



**West Dorset, Weymouth & Portland
Community Infrastructure Levy (CIL)
Draft Charging Schedule
Consultation: November 2012**

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1. INTRODUCTION

- 1.1 This consultation document sets out West Dorset District Council and Weymouth & Portland Borough Council's Community Infrastructure Levy (CIL) Draft Charging Schedule in accordance with regulation 16 of the CIL regulations (as amended 2011).
- 1.2 Alongside the charging schedule is a summary of the evidence base used to inform the proposed draft levy and a description of the methodology. The charging authorities (that is West Dorset District Council and Weymouth & Portland Borough Council) must consult local communities and stakeholders on their proposed rates for the levy as set down in the draft schedule.
- 1.3 Each council is producing its own charging schedule using a joint evidence base. Comments are invited on either or both schedules. This is the second of two public consultation exercises leading to a public examination conducted by an independent examiner prior to the proposed adoption of CIL in early 2014. The first consultation was on each council's Preliminary Draft Charging Schedule and ran for 6 weeks to the end of July 2012. A summary of the consultation comments received and the councils' response can be found in Appendix 1.

2. THE GENERAL PRINCIPLES OF CIL

What is CIL?

- 2.1 The Community Infrastructure Levy was introduced in the Planning Act 2008 and defined in the CIL Regulations April 2010 (as amended).
- 2.2 CIL is a tariff-based approach which allows local planning authorities to raise funds from developers undertaking new building projects in their area. The funds are used to provide key infrastructure needed as a result of development.

What are the benefits of the levy?

- 2.3 Almost all development has some impact on local infrastructure, services and amenities. The Government recognises that it is only fair that such development pays a share of the cost. CIL provides a simpler and more transparent process compared to the Section 106 planning obligations regime. The main advantages are:
 - CIL is a standard fixed charge and non-negotiable. This will provide clarity for developers and can therefore be factored into development costs at the outset. It should save time.
 - CIL is fair as the contribution takes account of the specific size of the scheme.
 - CIL will provide local communities with more control over infrastructure delivery. A 'meaningful proportion' (yet to be defined) will be given back to communities to spend on infrastructure projects in their area.
 - CIL can be spent on any identified infrastructure need, unlike Section 106 which requires a direct link between the development and any infrastructure project. This will mean greater flexibility in pooling and spending CIL income.

What development will be liable for CIL?

- 2.4 The levy takes the form of a charge per square metre of additional floorspace (new build or extensions). Most new buildings that people normally use will be liable to pay the levy. Any new development, that is a new building or an extension, is only liable for the levy if it results in 100sq.m. or more of net increase in gross internal floor space. Development that is less than 100 sq.m. extra floor area but which involves the creation of additional dwellings will be liable.

Development which involves the conversion of a building that is no longer in lawful use will also be liable for the levy. Although most forms of development will be liable for CIL, for some types the CIL charge will be nil (i.e. zero-rated) on viability grounds. This is explained in greater detail in the following sections of this note.

Exemptions from CIL

2.5 The CIL regulations give relief from the levy to certain types of development:

- Development by registered charities for the delivery of their charitable purposes;
- Those parts of a development which are to be used as affordable housing;
- The conversion of any building previously used as a dwelling house to two or more dwellings provided there is no increase in floor area;
- Buildings into which people do not normally go and buildings into which people go only intermittently for the purposes of inspecting or maintaining fixed plant or machinery;
- Structures which are not buildings such as pylons and wind turbines;
- Changes of use that do not involve an increase in floorspace.

Discretionary relief from CIL

2.6 The CIL regulations allow charging authorities the option to offer a process for giving relief from the levy in exceptional circumstances where a specific scheme cannot afford to pay the levy. For this to happen, a Section 106 agreement must exist on the planning permission permitting the chargeable development. The charging authority must consider that the cost of complying with the Section 106 agreement is greater than the levy's charge on the development and that paying the charge in full would have an unacceptable impact on the development's economic viability. Relief can only be granted if it does not constitute notifiable state aid. The fact that a particular application may be unviable is unlikely to constitute an 'exceptional circumstance' in relation to the CIL regulations.

