

Community Infrastructure Levy (CIL): Neighbourhood CIL & a localised approach to development contributions in Lambeth

Briefing for Community & Business Stakeholders

7th April 2014

1. Purpose of Briefing

The way that developers fund improvements to the local area such as parks, roads and schools is being changed by central government. This process used to be managed through Section 106 agreements (S106) but will now take place through the **Community Infrastructure Levy (CIL)**. S106 agreements will only apply in limited circumstances going forward.

In January 2014, as part of our commitment to becoming a Co-operative Council, Lambeth's Cabinet took the decision to raise the percentage of total CIL that will be used to support local neighbourhood projects to 25% from the statutory minimum of 15%.

We want to give local people a greater say in decisions about local infrastructure and to inform plans on how best to spend this '**neighbourhood funding element**' of CIL. Therefore we have started a collaborative process with key community and business networks which will:

- help establish the most appropriate combination of wards and/or boundary alternatives for Neighbourhood CIL
- start a discussion on how decision-making should operate for agreeing priorities and projects
- bring together initial ideas for how communities can produce Co-operative Local Investment Plans (CLIPS), listing priorities and projects, in a genuinely participatory, efficient and inclusive way.

This briefing note is to help those key stakeholders as they discuss these topics in their networks over the next six weeks, ending in mid-May.

2. Community Infrastructure Levy (CIL)

The Community Infrastructure Levy is a new, non-negotiable charge that local authorities can choose to adopt and then collect from new developments to pay for the infrastructure needed to support new development and growth in an area.

The CIL charge is based on a tariff per m² of additional floorspace, the gross internal area (GIA). The CIL can be levied on any new development (buildings and extensions) larger than 100m² of GIA and on any new development that results in the creation of a new dwelling, regardless of size. Some types of development, such as affordable housing, buildings into which people do not normally go or buildings to be used for charitable purposes are exempted from the CIL charge.

The rate at which the CIL is charged varies depending upon the type of development and its location in the borough, as detailed in Lambeth's draft charging schedule. The Lambeth CIL has also been subject to two rounds of public consultation and an examination by an independent planning inspector who is due to publish his report in April 2014.

It is likely that the charging schedule will need to be reviewed within 3 years of its adoption to take account of changing market conditions, and this would require the same consultation process. The draft charging schedule is available to download from:

<http://www.lambeth.gov.uk/sites/default/files/DraftChargingScheduleJune2103fv.pdf>

3. What will CIL pay for?

In adopting CIL, the council is required to establish a 'Regulation 123 list'. This list identifies the projects, or types of infrastructure, which the council intends to fund or part fund with money received from CIL. The Regulation 123 list is designed to ensure that authorities cannot use S106 planning obligations to secure money from developers for the same infrastructure that CIL is expected to contribute towards.

The following types of infrastructure are included on Lambeth's Regulation 123 list:

- Schools and other educational facilities
- Health centres and other community facilities
- Parks, open spaces, streets and other areas of the public realm
- Transport

The current draft Regulation 123 List is available to download from the Lambeth website:

<http://www.lambeth.gov.uk/sites/default/files/17DraftReg123ListSumissonversion.pdf>

The projected cost of the required investment in infrastructure exceeds the total projected income from CIL and therefore the Council will need to work with public and private partners to address this funding shortfall.

4. Changes to Section 106 obligations

Planning obligations, often referred to as Section 106 agreements, are the current mechanisms used to ensure that new development mitigates its impact on existing service facilities such as schools, health care, the transport network, utilities, open space or other community facilities, through commuted payments towards those facilities.

The S106 system mainly captures infrastructure contributions from major development (10 or more residential units, or over 1,000 m² of commercial floorspace). CIL instead provides a lower threshold and greater flexibility on how the expenditure is applied. For example, as the case of requiring mitigation for school places is fundamentally different from that of libraries, there is limited scope to transfer money from one infrastructure category to another with S106.

It is the Government's intention that CIL will be used as the main source of funding for infrastructure from development contributions, and has designed the Regulations that govern the introduction of CIL to avoid double charging through both CIL and S 106 agreements. Pooling of S106 payments has also been restricted through the new regulations.

