

**Cabinet – 2 October 2024**

## **Community Infrastructure Levy Expenditure Framework & the use of strategic CIL**

Purpose	For Decision
Classification	Public
Executive Summary	This paper provides an update to the Expenditure Framework for Community Infrastructure Levy (CIL) and the approach for the expenditure of the strategic element of the CIL.
<b>Recommendations</b>	<b>It is recommended that Cabinet:</b> <ul style="list-style-type: none"><li>• <b>adopt the revised CIL Expenditure Framework and communication strategy attached at Appendix 2 and 3;</b></li><li>• <b>approve the allocations and approach to strategic element of CIL; and</b></li><li>• <b>approve the progression of the five identified projects noting that formal decision making in respect of projects as they progress will be in accordance with the council’s Constitution and Financial Regulations</b></li></ul>
Reasons for recommendations	<p>CIL is collected to mitigate the impacts of new development on its infrastructure. The CIL Expenditure Framework sets the process to spend this money and requires moderate revisions following its initial implementation in 2023.</p> <p>The recommendation aligns with priorities across the place, people and prosperity elements of the council’s Corporate Plan including:</p> <ul style="list-style-type: none"><li>• Place Priority 1: Shaping our place now and for future generations.</li><li>• People Priority 2: Empowering our residents to live healthy, connected and fulfilling lives.</li><li>• Prosperity Priority 2: Supporting our high-quality business base and economic centres to thrive and grow</li></ul>

Ward(s)	All
Portfolio Holder(s)	Councillor Tipp – Planning and Economy
Strategic Director(s)	James Carpenter – Strategic Director Place, Operations and Sustainability
Officer Contact	Dean Brunton Planning Implementation and Monitoring Team Leader 023 8028 5454 dean.brunton@nfdc.gov.uk

### **Introduction and background**

1. This paper provides an update on work to develop a strategy for the expenditure of the strategic element of the council’s Community Infrastructure Levy (CIL).
2. New development needs to be supported by physical, social, and green infrastructure. Developer contributions are collected to make new developments acceptable in planning terms, providing mitigation that serves to minimise the impacts on the local community and infrastructure. CIL provides a funding stream for this infrastructure.
3. CIL can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities. This definition allows the levy to be used to fund a broad range of facilities.
4. Local authorities must spend the levy on infrastructure needed to support the development of their area, and they will decide what infrastructure is needed.
5. The levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure if that is necessary to support development.
6. The current CIL Expenditure Framework was adopted by Cabinet in October 2023 and sets out the mechanism for allocating CIL into three separate areas:
  - i) recreational mitigation programme.
  - ii) local infrastructure; and
  - iii) strategic infrastructure.

7. Following its adoption expenditure has been agreed towards recreational mitigation (£800k) and just over £1 million allocated for the first time for local infrastructure projects for 24-25.
8. As of 1 April 2024, the council had issued CIL invoices totalling just over £9m. A further £10-14m is forecast to be received over the next 5 years, depending on the rate of development. The impacts on any potential CIL income from Fawley Waterside is only likely to occur after this five-year period.
9. The decision from Cabinet 2023 was that the CIL Expenditure Framework would be reviewed before the end of 2024, including an indication on the approach to spending the strategic element of CIL. This paper sets out that approach.

## **Corporate priorities**

### Current Development Plan

10. The currently adopted Local Plan 2016 - 2036 Part 1: Planning Strategy (July 2020) sets out the planning strategy for the plan area. CIL monies are collected to mitigate the impacts of new development. It is therefore important that any projects proposed positively align with the provisions, objectives, and policies of the adopted development plan, including those projects identified in the Infrastructure Delivery Plan.

### Corporate Plan 2024-28

11. The Corporate Plan 2024-28 was adopted by Cabinet on 3 April 2024. It outlines the vision, values, and priorities for the council over the next four years.
12. The vision of the Corporate Plan is to secure a better future by supporting opportunities for the people and communities we serve, protecting our unique and special place and securing a vibrant and prosperous New Forest. This has been organised into the thematic areas of People, Place and Prosperity. This paper aligns with the following priorities:
  - Place Priority 1: Shaping our place.
  - People Priority 2: Empowering our residents to live healthy, connected and fulfilling lives.
  - Prosperity Priority 2: Supporting our high-quality business base and economic centres to thrive and grow.

