

# Crawley Borough Council

## Report to Cabinet

11 March 2020

### Allocating Monies Collected the Through Community Infrastructure Levy – Infrastructure Business Plan 2020/21

Report of the Head of Economy & Planning Services – PES/335

---

#### 1. Purpose

- 1.1. To present the findings of the Annual review of Crawley's Community Infrastructure Levy (CIL) Programme.
- 1.2. To seek Cabinet approval for the proposed CIL strategic infrastructure spend priorities presented in the Infrastructure Business Plan (IBP) at (Appendix A) and set out in this report section 7, to the end of March 2023.
- 1.3. To provide Cabinet with an update on the second year of the pilot scheme for crowdfunding - Crowdfund Crawley and to seek Cabinet approval to extend the existing contract with Spacehive until the end of March 2021, to be reviewed annually.
- 1.4. To provide Cabinet with an update on the collection and administration of CIL monies.

#### 2. Recommendations

- 2.1. To the Cabinet:

The Cabinet is recommended to:

- a. Approve the proposed CIL strategic infrastructure spend priorities presented in the Infrastructure Business Plan at (Appendix A) and set out in section 7, to March 2023.
- b. Note that the Infrastructure Business Plan, including the funding programme, will continue to be reviewed on an annual basis to take into account any changes in strategic infrastructure priorities and fluctuations in CIL receipts compared to the forecast. The next review is proposed to take place in March 2021.
- c. Approve extending the Crowdfund Crawley pilot scheme until the end of March 2021 and for the scheme to be reviewed again in March 2021.

### **3. Reasons for the Recommendations.**

- 3.1. By approving the revised CIL Infrastructure Business Plan, it will give clarity as to the projects identified as a priority for delivery using CIL finances and it will also provide a clear audit trail.
- 3.2. The extension of the Crowdfund Crawley programme will allow the Council to continue to assess the impact that the programme has had to date.

### **4. Background**

- 4.1. The Community Infrastructure Levy (CIL) is a charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area. The CIL charge is based on a calculation related to £'s per m<sup>2</sup> of net additional floorspace and is payable on 'buildings that people normally go into'. The charge applies to development of 100m<sup>2</sup> or more, or the creation of a single dwelling, even if under 100m<sup>2</sup>. There are a number of exemptions to this; including affordable housing, self-build housing and Starter Homes. CIL was introduced by the Planning Act 2008 and is governed by the Community Infrastructure Levy Regulations 2010 (as amended). It took effect in Crawley on 17th August 2016.
- 4.2. The expected overall CIL income in Crawley is based upon residential growth trajectories included within the submission draft of the Crawley Borough Council Local Plan 2020-2035 – the income being received by the Council once residential developments have commenced. Regulations 2010 as amended, part 7 state that 15% of the total CIL contributions collected are to be allocated for spending in agreement with local communities – the Neighbourhood Improvement Strand. The remaining 85% of CIL contributions is for the Strategic Infrastructure Strand.
- 4.3. In October 2017, Cabinet approved a crowdfunding model as the preferred option for the future governance of the CIL Neighbourhood Improvement Strand, and also the implementation of a one year Crowdfunding pilot - report [PES/257](#) refers.
- 4.4. At the same time Cabinet delegated authority to the Head of Economy and Planning, in consultation with the Cabinet Member for Planning and Economic Development, to commence the procurement process for a provider to run the crowdfunding platform, to finalise guidance, eligibility criteria, Terms and Conditions and to implement a one year pilot of the Neighbourhood Improvement Strand and its associated procedures. Spacehive was subsequently awarded the contract in April 2018.
- 4.5. In February 2018, Cabinet approved the proposed CIL strategic infrastructure spend priorities presented in the Infrastructure Business Plan as a priority for delivery and the funding programme for the period 2018/19 to 2021/22 - report [PES/264](#) refers.
- 4.6. The Cabinet also approved the governance of the Strategic Infrastructure Strand and noted that the Infrastructure Business Plan, including the funding programme, would be reviewed on an annual basis to take into account any changes in strategic infrastructure priorities and fluctuations in CIL receipts compared to the forecast.
- 4.7. In February 2019, Cabinet approved the proposed CIL strategic infrastructure spend priorities presented in the Infrastructure Business Plan as a priority for delivery and the funding programme for the period 2019/20 to 2021/22 – report

