Community Infrastructure Levy: Background and Context

Preliminary Draft Charging Schedules for Broadland, Norwich and South Norfolk consultation

3 October - 14 November 2011
















Greater Norwich Development Partnership

Broadland District Council
NORWICH City Council
South Norfolk COUNCIL
Norfolk County Council

Contents

The Joint Core Strategy for Broadland, Norwich and South Norfolk was adopted on 24 March 2011. Between 2008 and 2026 the JCS is designed to deliver substantial growth in housing and employment – 37,000 homes and 27,000 new jobs. This is dependent on investment to overcome the deficiency in supporting infrastructure. The JCS cannot be delivered without the implementation of the Norwich Area Transportation Strategy including the Northern Distributor Road. Other fundamental requirements include significant investment in green infrastructure, education, waste and water infrastructure including Whitlingham sewage treatment works and a range of other community facilities.

Significant and timely investment will be required to implement the JCS. A Community Infrastructure Levy has the potential to contribute considerable income to towards providing the essential infrastructure identified in the JCS.

1. Introduction

1.1 This document supports the Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedules that have been prepared for Broadland, Norwich City and South Norfolk Councils. It does not form part of the Preliminary Draft Charging Schedules.

1.2 It outlines the relationship with the spatial strategy set out in the Joint Core Strategy for Broadland, Norwich and South Norfolk (the JCS), the common evidence base on infrastructure needs and viability and the role of CIL in supporting the Local Investment Plan and Programme (LIPP).

1.3 This background and context document also explains some of the reasoning behind the Charging Schedules including:

- the derivation of charging zones
- the role of CIL in helping to close the funding gap between the cost of infrastructure needed and mainstream funding sources (including assumptions about the scale of affordable housing provision)
- the approach to exemptions and in kind contributions
- the staging of payments and
- the potential effect of Localism

1.4 Appendix 1 illustrates the kinds of infrastructure expected to be funded, in whole or part, through CIL, and those where funding through S106 or S278, or secured by condition is expected to continue.

2. Scale of development and spatial strategy

2.1 The CIL Charging Schedules set out how developer contributions will be collected to help implement the proposals in the JCS. The JCS was adopted in March 2011 and establishes a spatial strategy to guide future development within Broadland, Norwich and South Norfolk between 2008 and 2026 (with the exception of the area administered by the Broads Authority). The strategy set out in the JCS will be developed through the preparation of further development plan documents as set out in the respective Councils' Local Development Schemes.

2.2 The scale of development proposed in the coming decades is very significant, with approximately 37,000 new dwellings being planned over the period 2008 to 2026. This figure includes commitment outstanding at 2008 in the form of existing planning permissions and allocations, some of which are subject to S106 obligations providing for contributions to necessary infrastructure. Additional growth is likely through windfall developments.

2.3 Approximately 27,000 additional jobs are expected to be created over the same period. Additional retail floorspace of approximately 23,000 square metres is also projected, although because of the volatility of the economy around the time the JCS was adopted, this was based on a shorter term forecast to about 2016.

2.4 Under the CIL regulations (2010 and 2011) the adoption of the JCS allows the local planning authorities to prepare and submit Charging Schedules, which will enable funding to be collected for infrastructure needed to support/deliver proposed growth.

2.5 The evidence base underlying the CIL Charging Schedules has also been jointly commissioned by the three local planning authorities and Norfolk County Council who have worked together to draft the proposed Charging Schedules. Although presented as separate schedules to comply with legal requirements, all three rely on the same evidence, are consistent with each other and are intended to support a common Local Investment Plan and Programme (LIPP). For this reason they will be submitted for consideration at one joint examination.

3. Evidence of infrastructure needed

3.1 The infrastructure needed to support the sustainable future of the area has been established through a number of sources.

3.2 The overarching evidence document is an Infrastructure Needs and Funding Study (EDAW/ AECOM 2009). This study quantified in broad terms the infrastructure needed to accommodate the JCS. It included a high level estimate of the cost and some pointers towards potential funding mechanisms.

3.3 The study embraced transport, utilities, social infrastructure and green infrastructure and drew on the conclusions of earlier studies. These included open space and recreation audits for each of the three local planning authorities, a water cycle study, strategic flood risk assessment and a green infrastructure study supported by an implementation plan. The study also benefited from direct dialogue with major infrastructure providers.

3.4 Subsequent work including continuing engagement by the local authorities with infrastructure providers to develop the LIPP to continue to refine costs and timing.

3.5 The Infrastructure Needs and Funding Study and the draft LIPP were supporting evidence for the examination of the Joint Core Strategy in November/December 2010. A future CIL examination should not re-open infrastructure planning that has already been submitted in support of a sound core strategy.

3.6 Work has continued to refine and update the LIPP and additional work has been undertaken on Green Infrastructure. The latter is explained in a Topic Paper Green Infrastructure and Open Space (GNDP, 2011).

3.7 The total cost of the infrastructure for which no funding has been identified is £385 million.

4 Relationship of CIL Charging Schedules to the LIPP

4.1 Both the CIL Charging Schedules and the LIPP are critical documents setting out the requirement to ensure the sustainable future growth of the strategy area, and are complementary in their roles.

4.2 The LIPP is a living document setting out a programme of investment across a wide spectrum of infrastructure required to deliver sustainable development in the area. It functions not only as a management tool for local investment but also as a bidding document for external support. It has been prepared with, and approved by, the Homes and Communities Agency (HCA), a key source of external investment.

4.3 The LIPP is based on the assumed trajectory of future development in the area. It categorises infrastructure according to three time periods, up to 2016, 2021 and 2026, and three levels of "priority". This is reflected in Appendix 7 of the Joint Core Strategy.

