



CABINET

19TH NOVEMBER 2015

AGENDA ITEM (9)

COMMUNITY INFRASTRUCTURE LEVY

Accountable Member	Councillor NJW Parsons Deputy Leader and Cabinet Member for Forward Planning
Accountable Officer	Chris Vickery Forward Planning Manager 01285 623544 chris.vickery@cotswold.gov.uk

Purpose of Report	To agree the principle of preparing a draft Community Infrastructure Levy (CIL) Charging Schedule for Cotswold District.
Recommendation(s)	(a) That the principle of preparing a Draft Community Infrastructure Levy Charging Schedule for the District be agreed; (b) that the provisional work programme to prepare CIL, set out in the report, be agreed; (c) that a further report be prepared to consider the resource implications of the implementation of CIL.
Reason(s) for Recommendation(s)	To ensure that the Council secures an appropriate level of infrastructure provision to support new development through the statutory process of preparing a Community Infrastructure Levy.

Ward(s) Affected	All
Key Decision	Yes
Recommendation to Council	No

Financial Implications	The financial implications are explained in paragraphs 4.1 to 4.3 of this report
Legal and Human Rights Implications	None
Environmental and Sustainability Implications	None
Human Resource Implications	None

Key Risks	If the Council does not prepare and implement a CIL, it will not be able to collect developer contributions towards the costs of infrastructure which is needed to support new development, given the limited use of s106 planning obligations which came into effect in April 2015.
Equalities Analysis	None

Related Decisions	None
Background Documents	Cabinet Report: Funding for Local Plan Preparation - 7 th November 2013 Cabinet Report: Funding for Local Plan Preparation - 5 th November 2014
Appendices	Appendix A - CIL Rates - Other Authorities

Performance Management Follow Up	Implement Cabinet decisions
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Options for Joint Working	Adjoining authorities in Gloucestershire and West Oxfordshire are at an advanced stage of preparing CIL for their respective authorities and will be contacted to ensure best practice is taken into account in preparing CIL for Cotswold DC
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Background Information	
1. <u>General</u>	
1.1 The District Council is currently preparing a new Local Plan for Cotswold District to identify how much new development should come forward and where it should be accommodated. An important consideration is the impact that new development will have on the District's infrastructure such as local roads, schools, health facilities, libraries and open spaces. It is essential that proper investment in infrastructure is made to support this.	
1.2 Traditionally, the planning system has delivered infrastructure through planning obligations secured under Section 106 of the Town and Country Planning Act 1990 (s106 obligations), whereby a developer or landowner enters into a formal agreement to deliver necessary improvements such as a new road or increased school capacity before obtaining planning permission. However, the Government is scaling back the use of planning obligations to focus only on affordable housing and site-specific infrastructure that is needed to enable a development to proceed.	
1.3 The Community Infrastructure Levy (CIL) has been introduced to complement s106 obligations and is a charge that local authorities can levy on most new developments and focuses on 'tariff-style' general infrastructure contributions that include, for example, school places, open space provision, library provision, etc. CIL came into force in April 2010 and is gradually being rolled out by most local authorities across England. The Community Infrastructure Levy enables Local Planning Authorities to raise funds from developers, when undertaking new projects in their area, in order to fund a wide range of infrastructure that is needed as a result of development. The CIL is a tariff based approach, set out in a Charging Schedule, which indicates how much developers would be expected to contribute towards infrastructure. In setting the levy, Councils have to demonstrate that the charge is based on sound evidence and will not have a negative impact on the viability of development across the local authority area as a whole. CIL does not cover affordable housing contributions, which will continue to be collected via the s106 process.	

1.4 The CIL is usually expressed as a £ per square metre charge and applies to:

- Developments of more than 100m² new floor space
- Developments of less than 100m² which result in the creation of one or more dwellings
- The conversion of a building that is no longer in lawful use.

1.5 The charge can be set either as single rate, which covers all types of development across the whole of an area, or as differential rates which cover different types of development and/or different areas.

2. Setting the Levy

2.1 The rate of CIL is set by the charging authority and its preparation is governed by a statutory planning process set out in the Community Infrastructure Levy Regulations 2010 (the CIL Regulations). It is expressed as a draft charging schedule which is scrutinised by an independent examiner to assess whether the charge has regard to the evidence base and that the level of charge is reasonable and will not impact on plan viability. As there is a very close link between preparing the Local Plan and preparing CIL, there are potential opportunities for the formal examinations for each document to be considered at the same time.

2.2 The key evidence which underpins the preparation of CIL is the Infrastructure Delivery Plan (IDP), which identifies what infrastructure is needed to support new development and the Viability Study, which assesses the financial deliverability of new development. Work on both these studies is well under way. The Interim Version of the IDP to accompany the Preferred Development Strategy was published in May 2013. A refresh of this, to incorporate comments made on the Interim Version and updated information, is due to be published alongside the Pre-Submission version of the Local Plan in spring next year.

