

CIL Allocation of Strategic Fund – Revised Allocation Criteria



Report of the Cabinet Member for Economic Development and Local Plan, Parks & Leisure
Councillor I. Eadie

Date:	8 June 2021
Agenda Item:	5
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Key Decision?	YES
Local Ward Members	All

CABINET

1. Executive Summary

- 1.1 This report presents a revised policy and procedure for allocating the discretionary element of Community Infrastructure Levy (CIL) funding for strategic projects.
- 1.2 The revised approach includes a new scoring regime for assessing expressions of interest including establishing a set of principles to help justify recommendations and provide further clarification as to how they will be implemented. It is considered the approach will ensure a better alignment with the emerging Local Plan and related Infrastructure Delivery Plan and accord with the Councils adopted governance procedures.
- 1.3 The report recommends that if Cabinet is minded to approve the revised CIL allocation criteria, expressions of interest relating to the next round of CIL allocations are invited for a two month period during the summer of 2021.
- 1.4 Finally, the report recognises that the Council has recently changed its committee structure and proposes changes to the current CIL governance process to ensure it is agile and therefore efficient in decision making, oversight and delivery.

2. Recommendations

- 2.1 That the Cabinet approves the revised policy and procedure for determining the allocation of Community Infrastructure Levy (CIL) monies to meet strategic infrastructure requirements.
- 2.2 That implementation of the approach be monitored and kept under review in order to ensure that it reflects up to date Local Plan policy with regard to infrastructure needs and also any future relevant legislative changes to CIL.
- 2.3 That the following revisions are made to the CIL governance process.
 - That the CIL Annual Financial Monitoring report (April) and mid-year update (October) are agreed by the Cabinet member for Economic Development and Local Plan, Parks & Leisure in consultation with the Head of Economic Growth and Development and reported as a briefing paper to the Council's Overview & Scrutiny committee.
 - That the approval of transfer of CIL monies related to the Cannock Chase and River Mease Special Areas of Conservation (SACs) and Neighbourhood CIL is delegated to the Cabinet member for Economic Development and Local Plan, Parks & Leisure in consultation with the Head of Economic Growth and Development.

- That the current Joint Member and Officer Group (JMOG) is disbanded and consideration of the future preparation and revision of CIL policies, procedures and proposals including approval of spending discretionary CIL allocations for strategic infrastructure projects is made the responsibility of the Strategic Infrastructure Group (SIG) in conjunction with the Cabinet member for Economic Development and Local Plan, Parks & Leisure.
- That the operation of the SIG is scrutinised by the new Overview & Scrutiny committee and/or any such Task Group established for this purpose.
- The Cabinet recommends to Council that the revised policy, procedure and governance arrangements are approved and adopted.

3. Background

Revisions to Policy and Procedure

- 3.1 The Community Infrastructure Levy (CIL) is a charge on development which provides a funding stream for infrastructure required to support new development. Lichfield District Council adopted its CIL charging schedule in April 2016 and began charging CIL on 13 June 2016. As part of the adoption of CIL in 2016 the Council also adopted a number of procedures and policies to govern the collection and allocation of monies collected through CIL. Since the adoption of CIL there has been a number of changes by Government to the CIL regulations. One such change is that CIL and Section 106 agreements can now be used to fund the same piece of infrastructure and the deletion of the requirement to produce a list of projects which CIL would and wouldn't be used to fund (known as the Regulation 123 list).
- 3.2 These changes to the regulations afford some flexibility for charging authorities on how CIL monies may be used. There are, however, some complexities and risks with such an approach which need to be fully explored and understood. Members of the Joint Member and Officer Group (JMOG) and Strategic Infrastructure Group (SIG) have undertaken a review of the adopted CIL governance, policy as well as procedures. This review has identified the need to revise the approach to spending District CIL funds and to put in place new processes and controls to ensure the effective management and transparency around the allocation of CIL monies.
- 3.3 The District has previously adopted an allocation process which includes inviting bids for funding in line with the now deleted Regulation 123 list and assessing bids initially against a 4 point basic eligibility criteria. Successful applications at this first stage are then assessed against a further 4 criteria with the aim of evaluating the benefits of the proposals and their deliverability. Alongside the removal of the Regulation 123 list, it is apparent that this process has not been as effective as anticipated in directing CIL funds to truly strategic projects which help to meet recognised infrastructure requirements, hence the need to review the policy and allocation procedures.
- 3.4 At the start of this review in January 2019, SIG and JMOG considered a report which set out issues that had arisen from the assessment of applications received requesting CIL funding. The initial 22 applications requesting funding from the first round of CIL monies had been assessed against criteria set out within the currently adopted guidance. The majority of submissions had failed to meet the eligibility criteria. Only 6 applications had been considered acceptable, 4 of which have now progressed. This outcome led to consideration of the future approach to Strategic CIL funding and that further consideration should be given to ensuring the approach being taken to determining the allocation of CIL monies is robust and importantly will help to facilitate delivery of strategic infrastructure required in the district.

