

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet
2.	Date:	24 July 2013
3.	Title:	Community Infrastructure Levy Preliminary Draft Charging Schedule
4.	Directorate:	Environment & Development Services

5. Summary

This report seeks approval for consultation on a Rotherham Community Infrastructure Levy Preliminary Draft Charging Schedule.

6. Recommendations

- 1. That Approval be given to consultation on a Preliminary Draft Charging Schedule for a Rotherham Community Infrastructure Levy.**

7. Proposals and Details

Community Infrastructure Levy

The Planning Act 2008 introduced new powers for the Council to introduce a Community Infrastructure Levy (CIL) to raise money to support local infrastructure. The levy will apply to most new development.

The CIL will largely replace off-site Section 106 financial contributions that are negotiated on a site-by-site basis (for example, education provisions). S.106 will still be used to secure affordable housing, where appropriate, and for on-site mitigation.

The CIL will help to deliver the Borough's strategic priorities for infrastructure provision. It will be generated by housing and economic growth and reinvested into further growth and infrastructure. Successful implementation and investment of CIL funds will make the Borough more competitive.

It is expected that, once established, there will be additional income from a CIL when compared with the current s106 process. Having assessed the s106 contributions currently paid by some developers, and the likely cost of CIL, in the majority of cases, the expected CIL charge will replace the amounts currently paid for s106 contributions, so most developers are not likely to notice a difference in cost. However, those developments that have been below the current s106 thresholds (in terms of development size) will now be required to make a contribution towards the cumulative cost of infrastructure as there is no threshold cut off.

The Local Plan's Core Strategy will commence its examination in October 2013 and it is important that the Council can demonstrate it is actively working towards facilitating provision of the required infrastructure. *Evidence includes demonstrating that the Council is working towards preparation of a CIL charging schedule which will set out proposed levy rates for different types of development.*

An amount of CIL will also be required to deliver a "meaningful proportion" of infrastructure improvements locally including by direct payment to local parish councils. In Rotherham, this will amount to 15% of any CIL revenue generated by development in a parish's area (would be 25% where any local Neighbourhood Plan is adopted - none currently in Rotherham).

Proposed Charge Rates: Preliminary Draft Charging Schedule

Consultants were appointed by the Council in May to undertake a CIL Viability Study for the introduction of a Rotherham Community Infrastructure Levy.

The recommended CIL rates are based on the ability of development to pay. The Viability Study has shown that CIL is viable for residential, convenience retail (supermarkets) and retail warehouse but not for any other development type.

The Viability Study recommends the following levels of CIL, which for residential vary across 4 zones:

Type of Development	Rate (£/sq.m)
RESIDENTIAL (Use Classes C3 and C4)	
Zone 1 High : Broom, Moorgate, Whiston, Wickersley, Bramley and Ravenfield	£65
Zone 2 Medium : Rural North West, the Dearne and South Rotherham	£30
Zone 3 Low : Rotherham Urban Area and East Rotherham	£15
Zone 4 : Bassingthorpe Farm Sustainable Urban Extension	£15
SUPERMARKET CONVENIENCE STORES ¹	£60
RETAIL WAREHOUSE ²	£30
ALL OTHER USES	£0

Appendix 1 gives the Preliminary Draft Charging Schedule which includes a map of these zones.

Infrastructure Provision

If all of the planned growth in the Local Plan takes place, then the estimated income based on the above CIL charge is £19m. The CIL Study, updating previous work, namely – Infrastructure Delivery Study and Plan (2012), shows that total infrastructure requirements in Rotherham are estimated at about £95m. Of this, £38m funding is anticipated from mainstream or known sources, leaving a CIL funding gap of just over £57m.

This funding gap is to be expected, as it is never the intention of CIL to plug the entire infrastructure funding requirement. Indeed, it is necessary to show such a gap exists at CIL examination, to justify introduction of the levy. The Rotherham Infrastructure Delivery Plan sets out a number of measures to manage this funding gap and ensure that critical infrastructure needed to meet the needs of growth is delivered in a timely manner.

The CIL Study makes no recommendations on how CIL should be spent. Prioritisation of spend is purely a matter for the Council. However, at the next Draft Charging Schedule Consultation Stage, scheduled for early 2014, a priority list (“Regulation 123”) list will be produced for consultation which gives an indication on which items CIL will be spent. This will be drawn from the Infrastructure Delivery Schedule, an updated draft of which is included in the CIL Study – see Appendix 2.

Additionally, a key requirement around the adoption of CIL is to establish an infrastructure delivery mechanism either using the Council’s existing Corporate s106

¹ Supermarkets - Shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit.

