



West Dorset, Weymouth & Portland  
**Community  
Infrastructure Levy**  
Preliminary Draft Charging Schedule



Preliminary draft schedule for the area of West Dorset District and Weymouth & Portland Borough. Agreed by West Dorset District Council and Weymouth & Portland Borough Council for consultation in June – July 2012

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# WEST DORSET, WEYMOUTH & PORTLAND COMMUNITY INFRASTRUCTURE LEVY (CIL) PRELIMINARY DRAFT CHARGING SCHEDULE

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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) Preliminary Draft Charging Schedule in accordance with regulation 15 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 in a preliminary draft of the charging 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 first of two public consultation exercises leading to a public examination conducted by an independent examiner prior to proposed adoption of CIL in Autumn 2013.

## 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 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, fairer and more transparent process compared to the Section 106 planning obligations regime. The main advantages are:
  - CIL is a standard fixed charge. This will provide clarity for developers and can therefore be factored into development costs at the outset.
  - CIL is non-negotiable, and so should save time.
  - CIL is fairer 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 100sq.m. but which involves the creation of additional dwellings will also be liable.

Development which involves the conversion of a building that is no longer in lawful use will also be liable for the levy.

#### **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 houses 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 an 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 replace existing planning obligations which have been in place for many years 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 and the local community. CIL will be used to secure strategic infrastructure that has been delivered in the past by 'pooling' contributions from several schemes. This will be restricted after April 2014 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 during the consultation phases of CIL.

### **3. THE EVIDENCE BASE**

The evidence to support this Preliminary Draft Charging Schedule is available from the Council's website [www.dorsetforyou.com/communityinfrastructurelevy/west/weymouth](http://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**

- 3.1 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 September 2013. CIL cannot be adopted in advance of the Local Plan.

### **Infrastructure Delivery Plan**

- 3.2 An Infrastructure Delivery Plan accompanies the Local Plan. It objectively assesses development and infrastructure requirements and identifies and supports the infrastructure and services required to support 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.
- 3.3 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 Weymouth Town Centre and Lyme Regis 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 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.
- 3.4 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 delivery and costs 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.
- 3.5 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 District and Weymouth & Portland Borough commissioned property consultants BNP Paribas to undertake a CIL viability assessment for their areas. The purpose of the assessment was to establish the potential effects of the levy upon the economic viability of development. Proposed CIL rates for West Dorset and Weymouth & Portland have been based on assessments of viability across sub-market areas. The consultant's reports can be found at [www.dorsetforyou.com/communityinfrastructurelevy/west/weymouth](http://www.dorsetforyou.com/communityinfrastructurelevy/west/weymouth).
- 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 In summary, both studies concluded that, in current market conditions, all non-residential development except larger retail schemes are not sufficiently viable to pay CIL. Residential development can withstand a CIL rate of £93/sq.m. in the weakest market areas and still contribute towards affordable housing.

- 4.4 In addition to open market housing, it is recommended that some other forms of residential development will be charged CIL. These are dwellings restricted to holiday use and essential rural workers' dwellings to which restrictions are applied. The former would have a rate set at 70% of that applied to market housing, reflecting the approximate capital value of such accommodation. The latter is proposed at 50% of the market housing rate. Affordable housing would not apply to either of these housing types.
- 4.5 It is acknowledged that rural workers' dwellings can have an important role in meeting the needs of some rural enterprises but it is also the case that residents in these homes require the same community services and infrastructure as the population at large. The suggested CIL discount of 50% attempts to strike the right balance between these two objectives.
- 4.6 The proposed rates are broadly comparable to the financial contributions sought in West Dorset since February 2010 through the council's Planning Obligations Supplementary Planning Document<sup>1</sup>.
- 4.7 There is some evidence in the viability testing to suggest that a higher rate could be applied in higher value areas and differential rates could be considered. However, practical experience of the impact of differential rates on development viability indicates that this creates viability issues. The council has found that in Lyme Regis (where contributions are about 100% higher due to the need to fund vital coast protection work) viability assessments on proposed developments has resulted in a high incidence of developers successfully demonstrating that higher financial contributions impact on viability and threaten the release of land for development.

