

# **GUIDELINES IN RELATION TO THE DISTRIBUTION OF THE COMMUNITY INFRASTRUCTURE LEVY (CIL) FUNDS TO PARISH AND TOWN COUNCILS**

**Hertsmere Borough Council**  
**April 2021**  
Version 2



**NOTE:** This guidance note updates and supersedes the original version issued by Hertsmere Borough Council in August 2015. This document will be reviewed on a regular basis to ensure it is kept up to date.

## **1. Summary**

Regulations 59A and B of the Community Infrastructure Levy Regulations 2011 (the CIL Regulations) require Hertsmere Borough Council (HBC) as the Charging Authority to pass a proportion of CIL receipts collected from developments in its area directly to the Town and Parish Councils established in the Borough, to be spent on infrastructure or anything else that is concerned with addressing the demands that development places on their area. HBC will transfer accumulated funds to the Parish and Town Councils every 6 months, who will then be required to report publicly on the income they have received and how this has been spent each year.

In accordance with Paragraph 151 of National Planning Practice Guidance (NPPG), HBC will expect the Town and Parish Council's in the Borough to work closely with HBC and their neighbouring Councils to agree on infrastructure spending priorities. This co-operation on spending priorities and plans will be important to avoid any prospect of a Town or Parish Council having to pay CIL receipts back to HBC or having HBC make deductions from future CIL entitlements to compensate for impermissible or inappropriate expenditure.

## **2. Introduction**

Regulation 59A of the CIL Regulations, which came into effect in April 2013 provides that HBC as the Charging Authority must pass a proportion of CIL receipts to Town and Parish Councils from developments that take place in their areas. The proportion of CIL receipts that are required to be passed to relevant Parish and Town Councils arising from developments in their areas has been set nationally at 15% but capped at £100 per council tax dwelling per year. For example, a Parish Council with 400 dwellings in its area can never receive more than £40,000 per year in CIL receipts. However, should any of the Town or Parish Council in the Borough adopt a Neighbourhood Plan, HBC will hand over 25% of the CIL receipts arising from chargeable developments in the Neighbourhood Plan area and this will not be subject to any cap. However, these receipts must be spent only in Neighbourhood Plan area, if such area is not contiguous with the whole of the Town or Parish area.

## **3. How the funds must be spent**

Regulation 59C of the CIL Regulations provides that CIL receipts received by Town and Parish Councils must be used to support the development of their area, or any part of that area, 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.

Regulation 59C is framed in wider terms than the expenditure powers given to HBC (which are limited to funding the provision of infrastructure only) in order to give local councils more flexibility in deciding what needs to be done in their area to mitigate the impacts of development on the area. However, there are expenditure restrictions, especially for Town or Parish Councils who do not have a General Power of

Competence (GPC) and these are set out in more detail in Paragraphs 4, 5 and 6 below.

The CIL Regulations provide that where a Town or Parish Council has failed to spend CIL funds passed to it within **five years** of receipt, or has applied the funds otherwise than in accordance with the CIL Regulations, HBC can serve a notice on the relevant Council requiring it to repay unspent CIL receipts. However, mis-spent CIL receipts will be recovered by deduction from future CIL receipts and not from current precept balances. In such cases HBC will be required to spend recovered funds in the area of the Town or Parish Council in question on anything the Town or Parish Council could have spent it on.

Please note that in cases where monies have to be repaid due to overpayment, outcomes of appeals, judicial reviews etc. CIL receipts may have to be paid back to the applicant/developer. In these cases the team shall deduct the amount that is required to be paid back from the neighbourhood CIL receipts that Town and Parish Council's receive. However, we shall ensure Town and Parish Councils are made aware if this occurs.

Should a Town or Parish Council decide that it does not want to receive CIL receipts funding, it must notify HBC in advance stating that the funding is to be retained by HBC who will then use it for the benefit of that Council's area. This may be appropriate in cases where the Town or Parish Council lacks the statutory powers to fund particular infrastructure, but HBC does not.

