

Community Infrastructure Levy (CIL) Review

Preliminary Draft CIL Charging Schedule
June 2016



Thriving communities in balance
with the natural environment

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CIL Preliminary Draft Charging Schedule

Background

Introduction

- 1 Purbeck District Council implemented its first Community Infrastructure Levy (CIL) charging schedule in June 2014. It is being reviewed alongside the Purbeck Local Plan Part One (PLP1) Partial Review.
- 2 The Council has been implementing CIL since June 2014 and is now reviewing the charging schedule in light of the Partial Review and the need to deliver more local infrastructure through strategic settlement extensions of 200 dwellings or more.
- 3 This consultation document sets out a review of Purbeck District Council's Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule.
- 4 This is the first of two public consultation exercises leading to a public examination conducted by an independent examiner prior to adoption of the proposed CIL by the end of 2017.
- 5 The resulting CIL charging schedule will apply to all development, i.e. that identified in PLP1 and that in the Partial Review, once adopted.

What is the Community Infrastructure Levy?

- 6 CIL is a tariff-based approach which allows Councils to raise funds from developers undertaking new building projects in their area to provide key strategic infrastructure needed as a result of development.
- 7 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 simple, fair and transparent process for developers. CIL is a standard fixed charge, set at a level which will not affect the viability of delivering the site. Where a development type is likely to be rendered unviable then it will be zero rated.

What development will be liable for CIL?

- 8 The levy takes the form of a charge per square metre of additional floor space (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.

Exemptions

- 9 The CIL Regulations set out by central Government will apply to most development but there are some exceptions where it will not be charged:
 - Development by registered charities for the delivery of their charitable purposes;
 - Those parts of a development which are listed in the CIL Regulations or other legislation as qualifying for mandatory relief, such as social rented affordable housing;
 - The subdivision of any residential building;
 - 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 floor space, and
 - Extensions of less than 100 square metres.
- 10 Exemptions can also be claimed for domestic extensions over 100 square metres and self-build homes.

Monitoring

- 11** The first CIL annual monitoring report was published in June 2015.
- 12** The report shows that CIL is slow to come in, mainly as a result of up a delay of up to 3 years in commencement of development and the option to pay in instalments. This inevitably results in the delay in implementing projects.

Developing the schedule

Evidence

- 13** The Charging Schedule is supported by the following evidence that is available on the website –address
- Purbeck Local Plan Part 1– adopted in November 2012 plans for 2,520 dwellings, 11.5 hectares of employment land and 3,300sqm retail floor space for the period 2006-2027.
 - PLP1 Partial Review – currently at preferred option stage which plans for around 3080 additional dwellings, as well as additional employment and retail space for the period 2013-2033.
 - Purbeck Infrastructure Plan – sets out the required infrastructure to support both PLP1 and the Partial Review.
 - Viability Study – A consultant’s assessment of land values and recommendations for the setting of a CIL charging rate

Key issues and findings

- 14** There is an increasing gap in funding for infrastructure given constraints on local government funding, the increases in exemptions to CIL and demands from Habitat Regulations requirements previously not addressed .
- 15** Viability is still strong across the district and spatial differences remain.
- 16** The consultants suggest that there is little opportunity to charge CIL on commercial properties except perhaps some retail. The study highlights that there is no magic number above which viability for retail uses jumps up to justify a higher/any CIL rate and recommend that CIL on retail uses is set based on functionality as set down in Sunday Trading provisions, i.e larger format retail such as supermarkets, superstores and retail warehousing. The viability report suggests retention of three residential CIL bands broadly in line with the original recommendations in the first preliminary and draft CIL schedules, i.e.
- 17** Non-strategic sites (less than 200 dwellings):
- | | |
|---|-----------|
| • Swanage and the Coast | £180 psqm |
| • Wareham and Purbeck Rural Fringe ⁽¹⁾ | £100 psqm |
| • Upton and Purbeck Rural Centre | £50 psqm |
- 18** Strategic Sites providing specific infrastructure (200 dwellings or more):
- | | |
|---|---------|
| • Swanage and the Coast | £30psqm |
| • Wareham and Purbeck Rural Fringe ⁽²⁾ | £20psqm |
| • Upton and Purbeck Rural Centre | £10psqm |