4.4 Although the projects have been grouped in three levels of priority, all this investment, and more, is required to deliver the growth identified in the Joint Core Strategy. Together these projects unlock opportunities to directly affect the timing and volume of housing and jobs that can be delivered. It is important to note, therefore, that all three categories are viewed as essential for the sustainable future growth of the area.

4.5 Because the LIPP is necessarily based on assumptions about factors which are inherently uncertain, including the future decisions of private developers as well as future funding it will be regularly reviewed and refreshed every six months.

4.6 The LIPP includes assumptions about funding from a variety of sources including mainstream funding through government grants, for example for local transport or hospital investment, future utility investment through Asset Management Plans and future investment by service providers guided by market considerations, such as primary health care. It also makes assumptions about future developer contributions to be funded through the CIL or Section 106 obligations.

4.7 The CIL Preliminary Draft Charging Schedules are, in contrast, concerned exclusively with setting the rates of CIL contribution according to an assessment of viability based on market conditions and taking account of the location and nature of development. While these rates will be subject to indexation according to the prevailing CIL regulations they are otherwise fixed. They can only be amended through the preparation and approval of new Charging Schedules.

4.8 The process for preparation and approval of the Charging Schedules is set out in legislation (Planning Act 2008, part 11, the Community Infrastructure Levy Regulations 2010 and the Community Infrastructure Levy (Amendment) Regulations 2011). This involves evidence gathering, consultation and testing at an independent public examination. Once approved, the Charging Schedules do not form part of the development plan, although they support it.

5 Summary of viability evidence

5.1 Viability evidence is contained in three reports

- An '**Affordable Housing Viability Study**' (Drivers Jonas Deloitte, 2010) was commissioned to inform the JCS and was subject to the public examination of the JCS. It provided an evidence base to support policies delivering a proportion of affordable housing on mixed tenure sites. It was based on a residual valuation model and compared the results of local land values to a range of benchmark land values. It considered the effect of a range of variables such as affordable housing target, build cost, density, greenfield/ brownfield etc. and advised on a single policy target across the JCS area
- Further viability evidence work for the CIL was undertaken and the report '**Viability Advice on a CIL/ Tariff for Broadland, Norwich and South Norfolk**' (GVA, 2010) built on the evidence provided in the Affordable Housing Study This report assessed the potential to raise funding through capture of enhanced land values arising from development. It focused on residential, office, industrial/ warehousing, retail development. It also looked at conventional funding streams and potential for innovative funding, methods of forward funding and different governance models to determine priorities and manage investment. It advised on the potential contribution from different land uses in different parts of the area based on differences in market conditions, and hence viability. The areas are defined by reference to transactions and the experience of the local agents and developers in the area and are presented in the report as generalised zones
- This advice was further refined in the '**CIL Charging Zones Schedule**' (GVA 2011) which defines charging zones on a detailed map base and investigates viability to support developer contributions for a further range of uses

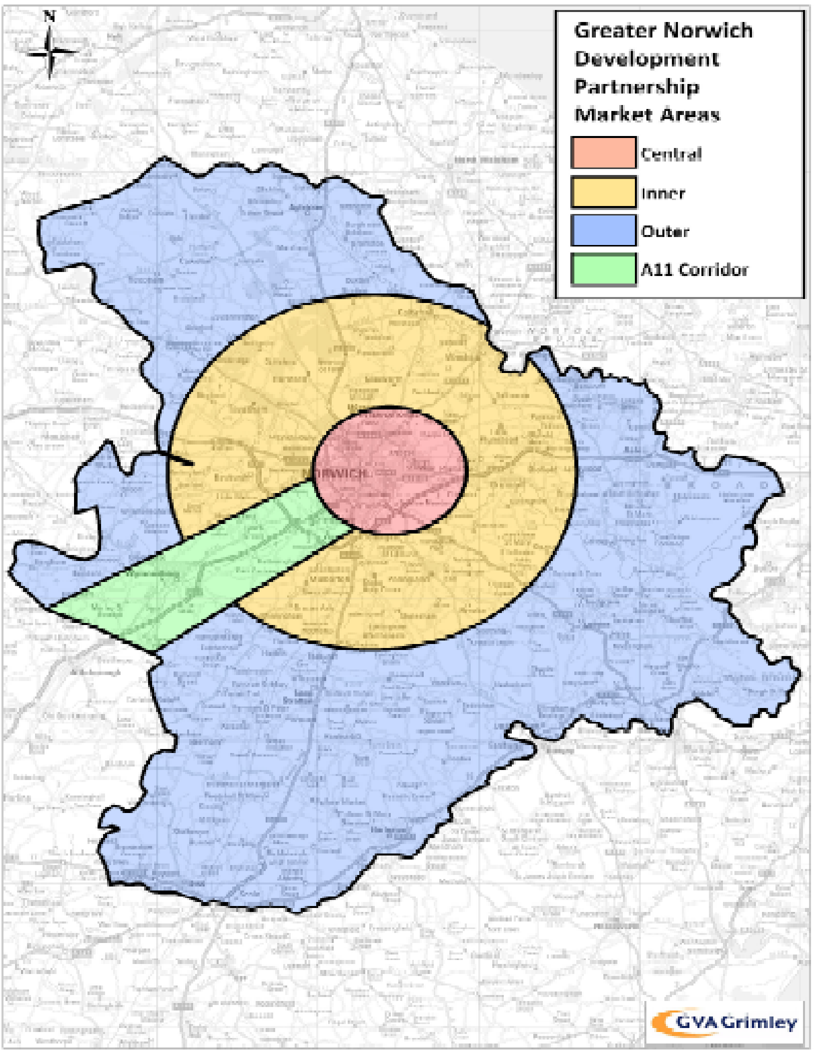
5.2 These reports can be found on the GNDP website at www.gndp.org.uk

6 Assessing the Charging Zone boundaries

Residential development

6.1 The report 'Viability Advice for a CIL/ Tariff for Broadland, Norwich and South Norfolk' (GVA, 2010) identified four market area or zones for residential development (shown in Figure 1 below),