What is the relationship between CIL and other planning obligations?

2.7 CIL will not entirely replace existing planning obligations but the scope of the latter will be severely curtailed and will only be related to the direct mitigation of 'site specifics' arising from new development to make it acceptable to the planning authority. CIL will be used to secure strategic infrastructure that has been delivered in the past by 'pooling' contributions from several schemes. Pooling of S106 contributions will be restricted after April 2014 (or when CIL is adopted if this is earlier) and CIL will therefore replace this element of planning obligations.

When is CIL payable?

2.8 CIL becomes due for payment upon commencement of the development, and must be paid in full within 60 days of the commencement date. CIL can be levied on phases of larger development schemes. **An instalment policy can be set to define this and comments are invited on this aspect as part of this consultation.**

3. THE EVIDENCE BASE

3.1 The evidence to support this Draft Charging Schedule is available from the Councils' website www.dorsetforyou.com/communityinfrastructurelevy/west/weymouth. Local authorities need to ensure, by considering the infrastructure planning that underpins the development strategy for the area, that the CIL rate does not deter the overall development of their area.

The West Dorset, Weymouth & Portland Local Plan

- 3.2 The West Dorset, Weymouth & Portland Local Plan will provide the development strategy for both local authority areas to 2031. The plan considers how to meet future housing, employment and leisure needs. Although it is a joint plan, each council will still have sole responsibility for planning decisions in its area. The Local Plan is scheduled for adoption by early 2014. CIL cannot be adopted in advance of the Local Plan.

Infrastructure Delivery Plan

- 3.3 An Infrastructure Delivery Plan accompanies the Local Plan. It objectively assesses development and infrastructure requirements and identifies the infrastructure and services required to support the levels of growth set out in the Local Plan. It also identifies the costs, timescales and the details of how these schemes should be funded, including funding already secured, funding through public finance and developer contributions sources, and funding gaps.
- 3.4 CIL can only be charged if a funding gap has been identified for the infrastructure to meet the needs of new development. Key components of the current Infrastructure Delivery Plan include coast protection and flood risk management. The cost of current and future schemes in Lyme Regis and Weymouth Town Centre will have a significant bearing on the amount of levy sought from new development and how it is distributed. The Infrastructure Delivery Plan also identifies specific projects relating to the provision and maintenance of leisure, open space and recreational facilities as well as education, waste management and transport infrastructure and public realm improvements.
- 3.5 In West Dorset projects with a total approximate cost of £144m have been identified. In Weymouth and Portland, projects with a total approximate cost of £77m have been identified. Due to the inherent uncertainty of project costs and delivery beyond a five year time frame, the funding gap cannot be finalised at this stage. Revenue from CIL will not totally bridge these gaps but it will make a significant contribution and enable the two councils to deliver infrastructure considered to have the highest priority. It is currently estimated that CIL will generate £3m p.a. and £0.8m p.a. in West Dorset and Weymouth and Portland respectively based on annual growth predictions for new housing averaged out over the lifetime of the Draft Local Plan.
- 3.6 The Government acknowledges that priorities change over time. Therefore, the Infrastructure Delivery Plan schedule will act as a 'live' document. It will be updated and reviewed regularly to keep track of infrastructure delivery during the plan period.

4. CIL VIABILITY ASSESSMENT

- 4.1 West Dorset and Weymouth and Portland Councils commissioned property consultants BNP Paribas to undertake a CIL viability assessment for their area. The purpose of the assessment was to establish the potential effects of the Levy upon the economic viability of development. Proposed CIL rates for both councils have been based on assessments of viability across sub-market areas. The consultant's report can be found at www.dorsetforyou.com/communityinfrastructurelevy/west. Where development types have been shown to be insufficiently viable to pay CIL, a zero rate has been proposed.
- 4.2 A variety of sources were used to inform this work including a viability workshop attended by local agents, developers and landowners. Different types of development land in each area have been tested to compare existing use values, residual land values and landowner incentives to develop, taking account of different potential levels of CIL and affordable housing.

