Community Infrastructure Levy (CIL) – Guidance Note for Town and Parish Councils (Feb 2019)

Introduction

1. This guidance note is intended to assist Town and Parish Councils in understanding their responsibilities regarding the administration and use of CIL monies once CIL takes effect in Cheshire East on 1 March 2019.

2. CIL is a planning charge on new development. It is intended to help fund the infrastructure required to support new development in an area. The charge is applied to the internal floor area of new development on a per square metre basis, with CIL charges varying depending on the type of development and its location. In Cheshire East, it has been established through independent examination that only two types of development should be subject to a CIL charge i.e. housing (excluding affordable housing and apartments) and retail development at two specific locations: the Crewe Grand Junction and Handforth Dean retail parks. All other development has a zero CIL charge for economic viability reasons.

3. Five different CIL housing zones have been identified across the Borough with a different CIL charge rate in each zone. These vary from £0 to £71 per square metre. The charge at the retail parks identified above is £66 psm. More details on CIL, including the Charging Schedule and maps of the charging zones, can be found on the Council’s website. The CIL rates set out within the Charging Schedule are subject to indexation to take account of inflation and the Council will periodically consider whether there is a need to undertake a review of these rates i.e. to take account of any changes in development viability in the Borough since they were approved.

Responsibilities

Receiving CIL Receipts

4. Cheshire East Council is the Charging Authority for CIL in the Borough, excluding the area which is located within the Peak District National Park. It is responsible for setting the CIL rates in this area, collecting the charge and allocating CIL funds for expenditure. The Council will pass on a proportion of the CIL receipts received in an area, as a result of chargeable CIL development commencing, to the relevant town or parish council.

5. The proportion received will be in accordance with CIL Regulation 59 and the amount provided is dependent on whether a neighbourhood plan is in place at the time the development commences. In areas where there is no neighbourhood plan in place the amount received will be 15% of the CIL receipt up to an annual capped maximum of £100 per existing council tax dwelling.
There is no cap in areas with a made neighbourhood plan and the amount received will be 25% of the CIL receipt.

6. The Borough Council will make payments twice a year to town and parish councils for their share of any CIL monies raised in their area in accordance with the following schedule:

- Payment to be made by 28th October for CIL receipts received by the Borough Council from 1st April to 30th September in any financial year; and
- Payment to be made by 28th April for CIL receipts received by the Borough Council from 1st October to 31st March in any financial year

Please note that the payment of larger CIL sums may be subject to instalments which in turn will delay payment to the Town or Parish Council. Further details on the CIL instalments policy can be found in the Charging Schedule.

**Spending CIL receipts**

7. The CIL regulations require a local council to use the CIL receipts received to support the development of the local council’s area, or any part of that area, by funding:

   a) The provision, improvement, replacement, operation or maintenance of infrastructure; or
   b) Anything else that is concerned with addressing the demands that development places on an area

8. This is a fairly broad requirement and enables town and parish council’s the scope to spend its CIL receipts on a wide range of infrastructure or other things that address the impacts of development within their area. The Council would recommend the adoption of a planned approach to the spending of CIL monies through the development of a town or parish Infrastructure Delivery Plan (IDP). This would be particularly relevant for those areas where new development is identified in the Borough Council’s local plan and significant CIL receipts are likely to be received.

9. A local IDP would constitute a prioritised list of schemes with relevant accompanying information such as the scope of the proposal, how it helps meet local / wider infrastructure needs or the demands resulting from development, the time frame for delivery, the organisation that will deliver it (i.e. the parish council, a local group, a contractor etc), the likely costs (both initially and ongoing) and the potential for linked funding in association with other development partners or programmes.
10. The following matters should be considered:

- Does the expenditure meet the requirements of the CIL regulations or is it being used as a replacement for the normal, everyday expenditure of the town or parish council? It should be noted that the Charging Authority can recover any CIL money it considers has been misspent.

- How does the proposal link in with the Borough Council’s Local Plan, including its associated IDP, other public sector investment programmes in the area and the Neighbourhood Plan? The local IDP can be developed in association with a Neighbourhood Plan and form part of it. This will assist with determining and prioritising proposals, as well as provide opportunities for the co-funding of proposals.

