

Report for Resolution

Report to Cabinet
21 September 2011

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Report of Director of Regeneration and Development
Subject Community Infrastructure Levy- Preliminary Draft Charging Schedule

Purpose

This report seeks Cabinet approval to consult on a Preliminary Draft Charging Schedule for the Community Infrastructure Levy (CIL) for Norwich. It provides the background and justification for introducing CIL in Norwich as part of a coordinated approach with the Greater Norwich Development Partnership. It sets out the evidence produced to justify the charging rates and the timetable and approach to consultation.

Recommendations

Cabinet is recommended to:

- Approve the consultation documents as the basis for consultation on the Community Infrastructure Levy to satisfy Regulation 15 of the Community Infrastructure Levy Regulations 2010;
- Agree to the timetable to prepare the CIL, and the approach to consultation which is focussed on the relevant 'consultation bodies' and 'persons resident of carrying out business in the area';
- Delegate any minor amendments and resolution of the outstanding issues such as an appropriate charge for domestic garages to the Director of Regeneration and Development (as the Council's representative on the GNDP Directors' Group) in consultation with the portfolio holder.

Financial Consequences

The financial consequences of this report are:

CIL has the potential to make a significant contribution to the funding of infrastructure to deliver the Joint Core Strategy for Broadland, Norwich and South Norfolk. Options for the management of a pooled fund for strategic infrastructure are being considered and will be reported to Members at a later date.

Risk Assessment

There are no immediate implications

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority "Strong and prosperous city – working to improve quality of life for residents, visitors and those who work in the city now and in the future" and the service plan priority to develop a new approach to securing developer contributions through the Community Infrastructure Levy or other form of tariff.

Cabinet Member: Councillor Bremner

Ward: all

Contact Officers

Gwyn Jones

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Background Documents

1. Infrastructure Needs and Funding Study (EDAW/ AECOM, 2009)
2. Affordable Housing Viability Study (Drivers Jonas Deloitte, 2010)
3. Local Investment Plan and Programme v.4 (May 2011)

Report

Community Infrastructure Levy- Preliminary Draft Charging Schedule

Background

1. The Joint Core Strategy for Broadland, Norwich and South Norfolk (adopted March 2011) requires all residential and commercial development to make contributions to infrastructure. It states that this will be achieved by the introduction of a Community Infrastructure Levy (CIL).
2. At their meeting on 17 March 2011, the GNDP Policy Group Members considered a report on CIL and other potential funding opportunities setting out the various funding options in setting a CIL. Members noted the need for authorities to develop a draft CIL charging schedule for subsequent consultation and the need for ongoing work on all aspects relating to the management of CIL and other income and delivery of infrastructure.
3. Significant progress has been made in developing a Preliminary Draft Charging Schedule including:
 - The Adoption of the Joint Core Strategy and the confirmation of the evidence base that supports it;
 - Completion of two studies providing new evidence;
 - Viability Advice on a CIL/ Tariff for Broadland, Norwich and South Norfolk (GVA Grimley, 2010);
 - CIL Charging Zones Schedule (GVA, 2011);
 - Further work on Green Infrastructure needs and costs, published in the Topic Paper: Green Infrastructure and Recreational Open Space (GNDP, 2011);
 - Engagement with Agents and Developers through meetings of a CIL Focus Group;
 - Engagement with the government's CIL Front-Runners scheme.

Community Infrastructure Levy

4. The CIL Regulations came into force in April 2010. While CIL is an optional charge, the Regulations significantly limit the use of S106 agreements, particularly after April 2014. Planning obligations will only be applied to mitigate the impact of the development in question and can not be applied to address the cumulative effects of development. This prevents future tariff schemes based on S106 and stops the pooling of contributions (from 5 or more individual developments). In future it will not be possible to fund sub regional infrastructure through S106.
5. Minor modifications to the CIL regulations were made in April 2011 and further modifications will follow in 2012. From discussions with the Department of

Communities and Local Government (DCLG), it is understood that the key areas where CIL is likely to be updated/amended are in respect of:

- Allocating a meaningful proportion of CIL revenues raised in each neighbourhood back to that neighbourhood. This will ensure that where a neighbourhood bears the brunt of a new development, it receives sufficient money to help it manage those impacts;
- Using CIL for ongoing costs of providing infrastructure (e.g. maintenance) associated with delivering growth;
- Using CIL for funding affordable housing.

6. CIL will be chargeable on all market dwellings and most other types of built development (over a threshold of 100m²). It has the potential to generate far higher contributions to support infrastructure than S106 has in the past. It also provides a more predictable income stream over time.

Infrastructure requirement

7. In order to charge a CIL, the charging authorities must demonstrate an infrastructure funding need. The JCS and the Local Investment Plan and Programme (LIPP) set out the key infrastructure required for the area. Infrastructure has been categorised under three priorities and is currently organised in three time periods. The LIPP provides the evidence of the need required by regulations to introduce a CIL to part-fund infrastructure for growth i.e. if there was no funding gap a CIL could not be justified

8. The LIPP was signed-off by the constituent authorities and the Homes and Communities Agency (HCA) earlier this year.

9. Following adoption of the Joint Core Strategy (JCS) on 24 March 2011 the LIPP has been updated to take account of changes to the JCS, resulting from the Examination in Public (EiP) and the Inspectors' Report and the Topic Paper; Green Infrastructure and Recreational Open Space (GNDP, 2011).

10. The delivery programme for the JCS is managed through the LIPP process. The LIPP formed part of the evidence base for the JCS and, as such, will not be re-examined as part of the EiP of the Draft Charging Schedules for Broadland, Norwich and South Norfolk. However the LIPP is an important background document to the CIL and will be included as part of the background papers informing the consultation on the Preliminary Draft Charging Schedule, starting on 3 October 2011.