- 4.3 The response to the consultation the Preliminary Draft Charging Schedule included comment on viability issues. Concerns were raised in particular in respect of the viability of potential strategic site allocations at Chickerell and Crossways in the Draft Local Plan. Comment was also made on the potential to increase CIL charges in other parts of West Dorset in line with the Consultant's recommendations. In Portland, a lower CIL rate was suggested to reflect lower levels of viability. These comments have been taken into account in the Draft Charging Schedule.
- 4.4 The viability of major site allocations has been reviewed and adjustment made to affordable housing tenure to reflect the Government's preference for affordable rent. This has enhanced viability of these sites. 'Buffers' have also been used in the modelling to offset additional development costs. The sites in question are considered to be sufficiently viable to withstand the proposed CIL rate of £80/sq.m. for their area.
- 4.5 In addition to market housing, it is recommended that built holiday accommodation (i.e. dwellings restricted to holiday use) also be charged CIL at the same rate. However, in West Dorset, essential rural workers' dwellings are now proposed to be exempt from CIL on viability grounds. These dwellings form part of an agricultural, horticultural or other rural enterprise requiring 24 hour supervision that are generally insufficiently viable to pay CIL. Both of these proposals are in response to the majority of consultation comments received.
- 4.6 Retail development will not now be charged CIL. Insufficient fine grain evidence is available to justify setting different rates for different sized retail stores. However, this situation will be kept under review and may change later if the evidence justifies it. Further consultation on this point will be required if the council takes this action.

5. THE DRAFT CHARGING SCHEDULE

Setting the CIL Rate

- 5.1 Whilst work on the development of CIL has been carried out in parallel for West Dorset and Weymouth & Portland, there will be two separate charging schedules, one for each authority area, taking into account the infrastructure needs and development viability in each area. The tables below set out the proposed CIL rates for each council. Table 1.3 illustrates the zones used for charging different rates of CIL in West Dorset and Weymouth and Portland.

