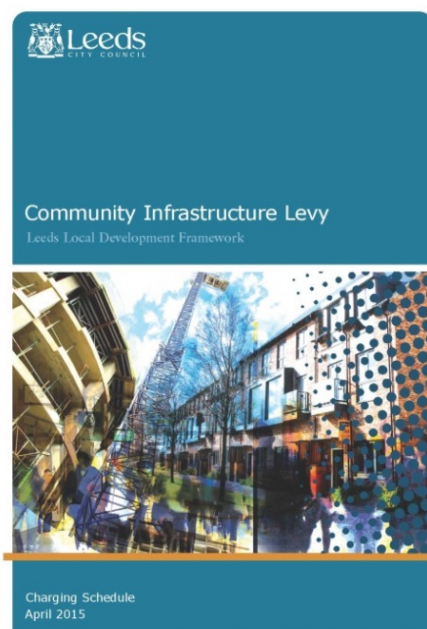


LEEDS CITY COUNCIL
CIL NEIGHBOURHOOD FUND –
SPENDING GUIDANCE FOR COMMUNITY COMMITTEES

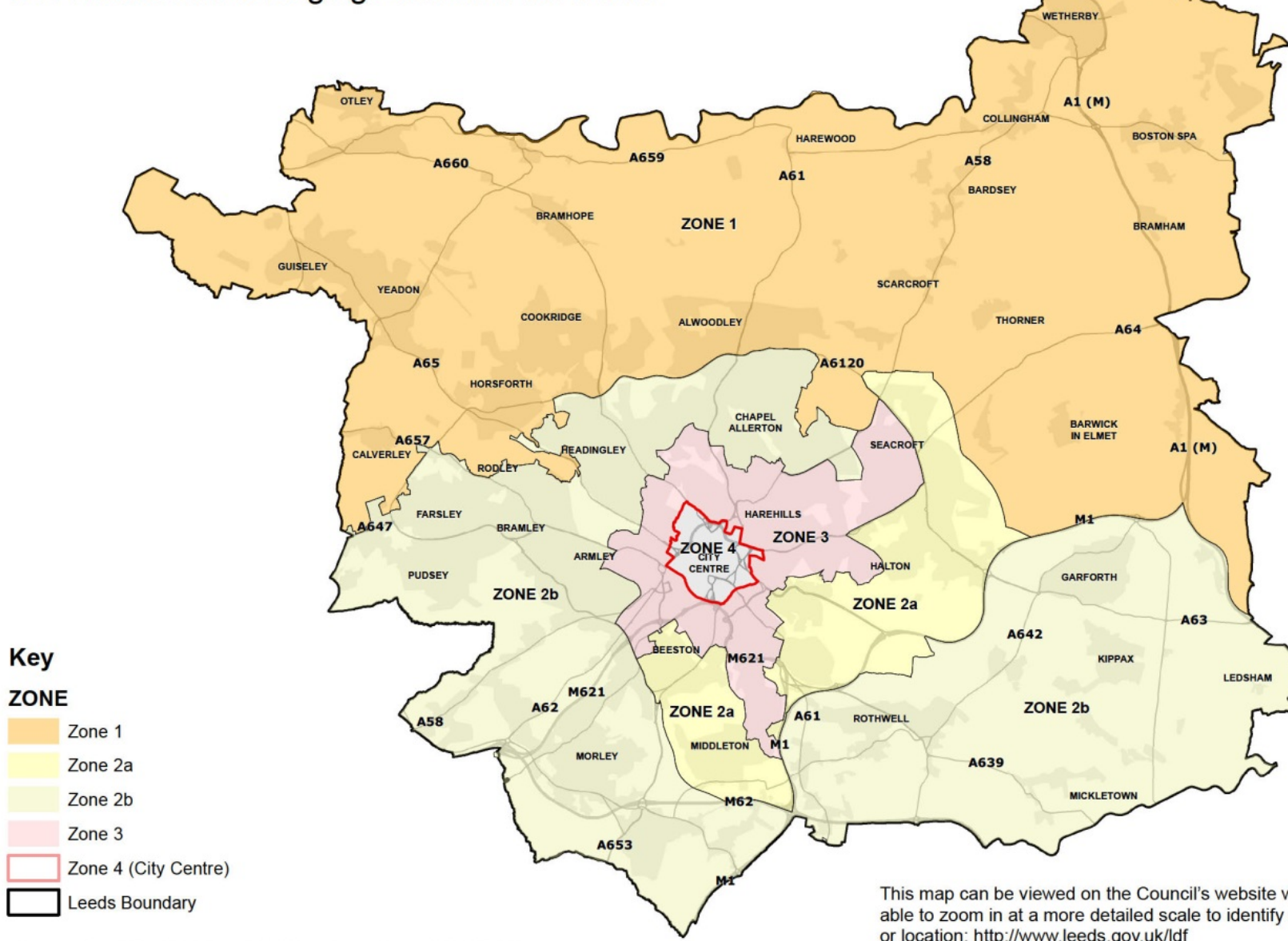
Introduction to the CIL

- 2.1 The Leeds Community Infrastructure Levy (CIL) Charging Schedule was adopted in November 2014, with charging underway since 6th April 2015 on all relevant developments.
- 2.2 The CIL is a non-negotiable charge on many new buildings in £s per square metre on gross internal floor area. Developments become liable at grant of planning permission (or as they start to be built if no planning permission is required) and the Demand Notice (invoice) is sent when works commence on site. CIL payments are then made in set time periods from the start on site.
- 2.3 The rates were not set by where development is predicted to or preferred to occur, but were based on over 250 viability appraisals included in the Leeds CIL Economic Viability Study, a range of other evidence, and the requirements set by the CIL Regulations. The Study tested a range of uses across the District based on example sizes and sites, which took into account the full planning policy requirements e.g. affordable housing targets. The theory is that a developer will make the same amount of profit in building the same number of houses anywhere in Leeds, because any 'surplus' is taken up by charging higher CIL rates. Higher CIL rates are possible in some areas because for example house prices are higher. The Government's intention is for the CIL cost to be taken off the price that the developer pays for the land, so that effectively the landowner pays for the CIL.