11. The LIPP will be the over-arching document for the Business Plan for the delivery of infrastructure projects. A separately published list will identify the types of infrastructure to be funded in whole or in part by CIL and the types of infrastructure to be funded solely through Section 106 Obligations; S278 of the Highways Act; other legislation or through Planning Condition. This can be varied by the Charging Authority but an indicative draft can be found in Appendix 4 of Community Infrastructure Levy: Background and context.

Governance

12. CIL is fundamentally different to S106 in that it places the onus and responsibility on the Charging Authority to ensure that the right infrastructure is provided at the right time. Developers paying the charge will expect the infrastructure to be in place to support their development and are likely to be particularly concerned to see that appropriate organisational structures and reporting and monitoring provisions are in place.

13. A GNDP Board including senior elected Councillors from each of the authorities and will jointly agree prioritisation for investment through the LIPP. This will be subject to endorsement by the Partner authorities.

14. Officers have also been progressing work on financial management. Options for the management of a pooled fund for strategic infrastructure are being considered and will be reported to Members at a later date.

Setting the levy – the Preliminary Draft Charging Schedule

15. CIL rates are set by the local planning authority (the Charging Authority) in consultation with local communities, and provide developers with much more certainty 'up front' about how much money they will be expected to contribute. The first stage in introducing CIL is to publish a Preliminary Draft Charging Schedule for consultation.

16. In order to comply with the regulations, three separate Preliminary Draft Charging Schedules will be published for comment. The Charging Schedule table is set out on the next page for the different uses and geographic areas and is covered in more detail in Appendix 1. The Preliminary Draft Charging Schedules are almost identical and they share the same evidence base. The only difference in the schedules relates to the geographical charging zones; Norwich is entirely in Zone A and Broadland and South Norfolk include areas in both Zone A and Zone B.

17. One issue which has provoked a dialogue with the developer focus group concerns domestic garages. Government representatives have confirmed these are CIL liable and it appears a choice has to be made between including them within a residential unit, with the charge per square metre adjusted to take account of the larger floor area, or coming up with a separate, smaller charge for garages. Evidence on this issue is still emerging, and will need to be taken into account in finalising the documents for consultation.

Charging Schedule (£ per m2)

Use Class	Zone A	Zone B
Residential development excluding any garage space (Use classes C3 and C4 excluding affordable housing)	Within a range of £135-£160	£75
Domestic garages (excluding shared-user garages)*	Within a range of £25 to £35	
Large convenience goods based supermarkets and superstores of 2,000m2 gross or more. (Convenience goods are food, alcoholic and non-alcoholic beverages, tobacco, periodicals and newspapers, and non-durable 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	£0	
All other types of development covered by the CIL regulations (including residential garages)*	£5	
<p>*See paragraph 17</p> <p>The chargeable rate will be index linked to the national All-in Tender Price Index published from time to time by the Building Cost Information Service of the Royal Institution of Chartered Surveyors; and the figure for a given year is the figure for 1st November of the preceding year. In the event that the All-in Tender Price Index ceases to be published, the index will be the retail prices index; and the figure for a given year is the figure for November of the preceding year.</p>		

Consultation Material Presented for Approval

18. There are a number of documents that will be published for consultation. The consultation documents are:

- Preliminary Draft Charging Schedule for Broadland
- Preliminary Draft Charging Schedule for Norwich (provided as Appendix 1 to this report)
- Preliminary Draft Charging Schedule for South Norfolk

- Letters and response document (Appendix 2)

19. These are supported by a range of evidence which will be published for consultation:

- Community Infrastructure Levy for Broadland, Norwich and South Norfolk: Background and Context (Appendix 3)
- Viability Advice on a CIL/ Tariff for Broadland, Norwich and South Norfolk (GVA, December 2010)
- Charging Zones Schedule Report (GVA, July 2011)
- Topic Paper: Green Infrastructure and Recreational Open Space (GNDP, June 2011)

(These other documents are available for inspection by members)

20. For the purposes of CIL, there are three key pieces of evidence which provide important background. These are not subject to further testing at the CIL examination:

- The Infrastructure Needs and Funding Study (EDAW/ AECOM, 2009)
- The Affordable Housing Viability Study (Drivers Jonas Deloitte, 2010)
- LIPP

The Approach to Consultation

21. The Regulations require a number of 'consultation bodies' to be consulted at the Preliminary Draft Charging Schedule Consultation Stage. These are:

- Neighbouring Local Planning Authorities
- The County Council
- A responsible regional authority. For the purposes of this consultation EEDA and the EELGA Leadership Board will be consulted
- Parish Councils in Broadland and South Norfolk
- Neighbourhood and Community Groups in the City

22. The Regulations also require the authorities to invite comments from persons resident or carrying on business in its area; comments from voluntary bodies they consider to be appropriate and; bodies that represent the interests of persons carrying on business in the area. For the purposes of this consultation the Partnership will:

- Write to Agents, Developers and Landowners identified by the District and City Councils
- Write to businesses identified by the District and City Councils

- Write to voluntary and community groups identified by the District and City Councils
- Place adverts in the local press inviting representations
- Make the consultation material available on the GNDP website and link to it via the District and City Councils

Consultation and High-Level timetable

Stage	
Preliminary draft charging schedule consultation	3 October 2011 – 14 November 2011
Publication – Draft Charging Schedule	19 December 2011 – 23 January 2012
Submission	5 March 2012
Examination	5 March 2012 – 20 July 2012
Adoption	September 2012

Conclusion

23. Once Cabinets have confirmed decisions about the Regulation 15 stage consultation, the consultation material and final arrangements will be completed and documents published and publicised. Officers are working to deliver a key objective to adopt sound Charging Schedules for the three districts by September 2012.