

Brighton & Hove City Council

Cabinet

Agenda Item 174

Subject: Community Infrastructure Levy – Allocation and future governance arrangements

Date of meeting: Thursday, 20 March 2025

Report of: Cabinet Member for Finance and City Regeneration

Contact Officer: Name: Corporate Director- Operations

Tel: 01273 292222

Email: Simon.Barrett@brighton-hove.gov.uk

Ward(s) affected: All Wards

Key Decision: Yes

Reason(s) Key: Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000 and is significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions (wards).

For general release

1. Purpose of the report and policy context

- 1.1 CIL is a charge which can be levied by local authorities on new development, through the planning system, 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 priorities for spending the strategic city wide CIL pot will help to bring forward infrastructure projects that will help to achieve the Council Plan objective of creating a city to be proud of.
- 1.2 This report recommend/seek approval to allocate Community Infrastructure Levy (CIL) and also proposes new governance arrangements for spending of neighbourhood CIL as well as planning future CIL expenditure to align with the cabinet decision making process. Investing CIL in local schemes for every ward across the city will help achieve the Council plan objective of creating a fair and inclusive city.
- 1.3 The report recommends £2.42M of the accumulated Community Infrastructure Levy (CIL) Citywide pot to support capital expenditure on seafront regeneration projects in 24/25 such as Madeira Terrace, Back Rock and Hove Beach Park. It also recommends supporting the Thriving Communities Fund in 25/26, plus a proposal to utilise some funding to top up neighbourhood CIL funding available in some wards. It also proposes new cabinet aligned governance arrangements for planning future CIL investment and will ensure that spending supports infrastructure improvements directly aligned to the council plan objectives.

2. Recommendations

- 2.1 Cabinet agrees to use £2.42m of CIL Citywide receipts to support existing priority seafront capital regeneration project expenditure in 24/25.
- 2.2 Cabinet agrees to use up to £184k of CIL Citywide receipts to support eligible projects in the Thriving Communities Fund programme
- 2.3 Cabinet agrees to use £235.9k of CIL Citywide receipts to top up available Neighbourhood CIL funds in 17 wards (as outlined in Appendix B of this report).
- 2.4 Cabinet requests an annual report that will outline how residual s106/CIL and neighbourhood CIL money has been spent over the previous 12 months and to provide a programme of options for spending forecast CIL money to ensure projects are supporting Council infrastructure priorities.

3. Context and background information

- 3.1 The Community Infrastructure Levy (CIL) started on 5th October 2020. It is a tariff-based charge that can be levied by local authorities on new development in the area following the grant of planning permission. It is an important tool for local authorities to use to help deliver infrastructure needed to support development in the area and can be used to bring forward projects that are aligned to the priorities of the Council Plan.
- 3.2 The liability to pay CIL arises as planning permission is granted; at that stage the council issues a “liability notice”. Payment is due when development commences, at which point a “demand notice” is issued.
- 3.3 Since commencement, the council has received receipts totaling £3.03m for the Citywide pot and £0.5m for the Neighbourhood pot.
- 3.4 The council has also received £187k which has been used to cover the administration costs of operating the scheme to date.

Capital Programme – 24/25

- 3.5 The council currently holds £3.03m of Citywide CIL which can be spent on infrastructure across the city. It is currently estimated that the 24/25 capital programme will require borrowing of circa £37.440m as part of its programme of delivering new strategically important infrastructure for the area. In particular, the council has had to borrow to deliver significant seafront projects such as Madeira Terrace, Black Rock enabling works and Hove Beach Park. Utilising £2.4m of the Citywide CIL receipts will reduce the ongoing revenue borrowing costs to support investment in the programme by £0.180m per year over 15 years. If used to reduce the cost of borrowing, this will help to reduce the ongoing revenue funding pressures that the council will continue to face in future years, and the CIL will have been used for its intended purpose, as a driver of regeneration. Remaining

and future CIL funds could be invested into seafront maintenance projects to also reduce future borrowing requirements generated by that work.

