

SOUTH SOMERSET DISTRICT COUNCIL
COMMUNITY INFRASTRUCTURE LEVY

**PRELIMINARY DRAFT CHARGING
SCHEDULE**

March 2012



Community Infrastructure Levy (CIL) – Preliminary Draft Charging Schedule

Introduction

Community Infrastructure Levy (CIL) is a new levy, introduced through the Planning Act 2008 and defined in the CIL Regulations April 2010 (as amended), which local authorities in England and Wales can choose to charge on new developments. It is a tariff-based approach to assist in funding infrastructure associated with planned growth.

The introduction of CIL makes sense given new limitations in the way in which existing planning obligations can be collected and “pooled” for funding infrastructure under Section 106 of the Town and Country Planning Act 1990 (as amended). In the future it will be difficult to deliver the strategic larger scale community infrastructure such as schools and swimming pools. Whilst Section 106 obligations will continue to be used for delivering some infrastructure, their use will be restricted to the provision of site specific infrastructure and for providing affordable housing.

CIL takes the form of a charge per square metre (sqm) of additional floorspace (new build or extensions) and can be charged on most new development. There are exemptions for charitable organisations and affordable housing together with some size thresholds for non-residential uses. Domestic household extensions up to 100 square metres of net additional floorspace are not liable for CIL. CIL is a standard charge based on the rates in the Charging Schedule. The finance raised will be used to deliver prioritised strategic infrastructure that is needed to support the growth proposals set out in the Core Strategy.

Evidence to support CIL

The evidence to support this Preliminary Draft Charging Schedule is available from the Council’s website at www.southsomerset.gov.uk as part of the Council’s Evidence Base. The links are given at the end of this document. This is in two main parts and has been carried on behalf of the Council by Baker Associates and Roger Tym and Partners in January 2012 :-

- 1) Report on Infrastructure Planning in South Somerset which sets out the infrastructure requirements identified to support growth over the next 15 years from infrastructure providers and this indicates that there is a significant gap in funding to secure the necessary infrastructure. This report is supported by a “live” database of infrastructure projects identified as needed to support growth at this point in time.
- 2) The Community Infrastructure Levy (CIL) Evidence Base which looks at market analysis and viability testing of different development types and recommends rates of CIL that can be charged without putting the majority of development growth proposed at risk. This indicates that for residential development, CIL would not render the majority of development unviable except where the cost of planning obligations on site are likely to be high, namely where large on site infrastructure will be required in addition to a CIL for strategic infrastructure. In these locations, the two proposed urban extensions at Yeovil and Chard, the viability of the sites cannot support the same high level of CIL which could be supported by residential development elsewhere where such on site costs are not as extensive. For non residential uses the only type of development which could support CIL and remain viable, at present, is large format retailing (over 2,500 sqm)

The Proposed Levy

The Preliminary Draft Charging Schedule attached has been prepared in accordance with Part 11 of the Town and Country Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (as amended). The Council has sought to strike a balance between ensuring appropriate development comes forward and the impact of the rates of CIL proposed on development viability and in balancing infrastructure costs between site-specific infrastructure, which will still be secured by way of a Section 106 planning obligation and other non sites specific infrastructure, which will be funded through CIL.

The CIL rates proposed are set out in the Charging Schedule and have been arrived at by reviewing the list of infrastructure needs from the Report on Infrastructure Planning and assessing which of these could be paid for through CIL and other external funding sources and the assessment of development viability and market analysis carried out by the Consultants in the CIL Evidence Base report to indicate what level of CIL could be charged without affecting the viability of most development. The Regulations recognise that the CIL charge will make some development unviable and that CIL should not be set at such a low rate to ensure every development remains viable.

For the two proposed urban extensions at Chard (CEDA) and Yeovil (YUE) a choice needs to be made between levels of CIL, Section 106 and provision of affordable housing at the rates set out in adopted policy of 35% to ensure levels of CIL are not set to prevent development being unviable given the need for high levels of site specific mitigation (Section 106) and 35% affordable housing (adopted policy). In view of differing levels of viability emerging from the evidence undertaken, two different rates are therefore proposed for residential development in these areas in order to address the higher on site costs subject to Section 106 planning obligations which schemes will need to provide in these locations. It will be necessary to define the precise boundary of the where these lower rates will apply as part of the next round of consultation on the Draft Charging schedule.

Once CIL is adopted the charging rates proposed will be indexed to account for inflation using a nationally accepted index so that changes are on a uniform basis across authorities. The charges will be regularly reviewed to take account of changes in viability and any proposed changes to the Schedule will be submitted for further examination.

