

Warwick District Council (WDC) guidance on Community Infrastructure Levy (CIL) administration costs incurred by Parish & Town Councils (PTCs)

WDC has been asked by several PTCs as to whether it is reasonable for them to use a proportion of the neighbourhood portion of CIL which they receive towards their costs of administering CIL in their area. WDC has taken advice on this and there appears to be no legislation, regulations or Government guidance that answers this question. The guidance that follows has been provided in good faith by WDC, however it must remain the responsibility of PTCs to ensure that any CIL receipts it receives are spent in accordance with regulations.

The CIL regulations and guidance clearly prescribe that charging authorities (i.e. WDC) can charge an administration cost limited to 5% of CIL income received annually. This recognises the specific costs incurred by charging authorities such as: levy set-up costs, preparing evidence on viability or the costs of the levy examination, ongoing functions like establishing and running billing and payment systems, enforcing the levy, legal costs and monitoring and reporting on levy activity.

The neighbourhood portion allocated to PTCs is determined as a percentage of the CIL receipts received for CIL liable development that has taken place within that area. [CIL Regulation 59C](#) sets out that a local council must use CIL receipts passed to it to ‘*support the development of the local council’s 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.’*

Whilst the regulation 59C definition of what the neighbourhood portion can be spent on is wide, it appears to be silent on administration costs for PTCs administering the CIL neighbourhood portion. WDC is clear that there is no provision for PTCs to apply for additional CIL funding, above that which they receive as their neighbourhood portion, to cover administration costs. Beyond this, WDC cannot provide definitive guidance on whether a portion of it can be spent on administering CIL.

That said, the following would appear to be reasonable circumstances where a PTC can use its CIL receipts for legitimate administration costs. In all cases, evidence of costs incurred would need to be substantiated if used for this purpose.

- Consulting with local communities on how to spend the neighbourhood portion of CIL. Government good practice encourages PTCs to do this and clearly there will be a cost associated with this.
- Instances where CIL-funded projects are managed in-house (rather than subcontracted to a consultant) and there are real additional costs associated with this, for example increasing the working hours of a member of staff to oversee a particular project. Such costs would be related specifically to the delivery of a named project rather than the administration of CIL overall.¹
- Where PTCs can evidence that external audit fees have increased specifically because of the need to audit CIL income.

PTCs must be mindful that should they use CIL receipts for legitimate administration costs, this will ultimately result in a reduction in CIL income that can be directly spent upon infrastructure to support the local area. They will need to take responsibility for their expenditure on costs associated with administration and ensure such funding can be clearly evidenced as a contribution towards managing / facilitating the delivery of CIL projects. All administration costs would need to be recorded separately and included in PTCs yearly report on CIL receipts ([CIL Regulation 62A](#)).

¹ WDC would caution against making an allowance for “in kind” support where, for example, a local group of volunteers manages a project that would otherwise be contracted to a specialist, makes an estimate of the cost they are saving and claims that as an administrative cost which can then be claimed by the parish council and used for general (i.e. non-CIL related) purposes.