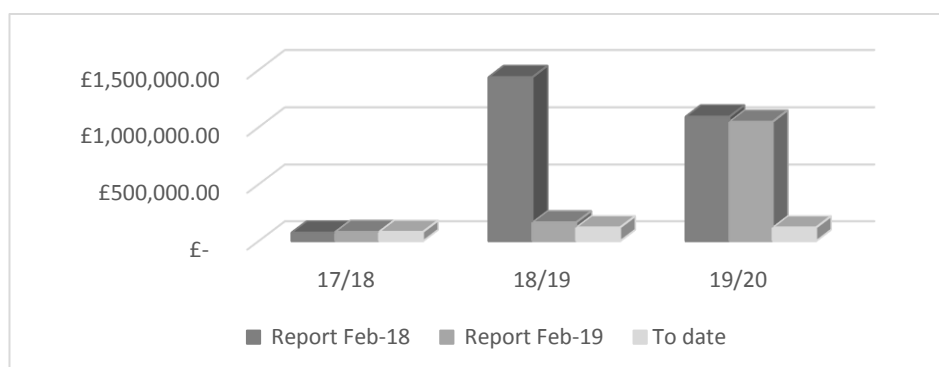
[PES/302](#) refers. The, Cabinet also approved the extension of the Crowdfunding pilot for a further year.

## 5. CIL – Current Financial Position.

- 5.1. The submission draft of the Crawley Borough Council Local Plan 2020 – 2035 makes provision for the development of a minimum of 5,355 net dwellings in the borough for the period 2020 to 2035. This minimum requirement is to be broken down into an annual average requirement on a stepped basis (see below table). Using the average amount of CIL generated per unit as £2,200 it is therefore anticipated that the overall CIL contributions by 2035 could be in the region of £12m (incl. CIL received to date).

Years	Units per annum	Total Units	CIL
Received to date	N/A		£ 319,413.00
1-5 (2020-25)	500	2500	£ 5,500,000.00
6-10 (2025-2030)	450	2250	£ 4,950,000.00
11-15 (2030-35)	121	605	£ 1,331,000.00
		<b>5355</b>	<b>£ 12,100,413.00</b>

- 5.2. It should be noted that the exact figure collected from CIL will be unknown until potential developments are under construction - therefore the Council can only provide a forecast which predicts the levels to be collected. It should also be noted that through the submission draft of the Crawley Local Plan, developers will be asked for more specific S106 contributions (as permitted under The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019) which could affect the total amount of CIL collected – therefore all figures quoted are subject to the outcome of the Local Plan Examination.
- 5.3. Total CIL received to date: £319,413 which has to be split between the Strategic Strand (85%) and the Neighbourhood Improvement Strand (15%). Receipts to date have fallen short of the anticipated funds predicted in previous reports.



- 5.3.1. There are 3 principal reasons for the shortfall in CIL receipts in 2019-20:

- £1,148,080 of the anticipated CIL has still to be received from “prior approval” planning applications (office to residential conversions). These applications have exceeded their terms under “permitted development” rules and are now liable for CIL. An issue with collecting the CIL for “prior approvals” is that payment is not due until 1st occupation unlike other CIL liable developments where payment is due upon commencement. These occupations have still not taken place.

- b) There have been a number of residential schemes which have changed their tenure type mix to 100% affordable housing, which is CIL exempt. A good example is “Bridgefield House” at the ex-Crawley College car park site. Originally the CIL anticipated for that site was £1,013,149.
- c) There have been delays in the delivery other schemes such as Telford Place, which had previously been anticipated to have come forward more quickly. With Telford Place up to £1,559,250 of CIL receipts is currently anticipated.

## **6. CIL Strategic Infrastructure Strand**

- 6.1. To date the Council have received £272,651 in Strategic CIL contributions and spent £20,000 on the administration costs of the Crowdfund Crawley website. Based upon the current housing trajectory figures it is surmised that by 2035 the Council is hoping to have collected approx. £10.2m.
- 6.2. By 2022/23, based on the submission draft of the Crawley Local Plan 2020-2035, it is surmised that the Council could receive a total of £2.8m in CIL Strategic Infrastructure Strand:

