Cannock Chase District

Community Infrastructure Levy

Preliminary Draft Charging Schedule for Consultation

November 2013
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1 INTRODUCTION

1.1 The Community Infrastructure Levy (CIL) was introduced by Regulations in 2010 as a potential new source of funding for infrastructure that Local Authorities can choose to raise to support new built development proposed in a Local Plan in order to achieve sustainable development. Infrastructure is defined in the Regulations as including roads and other transport facilities, flood defences, schools and other education facilities, medical facilities, sport and recreation facilities and open spaces.

1.2 Most new development relies on infrastructure in some form or other, even where this is a consequence of the cumulative impact of a large number of small developments. Prior to the introduction of the Regulations, funding of infrastructure, the need for which arises from new development, has largely been delivered from a small number of major schemes where planning obligations (Section 106 agreements) have been completed prior to the grant of planning permission. CIL is a fairer way of obtaining funding for infrastructure from all development, subject to taking account of impact on viability.

1.3 In order to introduce CIL the Council needs to have –
• An up-to-date Local Plan setting the planning policy context for the amount and location of new development proposed within the District (anticipated to be in place by spring 2014).
• Evidence from the Infrastructure Delivery Plan (IDP), which accompanies the Local Plan that there is a need for some funding for the necessary infrastructure to be provided from CIL.
• Approval of the proposed charging rates following an independent examination where the main issue to address, other than the need for CIL funding, is impact on viability of development.

1.4 This consultation on a Preliminary Draft Charging Schedule provides the first opportunity for people to comment on the Council’s proposals for setting CIL charging rates.

2 STAGES IN PRODUCTION OF A CHARGING SCHEDULE

2.1 The CIL Regulations set out the processes that authorities must follow, in addition to having an up-to-date Local Plan, before a Charging Schedule can be adopted. These are –
• Collect appropriate available evidence.
• Consult on a Preliminary Draft Charging Schedule (PDCS) – current stage.
• Taking account of comments on the PDCS consult on a Draft Charging Schedule (DCS).
• Submit the DCS together with the representations made on it for independent examination, which may include a public hearing.
• Examiner produces report which may recommend that the Charging Schedule can be approved, approved with modifications or rejected.
• Provided that the Council is able to move the Charging Schedule (CS) forward, with or without modifications to deal with matters raised in the report, adopt by resolution of the Full Council.
3 THE CIL VIABILITY TEST – REGULATIONS & GUIDANCE

3.1 The economic viability test is articulated in Regulation 14 of the 2010 Regulations –

“In setting rates (including differential rates) in a charging schedule, a charging authority must aim to strike what appears to the charging authority to be an appropriate balance between –

(a) the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and

(b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.”

3.2 The National Planning Policy Framework (NPPF) states at paragraph 175 that CIL should support and incentivise new development.

3.3 The latest CIL Guidance (DCLG April 2013) advises that in setting levy rates charging authorities should take into account other development costs, “including those relating to policies on planning obligations in the Local Plan (in particular those for affordable housing and major strategic sites)”. Charging rates should not be set “right up to the margin of economic viability across the vast majority of sites in their area”.

4 EVIDENCE

4.1 The Council has commissioned two reports to provide evidence to establish both the impact on development viability of Local Plan policies and to propose potential CIL charging rates in this context. Both were used as evidence to support the Council’s submitted Local Plan (Part 1- currently under examination) the hearings into which took place between 24th and 27th September 2013.

4.2 The main Local Plan (Part 1) policies which impact on development viability are CP2 Developer Contributions for Infrastructure, CP5 Social Inclusion and Healthy Living, CP7 Housing Choice, CP10 Sustainable Travel, CP13 Cannock Chase Special Area of Conservation and CP16 Climate Change and Sustainable Resource Use. The Submission Local Plan (Part 1- with proposed main modifications subject to consultation until the 18th December 2013) is available to view and download online from the Council’s website www.cannockchasedc.gov.uk/planningpolicy (CIL consultation pages) or on request to the Planning Policy team (contact details provided below).

4.3 Taking account of these policy provisions the first report “Economic Viability Assessment of Future Development of Affordable Housing in Cannock Chase” Adams Integra, updated in August 2013 recommends a CIL charging rate of £40 per square metre for residential development across the District in the context of a 20% target for affordable housing.

