

# HAVANT BOROUGH COUNCIL

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## CABINET

Wednesday, 8 February  
2017

### CIL Spending 2016/17

Report by: Louise Weaver, Community  
Infrastructure Officer on behalf of the Head of  
Planning

### FOR DECISION

Portfolio: Cabinet Lead for Economy, Planning, Development and Prosperity  
Havant

Key Decision: No

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#### 1.0 Purpose of Report

- 1.1 This report provides an analysis of the 26 bids received following the CIL Bidding Process. It makes recommendations on the spending of CIL funds.
- 1.2 To 'ring fence' Neighbourhood Portion in accordance with the CIL Regulations.
- 1.3 Amend the CIL Funding Decision Protocol.
- 1.4 To agree that this report go to Full Council on 22 February 2017 with recommendations for CIL spending.

#### 2.0 Recommendation

- (i) That Cabinet recommends to Council that it **invests part of the available CIL Pot of £1,250,724.12 in the following capital infrastructure projects:**
  - (a) Langstone Flood and Coastal Erosion Risk Management Scheme (FCERM) Feasibility Assessment £75,000.
  - (b) Southmoor Lane, Harts Farm Way Junction Improvements (Short Term) £190,405.
  - (c) Havant Railway Footbridge Detailed Design up to £150,000, subject to negotiation with Hampshire County Council
  - (d) Warblington Station Footbridge – Whilst the funding bid for Warblington Station Footbridge scored very highly using the CIL Protocol, the option of Network Rail providing this infrastructure will be explored. S106 funds of

£647,784 have already been secured until 2025 to support this project. A contribution from CIL will be considered further during the next round of bidding.

The cumulative effect of expenditure on the CIL 123 List of the above bids is illustrated in Table A:

<b>Bid No</b>	<b>Priority</b>	<b>Title</b>	<b>Amount</b>	<b>Cumulative amount</b>
2	Critical	Langstone FCERM Feasibility Assessment	£75,000	£75,000
4	Essential	Southmoor Lane, Harts Farm Way Junction Improvements (Short Term)	£190,405	£265,405
18	Essential	Havant Railway Footbridge Detailed Design	£150,000	£415,405

**Table A: Cumulative total of all recommended CIL Pot bids**

**ii) We recommend that the council invest part of the available Neighbourhood Portion of £163,305.49 in the following projects:**

- a) The Hub – Hayling Island Community Centre Association £42,638
- b) Northney Coastal Path £90,000–  
Funding will be contingent upon other funding opportunities having been exhausted and planning permission being obtained. As there is some uncertainty over the delivery of this project at present it is recommended that a two year time limit is added to this recommendation (that funds be spent by the Council by 31 March 2019).

The cumulative effect of expenditure on the CIL 123 List of the above bids is illustrated in Table B:

<b>Bid No</b>	<b>Priority</b>	<b>Title</b>	<b>Amount</b>	<b>Cumulative amount</b>
26	Desirable	The Hub – Hayling Island Community Centre Association	£42,638	£42,638
15	Desirable	Northney Coastal Path	£90,000	£132,638

**Table B: Cumulative total of recommended Neighbourhood Portion bids**

**iii) That the Council agree a Revised CIL Funding Decision Protocol set out at Appendix F.**

### **3.0 Summary**

- 3.1 To review CIL spending position in light of funds currently available.
- 3.2 Recommend that this report be passed on to Cabinet and Full Council, for a decision on the bids presented in this report.
- 3.3 That the Neighbourhood Portion is identified separately in accordance with the CIL Regulations and the funds reserved for local projects in consultation with

local communities. Spending will be in accordance with the Revised CIL Funding Decision Protocol.

- 3.4 That the Funding Decision Protocol is revised to reflect 3.3 and minor procedural changes (Appendix F).

