

Report to	Cabinet	Item
	12 June 2013	
Report of	Deputy Chief Executive (operations)	9
Subject	Community Infrastructure Levy – adoption and implementation of the charging schedule.	

Purpose

To recommend to Council the adoption and implementation of the Community Infrastructure Levy (CIL) charging schedule for Norwich. The primary objective of the CIL is to collect money from most forms of development to fund infrastructure.

Recommendation

To recommend to Council to:

- (1) adopt the Community Infrastructure Levy Charging Schedule (paragraph 10) for Norwich;
- (2) agree to delegate any minor changes to the Charging Schedule for clarification purposes to the Deputy Chief Executive (operations);
- (3) agree the proposed implementation date of 15th July 2013 and
- (4) agree the draft regulation 123 list as attached in appendix 2 and to delegate any further changes to the list before the implementation date to the deputy chief executive (operations) in consultation with the leader.

Corporate and service priorities

The report helps to meet the corporate priority “A prosperous city”

Financial implications

The preparation, implementation and governance of CIL is time consuming and will require ongoing staff resources. Under the CIL regime the council is permitted to retain up to 5% of CIL receipts to cover its administration. Consequently, there should be no additional, financial burden on the council.

Legal implications

This proposal is in full accordance with the Community Infrastructure Levy Regulations 2010, which is a statutory instrument

Ward/s: All

Cabinet member: Councillor Arthur - Leader

Contact officers

Gwyn Jones

01603 212364

Background documents

None

Report

Background

1. Community Infrastructure Levy (CIL) is part of the new system that sets out how local authorities in England and Wales can secure funding from new developments in their area. The money will be used to fund infrastructure to support development – for example, new or safer road schemes, public transport and walking and cycling schemes, park improvements or a community hall. CIL will apply to most new buildings and charges will be calculated in accordance with an adopted charging schedule which will be based on the size, type and location of the development.
2. To implement CIL, councils must adopt the charging schedule which sets out the cost per square metre to be charged on liable development. The three councils of Broadland, South Norfolk and Norwich chose to work together as the Greater Norwich Development Partnership (GNDP) to develop and introduce CIL. The Council agreed to publish a preliminary draft charging schedule in late 2011 as a first step towards the adoption of a Community Infrastructure Levy for Norwich (excluding the Broads Authority area). The outcome of the consultation exercise was reported to the Council's meeting on 31 January 2012.
3. Having considered the report and its supporting documents, the Council agreed to proceed by publishing a draft charging schedule under Regulation 16 of the Community Infrastructure Levy Regulations (as amended) and inviting representations under Regulation 17.
4. The publication of the draft charging schedule and supporting documentation took place in February and March 2012 and representations under Regulation 17 were invited from 6 February to 5 March 2012.
5. On 25 July 2012 the Council agreed to publish the Statements of Modifications and evidence in accordance with Regulation 19 of the Community Infrastructure Levy Regulations 2010 (as amended) and submit these (and necessary submission documents) for examination by an independent examiner under Regulation 22 of the Community Infrastructure Levy Regulations 2010 (as amended).
6. The Planning Inspectorate (PINS) were appointed to undertake a joint Examination in Public for the Charging Schedules for Broadland, Norwich and South Norfolk. PINS appointed Keith Holland BA (Hons) Dip TP, MRTPI ARICS. The hearings took place on 16 and 17 October 2012. Parties who had submitted representations at the Regulation 16 (Draft Charging Schedule Publication) were able to request to be heard by the Examiner.

The Examiners report

7. The Examiner issued his report in March 2013. The Inspector agreed with the majority of the rates set out in the Draft Charging Schedules, although concluded that the housing market in Greater Norwich was still too fragile to sustain charges proposed by the councils and recommended a 35% reduction. He did however agree with the councils' proposals that developers constructing large convenience stores should pay £135 per square metre and smaller shops £25 per square metre.
8. The Examiner concludes the rates for residential development should be £75 per sq m and £65 per sq m for flats in blocks of 5 storeys and above.

9. The Examiner's report is attached as Appendix 1. In accordance with Regulation 23 of the Community Infrastructure Regulations 2010 (as amended), the Examiner's Report has been published on the GNDP website, and linked to by the Charging Authorities (Broadland District Council, Norwich City Council and South Norfolk Council). The report has also been made available for inspection at the main council offices of Broadland District Council, Norwich City Council and South Norfolk Council and sent to people who requested to be notified of the Examiner's recommendations.
10. Following the receipt of the Examiner's report, the Council is now in a position to adopt the charging schedule. The proposed charging schedule amended to take account of the examiner's report is as follows:

Norwich City Council- Charging Schedule (£ per m2)

Use Class	Zone A
Residential development (Use classes C3 and C4 excluding affordable housing) including domestic garages, but excluding shared-user/ decked garages.	£75
Flats in blocks of 5 storeys and above	£65
Development resulting in large convenience goods based stores of 2,000m2 gross or more (For the purposes of CIL a convenience goods based store is one where more than 50% of the net floor area is intended for the sale of convenience goods. Convenience goods are food, alcoholic and non-alcoholic beverages, tobacco, periodicals and newspapers, and nondurable household goods)	£135
All other retail (Use classes A1-A5) and assembly and leisure development (D2) Sui generis akin to retail i.e. shops selling and/or displaying motor vehicles, petrol filling stations, retail warehouse clubs Sui generis akin to assembly and leisure i.e. nightclubs, amusement centres and casinos	£25
Uses falling under C2, C2A and D1 Fire and Rescue Stations, Ambulance Stations and Police Stations which are Sui Generis.	£0
All other types of development covered by the CIL regulations (including shared-user/ decked garages)	£5

11. At the same time the council can agree to set a date from which CIL will be implemented. After this implementation date all developments that are determined and fall into the categories of the charging schedule will be liable to pay CIL.

