

PART A

Report to:	Cabinet
Date of meeting:	5 th December 2016
Report of:	Planning Policy Section Head
Title:	Community Infrastructure Levy (CIL) Annual Report 1 April 2015 – 31 March 2016

1.0 **Summary**

- 1.1 As a Community Infrastructure Levy (CIL) charging and collecting authority, Watford Borough Council is required under Regulation 62 of the Community Infrastructure Regulations 2010 (as amended) to prepare a report detailing CIL receipts and expenditure to be published on the Council's website by 31 December each year, with information from the previous financial year.
- 1.2 This report covers the period from 1 April 2015 to 31 March 2016 and is in two parts. The first part discusses the income and future spending areas of Watford's CIL including;
- The Council's commitment to the Metropolitan Line Extension,
 - The Neighbourhood Planning component, and
 - The allowance for administration costs.

The second part in Appendix 1 contains the Regulation 62 Report for publication.

2.0 **Recommendations**

- 2.1 That Cabinet endorse the Regulation 62 (Community Infrastructure Regulations 2010 (as amended) CIL Annual Report 2015-2016 contained in Appendix 1 and agree for it to be published on the Council's website.
- 2.2 That future Regulation 62 (Community Infrastructure Regulations 2010 (as amended) CIL Annual reports be delegated for approval by the Deputy Managing Director in consultation with the Portfolio Holder for Regeneration and Development.
- 2.3 That Cabinet endorses transfer of £8,013 towards the administrative costs of operating the CIL regime into the Regeneration and Development budget and that the Council retains the remaining sum of £152,262 to be set aside towards the Metropolitan Line Extension.

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Report approved by: Ian Dunsford, Planning Policy Section Head

3.0 **Background**

3.1 Watford Council introduced a Community Infrastructure Levy (CIL) on 1 April 2015. CIL Regulation 62 requires the publication of an annual report to show the amounts that have been collected and spent. In January 2016 it was agreed that Cabinet would oversee the use of CIL funds. Appendix 1 covers the first year from 1 April 2015-31 March 2016.

3.2 **Income**

CIL receipts during our first year amounted to £160,275. Such a modest figure is common among most charging authorities first year's income as CIL is only paid once the development has commenced and in the case of larger schemes can be paid in instalments.

3.3 We originally anticipated that £207,000 would be raised in the first year but since then the Government have relaxed the vacancy test and made more types of development exempt from paying CIL. It is worth noting that collections for the current year (2016-2017) have already exceeded the forecast.

3.4 **Neighbourhood Funding**

During this reporting year out of the £160,275 collected a neighbourhood component of £24,041 was raised. Under the CIL Regulations the Council is required to pass a 'meaningful proportion' of the CIL receipts received in a particular area to that area. This is known as 'Neighbourhood Funding'. The meaningful proportion is defined as 15% in areas where there is no Neighbourhood Plan or 25% in areas with a Neighbourhood Plan. Watford currently has no neighbourhood plans. There is no definition of neighbourhood in the CIL guidance. Potentially it could be based on a ward basis, but given the size of Watford, it would probably be sufficient to treat the whole borough as a single neighbourhood for the sake of CIL allocations.

3.5 **Administration**

The CIL Regulations allow councils to retain up to 5% of total CIL receipts in a given year to cover the costs of administration. During this reporting year £8,013 will be retained to help cover staff resources.

3.6 **Infrastructure Spending**

During this reporting year there has been no infrastructure expenditure as CIL receipts have been modest. Watford has made a commitment to use £5.85 million of CIL funds and other developer contributions to support the delivery of the Metropolitan Line

Extension. The first £1.15m is to be transferred to TfL in the financial year 2020/21.

3.7 At this stage it is proposed to retain £152,262 (This excludes the administration allowance of £8,013 but includes the neighbourhood fund of £24,041 and the remaining infrastructure pot of £128,221) and to set this money aside for the Watford Metropolitan Line Extension contribution as this would bring significant benefits to Watford residents and businesses.

3.8 **Actions**

At this stage, as only limited amounts have been collected, it is first recommended that only the administration fee of £8,013 is used to help cover part of the cost of the CIL Officer and Exacom CIL management system.

3.9 Second it is proposed that the combined Neighbourhood fund and remaining CIL receipt of a total of £152,262 is banked to enable the funds to accumulate to meet the Council's commitment to the Metropolitan Line Extension.

3.10 Third that the Regulation 62 Report contained in Appendix 1 is published on the Council's Website

3.11 Finally that future Regulation 62 reports can be published following approval of the Deputy Managing Director in consultation with the Portfolio Holder for Regeneration and Development.

3.12 **Conclusion**

The CIL Annual Monitoring report sets out that receipts from development in Watford, in common with other authorities, were low in the first full year. During the current financial year CIL income has steadily increased and it is anticipated that next year's income will be significantly higher. It is proposed to set aside £152,262 towards Watford's Metropolitan Line Extension commitment and to allocate £8,013 towards the administration cost.

4.0 **Implications**

4.1 **Financial**

4.1.1 The Shared Director of Finance comments that whilst CIL income has been modest for the first year, this is likely to grow as more developments commence. This will make an important contribution to supporting the delivery of new infrastructure and will support the Council's commitment to the Metropolitan Line Extension. The retention of 5% of CIL receipts will help to cover the implementation cost of CIL.

4.2 **Legal Issues (Monitoring Officer)**

4.2.1 The Head of Democracy and Governance comments that the Community

Infrastructure Regulations 2010 (as amended) require the production of an annual report detailing income and spending of CIL monies. This report would meet this requirement.

4.3 Equalities

There are no direct equalities impacts arising from this report.

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
Further changes to CIL Regulations could reduce CIL income	2	3	6
Economic downturn could adversely affect new development being progressed	1	3	3
Loss of the CIL collecting officer would undermine collection rate	1	3	3

Appendix:

Appendix 1 Watford Borough Council Regulation 62 Monitoring Summary
1 April 2015 – 31 March 2016

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

- Community Infrastructure Levy Regulations 2010 (as amended)
- Community Infrastructure Levy Governance Cabinet Report - 18 January 2016

File Reference

SP1.2.2.2 Cabinet Reports