

# ANNEX C – A report on CIL Governance Procedure

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## 1. Context

- 1.1 The Community Infrastructure Levy (CIL) was introduced by the government in 2010 as a mechanism to fund the infrastructure required to deliver Local Plan growth strategies. Cotswold District Council (CDC) adopted CIL in August 2018 and implemented the charge on 1 June 2019. The Council needs to set up governance arrangements to spend the money collected from CIL including an appropriate mechanism to prioritise infrastructure projects that will be funded.
- 1.2 This report sets out a proposal for governance arrangements on how CDC spends CIL funds. The proposal is based on the analysis of governance at other charging authorities who have implemented CIL before Cotswold District, as well as the advice from external CIL consultant Gilian Macinnes who notes that no authority has found the perfect solution as of yet.

## 2. Allocation in the CIL regulations

- 2.1 The CIL funds that can be spent by the Council on infrastructure projects will comprise the strategic element of CIL, which remains after the administrative costs (5%) and local funds passed to parish councils (15-25%) have been deducted. As CIL funding takes time to accrue and CIL will not be able to meet all demands placed on it at once, decisions will need to be made about how CIL funds should be spent on strategic projects.
- 2.2 The neighbourhood portion of CIL is transferred to town and parish councils twice a year. CDC is not involved in the spending decisions regarding the neighbourhood portion although town and parish councils must comply with the CIL regulations on spending. They must also report their CIL spending back to Cotswold District Council annually.
- 2.3 The strategic element of CIL can only be used to fund items that meet the following definition in the CIL regulations: *“A charging authority must apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area”* (par 56 (1) of the CIL regulations 2010 as amended).

### **3. Infrastructure Funding priorities**

- 3.1 Governance procedures of other local authorities all start from a local plan evidence document that lists the infrastructure priorities or sometimes a more specific list of the infrastructure projects on which CIL funds will be spent. Mostly this is an evidence-based document, but some local authorities have a bidding process to add projects to the priority list.
- 3.2 From 2020, all local authorities are required to publish an Infrastructure Funding Statement (IFS). In this document, they also need to set out on what they expect to spend collected CIL monies. This can be a list of either specific projects or types of infrastructure. CDC has opted for a list of specific projects based on the critical and essential infrastructure projects identified in the adopted Cotswold District Local Plan (2011 - 2031).
- 3.3 This report proposes using the IFS as CDC's list of infrastructure priorities for which CIL funds can be used. This provides a first level of governance as the IFS is reported to Cabinet annually.
- 3.4 As it is an evidence-based list, the projects on it will be updated along with updates to the Infrastructure Delivery Plan (a Local Plan evidence document). External plans and strategies such as Gloucestershire County Council's Local Transport Plan and CDC's climate and ecological emergencies may also influence the projects on the list and /or the spend and allocation of CIL funding.
- 3.5 CDC currently has an Infrastructure Funding Gap. CIL will only generate around a quarter of the funds needed to deliver the required infrastructure in the district as identified in the adopted Local Plan. The rest will have to come from other funding sources. It is therefore important that CIL does not fund (parts of) projects that could be funded through other sources. Moreover, CIL should be used as leverage to open up other funding where possible.
- 3.7 The Council could set aside an element of the strategic CIL fund (10%) to invite bids for infrastructure projects that would support the Council's Climate and Ecological Emergency Actions Plans.

### **4. Allocating and spending CIL Funds**

- 4.1 Local authorities that have CIL governance in place, commonly use their Capital Programme process to spend the main CIL fund and use the annual Capital Budget setting process to sign off CIL spending. The benefit of doing this is that existing governance procedures can be used and no new committee specifically for making decisions on CIL spending is required. As this seems to be the most efficient and cost effective way, this report proposes CDC adopt this approach.
- 4.2 As, in most cases, CDC will not deliver the infrastructure itself, a bidding process for infrastructure providers will be required. This report proposes the following procedure:
  - Yearly call for bids to be held in Q2 of each calendar year to synchronise with the following year's budget setting process. This will be subject to sufficient CIL funds being

available. CDC will also reserve the right to invite bids for specific projects if that is deemed necessary and it is not obligated to award funding annually.