Implementation date

12. The implementation, collection and governance of CIL is complex and involves officers from planning services and LGSS. Officers within GNDP have been meeting regularly and broadly applying a process map produced by the Planning Officers' Society to real life application examples, which has been helpful, challenging and time consuming.
13. The arrangements for collection and governance of the CIL monies have yet to be finalised due to the complex nature of the process. However, as CIL has to be paid on the commencement of development it is unlikely that the authorities will see significant CIL monies being paid until 6 months to a year after the agreed implementation date.
14. Therefore it is recommended that the implementation date is set to 15th July 2013. There are applications in the system, that have had considerable officer time and legal fees invested in the S106 agreements that are now very close to being finalised. This implementation date should avoid this time and money being wasted.

Regulation 123 list

15. At the time CIL becomes operational, the authorities are required to publish a list of the specific infrastructure or types of infrastructure that will be funded by CIL and those which will continue to be funded through s.106 (known as the regulation 123 list). A draft of this list was published with the draft charging schedules considered at the examination although it is not required to be examined as part of the process. Some changes to this list have been made to comply with the regulations and the draft list is attached as Appendix 2 to this report. There may need to be some further changes to this list to ensure that is agreed by all GNDP partners and is compliant with the CIL regulation, therefore approval is sought to delegate any further changes to the deputy chief executive (operations) in consultation with the leader.
16. Following the implementation of CIL, this will need to be kept under review to assess how this list impacts on the delivery of infrastructure and viability of development in practice. It may be necessary to review this list (which can be done at any time). It may also be necessary to consider an early review of the CIL charging schedules themselves based on evidence of the state of the market.

CIL spending priorities

17. The priorities for the investment of CIL will be on the infrastructure necessary to deliver the Joint Core Strategy and will include strategic investment (such as enhanced bus corridors) and local schemes such as play areas. The provision of strategic infrastructure will require some form of pooling of CIL income between local authorities. This is tied in with discussions on a City Deal for the Greater Norwich area. Any arrangements for pooling, together with the governance process for investment priorities and funding will be developed as part of the City Deal process and subject to a further report to members.

County Council collecting responsibilities

18. Members should also note that Norfolk County Council will become a CIL collecting authority once the district councils adopt and implement their respective charging schedules. However, the County will have very few applications that are CIL liable and as such they are recommending that their collection responsibility is in effect contracted out to the districts within which the development is taking place. Full details of this process are set out in the attached County Council Cabinet report,

dated 28 January 2013 (Appendix 3). Officers consider this to be an acceptable proposal.

Discretionary relief

19. A further matter that needs to be agreed upon implementation, relates to discretionary relief of CIL. It is important that the Council's position on discretionary relief is made clear to those submitting planning applications. Regulation 55 allows a charging authority to grant discretionary relief in exceptional, specified circumstances. The charging authority may agree to a reduction for developments accompanied by a section 106 agreement where the developer can demonstrate that development of the site is not viable (taking into account the CIL charge and Section 106 contribution) and the cost of complying with the S106 obligation exceeds the CIL charge. In such cases the developer will be expected to demonstrate this (as set out in regulation 57) by providing an independent assessor with "open book" accounts. In practice, the scope of relief which could be offered is likely to be very limited by European state aid regulations. The process is quite onerous and it would be the responsibility of the local authority to ensure state aid regulations are not breached. The availability of discretionary relief, to some degree at least, undermines certainty and predictability that is such an advantage of CIL.
20. At this time, it is not considered that the benefits of offering discretionary relief outweigh the disadvantages. However, this will be kept under review and the authorities will consider introducing a policy allowing discretionary relief in the light of experience.

Phasing policy

21. The CIL regulations require CIL to be paid in full within 60 days of commencement of development unless the Council introduces a phasing policy. For large developments this approach is quite onerous. Under the Community Infrastructure Levy (Amendment) Regulations 2011 which came into force in April 2011, authorities who wish to allow payment to be made by instalments are required to produce an Instalment Policy setting out only:
- a) The date on which it takes effect, which must be no earlier than the day after the instalment policy is published on the website;
 - b) The number of instalment payments;
 - c) The amount or proportion of CIL payable in any instalment;
 - d) The time (to be calculated from the date the development is commenced) that the first instalment payment is due, and the time that any subsequent instalment payments are due; and
 - e) Any minimum amount of CIL below which CIL may not be paid by instalment.
22. A phasing policy was proposed by the councils during the consultation on the draft charging schedule (attached at Appendix 4) and it is recommended that this is introduced at the same time CIL is implemented.

Conclusion

23. CIL provides a fair and transparent system of developer contributions for the provision of infrastructure required to support development in accordance with the Joint Core Strategy (JCS) for Broadland, Norwich and South Norfolk. The charging schedule sets out the levy for different types and locations of development that will apply in the JCS area. This report proposes the adoption of the charging schedule and a date from which to implement it. This is crucial as the investment from CIL will help to provide a significant fund of money to be put towards the delivery of infrastructure to create sustainable development over the plan period.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	12 June 2013
Head of service:	Andy Watt
Report subject:	CIL- Adoption and Implementation
Date assessed:	04.03.12
Description:	

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment	
Positive	
Negative	
Neutral	
Issues	



The Planning
Inspectorate

Report to the Greater Norwich Development Partnership – for Broadland District Council, Norwich City Council and South Norfolk Council.

by Keith Holland BA (Hons) Dip TP, MRTPI ARICS

an Examiner appointed by the Councils

Date: 4 December 2012

PLANNING ACT 2008 (AS AMENDED)

SECTION 212(2)

REPORT ON THE EXAMINATION OF THE DRAFT COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULES FOR BROADLAND DISTRICT COUNCIL, NORWICH CITY COUNCIL AND SOUTH NORFOLK COUNCIL

Charging Schedules submitted for examination on 10 August 2012

Examination hearings held on 16 and 17 October 2012

File Ref: PINS/G2625/429/6

Non Technical Summary

This report concludes that the Community Infrastructure Levy Charging Schedules proposed by Broadland District Council, Norwich City Council and South Norfolk Council do not provide an appropriate basis for the collection of the levy in the Greater Norwich area as drafted. The evidence shows that the rates proposed for residential development are too high and would pose a significant threat to the viability of housing development in the area. However, I consider that such non-compliance with the drafting requirements can be remedied by the making of modifications which I recommend. Such modifications are specified at Appendix A to this report and are designed to reduce the residential rates by around 35%. Subject to such modifications the draft is approved.

