

Report of	Meeting	Date
Director of Partnerships, Planning and Policy (Introduced by the Executive Member for LDF and Planning)	Executive Cabinet	21 June 2012

COMMUNITY INFRASTRUCTURE LEVY

PURPOSE OF REPORT

- To present the revisions to the Preliminary Draft Community Infrastructure Levy Charging Schedules for noting and future approval by the Council which will then be taken forward to the Draft Charging Schedules stage for further consultation.

RECOMMENDATION(S)

- That the report be noted and the areas of revision to the Charging Schedules set out in paragraph 22 be taken to the Council to be approved for the next stage of consultation and then submitted for examination

EXECUTIVE SUMMARY OF REPORT

- An extensive consultation and focused engagement process has been carried out in relation to the Preliminary Draft Charging Schedules. This consultation resulted in 61 formal representations. Our consultants, Roger Tym and Partners were asked to consider the main viability points raised by the representations and report back on whether the recommended charge rates and their application should be amended as a result for the next stage of consultation, which is that on Draft Charging Schedules.
- This further work concluded that the Draft Charging Schedules should be slightly amended to be taken forward to the next stage of consultation. The original and suggested revised rates are set out in this report

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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Reason Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

5. To support the revised Charging Schedules to allow a further period of consultation to take place and then for the schedules proceed onto the examination stage prior to adoption.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6. None.

CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	
Safe Respectful Communities		Quality Community Services and Spaces	✓
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	✓
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			

BACKGROUND

8. Consultation and engagement on the Preliminary Draft Charging Schedules is the first stage of establishing the charge rates to be levied on new development. This stage has been completed and covered the development viability and infrastructure funding gap justifications for the levy as well as various discretionary elements associated with its operation. The consultation material asked consultees to consider and respond to a series of questions. Not all those making representations offered answers to all the questions, the main focus for developers in particular, was the viability reports produced by our consultants and the proposed charge rates themselves.
9. The charge rates set out in the consultation were as below:
 - Residential (Dwellings) £70 per sqm
 - Convenience Retail £160 per sqm
 - Retail Warehouse £ 40 per sqm
 - Non-Residential Institutional Uses Nil
 - All other uses 0-10 per sqm
10. Over 1000 local organisations were directly contacted and the wider public were invited to take part through public notices in local newspapers. Engagement meetings/workshops were organised with the following groups:
 - Developers
 - Parish and Town Councils
 - Neighbouring local authorities
 - Infrastructure providers
 - Lancashire County Council
11. A total of 61 parties made formal representations. The following main issues were raised. Housing developers – queried the method of development viability appraisal and cost/value

- assumptions used by the consultants; claiming this over-states the developer's ability to afford the proposed levy charge rates. The house builders also pointed to spatial variations in residential viability across Central Lancashire
12. Commercial developers- challenged the contended difference in viability between small and large format convenience (food) stores. There were also points raised about the viability of employment and agricultural developments.
 13. Parish and Town Councils- the leading questions raised related to what was the 'meaningful proportion' of CIL monies handed over by the District Councils to the Parish Councils as required by the CIL Regulations
 14. Neighbouring authorities- were supportive of the process being undertaken and for their part they all intend to introduce the levy locally, however few at this stage have a clear timescale for doing so.
 15. Infrastructure providers- those responding/attending the engagement event were in support of the levy proposals, a few queried the presentation of the infrastructure needs and several sought for their areas of provision to be more specifically included.
 16. Lancashire County Council- fully recognised the need for levy expenditure in their service areas, particularly transport and education plus to a lesser extent green infrastructure. LCC expressed a concern about the potential impact of the levy being applied in the Samlesbury part of the Enterprise Zone

Issues Raised

17. Our consultants, Roger Tym and Partners have been asked to consider the main viability points raised by the representations and report back on whether the recommended charge rates should be amended as a result for the next stage of consultation.
18. This further work has now been completed and revised assessment has been received with changes that respond to the comments received as part of the consultation on the Preliminary Draft Charging Schedule and additional information that has emerged since their publication.
19. In particular, the changes seek to address the following points raised in relation to residential development
 - That different sizes, types and locations of site should be considered;
 - That the assumed sales values did not take account of price discounting by developers and as such were too high;
 - That the land values assumed were too high;
 - That the assumed benchmark profit levels are lower than being sought by residential developers;
 - That all assessments should take account of the policy level of affordable housing and the level at which sales transactions take place between developers and housing associations
20. Additionally the consultants have produced a new 'reference case' viability assessment, which relates to a hypothetical 1ha site; and assessed a higher value site; an inner Preston brownfield site; a large and very large 'strategic site'.

21. Consideration has also been given to points raised in relation to the non-residential development assessments, but other than creating a distinction between larger retail stores and a store under 280 sq.m (Sunday trading hours threshold size) this has not resulted in any suggested changes to the non-residential categories. Therefore the position in respect of employment uses and agricultural developments that were challenged by the representations will remain unchanged and be subject to the base charge (£10 per square metre) set out in the Preliminary Draft Schedule.
22. On the basis of the assessments above the consultants are suggesting changes to the charging schedule into the area as set below:

All residential development £65 sq.m with the exception of:

- Sites in inner Preston - £35 per sq.m
- Apartments - £10 per sq.m

Convenience Retail

- Stores less than 280 sq.m – £40 per sq.m
- Stores 280 sq.m and above- £160 per sq.m

23. It should be noted that the setting of the charge rates is only part of the preparatory work that is necessary to locally introduce the levy. A pan-Central Lancashire joint officer group has been established to scope the procedural aspects of setting up the levy collection mechanisms in the authorities, this will also cover the accounting approach for the expenditure.

IMPLICATIONS OF REPORT

23. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

24. The amendments made to the CIL rates will probably result in slightly less yield, but that will ultimately be dependant on the amount of development, the individual rate changes are minimal in this context.

COMMENTS OF THE MONITORING OFFICER

25. There are no comments.

LESLEY-ANN FENTON
DIRECTOR OF PARTNERSHIPS, PLANNING AND POLICY

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Steven Brown	5229	08/06/12	