² Retail Warehouses - Large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), clothes, DIY items and other ranges of goods, catering mainly for car-borne customers.

steering group, which currently reports to the Improving Places Board, or another group that takes a lead in the planning, costing, prioritisation, funding, phasing and delivery of infrastructure to support the delivery of growth and CIL spend. Further work is currently on-going to consider how to progress the introduction of the necessary governance and implementation procedures that will be required.

Consultation

Approval is being sought for consultation on a “Preliminary Draft Charging Schedule” for CIL, for a 9 week period from 5 August to 7 October. This will largely be a web-based consultation targeted at key stakeholders.

The Council then has an opportunity to consider issues raised by respondents before issuing a Draft Charging Schedule. This would be subject to a further public consultation (expected January – February 2014) with an opportunity for the Council to consider any additional matters raised. Finally, the Draft Charging Schedule must be submitted for independent examination (typically by a Planning Inspector) – possibly in June 2014. Adoption would then follow as soon as possible.

8. Finance

It is expected that, once established, there will be additional income from a CIL when compared with the current s106 process. Having assessed the s106 contributions currently paid by some developers, and the likely cost of CIL, in the majority of cases, the expected CIL charge will replace the amounts currently paid for s106 contributions, so most developers are not likely to notice a difference in cost. However, those developments that have been below the current s106 thresholds (in terms of development size) will now be required to make a contribution towards the cumulative cost of infrastructure as there is no threshold cut off.

Planning Policy will meet the costs associated with the production of the Community Infrastructure Levy, including its consultation. The CIL Regulations allow for up to 5% of CIL income to be used for the preparation and ongoing administration of CIL, which in the first three years of CIL implementation can be pooled on a rolling basis to meet the initial preparation and set-up costs.

9. Risks and Uncertainties

Completion of consultation on a Preliminary Draft Charging Schedule is required prior to commencement of the Examination in Public of the Rotherham Local Plan Core Strategy in October.

Failure to consult on any suggested viable CIL Charging Schedule, would prevent the Borough Council demonstrating that it is actively seeking the sources of funding required for the infrastructure critical to the delivery of the development growth set out in the Local Plan Core Strategy. This is likely to be a topic of debate at its examination in October.

Furthermore, failure to introduce a local Rotherham Community Infrastructure Levy could severely restrict the Council’s ability to ensure that new development

contributes to the infrastructure required because of the limitation on the use of Section 106 obligations which is scheduled to come into force in April 2014.

10. Policy and Performance Agenda Implications

Consultation on a CIL Preliminary Draft Charging Schedule will enable the Council to adhere to its timetable for examination of the Core Strategy in October 2013.

11. Background Papers and Consultation

Rotherham CIL (Viability & Infrastructure) Study.

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Rotherham Community Infrastructure Levy



Preliminary Draft Charging Schedule August 2013

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Background to the CIL

1. The Community Infrastructure Levy (CIL) is a new way of securing contributions from developers towards infrastructure provision through the planning system. To a large degree it will replace previous payments negotiated individually as planning obligations (known as Section 106 Agreements).
2. CIL seeks to ensure that new developments contribute to the provision of infrastructure improvements where viable. The money raised will be put towards providing essential infrastructure, needed across the Borough to enable new development to take place. This new infrastructure could include, for example, transport improvements, school places, open space and others.
3. This document, the Preliminary Draft Charging Schedule, sets out the proposed rates that will be charged on new development, and this is subject to a period of public consultation that runs from **5 August to 7 October 2013**.
4. The proposed charges were agreed for consultation by the Council's Cabinet on **24 July 2013**, and are based solely on the ability of development to pay, so must be financially viable. To determine this, independent consultants, Peter Brett Associates, undertook a CIL (Viability and Infrastructure) Study ([insert web link](#)), and this has been used as the basis for setting the proposed charges. The charges should represent an appropriate balance between raising sufficient funding to contribute towards providing essential infrastructure, whilst not being so high as to threaten the economic viability of development as a whole in Rotherham.

Consultation on the CIL

5. The Preliminary Draft Charging Schedule is very much the Council's early and initial thoughts on what the CIL charges might be. We welcome comments on this first draft and expect to make changes to the next draft as a result of the responses received. Comments are also welcome on the CIL Study.
6. Comments on this Schedule can be made online at [insert web link](#), by emailing planning.policy@rotherham.gov.uk or in writing to 'CIL Consultation, Rotherham MBC, Planning Policy, Planning and Regeneration Service, Riverside House, Main Street, Rotherham, S60 1AE'. Please note that responses cannot be treated as confidential.
7. There is more information available on the CIL on the Council's website at [insert web link](#).
8. If you have any questions, please contact David Edwards on 01709 823824.