### Local Plan Review

13. As part of the Local Plan Review, officers will be engaging with infrastructure providers and internal officers to understand the

infrastructure demands based on future housing/economic growth scenarios.

14. The CIL funds currently held, and currently forecast to be received, are based on housing that has already happened, or is forecast to be built, in accordance with the current Local Plan.

### Freeport

15. At a meeting of Cabinet on 3 April 2024, a list of priorities for the council was agreed in relation to the development of a New Forest Solent Freeport Delivery Plan. These priorities were:
  - Transport/wider infrastructure.
  - Employment and Skills:
  - Prosperous Communities:
  - Environmental Sustainability: and
  - The Development of a Local Delivery Plan
16. It is important alignment is made between any strategic CIL spending decisions and the infrastructure asks within the Freeport Delivery Plan as it continues to be developed. There is potential that some projects are better to be delivered through CIL in the short term compared to others that would be delivered through the Freeport Delivery Plan.

### **Options appraised for the use of strategic CIL**

17. In preparing an emerging strategy for the use of strategic CIL, the following matters have been considered by officers:
  - Infrastructure baseline – Officers have begun work on an Infrastructure Business Plan. This will set out the baseline infrastructure position across the Plan Area and help understand the range of infrastructure needs and where this may be funded from (e.g. directly by utility providers).
  - Amount – the proportion of the existing and forecast future CIL pot which should be allocated at this time to strategic CIL expenditure.
  - Timing – the period over which the amount allocated for strategic CIL should be aimed to be spent by
  - Location of projects – the weight to be given to where development has taken place, other geographic considerations (e.g. areas of deprivation) or not take geography into account in allocating spend.
  - Identifying projects – whether there should be a specific list of projects, or whether to allocate pockets of funding to projects or themes.

- Local infrastructure bids – whether they should continue, and if so, how much funding to make available.
18. In addition, the following points have been considered:
- Strategic CIL should not be used to provide infrastructure to unlock development sites. This is on the basis that infrastructure required to deliver these will have been identified within the existing Local Plan and taken into account by developers.
  - Financial implications – there is currently no statutory requirement for all CIL funds to be committed/spent. Further, as a local authority focussed on improving outcomes for our communities and continuing to invest in our unique place, expenditure of CIL is a key part of this work.
  - Governance discussion – a clear governance position would need to be agreed and accord with the adopted CIL Expenditure Strategy.

### **Preparing an initial list**

19. A working group of officers was tasked with capturing an initial list of ideas of strategic infrastructure projects for consideration. Alongside this work, and taking into account their respective strategic responsibilities as organisations working in the district, officers from Hampshire County Council and the New Forest National Park Authority were also contacted to identify any strategic projects to include for consideration. A long list of projects identified is set out in Appendix 1
20. It is important to note that other infrastructure providers, including those in the private sector, have not been actively engaged in this process to date, albeit informal dialogue with many partners has not identified any specific strategic needs over and above those identified in Appendix 1.
21. There are also a number of other partners with more localised interests, including town and parish councils, who have not been specifically engaged in this process. Historically, parish and town councils have received money directly from development (through S106 developer contributions and as a proportion of CIL monies collected), as well as bidding for funds from the local infrastructure element of CIL.

### **Preferred approach to the use of strategic CIL**

22. Until a baseline infrastructure position is established, it is acknowledged that there may be some existing infrastructure needs that have yet to be identified. In addition, as the council embarks on a Local Plan Review, it is likely that additional strategic

infrastructure needs will be identified which may be suitable for funding from CIL.