1 Any extensions to Wareham settlement boundary will fall into the Wareham band as they will effectively be extensions to Wareham town, even if they are in another parish

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- 19** At examination of the current CIL the Inspector reduced the Upton rate from £30 (the current Purbeck Rural Fringe) to £10. The latest viability study indicates that there is no justification for separating the Upton area out and reducing the rate. In fact the consultants believe that Upton and Purbeck Rural Centre could support a £50 per square metre rate.
- 20** Previously we have not separated out strategic sites from other development sites. The majority of development in the Partial Review Preferred Options is likely to be delivered in settlement extensions of 200 or more, and will need to provide significant infrastructure. Reducing the CIL significantly on strategic sites of 200 dwellings or more will enable the sites to deliver infrastructure such as school places and highway provision, yet still contribute to more strategic projects.
- 21** In the current CIL charging schedule C3 retirement homes have a reduced rate. The CIL viability consultants do not recommend a reduced rate on the basis that any increased costs in developing retirement homes are more than made up for in premium sales values.
- 22** The viability consultants recommend that all C2 housing (residential institutions and care homes) should be zero rated.

Proposed charging schedule

- 23** The Council is proposing the following charging schedule:

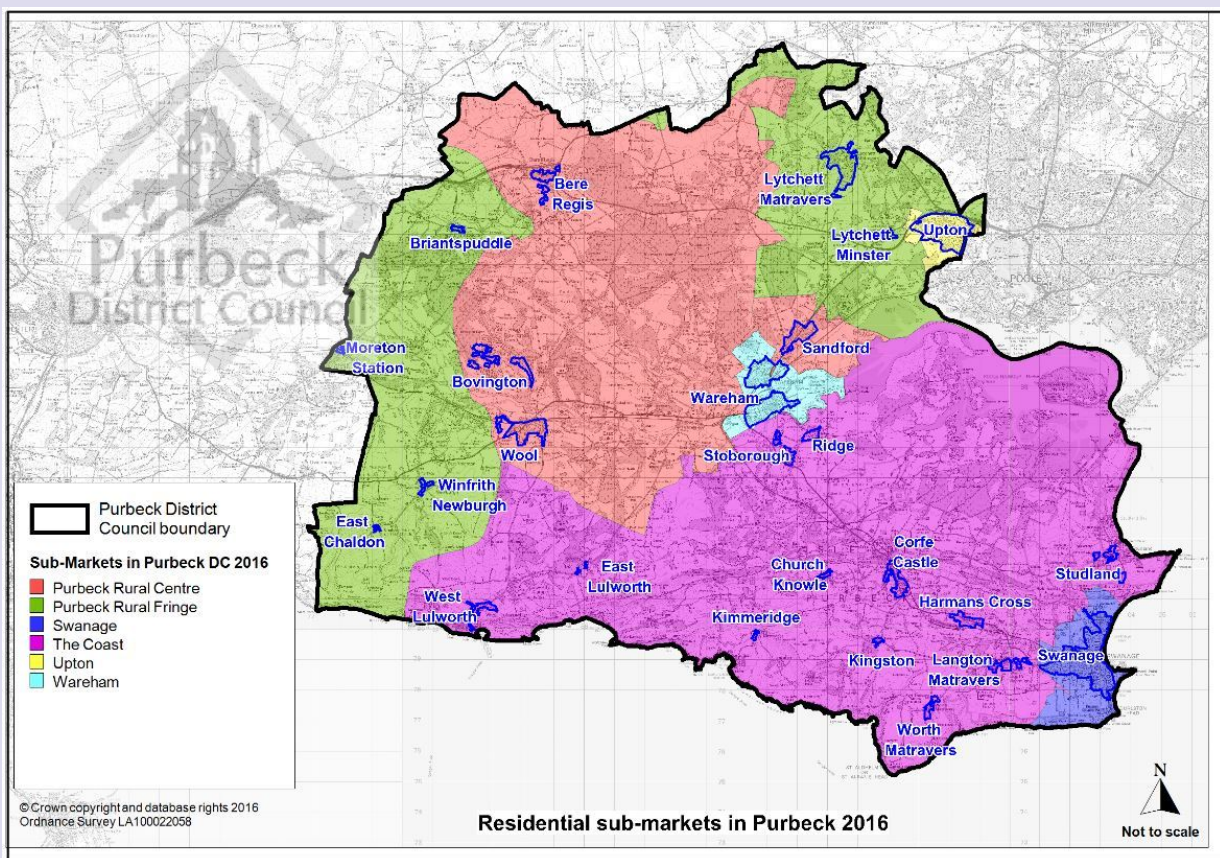
Charging schedule		
Development	Class	Charge
Convenience based supermarkets ⁽³⁾ and superstores and retail warehousing ⁽⁴⁾ (net retail selling space of over 280 sq metres)	A1	£100
Research & Development	B1 (b)	Nil
Offices	B1(a)	Nil
Light Industrial	B1 (c)	Nil
General Industrial	B2	Nil
Storage & Distribution	B8	Nil
Hotels and guesthouses	C1	Nil
Residential Institutions & Care Homes	C2	Nil
Non strategic residential Swanage & the Coast (<200)	C3/4	£180
Non-strategic residential Wareham & Purbeck Rural Fringe (<200)	C3/4	£100
Non-strategic residential Purbeck Rural Centre and Upton (<200)	C3/4	£50