4.4 The second report also by Adams Integra “Community Infrastructure Levy Non-Residential Viability Report” August 2013 recommends charging £60 per square metre for foodstores of supermarket and superstore scale and retail park developments. A nil rate is proposed for all other forms of development.
4.5 These documents are available to view and download from the Council’s website www.cannockchasedc.gov.uk/planningpolicy (CIL consultation pages) or on request to the Planning Policy team (contact details provided below).

4.6 The Infrastructure Delivery Plan (IDP) May 2013 identifies a funding gap which CIL could potentially go some way towards addressing for the following broad categories of infrastructure—

- Local highway and other transport improvements.
- Flood prevention.
- Public realm improvements to town centres.
- Open space, sport and recreation facilities.
- Mitigation of impact of new housing development on the Cannock Chase Special Area of Conservation.
- Investment in conservation of heritage assets.
- School buildings.
- Community and cultural facilities.

4.7 The IDP currently identifies indicative costs for a range of infrastructure items and projects which are likely to be funded from CIL. These costs, and the items where costs are currently unknown, will be explored and refined further prior to the publication of the Draft Charging Schedule. The indicative costs suggest funding gaps of approximately £5 million (at least) for transport related items (excluding the Hatherton Branch Canal project); £4 million for indoor and outdoor formal sports and recreation provision; and £850,000 for flood prevention at Rugeley town centre. Whilst the extent of the funding gap is not yet defined there are also estimated costs of approximately £2-4 million for the Cannock Chase Special Area of Conservation mitigation measures which is an item of infrastructure that is critical to delivery of the Local Plan (although this cost is across the Cannock Chase SAC Partnership area, encompassing several local authorities). Funding gaps (where costs are currently unknown) are also most likely to arise in relation to education provision, informal recreation/open space provision and public realm improvements.

4.8 The IDP is available to view and download from the Council’s website www.cannockchasedc.gov.uk/planningpolicy (CIL consultation pages) or on request to the Planning Policy team (contact details provided below).

4.9 If the CIL charges proposed at paragraph 6 below are implemented it is estimated that receipts from residential development over the remainder of the plan period could generate between £3.4 and £4 million. This is on the basis that approximately 1,000 and 1,200 dwellings will come forward through the planning application process between September 2014 (the likely adoption date for CIL) and March 2028 (an average dwelling size of 85 square metres is assumed and 20% affordable housing on sites of 15 dwellings or more is discounted). It is very difficult to predict the amount of new retail development in the District over this period. It is not anticipated that there will be any new schemes within the categories proposed until after 2017/18. A net new floorspace of 25,000 square metres within the categories of retail development proposed for charging would generate receipts of £1.5 million.
4.10 From these estimates it is apparent that the receipts from CIL will not exceed the potential infrastructure funding gap and other complementary sources of funding will need to be sourced alongside CIL.

5 SETTING THE CIL RATE

5.1 The economic viability reports have tested notional developments at varying CIL rates, considered evidence of impact of policies on planning obligations using actual examples and factored in the target of 20% affordable housing. No significant differences in viability within the main settlements in the District have been identified and therefore no area specific rates are proposed (a map of the area covered by the District is provided in Annex 1). The rates below follow the DCLG advice of not being set at the margins of viability.

6 PROPOSED CIL RATES

Residential C3 - £40 per square metre

Food supermarkets/superstores & retail park developments A1 - £60 per square metre

All other built developments covered by the CIL Regulations – nil

7 PLANNING OBLIGATIONS (agreements and unilateral undertakings under S106 of the 1990 Act)

7.1 There will continue to be a role for planning obligations (S106s), particularly to deliver infrastructure required to enable major developments to be carried out in a sustainable way e.g. highway/transport infrastructure on or near to sites, provision of open space sport and recreation facilities on large scale housing developments. Affordable Housing, which under the Regulations, is exempt from CIL charges, will continue to be delivered via S106 agreements. There will be a more limited role for “pooled contributions” to a specific item of infrastructure, as the Regulations place a limit of no more than five S106 agreements to be used in these circumstances from the date a charging schedule is adopted or from a nationally applicable default date of April 2014 (likely to be extended to April 2015 by amended Regulations to be published in early 2014), whichever is the earlier. If five or more obligations have been entered into for a specific item of infrastructure since April 2010 and before the appropriate date then no more can be completed. If less than five have been completed prior to the date then the overall limit is a maximum of five.

