



Local Plan Committee

18 August 2014

Item
11

Report of	Head of Commercial Services	Author	Karen Syrett ☎ 506477
Title	Community Infrastructure Levy		
Wards affected	All		

<p>The Local Plan Committee is asked to agree the Council's approach to the Community Infrastructure Levy (CIL)</p>
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1. Decision(s) Required

- 1.1 To agree the preparation of a draft Charging Schedule, an Instalment Policy and 123 list prior to consultation on modifications to the Council's CIL Charging Schedule. The documents will then be submitted to the Planning Inspectorate for examination.

2. Reasons for Decision(s)

- 2.1 To progress the Community Infrastructure Levy as agreed at the previous meeting held on 30th June 2014.

3. Alternative Options

- 3.1 The Council could decide not to implement the Community Infrastructure Levy.

4. Supporting Information

- 4.1 At the last meeting Members agreed to progress work on CIL which included a number of work streams. This report will set out how it is intended to proceed in more detail.
- 4.2 The evidence base document (BPS Report) which looks at viability across a range of uses and scenario's will need to be updated. It is intended that the previous consultants (BPS) can update their report which was produced in 2012 to reflect changes in the market. This will then inform the Charging Schedule itself.
- 4.3 The Place Strategy Manager met a team from Savills to discuss the approach to viability, as they are retained to represent the House Builders Federation (HBF). The meeting was extremely useful, not least because of their experience of CIL across the country. They considered both the Council's general approach to CIL and the previous BPS Report (subject to some updating) to be realistic and appropriate. They are also happy to engage further prior to submission and examination of the document. The previous figures in the Charging Schedule i.e. between £80 – 100 per square metre are considered to be reasonable on smaller sites but the Council may need to consider implementing a lower rate on strategic large scale sites, to ensure

there is sufficient finance to pay for on site infrastructure after CIL has been paid and affordable housing delivered. Subject to updating the evidence base it is intended to undertake consultation on the basis set out below;

- Lower value areas - £80/sq m.
- Higher value areas - £100/sq m.
- Strategic Sites of 300 or more dwellings - £75/sq m.

4.4 Since the previous consultation new regulations have been published which require the Council to publish its '123 List' prior to examination. The Draft Regulation 123 list, as set out below, defines which projects and/or types/sections of infrastructure that the Council will fund through CIL revenues. It will take effect upon the implementation of the Council's CIL Charging Schedule. The list is not definitive, and in no order of priorities, as no formal decisions have yet been taken to confirm how CIL funds will be allocated amongst the listed infrastructure projects. It is a list of infrastructure that CIL could be used to fund, subject to Council priorities and the levels of available CIL funding. Ultimately, it will be necessary to prioritise both within theme areas (e.g. strategic/on-site transport) and also between theme areas (e.g. education and community facilities). Factors such as whether an infrastructure element is essential or even required by legal statute or regulation if a development was to go ahead would be taken into account.

4.5 The Draft 123 List of infrastructure types and/or projects that will, or may, be funded in whole or in part by CIL:

Strategic Transport Infrastructure (excluding development specific mitigation works on, or directly related to, a development site)

Education (excluding land which is expected to be delivered on site through S106 agreements)

Strategic household waste recycling facilities

Community Facilities (excluding where a new development is required to provide facilities on-site or directly related to that site)

Strategic public realm improvements

Indoor and Outdoor Sports Facilities (excluding where a new development is required to provide facilities on-site or directly related to that site)

Strategic Green Infrastructure

Allotments

Walking and Cycling Infrastructure

4.6 There is still the need to mitigate all specific site-related impacts arising from development proposals in order for them to be acceptable in planning terms. These will be secured through Section 106 Planning Obligations. Further guidance will be set out in a Planning Obligations SPD. CIL receipts cannot be spent on infrastructure types or specific projects which are to be funded by more than five separate Section 106 Planning Obligations. The count of five Section 106 Planning Obligations is retrospective to April 2010.

4.7 During the previous consultation a document was produced which suggested an approach to paying CIL in instalments. The approach linked payments to the type of use and progress made on site i.e. the number of dwellings completed. However, the advice from DCLG to a number of Councils has been that there can be no differentiation between uses and the policy had to be related only to the percentage of the payment due and when it was due

(i.e. related to time, not development progress). It has therefore been necessary to revise the document and the approach suggested is included in Appendix 1. Instalments are proposed rather than a one off payment upfront to help with cash flow. The number of instalments reflects the total amount payable, i.e. the more money to be paid the more instalments are permitted.