However, S106 agreements will still have an important role in securing affordable housing, non-infrastructure measures (eg training and employment) and infrastructure that is required to directly address potential negative impacts from specific developments, which are not covered by CIL.

Please note that the CIL proposals offered for discussion during this consultation do not affect existing S.106 allocations. The Council will continue to deliver these.

5. The Neighbourhood Funding Element of CIL

To ensure local communities realise the benefits of local growth once the Lambeth CIL is in place, the council will be required to spend what is called the '**neighbourhood funding element**' of CIL in ways that benefit local areas. In areas such as Lambeth where there are no parish councils, how to define the 'local' area is left to the council.

The statutory minimum amount of total CIL collected that must be spent as 'neighbourhood funding' is 15%. However, in January 2014 Cabinet agreed that the neighbourhood funding element of CIL in Lambeth would be increased to 25% of the total CIL collected locally. This enables communities to benefit from the same level of CIL spent locally as they would were they to prepare a statutory Neighbourhood Plan (see Appendix 1 for more information about Neighbourhood Plans).

There is significant flexibility in what the neighbourhood funding element of CIL can be spent on and it isn't confined to what is listed within the Regulation 123 List:

- The provision, improvement, replacement, operations or maintenance of infrastructure; or,
- Anything else that is concerned with addressing the demands that development places on an area.

How much Neighbourhood CIL per CLIP area? The table on page 6 of the PowerPoint presentation with this note shows the range of neighbourhood funding available per CLIP area per year, averaged across the next 5 years, and starting from July of this year. It will vary between an average of approximately £20,000 per year for those CLIP Areas containing the lowest levels of development in the south of the borough, and approximately £670,000 per year in the north which will see the highest levels of development. Please note that these are average figures and the amount of neighbourhood CIL generated annually will not fall evenly across each of the five years.

The table illustrates that the cost of required strategic infrastructure will be highest in those areas in the north of Lambeth undergoing the greatest levels of growth. It also illustrates that the council has concentrated significant investment in infrastructure in the south of the borough in recent years. Finally, it should be remembered the total income projected from CIL for strategic infrastructure is less than the total projected costs. Therefore the Council will need to work with public and private partners to address this funding shortfall.

6. A Co-operative Council: First Stage Co-production – Working with the community to define boundaries and decision-making processes

Lambeth has made clear its intention to become a Co-operative council and radically transform the relationship we have with local people. Being a Co-operative council means working together with local people to make decisions that guide and inform everything we do. Involving local people, businesses and not-for-profit groups in decisions about development and infrastructure is therefore an important part of this.

In the January 2014 Cabinet report, Co-operative Local Investment Plans (CLIPs) were agreed as the vehicle through which the community could make local investment decisions. Whilst CLIPs have the potential to become a focus for wider investment decisions and discussions about priorities, in the short term they will be the vehicle to support decision making in relation to the choice of projects that will be funded by the neighbourhood funding element of CIL.

CLIPs will be locally co-produced plans providing a prioritised list of projects to receive the neighbourhood funding element of CIL. Infrastructure projects identified will reflect locally defined objectives that reflect the Council's outcomes in the community plan.

At this first stage, to enable the establishment of CLIPs, the Council's objectives are:

- a. **Boundaries.** To establish the most appropriate boundaries based on groupings of wards in collaboration with key community and business stakeholders.
- b. **Decision-making.** To establish the parameters for decision-making about priorities and projects.
- c. **Process.** The Council is committed to a straightforward methodology to create a prioritised list of projects for CLIPs that is genuinely participatory, efficient and inclusive. While this first phase will not look in depth at delivery mechanisms for CLIPs, we do want to capture ideas and suggestions for how to achieve these aims including identifying at best practice elsewhere.

In this first phase we have commissioned Waterloo Community Development Group (WCDG) to work with Lambeth's existing business and community networks, nominated members from youth networks, Tenants' Council, and key amenity groups and faith groups, amongst others. A kick-off meeting was organised for Tuesday 1st April, 6pm – 8pm at the Karibu Centre in Brixton for up to 30 key stakeholders to explain the new arrangements for CIL and Lambeth's proposed approach, and to hear initial reactions and ideas. Over the next six weeks these and other stakeholders will work within their networks to respond to proposals.

