



Paper B – PRCC.38 12/13
Committee
Date

Subject: COMMUNITY INFRASTRUCTURE LEVY (CIL)

Report by:	Director of Regeneration and Planning
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Purpose / Summary:	The purpose of the report is to seek Member approval of the Preliminary Draft Charging Schedule (PDCS), (appendix 1), the first document in the development of a District Community Infrastructure Levy (CIL).

RECOMMENDATION(S):
Members are asked to:

- Approve the Preliminary Draft Charging Schedule(appendix 1) for formal public consultation in July 2013 in accordance with the Community Infrastructure Levy Regulations 2010 (amended by the Community Infrastructure Levy (Amendment) Regulations 2011).
- To agree to continue a partnership approach to CIL evidence, CIL schedules and CIL funding.
- To endorse the general approach set out on the specific issues at section 3 (regulation 123 lists – to be considered in December 2013, instalment policies – draft at appendix 2 – and in-kind payments – draft at appendix 3) to be addressed on an aligned basis with Central Lincolnshire partner authorities.
- Support appropriate processes, including through providing resources and

IMPLICATIONS

Legal: Before it can be implemented, CIL is subject to independent examination. Once it has been through this process the charging schedule can be adopted by the respective districts. It is expected that this process would be managed by the Central Lincolnshire Joint Planning Unit.

Financial : Financial implications arising from this report will relate directly to the decisions made on spending priorities. Funding is finite and there is a need to examine whether and how available resources can be utilised across the four authorities to deliver the programmes and projects identified, including wider corporate plans and services, and to ensure that resources are used effectively.

Growth and development will result in additional demand for Council services (e.g. bin collection) but will also bring in additional income (e.g. through Council Tax, Retained Business Rates and New Homes Bonus Grant (NHB) – if development is delivered within the time frame of the NHB scheme)

The introduction of CIL would allow the Council to raise funding for infrastructure in a manner that is not possible with Section 106 and other funding streams. These funds would be used by the Council or partner organisations alongside other funding streams such as external grants and contributions.

There will be direct administrative costs relating to the introduction of CIL in collection, distribution, monitoring and enforcement, although the administration of Section 106 agreements would be scaled back. A working group of officers from four authorities has been established to identify administration and financial arrangements. This will support the production of fully costed administration proposals. Regulations allow for administrative costs to come from CIL, an indication of administrative costs is provided in the report above, as 2.5% of total revenue.

Staffing :Set out above

Equality and Diversity including Human Rights :

This will be considered as part of the final report

Risk Assessment :

The risks associated with the development of the IDP and CIL, and prioritising certain items of infrastructure are set out in the report and appendices and will need to be considered by the JPC, and the constituent authorities with advice and support from officers.

Climate Related Risks and Opportunities :n/a

Title and Location of any Background Papers used in the preparation of this report:

n/a

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

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Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

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1 Introduction

The Authority has duties and responsibilities as Charging and Collecting Authority in the setting of a District Community Infrastructure Levy as set out in the Community Infrastructure Levy Regulations 2010 (amended by the Community Infrastructure Levy (Amendment) Regulations 2011).

The Central Lincolnshire Authorities have agreed to work together on “aligned” CIL schedules and the Preliminary Draft Charging Schedule (PDCS) has been drafted on that basis. It is recommended that a Central Lincolnshire partnership approach to CIL setting and CIL distribution is continued. Previous IDP/CIL reports have been presented to all four Authorities’ Committees as well as the Central Lincolnshire Joint Strategic Planning Committee (CLJSPC) and this partnership approach has been consistently endorsed.

Robust viability modelling evidence has been undertaken by a consultant although the report is yet to be finalised in light of a very recent CIL examination which raised questions around how to appropriately balance and evidence affordable housing in relation to CIL. This evidence includes the Infrastructure Delivery Plan (IDP), which is being developed as part of the work related to the Local development Scheme (LDS). This report outlines progress on that evidence and presents a PDCS ready to be taken forward by each district. The PDCS has been prepared by the JPU/officer group but aligned schedules will need to be endorsed by each District Council for consultation. Further stages for district committees are set out at section 5 (below).

2 Proposed CIL rates, development viability and statutory obligations

Appendix 1 is the PDSC and identifies the (draft) proposed CIL charging rates to be levied on all specified new developments over 100 M2 requiring Planning Permission following CIL adoption, currently 2014. Consistent with CIL regulation 14, it is considered that this strikes ‘what appears to the charging authority to be an appropriate balance’ between:

- a) ‘The desirability of funding ... CIL ... infrastructure ... and
- b) ‘The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.’