Figure 1: Market Value Areas, Broadland, Norwich and South Norfolk



6.2 Figure 1 shows:

- a central zone focused on the urban area of Norwich
- an inner zone embracing those settlements in close proximity to Norwich
- the "A11 corridor", a specific zone focused on this road and rail corridor, which offers particularly good connections, including public transport, to both Norwich and Cambridge
- an outer zone covering the more rural parts of the area

The report recommended the following CIL rates for the four market areas:

Central	A11 Corridor	Inner	Outer
£ per m^2	£ per m^2	£ per m^2	£ per m^2
£225	£195	£170	£85

6.3 The CIL Charging Zones Schedule (GVA, 2011) supported the findings of the earlier advice but found that, for some Market Areas or zones there was not a clear and consistent boundary to differentiate between areas. Further work supported the combination of what was the Central zone, the A11 Corridor and the Inner zone to a single Charging Zone (or Zone A), while keeping the 'Outer' zone (or Zone B). The detailed boundaries of Zones A and B are shown in Appendix 2.

6.4 The report recommended the following rates:

Inner (or Zone A)	**Outer (or Zone B)**
£ per m^2	£ per m^2
£170	£85

6.5 While CIL rates are expressed as pounds per square metre (£ per m2) it is helpful to note that the rates equate to a contribution of £15,000 per average dwelling (89m2) in the inner area and £7,500 per average dwelling (89m2) in the outer area.

6.6 As a consequence, there is a single charging zone within the Norwich City Council area, but two residential charging zones within the Broadland District Council and South Norfolk Council areas.

6.7 Zone A covers all of the locations proposed for major growth in the Norwich Policy Area (NPA - shown in Appendix 3), with the exception of Long Stratton.

6.8 The approach to domestic parking takes account of guidance from CLG which confirms that domestic garages are CIL liable. It recognises that while a garage within a domestic curtilage may be used in a number of ways, it does not have the same value as the house itself. GVA did not consider garages as part of the Viability Study, but local market evidence suggests that garages add value to a dwelling. For this reason the authorities are consulting on a CIL charge for garages within domestic curtilages of a rate from £25-35 per m2 and are seeking further evidence to support this range. Decked parking serving apartments will be charged at a nominal rate (£5 per m2), similar to that for multi-storey car parks for public use.

Non-residential development – Commercial development

6.9 The report Viability Advice on a CIL/ Tariff for Broadland, Norwich and South Norfolk (GVA, 2010) originally suggested that there could be three market value areas or zones for commercial development across the area.

6.10 Examination of development completions and pipeline activity in the study area shows a lack of speculative development activity across commercial uses at present. This combined with prevailing economic pressures including constrained development finance mean that speculative development is almost entirely unviable. The study showed that schemes would be only able to make modest CIL contributions, this being highly dependent on their proposed location. The study also suggested in areas where new commercial space is rarely developed, the CIL would need to be minimal in order to support viability.

6.11 The CIL Charging Zone Schedule (GVA, 2011) recommends that, considering the above, a single charging zone for non-residential development should be adopted.

6.12 For retail uses, the proposed charge differs between smaller scale premises and large format convenience goods based supermarkets and superstores, based on significantly different viability assessments.

7 Setting of CIL rates

7.1 Setting the charge should strike a balance between the need to fund infrastructure and the potential effects (taken as a whole) of CIL on the economic viability of development across the area. It is expected that CIL will capture more of the land value uplift that results from development than the previous regime based on S106 contributions. Of necessity this will create downward pressure on land values and profits.

7.2 The evidence on land value capture potential forms the basis for deriving CIL charges. Charge setting needs to take account of other developer contributions and the impact of the economic cycle.

7.3 The rates suggested by the CIL Charging Zone Schedule include the total potential developer contributions arising through CIL, section 106 payments. Appendix 1 indicates that CIL will be used to fund the majority of infrastructure cost that is currently subject to S106. Once CIL is introduced costs incurred under S106 will be very significantly reduced and focussed on site specific mitigation such as direct site access.

Non-residential development

7.4 The viability of non-residential commercial development is highly variable and dependent on factors such as location and demand. This is reflected in the Schedule suggested rates which are already relatively low and tend towards the lower end of the potential rates considered in both reports. Therefore no further general adjustment is proposed to non-residential commercial rates.

7.5 However, to simplify the charging schedule and to take account of the range of development types covered by the use class, the CIL rate for D2 development is reduced from £30 per m2 recommended in the Schedule for sports and leisure development to £25 per m2.

7.6 The Schedule recommends that residential care homes could support a CIL rate of £5 per m2. However residential care homes are often provided by the local authority on a not for profit basis. The authorities consider that not-for-profit community development cannot demonstrate viability in the same way as commercial development and a rate of £0 per m2 is appropriate. As it may be difficult in practice to differentiate commercial and non-commercial development of the same type. Therefore it is proposed to apply this zero rate to all of use classes C2, C2A and D1.

Residential development

7.7 To help judge the impact of the proposed CIL rates it can be compared to current practice. The County Council currently negotiates S106 contributions on the basis of standard charges for education and libraries. For these two services alone the full charge would be £6,746 per contributing dwelling. While this full charge is rarely sought, for larger developments, where a new school is required, the costs of a new build would be expected to be higher than the equivalent standard charge which is derived from the costs of extensions. As the standard charge for education and libraries is applicable to both market dwellings and affordable dwellings it would be equivalent to a CIL charge of £10,200 per dwelling on a development with 33% affordable dwellings.

7.8 An assessment has also been undertaken of a number of recent residential schemes where open book appraisals have been presented and accepted. While these are confidential, the authorities take comfort from recent examples that have achieved S106 agreements that include contributions that are broadly equivalent to the potential average dwelling rates in each zone as recommended by GVA (£170 per m2 in Zone A and £85 per m2 in Zone B). While the number of such developments is limited they have been agreed at a time when residential land values have not adjusted to CIL.

