



Report of	Meeting	Date
Joint LDF Officer Team	Central Lancashire LDF Joint Advisory Committee	31 May 2012

## **COMMUNITY INFRASTRUCTURE LEVY – OUTCOMES OF PRELIMINARY DRAFT CONSULTATION**

### **PURPOSE OF REPORT**

1. To present the key outcomes of the consultation representations, engagement events and the areas where revisions to the Charging Schedules are likely to be needed.

### **RECOMMENDATION(S)**

2. That the report be noted and the areas to revise the Charging Schedules be endorsed.

### **EXECUTIVE SUMMARY OF REPORT**

3. Extensive consultation and focused engagement has been carried out. The responses received are on predictable lines depending on whether the bodies concerned stand to benefit or experience costs as a result of the levy being introduced. Our consultants have been asked to review their viability work in light of the comments received and accordingly recommend any changes in approach for the next stage of consultation. The outcomes of this work will be reported verbally to Members.

### **REASONS FOR RECOMMENDATION(S)**

**(If the recommendations are accepted)**

4. To support approval for the next stage Draft Charging Schedules.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

5. None.

## BACKGROUND

6. Consultation and engagement on the Preliminary Draft Charging Schedules is the first stage of establishing the charge rates to be levied on new development. The consultation covered the development viability and infrastructure funding gap justifications for the levy as well as the 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.
7. 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

## ISSUES RAISED

8. A total of 61 parties made formal representations. Appendix 1 quantifies the responses to the consultation questions and these replies generally accord with whether the respondents would stand to gain from the levy being introduced – such as Parish/Town Councils and infrastructure providers or whether there would experience a financial cost – such as developers. The percentage figures are skewed to an extent by non-response to some questions.
9. Appendix 2 reproduces an index of the main status (support or objection) of each respondent's position on the levy proposals and the key points raised. Similar issues came out of the engagement events. So drawing on these two sources of comment the following are the main issues arising from the sectors consulted.
  - a. **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.
  - b. **Commercial developers** – the main point of concern here is the contended difference in viability between small and large format convenience (food) stores. There are also points raised about the viability of employment and agricultural developments.
  - c. **Parish and Town Councils** – the leading questions raised here are what will the scale be of their 'meaningful proportion' of CIL monies handed over by the District Councils (national decisions on this are still awaited) and what freedoms do these third tier authorities have to spend their money on local infrastructure?
  - d. **Neighbouring authorities** – are supportive of what we are doing. For their part they all intend to introduce the levy locally however few of them have a clear timescale for doing so.

- e. **Infrastructure providers** – those responding/attending the engagement event were in support of the levy proposals, a few have queried the presentation of infrastructure needs and several have sought their areas of provision to be more specifically included.
  - f. **Lancashire County Council** – fully recognise the potential for levy expenditure in their service areas (particularly transport and education plus to a lesser extent green infrastructure). LCC have also expressed concern about the potential impact of the levy being applied in the Samlesbury part of the Enterprise Zone.
10. 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, that on Draft Charging Schedules. The outcomes of this work will be reported verbally at the meeting and will then need to go to the respective District Councils for formal decisions on revised charge rates and their proposed application, prior to the next stage of consultation.
11. Members are reminded that setting 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 levy collection mechanisms in the authorities, this will also cover the accounting approach for the expenditure. How decisions are reached on levy spending priorities and funding arrangements with infrastructure providers will also need to be addressed in corporate and joint ways by the authorities.

There are no background papers to this report.

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## Appendix 1 - Response to CIL Consultation Questions

Question	Yes/In Favour	No/Object to	Unanswered/Don't Know	Comment
<b>1.</b> Are you aware of any charitable developments held locally for investment purposes where discretionary relief may be appropriate to support broader objectives? If so please specify what and why.	4.9%	44.3%	50.8%	0.0%
<b>2.</b> Do you consider that the charging authorities should adopt a scheme of relief, so that in exceptional circumstances of economic viability, developments that meet all the essential criteria can be exempted from paying CIL?	47.5%	9.8%	42.6%	0.0%
<b>3.</b> Do you consider that the charging authorities should accept payments in kind in lieu of receiving the CIL chargeable amount?	39.3%	11.5%	49.2%	0.0%
<b>4a.</b> Do you consider that each charging authority should have a policy for paying the chargeable amount in instalments?	41.0%	8.2%	50.8%	0.0%
<b>4b.</b> If 'yes' to Q4a do you have any preference for how such a policy should be expressed in terms of the sizes of the chargeable amounts, percentages payable of the total amount and the length of the time periods (expressed in numbers of days)?	27.9%	9.8%	59.0%	3.3%
<b>5.</b> Do you agree that the Districts and Central Lancashire Infrastructure Delivery Schedules show there is sufficient justification for introducing CIL?	32.8%	11.5%	54.1%	1.6%
<b>6.</b> Do you consider that the CIL Viability Reports have accurately assessed the overall economic viability of the development types most likely to	19.7%	16.4%	62.3%	1.6%

