to be allocated to individual infrastructure providers:

This is a similar approach to that which the Council has previously undertaken where a set proportion of funds are passed to partners to be spent on specific types of infrastructure (e.g. NYCC for highways improvements and education provision).

This approach would require the Council to identify and agree the percentages to be redistributed. Our partners would be required to report back on an annual basis setting out how they have spent the money and what they would need in the future.

The advantages of this approach are that it is simple, transparent and easy to manage.

The disadvantages are that it may not reflect the actual projects which need to be delivered to a particular timescale.

2) Create a CIL working group which would identify schemes/infrastructure types which will receive funds on an annual basis:

This approach would require a Council working group which would meet on a regular basis to redistribute CIL monies. External partners and Council Officers would be invited to submit bids, which would be considered by the Group and recommendations made to Cabinet. The group would allocate funds and be responsible for engaging with local communities (in order to redistribute 15% of CIL monies for local community projects).

The advantages of this approach are that it ensures that Members are involved in the decision making process; that it is transparent and has a clear audit trail; and is flexible, enabling CIL monies to be directed quickly to urgent infrastructure schemes.

However, the significant disadvantages are that this approach is potentially more time consuming (for Members and Officers) and that there will be less certainty/predictability for partners in identifying funding from CIL. This significant drawback could threaten the delivery of schemes.

3) Allocating a percentage to be spent on local infrastructure and a percentage on strategic infrastructure:

This is a hybrid of the two approaches outlined above (1 and 2). By taking this approach the Council can identify a percentage of CIL monies spent on 'local' infrastructure (i.e. that at a community level – this must be at least 15% of CIL revenue but the Council may choose to allocate a higher percentage e.g. 25%) and a percentage on strategic infrastructure.

The advantages of this approach are the same as those identified for Option 2 and it may help to provide some certainty for partners concerning the proportion of CIL to be dedicated to strategic projects.

The disadvantage is that it remains resource intensive and should any increase in funding for local infrastructure be provided through the group, the 'funding pot' for strategic infrastructure would diminish, placing delivery of the Regulation 123 List schemes at risk of not being delivered.

4) Prioritising the key strategic infrastructure schemes for the Hambleton District in relation to the planned for growth of the District through assessment criteria (in terms of need, timing and relevance to the development plan) and allocate CIL monies accordingly:

This is the Preferred Option: The schemes identified on the CIL Regulation 123 List all have strategic importance and contribute towards delivering and supporting housing and economic growth in Hambleton. Clearly, some schemes have a more significant role in delivering that growth and feature prominently in the Council's priorities and strategies (e.g. North Northallerton). This approach provides the ability to consider these aspects in determining the prioritisation of the identified schemes.

A proposed schedule of criteria which has been drawn from those applied by other CIL charging authorities and amended to align with circumstances in Hambleton, along with an assessment of the Regulation 123 List schemes has been produced (see Annex 'C') to provide some detail for this approach and also to illustrate and inform the resultant prioritisation of schemes (see Annex 'D').

The advantages of this approach are that Members have an input into the process through annual reviews in determining how much CIL funding is allocated to particular schemes and when, CIL monies are directed to the strategic infrastructure schemes where the need is most urgent in delivering housing and economic growth; the approach is transparent and relatively quick to undertake, would be reviewed regularly (annually) and it would give infrastructure providers some clarity on what income from CIL may be provided and when.

The disadvantage of this approach is that some identified infrastructure schemes may not receive CIL monies in the short to medium term as a result of the prioritisation decisions made by the Council.

Sub Options of Option 4 (Preferred Option)

- a. A percentage of the available CIL monies could be apportioned to the Regulation 123 infrastructure schemes reflecting the priorities identified in Annex 'C'. For example, once the local community proportion of CIL monies (15%/25%) and administration costs (5%) has been accounted for, perhaps 70% of the remaining CIL revenue would be provided to the identified priority schemes and 30% to the lower priority schemes as set out in Annex 'C'.

The advantages of this approach are that infrastructure providers have clarity on the timing and level of CIL monies and that other lower prioritised schemes will still receive some CIL monies to meet interim provision requirements (e.g. additional school places).

However, the disadvantages are that the level of CIL monies going to prioritised schemes will be diminished and slow their potential delivery.

- b. All of the available CIL monies could be allocated to the priority schemes for a period until those schemes are delivered.

The advantage is that the approach is very clear and simple. All available CIL monies go to the priority schemes until delivered.

The disadvantage is that any interim requirements for lower priority schemes (e.g. additional school places) will not be able to be met by CIL until the priority schemes are delivered.

- c. This is the Preferred Option.**

A straightforward pool of available CIL monies could be retained and allocated on a discretionary basis based on the prioritised schemes as set out in Annex 'C'.

The advantages of this are that there is flexibility for the Council in distributing CIL monies to priority schemes when required and also the flexibility to provide funding to the lower priority schemes if needed.

The disadvantage is that the provision of CIL monies to infrastructure providers could fluctuate, making it difficult to plan for delivery financially.