- 2.4 The CIL rates were set at a point that balances the need to gain sufficient funding to contribute towards infrastructure needed to support growth, but not so high that they would threaten the viability of growth and development as a whole. The residential zone boundaries were based on average house prices, policy constraints, local knowledge, and the need to follow physical attributes.
- 2.5 The CIL Charging Schedule underwent two formal public consultation stages in 2013 followed by a public examination with a Government Examiner in June 2014.



The CIL rates in Leeds:

CIL Residential Charging Zones: APRIL 2015



Key

ZONE

- Zone 1
- Zone 2a
- Zone 2b
- Zone 3
- Zone 4 (City Centre)
- Leeds Boundary

This map can be viewed on the Council's website where you will be able to zoom in at a more detailed scale to identify a particular site or location; <http://www.leeds.gov.uk/ldf>

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Type of development in Leeds	CIL Charge per square metre
Residential – Zone 1	£90
Residential – Zone 2a	£23
Residential – Zone 2b	£45
Residential – Zone 3	£5
Residential – Zone 4	£5
Supermarkets* ≥ 500 sqm in City Centre	£110
Supermarkets* ≥ 500 sqm outside of City Centre	£175
Comparison Retail ≥ 1,000 sqm in City Centre	£35
Comparison Retail ≥ 1,000 sqm outside of City Centre	£55
Offices in City Centre	£35
Development by a predominantly publicly funded or not for profit organisation, including sports and leisure centres, medical or health services, community facilities, and education	Zero
All other uses not cited above	£5

**Supermarket definition:*

Larger format foodstores that sell a full range of grocery items and are shopping destinations mainly used for a person's main weekly food shop, although generally they also contain a smaller range of comparison goods.