occur in Central Lancashire in the foreseeable future?				
<b>7.</b> Do you support the proposed charge rates, their spatial application (the same rates across each District) and the range of uses covered? Please explain your reasoning.	42.6%	52.5%	4.9%	0.0%
<b>8.</b> Do you have a view on how the District Councils should coordinate and work with other infrastructure providers to ensure the delivery of infrastructure prospects funded by CIL?	14.8%	14.8%	59.0%	11.5%
<b>9.</b> Bearing in mind the freedom that authorities have to decide the split in funding infrastructure through CIL or Section 106 do you have any views what this division should be?	9.8%	9.8%	63.9%	16.4%

## Appendix 2: Index of Representations on the Community Infrastructure Levy Preliminary Draft Charging Schedules

### Summary

No	Representation Numbers	Category
4	3, 9, 27, 29,	Individuals
8	25, 26, 31, 37, 46, 48, 51, 54,	Housebuilders, landowners and agents
18	7, 19, 20, 21, 28, 33, 36, 38, 39, 40, 43, 44, 45, 47, 49, 55, 56, 59	Commercial developers, owners and agents
3	1, 2, 5,	Local/County Councillors
4	22, 24, 52, 53,	Community Interest Groups
7	4, 6, 14, 18, 34, 42, 50,	Government Departments, Agencies, Quangos
2	12, 13,	Private Utility Companies
15	8, 10, 11, 15, 16, 17, 23, 30, 32, 35, 41, 57, 58, 60, 61	Local Authorities and Parish Councils

No	Name	Representation
001	Councillor D.J Harrison	In favour no objections, considers should adopt scheme of relief, payment in lieu and instalments, and used exclusively to improve infrastructure of area being developed
002	Councillor M.Otter	In favour no objections, considers should adopt a scheme of relief, payment in lieu and instalments over a maximum period of two years, and funding should be used to improve a community where it crosses boundaries
003	J. Hampson	Development in town centre should be encouraged without having to contribute towards infrastructure which would deter development. Out of town retail should not be permitted to protect town centres
004	Network Rail	A strategic context should be set requiring developer contributions towards rail infrastructure whereby new development will create a significant change in the usage of part of the transport network, generating the need for new or improved infrastructure and /or station facilities
005	Councillor B. Shannon	In favour and supports a scheme of relief, payment in lieu if appropriate, and some form of spatially zoning of rates for residential developments
006	Sport England	In favour support relief for charitable organisations and revision of the Delivery Plan and Schedule once the Playing Pitch Strategy and Central Lancashire Sport and Recreation Review has been completed
007	Eric Wright	Object in that the viability reports are overly simplistic and make a wide range of assumptions based on limited data. Support a scheme of relief and that for residential development payment should be phased to reflect the phasing of the development and sales
008	Longton Parish Council	In favour and support a scheme of relief, payment in lieu and in instalments
009	J. Coulson	In favour consider infrastructure is very necessary and should be stringently monitored with heavy penalties for failure to complete agreed plans