#### **4. Restrictions on Neighbourhood Spending**

Although Regulation 59C of the CIL Regulations authorises Town and Parish Councils to spend CIL receipts on the provision, maintenance or improvement of infrastructure in their area or on anything else that is concerned with addressing the demands that development places on the area, it is considered that this does not authorise a Town or Parish Council to spend CIL receipts on infrastructure or other matters that they could not incur expenditure on under their existing statutory powers. Consequently, Town or Parish Councils that have the benefit of the General Power of Competence in Part 1 of the Localism Act 2011 (GPC) will have significantly wider expenditure powers under Regulation 59C than local councils that do not have a GPC. In this regard, in order to have a GPC, at least two thirds of councillors must be elected and the Council must employ a qualified Clerk who has completed the requisite training on the exercise of the GPC.

In addition, although the HBC Infrastructure and Delivery Team can give an informal advice on whether proposed expenditure by a Town or Parish Council is compliant with the CIL Regulations and its statutory powers, it is important to stress that such informal advice will not be binding on HBC nor will it prejudice the powers of HBC as the Charging Authority to recover mis-spent CIL receipts in appropriate circumstances. Consequently, Town and Parish Councils should always consider seeking independent legal advice on the matters that can lawfully be funded out of CIL receipts, particularly if such matters have previously been funded out of the Town/Parish precept.

It should also be emphasised that if Town or Parish Councils choose to spend CIL receipts on more tangential items, or items which already are well provided for in the locality, some developers may challenge subsequent requests from the Local Planning Authority for site-specific s106 contributions. This is because it could be argued that CIL monies previously received should have been allocated towards those site-specific items of infrastructure now being requested through a s106 agreement.

## **5. Town and Parish Councils without the General Power of Competence**

Where a Town or Parish Council does not have a GPC, this will restrict the use of CIL funds to infrastructure or other matters which it has a statutory power to provide, maintain or improve. A list of the infrastructure items that a Town or Parish Council can provide under statutory powers is set out at Appendix 1. Although this list is fairly extensive, the only way that CIL receipts in Town or Parish Council areas without a GPC can be used to fund strategic infrastructure, is for the Town or Parish Council to work closely with HBC (as the NPPF requires) to agree infrastructure priorities (i.e. as set out in a Local Investment Plan and Programme). HBC could then “retain” CIL receipts to spend on specific agreed infrastructure item/s. This could include infrastructure outside the Town or Parish Council’s statutory remit and/or outside the Council’s geographic boundary, for example the provision of new transport infrastructure

## **6. Town and Parish Councils with the General Power of Competence**

Town or Parish Councils that have a GPC will be able to spend CIL receipts on all the infrastructure items that non GPC local councils can spend CIL receipts on (see Appendix 1), but will also be able to rely on the exercise of the GPC to fund wider strategic infrastructure, for example providing new or extended schools, libraries or doctors surgeries, or providing affordable housing or village shops, gyms or cafés or funding or part funding a PCSO or a Community Warden etc. This is provided such expenditure can properly be said to relate to the provision, improvement, replacement, operation or maintenance of infrastructure or assists in addressing the demands that development places on the area.

## **7. Expenditure of CIL Receipts on Matters Currently Funded by the Precept**

So long as Town or Parish Councils spend CIL receipts in accordance with Regulation 59C and within their statutory powers, such expenditure will be lawful, even if it is being used to fund local infrastructure that has previously been paid for out of the Town/Parish precept. Whilst ultimately it will be for a Town or Parish Councils itself to be satisfied that all CIL expenditure either supports the development of its area or addresses the demands that development places on the area, HBC advises that the following kinds of expenditure may not be funded by CIL receipts and that any such expenditure would be likely to result in a reclaim:

- Provision of fireworks displays
- Provision of carnivals
- Provision of Christmas lighting
- Improvements to council offices or other operational buildings

- Provision of improvements to existing allotments sites e.g. locker rooms or toilets
- Ground maintenance, verge mowing or hedge cutting
- Improvements to parks and other open spaces that do not address the demands imposed on the area by development

This is not an exhaustive list and Town and Parish Councils are strongly advised to agree CIL-related spending priorities with HBC.