7.9 The analysis of recent open book appraisals has also helped reach a conclusion on the appropriate amount of potential value which should be set aside for residual S106 and S278 payments. The proposed CIL rates are reduced by the equivalent of £750 per market dwelling to take account of these ongoing liabilities. This results in a potential CIL charge per m2 £160 (equating to £14,250 per dwelling) in Zone A and £75 per m2 (equating to £6750 per dwelling) in the Zone B. Many smaller developments will continue to make no significant S106 and S278 contributions.

7.10 The viability advice assessment and recommendation is based on market conditions, in particular house prices, seen in 2007 prior to the recession.

7.11 House prices have recovered somewhat since the depths of the recession. Land Registry data indicates that house prices in Norfolk, as a whole, were 11% lower in May 2011 compared to May 2007. The recovery in prices is partly a reflection of lower levels of transaction and commentators expect prices to be flat or even fall slightly in 2011. However, research also suggests that prices for the East of England region will recover relatively strongly from 2012 with a 21% average rise for mainstream property between 2011 and 2015. Consequently it would be reasonable to assume that house prices will have returned to around their 2007 level by 2013.

7.12 Although this evidence is encouraging, discussions with local agents, developers and landowners combined with recent rates of development have led the authorities to conclude that there are not sufficiently clear signals of a recovery to justify setting rates based on 2007 values at this time. The authorities are also conscious that stimulating the housing market will help to stimulate the area’s economy as a whole.

7.13 Taking account of all the evidence and the uncertain timing of the housing recovery the proposed inner area CIL has been reduced by 20%. It is also worth noting that moving to a single inner area rate, from the three proposed in the report ‘Viability Advice for a CIL/ Tariff for Broadland, Norwich and South Norfolk’ (GVA, 2010), already represents a significant reduction for much of the area. The residential rate for the outer area as advised by GVA is already significantly below the level that could be sought under the current S106 based regime. Therefore this rate has not been reduced. This is illustrated below.

	Central	**A11 Corridor**	**Inner**	**Outer**
	£ per m^2	£ per m^2	£ per m^2	£ per m^2
Advice from Viability Study (GVA 2010)	£225	£195	£170	£85
Rates adjusted following the receipt of the Charging Zones Schedule (GVA 2011): • Central A11 Corridor and Inner to a single Charging Zone – Charging Zone A • Outer area viability validated – re-named Charging Zone B				
	Zone A £ per m^2			**Zone B** £ per m^2
Result of Charging Zones Schedule (GVA 2011) combining Central, A11 and Inner areas into a single Zone A	£170 = 24% reduction	£170 13% reduction	£170 0%	£85 0%
Reduction of CIL rate by £750 per dwelling for S106 or S238 (or similar)	£160 = 5% reduction	£160 = 5% reduction	£160 = 5% reduction	£75 = 10% reduction
Recession discount to Zone A (approx 20%)	**£135**	**£135**	**£135**	**£75**

7.14 GVA followed standard valuation methods when converting from an average dwelling to £ per m2 and did not include garage space. However garage space developed as part of a residential development incurs a CIL charge. The authoirities consider that the best approach to residential garage space is to apply a separate rate of £25 - £35 per m2. Decked parking serving apartments will be charged at a nominal rate (£5 per m2), similar to that for multi-storey car parks for public use.

Review

7.15 With clear evidence of a substantial funding gap for the infrastructure needed to support the development of the area it will be important to ensure that the level of CIL income is maximised. Therefore, the three councils intend to commit to an early review of CIL within two years of the adoption of the charging schedule, with a view to raising the rates to take account of market recovery.

8 Cost of infrastructure compared to expected CIL revenue trajectory

8.1 The total infrastructure costs in Appendix 7 of the JCS are based on the assumed trajectory in Appendix 6 of the JCS.

8.2 These demonstrate that not only is there a significant funding gap to justify the introduction of CIL across the area as a whole, but also within each authority area. It should be noted that although much of the infrastructure cost can be assigned to a particular local planning authority based on its anticipated location, there are some elements with a much wider effect, where the overall cost has had to be apportioned. This applies, for example to cross boundary transport infrastructure, or infrastructure located in one authority's area, but where benefits will accrue to a neighbouring area. Similarly, some large scale utility investment will serve development in more than one local planning authority area.

8.3 The anticipated CIL income from residential development is £221 million - £270 million (based on the housing trajectory to 2026 in appendix 6 of the JCS and assuming a delayed start to delivery of 2013) and will provide by far the largest overall contribution. Non-residential development will contribute only small amounts for investment through CIL

- Based on evidence supporting the JCS it is possible that around 300,000 m2 of B class floorspace could be developed, although this figure could vary significantly. At £5 per m2 this would provide CIL investment of £1.5million
- For general retail a reasonable assumption might be 23,000m2 of retail at £25m2 giving £0.6milion. Although there is no identified need for large scale supermarkets it is possible that some development of this type will come forward in the plan period. An assumption of 10,000 m2 at £135 per m2 would contribute £1.35million
- Even taking account of contributions from other types of commercial development it is unlikely that investment from non-residential CIL will be much over £5 million

8.4 Current spending cuts and changes to funding regimes make it extremely difficult to predict the availability of Government funding to support growth. Potential support in the GNDP area will include:

