

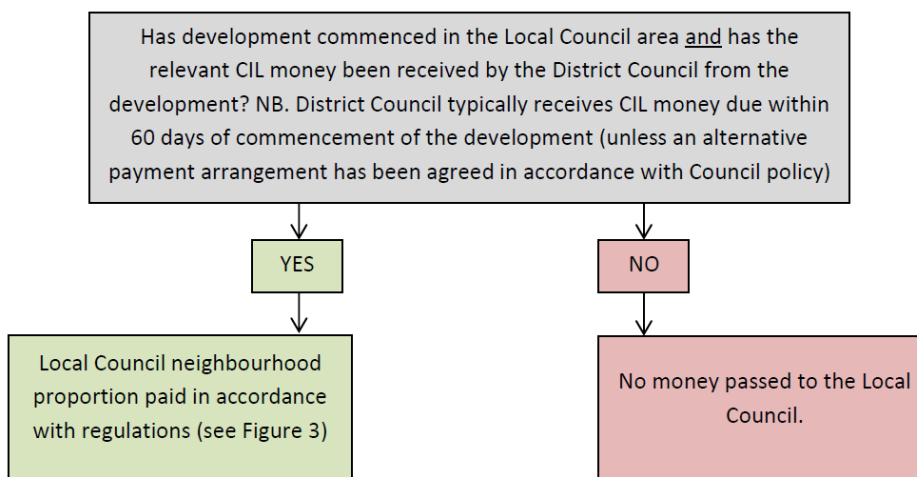
Community Infrastructure Levy (CIL) Guidance for Parish and Town Councils

February 2022

I. Introduction

- 1.1 This guide sets out what parish and town councils can spend their CIL receipt on and explains their responsibilities relating to the Community Infrastructure Levy (CIL). In the guide Local Council is used to refer to both Parish and Town Councils. Further information is available on the Council's website¹ and advice is available from the Harrogate Borough Council CIL and S106 Officer (please see contact details at the end of this guidance).
- 1.2 CIL is a new levy that local authorities can charge on developments in their area to ensure sustainable development overall i.e. facilities and services in the area have capacity to keep up with growth in the District. The adopted CIL Charging Schedule sets out the rate per square metre for chargeable developments which is payable on commencement of development. A portion of CIL income is paid to Local Councils to be spent by them on supporting development in the area (referred to as the 'neighbourhood fund'). The Local Council must report on the CIL received and spent each year. The remaining CIL income is spent by the District Council. The processes of CIL income generation, payments to Local Councils and spending and reporting are illustrated in Figures 1 and 2 below.

Figure 1. Overview of when neighbourhood proportion payments triggered



¹<https://www.harrogate.gov.uk/planning-policy-guidance/community-infrastructure-levy>

Figure 2. Overview of key Local Council reporting and spending dates

Date/ Milestone	Action
End of October and April each financial year	District Council transfer Neighbourhood Proportion to Local Council
Any time	Local Council allocate/spend CIL income
After 31^o March every year	Local Council prepare and audit annual CIL financial report
By end of September every year	Local Council submit CIL financial report to District Council (CIL/S106 Officer) ²
By 31^o December every year	Local Council and/or District Council publish CIL financial report on web sites. Local Council must submit copy of its financial report to the District Council (if not already done so as per above).
Annually	If Local Council doesn't spend/allocate CIL income within 5 years then the District Council may issue a repayment notice. If a Local Council has inappropriately spent CIL income then the District Council will issue a repayment notice. Before any notices are issued the District Council will engage with the Local Council to seek to remedy any issues arising

1.3 The Interaction between S106 planning obligations and CIL

- 1.4 S106 agreements will continue to be used to mitigate for site specific issues and contributions will still be sought for infrastructure provision that is necessary to make the development acceptable in planning terms such as for education, open space and village halls. Parish Council can apply to spend these funds in the usual way.
- 1.5 There will be occasions when a development will be liable for CIL as well as there being the requirement for the completion of a planning obligation. Such obligations will relate to site specific requirements that are necessary to make the proposed development acceptable in planning terms while adhering to the provisions of Regulations 122 and 123 of the CIL Regulations.
- 1.6 The table below shows the key differences of CIL vs. S106 obligations.