The residential rates reflect the evidence for respective markets in Lincoln, Sleaford and Gainsborough. A flat convenience retail rate of £60/sqm is proposed – differential retail rates, for example, distinguished by size of unit, cannot be evidenced at this time. A nil rate is proposed for industrial and office development across Central Lincolnshire because of the challenging market for speculative employment uses. Affordable housing is exempt from the CIL charge.

3 Regulation 123 lists

Following the imposition of CIL, a local authority can only continue to use section 106 (planning obligations) for infrastructure if it has published a list of what items will be CIL funded; all other items can then be addressed through a planning obligation. This is set out in regulation 123 and is often referred to by that regulation number.

The three districts could have different regulation 123 lists but it is recommended that these are taken forward in partnership and with reference to the IDP. The proposed timetable (below) indicates that the list(s) should be prepared in 2014. A draft list or lists will be required for consideration at the CIL examination and will be reported to this Committee for approval at this stage.

Regulation 123 lists are simply lists and do not necessarily involve prioritisation or phasing of infrastructure funding. Lists can be changed without the need for a full examination, although the regulations require consultation. Because of the relationship with section 106, it would not be advisable to remove items from a list. It might be appropriate to add items in the future. Again, it is recommended that decisions on CIL spending priorities and phasing are continued in partnership.

3.1 Instalments policies and in-kind payment policies

The Community Infrastructure Regulations allow Authorities to set an instalment policy which would allow certain proportions of CIL to be paid at specific dates following commencement. It is recommended that this approach is taken by the Authority to ensure that development cash-flow (and therefore delivery) can be improved when compared to the default position of 100% CIL payment within 60 days of commencement.

Authorities can set an in-kind payment policy to allow a land transfer in (part-) satisfaction of a CIL liability. The transfer should be for land intended to be used for infrastructure purposes. Transfer can be made to either the authority or a third party. It is recommended that any Central Lincolnshire policy should be clear that the Authorities will only take land payments at their discretion in that particular case and in all cases within the context of delivering the Core Strategy.

Regulation does not require a Central Lincolnshire instalment policy and in-kind payment policy to be subject to formal consultation but it is intended that drafts will be available for information and reference alongside the PDCS in July. In both cases, the objective is to strike a balance between development deliverability and infrastructure funding. Draft policies are provided at Appendix 2 and 3.

5 Proposed Timetable

Key milestones, including statutory stages for Preliminary Draft Charging Schedule (PDCS) and Draft Charging Schedule (DCS), are set out below:–

- April 8th 2013 – draft IDP and PDCS to JSPC
- April-June 2013 – key decision for District committees to agree PDCS, ready to consult
- July 2013 – PDCS to be consulted upon (6 weeks) alongside Core Strategy
- September 2013 – officers produce DCS, considering consultation comments
- October to November 2013 – DCS consultation (5 weeks)
- November 2013 – submission document prepared
- December 2013 onwards – key decision on submission schedule and draft regulation 123 list by District committees
- January/ February 2014 – submission of schedule to Secretary of State
- Spring/ Summer 2014 – CIL examination in public

- Autumn 2014 – key decision to agree Regulation 123 list and adopt CIL by Full Councils.
- Adopt CILs, publish Regulation 123 lists, publish instalment and in-kind payments policies