3 Superstores/supermarkets are shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floor space as part of the overall mix of the unit.

4 Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering for mainly car-borne customers.

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Development	Class	Charge
Strategic residential Swanage & the Coast (200+)	C3/4	£30
Strategic residential Wareham & Purbeck Rural Fringe (200+)	C3/4	£20
Strategic residential Purbeck Rural Centre and Upton (200+)	C3/4	£10
Non Residential Institutions	D1	Nil
Assembly & Leisure	D2	Nil



- 24 The impact of recent changes to Planning Policy Guidance around affordable housing thresholds on potential CIL levels will be considered, alongside comments made during the consultation.
- 25 An estimate, assuming neighbourhood plans are adopted, indicates that £5.5 million could be secured through CIL contributions towards strategic infrastructure between 2015 and 2033 through PLP1 and Partial Review. This does not allow for any exemptions other than the mandatory affordable housing exemption.

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The consultation

Your views

This Preliminary Draft Charging Schedule will be subject to 6 weeks consultation ending on 12 August 2016.

We would like to receive any comments you may have on the potential impact of the proposed CIL Charging Schedule as set out above on the viability of development in Purbeck. Copies of this document are available [on-line](#), or reference copies are available for inspection in the District Council offices, Town Council offices and libraries in Purbeck District. The quickest and easiest way to make your comments is using the on-line objective system. This also helps the Council save money through more efficient processing of responses. If this is not possible comments may be made in writing to:

Planning Policy Purbeck District Council Westport House Worgret Road Wareham Dorset. BH20 4PP
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Next Steps

- 26** Following the consultation on this Preliminary Draft Charging Schedule the Council will review the comments received with a view to undertaking a second consultation on a Draft Charging Schedule alongside the Partial Review Pre-submission publication. An updated Infrastructure Plan & Delivery Schedule will also be published in Winter/Spring 2016/2017.

Process	Dates
Public consultation on Preliminary Draft Charging Schedule	June – August 2016
Consideration of comments and preparation of Draft Charging Schedule	Autumn 2016
Public consultation on Draft Charging Schedule and Regulation 123 list	Winter 2016/17
Submission & Examination	Spring 2017
Examination	Summer 2017
Adoption	Late 2017