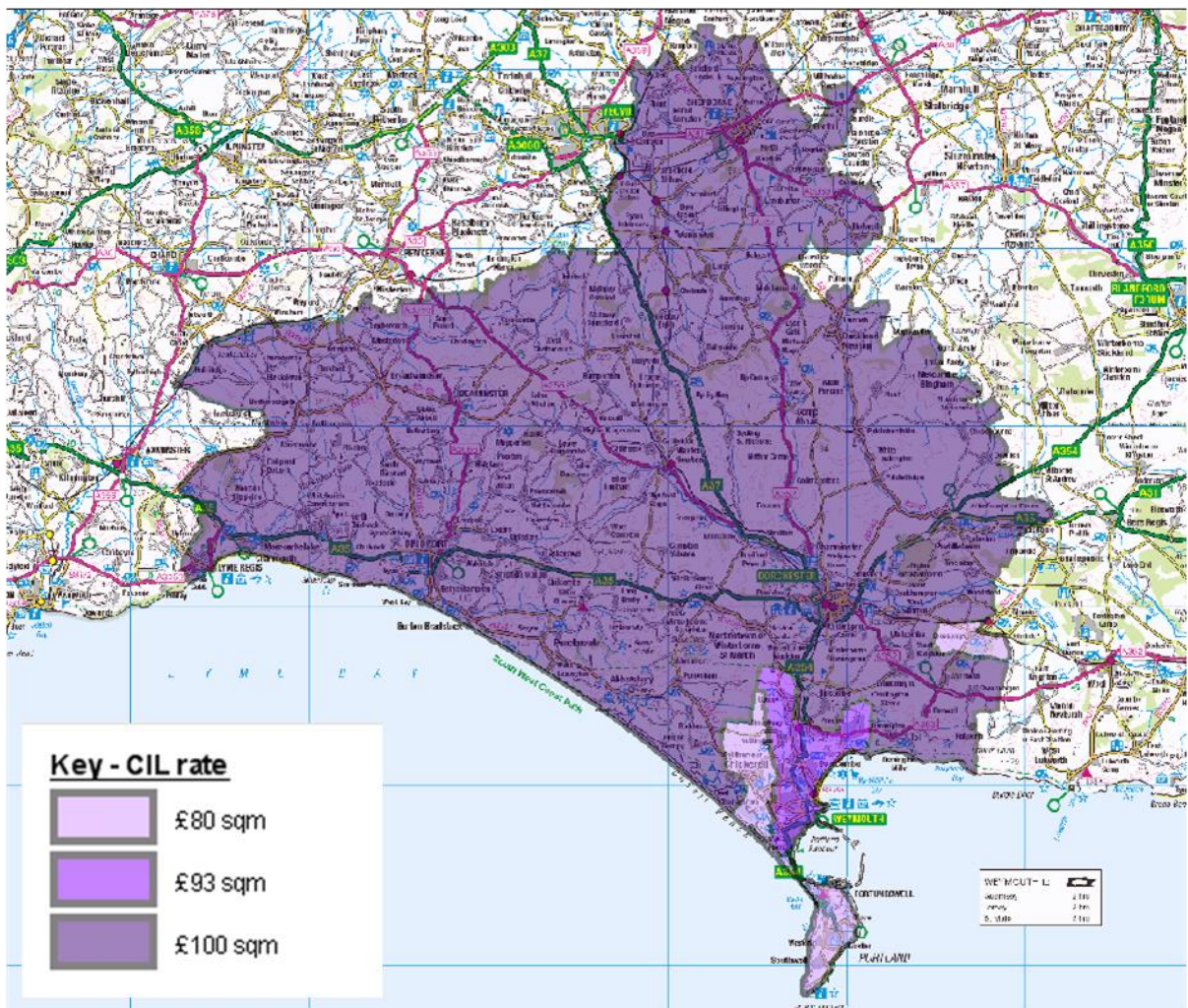
Table 1.1 Draft Charging Schedule – West Dorset District

Development Type	Use Class	CIL Rate (£/sq.m)
Residential (All areas except Chickerell and Crossways parishes)	C3	100
Residential (Chickerell and Crossways parishes)	C3	80
Dwellings with Restricted Holiday Use (all areas except Chickerell and Crossways parishes)	C3	100
Dwellings with Restricted Holiday Use (Chickerell and Crossways parishes)	C3	80
Essential Rural Workers' Dwellings	C3	Nil
All other development	n/a	Nil

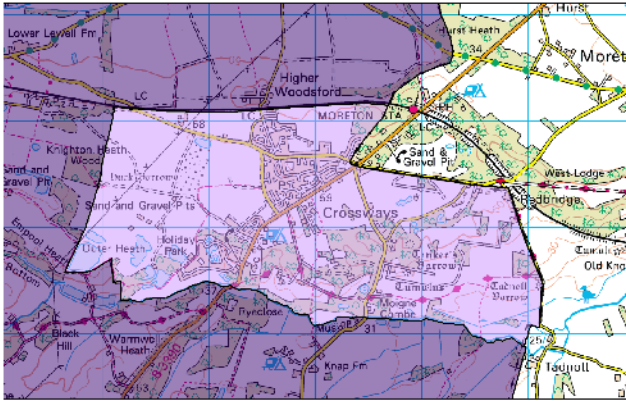
Table 1.2 Draft Charging Schedule – Weymouth & Portland Borough Council

Development Type	Use Class	CIL Rate (£/sq.m)
Residential (All areas except Portland)	C3	93
Residential (Portland)	C3	80
Dwellings with Restricted Holiday Use (all areas except Portland)	C3	93
Dwellings with Restricted Holiday Use (Portland)	C3	80
All other development	n/a	Nil