Introduction

1. This report contains my assessment of the Community Infrastructure Levy (CIL) Charging Schedules for three councils – Broadland District Council, Norwich City Council and South Norfolk Council, hereafter referred to as the Councils. The basis for this assessment is Section 212 of the Planning Act 2008. It considers whether the schedules are compliant in legal terms and whether they are economically viable as well as reasonable, realistic and consistent with national guidance (Charge Setting and Charging Schedule Procedures – DCLG – March 2010).
2. To comply with the relevant legislation a local charging authority has to submit what it considers to be a charging schedule which sets an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across the area. In this instance the three authorities are proposing identical charging schedules save for Norwich City which has a separate rate for flats in blocks of 5 storeys and above, and is entirely within zone A. The basis for the examination is the written material and representations submitted, the material presented to the hearings held on 16 and 17 October 2012 together with the further written submissions in response to matters raised at the hearing sessions. The three draft charging schedules were submitted for examination on 10 August 2012 together with Statements of Modifications. The Modifications relate to changes to the Draft Charging Schedules published in February 2012 and have been consulted on for a period of four weeks in accordance with the requirements of the Community Infrastructure Levy Regulations 2010 (as amended).
3. The Councils propose two charging zones described as Zone A and Zone B. The Zones are only relevant to residential development. The proposed charges in £ per sq. m. are: Residential Development (Use Classes C3 and C4 excluding affordable housing) including domestic garages, but excluding

shared-user/decked garages Zone A £115, Zone B £75; Flats in blocks of 5 storeys and above £100 (Norwich City only); Development resulting in large convenience goods based stores of 2000 sq.m. and above £135; All other retail, assembly and leisure development, sui generis akin to retail and sui generis akin to assembly and leisure £25; Uses falling within Use Classes C2,C2A and D1 Nil; All other types of development covered by the CIL regulations (including shared-user/decked garages and B1,B2,B8 and C1 uses) £5

The evidence - is it appropriate and does it support the proposed charging schedules?

Infrastructure planning evidence

4. The basis for the infrastructure needs is provided by the Joint Core Strategy (JCS) for the three authorities adopted in March 2011. Following a partially successful legal challenge the JCS is now adopted with the exception of the policies relating to the distribution of housing growth in the Norwich Policy Area part of Broadland District. The implications of the remittal of some policies for part of the area do not materially affect the justification for a CIL because the overall scale of growth is not affected. The JCS sets out the main elements of growth that will need to be supported by further infrastructure. An unchallenged infrastructure schedule submitted by the Councils with identified funding from other sources shows that some 54% of the infrastructure needs of the area remain unfunded at present. This amounts to £378 million and hence a basic requirement for the imposition of a CIL charging regime is in place.

Residential viability evidence

5. In relation to the Councils' evidence, CIL viability assessment work was undertaken by GVA Grimley Ltd (GVA) and, in relation to the impact of garages on residential sale prices, by Mott MacDonald. The Councils also produced supplementary evidence on residential viability, the viability of flats in Norwich City and the viability of large scale convenience goods based retail development. Norfolk Property Services provided evidence on the build cost of flats in Norwich City. I have considered all this evidence and all the representations made as well as the additional viability evidence submitted to the examination by the Councils following advice from the Homes and Communities Agency (HCA).
6. A "final" report from GVA was published in December 2010 and an errata was added in June 2011. The errata dealt with current market values based on discussions with local agents and available sales information for land with planning permission (or resolutions to grant permission) with circa 25% affordable housing provision. In August 2011 a further piece of work was done by GVA relating to the proposed charging zone boundaries.
7. The initial work done by GVA identified four residential market areas – Central (focussed on Norwich), Inner (settlements close to Norwich), Outer (the rural areas) and the A11 Corridor. Subsequent work by GVA, based on market evidence including Land Registry data, resulted in a simplification of the four zones into two charging zones by combining the Central, Inner and

A11 market areas into a single zone A. Inevitably there are some anomalies in the delineation of the two zones and it is understandable that some of those making representations consider that, for example, the villages of Thurton, Loddon and Hales should be in Zone A and not Zone B. However the Councils, in accordance with Government guidance which warns against over complicating charging zones, have devised a relatively simple and logical approach based on general property values. This provides a sound basis for a two tier charging system for residential development.

8. A fundamental element of the work done by GVA deals with benchmark land values in 4 areas originally identified. Central £500,000 per acre, Inner and A11 corridor £210,000 – £250,000 per acre and Outer £200,000 per acre. These benchmark values represent the existing use value of land plus an element of hope value assuming planning permission for residential development and a requirement for 25% to 35% affordable housing but with no allowance for CIL.
9. Bearing in mind that the cost of CIL needs to largely come out of the land value, it is necessary to establish a threshold land value i.e. the value at which a typical willing landowner is likely to release land for development. Based on market experience in the Norwich area the Councils' viability work assumed that a landowner would expect to receive at least 75% of the benchmark value. Obviously what individual land owners will accept for their land is very variable and often depends on their financial circumstances. However in the absence of any contrary evidence it is reasonable to see a 25% reduction in benchmark values as the maximum that should be used in calculating a threshold land value.
10. In addition to the advice from GVA, the Councils produced their own viability work described as Supplementary Evidence on Residential Viability (Document EV6) based on a model provided by Norfolk Homes and using advice from the Homes and Communities Agency. This supplementary assessment provides a series of calculations based on the residual valuation approach and includes for comparison purposes valuations using "developer assumptions". This material provides a range of valuations based on 2 types of hypothetical scheme – a 250 dwelling scheme in charging zones A and B and a 25 dwelling scheme in Zone A. The range is derived from changing inputs such as the level of affordable housing, costs, gross development value and level of S106 contributions. Private sector developers challenge this material on several grounds. In this instance significant differences between the Councils and the developer assumptions relate to contingencies and overhead costs.
11. One of the characteristics of the residual valuation approach is that the results are very sensitive to the assumptions made in the calculation. Taking as an example hypothetical Scheme 1, 250 dwellings in Zone A.