The Need for CIL to Fund Infrastructure

9. The CIL rates must be based on the ability of development to pay. The CIL Study by specialist independent consultants has provided evidence that some development in the Borough can afford to pay a CIL charge to help meet identified needs for infrastructure ([insert web link](#)).
10. Charges are expressed as a cost per square metre of additional net gross internal floorspace. Developments of less than 100 square metres will not pay a charge, unless they involve the provision of a new dwelling.
11. An updated Infrastructure Delivery Plan is included in the CIL Study. Further thinking on developing a “Regulation 123 list” will focus on the specific projects that are likely to be priorities for future CIL funding.
12. The CIL Legislation in Regulation 14(1)³, requires that the Council:
- “In setting rates (including differential rates) in a charging schedule, a charging authority must aim to strike what appears to the charging authority to be an appropriate balance between:*
- a. the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and*
- b. the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.”*
13. This approach has been reiterated in the recent CIL Guidance in paragraphs 7 and 8⁴.
14. The Council is proposing to charge the following levels of CIL: (Charges for residential development will vary according to zone, whereas charges for all other development as listed below will apply for all of Rotherham Borough – see Map 1).

Proposed CIL Rates

Type of Development	Rate (£/sq.m)
RESIDENTIAL (Use Classes C3 and C4)	
Zone 1 High : Broom, Moorgate, Whiston, Wickersley, Bramley and Ravenfield	£65
Zone 2 Medium : Rural North West, the Dearne and South Rotherham	£30
Zone 3 Low : Rotherham Urban Area and East Rotherham	£15
Zone 4 : Bassingthorpe Farm Sustainable Urban Extension	£15
SUPERMARKET CONVENIENCE STORES	£60
RETAIL WAREHOUSE	£30
ALL OTHER USES	£0

³ http://www.legislation.gov.uk/ukdsi/2010/9780111492390/pdfs/ukdsi_9780111492390_en.pdf
http://www.legislation.gov.uk/ukdsi/2011/9780111506301/pdfs/ukdsi_9780111506301_en.pdf
http://www.legislation.gov.uk/ukdsi/2012/2975/pdfs/ukdsi_20122975_en.pdf
http://www.legislation.gov.uk/ukdsi/2013/982/pdfs/ukdsi_20130982_en.pdf

⁴ Department for Communities and Local Government – Community Infrastructure Levy Guidance. April 2013.
<https://www.gov.uk/government/publications/community-infrastructure-levy-guidance>

Proposed Instalments Policy

15. In line with Regulation 69B of the CIL regulations, the Council is proposing to offer payment of CIL in instalments as a matter of course. This will make it easier for developers to pay the charge, as receipts from new development can then be used to make the CIL payments. The proposed policy is as follows

- The Community Infrastructure Levy will be payable as follows:

a) Where the chargeable amount is less than £100,000

The first instalment representing 50% of the chargeable amount will be required within 90 days of commencement.

The second instalment representing the remaining 50% of the chargeable amount will be required within 270 days of commencement.

b) Where the chargeable amount is equal to or more than £100,000

The first instalment representing 25% of the chargeable amount will be required within 90 days of commencement.

The second instalment representing 50% of the chargeable amount will be required within 180 days of commencement.

The third instalment representing the remaining 25% of the chargeable amount will be required within 360 days of commencement.

NB Commencement will be taken to be the date advised by the developer in the commencement notice under CIL Regulation 67.

Next Stages

16. Setting up a CIL has to be done through legislation originally in the Planning Act of 2008⁵, that was enacted in 2010⁶, has been amended in 2011⁷, 2012⁸ and 2013⁹. Once consultation has closed on the Preliminary Draft Charging Schedule, the next stage will be to prepare the Draft Charging Schedule, which will be submitted for public examination. Future stages are:

- Amendments in response to consultation on the Preliminary Draft Charging Schedule.
- Revised documentation - a Draft Charging Schedule and supporting evidence.
- Further public consultation on the Draft with an opportunity for the Council to consider any additional matters raised.
- Submission to an independent Examiner.
- Hearings (likely to be up to 1 day) or examination through written representations (i.e. no hearing).