WCDG and officers will be supporting this process by offering follow-up meetings with stakeholders. In early June there will be a further meeting or briefing for all stakeholders to present feedback and findings. Final proposals will be taken to the July cabinet meeting.

Timetable

1. Decision-making 2. Boundaries for CLIP areas		
Tuesday 1 st April	Kick-Off Meeting for Key Business and Community Stakeholders	Supported by Waterloo Community Development Group (WCDG) – Michael Ball and Juliet Heap
Wednesday 14 th May (CONFIRMED)	Further discussions within your networks end	WCDG and Lambeth officers available for meetings
W/C 2 nd June – date TBC	Feedback meeting or briefing for Community / Business Groups and Councillors	
Monday 14 th July	Cabinet Meeting	

7. Key factors in determining CLIPs

7.1 Decision-making – Parameters & Principles

While CLIPs are not adopted planning policy documents, they do need to carry weight in decision making so that communities have confidence in the process they are shaping with us. The Council remains the accountable body, so there needs to be a balanced approach.

The council has to be fair and transparent; CLIP boundaries have to ensure full geographical coverage of the borough and, as the accountable body, the council has to be compliant with legislation and follow due diligence eg for procurement.

Development will be uneven across the borough and therefore the amount of CIL collected will reflect this (with levels being generally higher in the north of the borough than the south based on current trends).

The key interface with the community is the ward Councillors, supported by officers as and when needed. Ward Councillors are aware of very local issues and potential solutions or barriers to progress and have knowledge of local interests and stakeholders. Therefore, the Council has proposed that they should be responsible for hosting discussions and meetings and be the ‘front facing’ voice of the Council in relation to neighbourhood funding.

Communities will lead on the priorities for their neighbourhood and work up community project banks for their local investment plans.

The regularity of this dialogue will be determined by, and proportionate to, the availability of funding in relation to the priorities identified in the CLIP and the appetite for dialogue within the community.

We should aim to produce a CLIP in approximately 6-12 months and review it every three years or early if income profiles fluctuate either up or down. Financial reporting on delivery could form part of the council’s existing reporting in July and February.

A Cabinet Member will sign-off the CLIP as Lambeth remains the accountable body. It may be that there is annual reporting at year end to coincide with CIL reporting regulations.

In short, the proposal is that CLIPs should be “Community-led, Councillor-supported”.

The following summarises the main parameters and principles for management of CLIPs proposed at the initial meeting:

Parameters & Principles

- Compatibility with **outcomes** in the Community Plan (**Appendix 2**):
 - **Communities feel safer & stronger**
 - **Cleaner streets and greener neighbourhoods**
 - **More jobs & sustainable growth**
- Council remains the **accountable body** - fairness, transparency, due diligence, value for money
- **Inclusive**, reaching all areas and all communities
- Conflict or compatibility with **strategic infrastructure** priorities (75%)
- Availability of reasoned **evidence** base
- Efficient, workable **delivery and administration** of CLIPs - resource implications for Council and communities
- **Management and maintenance** costs of projects to be considered
- **Boundaries** for CLIPs (see 7.2 below)

7.2 Proposed Boundaries

The following factors need to be considered when looking at geographical boundaries:

- CLIPs need to be small enough to be meaningful and recognisable in terms of community involvement, but of a scale that allows management and administration to be efficient and funding to be sufficient enough to have a meaningful impact.
- A lot of standard data is collected on a ward by ward basis, therefore an approach based on the grouping of wards will greatly support on-going monitoring and evaluation of successful outcomes.
- Where there are Opportunity Areas and high density development, the impacts will be greater and CIL receipts will be correspondingly greater. Boundaries are required for the administration of CLIPs, but we know that communities do not always recognise the boundaries that the Council is required to operate within.