The proposed levy in both council areas is set at a uniform rate based on viability evidence and on what developers can afford to pay now. The charging schedules can be reviewed regularly following the adoption of CIL and changing economic conditions can be reflected in future schedules.

## 5. THE PRELIMINARY 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 different types of development:

**Table 1.1 Preliminary Draft Charging Schedule – West Dorset District**

Development Type	Use Class	CIL Rate (£/sq.m)	Comments
Retail <280 sq.m	A1	nil	
Retail >280 sq.m	A1	100	Floor area restricted by Sun trading laws
Financial/Prof Services	A2	Nil	
Restaurants/Cafes	A3	Nil	
Drinking Establishments	A4	Nil	
Offices	B1 (a)	Nil	
Research & Development	B1 (b)	Nil	

<sup>1</sup> Planning Obligations Guidelines – Supplementary Planning Document, West Dorset District Council, February 2010, [www.dorsetforyou.com](http://www.dorsetforyou.com)



Light Industrial	B1 (c)	Nil	
General Industrial	B2	Nil	
Storage & Distribution	B8	Nil	
Hotels	C1	Nil	
Residential Institutions	C2	Nil	
Residential	C3	93	Market housing
Dwellings with Restricted Holiday Use	C3	65	As per market housing but discounted by 30%
Essential Rural Workers' Dwellings	C3	46	As per market housing but discounted by 50%
Non-residential Institutions	D1	Nil	
Assembly & Leisure	D2	Nil	

**Table 1.2 Preliminary Draft Charging Schedule – Weymouth & Portland**

<b>Development Type</b>	<b>Use Class</b>	<b>CIL Rate (£/sq.m.)</b>	<b>Comments</b>
Retail <280 sq.m	A1	nil	
Retail >280 sq.m	A1	100	Floor area restricted by Sun trading laws
Financial/Prof Services	A2	Nil	
Restaurants/Cafes	A3	Nil	
Drinking Establishments	A4	Nil	
Offices	B1 (a)	Nil	
Research & Development	B1 (b)	Nil	
Light Industrial	B1 (c)	Nil	
General Industrial	B2	Nil	
Storage & Distribution	B8	Nil	
Hotels	C1	Nil	
Residential Institutions	C2	Nil	
Residential	C3	93	Market housing
Dwellings with Restricted Holiday Use	C3	65	As per market housing but discounted by 30%
Essential Rural Workers' Dwellings	C3	46	As per market housing but discounted by 50%
Non-residential Institutions	D1	Nil	
Assembly & Leisure	D2	Nil	

## 6. YOUR VIEWS

- 6.1 This Preliminary Draft Charging Schedule will be subject to 6 weeks consultation ending on Friday 27th July 2012. We would like to receive any comments you may have on:
1. The Preliminary Draft Charging Schedule
  2. Introducing a CIL instalments policy and the form this could take
- 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.go.uk](mailto:s.policy@westdorset-weymouth.go.uk) or by post to:

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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

- 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, before we publish a draft of the charging schedule for examination. 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.
- 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](http://www.communities.gov.uk). The West Dorset, Weymouth & Portland Local Plan and accompanying Infrastructure Delivery Plan can be found via [www.dorsetforyou.com/newlocalplan/west/weymouth](http://www.dorsetforyou.com/newlocalplan/west/weymouth)

## 7. NEXT STEPS

- 7.1 Following the consultation on this Preliminary Draft Charging Schedule the Council will review the comments received with a view of publishing a second consultation Draft Charging Schedule alongside the Proposed Submission Core Strategy in October 2012.

**Table 1.3 - Timetable**

Public consultation on Preliminary Draft Charging Schedule	June – July 2012
Consideration of comments and preparation of Draft Charging Schedule	August – October 2012
Public consultation on Draft Charging Schedule	October – November 2012
Submission	March 2013
Examination	May 2013
Adoption	September 2013