23. It is therefore considered appropriate to not commit all held and forecast CIL funding to projects at this stage, but limit to a small number (officers have suggested five) of key projects, from those identified in Appendix 1, whilst retaining further monies pending discussions with a wider audience of infrastructure providers.
24. Officers propose that a pot of around £4.5m should be made available to progress the five identified projects. This figure represents approximately 50% of the CIL invoices issued to date, as outlined in paragraph 8 of this report.
25. Making this sum available at this stage, ensures that the residual CIL monies currently held will be available to progress recreational mitigation projects and local infrastructure bids for the next three years without being dependant on any further CIL receipts. It is also a significant amount of funds to help ensure delivery of these projects but does not prejudice further strategic projects being identified and delivered if the forecast for CIL income proves accurate (and based on the developed housing trajectory).
26. The following strategic projects over the next 3 years (to 2027) have been identified following officer review and evaluation.
  - Ringwood town centre – there are opportunities to invest in strategic projects around the town centre to reflect the proposed development in the area. The proposed project ('Thriving Marketplace') is being developed in partnership with Ringwood Town Council and Hampshire County Council to reinvigorate the Marketplace.
  - Milford on Sea seafront – There is an opportunity to invest in a strategic project around the current public conveniences. The proposed project will take a holistic view of this frontage in terms of our assets and what opportunities there may be for developments and enhancements. The council are currently awaiting results of a structural survey on the building. As part of the project the whole frontage requirements will need to be considered, particularly with regards to flood and erosion risk measures as detailed in the Christchurch Bay Strategy.
  - Bath Road Lymington – There is a project for the redevelopment of site including play area, recreational habitat mitigation and flood defence works. The land is owned by the Town Council who are keen to see improvements at the site. Flood and erosion matters will need to be considered as part of the masterplanning work.

- Totton town centre regeneration – Through the development of a Town Centre Masterplan, a number of projects could be identified for implementation of both strategic and small scale with funds channelled through the Totton Partnership for agreed priorities.
  - Forestry England walking routes – The establishment of a wider multiuser trail network using pre-existing gravel tracks and trails to link New Forest communities and places of interest. The project includes new wayfinding and waymarking of the trail network and the upgrade of a number of broken links to connect established gravel tracks.
27. These projects have been identified by officers on the basis of long term ideas and objectives throughout the council and by reviewing their alignment against a series of factors including:
- Projects emerging through existing strategic community partnership work;
  - Links to significant housing growth identified in the adopted Local Plan;
  - Links to opportunity areas in adopted and developing neighbourhood plans or through the council’s Solent Freeport Delivery Plan;
  - Links to recreational mitigation projects and wider infrastructure projects (e.g. flood mitigation works with the Environment Agency);
  - Links to enhancing council assets for the benefits of our communities; and
  - Likely value for money/benefit to cost ratio based on preliminary officer judgements.
28. Appendix 1 sets out the rationale taken for grouping the long list of projects into themes and aligning them to the objectives above to come to a recommended list of projects to be taken forward at this point in time. The rationale for further allocations for strategic CIL will be kept under review.
29. By identifying an initial release of £4.5m towards the strategic element of CIL projects, the council will retain a significant amount of money to review further opportunities and potential funding as part of the Solent Freeport Business Plan and to react should new priorities emerge.
30. It will be important that full project teams are set up for the delivery of these projects and a need for departments to have input to and an oversight of the delivery of each project to ensure issues such as climate/emissions/culture/biodiversity/ engagement issues are embedded in design/delivery.

31. It is proposed that there will be an annual opportunity for 'Expressions of Interests' for further strategic projects over and above these first five (and in addition to those in Appendix 1) for review and inclusion in further funding rounds. This will be open to anyone, including infrastructure providers and other partners, who are actively engaged in the district.

### **Review of CIL Expenditure Framework**

32. The CIL Framework adopted in October 2023 provided a robust basis for the allocation of the £1m local infrastructure bids awarded for 2024-25. Some minor textual changes have been proposed to further tighten this, including the amendment to allow a maximum bid towards local infrastructure bids of £100k. The revised CIL Expenditure Framework can be seen at Appendix 2. Other amendments proposed to the framework are as follows:

### **Cultural infrastructure fund**

33. The need for cultural facilities is recognised both nationally and locally. The council is taking a leading role in developing the creative and cultural industries in the New Forest and is committed to playing its role in a cultural strategy currently in preparation.
34. The National Planning Policy Framework (NPPF) states planning policies should "plan positively for the provision and use of shared spaces, community facilities (such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship) and other local services to enhance the sustainability of communities and residential environments". This paragraph remains unchanged in the Government's proposed amendments to the NPPF.
35. The council's Corporate Plan People Priority 2 'empowering our residents to live healthy, connected and fulfilling lives' also sets a measurement of the 'number of events and cultural activities supported by New Forest District Council'.
36. Integrating public art/cultural facilities into new developments significantly enhances the cultural well-being of communities and improves the overall quality of the environment.
37. It helps promotes quality and inclusive design, as well as catering to community needs through enhancing health, social, and cultural well-being. Cultural facilities and public art are also recognised as a valuable contributor to creating distinctive and culturally rich places.
38. There are a number of further benefits to the district of investing in cultural facilities including:



