



Community Infrastructure Levy

Preliminary Draft Charging Schedules For Christchurch and East Dorset



Prepared by Christchurch Borough Council and
East Dorset District Council

January 2013

1	Introduction	2
2	The General Principles of CIL	2
3	The Evidence Base	5
4	CIL Viability Assessment	6
5	The Preliminary Draft Charging Schedule	6
6	Your Views	7
7	Next Steps	9

1 Introduction

1.1 This consultation document sets out the Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule for Christchurch Borough Council and East Dorset District Council. The document has been prepared in accordance with regulation 15 of the CIL Regulations (as amended 2012).

1.2 The Pre-Submission Core Strategy for Christchurch and East Dorset proposes growth for the Borough and District. To ensure that this level of growth is sustainable, infrastructure such as transport improvements, school spaces, flood defences, health and care facilities and open space including Suitable Alternative Natural Greenspace should be provided. The infrastructure required to support new development is set out in the Core Strategy Draft Infrastructure Delivery Plan.

1.3 Development requires and needs a variety of infrastructure and it is important that it contributes towards its provision. The introduction of legislation in the Planning Act 2008 allows councils to raise funds from developers to provide this. The Government considers it is right that those who benefit financially from development should share some of that gain with the community to help fund the infrastructure that is needed to make the development sustainable and acceptable. It is therefore important that the Councils introduce CIL to supplement other funding streams and provide the necessary infrastructure.

1.4 Included in this document is a summary of the evidence base which has been used to inform the proposed charging schedule and a description of the methodology. A separate charging schedule is produced for each Council using a joint evidence base.

1.5 The Councils, as charging authorities, are required to consult with residents, local communities, businesses and stakeholders on the proposed levy rates.

1.6 This is the first of two consultations which are required under the regulations and they will be followed by a public examination which will be conducted by an independent examiner prior to the proposed adoption of CIL in early 2014.

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 2010 (as amended). This legislation also restricts the use of Section 106 agreements.

2.2 It is a locally set charge on development that authorities can choose to introduce to charge on new developments in their area, based on the size and type of development. The funds are then used to provide infrastructure which is required to support new development in the area.

2.3 The requirements which a CIL charging schedule has to meet are set out in:

- The Planning Act 2008 as amended by the Localism Act 2011

- The CIL Regulations 2010, as amended in 2011 and 2012
- The CIL guidance issued under S221 of the Planning Act 2008, which is statutory guidance

What are the benefits of CIL?

2.4 CIL provides a simpler and more transparent process than the collection of funds and provision of infrastructure under the Section 106 procedures. The Government suggests there are a range of benefits to local authorities who introduce the levy. These include:

- CIL provides additional funding to allow local authorities to carry out a range of infrastructure projects that not only support growth but benefit the local community
- CIL gives authorities the flexibility to set their own priorities on the projects which CIL should fund, unlike Section 106 funds which require a direct link between development and the infrastructure project
- CIL provides developers with clarity about the level of contributions which are required from any development and provides transparency for local people
- CIL enables local authorities to hand over a "meaningful proportion" in areas where there is no neighbourhood plan, to the communities where development takes place to spend on the infrastructure the neighbourhood wants. This is defined as 25% where a neighbourhood plan is in place and 25%, capped at £100 per existing dwelling,
- CIL is also non-negotiable and therefore should save time by removing any need for negotiations between the local authority and developers as occurs on S106
- CIL is fair as it is related to the specific size of the development in terms of new floorspace

What development will be liable for CIL?

2.5 Most buildings that people normally use are liable to pay the levy, whether the proposal is for a new building or an extension and it results in 100 sq.m or more of net increase in gross internal floor space. Development which is less than 100 sq.m but which involves the creation of additional dwellings will also be liable. The conversion of a building that is no longer in lawful use will also be liable for the levy.

Are there any exemptions from CIL?

2.6 The CIL regulations provide for some exemptions:

- 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 to two or more dwellings providing there is no increase in floor area
- Buildings into which people do not normally go, buildings which people only enter intermittently for the purposes of inspection or maintenance and structures which are not buildings such as pylons.
- Changes of use which do not involve an increase in floorspace

Discretionary relief from CIL

2.7 Discretionary relief is available for charitable investment relief. To be considered for relief, the whole or greater part of the chargeable development must be held as an investment from which the profits will be applied for charitable purposes.

