

**BODY:** CABINET

**DATE:** 10<sup>th</sup> July 2013

**SUBJECT:** Eastbourne Community Infrastructure Levy (CIL) – Preliminary Draft Charging Schedule

**REPORT OF:** Senior Head of Development

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**Ward(s):** All

**Purpose:** To seek authority from Cabinet Members to undertake targeted consultation on the CIL Preliminary Draft Charging Schedule for a 6 week period.

**Decision type:** Budget and Policy Framework

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**Recommendation:** To approve the CIL Preliminary Draft Charging Schedule and give authority to the Senior Head of Development in consultation with the portfolio holder to undertake targeted consultation for a 6 week period.

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## **1.0 Introduction**

1.1 The Community Infrastructure Levy (CIL) allows local authorities in England and Wales (defined as Charging Authorities) to raise funds from developers undertaking new building projects. It effectively replaces much of the existing process of planning obligations commonly known as 'Section 106' agreements. The primary use of CIL is to gain financial contributions from certain types of viable development to help fund new or improved strategic infrastructure required to support the growth identified in a local authority's Core Strategy. CIL places a charge per square metre on development. It will not be the sole funding source for all infrastructure delivered, but will supplement other public sector revenue streams.

1.2 CIL has a number of significant advantages over the current system of Section 106 agreements, including:

- Payment is non-negotiable, which helps speed up the planning process;
- The CIL charge is transparent and predictable, meaning that applicants will know their CIL liability prior to submitting planning application;
- All liable developments will contribute to the cost of infrastructure provision, not just large scale development;

- In the longer term the intention is that a proportion of CIL will be available to spend on local infrastructure priorities;
  - From 6 April 2014, CIL will be the main mechanism for securing developer contributions for infrastructure to support growth. Section 106 planning agreements will be significantly scaled back after this date.
- 1.3 The money raised from CIL will be used to pay for infrastructure to support development, ensuring that new development bears a proportion of the cost of delivering the new infrastructure required. CIL can be spent on any community infrastructure required to support growth, provided the infrastructure is on a Council published Regulation 123 list. The draft Regulation 123 list will be available for comment alongside the Preliminary Draft Charging Schedule (PDCS).

## **2.0 The Charging Schedule**

- 2.1 The Council has prepared a Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS). This provides the first step in setting the CIL rates for Eastbourne, and allows stakeholders to comment on the proposed rates, which are supported by evidence on development viability. The PDCS sets out the general explanation of CIL, the background to its preparation and the methodology used to determine the proposed CIL rates.
- 2.2 The PDCS is supported by an evidence base which includes a detailed viability assessment. The viability assessment document examines the levels of CIL that can be achieved across the Borough without affecting the overall viability of development identified in the Eastbourne Core Strategy Local Plan. Only developments that are shown to be viable will be charged CIL.
- 2.3 The PDCS is also supported by a revised Infrastructure Delivery Plan and accompanying Funding Gap Analysis document, to demonstrate that there is a funding deficit between the total cost of required infrastructure and the infrastructure already agreed for delivery and to be financed by the Council, external partners and agencies. The funding gap analysis justifies the position of the Council to move forward with CIL.
- 2.4 Proposed CIL rates have been tested based on the full affordable housing requirements, by market value area and the requirement for Level 4 of the Code for Sustainable Homes. This is a key priority for the Council in conformity with the spatial development strategy identified in the Core Strategy, and ensures that CIL rates are viable overall. A range of typical development types over all use classes have been tested within the viability assessment. The recommended CIL charges are reasonable and have not been set at or near to the maximum level assessed in the viability evidence. The Council consider that the proposed CIL rates will be resistant to market and policy changes, given that they have been set at an appropriate amount that is viable with the current economic climate.

## **3.0 The proposed CIL charges**

- 3.1 The viability assessment has concluded that for residential development, the existing Core Strategy high and low value areas form a strong basis for CIL

charging zones, reflecting the disparity in land values and viability levels across the Borough. An assessment of viability on brownfield and greenfield land has also shown a clear distinction in viability levels for residential levels. A charging regime broken down by market value area and brownfield/greenfield land has therefore been proposed and for example has resulted in residential development being zero rated on brownfield land within the Low Value area.

3.2 Only residential and retail (A1-A3 Planning Use Class) developments have been assessed as viable for a CIL charge. Retail viability testing showed a wide range of proposed costs by type, but for ease and in line with planning regulations and recent case law it is proposed to have one standard charge for retail development. No other types of non-residential development will be liable for a CIL payment, and therefore will be zero rated.