#### **4.0 Subject of Report**

### **Spending the Community Infrastructure Levy**

#### **Background**

- 4.1 The CIL Funding Decision Protocol was approved by Full Council on 23 July 2014. The Protocol sets out a process for assessing projects that are eligible for CIL funding; to decide the best way of investing this money for the greatest benefit of the Borough. It enables decisions on spending to be clear, transparent and fair and to understand which schemes are critical, essential and desirable. This Protocol was updated 18 February 2015 and is reproduced at Appendix A for reference purposes.
- 4.2 In accordance with the CIL Regulations, the Neighbourhood Portion should be recorded separately from the rest of the CIL funding available. These funds are now easily identifiable following the implementation of new CIL Software 'Exacom'. As of the 31 March 2016 the Neighbourhood Portion was £163,305.49.
- 4.3 Appendix G gives detail and background to previous CIL expenditure. Appendix H looks further at documentation supporting the Neighbourhood Portion and is discussed later in this report starting at Paragraph 4.25.

#### **Current level of CIL Receipts and Expenditure**

- 4.4 Since the introduction of the CIL on 1 August 2013 the value of Liability Notices issued totals just over £4m. The amounts initially received from CIL were minimal, as CIL is not payable until a planning permission is implemented. As more planning permissions are being implemented, the funds received in respect of CIL each year have the potential to increase exponentially. The most recent monitoring year (2015/16) gross CIL receipts totalled £855,327.96. The CIL receipts for 2016/17 are anticipated to exceed this amount.
- 4.5 As of 31 March 2016 CIL receipts totalled £1,523,046.53 (including interest), divided as follows:

<b>Category</b>	<b>Amount</b>
Funds allocated to CIL Administration	£76,152.33
Funds allocated to Neighbourhood Portion	£163,305.49
Funds allocated to CIL projects identified in the CIL 123 List (also referred to as the CIL Pot)	£1,283,588.71
<b>TOTAL</b>	<b>£1,523,046.53</b>

**Table C: CIL Income 1 August 2013 to 31 March 2016**

- 4.6 Deducting the final sum already spent on the Havant Footbridge Feasibility Study of £32,864.59, this leaves the sums available for CIL spending identified in Table D:

Category	Item	Amount
<b>Neighbourhood CIL</b>	Amount received	£163,305.49
	Less CIL funds already spent	£0.00
	<b>TOTAL</b>	<b>£163,305.49</b>
<b>CIL 123 List Sums (also referred to as the CIL Pot)</b>	Amount received	£1,283,588.71
	Less CIL funds already spent	£32,864.59
	<b>TOTAL</b>	<b>£1,250,724.12</b>

**Table D: CIL Funds to take spending decision on 2016**

- 4.7 Funding decisions now need to be taken on a fund of £163,305.49 for Neighbourhood CIL and £1,250,724.12 for the CIL Pot.

### **CIL Bidding Process July 2016**

- 4.8 The Infrastructure Delivery Plan<sup>1</sup> sets out a list of infrastructure needed to support development that is proposed through the Havant Borough Local Plan. The list is extensive and CIL will not be able to fund all these requirements. The Council needs to decide which projects to invest CIL in. Stakeholders (Appendix B) were invited to submit bids for the funding of infrastructure from the CIL. A total of 26 bids were received totalling over £16m.
- 4.9 The bids are for projects ranging from strategic transport to local access schemes, environmental improvements, education, flood alleviation and social and community facilities. The value of the schemes and bids range from £7,000 to £4.28 million.
- 4.10 One of these bids (Bid 18) follows on from feasibility work already funded by CIL (Havant Station Footbridge). Two bids relate to the Southmoor Lane/Harts Farm Way Junction (Bids 4 and 17) referred to in the CIL Bidding decision for 2015 (Appendix G).
- 4.11 Bids 15, 19, 22, 23 and 26 need to be considered for CIL Spending from the Neighbourhood Portion.
- 4.12 As the potential cost of some projects is way beyond that being raised through CIL, there is benefit to the Borough in using CIL to lever in other funding if the high cost schemes are ever to be realised; this is one of the factors in the Protocol categorisation.
- 4.13 A summary of the bids recommended for spending is available at Appendix C.