CIL	S106
Charge applied to all qualifying development (type, location, size)	Collected if necessary to make the development acceptable in planning terms – site specific
Collected into a 'CIL Pot' and spent anywhere across the District regardless of where generated	Must be spent/provided in relation to development of a specific site
Does not require a legal agreement	Requires a legal agreement
Cannot be used for affordable housing	Must be used for affordable housing
Can be spent on the same piece of infrastructure/project	

² This is not a legal requirement, however it can be useful for the District Council to review the reports prior to publication in order to ensure continuity between Local Council and District Council financial monitoring.

2. How does CIL affect the Parish or Town Council (Local Council)?

2.1 The CIL regulations require Harrogate Borough Council to pass a proportion of CIL funds collected to the relevant Local Councils. The figure is 15%, subject to an annual cap. The cap is equivalent to £100 per dwelling in the parish. When development is built in an area covered by a neighbourhood plan, the parish council will receive a higher CIL proportion of 25%, uncapped. Figure 3 below includes an example of the different payment scenarios.

Figure 3. Overview of CIL monies passed to Local Councils

Parish/Town Neighbourhood	Neighbourhood plan	Levy payable to Local Council	Example
✓	✓	25% uncapped, paid to parish	£10,000 received from developments in the Parish area. £2,500 passed to Parish.
✓	X	15% capped at £100/existing Council tax dwelling, paid to parish	£10,000 received from commenced developments in the Parish area. 500 existing dwellings in Parish. Cap is therefore £50,000 for any one financial year. £1,500 can be passed to Parish.

2.2 If no income has been received by the District Council for development commenced in the Local Councils' area then no CIL payments are passed on.

2.3 The Local Council may choose not to receive CIL payments and must notify the District Council of this decision. In such cases the District will spend the CIL income on the Local Councils' behalf, in consultation with the Local Council.

2.4 Where development straddles the boundaries of parish, town or community councils' administrative areas, each council receives a share of the levy which is proportionate to the gross internal area of the development within their administrative area.

3. What can Neighbourhood CIL be spent on?

3.1 Money raised can be spent on anything that deals with the demands that development places on the area, such as:

- transport infrastructure
- open spaces
- educational facilities
- medical facilities
- sporting and other recreational facilities
- social and community facilities
- affordable housing
- preparation of a neighbourhood plan

- 3.2 Providing Neighbourhood CIL is spent in accordance with the above, CIL monies may be used to provide seed or match funding with other income streams and / or may be spent collaboratively with other local councils or other providers to make the most efficient use of funding to benefit the community. The District Council can advise Local Council's on the spending of CIL monies and would welcome discussions on any opportunities to combine Local Council CIL funds with District Council CIL funds in order to finance projects. Please contact the CIL/ S106 Officer for further information. The Local Council may wish to consider producing their own Infrastructure Delivery Plan to help guide funding decisions, similar to the District Council Infrastructure Delivery Plan. This identifies the range of infrastructure projects that are either essential or desirable in order to support future developments across the District.

4. Other

- 4.1 The Local Council must notify the District Council as soon as possible if it decides not to receive CIL. When the Local Council become aware of development having commenced in their area they may want to notify the CIL Officer to help with monitoring. This can be done by emailing planningobligations@harrogate.gov.uk.
- 4.2 Local Councils should consider how their statutory powers on spending affect their CIL expenditure decisions e.g. whether or not they have the General Power of Competence (GPC). Where a Local Council does not have a GPC, this will restrict the use of CIL funds to infrastructure or other matters which it has a statutory power to provide, maintain or improve.

5. When and how will the Parish or Town Council (Local Council) receive CIL monies?

- 5.1 CIL payments to Local Councils' are paid twice a year for the preceding 6 months' income. CIL income received between 1st April and 30th September will be paid by 28th October and CIL income received between 1st October and 31st March will be paid by 28th April. The Local Council may agree an alternative timetable for CIL payments with the CIL/S106 Officer, if necessary. The District Council will make direct contact via letter/email with each Local Council due to receive CIL income at the relevant payment points.
- 5.2 The CIL/S106 Officer will record income in each parish as it is received and transfer payment to each Local Council 15% or 25% respectively of the cumulated amount.

6. Parish and Town Council Reporting duties

- 6.1 Local councils that receive CIL must prepare an annual report detailing funds received and spent. A reporting template is included at Appendix A.