Thriving Communities Fund – 25/26

- 3.6 The Thriving Communities programme is a key part of how the council supports local communities and groups with a range of work aimed at reaching the most disadvantaged groups across the city. It has been identified that some of these projects could be eligible for funding under the CIL Regulations 2010. It is therefore proposed to work with the service to identify suitable projects and deploy up to £184k of Citywide CIL to support bids in 25/26.

Neighbourhood CIL – Ward Top Up

- 3.7 Since implementation, circa £0.5M of Neighbourhood CIL has been collected. Appendix A of this report sets out the draft governance for spending Neighbourhood CIL.
- 3.8 Ward members will be involved in determining which projects in their ward receive Neighbourhood CIL. The Director of Place will review the final spending requests in consultation with the Cabinet Member for Finance and City Regeneration to ensure the projects are in accordance with the CIL regulations and do not create an ongoing financial burden to the Council. Training will be provided to ward councilors.
- 3.9 Neighbourhood CIL is allocated to the ward where the development has taken place, with no flexibility in the regulations to redistribute ward funds, there are significant differences in the level of receipts available in each ward; with several not having any funds available at all.
- 3.10 In order to ensure that all neighbourhoods see some local benefit from the developments that have taken place cumulatively across the city, it is proposed to use £235k from Citywide CIL to ensure that every ward has at least the average amount of neighbourhood funding available (£22k). The use of Citywide CIL to ensure all wards receive some funding is an opportunity to enable local engagement to help deliver localised projects across the city in a fair and proportionate way.
- 3.11 This will result in 17 wards receiving additional funding and full details of the sums held and the top up proposed are shown in Appendix B of this report. The process to consult with communities on their proposals to spend the monies will commence in late Spring 2025, with local ward councillors deciding which projects will be supported during the Autumn.

Annual Update report & updates

- 3.12 In order to plan the future use of Citywide CIL, maintain an overview of Neighbourhood CIL and monitor the allocation of residual S106 receipts, it is proposed to establish an officer CIL & S106 Oversight Board which will meet at least quarterly. The officer board will provide monthly updates to the

Cabinet Lead Policy Advisor on S106 and CIL, and then onto the Cabinet Member for Finance and City Regeneration.

- 3.13 A key task for the board will be to develop a range of options for the council to utilise Citywide CIL in the longer term (5-10 years.) Investment in infrastructure (including the environment) will make a significant contribution to meeting the council plan objectives to make the city a place which people are proud of and want to live, work and learn in.
- 3.14 Whilst the actual projects to be considered will emerge through this work, it is envisaged that schemes likely to be considered could include tree planting and other environmental improvements, investment in strategic road improvements, seafront heritage assets and place making projects.
- 3.15 A monitoring update report will be presented to Cabinet yearly from the Cabinet Lead Policy Advisor on S106 and CIL which will outline the spending for residual s106/CIL and Neighbourhood CIL money as well as outlining potential future spending projects for CIL.

4. Analysis and consideration of alternative options

- 4.1 The council could decide to leave the £2.43M of Citywide CIL receipts unallocated. This would result in additional revenue borrowing costs to support the agreed schemes in 24/25 for the current capital programme. Increased borrowing costs would place further pressure on the revenue budget for future years.
- 4.2 The council could decide not to top up funding for Neighbourhood CIL in 17 wards. This would leave 2 wards with no funding and a further 8 wards with less than £10k of funding per ward. Spending £235.9k to ensure that each ward has at least £22k available to be spent on local projects ensures that all of the neighbourhoods in the city will see some local benefit from planning permissions granted and developments taking place in the city.
- 4.3 The council could decide not to provide £184k funding for the Thriving Communities Fund in 25/26. This investment will support the community and voluntary sector to work with the council to deliver the four over-arching priorities of the council plan, to meet communities' needs, to provide value for money and to grow and thrive as a valued partner in jointly addressing the challenges of funding pressures and increasing demand. It has been designed with consideration to the future release of a micro-grants programme for community groups working with marginalised and vulnerable residents in the city experiencing the most disadvantage.
- 4.4 The council could decide to retain all of the Citywide and Neighbourhood CIL for a further period of time until more receipts have been received, considering there is currently a potential £6.87M that could be received if projects from approved planning applications are commenced. This has been discounted as one of the benefits of CIL compared to S106 is that there are more freedoms to target the expenditure on infrastructure and associated needs across the city and within wards. S106 was much more

prescriptive and often tied to specific assets where they may have been little or no demand for investment. This resulted in large sums of S106 monies being held whilst services developed projects and programmes to utilise the funding received.