## **7. CIL Strategic Infrastructure Strand – Proposed Amendments - CIL Funded Schemes**

- 7.1. The 2019/20 Infrastructure Business Plan (IBP) recommended that 4 projects be funded within the initial CIL funding programme - these remain unaltered:
  - Three Bridges Railway Station Improvement Scheme , £1.1m
  - A23/ Manor Royal junction project, £0.432m up to £0.709m (see 7.2 below)
  - Saxonbrook Medical Centre, Northgate - Creating 2 additional consulting rooms, £0.032m, subject to a contract being agreed between the authority and the CCG/ practice.
  - Pound Hill Medical Group - build 2 additional consulting rooms, £0.144m, subject to a contract being agreed between the authority and the CCG/ practice.
  - 5% Admin, approx. £0.165m for the period 2020/21 to 2022/23
- 7.2. The amount currently allocated to A23/Manor Royal junction is £0.432m but this may increase dependent upon schedule of works. It is anticipated that this will be effectively offset by increased CIL income that will arise due to the planned early demolition of County Buildings by West Sussex County Council. This will result in a higher CIL income from redevelopment of the site, as there will be no ‘demolition offset’ deducted from the chargeable floor space. The funds will be released when the development of the site commences.
- 7.3. The following projects have been identified as being for Mid Term delivery (2023/24 to 2026/27). Approval would be sought at a later stage for these CIL contributions to be formally allocated to the projects below once the details have been finalised and CIL receipts received:
  - A2011 Crawley Avenue/ A2004 Northgate Avenue improvements, £0.36m
  - A23 Crawley Avenue/ Ifield Avenue Roundabout improvements, £1.08m
  - A contribution to Education, Early Years Provision – Locations to be determined through WSCC in addition to dependencies /site availability, £2.1m
  - 5% Admin, approx. £0.209m for the period to 2026.

- 7.4. There could be a further £4.3m of anticipated funds to be allocated to future strategic projects closer to the time, subject to CIL receipts being received by the Council.

## **8. CIL Strategic Infrastructure Strand - Staffing Implications**

- 8.1. A charging authority – in this case Crawley Borough Council - may apply CIL to administrative expenses incurred by it in connection with CIL. This is providing that it does not exceed 5% of CIL collected per annum. Where an authority spends less than its permitted allowance on administrative expenses, it must transfer the remaining allowance for use on strategic infrastructure strand projects.
- 8.2. It was agreed that from 2019/20 onwards in addition to covering the Crowdfund Crawley admin fees, officers propose to apply the remainder of the 5% collected in any financial year, to the administrative expenses Council in carrying out its role collecting, managing and distributing CIL.
- 8.3. The impact of CIL on staffing and resources to ensure effective CIL income collection will continue to be reviewed during the annual review of the IBP.

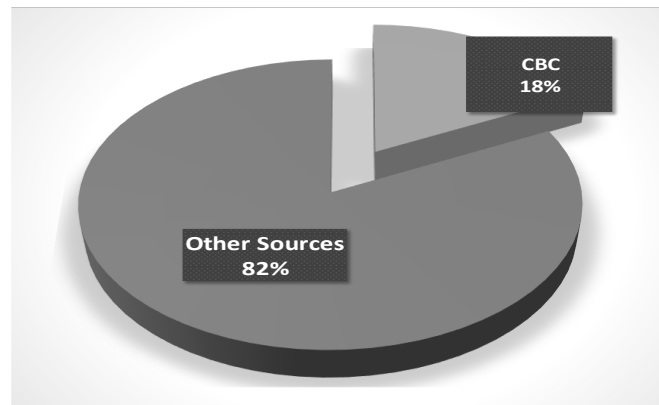
## **9. CIL Neighbourhood Improvement Strand.**

- 9.1. CIL regulations state that 15% of the total CIL contributions collected are to be allocated for spending in agreement with local communities where development is taking place. To date the Council have received a total of £46,763 in Neighbourhood Improvement Funds.
- 9.2. Following Cabinet approval in October 2017, the Council has established the Crowdfund Crawley website, where the community can post civic project ideas and raise the necessary funds from the 'crowd'. The appeal is that, rather than the council deciding which projects to fund, residents decide by making donations/ liking a project, giving a clear indication as to the priorities that residents care most about. Set out at Appendix B shows the detail for the process/ governance aspects.
- 9.3. Crowdfund Crawley is an entity in its own right however it is intended to be complementary to other grant providers using the site to distribute their funds. Project organisers are encouraged to pitch to as many of the funding pots that are available within the area, giving them a greater chance of success. By using the same site as West Sussex County Council (WSSCC), Crawley residents are able to access both the Neighbourhood Improvement Fund (CBC) and the Community Initiative Fund (WSSCC) at the same time, giving them a greater chance of success.
- 9.4. The admin fee for Crowdfund Crawley has been funded from the 5% administration fee that the charging authority is entitled to apply.
- 9.5. Crowdfund Crawley officially launched on 22nd May 2018, with the newly created Neighbourhood Improvement Fund (NIF) and an initial allocation of £15,000. In 2019/20 an additional £15,000 was added to NIF. The remaining £16,763 of Neighbourhood Improvement Strand contributions currently held will be allocated to the NIF fund in 2020/21.

