

For general release

REPORT TO:	Scrutiny and Overview Committee Tuesday 16th July 2019
SUBJECT:	COMMUNITY INFRASTRUCTURE LEVY – POLICY AND STRATEGY
LEAD OFFICER:	Heather Cheesbrough – Head of Planning and Strategic Transport Steve Dennington – Head of Spatial Planning
CABINET MEMBER:	Councillor Stuart King – Cabinet Member Environment, Transport and Regeneration
PERSON LEADING AT SCRUTINY COMMITTEE MEETING:	Steve Dennington – Head of Spatial Planning

CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:

Corporate Plan for Croydon 2018-2022

The Corporate Plan 2018 – 2022 includes a number of references to infrastructure being essential to meet the needs of the borough's current population, the growth of the borough and to support inward investment. The collection and assignment of the borough's Community Infrastructure Levy makes a valuable contribution to providing the infrastructure needed by the current and future population of the borough.

ORIGIN OF ITEM:	This report has been included on the agenda at the request of the Chair of the Overview and Scrutiny Committee.
BRIEF FOR THE COMMITTEE:	The Scrutiny Committee is asked to review the report and consider whether it wishes to make any recommendations.

1. EXECUTIVE SUMMARY

1.1 The Council has been collecting the borough's Community Infrastructure Levy (CIL) since April 2013. CIL is a levy applied to developments granted planning consent that commence, and is assigned to infrastructure to mitigate the impact of the development. This Scrutiny report focusses on the following.

- What funds have been raised;
- What is the current CIL policy and strategy;
- How decisions are made on spending the funds raised.

- 1.2 With the collection and assignment of the borough's CIL now mature, it is considered it is an appropriate time to scrutinise the Council's current CIL policy and strategy, within the parameters of the national CIL Regulations that are the legislative framework for the setting and collection of CIL.

2. COMMUNITY INFRASTRUCTURE LEVY – POLICY AND STRATEGY

Croydon's CIL

- 2.1 CIL was introduced by the Government in 2010 as a mechanism for Councils to levy development to make a contribution to the infrastructure that is necessary to mitigate the impact of development. The Council introduced its CIL Charging Schedule in April 2013 and the Council's charging rates are set out below. This remains the Council's current Charging Schedule. However, it should be noted that CIL is indexed linked, with rate increases each year on 1st April and instead of £120 per sqm, the Council now charges £169.25 per sqm.

Use	Proposed CIL rate £ per m ²	
	Croydon Metropolitan Centre	Rest of the Borough
Residential – Dwelling Houses (C3)	0	120
Business (B1, B2-B8)	120	0
Institutions (C2) (D1)	0	
All other uses	120	

Croydon CIL Collected

- 2.1 In order for CIL to be collected for a development it must both be CIL liable and be commenced. CIL has been levied on liable granted planning consents post April 2013. As few of these were commenced in the same financial year they were granted consent, the Council only collected just over £200,000 in 2013/14. This compares to just over £10m of CIL collected in 2017/18. Overall, between 2013 and 2019 the Council has collected just over £27m of CIL.

Borough CIL collected	Year
£208,000	13/14
£1,435,350	14/15
£3,435,548	15/16
£2,640,627	16/17
£10,387,852	17/18
£8,962,000	18/19

Borough CIL Assignment

- 2.2 It is a requirement of the CIL Regulations that a Council publish a Regulation 123 List. The Regulation 123 List outlines the infrastructure projects and types that the Council intend to fund wholly or in part from the borough CIL. With the exception of administration costs (up to 5% of CIL income) and the Local Meaningful Proportion (15% of CIL income) the Borough's CIL income can only be spent on infrastructure projects or types on the Regulation 123 list. The Council's current Regulation 123 List includes the following infrastructure projects and types.
- Provision, improvement, replacement, operation or maintenance of education facilities
 - Provision, improvement, replacement, operation or maintenance of health care facilities
 - Provision, improvement, replacement, operation or maintenance of those projects listed in the Connected Croydon Delivery Programme dated April 2013 and any projects as may be added to the said Programme after April 2013 as approved by Cabinet.
 - Provision, improvement, replacement, operation or maintenance of public open space
 - Provision, improvement, replacement, operation or maintenance of public sports and leisure
 - Provision, improvement, replacement, operation or maintenance of community facilities
- 2.3 From the period 2013 up until the end of the 2016/17 financial year, the Council did not assign any Borough CIL. This decision was based on two factors. First, the Council agreed that the CIL available to assign should be allowed to grow to a level to make a meaningful contribution to the infrastructure requirements of the borough. Secondly, up to 2017 it was unclear whether the Council would be successful in their application to the Mayor and the Government for the Croydon Growth Zone. This was a sensible and prudent approach, as whether the Growth Zone application was successful or not had a significant bearing on the availability of funding for infrastructure. Once the Growth Zone was approved it provided clarity on the Council's infrastructure funding strategy.
- 2.4 The Council's Infrastructure Finance Group was established in July 2012. It oversees the processes for providing access to possible funding of projects from Section 106 Agreements and the Borough's Community Infrastructure Levy (CIL). The group also leads on the management, monitoring and recovery of the borough's Section 106 Agreements and CIL income.
- 2.5 The Council's current policy is to assign the borough's CIL to projects on the Council's capital programme (and in accordance with the Council's Regulation 123 List) as approved each year as part of the Council's budget setting report.

