BCKLWN
Community Infrastructure Levy (CIL) Spending Strategy

Draft Cabinet Document

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Introduction

1. This document details arrangements by the Borough Council of King's Lynn and West Norfolk, for the allocation and spending of Community Infrastructure Levy **(CIL)**.
2. This document will be read in conjunction with the Council's CIL Policy, which provides the Council's Policy requirements, relating to the allocation and spending of CIL
3. The Borough Council of King's Lynn and West Norfolk approved the introduction of the CIL in December 2016 and started charging on 15 February 2017.
4. CIL is**:**
   a) charged on residential and retail developments, which add one or more new dwelling(s) or more than 100sqm of floor space.
   b) charged at a rate per square metre and varies according to land use.
   c) paid to the Borough Council by developers after their planning permissions are implemented.
   d) just one funding stream that can be used, in conjunction with others, to fund infrastructure projects.
   e) governed by the CIL Regulations 2010 (amended). In the Borough of King's Lynn and West Norfolk.
5. Alongside CIL, S106 obligations will still exist, but generally as one-off agreements to mitigate the impacts of larger developments and to secure on-site developer requirements, such as the provision of affordable housing.
6. The Planning Practice Guidance[1] on the GOV.UK website further explains how CIL should be managed under the revised CIL Regulations.
7. The original parameters for the governance arrangements of CIL were agreed at Cabinet on 17 August 2020.
8. This CIL Spending Strategy aims to put in place processes and controls to ensure the effective management and transparency around reporting on CIL, and all developer contributions.
9. The governance arrangements will be reviewed periodically, to meet the Corporate Objectives and Priorities, by Cabinet.
10. The spending priorities (see below) are aligned to the Corporate Business Plan and will be amended accordingly to meet the infrastructure needs of the Council.

[1] https://www.gov.uk/guidance/community-infrastructure-levy

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Background

11. CIL is paid on commencement of planning permissions that are CIL liable development, where exemptions or relief from CIL has not been granted.

12. Payments are usually made in instalments and can take up to 3 years to be received in full. Once received, the CIL payments are automatically split down into their statutory "pots" or funds:

    a 5% Administration,

    b 15% or 25% to parish councils (**Neighbourhood CIL**), and

    c the remainder to the Borough CIL Fund (**Borough CIL**).

Neighbourhood (Parish) CIL

13. Under the CIL Regulations, the Neighbourhood CIL is passed to the town and parish councils every 6 months; on the 28th of April and the 28th of October. Only Neighbourhood CIL amounts received in the previous 6 months can be passed on, so areas where there is no new development commencing and thus paying CIL will not receive any Neighbourhood CIL.

14. Parish councils have 5 years from the date of receipt to spend the Neighbourhood CIL. Where there is not a parish council, then the funds are held and spent in consultation with the community, under the same terms as the town and parish councils spend.

15. Parish councils can choose to fund projects collaboratively where local infrastructure priorities are shared with other parish councils or other infrastructure providers, such as Health, Police, Highways, or Education. The CIL Regulations state that parish councils can spend their Neighbourhood CIL on:

    a. the provision, improvement, replacement, operation or maintenance of infrastructure; **or**

    b. anything else that is concerned with addressing the demands that development places on an area.

16. Where town and parish councils have a Neighbourhood Plan made in their area, the expectation is that Neighbourhood CIL is prioritised and spent to deliver the projects identified in the Neighbourhood Plan.

17. This may mean that in some areas where the Neighbourhood Plan has identified health or education, or other strategic infrastructure as a priority infrastructure requirement, there will be the opportunity to collaboratively fund projects of this nature.

18. For those town and parish councils receiving 15% Neighbourhood CIL, they should consider the infrastructure needs of their area using a Parish Infrastructure Investment Plan (PIIP) to help understand, evidence and prioritise their infrastructure needs, and to focus Neighbourhood CIL spend.

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Borough CIL

19. The Borough CIL:

    a) needs to be focused on infrastructure projects linked to the Local Plans.

    b) may take a number of years to collect enough funds for projects, as they come forward if they come forward ahead of the growth. There is no spending deadline for Borough CIL.

    The key element to support delivery of timely infrastructure is monitoring commencements and sharing data with infrastructure providers.

20. The Borough CIL **must** be proportionate in the way that infrastructure projects are funded:

    a) where new housing and retail growth has commenced in areas; **and**

    b) infrastructure needs have been identified in the Local Plan, Neighbourhood plan and through the planning process.