Instalment Payments Policy:

≤ £9,999	Due in full within 2 calendar months of commencement
£10,000 to £59,999	Due in 2 equal instalments within: 3 and 6 months of commencement
£60,000 to £99,999	Due in 3 equal instalments within: 3, 6, and 9 months of commencement
£100,000 to £499,999	Due in 3 equal instalments within: 6, 12, and 18 months of commencement
≥ £500,000	Due in 4 equal instalments within: 6, 12, 18, and 24 months of commencement

Further information and a more detailed map can be found at:
<http://www.leeds.gov.uk/council/Pages/Community-Infrastructure-Levy.aspx>

Introduction to the Neighbourhood Fund Spending Guidance

- 2.1 There is a national requirement for a 'meaningful proportion' of the CIL revenue to be passed directly to local communities, and in Leeds this is termed the 'CIL neighbourhood fund'. The CIL Regulations 59C and 59F set out that the CIL neighbourhood fund has to be spent to support the development of the relevant area, 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.
- 2.2 This is clearly a very broad remit. 'Infrastructure' has a very wide definition and includes transport, flood defences, schools, health facilities, parks and green spaces, cultural and sports facilities, as well as maintenance and improvement of facilities affected by development. Other possibilities could include affordable housing, preparation of the neighbourhood plan, or many other ideas. Infrastructure may be viewed on 3 levels:
- Small-scale local projects which affect one village/community.
e.g. new benches and signage in a local greenspace, improvements to a community building.
 - Projects affecting more than one village/community, which need wider co-operation and planning.
e.g. a cycle path or footpath linking two communities, junction/highways improvements, sports facilities drawing more than local use.
 - 'Strategic' infrastructure affecting a number of communities. The City Council has a key responsibility for planning and delivering this but this does not mean that the neighbourhood fund cannot or should not assist.
e.g. school expansions, major transport schemes, major flood defence works.
- 2.3 The system of using Section 106 Agreements does also continue under the CIL regime, although there are more restrictions on what they can be used for. S106s will be used to mitigate site specific infrastructure requirements such as affordable housing, on-site greenspace, flood defences, or pedestrian and vehicle accesses. Nearby junction improvements may also be required through S106s, or nearby greenspace improvements where the development is not providing sufficient on-site.
- 2.4 Executive Board in February 2015 made key decisions around spending of the future CIL income, directing it into two main funding streams; a strategic fund, and a neighbourhood fund, plus up to 5% for administrative costs. The neighbourhood fund is 15% in an area without a Neighbourhood Plan, and 25% in an area with an adopted Neighbourhood Plan. In town and parish council areas it is to be passed directly to those local councils, as required by national CIL regulations. In non-parished areas the decisions about spending are delegated to the relevant Leeds City Council Community Committee (CC), and the CIL neighbourhood fund ringfenced by the City Council for that purpose. Funds will be transferred to parishes/CC as follows: 1st October to 31st March receipts transferred by 28th April, and 1st April to 30th September receipts transferred by 28th October.
- 2.5 The remaining 70-80% of the total CIL received is called the CIL strategic fund. Priorities for its spending will be decided on an annual basis as part of the Council's budget setting process and capital programme, in line with the Regulation 123 List,

and taking into account the impact of specific and cumulative infrastructure needs arising from new development.

