

Report to	Planning Committee
Date	23 January 2014
By	Gareth Giles, CIL Project Manager
Title of Report	Preliminary Draft Charging Schedule, approval to consult
Purpose of Report	To introduce the CIL Preliminary Draft Charging Schedule and make recommendations for its progression to consultation

Recommendation: The Planning Committee is recommended to

- 1) Consider and recommend to the National Park Authority that the Preliminary Draft Charging Schedule is published for the purposes of consultation.**

1. Introduction

- 1.1 This report introduces the 'Preliminary Draft Charging Schedule – Planning Committee version' in **Appendix 1**. The Preliminary Draft Charging Schedule will form the first of two consultation processes that the Authority must undertake before adopting a CIL Charging Schedule in 2015. An independent examiner will assess the final version against the Legislation.
- 1.2 A brief explanation of the proposed format and content of the Preliminary Draft Charging Schedule is provided, which has been developed by the Local Plan Members Working Group.
- 1.3 The proposed CIL charges, or rates, are informed by evidence within the 'CIL and Affordable Housing Viability Assessment' document; an Executive Summary is appended to this report (**Appendix 3**) and the full document is available online.

2. Background to the Preliminary Draft Charging Schedule

- 2.1 A Preliminary Draft Charging Schedule (PDCS) is the first step in the process of adopting a Community Infrastructure Levy. The statutory requirement for this stage is relatively simple and only requires the Authority to consult on its intentions for the CIL with stakeholders.

3. Format and content

- 3.1 The format and content of the PDCS are at the discretion of the Authority. A concise draft setting out the intentions of the Authority and including initial proposed CIL rates has been produced. The first section provides a brief overview of the process for introducing a CIL and signposts the reader to the relevant legislation and guidance where full details – numbering hundreds of pages – can be found. The evidence underpinning the PDCS is then stated followed by the proposed rates in a table (summarised at paragraph 4.2 of this report, below). A series of questions relating to 'discretionary matters' are then provided and an explanation of these is found in section 5 of this report, below. Details of how to respond to the consultation are then provided with a map clarifying the areas to which the CIL rates apply.
- 3.2 The PDCS is a technical document intended for eventual use by Authority officers and the development industry, but a non-technical summary will be included in the consultation documents along with a Frequently Asked Questions guide (both appended to this report; **Appendices 2 and 4**) for the benefit of all readers.

3.3 It is recommended that the proposed draft PRCS is taken forward to ensure simplicity and compliance with the Regulations and statutory Guidance.

4. **Affordable housing**

4.1 Members are aware of the balance between affordable housing and CIL in terms of development viability. All decisions on affordable housing policy are being taken through the Local Plan process including the imminent options consultation.

4.2 In order to propose a single schedule of CIL charges for this consultation stage, an interim assumption of 40% affordable housing has been used and the CIL charges are set in line with this. However, if a different affordable housing policy is set in the emerging Local Plan following the options consultation, the CIL rate will be adjusted accordingly.

4.3 The following explanation is provided within the Preliminary Draft Charging Schedule (**Appendix I**) document at footnote (§) on page 2: “The proposed ‘Residential’ levy rates are based on an interim assumption of 40% affordable housing policy in the emerging Local Plan. If a different affordable housing policy is set following the Local Plan options consultation, the CIL rate will be adjusted accordingly. See the Viability Assessment for further information.”

5. **The proposed CIL charges**

5.1 The proposed charges, or ‘rates’, within the PDCS are informed directly by evidence in the ‘CIL and Affordable Housing Viability Assessment’ and ‘Infrastructure Delivery Plan’. This evidence speaks for itself and is clearly signposted to our website in the introductory paragraphs and in the second section “Relevant Evidence”. It is not considered necessary to duplicate or reiterate this evidence extensively in the PDCS.

5.2 Officers, through the Local Plan Members Working Group, have worked closely with consultants on the economic viability elements of this work. These consultants are highly experienced in this new field of planning work and their evidence has informed several successful CIL Examinations in the south east this year.

