

| REPORT TO | DATE OF MEETING |
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| Council | 31st July 2013 |

Report template revised July 2012



| SUBJECT | PORTFOLIO | AUTHOR | ITEM |
|---|---|---------------------|-------------|
| Community Infrastructure Levy Adoption | Strategic Planning & Housing | Steven Brown | 9 |

SUMMARY AND LINK TO CORPORATE PRIORITIES

The Central Lancashire Authorities of Preston, South Ribble and Chorley have worked jointly to progress the Community Infrastructure Levy through the prescribed consultation stages to adoption. Although, we have worked collaboratively during this process each authority will adopt its own Charging Schedule, which sets out the charging rates for its own particular area. As part of the process it is a requirement to carry out an independent examination of the proposed charging rates. This examination was conducted by an examiner from the Planning Inspectorate and took place on 23/24 April. The examiner's report was received on 24 June 2013 and makes a number of recommendations which we are bound to act upon to allow adoption of the charging rates. This report discusses the modifications suggested by the examiner and recommends adoption of the charging rates in line with his recommendations. It is a requirement as set out in DCLG Guidance April 2013 that the decision to adopt is made by the full Council of the Charging Authority.

RECOMMENDATIONS

It is recommended that the Charging Schedule as set out at the end of this report is adopted by the authority with charging commencing from 1 September 2013.

DETAILS AND REASONING

Members will recall that the Community Infrastructure Levy (CIL) is a new charge on some forms of built development; it allows a charging authority to levy a charge on owners or developers carrying out built development so that they contribute to the costs of providing the infrastructure needed to support development of the area. It will fund infrastructure projects such as transport, education, leisure and health which are set out in a published list known as a Regulation 123 list. The levy will be charged at a rate of pounds per square metre, based on the net additional internal floorspace of any given development for uses identified in the charging schedule

Although CIL will replace Section 106 in terms of 'off site matters' associated with new built developments, S106 will still apply particularly in relation to larger schemes to mitigate the impacts of that specific development subject to the following tests:

- a) Necessary to make the development acceptable
- b) Directly related to the development
- c) Fairly and reasonably related in scale and kind to the development

Section 106 will continue to apply to the securing of Affordable Housing.

In order to progress the CIL rates to adoption we were required to follow a prescribed process. Two stages of consultation took place during 2012, commencing with consultation on the

Preliminary Draft Charging Schedules during January-March followed by a further consultation during October-December in respect of the Draft Charging Schedules. The schedules were then submitted to the Inspectorate for Examination in February this year, with the examination held over two days 23/24 April.

The examiner noted the Core Strategy had been adopted in July 2012 and that this sets out the main elements of growth that will be needed to be supported by further infrastructure in the three charging areas. He concluded the figures clearly demonstrated the need to introduce the CIL to help deliver this infrastructure, while acknowledging that the proposed charges would not make a full contribution towards the likely funding gap. In stating this he did however conclude that the Councils have tried to be realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure funding, while ensuring that a range of development remains viable across three local authority areas. He therefore, with two exceptions, supported the charging rates that were submitted for Examination.

In respect of dwelling houses he concluded that the £65 levy rate is justified by appropriate available evidence and strikes an appropriate balance between helping to fund new infrastructure and its effect on the economic viability of dwelling houses across the three local authority areas.

In relation to retail, in concurring with the proposed rates, he agreed with the distinction between neighbourhood convenience stores, convenience stores and retail warehouse/ retail parks both in terms of nature of use and viability. He added further clarification of his own in describing the nature of these uses for inclusion in Charging Schedules. He therefore accepted a £160 rate for convenience retail and £40 for neighbourhood convenience and retail warehouse/retail parks.

Two areas which he did not support were a charge of £10 per sq.m for apartments and £10 per sq.m for 'Other Uses', which includes such uses as comparison retail, office, light industrial, general industrial and storage and distribution uses. In respect of apartments, he concluded the £10 rate would worsen an already untenable viability position, to a greater or lesser extent. He was unable to place any weight on brighter future market conditions over the lifetime of the plan as the CIL schedules must be based on present economic circumstances.

In relation to the 'Other Uses', he acknowledged that the low levy rate proposed, for many developments, will represent a very small proportion of the overall development costs, and for some schemes it may not be the determining factor in relation to viability, and noted that some of the uses in this category are presently being delivered 'on the ground'. However, he concluded that while it may only slightly worsen the financial position of developments that are already unviable or only marginally viable, the charge would represent a threat to their viability and delivery.

As a consequence of the above the amended Charging Schedules taking into account the changes recommended by the examiner to allow them to be approved are set out in the table at the end of this report.

The adoption of the Charging Schedule is essentially just the beginning of the process as the governance arrangements in terms of collecting and spending CIL have to be put in place along with such matters as an 'instalments policy'. This is particularly relevant given the introduction of new legislation on 25 April by government which requires 25% of CIL generated in their area to be given over to Parish and Town Councils where a neighbourhood plan is in place and 15% where a plan is not in existence. Members will be updated and consensus sought in this regard later this year.

The CIL guidance recommends review of the rates and to this end it was put to the examiner that we would look to review during the course of 2015. This was on the basis that from January 2016, Core Strategy Policy 27 requires that all new dwellings meet Code Level 6, and obviously this will carry an additional construction cost. The examiner was of the view that this will be essential, and if not carried out the Councils will risk either development not being delivered or the Code Levels sought by CS Policy 27 not being met. Review will also allow the opportunity to look at those uses

that the Examiner concluded are not currently viable. Improved economic circumstances may allow a charge to be introduced for those uses.

The CIL rates to be charged are as follows:

| Development | CIL Charge |
|--|------------|
| Dwelling houses (excluding apartments) | £65 Sq.m |
| Apartments | £0 Sq.m |
| Convenience retail (excluding neighbourhood convenience stores) | £160 Sq.m |
| Retail warehouse, retail parks, and neighbourhood convenience stores | £40 Sq.m |
| Community uses | £0 Sq.m |
| All other uses | £0 Sq.m |

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

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| FINANCIAL | <p>The Community Infrastructure Levy (CIL) is a new charge and the income generated will be used to contribute to the costs of providing the infrastructure to support development of the area.</p> <p>If approved, the rates charged will be as set out in the Charging Schedule set out above, with charging commencing from 1 September 2013. A proportion of the income generated is required to be given over to Parish and Town Councils. The systems to ensure that this obligation is fulfilled will be put in place as part of the adoption process.</p> |
| LEGAL | <p>The Council has taken into account all relevant legislation and guidance in adopting the provisions and charging requirements of CIL. This shall reduce the possibility of legal challenge.</p> |
| RISK | <p>The full risk assessment forms part of the background papers to this report.</p> |

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| THE IMPACT ON EQUALITY | No implications arising from this report. |
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| OTHER (see below) | |
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| <i>Asset Management</i> | <i>Corporate Plans and Policies</i> | <i>Crime and Disorder</i> | <i>Efficiency Savings/Value for Money</i> |
| <i>Equality, Diversity and Community Cohesion</i> | <i>Freedom of Information/ Data Protection</i> | <i>Health and Safety</i> | <i>Health Inequalities</i> |
| <i>Human Rights Act 1998</i> | <i>Implementing Electronic Government</i> | <i>Staffing, Training and Development</i> | <i>Sustainability</i> |

BACKGROUND DOCUMENTS

The Planning Inspectorate – Report on the Examination of the Draft Community Infrastructure Levy Charging Schedules of Chorley Borough Council, Preston City Council and South Ribble Borough Council, June 2013