CIL Relief

The CIL Regulations provide for full relief from the CIL charge for any part of a development which is social housing. Charity landowners will also benefit from relief providing the development is to be used for charitable purposes. If a development is initially granted CIL relief and then circumstances change, there is a claw back process (7 years) if the development becomes liable for CIL. Relief can also be given in exceptional circumstances subject to the Council publishing a policy to this effect. Such “exceptional circumstances” can only be applied where there is a S106 planning obligation in place that has costs greater than the chargeable amount and when CIL, in addition, would make the development unviable and where the amount of relief granted would not be liable for notifiable state-aid under EU Law.¹ The fact that an application may be unviable is unlikely to constitute an “exceptional circumstance” in relation to the CIL Regulations and given the restrictions imposed

¹ The current de minimis threshold is set at €200,000 (€100,000 for undertakings active in the road transport sector) over a rolling three fiscal year period. Community Infrastructure Levy Relief Information document published by CLG

regarding state-aid there is no intention to apply an “exceptional circumstances” policy at this time.

Payment of CIL

The Council are able to consider introducing a payment policy for payment by instalments but this must be agreed before any development commences and must be in accordance with a published policy. This policy does not form part of the Proposed CIL Charging Schedule and no view has yet been taken on such a policy or how this should work.

Relationship between CIL and Section 106 agreements

CIL will not replace existing planning obligations (Section 106 and unilateral undertakings), which have been in place for many years. The intention is that these planning obligations will remain but will only be related to the direct mitigation of ‘site specifics’ arising from new development to make it acceptable to the planning authority and the local community. CIL will be used to secure strategic infrastructure that has been delivered in the past by ‘pooling’ contributions from several schemes. This will be restricted after April 2014 and CIL will therefore replace this element of planning obligations.

CIL cannot be used as well as other planning obligations to secure the delivery of the same item of infrastructure and the Council will need to publish a list of the types of infrastructure that it is intended will be funded in whole or in part through CIL prior to the adoption of a Charging Schedule.

CIL for Local Communities

In addition to how the Council prioritises and spends their proportion of CIL, some of the money raised through CIL, a proportion as yet unknown, will also be passed back to the Town and Parish Councils in the area from which the CIL was collected for use at a local level on infrastructure identified as important by the local community. Further guidance on the proportions this is likely to be is still awaited from Government.

Next Steps

The CIL Regulations require the Council to carry out two stages of consultation on the proposed CIL Charging Schedule but there are no specific guidelines as to what this should comprise other than a minimum of 4 weeks prior to submission. This Preliminary Draft Charging Schedule will be subject to 4 weeks consultation ending on Wednesday **4th April 2012, 5pm**. This consultation is aimed at specifically at local community representatives in light of the meaningful proportion of CIL which will be available for use by the local Parish and Town Councils and at stakeholders within the development industry in particular.

Following the consultation on this Preliminary Draft Charging Schedule the Council will review the comments received with a view of publishing a second consultation Draft Charging Schedule alongside the Proposed Submission Core Strategy in May/June 2012.

Your Views

We would like to receive any comments you may have on:

- 1. the Preliminary Draft Charging Schedule;**
- 2. Introducing a CIL instalments policy and the form this could take;**

These should be put in writing and either sent to the Spatial Policy Team, Council Offices, Brympton Way, Yeovil, Somerset, BA20 2HT or email planning.policy@southsomerset.gov.uk

For further advice on CIL and the procedural arrangements for adopting a Charging Schedule can be found on the CLG website (www.communities.gov.uk) and the background for SSDC's approach to CIL can be found in the report to Full Council on 23rd February 2012.

Links

Report to Full Council on 23rd February 2012.

"Proposed Introduction of Community Infrastructure Levy (CIL)"

http://www.southsomerset.gov.uk/media/400178/8_proposed_introduction_of_community_infrastructure_levy_cil.pdf

The consultants reports on CIL Evidence Base and Infrastructure Report can be found on the Council's website.

CIL Evidence Base report:

[Correct link to be added web page under construction](#)

Infrastructure Report

[Correct link to be added web page under construction](#)

South Somerset Community Infrastructure Levy: Preliminary Draft Charging Schedule

This charging schedule has been prepared in accordance with part 11 of the town and Country planning Act 2008 and the Community Infrastructure Levy regulations 2010 (as amended by the 2011 Regulations). It is supported by local evidence regarding infrastructure requirements and the impact of the levy on the viability of different types of development set out in two consultants reports. These can be found on the Council's website as part of the Core Strategy District Wide Evidence Base (see links on previous page).

Levy Rates

The rates below will be charged against the gross internal floor area of:

- All new residential dwellings
- All other development exceeding 100 sq m in size

Development Use (Use Classes Order 2010)	Levy (per sq m)
All Residential development (C3, C4) except Yeovil Urban Extension (YUE) or Chard Eastern Development Area (CEDA)	£150
Residential Development (C3, C4) Yeovil Urban Extension	£32
Residential Development (C3, C4) Chard Eastern Development Area	£100
Large Format Retailing (A1) (Over 2,500 sq m in size or resulting in a store in excess of this size)	£200
All other development	£0 zero

How the CIL charge will be calculated

In accordance with the regulations, where applicable the Council will issue a Liability Notice that states the chargeable amount on grant of permission or as soon as possible after the grant of planning permission. The Council will calculate the amount of CIL chargeable using the formulae set out in the regulations.

For full details of the way in which CIL will be calculated, together with an overview of CIL and the full Regulations can be found on the CLG website:

www.communities.gov.uk