	Councils	Developer Assumptions
Contingency	2.5% of build costs	5.0% of build costs

	£553, 748	£1,107,496
Overheads	11% of build costs	11% of GDV
	£2,436,491	£4,821,876
Totals	£2,990,239	£5,929,372

These differences obviously have significant consequences for other costs such as finance with the result that the Councils residual land valuation is £6,815,497 whereas the developer assumptions residual is £2,941,895. Significantly this very large difference takes no account of different views about how the profit margin should be calculated. The private sector argues that the profit should be calculated on Gross Development Value (GDV) at a rate of 20 -25% for open market units and 6% for social housing rather than the 20% of build/site/overhead costs favoured by the Councils. The difference amounts to over £2.4 million pounds. At the hearing session GVA accepted that basing profit on GDV is the usual approach in this area because of the risks involved and the cost of capital in the current market. However GVA conceded that using a percentage on costs approach is sometimes adopted. The Broadland District Council representative concurred with the view that using profit on GDV is the usual approach in the Norwich area.

12. Furthermore the private sector argues that the Councils' approach to the cost of finance is flawed as it is based on a fixed % build cost and takes no account of the cash flow of a scheme over its lifetime. The private sector also contends that the Councils' general approach to values is flawed as it takes no account of how far cost inflation would erode the benefit of any increase in property prices.
13. The Councils sought to counter the private sector arguments by producing a revised residual valuation for Scheme 1 using a 5% contingency and the 20% on GDV approach to profit favoured by the private sector. This third residual valuation produced yet another view about the residual land value - £3,929.234 - for Scheme 1. In response Savills say that this valuation underestimates the cost of finance by £2,200 per unit and continues to underestimate the cost of overheads by £9,500 per unit. In addition Savills, quoting the guidance issued by the Local Housing Delivery Group, (Viability Testing Local Plans June 2012 – hereafter described as "Harman Guidance") say that the cost of servicing large green field sites is underestimated by at least £10,000 per unit. Savills point out that around 50% of the future housing in the area is expected to be built on large green field sites.
14. The Councils obtained agreement from HCA to publish information supplied in November 2011. Not unexpectedly the HCA seeks to justify its approach by, for example, arguing that the profit margin suggested by the developer is too high assuming involvement by a registered affordable housing provider thereby reducing the risk.

15. The difficulty is that there is seldom, if ever, only one correct approach to assumptions in residual valuations and indeed at the hearings GVA accepted that the residual method is open to what they described as "manipulation". The discrepancies in the figures illustrate the difficulty of reaching a properly informed view based on the residual valuation approach where there is disagreement about the inputs.
16. The supplementary valuation material in EV6 demonstrates what the Councils describe as a "high degree of variability in assessing viability using a residual land value model". The Councils note that using developer cost assumptions and applying the proposed CIL charges means that less than the full affordable housing requirement would be met but that with a relatively small increase in house prices schemes "will be significantly more viable and able to deliver appropriate levels of affordable housing". In essence looking at affordable housing and the property market the approach taken by the Councils is that the market will recover to some extent relatively soon and that an improved market would enable the full level of affordable housing to be provided on many more sites than at present.
17. The private sector view is different. While supporting the concept of a CIL charge and acknowledging the need for substantial infrastructure improvements, the consensus view of the private sector representatives is that the housing market in the area is weak and relatively fragile. Savills contends that housing delivery in the area is 54% below target in the 3 years to March 2011 demonstrating the weakness of the market. The private sector view is that the proposed rates for residential development would seriously inhibit development and significantly undermine the delivery of the housing growth sought in the JCS.
18. The Councils counter this by pointing out that developers continue to discuss major schemes with local planning authorities in the area and that large scale housing applications are anticipated in the short term.
19. Clearly the evidence presented to the examination contains some important elements where there is a significant amount of disagreement between the private sector view and the Councils. For the following reasons it is considered that the fears of the private sector about the negative impact of the proposed residential charge are well founded.
20. First, based on the views of the private sector and recent delivery rates, it is evident that the housing market in the area is not robust. In this context it is noted that the National Planning Policy Framework (NPPF) expects the CIL to incentivise new development. I fully appreciate the Councils are keen to promote growth and see the delivery of infrastructure as important to the creation of sustainable well planned communities. In this context I acknowledge that the Councils have sought to take into account the impact of the recession. This was one of the considerations in its decision to propose a much lower rate than that originally recommended by its professional advisors. The original rate was recommended on assumptions about a return to what was described as a "normal market" based on mid 2007 conditions. However the evidence indicates that the reduction proposed by the Councils is not large enough.

21. Secondly, the Councils are relying to some extent on an improvement in the market. Thus for example the conclusion in the supplementary evidence (EV6) refers to "relatively small increases in house prices" and the fourth scenario for scheme A Zone 1 is described as viable "if house prices increase in real terms by just 7%". Bearing in mind the uncertainty about the future of the property market the advice in the Harman guidance is that plan policies for the first five years should work on the basis of current values and costs. While aimed at local plan policies this advice is logically also applicable to CIL charges. In any event the Councils did not adequately counter the argument that if increases in house prices are taken into account it is also necessary to have regard to the impact of cost inflation.
22. Thirdly the work done by the Councils to demonstrate what funds are likely to be available for CIL (Appendix 1 of the Note following Day 1) relies on the full 25% of the benchmark land value being available for the CIL "pot". While this may sometimes be the case it is unlikely that it will always apply. Even if some landowners may be prepared to accept less than 75% of the benchmark value, the 25% figure should be treated as a maximum and not an average. Using 25% to try to establish what the theoretical maximum amount in a CIL "pot" may be is reasonable, but when thinking about setting a CIL charge in the real world it would be prudent to treat it as a maximum that will only apply on some occasions in some circumstances.
23. Fourthly the JCS seeks affordable housing at a rate of 20% for sites of 5 – 9 dwellings, 30% for 10 – 15 dwelling sites and 33% for sites of 16 or more dwellings. The Councils believe that the CIL charge would allow at least 20% affordable housing to be delivered in all locations and its approach is that where viability is an issue the percentage of affordable housing will need to be negotiated in accordance with policy 4 in the JCS. Whatever the merits of this approach in terms of pragmatism, it seems clear that in setting its CIL rate the Councils are prepared to compromise on their affordable housing policies, whereas they should have taken all of their policy requirements, including affordable housing, into account when setting the CIL rate.
24. Fifthly in its viability work the Councils have been unduly optimistic about the likely costs of development. Of particular concern is an over-simplistic approach to finance and cash flow considerations, a likely under-estimation of the cost of servicing large green field sites (taking as a guide the Harman estimates) and the use of build costs rather than GDV as a basis for calculating overheads and profit margins.
25. Finally the statutory CIL guidance and the Harman guidance make clear that it is important to avoid assuming that land will come forward at the margins of viability. Thus the use of what is termed a "viability cushion" is recommended. No doubt the Councils are aware of this and believe that they have allowed an adequate viability cushion, but, even assuming that their basic figures are correct, the "cushion" allowed for is inadequate. The need for a substantial "cushion" is particularly important on green field sites where, as the Harman advice notes, prospective sellers are often making a once in a lifetime decision and are rarely distressed or forced sellers. A large proportion of the anticipated development in the area will be on large green field sites.