Framework & Priorities for Funding Infrastructure Projects

- 3.5 Going forward, it is proposed that infrastructure will be categorised to assist the process of prioritisation. This will help distinguish between projects that are critical to enable development, and those that will mitigate the effects of the development compared with those that are important to deliver wider place-making objectives. The categories and their descriptions are set out below and illustrated by the prioritisation process flow chart at **Appendix A**. It is considered that taking this approach forward is the most appropriate way of assessing the allocation and provision of CIL funding for applicable projects as it will assist in prioritising the delivery of appropriate and necessary infrastructure within the district. This assessment criteria will take into account the relevant strategies within the Infrastructure Delivery Plan (IDP), Infrastructure Funding Statement (IFS), Local Plan Policies and corporate directives of the council. Projects which align with the proposed strategies will be considered as a priority. Details of the proposed categories of essential infrastructure and desirable infrastructure priorities are set out at **Appendix C**. The proposed approach (**Appendix A**) suggests infrastructure within the 'beneficial' category be delivered through Neighbourhood CIL.
- 3.6 In order to assist in the decision making and assessment of whether a proposed funding project meets the relevant criteria, a scoring system (**Appendix B**) to assess a project against the relevant criteria has been developed. The scoring system criteria focuses on three key project areas. These are, evidence of need for the proposed project, evidence of stakeholder support and finance and deliverability. Enhanced weighting is given to projects which align with the councils Strategic Plan, settlement specific and Neighbourhood Plan policies and the Local Plan which is supported by the IDP and IFS. The IFS, produced on an annual basis, provides a narrative that sets out how developer contributions will be used to deliver plan policies, including projects or types of infrastructure. It is considered that funding for beneficial projects, shown within the flowchart at **Appendix A**, will be funded via Neighbourhood CIL except in exceptional circumstances and where the benefit of the project is clear in meeting the relevant infrastructure criteria, delivery can be demonstrated and there are insufficient funds available via neighbourhood CIL to facilitate the proposed project.
- 3.7 The Cabinet is asked to consider the allocation procedure as recommended by JMOG and set out within this report and its appendices and if agreeable endorse these. If the Cabinet agrees the proposed allocation procedure this will allow the bidding process to open up for applications to be assessed under the new proposed criteria.

Allocation of the discretionary element of the Community Infrastructure Levy

- 3.8 The last allocation round for the discretionary element of the Community Infrastructure Levy took place between July and September 2018. Since that time monies have accrued so that in the latest financial report April 2021, the balance was £1,211,335.14. Due to the review of the allocations process and criteria as described within this report further opportunities for the submission of bids have been put on hold. Given the significant levels of funds which are now within the strategic CIL reserve and a revised policy described within this report it is considered that it would be an appropriate time to open up bids. The higher levels of funding accrued compared to the previous funding round of around £300,000 will also mean the funding can have a greater impact in delivering any one particular strategic project.
- 3.9 It is proposed that the availability of CIL funding for allocation is promoted during the period July to September 2021 and bids from service/infrastructure providers invited. Promotion will be through press releases, the Council's website. Information will be directly circulated to internal Council Services, District Council Members, Parish Councils and a number of external partners. The SIG will also seek to proactively engage with the aforementioned to ensure suitable projects come forward.

Changes to CIL governance arrangements

- 3.10 With the Council recently taking the decision to change its committee structure arrangements from holding a number of theme based Overview & Scrutiny committees to a central Overview & Scrutiny Model, supported by member task groups, it is considered prudent to review the CIL governance arrangements. Currently matters related to CIL are considered firstly by the Strategic Infrastructure Group (SIG) which meets quarterly and then by a Joint Member Officer Group (JMOG) which meets bi-annually.
- 3.11 In relation to the Strategic Infrastructure Group (SIG) this is made up of officers from a variety of internal district council services and officer representation from Staffordshire County Council. The group is chaired by the District Council's Head of Economic Growth & Development. Officers from the Council's Spatial Policy & Delivery team provide the administrative support.
- 3.12 The Joint Member Officer Group (JMOG) currently comprises four District Council members and one Staffordshire County Council member supported by officers from the two respective authorities. JMOG considers reports and recommendations from the Strategic Infrastructure Group (SIG) and then makes recommendations directly to Cabinet. The current arrangements do not allow for wider democratic scrutiny before decisions are taken by Cabinet.
- 3.13 Some of the reports regularly taken to SIG and JMOG such as the April financial monitoring report and the October mid-year update are for information rather than requiring a decision(s) to be made. Furthermore, the transfer of monies to the Special Areas of Conservation (SACs) and the Neighbourhood CIL are processes that happen by necessity and therefore agreement for transfers could take place through delegated authority between the Cabinet member of Economic Development and Local Plan, Parks & Leisure in consultation with the Head of Economic Growth & Development. Such an approach would be consistent with other delegated responsibilities already in place.
- 3.14 Given the recent change to the Councils committee structure arrangements it is suggested that the Joint Member and Officer Group (JMOG) is disbanded and consideration of the future preparation and revision of CIL policies, procedures and proposals including approval of spending discretionary CIL allocations for strategic infrastructure projects should be transferred to the Strategic Infrastructure Group (SIG) in conjunction with the Cabinet member for Economic Development and Local Plan, Parks & Leisure.
- 3.15 Moving forward it is considered that wider scrutiny and support for proposals before they reach Cabinet could be achieved without a slowing down in decision taking into account the new corporate Overview and Scrutiny arrangements (**Appendix D**). Reports could be prepared or alternatively a briefing paper for this Committee in advance of Cabinet. Alternatively members may decide that a Task group should be formed. As such the value of having JMOG as part of the process is brought into question.
- 3.16 Cabinet is asked to agree new governance arrangement with the SIG reporting into Overview and Scrutiny and JMOG being disbanded and recommend that these be approved along with the revised policy and procedure by Council.