010	G. Welch	In favour, considers should adopt a scheme of relief, payment in lieu and instalments
011	Bretherton Parish Council	In favour and would prefer use of CIL rather than 106 Agreements and believe that 100% of funds raised should be allocated to the locality in which the development occurs
012	United Utilities	Advise that their aim is to build strong partnerships with Local Planning Authorities to aid sustainable development and growth and share information to assist in the development of sound planning strategies, to identify future development needs and to secure long-term infrastructure investment
013	Homes & Communities Agency	Supports the adoption of CIL as a positive tool to co-ordinate infrastructure delivery across the three councils allowing the collective impact of development on infrastructure to be assessed and mitigated. Consider that it is important that viability considerations are robustly considered
014	Wildlife Trust	In favour, seek clarity on how CIL will relate to their buildings, and place emphasis on ecosystems not having an economic value and uncertainty as to how this fits into CIL and the phasing of payments
015	Bolton Council	Support the proposals on the basis that a pragmatic approach has been taken that provides both simplicity and coherence, all rates are set at a reasonable level and are below the normal allowance made for developers contingency. Flat rates for residential are supported as there is no evidence for variable rates
016	Whittle-le-Woods Parish Council	In favour, support payment in instalments and a flat rate for all types of property with exemptions for affordable housing and charitable buildings
017	Hutton Parish Council	Support the introduction of CIL and a scheme for relief and that District Council's should be encouraged to work closely together
018	English Heritage	No objections are raised, it is suggested that the three district councils should examine whether any heritage related projects should be included in the "infrastructure projects list" and the authorities should be aware of the implications of any CIL rate on viability and effective conservation of the historic environment and heritage assets
019	RPS	Advise that authorities have to strike an appropriate balance between funding the infrastructure from the levy and the potential effects of the levy upon economic viability. Consider that if allowances for quantum of development and discretionary relief is not available it will have a significant impact on viability
020	Campbells Ltd	Advocate flexibility be drafted into policy to allow consideration of site and development characteristics and viability for potential exemptions, or negotiated reduced contributions for developments where justified and agreed with the charging authority
021	Brackenhouse Properties Ltd	Object on the basis that the proposals would seriously jeopardise the objective for growth and be counter to the aims of the LDF. Consider a scheme for relief and payment in instalment should be adopted. Consider a 'one size fits all' approach to be unrepresentative to the realities of development.
022	Theatres Trust	Note that cultural facilities do not benefit from S106 funding and that it will be increasingly necessary to unlock new sources of funding and suggest that theatre and cultural activities are included for consideration within Appendix B of the document
023	Farington Parish Council	Support the introduction of CIL and consider the charge rates should be the same across the districts to avoid the situation where authorities are competing against each other and using CIL as a bargaining tool
024	Woodland Trust	Recognise the important role that the IDP will play in delivering CIL development across the three districts,

		as such pleased to see green infrastructure as part of the plan, however express disappointment that it has been considered as a distinct entity and not more integrated with other elements of infrastructure
025	Redrow Homes Ltd	Raise objection on the basis that the assessment of viability should use the methodology used by housebuilders which will give a proper indication of viability. Also challenge some of the assumptions used in the viability evidence and conclude the current charge will make brownfield development unviable.
026	Primrose Holdings	Consider the charge rates are excessive and will stifle development and economic growth. All development is subject to "rates" and this should be used to fund growth
027	UClan	Support the relief from CIL for charity purposes and nil charge for non-residential institutions. Recommend that student accommodation is added to the charging schedule as a separate development type and subject to a nil charge
028	Northern Trust	Conclude that a number of assumptions are incorrect the methodology for calculating viability on residential schemes is wrong. In respect of non-residential development the use of standardised amounts highlights the inflexibility of the CIL approach. The simplest way to assess impact would be to apply the rates to recent permissions subject to 106 payments- in most cases rendering them unviable
029	National Trust	If discretionary relief is not implemented there would be a direct loss of funding available to undertake the Trust's conservation and access work which benefits everyone. Furthermore, charities also provide important areas of Green Infrastructure and need to be included in partnership arrangements
030	Wyre Borough Council	Support CIL in principle also a qualified discretionary relief, payment in lieu and instalments. Although they do not support the charge rates and their spatial application, stress that it is important District Council's establish a co-ordinated cross boundary approach to ensure the infrastructure delivery
031	Wainhomes	Support in principle but consider the methodology and assumptions are fundamentally flawed and will choke development delivery. Consider a working group is necessary to produce a realistic viability to set an appropriate CIL charge that delivers housing, affordable housing and Core Strategy expectations
032	Croston Parish Council	Support the CIL in principle and consider common rates across the three districts will provide a clear method of operation
033	James Hall &Co Ltd	Challenge some of the assumptions in terms of rental level and concern is expressed that there is a single category of "convenience retail", which merges local and major stores, a distinction should be made between relative size of stores and consequently infrastructure needed as a result of development
034	Community Gateway	Support in principle, but seek clarification in respect of relief for affordable housing. Support payments in lieu, in instalments and consider a number of approaches are required in this regard
035	Eccleston Parish Council	No comments are offered in respect of CIL or viability, consider there should be no provision for relief, payment in kind in lieu of the chargeable amount or payment by instalment
036	Muse Developments	Consider that in its present form the CIL charge rates do not provide the 'appropriate balance' to ensure development proposals can remain financially viable. The CIL charge rates as presented appear overly inflated when taking into account market realities and could seriously stifle growth in the region
037	Bellway Homes Ltd	Challenge the assumptions made to support the draft CIL/charging schedule based on little evidence of appraisal work. Consider the viability work is overly optimistic regarding sales value and therefore have



