



**NORTH SOMERSET COUNCIL
COMMUNITY INFRASTRUCTURE LEVY (CIL)
DRAFT CHARGING SCHEDULE**

Consultation document
in accordance with Regulation 16 of the
Community Infrastructure Levy (CIL) Regulations 2010
(as amended)

August 2016

**Community Infrastructure Levy (CIL)
Draft Charging Schedule consultation document**

	Page
About this consultation	3
1. Introduction	5
2. About the CIL	6
3. Programme for introducing a CIL in North Somerset	7
4. How are CIL rates set?	7
5. Evidence base for North Somerset's proposed CIL	8
6. Instalments policy	13
7. Discretionary Charitable Relief	14
8. Exceptional Circumstances Relief	14
9. What will the CIL be spent on? – Draft Regulation 123 List	15
Appendix A: North Somerset Council Community Infrastructure Levy (CIL): Draft Charging Schedule	17
Appendix B: Draft Regulation 123 List	20
Appendix C: Modelling of potential development contributions income 2017 - 2026	22
Appendix D: List of consultation questions	23

ABOUT THIS CONSULTATION

North Somerset Council is proposing to introduce a Community Infrastructure Levy (CIL). The CIL is a charge which will be paid by developers towards the delivery of infrastructure to support growth.

The purpose of this consultation is to invite comment on North Somerset Council's Community Infrastructure Levy (CIL) Draft Charging Schedule (DCS) in accordance with Regulation 16 of the Community Infrastructure Levy Regulations 2010 (as amended). Background evidence documents available at http://consult-ldf.n-somerset.gov.uk/consult.ti/CIL_draft_charging_schedule set out the background to the Draft Charging Schedule, including the methodology and assumptions made, and the evidence base used to inform the proposed levy.

We invite views as to whether our proposed rates strike an appropriate balance between:

- i. 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 the North Somerset area, taking into account other actual and expected sources of funding; and
- ii. The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across North Somerset.

We are also consulting on:

- A draft Regulation 123 List which sets out the infrastructure that may be funded through the Levy (Appendix B to this document).
- Our proposal not to introduce an instalments policy, discretionary relief policies or exceptional circumstances relief.

This consultation ends at midnight **Friday 23rd September 2016**.

To respond to the consultation, please register your comments via our website at http://consult-ldf.n-somerset.gov.uk/consult.ti/CIL_draft_charging_schedule

Alternatively, comments can be e-mailed to planning.policy@n-somerset.gov.uk or posted to:

Planning Policy
North Somerset Council
Post Area 15, 1st Floor
Town Hall
Walliscote Grove Road,
Weston-super-Mare, BS23 1UJ

Comments are welcome on any aspect of the Draft Charging Schedule, background evidence documents and on the two other elements of consultation referred to above.

You should include in your representation whether you wish to be heard by the independent examiner at the Examination (Regulation 21). If you do not make this request within the time period then the Regulations do not permit you to speak at the Examination.

Please note that comments cannot be treated as confidential and that they will be made available as public documents.

Please let us know if you would like to be kept informed about the progress of the CIL.

For any queries regarding this consultation, please contact Jenny Ford on (01934) 42 6609 or jenny.ford@n-somerset.gov.uk.

What happens next?

Once the Council has considered all the representations received, the next stage is to submit the Draft Charging Schedule for independent examination. The examiner can approve or reject the schedule, or suggest modifications which the Council must make to adopt the schedule. The CIL charging schedule has to be approved by resolution of full council (adoption). It is anticipated that the CIL charging rates will be implemented in summer 2017.

1. Introduction

This consultation asks about North Somerset Council's proposed Community Infrastructure Levy (CIL) Draft Charging Schedule (DCS) in accordance with the CIL Regulations 2010 and subsequent amendments and the National Planning Policy Framework (NPPF) and National Planning Policy Guidance (NPPG).

The CIL is a charge that would be paid by developers towards infrastructure to support the development of the area. A proportion is passed directly to the Town or Parish Council in which development takes place.

The purpose of this Draft Charging Schedule consultation document is to set out North Somerset's proposed CIL rates and to provide an explanation of the background documentation supporting the proposed rates.

North Somerset Council would particularly welcome comment on whether our proposed rates strike an appropriate balance between:

- iii. 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 the North Somerset area, taking into account other actual and expected sources of funding; and
- iv. The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across North Somerset.

We are also consulting on:

- Our proposal not to introduce an instalments policy, discretionary relief policies or exceptional circumstances relief (see section 8 below).
- A draft Regulation 123 List which sets out the infrastructure that may be funded through the Levy (see Appendix B).

It is recommended that the information below and the other supporting documents are read before answering the questions.