### **Comparing the Bids**

- 4.14 The Protocol enables infrastructure projects to be categorised according to whether they are 'critical' to enabling development, whether they will mitigate the effects of development (essential) or whether they are important to deliver place making (desirable).
- 4.15 The bids have been assessed against the infrastructure prioritisation criteria set out in the protocol (as amended). These are available at Appendices D and E.
- 4.16 Only one of the bids has been assessed as 'critical' (without which development cannot proceed), namely **Langstone Flood and Coastal Erosion Management Scheme Feasibility Assessment** (Bid 2) £75,000. The council has recently progressed its next phase of plan making with the Local Plan Housing Statement, a fundamental part of the process of preparing the Havant Borough Local Plan 2036. Maintaining road access to Hayling Island is critical to the sustainable delivery of the 555 potential new homes identified for Hayling Island. The Langstone Flood and Coastal Erosion Management Scheme Feasibility Assessment will demonstrate whether road access can be retained during flood events and what mitigation would be required.
- 4.17 Eight bids were considered to be 'Essential' but due to the limitation of available CIL funding these have been further prioritised in Table 1B of Appendix D. These include:

**Southmoor Lane, Harts Farm Way Junction Improvements (Short Term)**

(Bid 4) £190,405, will reduce peak hour delays by increasing the number of lanes northbound and improve the junction layout for pedestrians and cyclists. This bid will increase sustainable forms of travel and reduce CO<sub>2</sub> emissions. This proposal is 'shovel ready' and can be delivered within the next financial year. It will support the economic development of Havant and the A27 Prosperity Corridor outlined in 'Prosperity Havant' and the Adopted Local Plan by improving access to a large number of businesses located in this area. When complete, the project will have an immediate beneficial impact on the economy of the borough.

**Havant Railway Footbridge - Detailed Design Only** (Bid 18) £300,000.

CIL funds for a feasibility study were granted in the last round of CIL funding and a draft version of this report has now been received. The current bid is for £300,000 to carry out the detailed design of a new footbridge. Keeping this route open will maintain pedestrian and cycle access to Havant Town Centre/access to the Public Service Village and Oak Park. There is the possibility of Solent LEP Funding/contribution from Network Rail to build the bridge if an economic case can be made. The feasibility report recommends that as all the proposed replacement options are approved in principle with Network Rail, any design/technical agreement should follow up within the two year period; otherwise the land enquiry will need to be resubmitted to Network Rail, potentially risking nullifying the CIL expenditure already made in this respect. As the replacement bridge is to the mutual advantage of both HBC and Hampshire County Council (HCC) we are recommending that 50% of the bid should be offered on a match funding basis with HCC. HCC have indicated that the cost of the design could decrease and they would be willing to offer a contribution but this sum has yet to be confirmed.

**Warblington Station Footbridge** (Bid 1) £833,623 is proposed to be prioritised due to the amount of existing S106 funds at risk if this project remains unfulfilled (by 2025 it is likely that the sum of £647,784.07 would need to be returned to the developers if a committed scheme is not in place). The project needs to be fully funded by 2020 due to the long lead in to gain possession of the railway line. Prior to a potential committal of CIL funds further work will be undertaken to explore whether Network Rail will fund any of this work.

- 4.18 All of the other 'essential' bids have merits, however if Bids 2, 4 and 18 receive funding/funds then it is recommended that until the potential of Network Rail funding for Bid 1 is fully exhausted, then it would not be prudent to make decisions on further spending at this time. Further comment on the 'unsuccessful' bids' is given towards the end of Appendix D.
- 4.19 A further 12 bids were considered 'desirable' (support sustainable communities or have place-making benefits). Once again it is not proposed to consider these in this year's funding allocation due to the limited amount of CIL.
- 4.20 The bids have been assessed in accordance with the Revised Community Infrastructure Levy Funding Decision Protocol outlined in Appendix F.

## **Conclusions and Recommendations**

### **Funding Decision Protocol**

- 4.21 The Funding Decision Protocol sets out the process by which income derived from CIL is allocated to infrastructure projects. The methodology includes criteria to guide the assessment of bids for funding and the prioritisation of projects to ensure that CIL funds are used most effectively. It was previously recommended that the current protocol (Appendix A) is reviewed periodically, to ensure that it remains fit for purpose in the light of experience and changing circumstances. A review has therefore been carried out and a revised version is attached at Appendix F.