How the Guidance was created

- 3.1 Executive Board requested that further guidance and protocols should be established to ensure a consistent approach to defining the local area for spending and consultation purposes. Therefore four workshops were held in July 2015, to which all ward members, town and parish councils, and neighbourhood planning groups were invited. One workshop covered the Outer North East Community Committee area, one covered the Outer South and Outer East areas, one covered the Outer West and Outer North West areas, and the final one covered all the Inner areas. All the ward members, town and parish councils, and neighbourhood planning groups in each relevant area were invited. The aim of the workshops was to generate consensus on key ideas from which to develop the CIL spending guidance. It was also recognised that they would help to build relationships between all parties, raise awareness of the CIL process and issues and choices around its spending, and create links with neighbourhood planning. Through this consultation and engagement, a wide range of issues relating to the CIL spending were explored. The overall outcome was the production of this neighbourhood fund spending guidance.
- 3.2 This guidance is to be adopted by CCs in making decisions on spending of their CIL neighbourhood funds. CCs may also then wish to create further bespoke guidance for their own area as appropriate. Some of the issues identified are also intended to help prompt further discussion on this topic, rather than provide a definitive answer.
- 3.3 It is also intended/hoped that town and parish councils and Neighbourhood Forums will also voluntarily adopt the principles in the guidance, in order that all the decision makers make rational and complementary decisions to best maximise the value of the CIL income.

PRINCIPLES FOR SPENDING THE CIL NEIGHBOURHOOD FUND

1. NATIONAL GUIDANCE

National guidance gives only broad guidelines about neighbourhood fund spending, as set out in 'Planning Policy Guidance': "Charging authorities should set out clearly and transparently their approach to engaging with neighbourhoods using their regular communication tools... The use of neighbourhood funds should therefore match priorities expressed by local communities... authorities should use existing community consultation and engagement processes. This should include working with any designated neighbourhood forums preparing neighbourhood plans that exist in the area, theme specific neighbourhood groups, local businesses... and using networks that ward Councillors use. Crucially this consultation should be at the neighbourhood level. It should be proportionate to the level of levy receipts and the scale of the proposed development to which the neighbourhood funding relates. Where a Neighbourhood Plan has been made, the charging authority and communities should consider how the neighbourhood portion can be used to deliver the infrastructure identified in the neighbourhood plan as required to address the demands of development. They should also have regard to the infrastructure needs of the wider area."

2. SPENDING CIL GENERATED FROM NEIGHBOURHOOD PLAN AREAS

Principles

- In spending CIL generated from a Neighbourhood Plan area, due regard must be had to the projects and proposals in that Neighbourhood Plan, whether emerging or adopted.
- However, this is on the proviso that if the Neighbourhood Forum wishes the CIL neighbourhood fund to be spent on projects outlined in their Neighbourhood Plan, it must consult and work with the CC at an early stage in the formation of that plan. (It is acknowledged that some plans have already progressed past this point). The CC must be receptive of this and should work together with the Neighbourhood Forum to help them agree the most urgent funding priorities.
- Agreement of changes to funding priorities can and should be ongoing even after the adoption of a Neighbourhood Plan (see the Consultation section).
- The need for flexibility is accepted if an unforeseen need or priority project emerges.

3. SPENDING CIL GENERATED OUTSIDE OF NEIGHBOURHOOD PLAN AREAS

Principles

- Size thresholds: small scale sums should be spent only in that community/ward. Larger receipts can be spent more widely. Each CC will need to determine the appropriate thresholds for this split.
- Due regard must be had to the impact of the development that generated the CIL, and what infrastructure that development is also providing in mitigation.
- CIL spending decisions should, where possible, reflect infrastructure priorities/projects/ideas in documents which are not formal Neighbourhood Plans, such as Neighbourhood Improvement Plans or Neighbourhood Design Statements.
- The need for flexibility is accepted if an unforeseen need or priority project emerges.
- See the consultation section for further principles.