This consultation provides a second opportunity (in accordance with Regulation 16 of the CIL regulations 2010) for representations to be made by the development sector, industry and commerce, Parish and Town Councils, community groups and organisations, and any member of the public that may have an interest in the proposed draft charges and supporting documents.

Comments are welcome on any aspect of the Draft Charging Schedule, background evidence documents and on the two other elements of consultation referred to above.

You should include in your representation whether you wish to be heard by the examiner at the Examination (Regulation 21). If you do not make this request within the time period then the Regulations do not permit you to speak at the Examination.

2. About the Community Infrastructure Levy (CIL)

The CIL is a system of charges that local authorities can choose to charge on new development in their area by setting a Charging Schedule. The Charging Schedule will sit alongside the North Somerset Local Plan, but will not form part of the statutory development plan.

The CIL is generally payable on the following types of development:

- Development comprising 100 square metres or more of new gross internal floor area.
- Development of less than 100 square metres of new floor space that results in the creation of one or more dwellings.
- The conversion of a building that is no longer in lawful use.

Once adopted, CIL is fixed, non-negotiable and enforceable. CIL will be charged on new development. It is charged per square metre on net additional gross internal floor-space of development. CIL is not charged on affordable housing (including Starter Homes), self-build dwellings and buildings used for charitable purposes.

The amount payable will be set at the time planning permission is granted and payment will be due at the commencement of development.

The Community Infrastructure Levy Regulations (2010) can be found at:

<http://www.legislation.gov.uk/ukdsi/2010/9780111492390/contents>.

The CIL (Amendment) Regulations 2011, 2012, 2013, 2014 and 2015 can be found respectively at:

<http://www.legislation.gov.uk/uksi/2011/987/made>
<http://www.legislation.gov.uk/uksi/2012/2975/contents/made>
<http://www.legislation.gov.uk/uksi/2013/982/contents/made>
<http://www.legislation.gov.uk/uksi/2014/385/contents/made>
<http://www.legislation.gov.uk/uksi/2015/836/contents/made>

National guidance on setting and operating a CIL can be found in the National Planning Policy Guidance at:

<http://planningguidance.communities.gov.uk/blog/guidance/community-infrastructure-levy/>. This is a good starting point if you would like an overview of how the CIL works.

Other useful guidance and information can be found on the Planning Advisory Service website at: <http://www.pas.gov.uk/community-infrastructure-levy>

The CIL will not fully replace planning obligations. The existing Section 106 (S106) system of planning obligations will remain in place, but will be scaled back to ensure that CIL is the key mechanism for pooled infrastructure funding. Planning obligations will continue to be the primary mechanism for securing affordable housing through

the planning system. In addition, they will continue to be used to mitigate the direct impact of the development proposed, for site specific measures to make a development acceptable in planning terms.

3. Previous stages of consultation and programme for introducing a CIL in North Somerset

An earlier stage of consultation on North Somerset’s CIL was held finishing in January 2013. This previous stage of consultation was to consider a “Preliminary Draft Charging Schedule” (PDCS).

Details of the consultation can be found at: http://consult-ldf.n-somerset.gov.uk/consult.ti/cil_draft/consultationHome, including a detailed schedule of North Somerset’s consideration of the consultation responses.

The current consultation is a second-stage consultation on the “Draft Charging Schedule”. Once the consultation is complete and North Somerset Council has considered the response, the CIL proposals will be submitted to the Planning Inspectorate to undergo a public examination.

If accepted by the Inspectorate, a report recommending adoption of the CIL will be taken to a meeting of North Somerset’s Full Council for consideration and a date recommended for formal implementation.

The table below provides a summary of the expected programme:

Date	Process
Nov 2012 – Jan 2013	Preliminary Draft Charging Schedule consultation (complete)
Aug – Sept 2016	Draft Charging Schedule consultation
Oct/Nov 2016	Submission of Draft Charging Schedule for examination (subject to approval of North Somerset Council’s Executive Committee)
Winter 2016/17	Expected examination of CIL proposals
Spring 2017	Anticipated adoption of CIL by North Somerset Full Council (subject to successful examination process)
Summer 2017	Implementation of CIL

4. How are CIL rates set?

In proposing rates for a Community Infrastructure, North Somerset Council must:

- Demonstrate that new or improved infrastructure is needed to support development in North Somerset, and that this cannot be wholly paid for from other funding sources.
- Have regard to the potential effects of the imposition of CIL on the economic viability of development across its area.

The Council is required to use this information to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact of charges on development viability.

The Council first consulted on CIL charges through its Preliminary Draft Charging Schedule (PDCS) from November 2012 – January 2013. Details of the consultation can be found at: http://consult-ldf.n-somerset.gov.uk/consult.ti/cil_draft/consultationHome, including a detailed schedule of North Somerset's consideration of the consultation responses.