20. The list of projects that have been allocated Borough CIL is reported within the Annual Infrastructure Funding Statement, together with information on their progress.

21. The previous CIL spending process related to the formative years for CIL and was an open opportunity to fund local projects, especially during a period where not much Neighbourhood CIL had yet been paid out to town and parish councils.

There is a risk that the past practice of funding local projects diminishes the projected funds and would leave developments without necessary infrastructure.

The CIL Expenditure Review

22. CIL expenditure processes have been under regular review since changes in the CIL Regulations that affect CIL collection, spending and reporting came into effect from 1 September 2019.

23. The current CIL expenditure review began by looking at the Revised CIL Legislation and the emphasis placed within the National Planning Policy Framework (NPPF) and the updated Planning Practice Guidance.

24. There is greater flexibility for parish councils' spending as detailed within the CIL Regulations, although any unspent Neighbourhood CIL still held after 5 years from the allocation date must be returned to the Council. Under the CIL Regulations, the Council would then spend this CIL to support new development in the area of the local council(s).

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25. CIL should be viewed as a method to mitigate and support growth, and therefore its collection and spending is linked to a plan-led approach. There is a golden thread linking the requirements for how CIL can and should be spent, with the infrastructure identified within the Local Plan.

The 2019 changes in the CIL Regulations, supported by the NPPF and Planning Practice Guidance, emphasise the need to spend developer contributions (CIL and s106) to ensure that development is sustainable in planning terms.

26. There is now a legislative requirement for the Council to produce and publish an Annual Infrastructure Funding Statement which details those projects the Council is collecting CIL toward and planning to deliver, together with details of the expenditure for the financial year in relation to both s106 and CIL.

27. The Annual Infrastructure Statement is published by 31 December each year (relating to the previous financial year).

28. Previously, this Council has produced an Annual Infrastructure List, which detailed the types of infrastructure Borough CIL would support, not directly linked to the Local Plan or Corporate Project requirements.

29. The Infrastructure Funding Statement places a greater emphasis towards the projects identified from the growth detailed in the Local Plan. This means more focus on working with statutory infrastructure providers to identify projects needed to be delivered, as indicated through the Local Plan, Neighbourhood Plans and identified through planning applications.

30. The new CIL Spending Strategy will prioritise the allocation of CIL funds;

    a to infrastructure projects that will make development within the local plan sustainable in planning terms; **and**

    b to projects that are demonstrably deliverable and are ready to be included on the Annual Infrastructure Funding Statement.

If we do not do this, the risk is that the development coming forward will not be sustainable in planning terms

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The New CIL Spending Process

31. Borough CIL spend will need to initially focus on the infrastructure already identified through the local plan and communicated within the planning process.

32. The spending process will ensure:

    a. Borough CIL funding is secured or ringfenced to deliver selected projects in a timely manner; **and**

    b. Priority projects for Borough CIL funding are identified; **and**

    c. Project progress will be communicated within the Infrastructure Funding Statement, which is a requirement in the CIL Regulations 2010 (as amended).

33. The first Infrastructure Funding Statement [2] was produced and published by 31 December 2020. Towards the end of each year a new Infrastructure Funding Statement will be published.

34. Town and parish councils will be encouraged to look at their local infrastructure needs, and to plan delivery of local projects using their Neighbourhood CIL.

35. Where local priorities have been identified and Neighbourhood CIL has been received in the area, Neighbourhood CIL should be directed to these projects and used as match funding for any application submitted for infrastructure funding.

36. It should be noted that the CIL Regulations give town and parish councils 5 years from the date of receipt in which to spend Neighbourhood CIL.

37. As well as being clear about what CIL could be used for, it is equally as important to be clear about the project costs that Borough CIL cannot fund.

The new CIL Spending Strategy will prioritise and safeguard Borough CIL Strategic and Local funds, for recognised infrastructure to support growth.

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[2] https://www.west-norfolk.gov.uk/info/20223/cil_financial_reports/687/cil_infrastructure_funding_statements

The allocation of CIL to infrastructure projects should not be viewed as 'money to support local projects' or as an even share of funding.

