

Report to Council

24th February 2016

By the Cabinet Member for Planning and Development

DECISION REQUIRED



Not Exempt

Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

Executive Summary

The Horsham District Planning Framework was adopted in November so the Council is looking to develop its Community Infrastructure Levy (CIL) that will set a charge on new development to help fund infrastructure set out in the Local Plan. The Community Infrastructure Levy (CIL) is a new charge on development that came into force through the Community Infrastructure Levy Regulations in 2010. CIL is intended to fund a range of infrastructure that is needed as a result of development and will run alongside Section 106 agreements.

The purpose of this report is for Cabinet to approve the Council's Community Infrastructure Levy (CIL) Draft Charging Schedule for a six week public consultation and submission to the CIL Examiner for independent examination.

The report also sets out the next steps which the Council will need to take towards the adoption of the CIL charge.

Recommendations

Council is asked to approve the following recommendations:

- i) To approve the Community Infrastructure Levy Draft Charging Schedule, and supporting documents for consultation purposes.
- ii) To authorise the Cabinet Member for Planning and Development to approve the Community Infrastructure Levy Draft Charging Schedule for submission to examination, if there is no change proposed to the rates following consultation.
- iii) That Development has delegated authority to agree minor editorial changes.

Reasons for Recommendations

- i) The Draft Charging Schedule is the next stage in preparing the Community Infrastructure Levy. The Infrastructure Delivery Plan (IDP) sets out what

infrastructure is required to support new growth and how developer contributions from the CIL are likely to be spent.

Background Papers

Community Infrastructure Levy Viability Update Assessment February 2016

Wards affected: All (except the area within the South Downs National Park)

Contact: Dr Chris Lyons, Director of Planning, Economic Development & Property/
Julia Dawe Planning Policy Advisor.

Background Information

1 Introduction and Background

- 1.1 The Horsham District Planning Framework was adopted in November so the Council is looking to develop its Community Infrastructure Levy (CIL) that will set a charge on new development to help fund infrastructure set out in the Local Plan. Following a commitment by the Council to adopt and implement the CIL, the procedure set out in the CIL Regulations 2010 (as amended) must be followed.
- 1.2 CIL provides a charge per square metre for additional floorspace and is charged for applicable development that meets the legislative requirements. Further details are provided below in respect of the Charging Schedule. The implications in respect of Section 106 of the Town and Country Planning Act 1990, (Planning Obligations) are also addressed in this report in respect of approving a Regulation 123 List.
- 1.3 In line with this, a CIL Preliminary Draft Charging Schedule was prepared and consulted on in July 2014. The next stage is to produce a Draft Charging Schedule sets out the proposed charges for each development for the borough and supporting evidence base documents. These consist of:-
- Draft Charging Schedule including a Regulation 123 List: - a list of infrastructure types or schemes to be wholly or partly funded by money raised through CIL.
 - CIL Viability Assessment: - this provides justification for the rates proposed in the Charging Schedule.
 - Infrastructure Delivery Plan: - to demonstrate that there is an infrastructure funding gap in Horsham District.
- 1.4 This report seeks approval for the public consultation on the Community Infrastructure Draft Charging Schedule and supporting evidence base of the Infrastructure Delivery Plan (IDP) (attached at appendix 2). The current consultation represents a generally similar proposal to the last consultation except for a higher charge to the rate for residential. This is the result of the updated viability assessment which finds that rising house values (even taking account of increased build costs) would now support a rate of £125 -£150/sq. m. For this reason a charge of £135/sq m which falls in the middle of the viability range is now proposed. The report seeks approval for the documentation to be published for a six week period when representations on the Schedule and supporting documents will be invited.