3.3 The proposed CIL charging rates are as follows:

Residential Uses	
Brownfield Sites	CIL Rate £/sq. m.
Low Value Area	0
High Value Area	45
Greenfield Sites	CIL Rate £/sq. m
Low Value Area	45
High Value Area	75
Non-Residential Use	CIL Rate £/sq. m
Retail (A1-A3)	100
All Other Non-Residential Uses	0

Appendix B provides a map of the CIL charging area and residential charging zone boundaries.

3.4 **Phasing** - The Council consider that if a planning application is large enough to be delivered through appropriate phases, then CIL payments should be linked to these phases to ensure that development remains viable overall. The Council will negotiate relevant phasing on major applications during the determination of the planning application. Set phases and their relevant land use descriptions will need to be confirmed in an accompanying Section 106 agreement and these phasing stages will be linked to CIL liability. Therefore, the CIL charge will be calculated at each phase of the development, and will be liable for payment on commencement of each relevant phase.

#### **4.0 Resource Implications**

4.1 The Council has an agreed budget for progressing CIL through to adoption, which includes support by planning consultants in the preparation of viability evidence and attendance at the Public Examination.

#### **4.2 Financial**

There are no direct financial implications to the Council of this report. The cost of the publication and publicity for the PDCS will be met from within the

existing service budget.

#### 4.3 Legal

The PDCS has been prepared in accordance with the CIL Regulations 2010 (as amended) and takes account of recent case law related to the recent examination of CIL Charging Schedules.

#### 4.4 Staff Resources

Officers will manage the publicity and consultation arrangements for the PDCS.

#### 4.5 Equalities and Fairness Impact Assessment

A streamline assessment has been made as the CIL PDCS is a technical planning document. The assessment demonstrates that there are no impacts on equalities and fairness and there are no human right issues.

### **5.0 Consultation and Next Steps**

5.1 In line with CIL Regulations, the Council is required to undertake consultation on the PDCS. The Council has recommended a 6 week period as this is a technical consultation that will be targeted to specific stakeholders and infrastructure providers. The consultation period is timetabled for Friday 19 July – 30 August 2013. A consultation response form has been prepared which asks key questions for which we require feedback. Alternatively responses can be received by letter, email or on the Council's on-line consultation portal.

5.2 The Council will consider all representations received during this consultation and report back to Cabinet in the Autumn with the final draft version of the Charging Schedule for publication in November/December 2013 when further representations are sought. At this stage the document is submitted to an independent examiner and any representations are forwarded to the examiner for consideration at the Public Examination. It is anticipated that the Public Examination could take place in early 2014.

5.3 The Council will continue to formalise its procedures for collecting, spending and monitoring CIL, so that it can be implemented in April 2014. Further information on this protocol will be provided with the Draft Charging Schedule later in the year. The Council is continuing to work closely with Civica on the development of a CIL module which can be bolted on to the current APP/W2 system that this used to process planning applications.

### **6.0 Conclusion**

6.1 The PDCS has been prepared based on a comprehensive assessment of development viability across the Borough. The proposed rates are justified by evidence and ensure that they do not compromise the ability for the Council to deliver its spatial development strategy.

- 6.2 Cabinet are requested to endorse The CIL Preliminary Draft Charging Schedule and give authority to undertake targeted consultation for a 6 week period.

**Craig Steenhoff**  
**Specialist Advisor (Planning)**

***Background Papers:***

*The Background Papers used in compiling this report were as follows:*

*Community Infrastructure Levy Regulations (2010) [as amended]*

*National Planning Policy Framework CLG (2012)*

***Accompanying Reports/Documents:***

*Eastbourne Community Infrastructure Preliminary Draft Charging Schedule (July 2013)*

*Eastbourne Infrastructure Delivery Plan (Revised, June 2013)*

*Eastbourne Infrastructure Funding Gap Analysis (June 2013)*

*Eastbourne Draft Regulation 123 Infrastructure List (June 2013)*

*Eastbourne CIL Viability Assessment (June 2013)*

To inspect or obtain copies of background papers please refer to the contact officer listed above.

**APPENDIX A**

**Eastbourne Community Infrastructure Levy – Preliminary Draft Charging Schedule (July 2013)**

Attached separately.

## APPENDIX B

### CIL Charging Area and Residential Charging Zone Boundaries

The CIL Charging Area will be all areas within the 14 neighbourhood boundaries, further divided by High and Low Value Market Areas.