CIL will NOT fund

38. The following will no longer be considered as appropriate spend from Borough CIL:
    a Up front funding for feasibility studies and professional fees, where there is no guarantee that the infrastructure would be delivered; **or**
    b Infrastructure replacement or improvements in areas where there are no major developments commencing and there is limited growth; **or**
    c Infrastructure that is not supported by lead statutory bodies, for example, traffic calming or pedestrian crossings if these are not considered as required infrastructure by the Highways Authority, projects within education settings (including Academy and other school or early years settings) that are not supported by Norfolk County Council; **or**
    d Ongoing operational or maintenance costs; **or**
    e VAT where this can be reclaimed.

Priorities for Funding Infrastructure Projects

39. In order to understand which infrastructure should be prioritised for funding from the Borough CIL, the Spending Panel will need to use a prioritisation framework.
40. In this way the council will be able to consider those projects that have not been captured in the Local Plans or Neighbourhood Plans.
41. Where town or parish councils have a 'made' Neighbourhood Plan and they receive 25% of the CIL collected from commenced development, this funding should be prioritised towards the infrastructure highlighted within the Neighbourhood Plan.

By releasing Borough CIL funding, we can achieve infrastructure provision through collaborative spend (i.e. other grant funding, Community Partnership/Locality funding, government funding, neighbourhood CIL and crowd funding/donations)

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To ensure transparency, it will be essential, to demonstrate links with the demands of a growing population and the need for the infrastructure project.

Borough CIL Allocations

42. The Borough CIL Fund is separated into 2 specific project types for the following reasons:

    a to enable the funding to meet wider borough infrastructure requirements,

    and

    b to support local community infrastructure needs

    Each project group is allocated a percentage of the CIL income as follows:

Local CIL Fund 20% - Local Infrastructure Projects

- identified through an application process
- project funding between £10k and £100k
- applications reviewed and selected by the CIL Spending Panel

Strategic CIL Fund 80% - Large Scale Infrastructure Projects

- no application process
- officers from across the council will work in liaison with the CIL Spending Panel Chair, to review the list of identified infrastructure projects, to ensure that the CIL Spending Strategy operates accordingly.
- projects selected from the Council's Corporate Project Programme, in line with Corporate Objectives and Local Plan
- spending panel will have delegated responsibility to select and allocate CIL funding up to £100k to any project(s) from the prepared list.
- spending panel may make recommendations of projects over £100k to Cabinet.
- any Strategic Project above £100k - decision making will rest with Cabinet.

Support for £0 CIL Rated Strategic Sites

43. In areas where there is significant growth from strategic sites and these sites are zero-rated for CIL as detailed in the adopted Charging Schedule[3], the Borough Council will work with the affected town and parish councils to understand infrastructure needs/priorities, and help them to access Borough CIL for relevant priority projects.

44. Where infrastructure projects accord with the CIL Regulations, the Council is aware this could mean that a project may not be 'match funded' with existing Neighbourhood CIL or other funds.

45. Where several parishes are affected by zero-rated strategic sites, all councils should work together to support and fund the delivery of local infrastructure projects.

46. Parishes/Town Councils and Parish Meetings will be encouraged to produce an Parish Infrastructure Investment Plan (PIIP), to identify infrastructure to support new development.

47. Where projects accord with a PIIP or a Neighbourhood Plan, and direct links between the infrastructure and the strategic growth can be demonstrated, and the project accords with CIL Regulations, there will be a presumption in favour of supporting the project. This will need to be tracked alongside housing delivery and the cumulative spend in each area will be reviewed and form a key consideration.

Local Infrastructure Projects

Infrastructure Projects - seeking funding no less than £10k, but no more than £100k

48 The Council will publish details of when the application window will open and close.

49 Applications will be reviewed and allocated funds by the CIL Spending Panel.

50 20% of the Borough CIL amount is allocated as a ceiling level of funding, to put into the Local CIL Fund;

a the 20% ceiling value of Local Infrastructure funding will be reviewed annually.

b where the Local CIL Fund has not all been allocated in that funding period, any remaining funds will be ringfenced and added to the 20% available for the next bid round.

It is important that applications for CIL funds are robust, relate to projects that are deliverable, and that all avenues for collaborative funding have been explored.