### **Regulation 123 List**

- 4.22 The Regulation 123 List sets out those types of infrastructure for which the Council will not seek a Section 106 planning obligation or require a Section 278 highway agreement. The list indicates the types of infrastructure that may be partly or wholly funded through CIL. However, the inclusion of projects in the list does not guarantee funding.
- 4.23 The Cabinet report dated 26 June 2013 noted that the Regulation 123 List can be updated on a regular basis and that an annual review would be put for Council consideration alongside the monitoring report on spending. The preparation of the Protocol also provides an opportunity to review the list. The list can be reviewed without reviewing the CIL Charging Schedule, subject to appropriate consultation, provided that the changes do not have a significant impact on the viability evidence that supported the Charging Schedule.

- 4.24 There is no need to review the Regulation 123 List during this round of CIL Spending Decisions as the current Regulation 123 List is considered fit for purpose.

### **The Neighbourhood Portion**

- 4.25 In the past, S106 planning obligations provided funds for infrastructure related to a development, such as art and play space equipment. Since the introduction of CIL, S106 funding for these facilities is generally no longer available.
- 4.26 Previously the Neighbourhood Portion was subsumed in the CIL Pot.
- 4.27 To comply with the CIL Regulations, the Council is recommended to 'ring fence' the Neighbourhood Portion. The Community Infrastructure Levy (Amendment) Regulations 2013 and Planning Practice Guidance emphasise this and further information on these sources can be found in Appendix H.
- 4.28 Some of the spending decisions proposed in this report are from funds allocated to the Neighbourhood Portion and the remaining 'capital' bids for infrastructure from the larger CIL Pot. In accordance with Planning Practice Guidance, the Neighbourhood Portion can be spent on a wider range of infrastructure than the main CIL Pot.
- 4.29 The 2016 CIL bidding process has resulted in five bids which can be considered under the Neighbourhood Portion (bid numbers 15, 19, 22, 23 and 26). The current funds in the Neighbourhood Portion of £163,305.49 are insufficient to satisfy all of these bids:

<b>Project Title</b>	<b>Bid No</b>	<b>Amount</b>
Northney Coastal Path	15	£90,000
Solent Way Upgrade Project	19	£55,000
Mengham Junior School Ground Improvements	22	£7,000
Pathway from Car Park at Southdown View to join new pathway at Billy's Lake	23	£67,500
The Hub – Hayling Island Community Centre Association Annex (final amount could be less as contingency included in this sum)	26	£42,638
<b>TOTAL</b>		<b>£262,138</b>

**Table E: Bids made against Neighbourhood Portion 2016**

### **Recommendations for the spending of the Neighbourhood Portion of CIL:**

- 4.30 Support **The Hub – Hayling Island Community Centre Association up to £42,638**. The centre is leased from HBC. The bid of up to £42,638 will complete a project totalling £469,081 intended to provide a community café and flexible meeting space for a range of social and other services such as Hayling Island Job Club, Cops and Coffee Sessions, Motiv8 Youth Club, the Citizen's Advice Bureau and potentially a new home for the Surestart Centre. The sum of £42,638 includes £40,000 contingency. Works have already commenced.

- 4.31 Support **The Northney Coastal Path up to £90,000**. This has been a long held aspiration of the North East Hayling Residents' Association and will provide a safe path for locals and tourists. **However funding will be contingent upon other funding opportunities having been exhausted and planning permission being obtained. As there is some uncertainty over the delivery of this project at present it is recommended that a two year time limit is added to this recommendation (that funds be spent by the Council by 31 March 2019, at which point the funds would be returned to the Neighbourhood Portion).**
- 4.32 A final row has been added to Appendix E to rank all the Neighbourhood Portion Bids. Bid 26 ranked highest as funds are needed to complete the delivery of a larger project and the value in terms of infrastructure to the borough is therefore greatest, Bid 15 ranks second. Bid 19 would be worthy of further consideration once it is certain that funding was unavailable from any other source.