Diagram 1.1 Charging Zones



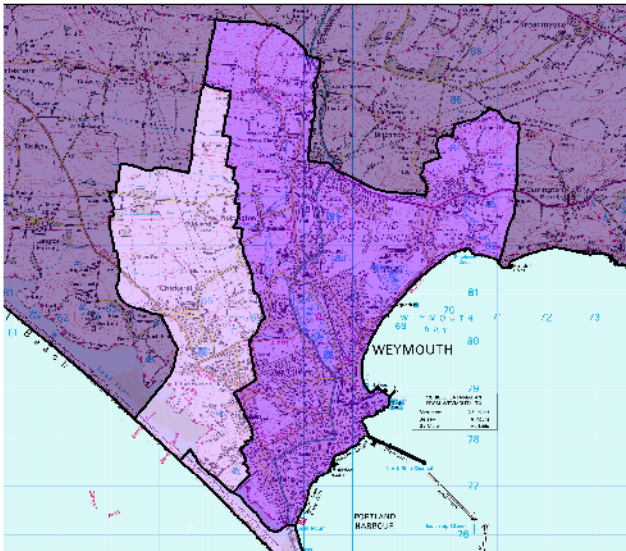
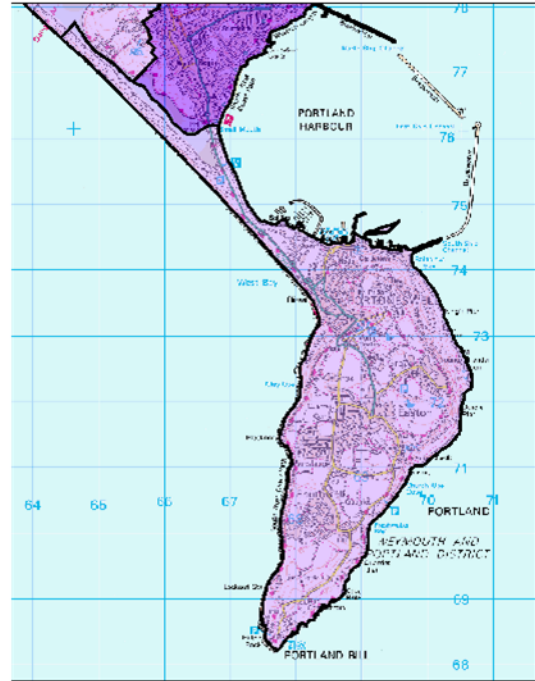
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Inset map of Crossways Parish ↑

Inset map of Portland →

Inset map of Weymouth & Chickerell Parish ↓



Key - CIL rate

	£80 sqm
	£93 sqm
	£100 sqm

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6. YOUR VIEWS

- 6.1 These Draft Charging Schedules will be subject to 4 weeks consultation ending on Thursday 20 December 2012. We welcome any comments you may have on the charging schedule for each council.
- 6.2 Reference copies of this document are available for inspection at all council offices and libraries in West Dorset and Weymouth & Portland. All comments must be made in writing by email to s.policy@westdorset-weymouth.gov.uk or by post to:

Community Infrastructure Levy Consultation
West Dorset District Council
Stratton House
58/60 High West Street
Dorchester
DT1 1UZ

Community Infrastructure Levy Consultation
Weymouth & Portland Borough Council
Council Offices
North Quay
Weymouth
DT4 8TA

Please note the address for West Dorset DC will be changing on 17 December 2012 to:

South Walks House
South Walks Road
Dorchester
DT1 1UZ

- 6.3 All comments must be supported by your full name and address. We are required to take into account any representations made at this stage and these will be considered by the independent examiner at the Examination in Public. By submitting, you consent to your information being disclosed to third parties for this purpose. You have the right to correct any inaccuracies in your information and you may withdraw those representations at any time in writing to the council concerned either by e-mail or post to the above address.
- 6.4 Further information on CIL and the procedural arrangements for adopting a Charging Schedule can be found on the Communities and Local Government website www.communities.gov.uk . The West Dorset, Weymouth & Portland Draft Local Plan and accompanying Infrastructure Delivery Plan can be found via www.dorsetforyou.com/newlocalplan/west/weymouth

7. NEXT STEPS

- 7.1 Following this consultation, both councils intend to submit their Draft Charging Schedules for Examination.
- 7.2 Any person who makes representations about either Draft Charging Schedule may request the right to be heard at the Examination. This request must be submitted in writing to either council before the end of this consultation on 20 December 2012.