- 4.8 The onus is very much on the applicant/developer to advise the Council when development commences and if notice is not served there may be penalties to pay. There are numerous forms which are all available via the Planning Portal which will come into effect once CIL is adopted.

5. Proposals

- 5.1 Members are asked to agree public consultation on modifications to CIL incorporating the following;
1. A Draft Charging Schedule which refines residential rates dependent on scale and value area. The charge will be between £75 – £100 per square metre.
 2. A Draft 123 List in accordance with that set out above at 4.5
 3. A Draft Instalments Policy as attached in the appendices.

6. Strategic Plan References

- 6.1 The Strategic Plan Action Plan includes a commitment to regenerating the Borough through buildings, employment, leisure and infrastructure. CIL can help achieve these objectives.

7. Consultation

- 7.1 Consultation will be undertaken in accordance with Regulations. The Council previously reached an advanced stage and consultation will take place only on the modifications made, which reflect feedback received.

8. Publicity Considerations

- 8.1 Not applicable at this stage.

9. Financial Implications

- 9.1 A budget has been provided for implementing CIL.

10. Equality, Diversity and Human Rights/Health and Safety and Community Safety Implications

- 10.1 None identified.

11. Risk Management Implications

- 11.1 Undertaking engagement and consultation prior to submission will help reduce the risk of an unsound plan.

12. Disclaimer

- 12.1 The information in this report was, as far as is known, correct at the date of publication. Colchester Borough Council cannot accept responsibility for any error or omissions.

Colchester Borough Council

Community Infrastructure Levy

Draft Instalment Policy

Instalment Policy

The CIL Regulations set a default requiring full payment of the Levy charge within 60 days of the commencement of the chargeable development. However, Colchester Borough Council as Charging Authority for its area will permit the payment of CIL liability by instalment in accordance with Regulation 69B of the Community Infrastructure Levy Regulations 2010 (as amended). The instalments will be as follows;

Level of CIL Payable	Number of Instalments	Potential Instalment Policy
Under £25,000	1	Full amount payable within 60 days of commencement of development
£25,000 or greater but less than £100,000	2	50% payable within 120 day of commencement 50% payable within 240 days of commencement
£100,000 or greater but less than £250,000	3	20% payable within 120 days of commencement 40% payable within 240 day of commencement 40% payable within 360 days of commencement
£250,000 or greater but less than £500,000	4	10% payable within 120 days of commencement 30% payable within 240 days of commencement 40% payable within 540 days of commencement 20% payable within 720 days of commencement
£500,000 or greater	4	10% payable within 120 days of commencement 30% payable within 360 days of commencement 40% payable within 720 days of commencement 20% payable within 900 days of commencement

As permitted under Regulation 9(4) of the Community Infrastructure Levy Regulations 2010 (as amended), where outline permission has been granted which permits development to be implemented in phases, each phase of the

development as permitted by Colchester Borough Council is a separate chargeable development, and the Instalment Policy will therefore apply to each chargeable development and the associated separate chargeable amount.

In calculating individual charges for the levy, the Council will be required by the Regulations to apply an annually updated index of inflation to keep the levy responsive to market conditions. The index will be the national All-In Tender Price Index of construction costs published by the Building Cost Information Service of The Royal Institution of Chartered Surveyors.

CIL Instalment Policy Advice

The requirements set out in Regulation 70 of the CIL Regulations must be complied with if the persons liable for paying CIL wish to do so by instalment, in accordance with this published Instalment Policy.

This Instalment Policy only applies where:

1. The Council has received a CIL Assumption of Liability form prior to the commencement of the chargeable development (Regulation 70(1)(a)), and
2. The Council has received a CIL Commencement Notice prior to commencement of the chargeable development (Regulation 70(1)(b)) and the Council does not challenge the date of commencement specified.

If the above requirements are not met, the CIL liability is payable in full at the end of the period of 60 days beginning with the intended commencement date of the chargeable development.

Where the above requirements have been met, instalment payments must be made in accordance with this Instalment Policy. Where an instalment is not received in full on or before the day on which it is due, the unpaid balance of the CIL liability becomes payable in full immediately (Regulation 70(8)(a)).

To summarise, in order to be eligible to pay a CIL liability by instalment, all the relevant forms must be submitted to the Council prior to the commencement of the chargeable development, and all the payments must be made in accordance with this CIL Instalment Policy and Regulatory requirements.