

Report of	Meeting	Date
Director of Partnerships, Planning and Policy	Council	16 July 2013

COMMUNITY INFRASTRUCTURE LEVY ADOPTION

PURPOSE OF REPORT

- To explain the modifications suggested by the examiner of CIL.

RECOMMENDATION(S)

- That the Charging Schedule as set out at the end of this report is adopted by the authority with charging commencing from 1st September 2013.

EXECUTIVE SUMMARY OF REPORT

- This report discusses the modifications suggested by the examiner and recommends adoption of the charging rates in line with his recommendations.

Confidential report Please bold as appropriate	Yes	No

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

- 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.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- None

CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	✓
Clean, safe and healthy communities	✓	An ambitious council that does more to meet the needs of residents and the local area	

BACKGROUND

- 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 working collaboratively during this process, each authority will adopt its own Charging Schedule which sets out the charging rates for its own particular area.

8. It was a requirement to conclude the process with an independent Examination of the proposed charging rates. This Examination was conducted by an Examiner from the Planning Inspectorate and took place on 23/24th April.
9. The examiner's report was received on 24th June 2013 and made a number of recommendations which we are bound act upon to allow adoption of the charging rates.
10. 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 upon net additional internal floorspace of any given development for uses identified in the Charging Schedule
11. Although CIL will replace Section 106 in terms of 'off site infrastructure' 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
12. Section 106 will also continue to apply to the securing of Affordable Housing.
13. 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 23/24th April.
14. 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 only two exceptions, supported the charging rates that were submitted for Examination.

DWELLING HOUSES

15. 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.

RETAIL

16. 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.

APARTMENTS AND 'OTHER USES'

17. Two areas he didn't support were a charge of £10 per sqm for apartments and £10 per sqm for 'Other Uses', which includes such uses as comparison retail, 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.
18. 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.
19. 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.

NEXT STEPS

20. 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 25th 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 isn't in existence. Members will be updated and consensus sought in this regard later this year.
21. 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

IMPLICATIONS OF REPORT

22. 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

23. The report indicates that the inspector has recommended a reduction in CIL payments for some asset types. The reductions will of course result in less CIL being paid, but it is not possible to predict the total as this will depend on the scale and type of development that takes place. Given however that the asset types where the reductions have been made have traditionally been smaller areas of development, and even allowing for some growth in these aspects, it is likely the reduction will have limited effect on the overall sums to be recovered.

COMMENTS OF THE MONITORING OFFICER

- 24 There are no comments save that the recommendations of the Inspector must be incorporated into the charging schedule as outlined in the body of the report.

LESLEY- ANN FENTON
DIRECTOR OF PARTNERSHIPS, PLANNING & POLICY

Background Papers			
Document	Date	File	Place of Inspection
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	June 2013	Website	http://www.centrallancashire.com/new/content/cil_report.asp
Report Author	Ext	Date	Doc ID
Peter McAnespie	5286	5 July 2013	***