



Dorset  
Council

# Developer Contributions – Town & Parish Engagement

*This webinar will cover a brief introduction to Community Infrastructure Levy (CIL) and S106 planning obligation developer contribution mechanisms. The session will focus on the how infrastructure is delivered using funds from these sources. This will include details of the next expression of interest opportunity for CIL funds held by Dorset Council (May 2022) and how town and parishes can work with Dorset Council Service Areas and Members to shape how contributions are spent to support the needs of new development. The session will also cover how town and parishes can use their proportion of CIL too.*

## so...what is Community Infrastructure Levy?

*'The Community Infrastructure Levy (the 'levy') 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'.*

*[Planning Practice Guidance]*

## how does it operate?

- CIL is levied in £ per sqm of the net additional increase in floorspace. The area of existing buildings can be deducted from the final charge in certain circumstances.
- CIL charges are based on the size, type and location of development
- CIL applies to all new dwellings and any other development over 100sqm where charges apply.
- Charging rates are informed by evidence of need for infrastructure and impact of CIL on viability and tested through independent examination.
- A variety of differential CIL rates exist across the four charging areas.
- CIL charges aren't negotiable or returnable (once paid) but calculations can be appealed



- There's no obligation for councils to develop and adopt a CIL charging schedule
- It provides a mechanism for securing developer contributions but not instead of s106 necessarily
- Certain forms of development can benefit from relief from paying CIL (affordable housing; self build; charitable development; annexes and residential extensions).
- Payment is due when development commences but can be paid in instalments depending on value
- Where no one has assumed the liability to pay the CIL charge, the landowner is responsible for paying the charge with surcharges and other penalties applicable where necessary
- Charging rates are index linked annually
- Town and parishes receive a proportion of CIL from development within their areas
- Dorset Council must spend its share of CIL income on infrastructure and you can help decide what that is

## Team C - East Dorset Area Charging Schedule

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Use Class	Description	2022 CIL Rate per sq. m.			
			N/A	Extra Care Housing and Housing for Vulnerable People (developments that comprise self-contained homes with design features and support services available to enable self-care and independent living)	£46.43
C3	Residential (more than 10 units)	£81.26			
C3	Residential (10 units or less or less than 1000sqm)	£174.13	N/A	Hotels	Zero Rated
	Residential on the following New Neighbourhood sites (allocated in the Core Strategy) which provide their own Suitable Alternative Natural Green Space (SANG) as mitigation for European sites:  Cuthbury Allotments and St Margaret's Hill (WMC5) - 220 dwellings  Cranborne Road, North Wimborne (WMC6) - 600 dwellings  South of Leigh Road (WMC8) - 350 dwellings  Lockyers School and land North of Corfe Mullen (CM1) - 250 dwellings  Holmwood House New Neighbourhood (FWP3) - 150 dwellings (resolution to grant planning permission)  East of New Road, West Parley (FWP6) - 320 dwellings  West of New Road, West Parley (FWP7) - 150 dwellings  North Western Verwood New Neighbourhood (VTSW4) - 230 dwellings  North Eastern Verwood New Neighbourhood (VTSW5) - 65 dwellings (resolution to grant planning permission)  Stone Lane, Wimborne (WMC6) - 90 dwellings	Zero Rated	N/A	Care Homes	£46.43
			N/A	Offices	Zero Rated
			N/A	Light Industrial / Warehousing	Zero Rated
			N/A	Convenience Retail	£127.69
			N/A	Comparison Retail	Zero Rated
			N/A	Public service and Community Facilities	Zero Rated
			N/A	Standard Charge (all other uses not covered)	Zero Rated
C3	Residential on sites of 40 or more dwellings where on-site SANG is required by the Local Planning Authority	Zero Rated			