Consideration of responses

- 7.3 The CIL regulations require that any representations made during the consultation period for the Draft Charging Schedule must be submitted to the examiner together with a summary of

the main issues raised. The council can make amendments to the schedule following the consultation and prior to submission but these must be set out in a Statement of Modifications which must be sent to all persons invited to make representations and published on the councils' website.

- 7.4 Following the issue of a Statement of Modifications, any person may then also ask to be heard by the examiner in relation to these modifications. Such requests must be made in writing to the council within 4 weeks of the date that the Draft Charging Schedule is submitted to the examiner. This request may be withdrawn up to the opening day of the examination itself.
- 7.5 As CIL cannot be adopted in advance of an adopted local plan, the timetable for its submission and examination is reliant on the progress of the new local plan for both councils. The next key stages and likely timescales are:
- Submission to Government: February / March 2013
 - Consultation on any proposed changes: March / April 2013
 - Public Examination: July 2013
 - Adoption: by January 2014
- 7.6 For up-to-date information on the draft local plan stages see www.dorsetforyou.com/newlocalplan/west/weymouth

APPENDIX 1 - PRELIMINARY DRAFT CHARGING SCHEDULE: CONSULTATION REPORT

A1 INTRODUCTION

The purpose of this report

In accordance with CIL Regulation 15, West Dorset District Council and Weymouth & Portland Borough Council prepared a joint Preliminary Draft Charging Schedule setting out proposed rates to be levied on new development. This preliminary schedule was subject to consultation from 15 June to 27 July 2012. This consultation report sets out the main issues raised and the proposed changes made in response.

Previous consultation

Prior to drafting the preliminary charging schedule we contacted all agents and developers registered on both councils agents' panels and invited them to a viability workshop in February 2012. This helped to inform values used in viability work undertaken in conjunction with consultants BNP Paribas. In addition, we undertook member briefings for both councils, gave presentations to local area partnerships, attended 16 Local Plan consultation events to invite discussion on CIL issues, met various service providers when compiling the evidence base for infrastructure requirements and provided regular updates on the councils' website.

How we consulted on the preliminary draft charging schedule

Responses were invited from parties on the councils' database including town and parish councils, local area partnerships, major landowners/developers and their agents, utility companies, adjoining authorities, statutory consultees and individuals and companies that had previously expressed an interest in CIL.

In addition, awareness was raised by advertising the consultation in the local press, local libraries and the council offices throughout both council areas and on the dorsetforyou website.

A2 WHO RESPONDED?

Who made comments?

29 comments were received either via e-mail or post. Respondents fall into 3 broad categories: landowners/developers and their agents; public sector; and voluntary organisations.

All respondents are listed below:

- Anthony Moger
- Beaminster Society
- Beaminster Town Council
- Boon Brown
- Bridport Town Council
- Burton Bradstock Parish Council
- C G Fry & Son
- Charles Anderson

- Country Land & Business Association
- D Gardner
- Deeley Freed Group
- Dorchester Area Access For All
- Dorset County Council
- Dorset fire & Rescue Service
- Dorset Police
- Hallam Land Management Ltd
- Highways Agency
- McCarthy & Stone Retirement Lifestyles Ltd
- Maiden Newton Parish Council
- Nathaniel Lichfield & Partners
- Natural England
- Owermoigne Parish Council
- Persimmon Homes South Coast
- Sainsburys Supermarkets Ltd
- South Coast Equestrian
- South West HARP Planning Consortium
- Stinsford Parish Council
- West Dorset Holiday Parks Association
- Woodland Trust

