

**BRISTOL CITY COUNCIL
Resources Scrutiny Commission**

25 January 2013

Report of: Service Director – Planning and Sustainable Development

Title: Progress report on the devolution of Section 106 monies to Neighbourhood Partnerships and impacts of the introduction of the Community Infrastructure Levy (CIL)

Ward: Citywide

Officer Presenting Report: Jim Cliffe – Planning Obligations Manager

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RECOMMENDATION

That the Scrutiny Commission:

- Note the progress in respect of spending devolved Section 106 monies
- Note the impact of CIL on Section 106 monies
- Note the government announcement as to the level of the “meaningful proportion” of CIL to be passed to local communities
- Note that Neighbourhood Partnerships (NP’s) will have more flexibility in how CIL receipts are spent than is currently the case with Section 106 monies.

Summary

The report sets out the progress made in respect of devolved Section 106 monies since devolution took effect on 1 April 2011. It also identifies the impact that the introduction of CIL will have on Section 106 receipts and sets out the level of “meaningful proportion” of CIL that is to be devolved to NP’s following the recent announcement by the Planning Minister.

Background

1. On 25 November 2010, Cabinet took a decision to devolve those Section 106 monies that had a local context, to the NP's. The NP's, through the Neighbourhood Committees, would make decisions about how the devolved Section 106 monies were to be spent, within the parameters of the relevant Section 106 Agreement. They would also prioritise the delivery of schemes in their areas to be funded through Section 106 monies.
2. The devolution commenced on 1 April 2011, and has now been operating for approximately 21 months.
3. On 1 January 2013, Bristol ceased to operate its tariff-based approach to Section 106 contributions. Instead CIL charges took effect and Section 106 is now scaled back to cover the provision of affordable housing and site-specific mitigation only. This will result in a change in the amounts and nature of developer contributions that are devolved to the NP's.

Consultation

4. **Internal** Service Director – Neighbourhoods and Communities
 Service Director – Finance
5. **External** None

Devolution Progress

6. Appendix A identifies the total amount of Section 106 money that has been devolved to each NP up to 31 October 2012. In addition it identifies the total level of Section 106 expenditure allocated, and spent, by each NP, also up to 31 October 2012.
7. It should be noted that Appendix A is not meant to reflect performance of the NP's in respect of spending Section 106 monies. The NP's ability to spend may be constrained by the amount and / or nature of Section 106 monies available. The Bishopston, Cotham & Redland Partnership is a good example of this.

Devolution Commentary

8. NP's are making significant progress in spending Parks related Section 106 monies, particularly due to the introduction of the Capital Stimulus programme, which has enabled the NP's to match fund Section 106 monies. This is resulting in the delivery of a large number of parks improvements across the City.

9. Good progress is also being made in spending Public Transport related Section 106 monies, particularly in relation to the provision of improved bus stops across the city, and public / community transport improvements in south Bristol.
10. However, progress in spending other Transport related Section 106 monies is significantly slower. This is mostly due to the following:
 - that there is much less flexibility in how the transport related Section 106 monies can be spent;
 - in many cases the contribution is not sufficient to deliver the improvement measure it is to fund;
 - delivering transport schemes is more resource hungry than delivering parks schemes due to the need for Traffic Regulation Orders, statutory consultations etc, and therefore fewer schemes can be delivered at any one time; and
 - in some cases the schemes that the Section 106 monies are to fund do not align with the NP's priorities.
11. Overall, it is considered that there has been significant reputational benefit arising from the devolution of locality based Section 106 monies, both with elected members across the city who have advocated this devolution for a some time, and for residents, both of whom have seen key minor schemes delivered that they have been trying to achieve for a long while.

Impact of the introduction of CIL on devolved Section 106 monies

12. Now that CIL is introduced, the Council will no longer be securing Section 106 contributions to general parks improvements, though site-specific highway contributions will still be secured. Consequently, parks Section 106 contributions will decrease over the next three years to virtually £nil. However those types of Section 106 contributions that will no longer be sought, such as for general parks improvements, will be replaced by CIL, and a proportion of each CIL contribution will be devolved to NP's.
13. It is important to note that CIL will not impact on those Section 106 contributions that were secured prior to its introduction, but which are yet to be received due to the development not having commenced.

How CIL works

14. CIL is a non-negotiable levy based on the size of new development. It is payable by most new development, meaning that a far larger proportion of new development will pay CIL, than was required to make a Section 106 contribution. CIL receipts are not ring fenced in that same way that Section 106 monies are, however they must be spent "on infrastructure

to support the growth of the City”.