- Bids will need to be submitted using an expression of interest form. [Appendix 1: EOI form](#).
- All received bids will be scored by an officer group using a scoring matrix. [Appendix 2: Scoring Matrix](#).
- The officer group would consist of representatives of the Forward Planning team, Development Management, Heritage and Design, Strategic Housing, Climate Action, Legal, Finance and the Senior Infrastructure Delivery Officer
- Funding requests will need to attain a score of 75% to be taken forward. The officer group then produces a report for Cabinet to consider. This report will recommend which of the projects should be funded (or to retain CIL funds for future larger projects). This then feeds into the capital programme, which goes to full Council in February for approval.
- Winning bids will have to sign an agreement that clearly shows how the funds will be spent and specify the time frame. Such agreements will include a clawback clause and reporting requirements.

4.2 As CIL is intended to deliver strategic infrastructure projects, CDC expects most funding requests to come from major infrastructure providers such as Gloucestershire County Council (as the Education, Highways and Local Flood authority), the Environment Agency and NHS Clinical Commissioning Group. Internal departments in CDC are able to apply for CIL funds using the same form.

## 5. Summary

5.1 This report proposes the following governance for CIL spending at CDC:

- Use the Infrastructure List in the annual Infrastructure Funding Statement as CDC's list of infrastructure priorities for which CIL funds will be used. This is an evidence based list.
- Infrastructure providers will need to complete an expression of interest form to bid for CIL monies. The Council will use a scoring matrix to determine the suitability of the expressions of interest.
- Suitable bids will go to Cabinet for approval, successful bids will then be fed into the capital programme, which is signed off by full Council each year.
- CDC will top slice (10%) of collected CIL funds to invite bids for infrastructure projects that would support the Council's Climate and Ecological Emergency Actions Plans (projects that are not on the Infrastructure List in the IFS).

## Appendix 1 – CIL Expression of interest form

An overview of questions that will be asked in the expression of interest form is provided below. A fully formatted form will be created in advance of the first call for bids as well as a guidance document for applicants.

### General

- Project name;
- Name of organisation submitting this expression of interest;
- Contact person/role within organisation; and
- Contact details.

### Project details

- Description of the project, including what infrastructure will be delivered and its aim/purpose. If available the bid should include a proposed block plan illustrating the proposed scheme;
- Please indicate the approximate start and finish dates of the project;
- How does the project contribute to the delivery of the objectives and policies of the Cotswold District Local Plan (2011 to 2031)?
- Is the project identified as a CIL priority in the latest IFS?
- If not, please provide a justification why this project should receive funds over the projects on the priority list;
- Will you require planning permission for this project?

### Project location/ownership

- Please provide the address and a site location plan (1:2500);
- Do you own/lease the land in question? Please provide evidence; and
- If not, please provide evidence you have permission from the landowner to implement the project.

### Funding/Costs

- Total cost of project (please provide a breakdown of the costs);
- Amount of funding committed to the project by applying organisation;
- Details of other match funding secured (amount and organisation providing funds); and
- Amount of CIL funding requested (min £20k).

### Other

Please give details of any other information you would like to provide in support of your application

## Appendix 2 – Scoring Matrix – CIL Funding Requests

Project Name/Applicant:
Question 1: Is the project identified in the IFS as a CIL spending priority? If not, is there sufficient justification to fund a project that is not on the priority list?
Score /20
Note: If the project is on the list it will automatically receive a maximum score on this question as CIL is intended to fund these projects first. However, the Council welcomes funding requests for projects that would help deliver actions contained within the Council's Climate and Ecological Emergencies Actions Plans.
Question 2: Does the applicant have the legal right to carry out the proposed scheme? Is the applicant a known infrastructure provider?
Score /20
Note: The strategic CIL fund is intended to fund strategic infrastructure projects. Bids are therefore expected from infrastructure providers such as Gloucestershire County Council.
Question 3: Is there sufficient evidence that the bidder has explored other funding options? If so, have they been able to secure other sources of funding? Are the requested CIL funds required to access these other funding streams?
Score /20

Note: Strong justification would be required if no other sources of funding have been found. Preference should be given to projects where CIL funding is used to leverage other funding sources.

Question 4: Will the project deliver physical infrastructure?

Score /20

Note: There is a strong preference for CIL to support capital infrastructure projects. Most of the expenditure should therefore be for the delivery of physical works, such as roads, schools, etc. A small portion of requested funding for a capital project can be for associated revenue costs (e.g., necessary professional fees) although these will be considered in relation to how essential they are to enabling the proposed project.

Question 5: How deliverable is the project? Does it have a clear delivery programme? Is it financially feasible? Is it supported by an options appraisal?

Score /20

Note: Projects must have a definable start and end to its delivery and provide specific measurable outcomes. Robust financial / viability / deliverability evidence is required.

TOTAL SCORE:

Any other points you think need to be discussed or clarifications needed from the applicant?