		concerns over the proposed levy rate
038	William Fulster	Conclude that the suggested CIL is too high and unjustifiable, with the anticipated reduction in Central Gov funding for affordable housing, the CIL charge should be reduced or it will act to deter development and be just another land tax
039	Commercial Estates Group Ltd	Consider there is no justification for the levels and has been based on incorrect information and assumptions. A more detailed cashflow analysis should be undertaken which will indicate reduced viability and the ability to meet the proposed CIL charge
040	De Pol Associates	With CIL a fixed cost will be calculated using assumptions which may not be reasonable for many development schemes. To prevent CIL being a burden to development, the charging rates need to be set at a level which is realistic and will avoid any risk to deliverability of most development schemes
041	Wigan Council	In general consider the proposals are reasonable and appear to be based on sound background evidence and therefore have no objections
042	Environment Agency	No objections raised in principle but request the delivery plan is updated to reflect the fact that the Agency is considering flood defence schemes in the Central Lancashire area
043	Brookhouse Group	Support the CIL, relief, payment in lieu and instalment in principle, but reserve the right to submit further technical evidence in respect of the proposed charge rate when the Draft Charging Schedule is published
044	Lea Hough	Do not comment on the proposed rates but consider given the inter-relationships between authorities at a sub regional level the same rate should be applied across each district to provide consistency and prevent disparity in development terms. Consider information is needed to comment on a range of issues
045	Bae Systems	Agree the basis of the economic viability assessment is sufficiently robust, and shows B Class employment uses are constrained and a CIL charge would be inappropriate in the current climate. Reiterate the need for CIL charging to include payment exemption where the viability of the development would be constrained
046	McCarthy & Stone Ltd	Object as the Charging Schedule would effectively prejudice the development of specialist accommodation for the elderly in Central Lancashire. Request that the position is clarified on specialist accommodation for the elderly by extending a nil CIL level on all such developments
047	Emerson Group	Consider the figures for residential development do seem in line with those adopted elsewhere however, recommend that there should be a minimum threshold whereby developments under 50 dwellings should not pay CIL on the basis that they would not normally put enough pressure onto existing infrastructure
048	Rowland Homes	Consider the viability reports establish that suggested levels of contributions are likely to be unviable in many circumstances, and the level has not been based on evidence of need but at the top end of what might be viable on the best sites in the respective areas
049	P Wilson & Co	Consider that agricultural buildings have little or no impact on local amenities and do not make any demand on publicly funded services so query why CIL is necessary. If levy was to be applied consider it would undoubtedly affect the agricultural industry and many buildings would be unviable
050	Adactus Housing Group	Express concern that the financial viability uses a model that is based on overly high levels of receipt for affordable housing units, this is not realistic and would only increase developers expectation for receipt, and mean that calculations for payment of CIL would be flawed

051	Taylor Wimpey	Do not consider that the viability reports have accurately assessed the economic viability of residential development as it is based on a number of assumptions that are flawed, and are skewed by assessment on the basis of higher value housing sites. The levels are too high and affordable housing will lose out
052	British Waterways	Advise that the document should be amended to indicate that waterway infrastructure and towpath improvements will be secured through CIL and Section 106 monies, under the categories of both Transport Infrastructure and Green Infrastructure/Public Realm
053	Preston Grasshoppers RFC	Object to CIL on the basis that the economic viability of the development types have not been accurately assessed, the consultation process was not transparent or findings conclusive. The development appraisal model is flawed and therefore the proposed rates are overstated
054	David Wilson Homes	Concludes in respect of viability that whilst the methodology has been set out, there are concerns in respect of supporting evidence, methodology, assumptions and appraisal results. The conclusion being that Councils are to reassess the appropriateness of the CIL rate particularly in less favourable market areas
055	Brookhouse Group	The response raises concerns in terms of the approach and highlights that much of the evidence base has not been disclosed. Concludes in respect of both commercial and residential developments that the charge rates are unreasonable and sets out what is more acceptable using a revised approach
056	Tesco Stores Ltd	This response also raises concerns in terms of the approach and highlights that much of the evidence has not been disclosed. Concludes in respect of both commercial and residential developments that the charge rates are unreasonable and sets out what is more acceptable using a revised approach
057	Astley Village Parish Council	Supports the CIL in principle and a scheme for relief, also payment in lieu and instalments
058	Euxton Parish Council	This response does not offer a view in respect of viability or justification for the CIL but does not support a scheme for relief, payment in lieu or instalments
059	Robert Heapsr	Considers that the charge rates are too high and the regime will act as an additional levy to act as a disincentive in austere times, akin to a development land tax. Supports a scheme for relief, payment in lieu and by instalments
060	Lancashire County Council	Consider the approach and assumptions used appear those used across a number of authorities and believe they are a sound basis. Advise that Samlesbury EZ should be exempt and in terms of charge rates to achieve greater accuracy, more costs should be tested, to achieve a level that does not prevent growth
061	Adlington Town Council	Support the CIL in principle and consider that charging authorities should allow payment in instalments, a degree of relief given and payment in lieu depending on local circumstances