26. The combined impact of these factors leads to the conclusion that the rate for residential development should be reduced. The extent of the reduction is open to question. Using the residual valuations only to answer this question is unreliable because of the wildly different results in them. Accordingly the issue has also been looked at in terms of the anticipated CIL "pot" by taking into account the estimated contribution from the land price and the anticipated consequence of substituting a CIL charge for most of what were previously infrastructure funds raised through S106 agreements. Following the discussion on day one of the hearings the Councils helpfully provided a supplementary "Note" providing their assessments of what the "pot" might be.
27. At the hearings Savills suggested that within strategic housing areas and assuming affordable housing at 18%, either a S106 charge or a CIL charge (but not both) of about £30 per m. sq. would be acceptable. Some of the other private sector representatives at the hearing sessions considered that this would be too low given the infrastructure needs of the area. At the earlier Preliminary Draft Charging Schedule stage Ptarmigan Land Ltd (later Hethersett Land Ltd) suggested a rate of around £100 for residential development in Zone A. At the hearing this suggestion was confirmed as being the position taken by Ptarmigan although it was not repeated in the written representations made by Hethersett Land Ltd. In response to the Councils' Note, Savills have refined their suggestions and now propose a rate of £60 – £65 with 18% affordable housing in Zone A and between £35 and £46 per sq m in Zone B. Morston Assets response to the Note is that within the inner city locations the threshold land value will need to be within 10% of the benchmark value because land owners are likely to require greater incentives to bring forward land that is already in commercial use. On this basis there would be less available for the CIL "pot" and Morston Assets argues for a maximum charge of £55 per sq. m. in central areas.
28. Whichever way it is looked at it is not possible to arrive at a definitive answer that is indisputably correct. I consider that the calculations in Appendix 1 of the Councils' Note are a reasonable starting point subject to the following considerations. First the land price per acre should be at the lower end of the range suggested. Secondly, the difference between the benchmark value and the threshold value should be regarded as 15%. Thirdly the assessment should assume 33% affordable housing in accordance with the target for sites of 16 or more dwellings in the JCS. Although not precise such an approach seeks to take into account the higher development costs suggested by the private sector and provides for a viability cushion. On this basis it can be broadly concluded that the rate within the City should be reduced by a minimum of around 35% and by a similar figure in the South Norfolk/Broadland fringe of Norwich area. Having regard to the probability of high servicing costs of large green field sites it is reasonable to argue that the reduction in the latter area should be increased. There is no reason why the same logic should not apply to the parts of the area subject to the Zone B charge. The overall conclusion is therefore that the residential rate in both Zone A and Zone B should be reduced by around 35% or more.

Non Residential viability Evidence

29. In relation to non-residential development the proposal involves a charge of

£5.00 per square metre for office and industrial development. This very low charge reflects the weak market for office and industrial development. At the hearings the option of a nil charge for these types of development was discussed. A consensus view emerged that this nominal charge, which would represent only about 0.5% of average build costs, would not threaten the overall viability of these forms of development. On this basis this level of charge for office and industrial development is acceptable.

30. Retail development, where the proposals involve a charge of £135 for developments of over 2000 sq m and £25 for other retail development is contentious. Three major supermarket operators objected to the proposals. One disputed area is the validity of having different rates for different sized retail outlets given that Regulation 13 of The Community Infrastructure Regulations 2010 provides for different rates by zone or by intended uses of development but does not make reference to size. However the Regulations do not prohibit different charges within the same use class provided that the difference is based on viability evidence and the way the premises are used.
31. In this instance the Councils distinguish between large retail stores traditionally used for major weekly or less frequent convenience shopping and other retailers, including convenience stores used primarily for irregular "top up" shopping. This distinction in the way the stores are generally used is backed up by viability evidence produced by GVA showing that large scale food-based stores are able to support a very high charge and remain viable. The hypothetical example tested by GVA for a 75,000 sq. ft. convenience store with 400 parking spaces showed that depending on whether the store was developed by an operator or a developer the residual land value would be in the order of £10 - £14 million pounds compared to a residential benchmark of £1.5 - £3.5 million. On this basis large convenience stores are judged to be capable of easily meeting a CIL charge of £135 per sq.m.
32. The Councils have also produced convincing evidence showing that convenience stores above 2000 sq. m. are operated almost exclusively by major national retailers and are aimed at providing what is described as a "main food shopping function". Stores below this largely perform a local top up function. This use distinction is reinforced by viability evidence (albeit dated at 2007) showing that a major national retailer such as Sainsbury has average sales per sq. m. of over £10,000 whereas the comparable figure for smaller convenience retailers is less than £3,500.
33. In relation to other retailers GVA produced satisfactory evidence showing that the viability of such stores is relatively weak with for example town centre vacancy rates increasing steadily since 2008.
34. WM Morrison Supermarkets PLC, Sainsbury's Supermarkets Ltd and Asda Stores Ltd contend that the rate for large stores is too onerous. Based on the written submission by Indigo Planning Limited on behalf of Sainsbury's Supermarkets Ltd it is not clear whether Sainsbury's appreciate that the intention of the Councils is to largely replace S106 agreements with the CIL charge but in any event none of these organisations produced any quantitative evidence to support their assertions. In view of the lack of supporting evidence little weight can be given to the representations made by these supermarket operators.