Alternative Options	<ol style="list-style-type: none">1. Not implement the proposed criteria this would require the current CIL process to continue. This would be more time consuming and risks CIL being spent on less important infrastructure and without a full evidence-based picture of infrastructure needs and cost. It may result in a shortfall in CIL to spend on larger future essential projects2. Not implementing the changes in governance arrangements could result in the continuation of the current process which can lead to inefficient use of
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	<p>officer and member time and a disconnect between those proposing recommendations and the wider scrutiny of members from Overview & Scrutiny before decisions are taken to Cabinet.</p> <p>3. Cabinet recommend officers create an alternative allocations procedure. This would be difficult to justify and potentially further delay the allocation of accrued CIL monies to support infrastructure projects.</p>
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Consultation	<ol style="list-style-type: none"> 1. Consultation has been undertaken with both SIG and JMOG in line with the CIL Administration and Governance arrangements in respect of changes to the CIL allocation funding criteria. 2. Revision of governance arrangements has taken place in consultation with the Cabinet member for Economic Development and Local Plan, Parks & Leisure.
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Financial Implications	<ol style="list-style-type: none"> 1. Funding allocations will support the delivery of projects which have secured other external funding, maximise the financial investment in strategic infrastructure within the district. 2. There is no impact on District Council budgets.
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Crime & Safety Issues	<ol style="list-style-type: none"> 1. There are no crime and safety issues.
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Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> 1. An Equality Impact Assessment screening has been completed.
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GDPR/Privacy Impact Assessment	<ol style="list-style-type: none"> 1. No GDPR issues/risk
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Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> 1. Supports the priority of 'Enabling People' through transparency of the CIL funding and allocating of funds process. This will enable stakeholders to make bids for funds to assist in the delivery of infrastructure which will assist in helping people live healthy lifestyles. 2. Supports the priority of 'Shaping Place' through the alignment of infrastructure provision to local priorities ensuring growth is done sustainably and with balanced infrastructure provision. 3. Supports the priority of 'Developing Prosperity' through the provision of infrastructure to support development including employment and residential uses, thereby encouraging economic growth, enhancing the district and providing certainty for investment. 4. Supports the priority of being a 'Good Council' by accountability, transparency and responsiveness as the update enables the community, business, developers, service and infrastructure providers and other interested organisations to understand how CIL receipts are collected, to bid for funding and understand how funds are allocated to support the delivery of infrastructure.
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Slow or none delivery by projects following allocation.	Grant agreements include a clawback mechanism in the event of deemed slow progress or non-delivery. Progress will be monitored and managed by officers and reported to both SIG and Overview and Scrutiny Committee (if the proposals in this paper are endorsed).	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
B	Allocated funding supporting investment in elements which are outside the scope of the submitted application.	Through the Grant Agreements funding will be released against individual milestones across the delivery timeline of the approved project. The allocations criteria should assist in ensuring that the projects allocated Strategic CIL funds will provide relevant and necessary strategic infrastructure.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
C	Limited number of projects benefitting from the proposed strategy.	It is noted that historically there has been an issue with the district CIL funding not being utilised for strategically important infrastructure. The proposed revised approach would enable officers and members to clearly identify projects which serve to meet infrastructure needs and help in the assessment process. Whilst limiting the number of nature of bids that are likely to be successful it will mean that monies are directed to those projects seen as of value and importance. The framework would allow other projects to seek support via alternative funding routes including Neighbourhood CIL etc.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
D	Changes in governance arrangements	The new arrangements may take some time to bed in. However, the process can be kept under review and amendments made as appropriate to ensure a streamlined and efficient process is achieved.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow

Background documents

Prioritisation Process Chart – Appendix A

CIL Strategic Infrastructure Project Scoring Criteria - Appendix B

CIL Allocation of Strategic Fund Categories of Infrastructure Priority - Appendix C

Draft Strategic CIL Allocation Governance Procedure – Appendix D

Relevant web links

[CIL Governance and Administration Procedures](#)

[Infrastructure Funding Statement \(IFS\) 2019-2020](#)