2.8 Discretionary relief is also available, in specific circumstances, for development which can demonstrate exceptional circumstances (as defined in CIL Regulation 55). Exceptional circumstances relief can only be given where the following eligibility criteria are fulfilled:

1. The charging authority (In this case the charging authorities are Christchurch Borough Council and East Dorset District Council) has made exceptional circumstances available in its area;
2. The claimant owns a material interest in the land;
3. A Section 106 Planning Obligation has been entered into in respect of the planning permission which permits the chargeable development; and
4. The charging authority considers that:
 - The cost of complying with the Section 106 agreement is greater than the charge from the levy payable on the chargeable development;
 - Requiring payment of the charge would have an unacceptable impact on the economic viability of the chargeable development; and
 - Granting relief would not constitute a notifiable state aid.

2.9 Christchurch and East Dorset Councils do not propose to make discretionary relief available for exceptional circumstances which is consistent with the conclusions of the viability assessment undertaken by Peter Brett Associates which has informed the CIL schedule.

What is the relationship between CIL and other planning obligations?

2.10 CIL is intended to provide infrastructure to support the development of the area. Consequently, there may still be some site specific requirements without which planning permission should not be granted. Some of these needs may be provided as a result of the levy but some may be very local. The use of planning obligations has therefore been scaled back by the Government to ensure there is no overlap between obligations and CIL. Pooling of contributions from several schemes is restricted after April 2014 and is being replaced by CIL.

2.11 Authorities cannot charge for the same items through both planning obligations and CIL. It is therefore proposed to publish a list of infrastructure or types of infrastructure that it is intended will be or may be, wholly or partly funded by the levy. This list is required under Regulation 123. A list will be published for each authority.

When is CIL payable?

2.12 Payment for CIL is due upon commencement of the development. It must be paid in full within 60 days although for larger schemes CIL can be levied in phases. To implement this, the Councils are required to publish an instalment plan on their websites. The plan must contain the following:

- The number of instalment payments
- The amount or proportion of CIL payable in any instalment
- The time frame in which instalments must be paid and the dates of each payment
- The minimum amount of CIL below which CIL may not be paid by instalment.

2.13 The Councils are considering introducing an instalment policy and are seeking views on the above points.

3 The Evidence Base

3.1 The CIL Charging schedule is required to be informed by an up-to-date development plan, an Infrastructure Delivery Plan and an assessment of the likely impact of CIL on the viability of development in the Borough and District.

3.2 DCLG advice states that a draft plan can be used where a charging authority submits its draft charging schedule alongside its proposed Core Strategy for joint examination.

3.3 The evidence which supports the Preliminary Draft Charging Schedule is available from the Councils' website www.dorsetforyou.com/407160

Christchurch and East Dorset Core Strategy

3.4 The Christchurch and East Dorset Core Strategy provides the development strategy for the two areas to 2028. It sets out policies which guide the sustainable growth of the two areas over this time and allocates sites for residential development and for employment growth. The Core Strategy has been through the Pre-Submission Consultation stage which was followed by a consultation on Proposed Changes in November 2012. The Core Strategy is to be submitted in March 2013 and followed by an Examination in Public. A wide range of evidence was used in the preparation of the plan and it addresses the key issues faced by the two authorities.

Infrastructure Delivery Plan

3.5 The Infrastructure Delivery Plan (IDP) accompanies the Core Strategy, taking from it information on the level and types of infrastructure which are required to support the level of growth planned for in the Core Strategy. Consultation on the IDP took place at the same time as the Pre-Submission and Proposed Changes consultation on the Core Strategy. The IDP outlines the key infrastructure requirements necessary and, as is recognised by the Government, will be regularly updated to take into consideration changing needs and priorities over the plan period. The IDP is a joint document for both authorities, but includes separate tables of infrastructure for the Borough and District.

Funding Gap

3.6 The Infrastructure Delivery Plan includes information on the costs and available funding for infrastructure projects where the information is available. However, many of the costs are unknown and funding streams for many projects are limited. The IDP shows a significant funding gap for both authorities. As project and development delivery is uncertain, the precise funding gap cannot be finalised at this time. Some costs are for schemes which cross authority boundaries, so providing a figure for the Borough or District is not feasible

at this time. Revenue from CIL is not expected to bridge the funding gap entirely but it will have a significant impact on available finances to enable both Christchurch and East Dorset Councils to bring forward infrastructure.