## **8. Liaison meetings**

Officers from the Borough Council will meet with Town and Parish Council representatives after the CIL receipts are passed to them at the end of April and end of October each year. This meeting will include discussions on the Infrastructure Delivery Plan (IDP), the Infrastructure Funding Statement (IFS) and strategic projects.

## **9. Payment periods**

HBC will make payment in respect of any CIL monies it receives from 1st April to 30th September in any financial year to the Town or Parish Council by 28th October of that financial year and pay the CIL received from 1st October to 31st March in any financial year by the 28th April of the following financial year.

## **10. Interest**

Where amounts are paid over to the Town or Parish Councils six monthly, no interest will be accrued. However should a Parish or Town Council decline the funding and ask HBC to take responsibility for it, then it will be held in a separate holding account and administered by HBC. The account will be credited with any funds due to it from the six monthly lump sum payments of CIL funding and debited with any expenditure. Interest will be applied daily, based on the seven day libor rate.

## **11. Reporting**

To ensure transparency, Town and Parish Councils must publish each year:-

- their total CIL receipts
- their total expenditure
- a summary of what the CIL was spent on; and
- the total amount of receipts retained at the end of the reported year from that year and previous years

Reports can be combined with reports already produced by Town and Parish Council and must be placed on their websites (or on the HBC's website where the Town or Parish Council does not have a website) and a copy of the report must be sent HBC.

The information should be sent by the Town and Parish Council at the end of April each year to the CIL team at Hertsmere Council. Please find contact details in section 13.

## 12. Further Guidance

Further guidance on CIL can be sought from external groups such as the Planning Advisory Service (PAS). Please find a link to their website below:

[Home | Local Government Association \(pas.gov.uk\)](http://Home | Local Government Association (pas.gov.uk))

## 13. Hertsmere Borough Council planning contacts

Within Planning Strategy at Hertsmere Borough Council there is a dedicated team (the Infrastructure and Delivery Team), that among other activities, administers the CIL processes including collecting CIL contributions from developers and passing neighbourhood CIL on to town and parish councils.

If you would like to get in contact with the team regarding any questions or queries you may have, the email address is: [Cil.Monitoring@hertsmere.gov.uk](mailto:Cil.Monitoring@hertsmere.gov.uk)

Please also use this email to submit the annual reports on CIL, as referred to in section 11.

If you would like to speak directly to officers regarding CIL, then please contact:

**Andrew Stevenson** – Principal Infrastructure and Delivery Officer

020 8207 2277 ext 5430

**email:** [andrew.stevenson@hertsmere.gov.uk](mailto:andrew.stevenson@hertsmere.gov.uk)

**Beckie Nudds** – Senior Infrastructure and Delivery Officer

t: 020 8207 2277

**email:** [beckie.nudds@hertsmere.gov.uk](mailto:beckie.nudds@hertsmere.gov.uk)

## Appendix 1

### Infrastructure which can be Provided or Maintained by Town and Parish Councils

(Note: The list below is not exhaustive)