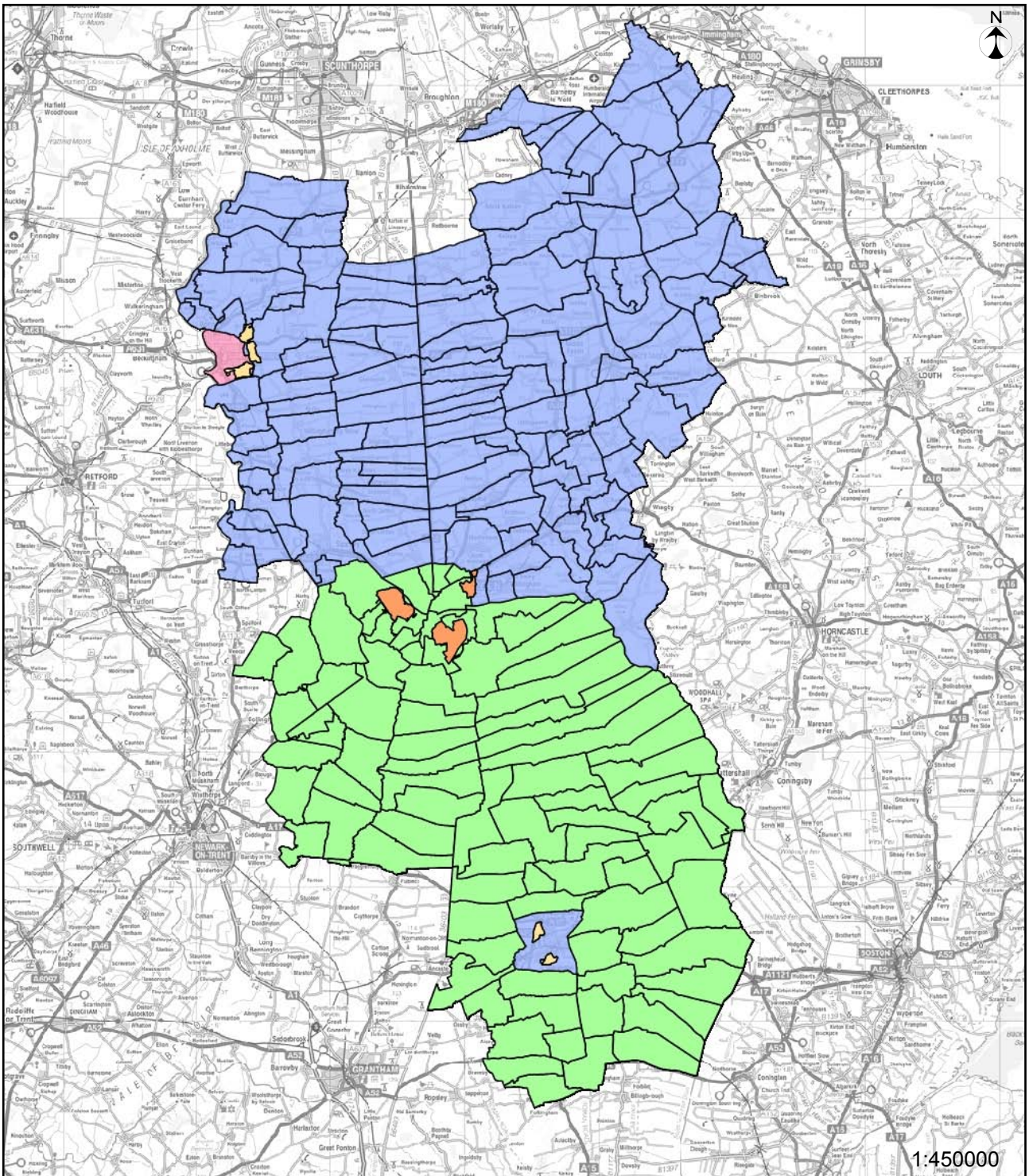
6 Conclusions

The proposed CIL rates in the appended PDCS, has been informed by the IDP and wide-ranging evidence gathering. The PDCS as part of a suit of other documents will set out how CIL will be applied in Central Lincolnshire.

The Infrastructure Delivery Plan (IDP) sets out strategic infrastructure projects that are essential to the delivery of future growth in Central Lincolnshire. To deliver some of these projects, CIL funding will be necessary. Further work on identifying future funding to enable infrastructure delivery is required and will be continued by officers alongside this work.

CENTRAL LINCOLNSHIRE COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE

Name of Charging Authority	City of Lincoln Council North Kesteven District Council West Lindsey District Council
Rates (£m) at which CIL is to be chargeable	CIL will be charged in Pounds Sterling (£) per square metre at differential rates according to the type of development and by location as set out in the Commercial and Residential Tables of this Schedule.
Charging Zones	The Charging Zones to which CIL will be applied are those as identified on the Convenience Retail and Residential Maps as set out within this Schedule.
How the Chargeable amount will be Calculated	<p>The individual charging authority will calculate the amount of CIL chargeable to a qualifying development utilising the formula set out in Part 5 of the CIL Regulations. In summary (and subject to any changes that have occurred or may occur as a result of future amendments to the Regulations) the amount of CIL chargeable will be calculated as follows:</p> <p>CIL Rate x Chargeable Floor Area x BCIS Tender Price Index (at Date of Planning Permission)</p> <p>BCIS Tender Price Index (at Date of Charging Schedule)</p> <p>The Chargeable Floor Area makes allowance for previous development on the site. The net chargeable floor area amounts to the gross internal area of the chargeable development less the gross internal area of any existing buildings that qualify for exemption on the site.</p> <p><i>This summary does not take account of every aspect of the Regulations.</i> The CIL Regulations are available to view on the Planning Policy pages of Central Lincolnshire's website www.central-lincs.org.uk</p>
Further Information	<p>Further information concerning:</p> <ul style="list-style-type: none"> • When CIL will be charged; • Who is liable to pay CIL; • How CIL will be paid; • Exemptions from paying the CIL; and • Monitoring <p>is also available and can be viewed on Central Lincolnshire's webpages at www.central-lincs.org.uk</p>



