

## OVERVIEW & SCRUTINY COMMITTEE

CHAIRMAN: Cllr Mike Haines

**DATE:** 4 March 2019  
**REPORT OF:** Principal Delivery Officer  
**SUBJECT:** Community Infrastructure Levy Monitoring Report  
**PART I**

### RECOMMENDATION

**That the summary of the Community Infrastructure Levy, financial reporting and funding forecasts is noted.**

### 1. PURPOSE

- 1.1 To consider the background to the Community Infrastructure Levy (CIL), the process of reporting funding received and future income and expenditure forecasts.

### 2. THE COMMUNITY INFRASTRUCTURE LEVY (CIL)

- 2.1 The Planning Act 2008 introduced the Community Infrastructure Levy (CIL) and the 2010 Community Infrastructure Levy regulations provided the detailed framework for CIL charge setting, collection, expenditure and reporting. There have been partial amendments to the regulations during most of the intervening years.
- 2.2 CIL is a fixed charge on new development floor space. Affordable housing does not incur a liability and exemptions are available for extensions to existing dwellings and custom and self-build housing. As Charging Authorities, councils must use monies collected to fund infrastructure needed to support the development growth of the area.
- 2.3 A neighbourhood funding element must also be passed to town and parish councils. This amounts to 15% or 25% of the total CIL receipts depending on whether a neighbourhood plan has been made.
- 2.4 Teignbridge introduced CIL in October 2014 following an independent examination. The rates set were based on development viability evidence that also supported introduction of the Local Plan. The evidence gathered identified that it was only residential development and out of town centre retail schemes that could afford to pay a charge.
- 2.5 CIL amounts charged depend on where in the district development is located and are set out in the council's CIL Charging Schedule. Inflation is applied annually in line with the Royal Institute of Chartered Surveyors' index of build

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costs. Further information about Teignbridge's CIL is available at the following link.

[www.teignbridge.gov.uk/cil](http://www.teignbridge.gov.uk/cil)

### 3. CIL MONITORING REPORT

3.1 The CIL Regulations require councils to prepare a CIL monitoring report each year before the end of December. The report must address financial matters associated with CIL liabilities, income and expenditure relating to the preceding financial year.

3.2 CIL reports are available at the following link and the latest for 2017/18 is at Appendix 1. Also included in the report are figures for the cumulative position since CIL was introduced in 2014.

<https://www.teignbridge.gov.uk/planning/planning-applications-and-appeals/community-infrastructure-levy/what-is-cil-spent-on/>

3.3 The following sections summarise the purpose and content of each of the rows included in table 1 of the monitoring report.

#### Liabilities raised

3.4 By March 2018 Teignbridge had granted planning permission for development whose cumulative CIL liability since October 2014 amounted to £15,365,707 (Appendix 1, table1, row 1).

3.5 In many cases CIL exemptions were available. Taking these into account, non-exempt CIL liabilities over all years amounted to £12,642,365 (row 2).

3.6 However, CIL liabilities do not provide a reliable forecast of CIL income. These figures do not, for example, take into account planning permissions that might lapse without being implemented and it would not be prudent to commit budget on the strength of liabilities alone.

#### Amount of CIL Raised

3.7 Chartered Institute of Public Finance and Accountancy (CIPFA) guidance does allow councils to recognise CIL income once development has commenced. At that point the associated CIL invoice is issued by the Charging Authority in the form of a 'demand notice' and the requirement to pay cannot be reversed.

3.8 At March 2018, receipts due from development that had commenced, and where a demand notice had been issued amounted to £4,933,994 (row 3). It is this figure that the Monitoring Report's later data on expenditure and income retained is based.

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- 3.9 Teignbridge charges developers CIL in four equal instalments every six months for two years. Because of this, the amount of cash actually received lags behind recognised income. The report shows total CIL received amounting to £3,529,617 (row 4).
- 3.10 Excluding the amount that has subsequently been paid to town and parish councils (see below), Teignbridge has received £2,807,363 in cash.

### Administrative and borrowing expenses

- 3.11 The CIL regulations allow Charging Authorities to direct up to 5 per cent of CIL income towards administrative expenses. Teignbridge does not currently draw on this facility (row 5), which means that all income can be directed towards new infrastructure and infrastructure improvements.
- 3.12 The regulations enable the Secretary of State to set limits on the extent to which authorities can borrow against future CIL income. That limit is currently set at zero and no borrowing is allowed (row 6).

### Town and parish councils

- 3.13 The requirement to pay 15% - 25% of receipts to town and parish councils applies when cash is received. By March 2018, £722,255 had been passed to town and parish councils (row 7).
- 3.14 Because of the phased nature of Teignbridge's CIL payment schedule, a further £248,891 of recognised income will be paid to town and parish councils upon receipt of the cash (row 8).
- 3.15 The CIL regulations provide for CIL income to be recovered by the Council where town and parish councils have not deployed it within five years of receipt. There have been no instances of this because CIL was only introduced in Teignbridge four and a half years ago (row 9).

### Teignbridge's CIL expenditure

- 3.16 Excluding funds paid to town and parish councils, Teignbridge has spent £1,596,151 of CIL income (row 10).
- 3.17 The second table in the Monitoring Report at Appendix 1 explains that these funds have been directed towards Dawlish Countryside Park and cycle paths. This expenditure was planned through the capital programme.