## **10. Crowdfund Crawley Outcomes.**

- 10.1. Since the beginning of the pilot, May 2018:
- Total amount raised by projects using the site, £94,844 from 241 backers (incl. CBC contribution £16,769)

- Total Fund distributed to date: £16,769
- Currently pledged: £10,000
- Remaining Funds: £19,994



10.2. The site has been used by twenty nine organisations to raise funds for thirty one projects, which have included an outdoor gym and a wheelchair swing, see article: [Crawley Observer - Three crowdfunded Crawley projects are now open](#)

Of the thirty one projects: - [Crowdfund Crawley Projects.](#)

- Fifteen have successfully secured the funding required
- Four are Fundraising
- Nine are in the preparation stage
- Three have been unsuccessful

10.3. Of the £94,844 pledged, £16,769 has been pledged by the CIL Neighbourhood Improvement fund. West Sussex County Council have pledged £33,016 and £9,250 has been pledged by external funders. Businesses have contributed £2,259. The CIL Neighbourhood Improvement Fund has therefore unlocked nearly five times its amount from third party sources.

10.4. To date, 10 of the 14 neighbourhoods in the Borough, have used the site for their projects. There remains just four neighbourhoods - Furnace Green, Pound Hill, Forge Wood and Gossops Green - which have yet to use the site. Officers from Community Services and Economic Development and Regeneration are working more closely together to increase the return on our investment and social value.

10.5. Two of the projects that were unsuccessful failed as they did not meet the criteria of the grant providers and were unable to gain enough support from the community. We have redirected these groups to Crawley Community and Voluntary Services (CCVS) to help them find more suitable funding streams. The remaining project chose not to pitch to the Neighbourhood Improvement Fund and were unable to make up the shortfall from the community.

## **11. Crowdfund Crawley – 2020/21**

11.1. The Council will have to advise Spacehive by 31 March 2020 if the contract is to be extended by a further year. During 2019/20, the 5% charge was applied to the administration costs for the Crowdfund Crawley platform. To date, Council have not received enough in CIL contributions to continue this and apply this charge to the Crowdfund Crawley platform in 2020/21.

### **11.2. Recommended option is to extend the Crowdfund Crawley Scheme in 2020/21:**

11.2.1. Community Services have identified a contribution of £5,000 from existing budgets for 2020/21 to enable the continuation of the site. It is also proposed that once enough CIL receipts have been received, the Neighbourhood Improvement Fund will be increased from £15,000 to £20,000 for 2020/21 to offset this.

11.2.2. Spacehive have confirmed that we can remove the promotional aspect of the contract, which would reduce admin charges to £5,000. There is a risk by reducing the promotional part of the contract it could reduce the impact of the fund, which would be tackled through increased promotions through the Council's Communications team.

### **11.3. Other options considered but not recommended:**

11.3.1. Pause the programme and resume at a later date (once CIL receipts are in). Spacehive have indicated that should we do this then, providing WSCC are still in contract then we should be able to reinstate the contract for the same value, however this would need to be confirmed closer to the time. Also, Spacehive have advised that completely stopping and then restarting a year later breaks momentum which is important for a crowdfunding programme.

11.3.2. Come to an arrangement with WSCC – WSCC are contracted to continue with the site for a further year. Once the 2019/20 fund of £15,000 has been spent, retain £19,994 from the fund collected to date for 2020/21 and come to an arrangement with WSCC where they forward pitches that they think would be suitable for our fund and pledge as a member of the Crowd. CBC would have no presence on the site and would not be able to advertise the fund through the site, which could cause a negative reaction in the community as it could be interpreted that the funding had been withdrawn.