4 CIL Viability Assessment

4.1 Peter Brett Associates were commissioned as consultants by the two authorities to undertake a CIL viability assessment for both areas. The Government requires Charging Authorities to use the evidence on the infrastructure requirements and information on economic viability to strike an "appropriate balance" between the desirability to fund infrastructure using the levy and the potential effects of the levy on the viability of development in their area. The viability assessment has been prepared and used to demonstrate the potential effects of the levy on the economic viability of development. Proposed CIL rates have been based on assessments of viability across the Borough and District. The report prepared by the consultants can be found on the Councils' website www.dorsetforyou.com/407160

4.2 The consultants tested different development types and scenarios to compare existing use values and residual land values. Evidence was gathered from a variety of sources including approaching local agents and developers for information on property sales and values and using information on costs of development. The testing included examining the effects of different levels of CIL and affordable housing. The viability assessment also takes into account the impact on development viability of other policy costs faced by development including other Section 106 costs.

4.3 A workshop was held for developers, agents and providers of affordable housing during the preparation of the viability study to seek feedback on the assumptions and findings of the work.

4.4 The study for both authority areas shows that care homes, residential and convenience retail development is sufficiently viable to pay CIL. Other forms of development that in principle could pay a CIL charge are set a £0 rate as they are would otherwise be currently unviable.

5 The Preliminary Draft Charging Schedule

5.1 Christchurch and East Dorset have worked together on the development of CIL. However, there will be two charging schedules, one for each Council to reflect the fact that they are two charging authorities. This approach takes into consideration the characteristics of each area.

5.2 The tables below set out the proposed CIL rates for different types of development by authority area.

Christchurch Proposed CIL Rates	
Development Type	Christchurch Charge per sq m
Residential development	£100

Christchurch Proposed CIL Rates	
Hotels	£0
Care homes	£40
Offices	£0
Light industrial/warehousing	£0
Convenience retail	£110
Comparison retail	£0
Public service and Community Facilities	£0
Standard charge (all other uses not covered)	£0

Table 5.1

East Dorset Proposed CIL Rates	
Development Type	East Dorset Charge per sq m
Residential development	£100
Hotels	£0
Care homes	£40
Offices	£0
Light industrial/warehousing	£0
Convenience retail	£110
Comparison retail	£0
Public service and Community Facilities	£0
Standard charge (all other uses not covered)	£0

Table 5.2

5.3 Each charge covers all areas of each authority, so no maps are included.

6 Your Views

6.1 This Schedule is available for consultation from the 28th January to the 11th March.

6.2 Christchurch and East Dorset Councils would like your views on the Preliminary Draft Charging Schedule and in particular responses on the following questions:

Question 1

Are the proposed rates informed by the evidence on economic viability provided in the report by Peter Brett Associates?

Question 2

Do you believe the evidence on viability is correct? If not, please set out alternative evidence to support your view.

Question 3

Do you think the rates proposed strike an appropriate balance between the desirability of funding infrastructure through CIL and the potential effects of imposing a CIL on the Borough and District?

Question 4

Do you think the Borough and District should introduce an instalments policy for CIL as set out in Section 2 of this document?

Question 5

Any other comments.

6.3 Copies of the Preliminary Draft Charging Schedule are available for inspection at the East Dorset District Council Offices, Furzehill and Christchurch Civic Offices as well as all libraries in both areas.

6.4 All comments must be made by one of the following methods:

- via our online consultation system at <http://www.dorsetforyou.com/407160>,
- by email to planningpolicy@christchurchandeastdorset.gov.uk, or
- in writing by post to either: Planning Policy, Christchurch Borough Council, Civic Offices, Bridge Street, Christchurch, Dorset BH23 1AZ, or Policy Planning, East Dorset District Council, Furzehill, Wimborne, Dorset, BH21 4HN

6.5 All comments must include your name and address. Comments cannot be treated as confidential and therefore by responding, you are agreeing to your information being disclosed to third parties.

7 Next Steps

7.1 Following this consultation, the Councils will review the comments received together with any other evidence that emerges and use the findings to inform the next stage which is the Draft Charging Schedule.

7.2 Once the Councils consider that the Draft Charging Schedule is ready for the independent examination, it will publish the document for a four week consultation period. During this period, representations can be made and any person making a representation has the right to be heard at the CIL examination.