The report must set out the following:

- The total amount of CIL received for the financial year

- The total amount of CIL spent in the financial year
 - A summary of expenditure including details of what items CIL was spent on and the amount of CIL expenditure on each item
 - Any CIL that has been handed back to the district council
 - The total amount of CIL from the financial year unspent and the total amount of CIL from previous years unspent
 - Money not received
- 6.2 Reports must be published no later than 31 December following the reported year (e.g. for the financial year 2021/22 the report must be published by 31 December 2022).
- 6.3 The report must be published on the local council's website or notice board. It must also be sent to us no later than four working weeks after 31 March. We will publish all reports on our website as well.

7. What if the Parish/Town Council (Local Council) mis-spend or do not spend their CIL income?

- 7.1 If the Local Council mis-spends CIL income, i.e. if it has not spent CIL in accordance with the CIL Regulations the District Council will send the Local Council a repayment notice for the mis-spent funds. If the Local Council does not spend their CIL within 5 years of receipt the District Council may send the Local Council a repayment notice.⁵ The Local Council must repay the amount specified in the notice to the District. In such cases the District would then spend the CIL income on their behalf to support the development of the Local Council area, in consultation with the Local Council.
- 7.2 However, any such action will be discussed well in advance with the relevant Local Council and the context of the Local Council will be taken into account e.g. if the Local Council are allocating their CIL income to a particular project for which they are accumulating funds before spending. If the Local Council is unable to repay the amount specified in the repayment notice the District Council will recover the amount from future CIL income the Local Council are due to receive.

8. How does CIL affect non-parished areas?

- 8.1 The CIL Regulations 2010 (as amended) set out the procedures for payments to 'local councils' which applies to Town and Parish Council's only. In areas where there is no Local Council the District Council will spend the neighbourhood proportion of CIL income collected within the non-parished area on behalf of the community in consultation with the Ward Members (*process TBC and taken to Cabinet for approval*).

9. Further Information

- 9.1 If you have any queries in relation to this Guidance or other CIL related matters you can contact the CIL and S106 Officer as below:
- Email planningobligations@harrogate.gov.uk
 - Write to us at: CIL and S106 Officer, Housing Delivery and Strategy Sites, Harrogate Borough Council, PO Box 787, Harrogate, HG1 9RW
 - Telephone 01423 500600 and ask for the CIL and S106 Officer.

9.2 Further guidance in relation to the Community Infrastructure Levy is available in the in the National Planning Practice Guidance at www.gov.uk/guidance/community-infrastructure-levy

Appendix A – Example Local Council Financial Report

Community Infrastructure Levy (CIL) Annual Financial Report (**insert year**) to be published by 31 December **insert year**

Harrogate Borough Council (HBC – the Charging Authority) introduced CIL charging schedule on the 01 October 2020. Regulation 62A of the Community Infrastructure Regulations 2010 (as amended) (CIL Regulations) requires **insert Local Council name** to produce an annual report for each financial year setting out the amount of CIL receipts received: spending of CIL receipts; and the amount of CIL retained by the Council for future spend. This report covers the period from **insert year**.

CIL REGULATION REFERENCE	REPORTING CRITERIA	VALUE (£)/ PROJECT
62A(2) (a)	Total CIL receipts for the reported year	£
62A(2) (b)	Total CIL Expenditure for the reported year	£
62A(2) (c)	Summary details of CIL expenditure during the reported year including <ul style="list-style-type: none"> i) The items to which CIL has been applied (see CIL Expenditure table below) ii) The amount of CIL expenditure on each item (see CIL Expenditure table below) 	
62A(2) (d)	Notices received in accordance with regulation 59E ⁶ including <ul style="list-style-type: none"> i) The total value of CIL receipts subject to notices served in accordance with regulation 59E during the reported year ii) The total value of CIL receipts subject to a notice served in accordance with regulation 59E in any year that has not been paid to the relevant charging authority by the end of the reported year 	£ £
62A(2) (e)	The total amount of <ul style="list-style-type: none"> i) CIL receipts for the reported year retained at the end of the reported year ii) CIL receipts from previous years retained at the end of the reported year 	£ £

CIL Expenditure Itemised

Item/Purpose	Amount spent

⁶ Recovery of CIL receipts from a Parish Council by the District Council due to the receipts not being spent within 5 years or being spent inappropriately (in accordance with Regulation 59C).