11.3.3. Discontinue the Crowdfund Crawley website and find an alternative way to spend the Neighbourhood Improvement Strand, both options would require at the least an electronic consultation, to fulfil the legislation requirement that the funds are to be allocated for spending in agreement with local communities:

- Once a year, CBC chooses projects from a strategic list that are desirable and unlikely to be progressed otherwise. The 'most popular' project would receive funding.
- Members of the public can put forward a project, they will be collated and an electronic consultation could be carried out and the 'most popular' project would receive funding. The 'most popular' project would receive funding.

11.3.4. Discontinuing the Crowdfund Crawley website would undermine the significant impetus behind the initiative with a growing number of community organisations unlocking funds via the web site to deliver neighbourhood community projects.

## **12. Financial Implications**

- 12.1. There continues to be a risk that the spend profiles of projects identified as a priority in the Infrastructure Business Plan will be mismatched against the receipts of CIL contributions. Councils are unable to borrow against anticipated levy income but CIL receipts can be used to repay expenditure on infrastructure that has already been incurred, provided that expenditure is in line with recognised priority infrastructure schemes as identified within the CIL Infrastructure Business Plan. (IBP)

### **13. Legal Implications**

- 13.1. The legislation governing the development, adoption and administration of a Community Infrastructure Levy (CIL) is contained within the Planning Act (2008) and the Community Infrastructure Levy Regulations 2010 (as amended). CIL charging took effect in Crawley following due process on 17th August 2016.
- 13.2. CIL regulations state that 15% of the total CIL contributions collected are to be allocated for spending in agreement with local neighbourhoods where development is taking place. The government does not prescribe a specific process for how the neighbourhood improvement strand should be spent.
- 13.3. A charging authority may apply CIL to administrative expenses incurred by it in connection with CIL. This is providing that it does not exceed 5% of CIL collected.
- 13.4. Where an authority spends less than its permitted allowance on administrative expenses, it must transfer the remaining allowance for use on capital infrastructure projects. If Crawley BC does not apply the discretionary administrative expenses then a maximum of 85% of CIL collected in Crawley will be spent on strategic infrastructure.
- 13.5. The levy should not be used to remedy pre-existing deficiencies in infrastructure provision unless the deficiencies are exacerbated by new development.

### **14. Equalities Implications**

- 14.1. The Council must have due regard for the public sector equality duty under section 149 of the Equality Act 2010 in making their decisions and carrying out its functions. The equalities impact will be addressed on proposals as they are developed.
- 14.2. Specific to Crowdfund Crawley - Officers carried out an Equality Impact Assessment (EIA), for which the main finding was that the site is fully inclusive as it is open to everyone. The only information collected for the purposes of project applications for funding relates to the organisation applying for funding, which centres on their Governance, Constitution and Equal Opportunities policy. A copy of the EIA can be found in Appendix D of report [PES/302](#)

### **Background Papers**

Report to Cabinet 6 February 2019 - [Allocating Monies Collected Through Community Infrastructure Levy 2019/20](#)

Report to Cabinet 7 February 2018 - [Allocating Monies Collected Through Community Infrastructure Levy - Infrastructure Business Plan and Governance.](#)

Report to Cabinet 4 October 2017 – [Community Infrastructure Levy - Governance, Prioritisation and Spend Proposals.](#)



Report to Cabinet 29 June 2016 - [Adoption of Crawley Community Infrastructure Levy \(CIL\)](#)

# **APPENDIX A - Infrastructure Business Plan Outline 2020/21 (remains unaltered from 2019/20).**

## **Introduction**

- Summary
- Projects identified as critical and proposal for the funding programme to 2022/23.
- Additional information for the schemes identified for potential funding
- Date for next annual review
- Governance Structure