- Department for Transport funding for major schemes. Based on previous bidding for support, we are assuming that funding of up to £90m will be available for Postwick junction improvements and the NDR
- Mainstream transport funding through the LTP process for improvements (not maintenance) might be in the range £10million to £60million. However, while this funding might help support some LIPP schemes such as public transport improvements it is not available to support individual schemes over £5million. Investment tends to focus on overcoming existing problems although such schemes can also benefit growth
- Mainstream education funding to support growth.
- Other central government funding streams to support growth (such as the Regional Growth Fund) will be available but are entirely unpredictable
- Legislation/regulation to allow Tax Increment Funding is being introduced but the potential impact on the local area is unclear
- New Homes Bonus may provide some investment for infrastructure but when this scheme becomes budget neutral it is unclear how much net additional funding this will represent
- A large amount of infrastructure, principally utilities, is funded through relevant Asset Management Plans agreed by the respective Regulator. In some instances there is no alternative to funding by this means, though in some areas developer contributions alongside investment by the relevant utility may be appropriate. It is anticipated that utilities investment will continue to be largely funded through the AMP process

8.5 This highlights not only the necessity to secure developer contributions in order to provide the necessary infrastructure, but also the need for continued support through mainstream funding. Even if these can be achieved, the timing of necessary infrastructure compared with the timing of CIL receipts will mean that, through the LIPP process, it will be necessary at times to use prudential borrowing powers.

8.6 It is also clear that continued cooperation between the partner authorities will be required in order to deliver key infrastructure across administrative boundaries, and to allow for the use of funds raised in one part of the area to support infrastructure in another. The question of appropriate governance to enable these issues to be addressed is covered in section 14.

9 Affordable housing assumption

9.1 The JCS includes a policy seeking affordable housing on mixed tenure sites above specified thresholds. The target is graduated with a lower contribution sought from small sites, rising to 33% on sites of above 16 dwellings, or the equivalent area.

9.2 The affordable housing study concluded that the same target should be adopted across the JCS area, but acknowledged that changing the balance of tenure or reducing the overall amount of affordable housing may be necessary if a particular development could be shown to be unviable or marginal at the target level. In view of particular circumstances surrounding smaller sites, the study recommended the tapered approach outlined above. Although the study supported a target level of 40%, subject to appropriate flexibility in negotiations, the inspectors conducting the examination into the JCS recommended setting the target at 33% to avoid undue front loading to deal with the current backlog. The study concluded that the factors which most significantly affect viability are sales values, construction costs, and site cost (represented in the study by a number of benchmark values). In marginal cases, public sector grant is likely to be significant if the full target proportion of affordable houses is to be achieved.

9.3 In assessing the potential CIL contribution from mixed tenure schemes where a proportion of affordable houses will be delivered through section 106 obligations, the report ‘Viability Advice on a CIL/ Tariff for Broadland, Norwich and South Norfolk (GVA, 2010) looked at the impact of seeking 40%, 30% and 20% affordable dwellings. The 40% figure was based on the target in the submitted JCS and is no longer directly relevant. The proposed CIL rate is that based on the estimate of the report of the rate which could be afforded, whilst ensuring that at least 20% affordable housing could be delivered in all locations, without National Affordable Housing Programme grant. This assumes that some schemes will deliver the target 33%, while paying the proposed level of CIL, though it is likely that some may also need public sector support. Where viability is an issue, the percentage of affordable homes will need to be negotiated in accordance with Policy 4 of the JCS. One option which was considered but discounted was to set the CIL contribution at a level where at least 30% affordable housing could be delivered in all locations. Whilst this would have reduced the need for such negotiations, it would have significantly reduced the charging rate and meant the most viable schemes would contribute less CIL than they could afford to pay. This would increase the infrastructure funding gap. The proposed CIL charge seeks to strike a balance between need to fund the necessary infrastructure by securing a reasonable level of developer contribution and the achievement of the affordable housing target.

9.4 For the purposes of calculating forecast CIL revenue, it has been assumed that 30% of all new dwellings will be affordable as defined in Planning Policy Statement 3, but including the new affordable rent tenure.

10 Division between CIL/ Section 106

10.1 The infrastructure to be funded by CIL will be set out in lists to be published from time to time by the Charging Authorities and published on their websites (known as regulation 123 lists). Appendix 1 gives an indication of the categories of infrastructure currently intended to be funded by CIL or by other means.

10.2 In general it is proposed that site specific mitigation measures, including providing a safe and acceptable means of access to a public highway, or roads providing access to a development, will be dealt with through S278 agreements or S106 obligations.

10.3 Other more strategic infrastructure will be supported in whole or in part through CIL.

Long Stratton

10.4 The need to provide for a bypass as a prerequisite to the new housing in Long Stratton presents some complications in terms of how best to administer the CIL. There is a need to approach the operation of CIL differently in Long Stratton and South Norfolk Council has investigated a number of different options. The chosen option is to charge CIL at the lower rate as recommended by GVA and include the strategic cost of the bypass as a CIL contribution whilst providing the site specific access element of the bypass through Section 38 of the Highways Act (1980). A Section 38 agreement ensures that roads built as part of a development (on land within that development) that the public would use are designed and built to a standard that will be adopted by the County Council as maintainable at the public expense.

10.5 There will need to be a clear distinction between the access road delivered through Section 38 and the part of the road that forms the bypass but this option provides a way forward to deal with the complexities of CIL in Long Stratton. The location of development would need to be known to work up the exact details of the split and there would need to be negotiation and co-operation between all parties involved in bringing forward growth in Long Stratton to make this option work.

11 Staging of payments

11.1 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:

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.

11.2 Where there is no instalment policy, payment will be payable in full at the end of a period of 60 days beginning with the intended commencement date of development. The partner authorities can see merit in such a policy, particularly at difficult times in the economic cycle.

11.3 Assuming the charging schedule is adopted in the summer of 2012 CIL will only apply to planning permissions granted after that time. The authorities are proposing to introduce a phased payments policy. As this links payments to actual development rather than the granting of permission, it can be expected that CIL payments will not generally be made until 2013 and beyond.