## Team E - Purbeck Area Charging Schedule

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Use Class	Description	2022 CIL Rate per sq. m.
A1	Retail	£106.41
A2	Financial & Professional Services in town centre	£28.38
A3	Restaurants / Cafes	£28.38
A4	Drinking Establishments	£28.38
A5	Hot Food Takeaways	£28.38
B1 (a)	Offices	Zero Rated
B1 (b)	Research & Development	Zero Rated
B1 (c)	Light Industrial	Zero Rated
B2	General Industrial	Zero Rated
B8	Storage & Distribution	Zero Rated
C1	Hotels & Guesthouses	Zero Rated

	Residential Institutions		Zero Rated
C2	Care Homes	Swanage/The Coast	£141.88
		Wareham/Purbeck Rural Fringe	£42.56
		Upton/Purbeck Rural Centre	Zero Rated
C3	Sheltered and Retirement Housing	Swanage/The Coast	£141.88
		Wareham/Purbeck Rural Fringe	£42.56
		Upton/Purbeck Rural Centre	Zero Rated
C3/C4	Other Residential Dwellings	Swanage/The Coast	£255.38
		Wareham/Purbeck Rural Fringe	£141.88
		Purbeck Rural Centre	£42.56
		Upton	£14.19
D1	Non Residential Institutions		Zero Rated
D2	Assembly & Leisure		Zero Rated

## where is the local benefit?

- A proportion of CIL receipts are paid to town and parishes where development takes place. The proportion increases from 15% to 25% where there's a 'made' neighbourhood plan.
- Infrastructure Funding Statement and Dorset Council website detail monies transferred to town and parishes since implementation of CIL
- Dorset Council issues a Guidance Note alongside payments to advise how the share can be spent.
- Is it the duty of a town or parish council to report on what they spend their CIL proportion on – Dorset Council to review progress with this in 2022.



Recipients of most funding\*:

£339,000 – Swanage  
£338,000 – Weymouth  
£268,000 – Dorchester  
£106,000 – Charminster

\*since implementation

# how can neighbourhoods spend their CIL share?

## When

- Money collected 1<sup>st</sup> April to 30<sup>th</sup> Sept paid across by 28<sup>th</sup> October.
- Money collected 1<sup>st</sup> October to 31<sup>st</sup> March paid across by 28<sup>th</sup> April.

## What

- The provision, improvement, replacement, operation or maintenance of infrastructure needed to support development, and;
- Anything else that helps to address the demands that new development is placing on their area.
  
- Need to report on CIL receipts received; expenditure; retained.
- Dorset Council can require CIL to be repaid if not spent or allocated to a specific project within 5 years.
- In areas where there are no parish council, for example in an area which only has a parish meeting group, the CIL is retained by Dorset Council

## so how does s106 work?

- S106 addresses the site-specific mitigation requirements from development proposals
- S106 has not been replaced by CIL, it is just used in a more distinct way
- It still operates as the sole developer contribution mechanism in the former North Dorset area on major schemes using adopted Local Plan Policies and supporting evidence to guide the scope and value of obligations. Elsewhere, it is reserved for largest most complex sites where CIL is zero rated. It typically provides for the delivery of affordable homes and any other site-specific pre-requisites.

<b>Restrict</b>	<b>Require</b>	<b>Require</b>	<b>Require</b>
restrict the development or use of the land in any specified way	require specified operations or activities to be carried out in, on, under or over the land	require the land to be used in any specified way; i.e. Affordable Housing	require a sum or sums to be paid to the authority (or, to the Greater London Authority) on a specified date or dates or periodically.

*Planning obligations must only be sought where they meet all of the following tests:*