## **1. Summary**

- 1.1. This Infrastructure Business Plan (IBP) has been prepared by officers from Crawley Borough Council with input from West Sussex County Council and other Infrastructure Providers. It sets out the proposed priority infrastructure schemes required to support the delivery of the Crawley Submission Draft of the Local Plan to 2035.
- 1.2. This document identifies the projects that Crawley Borough Council intend to fund / enable using Community Infrastructure Levy (CIL) and presents an initial funding programme to 2022/23. This IBP project list represents the current understanding of projects appropriate to be funded via the CIL with a commitment that no “double counting” will take place.
- 1.3. It should be noted that in time the information within this document may be revised in the future, subject to process, to allow for additional unforeseen infrastructure requirements that might be identified. As the anticipated CIL funds are only an estimation, this document will also be reviewed each year to reflect how much CIL money has been received from the commencement of new residential developments.
- 1.4. This document is only concerned with the Strategic Infrastructure Strand of CIL. All figures exclude the 15% of the total CIL contributions collected, which CIL regulations state are to be allocated for spending in agreement with local communities where development is taking place. The process for allocating CIL funds within the Neighbourhood Improvement Strand was approved by Cabinet in October 2017.
- 1.5. A charging authority may apply CIL to administrative expenses incurred by it in connection with CIL. This is providing that it does not exceed 5% of total CIL contributions collected. Administrative costs cannot be paid using the 15% Neighbourhood Improvement Strand of CIL.
- 1.6. Where an authority spends less than its permitted allowance on administrative expenses, it must transfer the remaining allowance for use on capital infrastructure projects. If Crawley BC does not apply the discretionary administrative expenses then a maximum of 85% of CIL collected in Crawley will be spent on strategic infrastructure.
- 1.7. The levy should not be used to remedy pre-existing deficiencies in infrastructure provision unless the deficiencies are exacerbated by new development.

## **2. Projects identified as critical and proposal for the first funding programme to 2022/23**

- 2.1. This section identifies how much CIL is likely to be generated in each financial year, and sets out the proposed CIL spending priorities to end March 2023.
- 2.2. Projects identified as a priority to receive a contribution from CIL are proposed / presented in the table below. Officers have based the priority projects outlined in the Infrastructure Business Plan on the Crawley Infrastructure Delivery Schedule, which is already in place through the Local Plan process and identified all strategic infrastructure requirements as a result of the growth forecast indicated in the Local Plan. The projects outlined below for this Infrastructure Business Plan have all been assessed as Critical or as high scoring essential projects in terms of their level of importance in supporting Crawley's growth.

Projects identified	Criteria Met	Score	%	Phasing	Total Potential CIL Contributions
A23 London Road/ Manor Royal	ABCFIJKL	375	94%	Short Term	£709,000
Improvement to Three Bridges Railway Station	ABDFHIJKL	375	94%	Short Term	£1,100,000
A2011 Crawley Avenue/ A2004 Northgate Avenue/	ABCGIJKL	365	91%	Medium Term	£360,000
New early years provision, location to be determined	ABCGJKL	345	86%	Medium Term	£2,100,000
A23 Crawley Avenue/ Ifield Avenue roundabout	ABCGJKL	345	86%	Medium Term	£1,080,000
Saxonbrook Medical Centre - Creating 2 additional consulting	ABDGIJKL	340	85%	Short Term	£32,000
Pound Hill Medical Group - build 2 additional consulting rooms	ABDGIJKL	340	85%	Short Term	£144,000
					<b>£5,525,000</b>

- 2.3. There is a risk that the spend profiles of projects for delivery within the Short Term will be mismatched against the receipts of CIL contributions. Councils are unable to borrow against anticipated levy income but they can be used to repay expenditure on infrastructure that has already been incurred, provided that expenditure is in line with recognised priority infrastructure schemes as identified within the CIL Infrastructure Business Plan. (IBP)
- 2.3.1. The funds associated with the 5% admin charge will fluctuate as they will be collected and allocated throughout the year.
- 2.3.2. Any funds collected in this period that remain unspent will be carried forward into the next funding programme 2023/24-2026/27.
- 2.3.3. The priority projects identified for delivery in the Medium Term will be progressed in the next funding programme 2023/24 -2026/27 as funds become available and details are finalised.

## Governance

- 2.4. In line with the Crawley Growth Deal between CBC and WSCC, it is proposed that the allocation and spend of CIL funding will be governed jointly by the two authorities through the Crawley Growth Board, chaired by the CBC Chief Executive, which meets every 2 months with agreed recommendations then put to CBC Cabinet for approval when key decisions are required on CIL funding allocations to individual infrastructure schemes.

2.4.1. The existing cross party Economic Regeneration Working Group of CBC Members will also have an opportunity to review proposals for CIL spend and make recommendations to the Chair and Head of Economy and Planning. WSCC Cabinet members and local County Council members will be consulted as appropriate.

### **3. Date of next annual review**

3.1. Proposals to revise / update the Infrastructure Business Plan will be presented to Cabinet for approval in March 2021.