In preparing this Draft Charging Schedule, North Somerset Council has reviewed the representations to the PDCS consultation and has updated viability assessments and other supporting documentation. It has considered the range of evidence of infrastructure need and development viability and has sought to balance the considerations as set out above. Taking all of this into account, the Council is proposing a schedule of revised charges which are set out in the Draft Charging Schedule, which can be found at Appendix A of this document.

The Draft Charging Schedule sets out the CIL charges proposed for different types and locations of development in North Somerset. Charges are levied on a per square metre basis and are paid in £ sterling.

The Council would welcome views through this consultation as to whether these charges strike the appropriate balance described above.

Question 1: in line with the legal tests, do you think the CIL rates proposed in the Draft Charging Schedule at Appendix A strike an appropriate balance between:

- ***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 the North Somerset area, taking into account other actual and expected sources of funding; and***
- ***The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across North Somerset?***

5. Evidence base for North Somerset's proposed CIL

The following are not part of the formal consultation, but are important parts of the evidence base for the proposed rates. Consultees may wish to comment on their content.

i) Preliminary Draft Charging Schedule consultation

Consultees are invited to review the documentation and responses available on the PDCS consultation webpage at: http://consult-ldf.n-somerset.gov.uk/consult.ti/cil_draft/consultationHome

The PDCS consultation included an overview of the CIL and its operation, as well as detailed economic viability assessments underpinning the proposed charges and links to the North Somerset Infrastructure Delivery Plan.

ii) Report to North Somerset Council's Executive Committee, 21st June 2016

This report is available at <http://apps.n-somerset.gov.uk/cairo/docs/doc27432.pdf>. It provides details of the Council's processes and considerations in relation to the CIL Draft Charging Schedule. It includes a summary of responses to the Preliminary Draft Charging Schedule consultation and how North Somerset has taken them into account in moving to the DCS.

iii) Development Contributions SPD

North Somerset Council's Development Contributions SPD sets the context for the introduction of a CIL. It was adopted in January 2016 and can be viewed at: <http://apps.n-somerset.gov.uk/cairo/docs/doc27090.pdf>

The SPD focuses on S106 style planning obligations, but was written with a view to the introduction of CIL and its potential impacts.

The SPD is an adopted document and is not part of the formal DCS consultation. However should consultees have any views about the SPD in relation to how the CIL will operate, then these will be considered and if appropriate the SPD will be reviewed and updated.

iv) Infrastructure requirements, funding gap and estimate of CIL income

In order to implement a CIL, North Somerset must demonstrate that new or improved infrastructure is needed to support development in North Somerset, and that this cannot be wholly paid for from other funding sources. Paragraph 16 of the National Planning Practice Guidance (NPPG) states that:

“Charging authorities must the total cost of infrastructure they wish to fund wholly or partly through the levy. In doing so, they must consider what additional infrastructure is needed in their area to support development, and what other sources of funding are available, based on appropriate evidence.

Information on the charging authority area's infrastructure needs should be drawn from the infrastructure assessment that was undertaken as part of preparing the relevant Plan (the Local Plan in England, Local Development Plan in Wales, and the London Plan in London). This is because the plan identifies the scale and type of infrastructure needed to deliver the area's local development and growth needs...

In determining the size of its infrastructure funding gap, the charging authority should consider known and expected infrastructure costs and the other possible sources of funding to meet those costs. This process will help the charging authority to identify a levy funding target...

The Community Infrastructure Levy examination should not re-open infrastructure planning issues that have already been considered in putting in place a sound relevant Plan.”

The relevant Local Plan for North Somerset is made up of the Core Strategy and the Sites and Policies Plan Part 1: Development Management Policies. These are supported by an Infrastructure Delivery Plan (IDP) originally published in 2011, which identified the improved or additional infrastructure required to support the development proposed across the area and provided indicative timelines, costs and funding sources. Section 2 of the CIL Preliminary Draft Charging Schedule (PDCS) reviewed the evidence in the IDP and demonstrated the size of the infrastructure funding gap that the CIL would help to meet. The 2011 Infrastructure Delivery Plan and the Preliminary Draft Charging Schedule can both be viewed at: http://consult-ldf.n-somerset.gov.uk/consult.ti/cil_draft/consultationHome

The IDP has undergone a number of updates since 2011 and is further supported by a Development Contributions SPD adopted in January 2016. Most recently, the IDP Delivery Schedules were updated and endorsed by North Somerset Council's Executive Committee in June 2016. The updated Delivery Schedules can be viewed as Appendix C to the report at: <http://apps.n-somerset.gov.uk/cairo/docs/doc27432.pdf>.

