

Bath & North East Somerset Council

MEETING:	Planning, Transport and Environment Policy Development and Scrutiny
MEETING DATE:	26 th July 2011
TITLE:	Community Infrastructure Levy (CIL) / s.106 Planning Obligations
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report:	
None	

1 THE ISSUE

- 1.1 National changes to Local Government finance mean that Local Authorities will be increasingly dependent on locally generated income including Community Infrastructure Levy (CIL). The CIL regulations that came into force on 6th April 2010 allow local authorities to raise fund from developers undertaking new building projects in their area to provide key infrastructure needed as a result of development.

2 RECOMMENDATION

- 2.1 The Panel is asked to note that the programme and arrangements for the preparation of CIL in B&NES

3 FINANCIAL IMPLICATIONS

- 3.1 Following changes to Local Government finance, economic and housing growth will be increasingly important in the generation of local income. Consequently facilitating new development will be a key mechanism in limiting future budget reductions.
- 3.2 CIL enables local planning authorities to raise funds from developers undertaking new building projects in their area. The funds can be used for a wide range of infrastructure that is needed as a result of development. This includes the infrastructure costs likely to be incurred by the Council and other bodies who are delivering infrastructure which will benefit the development of their area such as the Environment Agency for flood defence. However, CIL does not cover the costs of providing revenue services such as waste collection and social care which will inevitably arise from such developments. The regulations scale back the way section 106 agreements operate from April 2014.
- 3.3 Between July 2009 and March 2011 the Council has secured £13 million in s.106 agreements agreed alongside planning consents given. This excludes in-kind

contributions such as affordable housing, on-site works, energy strategies/travel plans etc. Based on housing planned through the Core Strategy, CIL and scaled backed Planning Obligations has the potential to approx raise £36 million over the plan period up to 2026. However, the funds generated by CIL will dependent on the viability assessments. CIL can also be levied from commercial development such as retail, hotels and office development. The potential revenue depends of the level to which CIL is set for each of these uses. A nil tariff can be set if the viability assessments justify.

- 3.4 The preparation of CIL will be part funded through the LDF budget and other sources of funding are the New Growth Point funding / Invest to Save bid. Delay of the adoption of CIL will limit the developer contributions that can be sought, particularly if it is delayed beyond March 2014.
- 3.5 The estimated cost of producing the CIL Charging Schedule is approximately £40,000 in the current year and a similar amount in 2012/13. This excludes internal officer resource. The local planning authorities can retain up to 5% of the receipts to cover the administrative costs including the cost of producing CIL.

4 THE REPORT

Overview

- 4.1 CIL enables local planning authorities to raise funds from developments in their area. The new system has been introduced to overcome the inadequacies of s106 agreements and once a local authority has undertaken the necessary work to put CIL into place it offers a more transparent and simplified system. Implementation of CIL is dependent on the adoption of the Core Strategy. An Infrastructure Delivery Programme is also required which has already been prepared in B&NES.
- 4.2 Adopting a CIL would provide:
- An additional income stream for infrastructure for the local authority
 - A fixed rate tariff system which unlike s106 gives certainty to the development industry
 - A simplified and cost effective system of securing funding from development.
 - Finance for 'live' infrastructure projects that have been prioritised by the Council and local communities.
- 4.3 CIL provides for strategic infrastructure requirements across the District. From April 2014, Planning Obligations (s.106) will be scaled back to address specific site issues and pooled contributions will be limited. CIL and Planning obligations will therefore become complementary.
- 4.4 Charging schedules will set out the charging rates in the area based on increased floor space eg. £ per square metre. Charging authorities will use that evidence to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential effects of the levy upon the economic viability of development across their area. CIL charging schedule is subject to an independent examination.
- 4.5 In addition, CIL will be prepared in conjunction with the Placemaking Plan which provides detailed the planning policy framework to guide development on sites.

Scope of the CIL

- 4.6 The Core Strategy plans for the delivery of 11,000 new homes and 8,700 jobs up to 2026. Based on housing alone, CIL and s.106 agreements have the potential to raise approximately £36 million over this period but this is dependent entirely on the viability assessments rates agreed and. This takes account of the fact that Affordable Housing is currently exempted from making CIL contributions (35% of anticipated housing delivery).
- 4.7 In addition, there is the potential for CIL to be levied from commercial development such as retail, hotels and office development.
- 4.8 Key issues to be addressed through the preparation of CIL include;
- Whether to vary the levy geographically across the district
 - Whether to vary the levy according to use eg some authorities are proposing a nil charge for commercial use
 - Whether to prioritise the spend on infrastructure geographically or on particular uses.
- 4.12 Reports will be brought back to O&S for consideration at appropriate stages.

Timetable and milestones

- 4.13 The programme for CIL is set out in the draft Local Development Scheme (background paper p.21) but is dependent on the adoption of the Core Strategy. Work on CIL will also be aligned with the Placemaking Plan.

Commence	July 2011
Public consultation on Preliminary Draft Charging Schedule	March-April 2012
Public consultation on Draft Charging Schedule	September 2012
Submission	December 2012
Hearings	March 2013
Adoption	Sep 2013

Project governance

- 4.14 Whilst led by the Planning Service, preparation of CIL will need to be undertaken corporately. The governance structure and preparation arrangements are set out in the latest version of the Local Development Scheme 2011-2014.

5 RISK MANAGEMENT

- 5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.
- 5.2 Adopted CIL will secure funds for infrastructure and provide developers and communities with greater certainty. The key risk of not ensuring progress are;

- Failure to adopt the Core Strategy in time prevents adoption of CIL which will severely limit the developer contributions that can be sought.
- Luck of certainty for funding arrangement – particularly to obtain external experts to undertake viability assessment.

6 EQUALITIES

- 6.1 CIL will be subject to Equalities Impact Assessments and will be considered throughout the preparation. Particular consideration will need to be given to the impact on different parts of the community.

7 CONSULTATION

- 7.1 These corporate implications of this report and the governance arrangement have been considered by Cabinet. Further consultation will be taken through the preparation of CIL in accordance with the governance arrangements.

- 7.2 Charging authorities must consult local communities and stakeholders on their proposed rates for the levy. Key public consultation are;

- Consultation on a Preliminary Draft Charging Schedule – March/April 2012
- Consultation on a Draft Charging Schedule – September 2013

8 ISSUES TO CONSIDER IN REACHING THE DECISION

- 8.1 Social Inclusion; Customer Focus; Sustainability; Human Resources; Property; Young People; Human Rights; Corporate; Impact on Staff; Other Legal Considerations

9 ADVICE SOUGHT

- 9.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	David Trigwell (Divisional Director Planning & Transport) Tel: 01225 394125
Background paper	B&NES Local Development Scheme 2011-2014 http://democracy.bathnes.gov.uk/mgConvert2PDF.aspx?ID=6516
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