Criteria and Assessment for the Prioritisation / Selection of Schemes from CIL Regulation 123 List – May 2015

Possible Infrastructure Schemes and Projects for CIL Funding – Regulation 123 List												
WHAT	Infrastructure, including relating to education, transport, open space, recreation and sport, water provision, waste water treatment, waste, health services, green infrastructure, community facilities, cultural facilities, information technology and communications, energy.	North Northallerton Link Road (Inc. Bridge)	Northallerton Public Transport Interchange (Improvements at the rail station)	Easingwold Footpath and Cycleway Network	Stokesley Footpath and Cycleway Network	Thirsk Public Transport Interchange (Improvements at the rail station)	Junction improvements required to mitigate the cumulative impact of housing and employment allocations	New Primary School in North Northallerton	Provision of additional primary school places required as a result of new development.	Northallerton Sports Village (North Northallerton)	Northallerton Town Park	Healthcare Facilities – Additional GPs
WHERE	Market towns, larger villages and other settlements with site allocations within the Development Plan and / or windfall development	Northallerton	Northallerton	Easingwold Sub Area	Stokesley Sub Area; Stokesley to Great Ayton	Thirsk	District Wide	Northallerton	District Wide	Northallerton	Northallerton	District Wide
WHY	As justified in the Infrastructure Delivery Plan within the Allocations DPD (Dec 2010)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
WHEN	To meet delivery criteria: Contributing towards the delivery of the Council's Economic Development Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Delivering the strategic objectives of the adopted Development Plan (Hambleton LDF Core Strategy 2007)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Delivering specific policies of the adopted Development Plan (Hambleton LDF Core Strategy 2007)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Addressing a specific impact of new development, beyond that which has been secured through a S106 obligation related to particular developments.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Contributing towards the delivery of approved Council corporate strategies, objectives and priorities (e.g. the Council Plan).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Contributing towards the delivery of infrastructure by an infrastructure provider (including the County Council, Government agencies, and private utility providers) where it can be demonstrated to the Council's satisfaction that infrastructure deemed necessary would not otherwise be delivered and help deliver Council priorities.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Contributing towards meeting the defined infrastructure needs of local communities to make good a defined shortfall or absence of provision that is unlikely to be met by the parish level funds (15% or 25%) of any CIL receipts.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Contributing towards meeting the defined infrastructure needs of local communities to make good a defined shortfall or absence of provision, where it is recognised that little or no significant development is considered likely over the local development plan period.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SCORING		8	5	5	5	5	5	8	6	8	4	4

CIL Regulation 123 List - Prioritised Infrastructure Schemes for CIL Funding

Below are the results of the Prioritisation Criteria and Assessment as set out in Annex C.

Infrastructure Requirement	Location	Priority Score
North Northallerton Link Road (inc. Bridge)	Northallerton	8
Provision of new primary school in North Northallerton	Northallerton	8
Northallerton Sports Village	Northallerton	8
Provision of additional school places required as a result of new development	District Wide	6
Junction improvements required to mitigate the cumulative impact of housing and employment allocations	District Wide	5
Northallerton Public Transport Interchange	Northallerton	5
Thirsk Public Transport Interchange	Thirsk	5
Easingwold Footpath and Cycleway Network	Easingwold Sub Area	5
Stokesley Footpath and Cycleway Network	Stokesley Sub Area	5
Northallerton Town Park	Northallerton	4
Healthcare Facilities – Additional GPs	District Wide	4

The assessment identifies the priority schemes (on the CIL Regulation 123 List) for CIL monies – shown in bold text in the Schedule above.

CIL Revenue Projections (2014-2026) and the Meaningful Proportion (to Local Councils)

	CIL Charge per sq.m	No. units in plan period (note 1a)	Market Units (note 1b)	Unit floorspace (note 2)	Gross floorspace (note 3)	Estimated net additional proportion	Estimated net additional floorspace	Estimated CIL revenue in plan period	Estimated annual CIL revenue (2014-2026) (12 years)
Residential									
Houses	55	3,480	1,914	130	248,820	95%	236,379	13,000,845	1,083,404
Non-Residential									
Retail warehouses	40				3,000	90%	2,700	108,000	9,000
Supermarkets	90				3,000	90%	2,700	243,000	20,250
Offices & Industrial (50%) - (see note 5)	0				195,000	90%	175,500	0	0
Other Chargeable Development	0				10,000	90%	9,000	0	0
Total								13,351,845	1,112,654
Less following costs									
5% Admin fee	£667,592	(£55,633 p.a.)							
5% Admin fee + meaningful proportion (see notes 6 and 7)	£667,592 + £1,902,638 (@ 15%)	(£158,553 p.a.) + £166,898 (@ 25%)							
								12,684,253	1,057,021
								10,614,717	884,560

Notes:

- 1a. Taken from the Local Development Framework (2014-2026).
- 1b. Affordable housing is not liable for CIL. We assume that an average of 45% affordable is achieved.
2. The average unit size is based on assumptions applied in the viability assessments.
3. Office and industrial floorspace relates to the 75ha sought in the Core Strategy, converted to floorspace based on the 85:15 split between industrial and offices. 40% site coverage is assumed for both uses, with industrial assumed to be single storey and offices three storey on average. Retail floorspace is an estimate based on one new supermarket and one new retail park being permitted over the plan period.
4. CIL is levied on net additional floorspace, so an allowance is made for existing buildings demolished to make way for new development.
5. Assumption that 50% of allocated employment land is developed.
6. The meaningful proportion is limited to the value of £100 per existing dwelling in the identified local area each financial year.
7. 15% calculated against 95% of overall market dwelling provision and 25% against 5% of overall market dwelling provision.