35. My conclusion regarding the proposed retail rates is that the Councils have provided satisfactory evidence justifying the proposed charges.

Other Matters

36. All the written representations have been considered. A number of these relate to matters that are not within the scope of this examination. For example whether or not CIL is a justified tax, how the CIL money is spent and what discretionary relief is made available are not matters for this examination.
37. McCarthy and Stone Retirement Lifestyles Ltd argue for a rate based on net saleable area for their type of specialist type of accommodation. However they do not provide any convincing viability evidence and in any event it is completely unrealistic to expect charging schedules to be made flexible and varied enough to cater for a variety of considerations particular to different types of residential accommodation providers.

Conclusion

38. The Councils have tried to be realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure funding, while ensuring that a range of development remains viable across the area. For non-residential development this objective has been met. However for residential development the rates in both Zone A and Zone B pose a significant threat to the viability of schemes. Within the Greater Norwich area the residential market is not robust and the rates suggested would not meet the NPPF requirement that they "support and incentivise new development". I recommend that the rates for residential development are modified to reduce them by around 35% (EM1) as specified at Appendix A.

LEGAL REQUIREMENTS	
National Policy/Guidance	The Charging Schedules do not comply with the National Policy/Guidance as drafted, unless modification EM1 (or other sufficient modification) is made.
2008 Planning Act and 2010 Regulations (as amended 2011)	The Charging Schedules comply with the Act and the Regulations, in respect of the statutory processes and public consultation.

39. I conclude that the three Councils' Community Infrastructure Levy Charging Schedules do not satisfy the requirements of Section 212 of the 2008 Act in respect of the viability of residential development. In accordance with Section 212A of the 2008 Act (as amended) and the 2010 Regulations (as amended 2011) I therefore recommend that the Charging Schedules be modified to address the rates for residential development. With

recommendation for modification **EM1 in Appendix A**, I recommend that the drafts are approved.

Keith Holland

Examiner

This report is accompanied by:

Appendix A (attached) – Modification that the examiner specifies so that the Charging Schedules may be approved.

Appendix A

Modification EM1, recommended by the Examiner to allow the Charging Schedules to be approved.

Broadland District Council

1.

Charging Schedule (£ per m2)

Use Class	Zone A	Zone B
Residential development (Use classes C3 and C4 excluding affordable housing) including domestic garages, but excluding shared-user/ decked garages.	£75	£50

Norwich City Council

2.

Charging Schedule (£ per m2)

Use Class	Zone A	Zone B
Residential development (Use classes C3 and C4 excluding affordable housing) including domestic garages, but excluding shared-user/ decked garages.	£75	Not applicable
Flats in blocks of 5 storeys and above	£65	Not applicable

South Norfolk Council

3.

Charging Schedule (£ per m2)

Use Class	Zone A	Zone B
Residential development (Use classes C3 and C4 excluding affordable housing) including domestic garages, but excluding shared-user/ decked garages.	£75	£50

Norwich City Council

Community Infrastructure Levy: regulation 123 list for 2013/14

The Community Infrastructure Levy (CIL) can be used to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of the charging authority's area. Under the Community Infrastructure Levy Regulations 2010, as amended, there is the provision for CIL charging authorities to publish a list of relevant infrastructure that will be funded in part or whole by the monies collected. The further purpose of this list is to let developers know where they stand in relation to contributions through Section 106 Town and Country Planning Act 1990 and CIL and to ensure that there is no duplication.

The Regulation 123 list can be reviewed and updated regularly. The inclusion of a project or type of infrastructure in this list does not signify a commitment from the Council to fund (either in whole or part) the listed project or type of infrastructure through CIL. Nor does the order of the table imply any order of preference for CIL funding.

This schedule comes into effect on the day of implementation of Norwich City Council's charging schedule (1st July 2013) and as CIL is not payable until development commences, it is recognised that there will be limited CIL receipts in the first year of operation.

The current indicative range of infrastructure projects, derived from the Greater Norwich Development Partnership's Local Investment Plan and Programme 2013, may be funded in whole or part through CIL to deliver the development promoted in the Joint Core Strategy to 2026, and is set out in the table below. For reference the positioning of the infrastructure in the table is not an indicator of priority.

Broadland District Council area.

Infrastructure Type	Scheme/ project	Dependent growth locations / Projects
Community Facilities	Community facilities	Growth Triangle
Education	1400 secondary school with 280 sixth form places co-located with 4 x indoor sports courts phases 1 & 2	Overall scale of growth
Education	2FE primary with integrated 60 place nursery	Overall scale of growth
Education	2FE primary with integrated 60 place nursery	Growth Triangle
Education	60 place pre-school	Overall scale of growth
Education	60 place pre-school	Growth Triangle
Education	60 place pre-school (co-location with community space)	Overall scale of growth
Green Infrastructure	Broads Buffer Zone	Overall scale of growth
Green Infrastructure	Informal Open Space,	Broadland growth
Green Infrastructure	Outdoor Sport & Play- (except on site to be covered by s.106)	Broadland growth
Green Infrastructure	Retention and re-creation of Mousehold Heath to the surrounding countryside	Overall scale of growth
Green Infrastructure*	Green infrastructure projects and open space	Overall scale of growth
Transport	Bus Rapid Transit via Fakenham Road- A1067- Phases 1,2 & 3.	Overall scale of growth/ Broadland fringe growth
Transport	Development Link Broadland Business Park to Salhouse Road	Growth Triangle
Transport	Postwick Junction improvements	Overall scale of growth
Transport*	Bus improvements via Salhouse Road and Gurney Road phases 1 & 2	Growth Triangle
Transport*	Bus Rapid Transit via Norwich International Airport A140 to City Centre - Phases 2 & 3	Growth Triangle
Transport*	Bus Rapid Transit via Yarmouth Road - Phases 1, 2 & 3	Broadland Business Park Expansion
Transport*	Norwich Northern Distributor Road	Overall scale of growth
Transport*	Postwick Park and Ride Junction improvements	Overall scale of growth

*These projects apply to the overall growth in the area and will have knock on impacts on other projects and growth locations.