[3] https://www.west-norfolk.gov.uk/info/20201/cil_charges_and_payments/543/charging_schedule

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Principles of Local CIL Allocations

51. There are a few key principles to bear in mind when considering applying for funding from CIL:

a The infrastructure supports new housing and/or employment growth

b Timeliness - has the new housing for which the infrastructure is required started?

c The benefits of the infrastructure are clear

d The infrastructure is capable of being used by the wider community

e The infrastructure proposed represents value for money

f The infrastructure should be new or if being enhanced there must be some additionality in what facilities and/or services are being provided

g Deliverability can be demonstrated

h The project has community support, demonstrated through evidence of meaningful engagement

i Feasibility studies will only be funded when they form part of a fully costed project that is ready to be immediately delivered – feasibility studies alone do not produce infrastructure

j Where the infrastructure is provided by a statutory partner, they must agree the project is required and have the project tabled into their delivery plans

k Borough CIL Funds may be applied for by the infrastructure provider where this is delivered by or through a statutory partner such as Highways, Education, Health or Police

l A suitable package of measures has been identified, which allows for funding of ongoing maintenance of the infrastructure, in order to secure continued use

m The timing of delivery of the project is clear and payment stages are defined

n Costings must be clearly defined, and evidence based

o Submission of at least 3 quotes (from different providers) or quantity surveyors costings in accordance with the Contract Standing Orders and the Request for Quotation processes

p Where VAT can be claimed back, this should be clear and discounted from costings

q All avenues for collaborative spend have been explored – e.g. grants, other government funding, County Council, District, Parish, Neighbourhood Parish CIL, community fundraising, crowd funding

r There is certainty around other funding sources.

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Local CIL applications MUST

52 Local Infrastructure applications will be considered on a case-by-case basis and **MUST** meet **ALL** of the following validation criteria:

a be located in or close to areas where new developments are coming forward (granted permissions have commenced or are about to commence); **and**

b increase the provision, capacity or function to benefit a growing community; **and**

c take into consideration inclusivity and accessibility; **and**

d be deliverable in the short term (within 2/3 years); **and**

e be supported by the submission of evidence to confirm the finance arrangements (quotes or procurement process and match funding); **and**

f have written support of the Ward Member(s).

53. The CIL Local Funding Application is an online process— details relating to how to apply will be published on the CIL webpages.

Local CIL Applications SHOULD

54. Local Infrastructure applications will be considered on a case-by-case basis and SHOULD meet the following:

a be partly funded through Neighbourhood Parish CIL or have a minimum of 50% match funding guaranteed

b be identified through a Parish Infrastructure Investment Plan (PIIP), Neighbourhood Plan or provide equivalent evidence to demonstrate feasibility

CIL Funding Application Review

55. Only valid Local Funding applications will be considered by the CIL Spending Panel.

56. Where applications are made by statutory infrastructure providers, such as Police, Health, Highways and Education, these should not require further evidence of value for money since procurement frameworks are reviewed, ensuring best value is achieved. The expectation is that the project will form part of the relevant organisations' Capital Programmes. These bodies are required to report on the use of developer contributions, for transparency.

57. Where applications are made by local councils and other community or charitable bodies, these will have greater information requirements. This will ensure best value is obtained, clarity on funding sources, and to further understand subsidy implications.

58. The CIL Spending Panel may recommend that applications submitted by statutory partners be given an approval "in principle" decision, to allow CIL funding to be allocated to the project until such time as the project can then progress. This would only apply to applications where planning permission or other minor barrier prevents the application from being valid, and where the project will commence within 6 months of the "in principle" decision.

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CIL Funding Applications - Validation Process

59. Local Project CIL Funding Applications will not be validated if the project does not meet **ALL** of the '**MUST**' criteria as detailed above.
60. All Local Project application forms must be completed in full, with at least 3 quotes from different suppliers. All quotes must relate to the same specification of works/materials (like-for-like).
61. If the project requires sourcing of different materials/contractors, 3 quotes for each material/contractor will be required.
62. If further information is required, a failure to provide this in a timely manner will delay the application from validation.
63. Where information is not provided by deadlines set within this process, the likelihood that the application will be rejected will be increased.

Local CIL Funding Notifications

64. If your application has been confirmed as being valid by the CIL Team, the CIL Spending Panel will review and allocate funding at their calendared meeting.
65. Once the CIL Local Fund has been allocated, the results will be published on the Council public facing digital platform (Exacom).
66. All applicants will be notified in writing, via email, of the Spending Panel's decision.

There are no grounds of appeal, as all decisions are final.