2.6 As consequence of this policy, borough CIL has been assigned as follows.

2013/2017 Assignment

Education – Secondary Estate	£1,213,999
Education – Permanent Expansion	£1,213,999
Fairfield Halls	£1,213,999
Thornton Heath Public Realm	£1,213,999
Ashburton Library	£1,213,999
Total	£6,069,995

2017/2018 Assignment

Education – Special Education Needs	£2,000,000
Education – Permanent Expansion	£2,000,000
Fieldway Cluster	£2,021,000
Thornton Heath Public Realm	£1,254,000
Surrey Street Market	£25,000
Total	£7,300,000

- 2.7 Following the assignment of the 2017/18 borough CIL income to the capital programme, in 2018/19 the Council was in receipt of more grant funding from other sources than forecast, so £5,275,000 was actually assigned from the £7,300,000. The residual £2,025,000 remains to be assigned to other projects on the capital programme.
- 2.8 The borough CIL collected in 2018/19 remains to be assigned in the 2019/20 financial year.
- 2.9 Furthermore, there is £937,061 of CIL Local Meaningful Proportion available from 2018/19, £576,000 of this figure is to be assigned to Community Ward Budgets 2019/20, as agreed in the Council's budget report of February 2019. The overall CIL Local Meaningful Proportion balance, including the 2018/19 income, is £3,148,116.
- 2.10 In terms of administrative costs, £124,000 for 2019/20 has been reserved to cover the costs of operating as a CIL Charging Authority.
- 2.11 Overall, the current borough CIL balance is £14,640,287, which reflects that some CIL income has already been assigned to the capital programme and to Community Ward Budgets.

CIL Local Meaningful Proportion (Neighbourhood Proportion)

- 2.12 The CIL Regulations state CIL Local Meaningful Proportion can be spent on the provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on an area. This means it can be spent on infrastructure that is not included on the Regulation 123 List and on items that are not considered infrastructure (so long as it is related to the impact of development). Furthermore, national guidance states with regard to engagement, Councils should engage with the communities where development has taken place and agree with them how best to spend the Local Meaningful Proportion.
- 2.13 In boroughs without parish councils the equivalent amount of CIL to that which would have gone to parish councils can be spent in the same way as a parish council could

spend the money. With Croydon not having parishes, 15% of the gross CIL collected can be spent anywhere within the borough as CIL Local Meaningful Proportion.

- 2.14 The Council's current policy is to assign the CIL Local Meaningful Proportion to Councillors' Ward Budgets, which enables the Council through Councillors' to engage with communities on how best to spend the Local Meaningful Proportion, whilst respecting what the Local Meaningful Proportion should be assigned to in terms of infrastructure or addressing the demands that development places on an area.

CIL Monitoring

- 2.15 The Council's collection and assignment of CIL is reported in the Council's CIL annual monitoring report that is published at the end of each calendar year to cover the preceding financial year. This report sets out what CIL is collected each year and what infrastructure projects and types the borough's CIL was assigned to.

CIL Regulations 2019

- 2.16 In June this year the Government laid before Parliament new CIL Regulations, which for the 2019/20 include a requirement to publish an Annual Infrastructure Statement year (to be published on 31st December 2020). The key requirements of this statement include.

The total value of CIL set out in all demand notices issued in the reported year
The total amount of CIL receipts for the reported year
The total amount of CIL receipts, collected by the authority before the reported year but which have not been allocated
The total amount of CIL receipts, collected by the authority before the reported year and which have been allocated in the reported year
The total amount of CIL expenditure for the reported year
The total amount of CIL receipts, whenever collected, which were allocated but not spent during the reported year
In relation to CIL expenditure for the reported year, summary details of— (i) the items of infrastructure on which CIL (including land payments) has been spent, and the amount of CIL spent on each item; (ii) the amount of CIL spent on repaying money borrowed, including any interest, with details of the items of infrastructure which that money was used to provide (wholly or in part); (iii) the amount of CIL spent on administrative expenses pursuant to regulation 61, and that amount expressed as a percentage of CIL collected in that year in accordance with that regulation
In relation to CIL receipts, whenever collected, which were allocated but not spent during the reported year, summary details of the items of infrastructure on which CIL (including land payments) has been allocated, and the amount of CIL allocated to each item

CIL Policy and Strategy Review

- 2.17 With the collection and assignment of the borough's CIL now mature, it is considered it is an appropriate time to scrutinise the Council's current CIL policy and strategy set out in this report. Within the parameters of the CIL Regulations and the Croydon context, officers would welcome Councillors views on the current policy and strategy to inform any future evolution of the Council's CIL policy and strategy.

Appendices

None

CONTACT OFFICER: *Steve Dennington – Head of Spatial Planning*

BACKGROUND DOCUMENTS:

Croydon CIL Charging Schedule

<https://www.croydon.gov.uk/sites/default/files/articles/downloads/cilcharging.pdf>

London Borough of Croydon's Regulation 123 list

<https://www.croydon.gov.uk/sites/default/files/articles/downloads/reg123list.pdf>