<b>Infrastructure Type</b>	<b>Duty or Power</b>	<b>Statutory Provision</b>
<b>Allotments</b>	Duty to provide and manage allotments	Small Holding and Allotments Act 1908 s.23 Allotments Acts 1922 and 1950
<b>Burial Grounds: Cemeteries and Crematoria</b>	Power to acquire and maintain; Power to provide Power to agree to maintain monuments and memorials	Open Spaces Act 1906 ss.9 & 10; Local Government Act (LGA) 1972 s.214 Parish Councils and Burial Authorities (Miscellaneous Provisions) Act 1970, s.1
<b>Bins</b>	Power to provide litter bins	Litter Act 1983 ss. 5,6
<b>Bus Shelters</b>	Power to provide Bus Shelters	Local Government (Miscellaneous Provision) Act 1953 s.4
<b>Clocks</b>	Power to provide Public Clocks	Parish Councils Act 1957, s.2
<b>Closed Church Yards</b>	Duty to maintain such	LGA 1972 , s.215
<b>Commons and Common Pastures</b>	Power in relation to enclosure, regulation and management and providing common pasture	Enclosure Act 1845; Small Holdings and Allotments Act 1908, s.34
<b>Conference Facilities</b>	Power to provide	LGA 1972 s.144 - now managed under Section 19 of the Local Government (Miscellaneous Provisions) Act 1976
<b>Community Centres</b>	Power to provide and equip building for use of clubs (sport/social/educational); Power to acquire, provide and furnish community building	Local Government (Miscellaneous Provisions) Act 1976 s.19 LGA 1972, s.133
<b>Crime Prevention</b>	Power to spend money on crime prevention	Local Government and Rating Act 1997, s.31
<b>Drainage</b>	Power to deal with ponds and ditches	Public Health Act 1936 s.260
<b>Entertainment and the Arts</b>	Power to provide entertainments or pay other to do so including the power to provide theatres, concert halls, dance halls and arts and crafts centres together with the power to maintain a band or orchestra	LGA 1972 s.145
<b>Highways Powers</b>	Power to repair and maintain public footpaths and bridleways	Highways Act 1980 ss.43 & 50
	Power to light roads and public	Parish Councils Act 1957 s.3;

	places	Highways Act 1980, s.301
	Power to provide parking places for vehicles, bikes, and motorbikes	Road Traffic Regulations Act 1984 ss.57,63
	Power to enter into agreement as to dedication and widening	Highways Act 1980 ss.30 ,
	Power to provide roadside seats and shelters and bus shelters	Parish Councils Act 1957 s.1
	Power to provide certain traffic signs and other notices	Road Traffic Regulations Act 1984 s.72
	Power to plant trees and maintain roadside verges	Highways Act 1980 s.96
	Powers to contribute financially to Traffic Calming Schemes	Local Government and Rating Act 1997 s.30
	Power to spend money on Community Transport Schemes	Local Government and Rating Act 1997 ss.26-29
<b>Land and Buildings</b>	Power to acquire and dispose of land	LGA 1972 ss.124; 126; 127
Mortuaries and Post Mortem Rooms	Power to provide such	Public Health Act 1936 s.198
Village Halls and Community Buildings	Power to acquire and provide buildings for public meetings and assemblies	LGA 1972 s.133
Leisure Centres and Facilities	Power to provide or pay others to provide a wide range of Leisure facilities including Leisure Centres and Swimming Pools	Local Government (Miscellaneous Provisions) Act 1976 s.19
Public Toilets	Power to provide such	Public Health Act 1936 s.87 as amended by the LGA 1974 Schedule 14 para 9.
<b>Parks, Gardens and Open Spaces</b>	Power to acquire land for recreation grounds, public walks, pleasure grounds and open space; and to manage maintain and control them.	Public Health Act 1875 s.164; LGA 1972 sch.14 para 27; Public Health Acts Amendments Act 1890 s.44; Public Health Acts Amendment Act 1907 - ss .76 and 77 Open Spaces Act 1906 ss.9, 10 and 14
	Power to provide boating pools	Public Health Act 1961 s.54
<b>War Memorials</b>	Power to maintain, repair, protect and adopt such	War Memorial (Local Authorities' Power) Act 1923, s.1; as extended by Local Government Act 1948
<b>Water Supplies</b>	Power to utilise well or spring and to provide facilities for obtaining water from them	Public Health Act 1936 s.125