- What other ways can the local community become engaged in determining their infrastructure needs and priorities? The use of newsletters, websites and social media can be effective mechanisms for ensuring that all members of the community, particularly the least vocal and most vulnerable, can contribute to determining how local CIL monies can be spent.

- To what extent should CIL money be set aside to fund more expensive infrastructure projects which would take longer to deliver but may have wider benefits for the community in addressing the demands from new development? The Charging Authority has the power to require the repayment of CIL receipts that are unspent after 5 years but would not do so if there is a clear plan for the money to be spent on a project which will take longer to deliver. The Borough Council should be notified of such intentions once locally agreed.

- To what extent can local groups and volunteers help deliver a project and so enhance community engagement and ownership of it? It is important to be realistic about the capacity and contribution which can be made to ensure appropriate skills are available and that timescales set for delivery can be achieved.

- If the proposal involves spending CIL monies on improving facilities in private ownership or control, what restrictions or clawbacks would be appropriate in the event of the sale of these assets or a restriction on the people that could use them e.g. in the case of privately run sports facilities which may restrict access or require a membership fee to use them or doctor surgeries which can to be owned by the practice rather than the NHS etc?

- Should higher priority be given to projects which deliver infrastructure that can be used over many years and by a wider range of people in the community rather than for a more limited time or user group?

- What are the ongoing operational and maintenance costs associated with the project and how will they be met over the life of the infrastructure?
Administering and Reporting on CIL Receipts

11. Town and parish councils are under a statutory duty to make arrangements for the proper administration of their financial affairs, including the need to have systems in place to ensure effective financial control\(^1\). These requirements also apply to the administration of CIL funds. In view of the auditing and reporting requirements for CIL it is recommended that town and parish councils set up a separate bank account for the receipt and funding of CIL monies. Local councils not wishing to receive their share of CIL funding must write to the Charging Authority to inform them of this. These funds will be retained by the Charging Authority. This position can subsequently be reversed at any time by writing again to the Charging Authority.

12. Town and parish councils are required (by CIL Regulation 62A) to prepare a report for any financial year in which it receives CIL receipts. This should include information on the total CIL receipts received and spent within their area that year, a summary of the projects on which CIL was spent, details of any CIL returned to the Charging Authority, any balances brought forward from previous years and those retained as unspent. The report should be published on the local council’s website and a copy sent to the Charging Authority no later than the 31\(^{st}\) December following the financial year being reported. If the local council does not have a website and wishes for it to be published on the Charging Authority’s website then it should be received by the Borough Council no later than 1\(^{st}\) December each year.

13. There is no prescribed format for reporting on CIL. A suggested template is provided in Appendix A for information only. The CIL income received should also be included in the overall published accounts of the local council but is not required to be identified separately.

Further Information and Guidance

For further information on this note please contact the Council’s Spatial Planning Team on 01270 685893 or email localplan@cheshireeast.gov.uk.

Further guidance is available on the Council’s CIL web site at: www.cheshireeast.gov.uk/cil

The CIL Regulations can be found at: https://www.legislation.gov.uk/

General guidance on CIL can be found in the Planning Practice Guidance at: https://www.gov.uk/guidance/community-infrastructure-levy

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\(^1\) Section 151 of the Local Government Act 1972 and the Accounts and Audit (England) Regulations 2011
**Appendix A – Suggested Town and Parish Council CIL Reporting Template**

**Parish:**

**Reporting Year:** 1\(^{st}\) April 20XX to 31\(^{st}\) March 20XX

| A | Total CIL income carried over from previous years | £ |
| B | Total CIL income received (receipts) | £ |
| C | Total CIL spent (expenditure) | £ |
| D | Total CIL repaid to the Charging Authority (following a repayment notice) | £ |
| E | Total CIL retained at year end (A+B-C-D) | £ |

**CIL Project Details (Expenditure)**

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<th>IDP Reference Number</th>
<th>Project Name / Purpose</th>
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Signed: _____________________ Name: ________________________________

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Verified: _____________________ Name: ________________________________

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