2 Relevant Policies and Guidance

- 2.1 In March 2012 the Government published the National Planning Policy Framework (NPPF). One key element the NPPF is to ensure that sufficient infrastructure for example transport, community, leisure, health and education has been identified to support new development and that development

identified in the development plan is viable. CIL was introduced by the Planning Act 2008 and its application in subsequent CIL Regulations issued in 2010 and amended thereafter, as a tool which local authorities can choose to charge on new development within its area, when it is viable to do so.

- 2.2 The Horsham District Planning Framework (adopted November 2015) sets out what development is likely to come forward over the Plan period to 2031. The CIL charge ensures that an appropriate levy is set to ensure that the plan is economically viable and sufficient infrastructure is identified to deliver the proposed development.

3 Details

- 3.1 Horsham District Council has been working with infrastructure providers and agencies in considering and estimating the costs of the local requirements associated with supporting the HDPF level of growth to be accommodated across the District as a whole. This ensures that new development is served by necessary infrastructure in a predictable, timely and effective fashion. It sets out key infrastructure and facility requirements for new development, taking account of existing provision and cumulative impact.
- 3.2 Infrastructure is taken to mean any service or facility that supports the Horsham District area and its population and includes (but is not limited to) facilities for transport, affordable housing, education, health, social infrastructure, green infrastructure, public services, utilities and flood defences. In the case of the current scope of the CIL, affordable housing is assumed to be outside that and dealt with in the established way through site specific planning (s.106) agreements.
- 3.3 Taking account of the viability evidence on different types of development and geographical differences, which has taken account of the to the need to ensure that charges will not prejudice the majority of development in the district, particularly that needed to meet the targets set out in the HDPF Strategy, the following levy rates are proposed:

Development Type	Levy
District-Wide (except Strategic Site)	
Residential	£135/sqm (no significant change from previous consultation)
Retail (supermarkets, superstores and retail warehousing)	£100/sqm (no change from previous consultation)
All Other Retail (A1-A5 and sui generis)	£0/sqm (change from previous consultation)
All other development (including B, C1, C2 and D uses)	£0/sqm (no change from previous consultation)

Strategic Site (North Of Horsham)	
Residential	£0/sqm
Non-residential	£ as District-Wide Non-Residential above

- 3.4 The Charging Schedule is based on viability (ie what development can afford to pay) and as shown on the above table relates primarily to residential development, although retail provision would be required to provide for CIL, this would include for example out of centre supermarkets and retail warehouses. Proposals for employment provision within the Borough would not be CIL liable. CIL has the ability to be reviewed in the future, as appropriate for example, as economic conditions and viability change. The rates would also be indexed each year to reflect changes in construction costs in line with CIL Regulations.
- 3.5 A charging authority has the ability to set out an instalment policy that allows payment of CIL to be made over a longer period of time. This can be particularly important for larger schemes where phased payments provide the opportunity for managing cash flow as a site progresses, and assists the prospect of development taking place. It is recommended that there is an instalment policy included which will be submitted for consideration alongside the Draft Charging Schedule.
- 3.6 The CIL Regulations allow a charging authority to decide if it wishes to offer exceptional circumstances relief, where the amount of CIL does become negotiable based on the viability of a particular development. If a charging authority does not choose to put exceptional circumstances relief in place, it cannot be used.
- 3.7 During the previous consultation, some respondents suggested the Council should offer exceptional circumstances relief. It was concluded at that time there was no pressing case to do so, and that sites eligible for relief are likely to be few in number. Further, introducing the proposal would undermine some of the key benefits of CIL – its clarity and simplicity of application, and the confidence it would give to all involved in development about what their obligation would be. This remains the case, and accordingly it remains recommended that the Council does not offer exceptional circumstances relief.
- 3.8 The CIL Regulations allow a charging authority to accept land or infrastructure in lieu of the CIL charge. Valuation of this land and/or infrastructure and procedures for this are set out in the CIL Regulations. The Council will consider this form of payment in the appropriate circumstance.