- Zone 1 - City of Lincoln and North Kesteven Rural
- Zone 2 - Sleaford and West Lindsey Rural
- Zone 3 - Gainsborough
- Zone 4 - Lincoln SUE Sites
- Zone 5 - North Kesteven and West Lindsey SUE Sites

CIL Charging Schedule: Residential Charging Zones

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CIL CHARGING RATES (£ per Sqm)

CIL CHARGING SCHEDULE COMMERCIAL CHARGING ZONES									
	Hotel C1	Residential Institution C2	Industrial B1b/c, B2, B8	Offices B1a	Convenience Retail A1	Retail Warehouse	Community Institutional D1	Leisure D2	Sui Generis
City of Lincoln	£0	£0	£0	£0	£60	£40	£0	£0	£0
North Kesteven	£0	£0	£0	£0	£60	£40	£0	£0	£0
West Lindsey	£0	£0	£0	£0	£60	£40	£0	£0	£0

CIL CHARGING SCHEDULE RESIDENTIAL CHARGING ZONES		
Zone 1	City of Lincoln and North Kesteven Rural	£45
Zone 2	Sleaford and West Lindsey Rural	£35
Zone 3	Gainsborough	£20
Zone 4	Lincoln Strategic Urban Extension Sites	£25
Zone 5	North Kesteven and West Lindsey Strategic Urban Extension Sites	£20

CENTRAL LINCOLNSHIRE COMMUNITY INFRASTRUCTURE LEVY

DRAFT

INSTALLMENTS POLICY

Regulation 70 of the Community Infrastructure Levy Regulations 2010 sets a default of full payment of the levy within 60 days of the commencement of development. The Regulations also enable a charging authority to set an Instalment Policy that allows payments to be spread over longer periods. City of Lincoln Council, North Kesteven District Council and West Lindsey District Council consider it reasonable that payment instalments are scheduled in proportion to the scale of CIL liability for proposed developments.

In accordance with regulation 69b of the CIL Amendment Regulations, the charging Authorities will apply the following Instalment Policy to all development on which CIL is liable.

The Instalments Policy will come into effect on [INSERT DATE], from which time the Community Infrastructure Levy will be payable by instalments as follows:

Where the chargeable amount is less than £50,000

- Full payment will be required within 60 days of the commencement date.

Where the chargeable amount is £50,000 - £300,000

- First instalment representing 25% of the chargeable amount will be required within 60 days of the commencement date; and
- The second instalment representing 75% of the chargeable amount will be required within 360 days of the commencement date.

Where the chargeable amount is above £300,000

- First instalment representing 25% of the chargeable amount will be required within 60 days of the commencement date;
- Second instalment representing 25% of the chargeable amount will be required within 360 days of the commencement date;
- Third instalment representing 25% of the chargeable amount will be required within 780 days of the commencement date; and
- The fourth and final instalment representing 25% of the chargeable amount will be required within 1200 days of the commencement date.

CENTRAL LINCOLNSHIRE COMMUNITY INFRASTRUCTURE LEVY DRAFT POLICY

PAYING CIL IN THE FORM OF LAND

In certain circumstances the charging authority may support the payment of some or all of a CIL requirement in the form of land. This will depend upon six conditions:

1. The CIL liability is greater than required under the relevant regulations (currently £50,000);
2. The charging authority must agree to the transfer and has the right to withhold such agreement;
3. Either:
 - a) The charging authority must have the intention of using the land to help provide infrastructure to support the development of its area; or,
 - b) The charging authority must be satisfied that any third party that will receive a land transfer will use land for a specific purpose that will help provide infrastructure to support the development of its area.
4. The person transferring the land to the charging authority as payment must have assumed liability to pay CIL beforehand;
5. The land to be transferred must have been valued by a suitably qualified and experienced independent person to be agreed with the charging authority. The valuation must represent the fair market price for the land on the day it is valued;
6. Development on the site must not have commenced before a written agreement with the charging authority to pay some or the entire CIL amount in land has been made. This agreement must state the value of the land being transferred.

The charging authority will accept a land transfer at its discretion. The authority will consider agreements within the context of relevant development plan documents, supplementary planning documents and corporate strategies.

Prior to commencement of development on the site in question, a CIL liable party should discuss possible land transfer with the charging authority.

It should be noted that the agreement to pay in land may not form part of a planning obligation entered into under Section 106 of the Town and Country Planning Act 1990.

The land transfer agreement may allow the transfer of land in instalments, subject to the payment proportions and due dates set out in the relevant demand notice.

Any outstanding CIL amount (after a transfer of land) should be paid in line with the payment due dates contained in the relevant demand notice.