## **5.0 Implications**

- 5.1 **Resources:** Whilst there are limited funds available for CIL expenditure and previously the decision was to build up the CIL Pot, the Pot now available is significant. The number of bids received far exceeded the funds available. The use of the CIL Funding Protocol identifies those bids that are deliverable and have the most potential to deliver real infrastructure benefits to the borough.
- 5.2 **Legal:** In developing and implementing procedures for the spending of CIL, regard has been given to ensuring that these measures comply with all relevant legislation including the CIL Regulations and guidance.
- 5.3 **Strategy:** The CIL will help to deliver across all five priority themes set out in the Corporate Strategy in respect of financial stability, economic growth, public service excellence and environmental sustainability.
- 5.4 **Risks:** Ensuring that the CIL is spent effectively and provides or enables the most necessary infrastructure to ensure a prosperous borough.
- 5.5 **Communications:** Stakeholders were invited to bid and the information was also incorporated in the Local Plan Newsletter. Councillor Workshops were held on 15 September 2016 and 23 January 2017. The aim of these workshops was to help secure Councillor support for the process and feedback has helped shape the spending decisions.
- 5.6 Investment in infrastructure is a 'good news' story for the borough and the advice of the Communications Team will be sought/press release(s) issued to make the most of this opportunity at all stages of CIL spending, especially project delivery. The revised CIL Funding Decision Protocol builds in more robust annual timetabling of CIL Spending which will allow us to communicate the bidding process more efficiently to all relevant stakeholders.
- 5.7 **For the Community:** The spending of the CIL on infrastructure within the borough will be of benefit to the local community.



- 5.8 An Integrated Impact Assessment (IIA) has not been completed as the subject of this report is financial. However the Council would expect the recipients of Community Infrastructure Levy funding to be mindful of the Public Sector Equality Duty and the requirements of the Equality Act must be complied with through the implementation of these projects.

## **6.0 Consultation**

- 6.1 The bid process consultation took place between 1 July and 12 August 2016; the organisations directly invited to bid are set out in Appendix B.
- 6.2 A Community Infrastructure Levy Spending Bids Analysis - Briefing Session took place on 15 September, to update Councillors on the Community Infrastructure Levy Spending Bids received in August 2016. An update for Councillors on the direction of CIL Spending was incorporated in the first Councillor Newsletter of January 2017 circulated on 9 January 2017. A second Councillor Workshop took place on 23 January 2017. Councillors were given the opportunity to find out more about the proposed spending bids. Both Mark Stratton from the Eastern Solent Coastal Partnership and Stuart Wood from the Civil Engineering and Landscape Team were available to provide additional detail and answer questions on the bids recommended in respect of the Main CIL Pot.
- 6.3 Iterations of this document have been presented to:
- Executive Board on 15 November 2016
  - An update on the spending proposals was given to the Executive Director (Operations) on 3 January 2017
  - Cabinet Briefing on 18 January 2017.

## **Appendices:**

Appendix A – Community Infrastructure Levy Funding Decision Protocol (18 February 2015)

Appendix B – Organisations Invited to Submit Bids

Appendix C – Summary of Bids

Appendix D – Submitted Bids Assessment (Regulation 123 List/CIL Pot)

Appendix E – Submitted Bids Assessment Neighbourhood Portion

Appendix F – Revised Community Infrastructure Levy Funding Decision Protocol

Appendix G – History of CIL Expenditure

Appendix H – Sources regarding Legality and Neighbourhood Portion

## **Background Papers:**

Community Infrastructure Levy Regulations 2010 as amended

Community Infrastructure Levy (Amendment) Regulations 2013

Community Infrastructure Levy (Amendment) Regulations 2014

Department for Communities and Local Government – Planning Practice Guidance

The Havant Borough Local Plan (Core Strategy 2011 and Allocations Plan 2014)

Local Plan Housing Statement December 2016 (Havant Borough Local Plan 2036)

**Agreed and signed off by:**

Legal Services: Sara Bryan 25/01/2017

Finance: Craig Smith 25/01/2017

Department Head: Andrew Biltcliffe 25/01/2017

Cabinet Lead: Councillor David Guest 26/01/2017

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