The Council offered proposals for CLIP areas at the meeting for discussion of strengths and weaknesses (Appendix 2). The six areas proposed follow the old Town Centre Boundaries with two revisions:

- In **Waterloo**, the proposed Waterloo neighbourhood plan area covers the majority of Bishop’s ward, but it does not correspond exactly to the existing ward boundaries. An area in the south-east corner of Bishop’s ward is located outside of the neighbourhood plan area. As the Council

has already supported the boundary of the Waterloo neighbourhood plan area, it is proposed that the neighbourhood plan area will constitute the Waterloo CLIP area. However, if the Council agrees that the boundaries of CLIP areas should correspond to existing ward boundaries, an anomaly in this part of the borough is inevitable. It is suggested that the small part of Bishop's ward that lies outside of the neighbourhood plan area would fall under the North Lambeth CLIP area, which will also cover the wards of Prince's, Oval, Stockwell and Vassall in their entirety. This makes sense 'on the ground', if not necessarily in ward boundary terms.

- In **Vauxhall**, Stockwell ward currently falls within the town centre boundary for Clapham and Stockwell. However, because the Vauxhall/Battersea Opportunity Area extends into Clapham due to administrative boundaries, this means that income from the redevelopment of sites such as the Sainsbury store and the new Nine Elms Station, could be diverted to Clapham. This has arisen because the opportunity area is drawn alongside the boundary of New Covent Garden Market, rather than on the basis that there are major development sites along South Lambeth Road. The recommendation is that Stockwell forms part of the North Lambeth CLIP so that income from these known major schemes would be concentrated locally and not distributed arguably in areas where the impact of major development will not be felt.

8. Useful information

- **Lambeth CIL webpage:** <http://www.lambeth.gov.uk/planning-and-building-control/planning-applications-and-policies/community-infrastructure-levy-cil>
- **Handy Guide to planning** - <http://www.urbanforum.org.uk/handy-guides/the-handy-guide-to-planning-2012>
- **CIL & planning obligations** - http://www.rtpi.org.uk/media/1645219/sheet_12_final.pdf

Appendices for this briefing:

Appendix 1 – Neighbourhood Planning

Appendix 2 – Lambeth Community Outcomes from the [Community Plan](#)

Appendix 2 – Proposed CLIP Boundaries

9. Contacts

Waterloo Community Development Group (WCDG) and council offers are available to attend meetings and respond to any questions or comments you may have during this next stage.

WCDG:

You can contact Michael Ball at michael.ball@wcdg.org.uk (**Note: not available 7-17th April.**)

And Juliet Heap at juliet@julietheap.co.uk

Lambeth officers:

Max Fallowfield (Regeneration Programme Officer) at

MFallowfield@lambeth.gov.uk or on 020 7926 0727

and Trisha Boland (Co-operative Council Implementation Lead) at TBoland@lambeth.gov.uk

Neighbourhood Planning - An Overview

Central government has introduced a new right for communities in England to undertake neighbourhood planning. Having a neighbourhood plan will enable an area to boost its minimum allocation of local CIL receipts from 15% to 25% of the total collected.

The first formal step in neighbourhood planning is the submission of the proposed neighbourhood area to the local planning authority for designation. Where there is no parish or town council, a neighbourhood forum of at least 21 people must be formed for the neighbourhood area. The forum must reflect the “inclusivity, diversity and character of the area” and should include at least one person living in the area, one person working in the area and one councillor. The forum will then lead the development of the Neighbourhood Plan.

Once a neighbourhood area is designated by the local planning authority, it is legally required to provide advice and assistance to those bodies producing a Neighbourhood Plan. Community groups must lead neighbourhood planning, but in order for a neighbourhood plan to progress successfully, considerable external support and facilitation will be required. Groups will need to identify their own resources for support.