- Physical and psychological health and wellbeing: culture in the public realm is a key factor in generating collective wellbeing and a sense of place and belonging;
  - Economic success: There is a wide range of evidence demonstrating the links between a rich artistic and cultural offer and economic success; and
  - Place identity: Creating a sense of identity, place, ownership, and belonging are among the significant benefits that culture can bring, whether inspired by the area's landscape and history or through hosting events that bring communities together.
39. Whilst contributions can be collected through S106 legal agreements, the wider community values and benefits this brings to the whole area make CIL a more appropriate method to fund this element rather than through individual applications. It is therefore recommended that a dedicated fund for the development of cultural infrastructure is created from CIL monies.
40. To begin with, it is recommended that £150,000 (approximately 2% of held funds) is made available for 25/26 for officers to develop schemes. It is proposed that 2% of future CIL receipts is allocated to this fund for the life of the current Corporate Plan. The scope for this specific fund be included within the CIL Expenditure Framework with projects allocated in consultation with the Portfolio Holder. A figure of 2% is proposed as this will provide a modest budget to help deliver a programme, but this will not significantly impact on the overall amount of CIL available for other projects/initiatives at this time.

### **Continuing investment in recreational mitigation programme and local infrastructure**

41. Recreational pressures arising from residential development within our Plan Area have a potentially harmful impact on the internationally important nature conservation sites within the New Forest. To comply with both national and international legislation to protect the designated sites, measures need to be taken to ensure adverse effects on the integrity of protected sites from recreational impacts is avoided or mitigated. Our adopted mitigation strategy sets out a way to address these issues, which in part is via the implementation of a number of projects year.
42. The current CIL Framework set out the importance for delivering local infrastructure projects alongside strategic projects. During the initial bidding window, the council received 61 bids and allocated funding to 26, this highlights that there is a demand for projects of this scale and, in areas where there is no strategic project

identified, a way to provide local projects to mitigate the impacts from new development.

43. For the purposes of understanding the potential financial implications arising, and to give a degree of clarity for the overall CIL budget for the next few years, the following is proposed:
- A maximum of £1 million per annum is allocated towards the recreational mitigation programme in support of the delivery of the existing local plan. The current CIL Expenditure Framework indicates approximate expenditure of £800k per annum which officers will continue to aim to target with the £1million allocated providing headroom for inflationary pressures etc.
  - £1 million will continue to be allocated per annum for life of the current Corporate Plan for local infrastructure projects in recognition of the successful allocation for 24/25. This figure is included within the revisions to the framework. The next call for projects will begin shortly after the adoption of the revised framework.
44. Officers are working towards a full review at the end of 26/27 to look at the delivery of both the local and strategic CIL schemes and identify further opportunities for investment. This could include an independent evaluation of the local CIL programme to consider its impact.

### **Alternatives considered**

45. Option 1 – Allocate the full CIL monies held to strategic projects known as of this point. This would help ensure that the monies are spent. Whilst there is currently no statutory requirement for all CIL funds to be committed/spent, annual reporting of spending on infrastructure is required by government. Any unallocated CIL held by the council is recognised to be capable of generating a financial return (e.g. through investment or interest accrued) which is not retained within the CIL fund. Conversely, in a time of high inflation, the purchasing power of the CIL fund to deliver infrastructure is capable of reducing significantly over time if unspent.
46. Option 2 – Do not allocate any strategic CIL at this time until further consultation has been carried out with all partners. Officers have begun work on an Infrastructure Business Plan to support the new Local Plan. This will set out the baseline infrastructure position across the Plan Area and help understand the range of infrastructure needs and where this may be funded from (e.g. directly by utility providers). It is recognised that new development has taken place with CIL having been paid to help mitigate the wider impacts of development on infrastructure. There are now compelling reasons to identify strategic infrastructure projects to reflect that growth has taken place and to identify a key number of

projects as a starting point for providing the necessary infrastructure.

### **Next Steps**

47. At this stage the proposed strategic projects have not been fully developed. Subject to Cabinet agreement to progress these projects, the next steps would be to produce / agree:
  - full governance arrangements to be agreed, including how officers will work with Members on the development and delivery of the projects.
  - the formation of an officer project group from within existing resources.
  - a full business case approved including resourcing costs which would need to be contained within the agreed budgets;
48. Once a business case, and appropriate resource, has been signed off these projects would be monitored by the council's Capital Change Board.
49. Additionally, officers are looking to recruit to a new vacant post (included within the approved 2024/25 establishment), funded by CIL.