Norwich City Council area

Infrastructure Type	Scheme/ project	Dependent growth locations / Projects
Community facilities	Community Facilities	Norwich
Community facilities	Indoor sports provision	Norwich
Education	2 x2FE primary with integrated 60 place nursery	Norwich
Education	2 x60 place pre-school	Norwich
Education	60 place pre-school co-located with 600sqm combined community centre and library	Norwich
Green Infrastructure*	Green infrastructure projects and open space	Overall scale of growth
Green Infrastructure	Informal Open Space, Outdoor Sport & Play (where not provided on site as an integral part of the design of a scheme)	Norwich
Transport*	Bus rapid transit route via Dereham Road Phases 2 & 3	West growth locations
Transport	City Centre bus improvements phases 1, 2 & 3	Overall scale of growth
Transport	Strategic cycle network	

*These projects apply to the overall growth in the area and will have knock on impacts on other projects and growth locations.

South Norfolk District Council Area

Infrastructure Type	Scheme/ project	Dependent growth locations / Projects
Community Facilities	Community facilities	South Norfolk Growth
Education	1 FE place primary (Hethersett)	Hethersett
Education	1FE primary (Easton)	Easton
Education	2FE place primary (Cringleford)	Cringleford
Education	2FE primary with integrated 60 place nursery (Wymondham)	Wymondham
Education	30 place pre-school (Wymondham)	Wymondham
Education	60 place pre-school (Cringleford)	Cringleford
Education	60 place pre-school (Easton)	Easton
Education	60 place pre-school (Hethersett)	Hethersett
Education	60 place pre-school (Wymondham)	Wymondham
Education	Expanded Secondary School	Wymondham, Hethersett, Cringleford, Costessey / Easton
Education	2FE primary with integrated 60 place pre-school co-located with combined community centre and library	Long Stratton
Education	60 place pre-school	Long Stratton
Green Infrastructure	Enhance public access to Yare Valley and Bawburgh Lakes	Overall scale of growth
Green Infrastructure*	Green infrastructure projects and open space	Overall scale of growth
Green Infrastructure	Informal Open Space, Outdoor Sport & Play	South Norfolk Growth
Transport*	Bus improvements Dereham Road phases 2 & 3	West growth locations
Transport	Bus priority route via B1172 phase 1	Wymondham and Hethersett
Transport	Bus priority route via Hethersett Lane / Hospital / NRP / UEA / City Centre	Wymondham, Hethersett, Cringleford, NRP
Transport	Longwater junction improvements	West Growth Locations
Transport	Norwich Research Park transport infrastructure phases 1 & 2	NRP
Transport	Pedestrian / Cycle links to Longwater	West growth location
Transport	Thickthorn junction improvement including bus priority and park and ride improvements	Wymondham, Hethersett and Cringleford

Transport	Long Stratton – Bypass (part)	Long Stratton
Transport*	Long Stratton bypass A140 including improvement at Hempnall crossroads	Overall scale of growth
Transport*	Bus priority - approach to Harford Junction	Overall scale of growth
Other.	Diss Town Centre/ Park Road Mixed-use regeneration including housing, retail, employment, community facilities car parking and bus services	South Norfolk Elsewhere

*These projects apply to the overall growth in the area and will have knock on impacts on other projects and growth locations.

Proposed Contracting Out of Community Infrastructure Levy (CIL) Function

Report by the Director of Environment, Transport and Development

Summary

The County Council will become a CIL collecting authority once District Councils in Norfolk start to adopt and implement their respective CIL Charging Schedules. The CIL collection responsibility is limited to development for which the County Council grants planning permission. Under the Local Authorities (Contracting Out of Community Infrastructure Levy Function) Order 2011 No.2918, the County Council has the opportunity to “contract out” its CIL Collection responsibility.

There will in practice be very few occasions when the County Council will formally need to collect CIL on proposed new development. However, given the administrative complexities and resource implications surrounding CIL collection it would be sensible to “contract out” this responsibility to the respective District Councils.

Recommendation

It is recommended that the County Council:

1. Agrees in principle to “contract out” its CIL collection responsibility to those District Councils planning to implement CIL; and
2. Write to the respective District Councils and formally asks them to agree to collect CIL on those developments where CIL is liable and the County Council is responsible for its determination in line with Article 4 of the above Order.

1. Background

- 1.1. The Community Infrastructure Levy (CIL) Regulations came into force in April 2010 and have subsequently been amended in April 2011 and October 2012. CIL is a locally determined development tax set by the Charging Authority. In Norfolk the responsibility for preparing CIL falls to the District Councils. The introduction of CIL within an area is voluntary, although post April 2014 there will be significant restrictions on the use of existing planning obligations arrangements (i.e. S106 agreements). Therefore CIL will for many authorities be necessary in order to secure developer funding for infrastructure provision including County Council infrastructure.

- 1.2. Within Norfolk the Greater Norwich Development Partnership (GNDP) are the most advanced in preparing their respective CIL Charging Schedules and have been through a public CIL Examination between 16 – 17 October 2012. It is envisaged that once the Examiner has made his binding report, the Charging Authorities will be looking to implement their CIL Charging Schedules (Schedule setting out CIL rates per sq.m.) in April 2013.
- 1.3. Elsewhere across the County it is understood that Breckland District Council, King's Lynn and West Norfolk Borough Council and North Norfolk District Council are developing CIL Charging Schedules. The precise timetable for implementation of CIL for these Local Authorities is not known at this time.
- 1.4. Great Yarmouth Borough Council have indicated that they do not intend to develop a CIL Charging Schedule.