5. Community engagement and consultation

- 5.1 All of the implementation phase of CIL was undertaken in accordance with the adopted BHCC Statement of Community Involvement 2015. Consultation on the charging schedule and its main modifications was undertaken prior to adoption in accordance with the CIL regulations.
- 5.2 Regular feedback will also be sought from neighbourhood groups and Councillors on the processes for the Neighbourhood CIL portion and will update the governance with subsequent rounds of spends.

6. Financial implications

- 6.1 The use of £2m CIL Citywide receipts to support existing priority capital expenditure in 2024/25 will reduce ongoing revenue borrowing costs. Using £2m CIL rather than borrowing for infrastructure with a life of 15 years would save the council c£0.180m per year on repayments and interest depending on average borrowing rates over the 15 years.
- 6.2 Use of Citywide receipts to support the Thriving Communities Fund programme is allowable under CIL where officers will identify suitable projects. Where 2025/26 draft budget savings include this reduction of £0.184m, CIL funding will be required to ensure the costs of the service are met, otherwise a reported pressure of £0.184m will need to be reported in the councils monthly budget monitoring process in 2025/26. Allocation from Citywide CIL to Neighbourhood CIL has no financial implications and allows all neighbourhoods to benefit from CIL received from developments across the city.
- 6.3 The administrative costs of managing and monitoring both Section 106 planning obligations and CIL are funded from the levy CIL or contained within existing service revenue budgets. Developer contributions are a source of funding for the provision of infrastructure within the city.

Name of finance officer consulted: John Lack Date consulted: 21/02/2025

7. Legal implications

- 7.1 The CIL Regulations provide that a charging authority may use the CIL receipts for the support of neighbourhoods by 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 subject to the relevant limits in Regulation 59A

8. Risk implications

- 8.1 There are no specific risks associated with the decisions being recommended in this report as all of the funding has been received and is held by the council.
- 8.2 There is a risk that services may have insufficient resources to deliver some of the Neighbourhood projects being supported. This will be assessed by them through the bidding process and some of the funding may be used to provide additional project management and delivery resources as necessary within services.

9. Equalities implications

- 9.1 An Equalities Impact and Outcome Assessment (EIA) was prepared alongside the CIL Draft Charging Schedule and is available on the councils' website. The EIA was updated at the submission stage of the process. Income raised from CIL will go towards funding infrastructure necessary to support new development and communities

10. Sustainability implications

- 10.1 CIL receipts will help to fund infrastructure necessary to support new development and sustainable communities and should therefore have a positive impact in terms of sustainability outcomes. A Strategic Environmental Impact (SEA) for CIL concluded that a SEA was not required.
- 10.2 The bids that will be approved through this funding will need to have demonstrated their compliance with all relevant council policies relating to sustainability

11. Health and Wellbeing Implications:

- 11.1 None.

Other Implications

12. Procurement implications

- 12.1 All of the projects supported through this process will be the subject of existing procurement routes used by the various council services to deliver projects and work programmes.

13 Conclusion

- 13.1 The proposals contained in this report will ensure that the council mitigates in part the cost of capital borrowing in 24/25, reduces some of the revenue savings required in 25/26 and establishes new arrangements to plan, manage and monitor developer contributions received.

Supporting Documentation

1. Appendices

1. Appendix A – Neighbourhood CIL Governance
2. Appendix B – Neighbourhood CIL – Ward Allocations

2. Background documents

1. <https://www.brighton-hove.gov.uk/brighton-hove-city-council-community-infrastructure-levy-charging-schedule2>