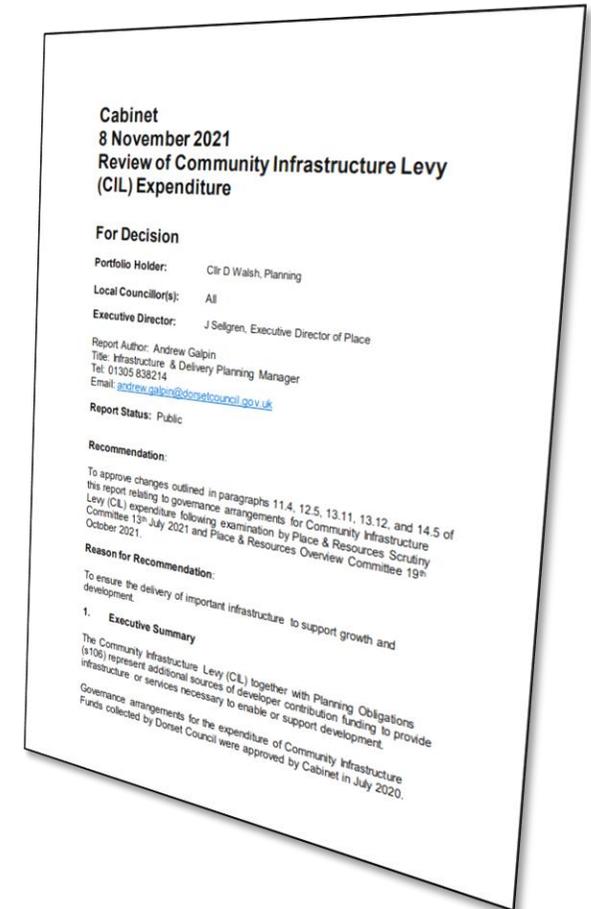
- a) necessary to make the development acceptable in planning terms;*
- b) directly related to the development; and*
- c) fairly and reasonably related in scale and kind to the development.*

## so...let's establish the main differences

- S106 is site-specific and justified only having passed the three tests, CIL deals with the broader (cumulative) impact of development on uses deemed chargeable at rate setting stage. The justification for CIL is established at the CIL examination stage.
- S106 agreements can help prescribe the proportion or value of affordable housing, CIL cannot.
- S106 obligations can vary depending on the need and cost of infrastructure and can be negotiated and varied – subject to viability testing. CIL chargeable uses and rates cannot be negotiated or varied.
- Obligations within S106 will be due at negotiated trigger points to deal with development needs. Trigger points also recognise cash flow and delivery. CIL is payable when development commences and in-line with instalment policies.
- S106 are returnable if unspent, CIL is not returnable.

# how does the council spend developer contributions?

- Spend of s106 is now largely site specific, less flexibility and choice
- Piecemeal spend of CIL pre-LGR
- Comprehensive and consistent governance arrangements introduced July 2020 to manage the spend of CIL retained by Dorset Council.
  - Recognising infrastructure priorities of predecessor councils
  - Retaining spend in charging areas where sought
  - Categories of infrastructure open to expressions of interest – process involves DC service areas with input from other stakeholders town and parish councils and DC members
  - Scored and assessed with recommendations flowing to Cabinet for consideration and approval.



# CIL Spend Round 1

- Expressions of interest for the first round of CIL spend took place in November 2020
- 42 expressions of interest received, with 37 projects recommended CIL funding sharing a total value of almost £3m
- Successful projects in Purbeck and East Dorset areas:
  - Dorset Heathland mitigation projects – management and maintenance (East and Purbeck)
  - Installation of electric vehicle charging points (East)
  - Right of Way Network Enhancement – public footway and bridleway enhancement (East)
  - Dockless bike sharing scheme (East)
  - Replacement gym equipment at Purbeck Sports Centre
  - Poole Harbour Catchment Project (Purbeck)



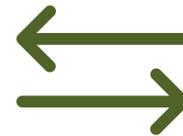
- Post-decision review of spend undertaken July to November 2021
- Five changes agreed
- Engagement with town and parishes planned for ahead of further spending



Reporting & Performance



Single charging schedule and broader spend



Dynamic and reactive



Review of categories in future



Collaboration and engagement

# CIL Spend Round 2

- Further Expressions of Interest are invited from 16<sup>th</sup> May to 10<sup>th</sup> June.
- Provides an opportunity to draw remaining funds from the budget set at round 1. c.£1.6m
- Opportunity to work with Dorset Council to put forward infrastructure project proposals.
- Needs to be evidence led, e.g. supporting existing plans and programmes = Local Transport Plan (LTP), neighbourhood plans.
- Opportunity to enhance the spending capability of neighbourhood CIL and vice versa.