### Cash income retained

- 3.18 Starting with a net Teignbridge cash balance of £2,807,363 (section 3.9 above), the result of this expenditure is a residual cash balance of £1,211,211.

### Recognised income retained

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- 3.19 Having recognised £4,933,944; sent £722,255 to town and parish councils; and spent £1,596,151 on infrastructure, Teignbridge's recognised CIL income retained amounted to £2,366,697 by March 2018.

### 4. FUTURE CIL INCOME

- 4.1 In January 2019, Government published technical proposals to amend the requirements of future CIL Monitoring Reports. The full consultation document is available at the following link:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/767292/CIL\\_Amendment\\_Regulations\\_Consultation\\_Paper.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/767292/CIL_Amendment_Regulations_Consultation_Paper.pdf)
- 4.2 One of its chief proposals is to require that three year CIL forecasts are prepared on an annual basis. A similar section 106 funding forecast would also be required.
- 4.3 Officers already forecast CIL income. These estimates help to inform setting of the three year Teignbridge capital programme. Forecasts for the next five years of total CIL income across Teignbridge are summarised at Appendix 2. They indicate that around £6,500,000 could be paid to town and parish councils, with a further £21,500,000 available for the District Council to spend on infrastructure.
- 4.4 Whilst detailed analysis goes into producing CIL forecasts, these cannot be relied upon in absolute terms. One reason is that development rates often respond to market conditions, which can improve or worsen over time.

### 5. TIME-SCALE

- 5.1 The CIL Monitoring Report for 2018/19 will be published before the end of the 2019 calendar year. It will take into account any relevant amendments to the CIL regulations.

**Fergus Pate**  
**Principal Delivery Officer**

<b>Wards affected</b>	<i>All outside Dartmoor</i>
<b>Contact for any more information</b>	<i>Fergus Pate</i>
<b>Background Papers (For Part I reports only)</b>	<i>Referred to in report</i>
<b>Key Decision</b>	<i>No</i>
<b>In Forward Plan</b>	<i>No</i>
<b>In O &amp; S Work Programme</b>	<i>Yes</i>

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### Appendix 1: CIL Monitoring Report

#### Teignbridge Community Infrastructure Levy Monitoring Report

Financial Year April 2017 – March 2018

#### Introduction

Teignbridge District Council (the Council) adopted the Community Infrastructure Levy (CIL) in July 2014 and the Levy took effect across the district from 13 October 2014.

This CIL monitoring report provides a summary of the CIL income received and spent by the Council, secured through development.

The monitoring report also includes the CIL apportioned to town or parish councils during the financial year. The Council makes payments to town and parish councils where liable development is charged and payment is received from the developer. Where there is no formerly constituted parish or town council, the Council will hold the levy receipts to be spent on infrastructure.

#### CIL Income and Spending to date

	<b>A: Financial Year (1 April 2017 – 31 March 2018)</b>	<b>B: Total since CIL in force (13 October 2014)</b>
1. Amount of liability notice generated.*	£9,308,684	£15,365,707
2. Amount of CIL liability after exemptions.*	£8,524,209	£12,642,365
3. Total CIL receipts due from developments which have commenced (including parish proportions).	£727,087	£4,933,994
4. Total CIL received, including town/parish amounts.	£2,105,061	£3,529,617
5. Amount of CIL applied to administrative expenses.	£0	£0
6. Amount applied to repay money borrowed.	£0	£0
7. Amount CIL sent to town/parish councils.	£414,609	£722,255

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8. Amount CIL due to town/parish councils upon receipt.	-	£248,891
9. CIL income recovered from town/parish councils.	£0	£0
10. Total CIL expenditure.	£0	£1,596,151
11. CIL income retained.	£312,478	£2,366,697

\*The Council provides a 'liability notice' to all developers once planning permission has been granted, and this gives a useful indication of potential future CIL income. However, not all of this will in fact be collected because developments may not happen and some developments like self-build housing and extension to existing houses can claim nationally – defined exemptions from paying CIL. The two figures shown are the total of the liability notices issued, including and excluding development which have claimed exemptions.

### Details of Expenditure

Financial Year	Amount	Project	Delivery Body
2014-15	£0		
2015-16	£0		
2016-17	£1,526,151.13	Dawlish Countryside Park	Teignbridge District Council
2016-17	£70,000.00	Contribution for cycle paths	Devon County Council
2017-18	£0		

### Spending on Infrastructure Projects

The Council is planning to fund various projects either partially or fully with CIL income, including projects set out in the Capital Programme.

CIL Regulations require that 15% of the CIL income is given directly to town and parish councils, except in areas with an existing adopted Neighbourhood Plan, where the parish proportion rises to 25%.

Town and parish councils must make arrangements for the proper administration of their financial affairs, including CIL payments, in accordance with the Local Government Act 1972, and the Accounts and Audit (England) Regulations 2011.

For each year when they have received funds through the levy, town and parish councils must publish the information specified in Regulations 62A. They should publish this information in their website.

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Appendix 2: CIL Income forecast 2018 – 2023

	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
Parish and town	£303,056	£660,870	£1,276,180	£1,995,857	£2,421,299	£6,657,263
Teignbridge	£999,779	£2,305,658	£4,079,027	£6,388,869	£7,534,107	£21,307,439
Total	£1,302,835	£2,966,528	£5,355,208	£8,384,726	£9,955,405	£27,964,702