5.3 The precise wording of the proposed CIL charges is contained within the appended PDCS document itself, but a summary of the proposed rates is as follows:

Residential Zone 1 (Petersfield, Lewes, Petworth, Midhurst)	=£150/sqm
Residential Zone 2 (Liss)	=£100/sqm
Residential Zone 3 (all other areas)	=£200/sqm
Large format retail (supermarkets, superstores and retail warehouses over 280sqm)	=£120/sqm
All other development	=£0/sqm

5.4 The PDCS utilises ‘differential rates’ as permitted by the Regulations. This allows different rates to be set for different types of development, and in different locations (known as ‘zones’) in the case of residential development. In all cases differential rates must be set based on the viability of developments types or locations – where broadly better viability allows for higher rates, and development with lower viability or in lower value areas only supports lower rates. The benefit of differential rates is to maximise the income from developments of higher value (such as residential and supermarkets) without threatening the viability of other types of development which would be the case if a single rate was set across the National Park area.

6. **Discretionary matters**

6.1 Members will note the section ‘Discretionary matters’ outlines five decisions for the Authority to make in due course. These optional policies are established in Legislation and are all

discretionary, flexible and reversible and should always be applied in the best interest of the Authority as the Local Planning Authority, the National Park and the communities therein.

- 6.2 These discretionary matters do not require resolution until the CIL is adopted in 2015 but it is recommended to seek the views and suggestions of stakeholders at this stage to inform later decisions. The Non-technical summary document contains more specific questions for the general public.

7. Next steps

- 7.1 Subject to agreement, the Planning Committee will recommend to the Authority meeting on 4 February that the Preliminary Draft Charging Schedule be published for consultation.
- 7.2 The consultation period will take place for 8 weeks alongside the Local Plan options consultation from February to April 2014. Views will be sought on the following key areas:
- Comments on the rates
 - Opinions on the discretionary matters
 - Factual queries
 - Suggestions for additional content / clarification if necessary
- 7.3 The Authority will take into account any comments made in the consultation before progressing a Draft Charging Schedule. The Authority will agree a final version in late 2014 for examination and adoption in May 2015.

8. Resources

- 8.1 The consultation exercise is concurrent with the Local Plan options consultation to minimise costs and will be project managed by officers. Legislation allows up to 5% of CIL funds collected each year to be put towards administration of the CIL and the Authority will need to decide on the administrative proportion through its governance arrangements in due course. 5% of CIL funds could potentially represent £60,000 per annum. Costs incurred in the set-up phase of the CIL (at present, prior to adoption) can be retrospectively funded from within 5% of the CIL collected in the first three years.

9. Risk management

- 9.1 The main risk to the CIL project is the Authority's intention to adopt the CIL in 2015 ahead of the Local Plan in 2017. This is a unique approach but with support from the current government. The consultation document does not provide any further detail about this approach and so queries may be raised about this.
- 9.2 To mitigate this risk, a standard response will be prepared to address this matter should it arise through the consultation and further confirmation will be sought from the Government as required.
- 9.3 A second risk is a financial concern arising from a delay in the Local Plan preferred options process. If the Local Plan preferred options (second consultation in late 2014) is significantly delayed, the CIL will not be adopted in May 2015 leaving a void in infrastructure contributions from development following the scaling-back of the Section 106 regime.
- 9.4 Mitigation of this risk relies on the Local Plan process following the approved schedule. This will require an Authority-wide commitment to following the timetable. In the case of a CIL not being in place when the Section 106 Regime is scaled back, the Authority will need to consider carefully what it considered to be the most important infrastructure projects to pool up to five Section 106 contributions towards, taking into account any existing expenditure post-April 2010.
- 9.5 A third risk is that the proposed CIL charges are incorrect and are found unsound at Examination.

9.6 Mitigation of this risk is that careful consideration is given to the evidence base, particularly the Viability Assessment, in order to strike a sound balance between infrastructure funding and development viability in accordance with the legislation.

10. Crime and Disorder implications

10.1 It is considered that there are no crime and disorder implications from this report.

11. Human Rights implications

11.1 It is considered that there are no human rights implications from this report.

12. Equalities Act 2010

12.1 Due regards has been taken to the Authority's duty under the Equalities Act 2010.

13. External Consultees

13.1 The Authority is represented on three county CIL working groups and the views of all external consultees will be sought through the above mentioned consultation exercise.

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Appendices: 1 – Preliminary Draft Charging Schedule – Planning Committee version
2 – Preliminary Draft Charging Schedule – Non-technical summary
3 – CIL & Affordable Housing Viability Assessment – Executive Summary
4 – Frequently Asked Questions

SDNPA Consultees: Chief Executive Officer, Director of Corporate Services, Director of Planning, Director of Strategy and Partnerships, Director of Operations, Chief Finance Officer, Deputy Chief Finance Officer, Monitoring Officer & Legal Services.