2. CIL Collection

- 2.1. While it will be the responsibility of the District Councils to prepare the CIL Charging Schedule, the collection of CIL will rest with the determining local planning authority (LPA). For the most part CIL liable development will be determined by the District Councils (i.e. residential and most commercial development).
- 2.2. However, some development attracting a CIL payment will be the responsibility of the County Council to determine, for example, built waste recycling centres and waste to energy power plants. In addition it could include new schools, libraries and other development the County Council permits, although these latter public buildings are unlikely to attract a CIL charge on viability grounds (i.e. will be rated as having a £0 CIL rate per sq.m.). Where the County Council is responsible for determining CIL liable development it will be responsible for collecting the CIL payments on behalf of the Charging Authority (the District Council). In this scenario the County Council would then need to forward the CIL payments to the District Council. The County Council would be able charge an administrative fee/rate (not exceeding 4% of CIL Collected).
- 2.3. In practice the number of applications where the County Council would need to collect CIL as determining authority would be very few (i.e. handful each year).

3. Contracting Out CIL Function

- 3.1. As indicated above the County Council will potentially have a CIL collection role in those areas where CIL is implemented. In practice this will be limited to a few very specific development proposals. The collection of CIL is quite a complex task as set out in the CIL Regulations and involves a number of detailed stages to go through and approximately 10 forms to be filled in (either by the applicant and/or the determining authority).
- 3.2. The GNDP authorities are currently developing CIL collection processes and are looking to update and/or introduce new computer software to assist in both the collection and monitoring of CIL payments and these will supplement their existing development management systems.
- 3.3. **Alternative Approach** - In December 2011 the Local Authorities (Contracting Out of Community Infrastructure Levy Functions) Order came into force. The purpose of the Order is to allow local authorities and those public bodies authorised to collect or charge CIL to contract out or outsource their CIL functions to other organisations.

- 3.4. The Order would potentially allow the County Council to contract out its CIL collection function to a respective District Council. There has been officer-level discussion with the GNDP District Councils and broad agreement reached on this issue of contracting out.
- 3.5. Given the complexity of collecting CIL; the limited cases when such CIL liable development will occur for the County Council; and the likely need for additional resources to collect CIL, it is recommended that the County Council formally seeks to “contract out” its CIL Collection function to those District Councils planning to implement.
- 3.6. In the first instance this would involve writing to GNDP District Councils to seek formal agreement on the above “contracting out” responsibilities followed by subsequent agreement being reached with the other authorities planning to introduce CIL.

4. **Resource Implications**

- 4.1. If the County Council does not “contract out” its CIL collection responsibilities, there will be a need to set up appropriate collection procedures as part of the County Council’s Development Management role. There may also be a need to introduce new computer software to assist in both the collection and monitoring of CIL payments.

5. **Other Implications**

- 5.1. **Legal Implications** : Unless the County Council formally agrees to “contract out” of its CIL collection responsibilities, it will be statutorily obliged under Regulation 10(4) of the 2010 CIL Regulations to undertake this function as a CIL Collecting Authority.
- 5.2. **Human Rights** : None
- 5.3. **Equality Impact Assessment (EqIA)** : - The County Council’s planning functions are subject to equality impact assessments. No EqIA issues have been identified.
- 5.4. **Environmental Implications** : contracting out of CIL will place less of a resource burden on the County Council and avoid additional officer time being spent on this area of work and the need for new additional computer software.
- 5.5. **Any other implications** : Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account.

6. **Section 17 – Crime and Disorder Act** – No Implications

7. **Risk Implications/Assessment**

- 7.1. There are no immediate implications, although if the County Council does not contract out its CIL collection responsibility this could have resource implications as discussed in the report.

8. **Overview and Scrutiny Panel Comments**

- 8.1. This item has not been considered by Overview and Scrutiny Panel.

9. **Alternative Options**

- 9.1. The alternative option is not to “contract out” of CIL collection, however, this could

have resource implications and is not recommended.

10.

Reason for Decision

10.1. For the reasons set out in this report it is recommended that the County Council formally “contracts out” of its CIL collection responsibility.

Recommendation

It is recommended that the County Council:

- (i) Agrees in principle to “contract out” its CIL collection responsibility to those District Councils planning to implement CIL;
- (ii) Writes to the respective District Councils and formally asks them to agree to collect CIL on those developments where CIL is liable and the County Council is responsible for its determination in line with Article 4 of the 2011 Order No. 2918.

Background Papers

Contracting Out, England and Wales - The Local Authorities (Contracting Out of Community Infrastructure Levy Functions) Order 2011 (Statutory Instruments – 2011 No.2918)

Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

Name	Telephone Number	Email address
Stephen Faulkner	01603 222752	stephen.faulkner@norfolk.gov.uk



If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 and ask for Stephen Faulkner or textphone 0344 800 8011 and we will do our best to help.

Policy for staging payments of Community Infrastructure Levy

The Community Infrastructure Levy Regulations 2010 (as amended).

In accordance with Regulation 69 (b) of the Community Infrastructure Levy (Amendment) Regulations, 2011, (*insert council name*) (the Charging Authority) will apply the following instalment policy to all development which is CIL liable. This policy will come into effect on (*insert date*).

In all cases, the calculation of the total amount payable will include the value of any payment in kind as assessed by an independent person.

Number, Proportion and Timing of Instalments

Development incurring CIL liability equal to or over £ 2,000,000

Four instalments.

1. 60 days after commencement: 15%
2. 270 days after commencement: 15%
3. 540 days after commencement: 20%
4. 720 days after commencement: 50%

Development incurring CIL liability £ 1,000,000 to £1,999,999

Three instalments.

1. 60 days after commencement: 20%
2. 360 days after commencement: 30%
3. 540 days after commencement: 50%

Development incurring CIL liability £60,000 to £999,999

Two instalments

1. 60 days after commencement: 25%
2. 360 days after commencement: 75%

Development incurring CIL liability up to £ 59,999

One instalment at 60 days after commencement of the development