7.2 Infrastructure which it is intended to fund partially or entirely from CIL needs to be identified in a list which will be produced to accompany the Draft Charging Schedule. (Section 123 list– see paragraph 8.1 below). No item of infrastructure included on the list can be funded from planning obligations.

7.3 The Government is intending to limit the number of agreements which can be entered into under S278 of the Highways Act for a specific item of highway infrastructure in the same way as S106 agreements by amended Regulations in early 2014.
8 HOW WILL CIL BE SPENT – REGULATION 123 LIST

8.1 Separate from the Charging Schedule the Council will produce, maintain and update a list of infrastructure projects that it intends to fund from CIL. The contents of the list will be drawn from the Infrastructure Delivery Plan and the first version of it will accompany the Draft Charging Schedule. It will be updated regularly as projects are delivered, new projects are identified and priorities change.

8.2 A proportion of CIL receipts are required to be passed to Parish/Town Councils where development is taking place. The requirement is for 15% of receipts collected in a Parished area to be passed on and this figure increases to 25% where a Parish/Town Council has an adopted Neighbourhood Plan.

8.3 The District Council can use CIL receipts for the purposes of providing, improving, replacing, operating and maintaining infrastructure. It can also pass funds to other bodies, e.g. Staffordshire County Council, for the same purposes. Parishes/Town Councils have a wider remit for spending their CIL receipts to include “anything else that is concerned with addressing the demands that development places on an area”.

9 PAYMENT PROCESSES AND EXCEPTIONAL CIRCUMSTANCES

9.1 CIL liability is calculated in £s per square metre applied to the gross internal floorspace created minus the gross internal floorspace of any existing buildings to be demolished provided that these buildings have been in continuous use for at least 6 of the previous 12 months.

9.2 The chargeable rate is also subject to an annually updated index of inflation using the national All-In Tender Price Index of Construction Costs published by the Royal Institute of Chartered Surveyors.

9.3 Payment is due when development commences for which permission was granted after adoption of the Charging Schedule. Full payment is normally due within 60 days but the Council has the discretion to offer the option of paying by instalments.

9.4 An alternative to cash payment can be offered in the form of land, where the Council considers this to be an appropriate means of supporting delivery of infrastructure. This process involves obtaining an independent valuation to ensure that the land value is equivalent to the alternative cash payment.

9.5 At a national level, affordable housing and developments to be used wholly or mainly for charitable purposes are not liable to pay CIL. Locally at the Council’s discretion, relief from CIL can be offered where the costs of complying with a S106 agreement are greater than the CIL charge and to pay the full charge would have an unacceptable impact on the viability of development. The Council will consider whether to include this discretionary relief process as part of the formal adoption procedure.
HOW TO RESPOND TO THIS CONSULTATION

All comments should be forwarded by the 10th January 2014 to:

Planning Policy Manager, Cannock Chase Council, Civic Centre, PO Box 28, Beecroft Road, Cannock, Staffs WS11 1BG

Or via email to planningpolicy@cannockchasedc.gov.uk

Following consideration of comments received the Council will work towards publishing its Draft Charging Schedule (anticipated in spring 2014). This will be subject to further consultation before being submitted for examination by an Independent Inspector (with examination anticipated to take place in autumn 2014).

In submitting your response you may wish to consider and provide feedback on the following key issues:

1. Do you have any comments regarding the viability evidence prepared to support the Preliminary Draft Charging Schedule?

2. Do you have any comments regarding the Infrastructure Delivery Plan evidence used to support the Preliminary Draft Charging Schedule?

3. Do you have any comments on the broad categories of infrastructure proposed to be funded by CIL?

4. Do you have any views on whether or not the Council should have an ‘instalments policy’ for the payment of CIL charges i.e. larger schemes being able to phase payments alongside the phasing plans of the development?

5. Do you have any views on whether or not the Council should have a ‘discretionary relief policy’ (see paragraph 9.5)?