### **Consultation undertaken**

50. The proposed approach set out in this paper has been discussed internally with officers and through informal consultation with the Portfolio Holder for Planning and Economy.
51. The proposals were also discussed at the Place and Sustainability Overview and Scrutiny Panel on 12 September where the contents of the report were noted and agreed. Members of the Panel queried whether there would be an application process for the £1m local infrastructure release like the previous year, officers confirmed this would be the case.

### **Financial and resource implications**

52. After the release of the funding towards local infrastructure and recreational mitigation for 24/25, the council is still holding around £9m of invoiced CIL funds specifically towards infrastructure projects.
53. Based on the housing trajectory it is likely that over the next 5 years a further £10m-£14m will be received, depending on the rate of implementation of the council's strategic sites.

54. The likely CIL figure will increase over time with CIL payable on commencement and many of the strategic sites due to commence in the later stages of the local plan period.

### Legal implications

55. The collection and spending of CIL is governed by The Community Infrastructure Levy Regulations 2010 as amended ("the CIL Regulations"). Part 7 of the CIL Regulations sets out how CIL may be applied and, in particular, Regulation 59(1) places a duty on the council to apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area. The recommendations set out in this report meets these requirements.

### Risk assessment

56. The following risks are applicable to this paper.

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk</b>	<b>Mitigation Measures</b>
Failure to allocate expenditure such that if we do not secure investment in infrastructure (schools, health, broadband, transport etc.), then development is stifled and/or unsustainable.	Unlikely (2)	Major (3)	Medium (6)	Adopted Community Infrastructure Levy (CIL) in 2014 to secure investment on infrastructure via planning process (e.g. S106). Production of Infrastructure Delivery Plan as part of the Local Planning processes, with an associated Infrastructure delivery Strategy will ensure that infrastructure across the council is addressed.
Failure to produce a Regulation 121A report (Infrastructure Funding Statement) would result in non-compliance with the CIL	Highly Unlikely (1)	Moderate (2)	Low (2)	The Implementation and Monitoring Team Leader produces the required report which is checked and verified by Senior Management. Reminders are set

Regulations 2010 (as amended) and may mean that Members and the public are not aware of CIL income and expenditure activities.				to ensure the report is published by the statutory date. The format of the Regulation IFS is laid out in the CIL Regulations, so there is no risk in relation to the way the information is presented
Failure to monitor expenditure such that CIL expenditure is not effective.	Unlikely (2)	Major (3)	Medium (6)	The software which supports CIL collection will be used to support CIL expenditure. In addition, the council's CCB will receive details of all allocated and proposed CIL expenditure and this together with the software will be used for effective monitoring.

### **Environmental / Climate and nature implications**

57. Any strategic project should help to deliver environmental benefits as well as health and well-being and climate change benefits through the enabling greater use of existing open space, the creation of new of sustainable Connectivity, enhanced cultural facilities and facilitating sustainable travel for young people.

### **Equalities implications**

58. Through investing in the strategic projects identified it will seek to regenerate and enhance key centres of communities across the plan area, including opportunities to positively address/design-out any existing crime and disorder issues.

### **Crime and disorder implications**

59. There will also be the opportunity to widen access to key community hubs and countryside for all, with consequential benefits for disadvantaged communities and those that currently do not feel that such areas are accessible to their needs.

## **Data protection / Information governance / ICT implications**

60. Alongside the CIL Expenditure Framework is a series of internal governance/process notes. The initial bidding round was robustly audited by our internal audit team who found that the process was in order.

## **New Forest National Park implications**

61. The proposed multiuser trail will enable visitors and residents to safely navigate through the National Park. By having upgraded and designated routes, this will help conserve and enhance the natural beauty, wildlife and cultural heritage of the area comprised in the National Park by providing a safe trail route.
62. Additionally, the investment in the other four other projects identified may help to take some visitor pressures from the National Park by providing alternative destinations at times.

### **Appendices**

Appendix 1 – Long list Strategic CIL projects

Appendix 2 – Revised CIL Expenditure Framework

Appendix 3 – Revised CIL Communication Strategy

### **Background Papers:**

[Cabinet – 4 October 2023 – Community Infrastructure Levy \(CIL\) Framework for CIL Expenditure](#)