## Key principles

1. The levy must be used to fund the provision, improvement, replacement, operation or maintenance of infrastructure needed to support development
2. Infrastructure is defined as meaning roads and other transport facilities, flood defences, schools and other education facilities, medical facilities, sporting and recreational facilities and open space – it doesn't include affordable housing.
3. 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.

# the budget

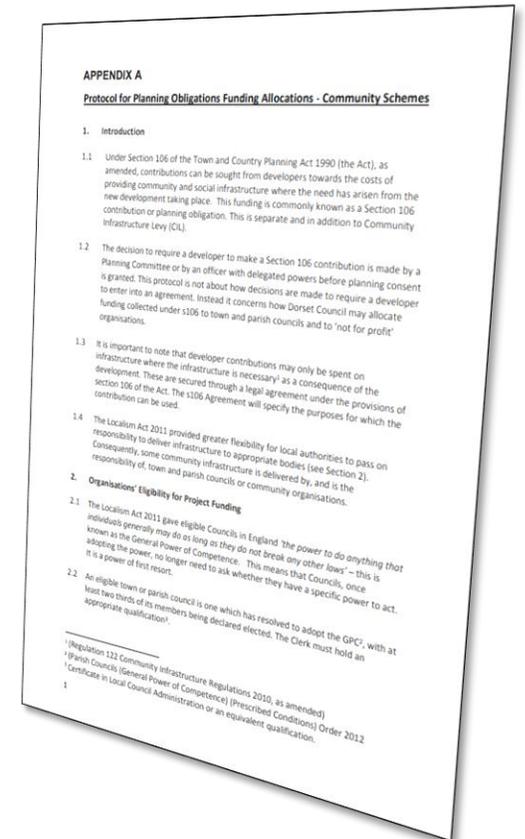
East Area	
Infrastructure Category	Residual (in scope)
Education (schools, educational establishments)	£238,397.53
Transport (highways, walking, cycling, passenger transport)	£394.43
	<b>£238,791.96</b>

Purbeck Area	
Infrastructure Category	Residual (in scope)
None	£0

# do these arrangements also apply to s106 contributions?

No – developer contributions through s106 are now largely site-specific. However, where contributions have been sought without a specific purpose, there is some discretion over how the contribution is spent. This is handled on a case-by-case basis looking at local needs and engaging with appropriate bodies. Whether site specific or not, Dorset Council now requires the receiving body to enter into an agreement to ensure monies are spent appropriately.

- May 2021 – Dorset Council agrees a framework for managing the allocation of s106 developer contributions to appropriate bodies.
- Framework ensures due diligence regarding the appropriateness of the relevant body to manage funds
- Provides assurances that the funds will be spent in accordance with the planning/legal requirements
- Establishes clear principles and consistent approach
- Town and parish councils often best placed to oversee the implementation of s106 funds. Does not have a bearing on the purposes for which the money was collected.
- Provides Dorset Council with a clear decision making route for confirming the body best place to deliver the spend and establishes necessary safeguards.
- Recipient body required to enter into an agreement with Dorset Council to confirm that the money will be spent in accordance with the purposes for which it was collected, and will minimise the financial risk to DC of any claims by developers for the return of unspent funds.



# how do we know how the council is performing with developer contributions?

- Dorset Council published its latest Infrastructure Funding Statement in December 2021.
- The IFS reports on collection, allocation, spend and delivery from both s106 and CIL.
- Requirement for IFS forms part of 2019 CIL regulations
- Key numbers for the monitoring year 2020/21:

2020/21	Secured in year	Paid in year	Spent in year	Affordable homes	School places	Planned
CIL	£6.8m	£5.3m	£680k	-	-	£7m
S106	£10.3m	£4.5m	£2.4m (£600k affordable homes, £851k on outdoor recreation)	431	394	£29.4m



[Infrastructure Funding Statement](#)

## Questions

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  - [CIL@dorsetcouncil.gov.uk](mailto:CIL@dorsetcouncil.gov.uk)
- [Community Infrastructure Levy - Dorset Council](#)