⁵ <http://www.legislation.gov.uk/ukpga/2008/29/part/11>

⁶ http://www.legislation.gov.uk/ukdsi/2010/9780111492390/pdfs/ukdsi_9780111492390_en.pdf

⁷ http://www.legislation.gov.uk/ukdsi/2011/9780111506301/pdfs/ukdsi_9780111506301_en.pdf

⁸ http://www.legislation.gov.uk/ukdsi/2012/2975/pdfs/ukdsi_20122975_en.pdf

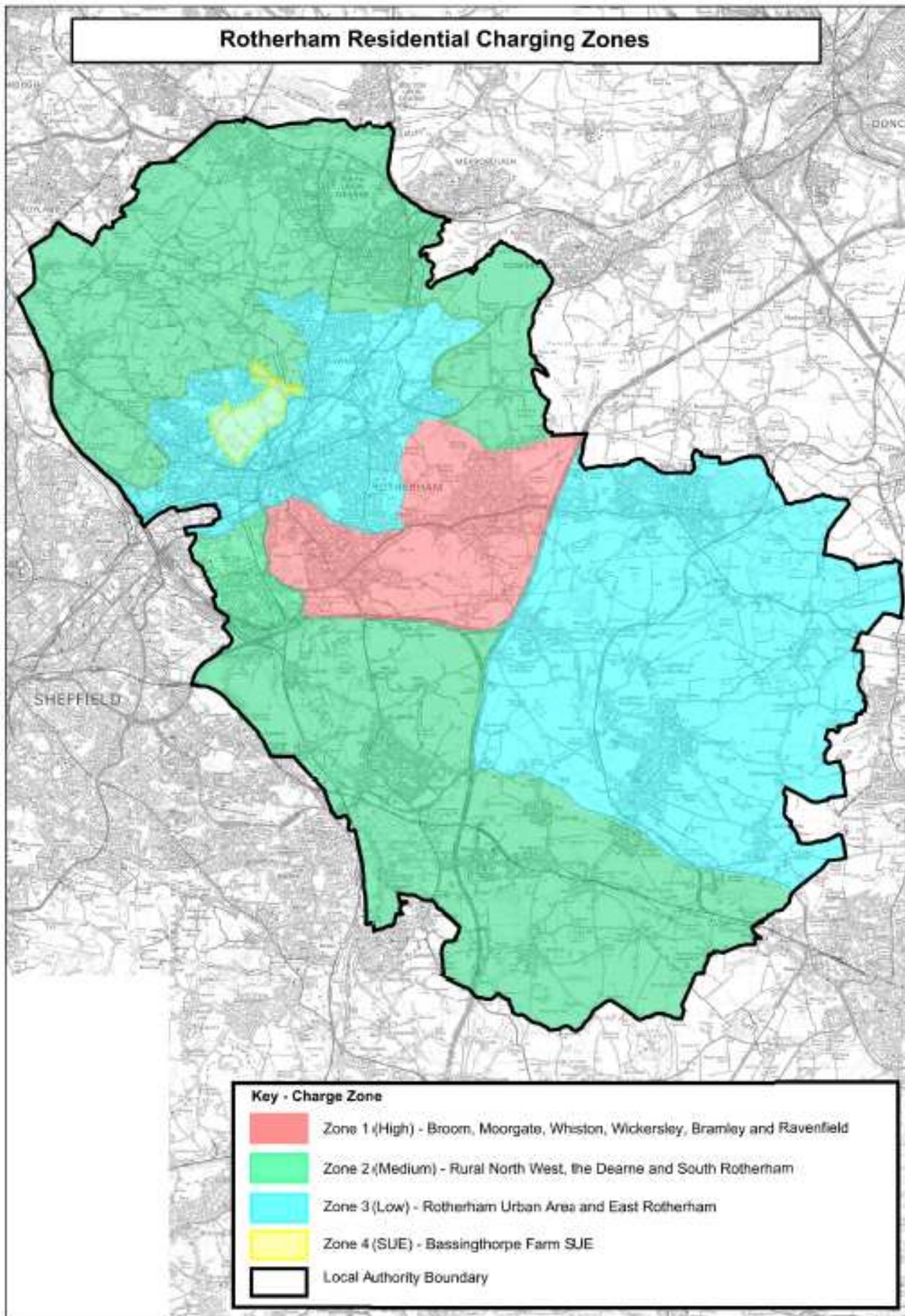
⁹ http://www.legislation.gov.uk/ukdsi/2013/982/pdfs/ukdsi_20130982_en.pdf

- The Examiner's recommendations and a Final Report.
- Report to Cabinet.
- Adoption (Autumn 2014).

17. The detailed spending arrangements for the Levy funds are still to be determined but the current thinking is that once CIL in place it will be the main mechanism for securing developer contributions towards the cost of infrastructure and s106 contributions will be scaled right back (and is likely to apply mainly to the Bassingthorpe Farm urban extension).

18. Further evidence will be produced for the Draft Charging Schedule in the form of an updated Infrastructure Delivery Plan (IDP) and a draft Regulation 123 list of infrastructure projects that are likely to be funded through CIL rather than S.106, as required by Government Guidance. We will invite comments on these at the Draft Charging Schedule Stage.

Map 1 Rotherham Residential Charging Zones



Map 2 Residential Charging Zone : Bassingthorpe Farm Sustainable Urban Extension