11.4 An indicative draft policy is included in appendix 4. This seeks to relate payments to the progress of the development, but with a "safety net" arrangement linked to indicative timescales. This is needed to provide sufficient certainty about the timing of payments to ensure that that the authorities can put in place adequate forward funding mechanisms.

12 Exemptions and in kind contributions

12.1 The Regulations (part 6) set out statutory exemptions in respect of charities and relief for social housing. Affordable houses are granted 100% relief from CIL.

12.2 The Government has produced an information note on relief, and the Planning Advisory Service has produced an online calculator (available on www.pas.gov.uk) to help interested parties calculate the appropriate level of relief for affordable housing on any given development.

12.3 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.

12.4 Discretionary relief might promote regeneration or the development of an allocated site regarded as critical to the delivery of the strategy for the area. In practice, however, 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.

12.5 At this time, the authorities do not consider 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.

12.6 There will continue to be some flexibility in the negotiation of the terms of any section 106 contributions.

12.7 Regulation 73 provides the potential for transfer of land as CIL payment in kind. Within the GNDP area, where land is required within a development to provide built infrastructure to support that development (such as a school) it will be expected that land transfer will be at no cost to the local authorities and will not be accepted as a CIL payment in kind. Where the facility is needed to serve more than one development, any land transfer over and above that needed for the specific development would be regarded as payment in kind of CIL.

13 Transitional arrangements

13.1 Regulation 128 provides that where planning permission is granted before the adoption of a charging schedule, CIL will not be liable. The regulation defines "planning permission" in such a way that applications for the approval of reserve matters granted after the adoption of the charging schedules, but in pursuance of an outline permission granted before its adoption would not be liable to CIL, but would continue to be liable for contributions through Section 106.

14 Governance

14.1 The Government is keen to get development underway and have introduced a 'presumption in favour of sustainable development'. The presumption will help the country's economic recovery by ensuring proposals in line with local plan policies get approval without delay. The Planning Minister, Greg Clark, has said "Britain urgently needs new homes, new green energy and transport links, and space for businesses to grow. By putting this presumption at the heart of our new framework we will give the planning system a wake up call so the right sort of development, that everyone agrees is needed, gets approval without delay".

14.2 The Greater Norwich Development Partnership is eager to work with developers, service providers and communities to implement the adopted JCS and introducing a CIL is key to delivery.

14.3 Although three charging schedules have been produced, to comply with legal requirements, the three charging authorities of Broadland, Norwich, and South Norfolk councils are committed to cooperating, together with Norfolk County Council in managing the future development of the area.

14.4 This will be undertaken through a Greater Norwich Development Partnership Board including senior elected Councillors from each of the authorities and will jointly agree prioritisation for investment through the Local Investment Plan and Programme.

15 Localism

15.1 At the time of drafting the Charging Schedule the Government has signalled that there will be a consultation (Summer 2011) on further amendments to the CIL Regulations to take into account the emerging Localism Bill. The key amendments are likely to be in relation to:

- **Neighbourhood Planning** The Government has already indicated that Charging Authorities should pass a meaningful proportion of CIL Funds to local neighbourhoods. Subject to any updated Regulations it is proposed that 5% of the net CIL receipts be passed to local communities (e.g. the Parish Council or Town Council in the two rural districts) who express an interest in receiving it, with the expectation that they will use the income to support Priority 3 infrastructure projects.

- **Maintenance Payments** Amendments to the Regulations are likely to clarify that CIL can be spent on the ongoing costs of providing infrastructure (e.g. maintenance)
- **Affordable Housing** At present affordable housing lies outside CIL and is negotiated separately through the S106 process. It is likely that amendments to the Regulations will allow CIL revenue to be used for the provision of affordable housing, although affordable housing will not be liable to pay CIL.

15.2 The GNDP will need to take into account emerging Government guidance before finalising and adopting the CIL Charging Schedule.

Appendix 1

Types of Infrastructure to be funded or part funded by CIL and Types of Infrastructure to be funded solely through Section 106 Obligations; S278 of the Highways Act; other legislation or through Planning Condition

	Infrastructure to be funded, or part funded, through CIL	Infrastructure and other items to be funded through S106 Obligations; S278 of the Highways Act; other legislation or through Planning Condition
Transportation	Transportation infrastructure for walking, cycling, public transport and highways.	• Highway works to mitigate the direct impact of development, including site access or adjacent junction improvements to facilitate traffic movements to the site, and parking control. • Pedestrian / cycle and bus facilities on site or providing direct access to the site. • Travel planning including, where relevant, area wide travel planning. • Certain specific schemes serving the access needs of a development. For example: o Long Stratton bypass (part) o Growth triangle internal Link Road. o Access improvements to serve Norwich Research Park
Education	Provision for which the Local Education Authority has a statutory responsibility including early years, primary and secondary (covering ages 3 – 19)	See ‘Transfer of Land’ in this table
Green infrastructure	Strategic green infrastructure	Green Infrastructure initiatives relating to a particular development