Issues to consider:

- CIL funds can be spent anywhere in the CC area, distributed equitably across the CC area, or ringfenced to the ward that generated it.
- It was agreed that the CC would listen to local views and apply council priorities to make an informed and transparent local decision.
- The size of the CIL receipt should also be a factor depending on where the pressure on infrastructure facilities will be.
- There was an emerging theme that smaller CIL receipts in Wards with limited development opportunities should be reinvested in very (Ward-based) local infrastructure projects

4. **CITY CENTRE**

Principles

- Where development occurs close to the City Centre boundary, or the development will impact on a community outside of the boundary, the expectation is that the CC will make spending decisions which take account of the cross-boundary needs and opportunities. The definition of 'close' is for the relevant CC to determine.
- The City Centre Management Team and the Business Improvement District should be consulted on spending decisions, which should take account of existing plans and programmes.

Issues to Consider:

- There is no single community in the City Centre, and it also includes a wide range of business communities. Identifying and agreeing infrastructure priorities could be more difficult than in other areas.

5. **CONSULTATION AND RELATIONSHIPS BETWEEN NEIGHBOURHOOD FORUMS, PARISHES, AND COMMUNITY COMMITTEES**

Principles

- Local communities must be consulted on spending. This must include as a minimum the relevant Neighbourhood Forum or other constituted urban environment group covering that area, plus all such groups and Town and/or Parish Councils in adjacent areas. CCs should work in partnership to come to a solution. However, this should be proportionate to the amount of CIL under discussion, and the CC should be aware it is their role to take a broader area view than local residents.
- CCs should be aware of the need to include young people in their engagement work, with bespoke consultation as necessary e.g. through schools, Youth Panels, youth groups etc.
- Discussions will be needed with the relevant LCC department e.g. Parks and Countryside or Highways, or other relevant providers (e.g. GP surgeries).
- City Councillors should continue to strengthen relationships with Town and/or Parish Councils through the CC.
- The CC should strongly consider the use of sub groups and co-optees to be advisory consultees, with the potential for a formal agenda item on neighbourhood planning or infrastructure planning at meetings.

Issues to Consider:

- Consultation will be easier once tangible projects are identified, and the knowledge of the prospect of funding will help in identifying projects and their relevant scale.

- Examples of consultation could include an annual residents' survey to identify priorities, or a smaller working group to put forwards a shortlist to residents.

6. CROSS-BOUNDARY PROJECTS AND SPENDING

Principles

- CCs should pay due consideration to the cross boundary impact of CIL spend as development mitigation needs are not confined to a single Ward/Community Committee/Neighbourhood Forum/ Town or Parish Council area.
- CCs should seek further clarity around the spending of the strategic fund and the mitigation needs arising from a development before allocating the neighbourhood fund on local infrastructure. Examples of this would include key issues such as school places, road investment and additional green space.
- CCs and Town and Parish Councils should use cross boundary working arrangements to collaboratively define relevant local boundaries.

Issues to Consider:

- Many issues, infrastructure projects, or mitigation needs are not confined to a single Ward/Community Committee/Neighbourhood Forum/ Town or Parish Council area. People do not necessarily perceive their community to fall solely within ward or parish boundaries.
- Some issues cross the LCC boundary and communication across District boundaries is difficult, especially where neighbourhood planning is not in progress.
- More clarity is needed about the spending of the strategic fund and mitigation of development e.g. the need for school places.
- There is the possibility for the LCC strategic fund to match fund the neighbourhood fund spending where there is a cross-boundary impact.
- Some Town and Parish Councils or communities without proposed development themselves consider that discussions around the allocation of the neighbourhood or strategic fund should not automatically exclude them due to an infrastructure need arising from development in neighbouring areas, e.g. through traffic generated from a development elsewhere.
- There are many examples of CCs or town and parish councils delivering cross-boundary projects.

7. PROJECT DELIVERY PRINCIPLES

Community Committees should consider:

- How ongoing revenue/maintenance costs for new infrastructure - initially funded by the CIL - can be identified.
- How the City Council can support and fund Neighbourhood Forums to implement projects post-adoption.
- The CIL is not the only infrastructure funding source available. Neighbourhood Plans may be used to assist funding bids if they contain tangible projects. The CC has a strong role to play in identifying other income streams and match funding opportunities.