A3 ANALYSIS OF COMMENTS MADE

Comments outside the scope of this consultation

Some respondents questioned the principles of CIL. Others were concerned with spending priorities for CIL receipts and the costs of administration. However, the purpose of the consultation, as set out in the CIL regulations, was to seek comments on the proposed CIL charges and the viability work that underpins these. Therefore, only those comments that fulfil these criteria are considered here. The following points raised are listed in order of number of respondents for each point.

Essential rural workers dwellings

These are defined as housing for full-time rural workers in agriculture, horticulture or other rural businesses that require essential 24 hour supervision. Three parish councils proposed a zero CIL rate on this dwelling type and two others suggested a further reduced rate.

Officer response

Consideration should be given to zero rating this form of housing on viability grounds so that a CIL charge does not apply. Consent for this form of development is tied to a larger rural enterprise and this restricts their value and hence ability to absorb CIL.

Treatment of holiday dwellings

Three comments proposed charging these at the same rate as market housing, one at a further reduced rate and another at a zero rate. Two comments were received requiring clarification of what is meant by this development type and whether this would include caravans.

Officer response

CIL is payable on the creation of a new building and caravans do not meet this definition. 'Holiday dwellings' in this context refers to permanent buildings restricted to holiday use. Consideration should be given to charging these at the same rate as market housing.

Differential rates

Several respondents questioned the proposed uniform rate of CIL for residential development when the viability evidence indicated that a differential rate could be applied. In particular, viability was questioned on key site allocations at Chickerell and Crossways in the Draft Local Plan.

Officer response

A uniform CIL rate has the advantage of simplicity both in application and public understanding. However, a review of the viability evidence suggests that a rate of £80/sq.m. should be applied in Chickerell and Crossways and a rate of £100/sq.m. throughout the remainder of West Dorset. A similar exercise has been undertaken in Weymouth & Portland resulting in a rate of £80/sq.m now being recommended in Portland.

Payment of CIL by instalments

Four comments were received advocating payment of CIL by instalments, with particular emphasis on phased developments.

Officer response

CIL regulations currently restrict payment by instalments by time not occupation. It is recommended that payment on the larger CIL amounts should be by instalments as permitted in the regulations and this is a policy that requires further consideration.

Zero rating retail development

Three developers questioned the justification, on viability grounds, for charging £100 per sq.m. on retail developments in excess of 280 sq.m. and zero rating stores under this threshold.

Officer response

A similar proposal was recently withdrawn following criticism by the examiner at the recent Borough of Poole CIL Examination. However, elsewhere a similar approach was endorsed on the basis of stronger evidence. It is therefore recommended that retail development be zero rated for CIL but this proposal could be reviewed in the light of any further evidence that might support the

original proposed charge. If this were to happen, further consultation on this aspect of the charging schedule would need to be undertaken

Underlying viability assumptions

Some respondents questioned the underlying assumptions used in the viability modelling.

Officer response

The assumptions were discussed at the viability workshop held in February 2012 and attended by developers, agents and landowners. The consultants undertaking the viability work on behalf of the councils are representing many other authorities introducing CIL including several that have passed their Examination in Public so the assumptions have been found to be sound by independent examiners. Notwithstanding this, meetings with respondents are to be offered to address individual concerns.

Treatment of retirement housing

One developer submitted comments advocating that retirement housing should be treated differently from other types of residential development due to additional costs and slower sales rates associated with their product.

Officer response

It is acknowledged that retirement housing incurs additional costs when compared to conventional housing. However, such costs tend to be offset by the ability of these schemes to achieve higher densities and premium prices for the finished product reflecting the additional facilities that residents enjoy. Where retirement schemes offer extra care facilities and are classified as C2 uses as a result, then no CIL would be charged under the proposed Draft Charging Schedule.