4 Next Steps

- 4.1 Once approved for consultation the draft Community Infrastructure Draft Charging Schedule and supporting evidence base will be consulted upon. The consultation will run for six weeks in March to April. Following this, minor modifications can be made to the Charging Schedule where appropriate; these will be published for comment, before submission to the CIL Examiner.

The proposed timetable is set out below:-

Consultation on the Draft Charging Schedule	March/April 2016
Submission	May 2016
Examiner's Report	September 2016
Adoption	October 2016

5 Outcome of Consultations

- 5.1 The previous round of consultation, the Preliminary Draft Charging Schedule, was undertaken alongside the HDPF Proposed Submission Consultation from May to June 2014. 25 bodies or person responded to the consultation of which most were parishes, statutory consultees or developers. Two individual residents responded.
- 5.2 The majority of the comments regarded the charge to be too high or wished to have additional zones or classes which charged a lower rate. The summary of consultations is included in the consultation document
- 5.2 The Monitoring Officer and the Director of Corporate Resources have been consulted during the preparation of the CIL.

6 Other Courses of Action Considered but Rejected

- 6.1 There were other variations of the charging schedule considered but rejected for the reason given below;
- 6.2 Variable Rate – More zones could be introduced across the District which reflects the variation in viability calculations ranging from £125/150 to £200/sq. m. This may increase yield, but there is a risk and cost due to the fact that within areas there may be variations in vitality that are site specific. This could cause delay and additional costs to developers and the Council in the planning application process that is contrary to the intention of the CIL charge.

7 Financial Consequences

- 7.1 In setting charges CIL regulations require the Council to strike an appropriate balance between the desirability of funding infrastructure through CIL and the potential effects, taken as a whole, on the economic viability of development across the district. The adoption of CIL is important to help fund infrastructure

needed to support growth in the area. It is considered that the Council has greater control over how and when CIL is spent compared to Section 106.

- 7.2 Preparation and examination of the charging schedule will be funded within existing budgets, including consultancy support where required.
- 7.3 Although not directly a Horsham District Council financial matter it should be noted that part of the funds raised can be used by local communities to address the impacts of new development in their neighbourhood (essentially 15% of receipts to Parish Councils and 25% where a Neighbourhood Plan is made).

8 Legal Consequences

- 8.1 The ability to charge CIL is statutory power available to local planning authorities under the Planning Act 2008, with procedural and substantive details contained in secondary legislation, particularly the Community Infrastructure Levy Regulations 2010 and subsequent amending regulations.
- 8.2 The procedural requirements leading up to the adoption of CIL are set out in regulations and, in addition, once CIL is adopted, the Council is required to meet certain regulatory requirements, including bi-annual recording and reporting of CIL income and CIL spending.

9 Staffing Consequences

- 9.1 There are no establishment staffing consequences resulting from this decision. The implementation of CIL will be undertaken by a number of departments in the Council however these are already involved in processing Section 106 agreements which will largely be replaced by CIL.

10 Risk Assessment

- 10.1 There is a significant risk that if CIL is not adopted, there will be inadequate funding available to deliver the infrastructure required to meet the needs of new development in the area. Delay in adopting CIL will lead to a potential loss of capital funding.

Appendix 1

Consequences of the Proposed Action

How will the proposal help to reduce Crime and Disorder?	There are no crime and disorder implications as a result of this report.
How will the proposal help to promote Human Rights?	None directly but each of the priorities and associated projects would be considered on a case by case basis.
What is the impact of the proposal on Equality and Diversity?	An Equalities Impact Assessment has been carried out as part of this process and no adverse effects have been identified as it is a financial tool rather than a specific policy document.
How will the proposal help to promote Sustainability?	CIL is informed by the Horsham District Planning Framework (HDPF) which seeks to ensure that development which takes place in the future meets the needs of current and future residents of including the provision of adequate infrastructure. A Strategic Environmental Assessment Screening Opinion has been undertaken and no adverse effects have been identified as it is a financial tool rather than a specific policy document.