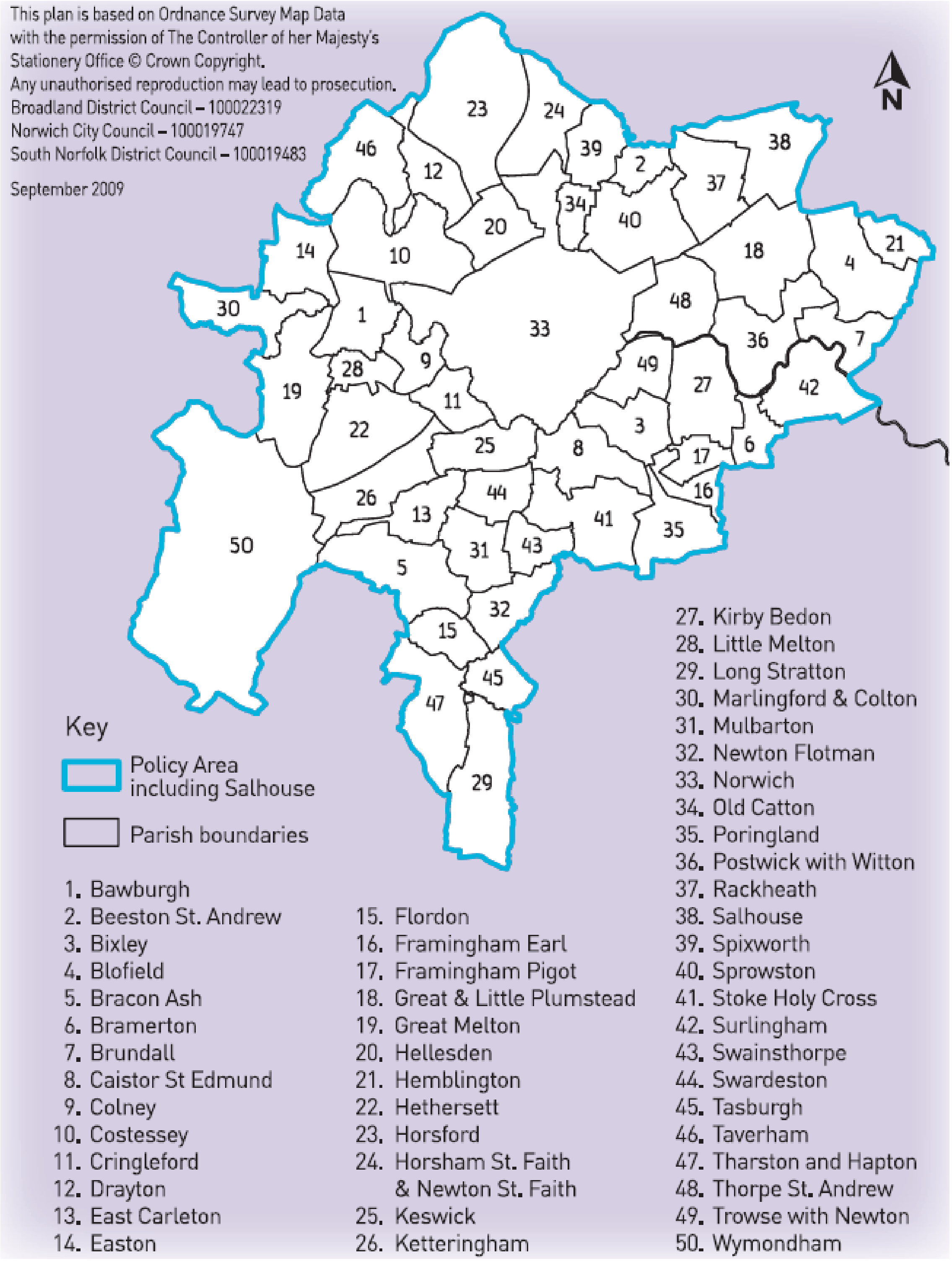
<table>
<tr><th></th><th>Infrastructure to be funded, or part funded, through CIL</th><th>Infrastructure and other items to be funded through S106 Obligations; S278 of the Highways Act; other legislation or through Planning Condition</th></tr>
<tr><td></td><td></td><td>Strategic provision integral to larger development sites such as the Old Catton, Sprowston, Rackheath, Thorpe St. Andrew Growth Triangle.
The purchase of biodiversity credits
See also ‘Transfer of Land’ in this table</td></tr>
<tr><td>Sport and Play Provision</td><td>Sport and Play Provision
Including outdoor sports pitches, courts and greens, informal recreational open space, equipped and unequipped space for children and teenagers, swimming pools, and indoor sports halls.</td><td>See ‘Transfer of Land’ in this table</td></tr>
<tr><td>Community Infrastructure</td><td>Including community buildings, library provision, public buildings</td><td>Other community infrastructure related to a particular development
Community infrastructure provided within a commercial or residential building
Support for the administration and setting up of local community groups to serve a new community
Community development support
See also ‘Transfer of Land’ in this table</td></tr>
<tr><td>Historic environment</td><td>Heritage interpretation provided off-site.</td><td>Protecting or examining and recording the historic environment. On site interpretation.</td></tr>
<tr><td>Waste Recycling</td><td>Provision of household waste recycling and waste</td><td>On site collection facilities and waste reduction</td></tr>
</table>

	Infrastructure to be funded, or part funded, through CIL	Infrastructure and other items to be funded through S106 Obligations; S278 of the Highways Act; other legislation or through Planning Condition
	management facilities.	initiatives
Renewable Energy infrastructure	Renewable Energy infrastructure	The establishment and ongoing maintenance of onsite or nearby low carbon or renewable energy installations associated with new development, including district heating/cooling systems
Emergency Services (Police, Fire and Ambulance)	Emergency services premises for growth	Provision of fire hydrants.
Flood prevention and drainage	Strategic flood defences where not related to specific development proposals (likely to be funded primarily through Environment Agency)	The establishment and ongoing maintenance of sustainable drainage systems and any other water infrastructure which is not adopted by a licensed water undertaking or other responsible body.
Art and Cultural Infrastructure and Public Realm	Off-site provision/ enhancements	On-site provision/enhancements
Economic Development Infrastructure	Including off-site starter business units, assistance with the provision of Broadband, supporting other employment initiatives.	On-site infrastructure and non-infrastructure Initiatives such as skills training.
Affordable Housing		Provision of affordable housing and housing to meet other specified needs such as supported housing or lifetime homes.
Health Care	Expected to be funded through NHS funding streams, though in some circumstances contributions from locally raised revenues and may	

	Infrastructure to be funded, or part funded, through CIL	**Infrastructure and other items to be funded through S106 Obligations; S278 of the Highways Act; other legislation or through Planning Condition**
	be appropriate.	
Utilities	These are likely to be funded primarily through relevant Asset Management Plans. Any infrastructure contributions from CIL will be limited to infrastructure serving a strategic purpose beyond the needs of a single development location, with part funding through the AMP where improvements deal with existing deficiencies.	Other contributions to utility improvements specifically required for a particular development. Provision of utilities infrastructure within a development site, including nearest available connection to mains services.
Contamination		Any necessary on site investigation and remediation
Maintenance	Once the regulations allow for it infrastructure will include maintenance	Subject to legislative restraints, infrastructure provided under S106 contributions will include an element for maintenance.
Transfer of land	Where the facility is needed to serve more than one development, any land transfer over and above that needed for the specific development would be regarded as a payment in kind of CIL.	Where the facility in question is primarily needed to serve the specific development the land will be expected to be transferred at no cost to public authorities.