15. Anticipated CIL receipts up until March 2018 are as follows:

- 1 Jan 2013 – 31 March 2014 £1,000,000
- 1 April 2014 – 31 March 2015 £2,000,000
- 1 April 2015 – 31 March 2016 £3,000,000
- 1 April 2016 – 31 March 2017 £4,000,000
- 1 April 2017 – 31 March 2018 £4,000,000

The “meaningful proportion”

16. Central Government has stated that a “meaningful proportion” of all CIL receipts are to be allocated to the neighbourhood in which the development that paid the CIL is located. Therefore, if a development in Fishponds paid £100,000 of CIL and the meaningful proportion was 15%, then £15,000 would be devolved to the Eastville, Frome Vale and Hillfields Neighbourhood Partnership to spend on whatever infrastructure they saw fit.

17. The devolved CIL would provide more flexibility for NP’s than is currently the case under the existing Section 106 regime, as CIL monies would be neither ring fenced nor subject to time limits by when they had to be spent.

18. The issue of the “meaningful proportion” was consulted on by Government in 2011, and on 10 January 2013, the Planning Minister, Nick Boles announced that the “meaningful proportion” would be set at the following levels:

- 25% in areas that are covered by a Neighbourhood Development Plan that has secured the consent of local people in a referendum
- 15% in all other areas

The rationale behind the differential rates is to reward those communities that produce Neighbourhood Development Plans, as those are the communities that the government considers are embracing growth.

19. In Bristol this means that currently the “meaningful proportion” will be set at 15% across the city. As Neighbourhood Development Plans are approved through securing the consent of local people in a referendum, the “meaningful proportion” will rise to 25% for those areas. The first phase of Neighbourhood Development Plans cover part of Lockleaze Ward, and Redcliffe Way. The earliest that there is likely to be a referendum on the Neighbourhood Development Plans for these areas is late in 2013.

20. It is important to note that in all instances the relevant proportion (i.e. 15% or 25%) would be devolved to the Neighbourhood Partnership to spend through decisions taken by the associated Neighbourhood Committee. This is because all decisions on the spending of Council funds that are devolved must be taken by elected members.

Risk Assessment

21. There are no risks associated with this report as it is for information only.

Public Sector Equality Duties

22. Before making a decision, Section 149 of the Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
23. This report is for information only and no decision will be made as a result of it. Therefore the previous Equalities Impact Assessment undertaken to support the devolution of Section 106 monies (see 25 November 2010 Cabinet Report) remains in place.

Text approved by Jane Hamill (City Development Equalities Advisor) on 22 November 2012.

Legal and Resource Implications

Legal

No legal advice has been sought as this report is for information only.

Financial

No financial advice has been sought as this report is for information only. The financial implications of CIL are set out in the Full Council report of 18 September 2012 recommending the approval of CIL, and the Cabinet Report of 27 September 2012 recommending the adoption of the new Planning Obligations Supplementary Planning Document (SPD)

Land

Not applicable

Personnel

Not applicable

Appendices:

Appendix A Table showing devolved and spent Section 106 monies

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Cabinet report of 25 November 2010 setting out Section 106 devolution processes

Full Council report of 18 September 2012 recommending the approval of CIL

Cabinet Report of 27 September 2012 recommending the adoption of the Planning Obligations Supplementary Planning Document (SPD)

Statement by the Planning Minister, Nick Boles, on 10 January 2013, titled "Communities to receive cash boost for choosing development"

Appendix A

The following table shows the total level of Section 106 monies devolved to each NP as at 31 October 2012. It also identifies the amount of funding allocated to projects, and the total amount that has actually been spent, following decisions taken by the Neighbourhood Committee.

The Section 106 monies spent column should be read in conjunction with the notes below and paragraphs 6 to 10 of the report.

Neighbourhood Partnership	Section 106 monies devolved	Section 106 monies allocated to projects	Section 106 monies spent
Ashley, Easton & Lawrence Hill	£831,000	£296,000	£112,000
Avonmouth & Kingsweston	£288,000	£128,000	£55,000
Bishopston, Cotham & Redland	£96,000	£28,000	£0
Brislington	£304,000	£206,000	£130,000
Cabot, Clifton & Clifton East	£489,000	£203,000	£45,000
Dundry View	£781,000	£487,000	£127,000
Eastville, Frome Vale & Hillfields	£314,000	£215,000	£81,000
Filwood, Knowle & Windmill Hill	£255,000	£86,000	£14,000
Greater Bedminster	£735,000	£169,000	£169,000
Henbury & Southmead	£187,000	£145,000	£25,000
Hengrove & Stockwood	£596,000	£318,000	£168,000
Henleaze, Stoke Bishop & Westbury	£262,000	£15,000	£15,000
Horfield & Lockleaze	£384,000	£156,000	£0
St. George	£372,000	£151,000	£43,000
Totals	£5,894,000	£2,603,000	£984,000

Notes

- All figures in the above table are rounded to the nearest £'000.
- The "Section 106 monies allocated to projects" column relates to monies that have been allocated to projects following a Neighbourhood Committee decision.
- The "Section 106 monies spent" column identifies how much of the funding contained in the "Section 106 monies allocated to projects" has actually been drawn down for the delivery of projects.