2.3 In terms of the Viability Study, the first stage of this started earlier this year, with HDH Planning engaged by CDC to produce the viability work necessary and then subsequently produce the Preferred Draft Charging Schedule (PDCS). Simon Drummond Hay, of HDH Planning, made a presentation to Cabinet on 11th June on this work, where he explained the key issue of viability and CIL in delivering the Local Plan. All Members of Cabinet attended. Further evidence from the IDP is now required to finalise the viability study and produce the PDCS.

2.4 In order to prepare and introduce the levy, there are a number of stages that the charging authority must go through. These are summarised below, along with an indicative timetable:-

Table 1 : CIL Timetable

	Key Milestone	Timescale
1	Complete essential evidence <ul style="list-style-type: none"> • Infrastructure Delivery Plan • Viability study 	January 2016 January 2016
2	Prepare Preferred Draft Charging Schedule	February/March 2016
3	Cabinet decision	17 th March 2016
4	Public consultation on Preferred Draft Charging Schedule	Spring 2016 (to coincide with consultation on Pre-Submission Local Plan)
5	Amend charging schedule in light of public consultation response	Spring 2016

	Key Milestone (continued)	Timescale (continued)
6	Cabinet decision	19 th May 2016
7	Publish Draft Charging Schedule for public consultation	Summer 2016
8	Submit Draft Charging Schedule for Examination	Autumn 2016
9	Examination Hearings	To be confirmed by Planning Inspectorate
10	Inspector's report	To be confirmed by Planning Inspectorate
11	Adoption and implementation	Dependent on examination process

3. Spending the Levy

3.1 Money collected through CIL can be spent on different items of infrastructure that the Council has identified as being necessary to support growth. These infrastructure items are set out in a schedule, commonly known as the 123 list as it is prepared in accordance with Regulation 123 of the CIL Regulations. The list can be updated, as required, to ensure that it is up to date.

3.2 The District Council is responsible for collecting and disbursing income generated as a result of CIL. The updated CIL Regulations (2013) confirmed that 15% of CIL receipts (capped at £100 per dwelling) are to be used by or passed to local communities. In locations where an adopted Neighbourhood Plan is in place, 25% of CIL receipts (uncapped) would be passed on - the additional percentage acting as an incentive to local communities to prepare Neighbourhood Plans. The relevant proportion of CIL will be passed to Parish/Town Councils and the development of CIL will support one of the Council's corporate priorities - to champion issues which are important to local people by working with communities to meet infrastructure requirements and maximise developer contributions.

4. Resource/Financial Implications

4.1 In November 2014, Cabinet approved £250,000 in each of the 2014/15 and 2015/2016 financial years from the Council Priorities Fund for preparing the whole Local Plan, part of which was allocated to the Community Infrastructure Levy.

4.2 The costs involved in preparing for CIL so far relate to the commissioning of the IDP and its refresh (£23,776 to date) and the Viability Study (£13,363), which are both necessary for the preparation of the Local Plan. The Viability Study costs include the preparation of the PCDS. Staff resources to project manage these studies to date has come from within the Local Plan Team and it is anticipated that, if the decision is confirmed to proceed with a CIL charging system, a dedicated planning resource will be required to project manage the work through the preparation, public consultation and formal examination process. This should be resourced from within the Planning Service, as CIL preparation is a statutory planning process requiring planning skills and expertise.

4.3 If CIL is prepared and adopted by the Council, together with the set-up costs there will be an on-going cost to administer the scheme. Resources to meet these administrative costs will need to be assessed during the next stage of the project. However, it is important to note that the CIL Regulations allow charging authorities to use up to 5% of the annual CIL income to administer the system. There is also provision to recover some of the set-up costs incurred up to two years prior to adoption - for example, the cost of the CIL Examination and some of the cost of preparing the Infrastructure Delivery Plan. It is envisaged that the operation of CIL will be at zero cost to the Council over time.

4.4 On the basis that the income generated is potentially relevant to a number of service areas, it is likely that the administration and management of CIL will need to be a corporate, rather than a planning-specific, function. Close liaison with the County Council will also be required as some of the infrastructure potentially covered by the 123 list, such as education and highways, are county matters. In terms of the income that CIL is likely to generate, it is difficult at this stage to give even an indicative view as the evidence upon which the CIL will be based has yet to be completed and the future level of growth in the District is as yet unconfirmed. For a general indication of a possible level of CIL, details of neighbouring authorities' proposals are set out in **Appendix A**. It should be noted, however, that these rates are still subject to a public examination process and may be revised by the planning inspector.

5. Options Considered

The introduction of CIL is discretionary and one option would be not to pursue it. However, this would risk the Council failing to secure sufficient infrastructure to ensure that the impact of development on existing facilities is minimised. It would also mean that a potentially significant amount of money would not be captured to secure new facilities.

6. Conclusion

For the reasons set out above, Officers consider it important that the Council signals its intent to prepare CIL and commits now to the process. This will ensure that this significant piece of work is properly programmed alongside other work-streams. A formal decision to proceed with the preparation of CIL, alongside the preparation of the Pre-Submission Local Plan, is now required.

(END)