Appendix 2: Charging Zones maps

Appendix 3: Norwich Policy Area



Appendix 4:

Indicative 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 equal instalments.

1. 60 days after commencement
2. 360 days after commencement
3. 540 days after commencement
4. 720 days after commencement

Development incurring CIL liability £ 1,000,000 to £1,999,999
Three equal instalments.

1. 60 days after commencement
2. 360 days after commencement
3. 540 days after commencement

Development incurring CIL liability £60,000 to £999,999
Two equal instalments

1. 60 days after commencement
2. 360 days after commencement

Development incurring CIL liability up to £ 59,999
One instalment at 60 days after commencement of the development.

Appendix 5: Glossary of terms

Affordable housing
Housing provided for sale, rent or shared equity at prices in perpetuity below the current market rate, which people in housing need are able to afford

Allocated
Land which has been identified for a specific use in the current Development Plan

Asset Management Plans
The means by which Service Providers such as water, energy and health authorities plan for future investment

Brownfield land, brownfield site
Land or site that has been subject to previous development

Charging Authority
The charging authority is the local planning authority

Charging Schedule
The Charging Schedule (DCS) set out the charges the Charging Authority proposes to adopt for new development

Comparison goods
Household or personal items which are more expensive and are usually purchased after comparing alternative models/types/styles and price of the item (e.g. clothes, furniture, electrical appliances). Such goods generally are used for some time

Development
Defined in planning law as ‘the carrying out of building, engineering, mining or other operations in, on, over, or under land, or the making of a material change of use of any building or land’

Development Plan
A set of plans guiding future development in the area. The development plan consists of the Regional Spatial Strategy and locally prepared Development Plan Documents

Development Plan Document
Locally prepared document on a specific topic which forms part of the development plan and which subject to independent examination before adoption. Also commonly referred to as DPDs

Development brief
A document describing and leading the form and layout of development in a prescribed area

Green infrastructure
Green spaces and interconnecting green corridors in urban areas, the countryside in and around towns and rural settlements, and in the wider countryside. It includes natural green spaces colonised by plants and animals and dominated by natural processes and man-made managed green spaces such as areas used for outdoor

sport and recreation including public and private open space, allotments, urban parks and designed historic landscapes as well as their many interconnections like footpaths, cycleways, green corridors and waterways

Infrastructure
The network of services to which it is usual for most buildings or activities to be connected. It includes physical services serving the particular development (e.g. gas, electricity and water supply; telephones, sewerage) and also includes networks of roads, public transport routes, footpaths etc as well as community facilities and green infrastructure

Local Development Framework (LDF)
The Local Development Framework (LDF) is the term used to describe the set of documents which will eventually include all of the planning authority's local development documents, one of which will be the Core Strategy

Local Development Scheme (LDS)
The LDF timetables are set out in the local authorities' Local Development Schemes

Local Transport Plan (LTP)
A five-year integrated transport strategy, prepared by local authorities in partnership with the community, seeking funding to help provide local transport projects. The plan sets out the resources predicted for delivery of the targets identified in the strategy

Low carbon
To minimise carbon dioxide emissions from a human activity

New Homes Bonus
The New Homes Bonus is a government funding scheme to ensure that the economic benefits of growth are returned to the local area. It commenced in April 2011, and will match fund the additional council tax raised for new homes and properties brought back into use, with an additional amount for affordable homes, for the following six years

Northern Distributor Road (NDR)
A dual-carriageway road proposed to the north of Norwich, linking the A47 to the south-east of the city with the A1067 in the north-west

Norwich Policy Area
Part of the county which is centered on and strongly influenced by the presence of Norwich as a centre for employment, shopping and entertainment, generally comprising the fringe and first ring of large villages around the city of Norwich, but extending to Long Stratton and Wymondham (see Appendix 3)

Planning obligations
Legal agreements between a planning authority and a developer, or undertakings offered unilaterally by a developer to ensure that specific works are carried out, payments made or other actions undertaken which would otherwise be outside the scope of the planning permission. Often called Section 106 (S106) obligations or contributions. The term legal agreements may embrace S106.

Regional Growth Fund
The Regional Growth Fund (RGF) is a £1.4bn fund operating across England from 2011 to 2014. It supports projects and programmes that lever private sector investment creating economic growth and sustainable employment

Renewable energy
Energy generated from sources which are non-finite or can be replenished. Includes solar power, wind energy, power generated from waste, biomass etc

Section 106 (S106) contributions
See Planning Obligations

Tax increment funding
New borrowing powers, known as Tax Increment Financing (TIF), will allow Local Authorities to borrow against predicted growth in their locally raised business rates. They can use that borrowing to fund key infrastructure and other capital projects, which will support locally driven economic development and growth. Introducing TIF will require legislation

Use classes
The Town and Country Planning (Use Classes) Order, 1987, a statutory order made under planning legislation, which groups land uses into different categories (called use classes). Change of within a use class and some changes between classes do not require planning permission

For more information or if you require this document in another format or language, please contact the GNDP:

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