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Strategic Project Identification

67. Projects will be selected from the Council's Capital Projects Programme from Tiers 1 to 3.

Capital Tiering (May 2025)

Tier 1 – Major Projects/schemes that are approved by Cabinet/Council to go live/are in progress.

Tier 2 – Operational Projects that are approved by Cabinet/Council to go live/are in progress.

Tier 3 – Projects and schemes awaiting detailed consideration by Cabinet or Council before transition to go live under either Tier 1 or 2.

68. A list of eligible Capital Projects that meet the definition of 'infrastructure to support development' will be produced by the CIL Officers,and presented to the CIL Spending Panel.

Strategic Infrastructure Projects – Allocation of funding

Projects already identified as infrastructure to support development

70. 80% of CIL Borough Funds will be allocated to Strategic Infrastructure Projects.

71. Projects will be identified and classified into 3 categories by officers in liaison with the CIL Spending Panel Chair, as detailed below.

Essential Infrastructure

72. The Spending Panel may select projects up to £100k and Cabinet will select projects over £100k from any/all of the criteria as follows:

a Infrastructure is necessary to support an approved development (proposed developments with planning permission granted) in order that development carried out is sustainable

b Is identified in the Infrastructure Delivery Framework of the Local Plan, is identified in a Neighbourhood Plan or Corporate Strategy as a priority

c Represents key infrastructure as identified in the Local Plan, Neighbourhood Plan or Infrastructure Delivery Plan (IDP)

d The identification of need must demonstrate that the time of delivery for funding is correct.

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Desirable Infrastructure

a The provision of this infrastructure addresses a current inadequacy in infrastructure terms and the benefits of the infrastructure are clear

b The infrastructure is identified as 'desirable' or a 'priority' in the Local Plan or Neighbourhood Plan or recent Parish Infrastructure Investment Plan (PIIP)

c Neighbourhood CIL funding has been formally allocated to fund the project

d It would allow infrastructure to be delivered through collaborative funding with Borough CIL.

Beneficial Infrastructure

a. By provision of infrastructure, would unlock ***further opportunities*** within the Borough for housing and employment growth – e.g. the relocation of a Community Centre or similar infrastructure to a new building which would be mostly funded through the sale/re-use of the land as residential or business use and there are adequate facilities in the area to serve the development.

b It is infrastructure which has not previously been identified as essential, or desirable in the Local Plans or within a Neighbourhood Plan, but a clear link can be identified in supporting the sustainability of the Local Plan.

c It is infrastructure which addresses a recently unexpected shortfall in infrastructure or community provision accounted for as having an influence on the sustainability of a community in the Local Plan. - e.*g. closure of a pre-school facility and the need for a replacement, or the more rapid adoption of the use of electric vehicles or other beneficial environmental infrastructure or technologies.*

Borough CIL Funding - Decision Making Processes

73. The CIL Spending Panel have delegated powers to allocate funding up to £100k.

74. Meetings will be held at least once per year:

a **Strategic CIL funded projects**

i Up to £100k - will be selected by the CIL Spending Panel, from projects already identified by the Council as necessary infrastructure to support development. Over £100k projects may be recommended by the Spending Panel to Cabinet.

ii Over £100k - will be selected by Cabinet.

b **Local CIL Applications** – will be reviewed and funding allocated by the CIL Spending Panel.

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75. The CIL Spending Panel is not a forum for presentations from potential funding applicants, or promotion of local projects by members of the panel, substitutes, or other invited member attendance.

76. The CIL Spending Panel is not a forum for appeals against Borough CIL funding decisions.

77. All CIL Spending Panel funding decisions are final.

It is important to recognise that large infrastructure projects may require CIL to be built up over a period of time.

Exacom – Developer Contribution Digital Solution

78. The Revised CIL Regulations place new demands in relation to recording developer contributions and reporting on both S106 and CIL. As a result, information and services must be provided more digitally.

79. The Council have implemented a digital solution, using Exacom software, in order to provide an efficient and effective service, and to meet statutory requirements.

80. The digital solution for managing developer contributions will:

    a enable the council to safeguard West Norfolk CIL Funds,

    b give an opportunity to the public, developers, infrastructure providers, local councils and other key stakeholders who will be able to understand the infrastructure that is being delivered through developer contributions,

    c publicly present the amount of unspent or uncommitted CIL that the council holds.

81. The allocation of funds in this way will require periodic review and annual reporting on the "approved projects" that will be the focus of the Infrastructure Funding Statement.

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