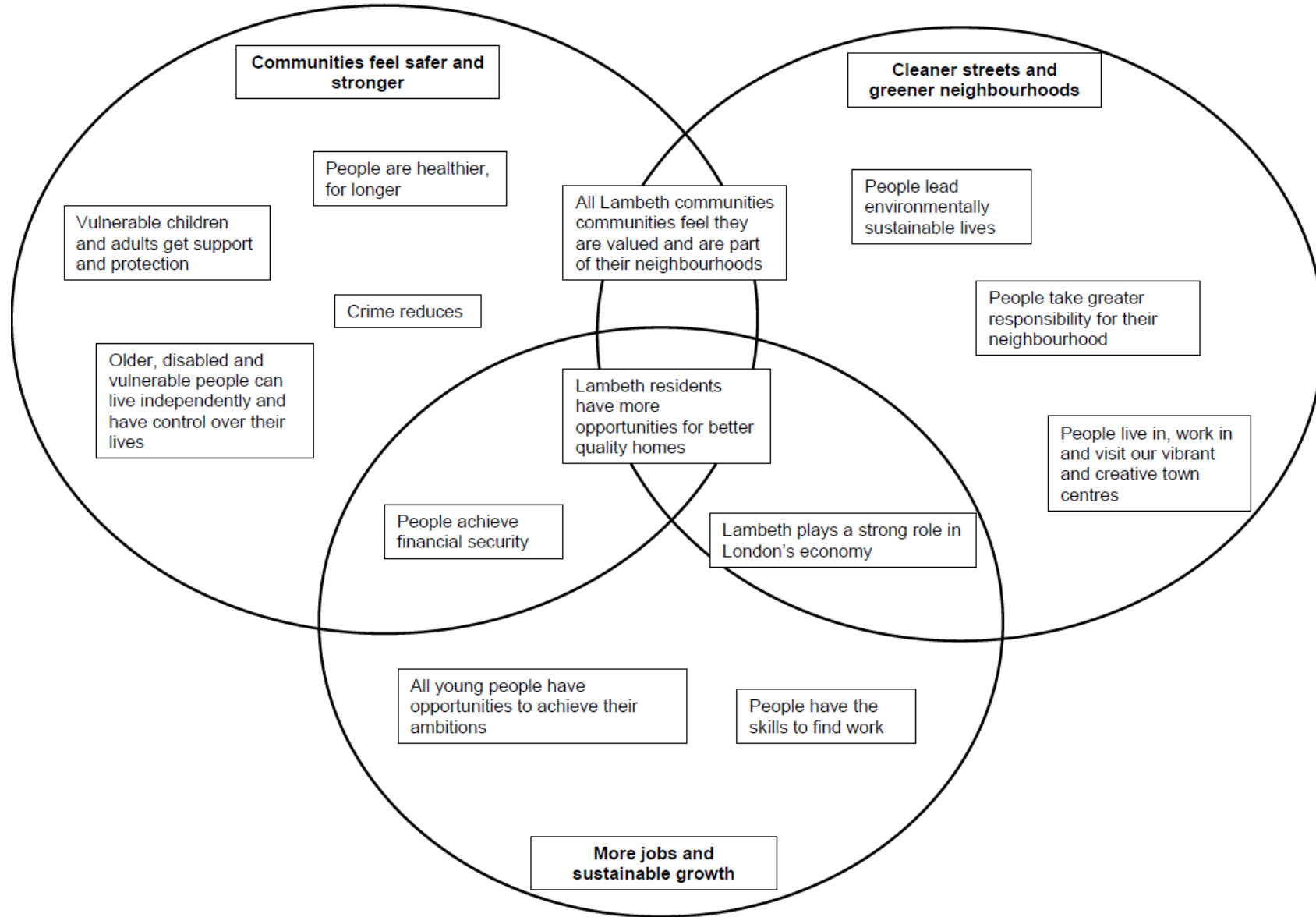
A Neighbourhood Plan will be subject to independent examination. This is because the neighbourhood plan must work within existing planning policies set by the council, the Mayor of London and central government. It does not have the power to change these, nor any development targets contained within it. The plan will then be subject to a referendum.

Neighbourhood Plans relate to the use and development of land and associated social, economic and environmental issues. They may contain a vision, aims, planning policies, proposals for improving the area or providing new facilities, or allocation of key sites for specific kinds of development. They may deal with a wide range of issues (like housing, employment, heritage and transport) or may focus on one or two issues that are of particular importance in a local area.

If adopted, the neighbourhood plan will be used to determine planning applications in a neighbourhood area. Crucially though, it must work within the constraints of existing planning policies that tend to favour growth and development. It does not enable communities to stop development, merely to influence it

The entire process can be both very lengthy and resource intensive. A neighbourhood plan is likely to take around 18 months to 2 years to produce. Central government suggest it could cost up to £60k in complicated areas (not including officer time). Given the resource implications, it will only be possible for the council to support a small number of neighbourhood plans at any one time.

Outcomes as detailed in Lambeth's Community Plan 2013-16



Co-operative Local Investment Plans – Proposed Areas Maps