The updated Delivery Schedules provided information on the following:

- Progress on infrastructure delivery to date.
- The increase in housing numbers from 14,000 to 20,985 and the distribution of that development.
- Other known changes and additions to the programme.

Based on the updated schedules, the current infrastructure funding gap sits as follows:

Infrastructure category	Cost estimate (£m)	Funding secured to date (£m)	Funding yet to be secured (£m)
Transport	640.7	143.1	497.7
Services, flood mitigation and economy	99.7	99.7	0
Education	99.8 – 101.8	56.5	45.3 – 48.3
Other community facilities	52.5	45.8	44.2
Total:	892.7 – 894.7	345.1	587.2 – 590.2

The “levy funding target” is therefore in the range of £590m.

Appendix D models an estimate of possible income from CIL and S106 planning obligations from 2017 – 2026, based on the Core Strategy approach and detailed pattern of development emerging through the North Somerset Site Allocations Plan consulted on in March 2016. This estimates income as follows:

Estimated CIL 2017 – 2026	£15,699,600
Estimated S106 2017 – 2026	£11,556,000
Total estimated income 2017 - 2026	£27,255,600
Estimated income per year (if evenly spread – in practice the income is likely to be more uneven)	£3,028,400

A significant infrastructure funding gap will therefore remain, even with the implementation of CIL.

v) Development viability

In setting its CIL rates, the Council must have regard to the potential effects of the imposition of CIL on the economic viability of development across its area. It should avoid setting rates that are too high and which could prevent the development proposed in its Local Plan from taking place.

Initial appraisals of development viability to inform North Somerset’s CIL rates were carried out for its Preliminary Draft Charging Schedule (PDCS) consultation. These can be viewed at: http://consult-ldf.n-somerset.gov.uk/consult.ti/cil_draft/consultationHome

The appraisals were updated in early 2016 to ensure that the rates remain viable for the majority of development. The updated viability information is available at http://consult-ldf.n-somerset.gov.uk/consult.ti/CIL_draft_charging_schedule.

Key findings of the viability update included the following:

- Whilst sales values (house prices etc) have increased, this has been offset by similar increases in construction costs, limiting the scope for substantial increases in CIL rates. The limitation is less in higher-value areas outside of Weston, where sales values more significantly exceed costs. This has been taken into account by North Somerset Council in suggesting a slight increase to the proposed CIL rate for the ‘rest of North Somerset’ zone to £80/sqm.
- Viability in central Weston-super-Mare remains poor. There is potential to expand the nil rate zone, but overall the current zone represents the lowest housing values area.
- Viability of non-residential uses is largely unchanged since 2012.

The report suggests that should there be a significant reliance on small-scale retail or care home delivery as part of the Core Strategy, then rates should potentially be reviewed as the viability case is not wholly conclusive. North Somerset’s Local Plan does not rely on these uses and on balance the Council has decided to proceed with the same unchanged rates.

The report also notes that some local authorities have introduced lower or zero rates for strategic scale housing developments, relying more heavily on S106-style planning obligations for those sites. North Somerset Council has considered this approach, however as the majority of our Core Strategy strategic sites have planning consents in place (or are expected to do so before the CIL is implemented) or are in the proposed nil-rate zone, we have decided against a differential approach. A

further consideration is that our strategic sites are in multiple ownerships and a reliance on S106 would create difficulties in ensuring compliance with S106 pooling regulations, which allow a maximum of five planning obligations towards the same infrastructure.

vi) Record of planning obligations

The Council is required to provide evidence at the CIL examination of the levels of planning obligations (“Section 106 contributions”) secured over the previous five years. The following summarises S106 agreements entered into since 2010/11.

a) Financial income per annum

The table below summarises the planning obligations income and affordable housing levels achieved per annum received by the Council from s106 contributions since 2010. Large sites in this context are those of 10 or more dwellings.

	Income in year (£)	Dwelling completions	Income per dwelling (£)	Large site completions	Income per dwelling: large sites (£)	Affordable completions	Affordable: % of total	Affordable: % large sites ¹
2010/11	4,388,074	637	6,889	525	8,358	67	11	13
2011/12	1,586,821	515	3,081	393	4,038	26	5	7
2012/13	1,115,432	527	2,117	412	2,707	138	26	34
2013/14	3,056,412	760	4,022	760	4,022	149	20	20
2014/15	3,040,677	674	4,511	521	5,836	153	23	30
2015/16	8,309,716	569	14,604	473	17,568	TBC		
Totals/ averages	21,497,132	3,682	5,838	3,084	6,971	534	17	20

This gives some broad indication of the levels of development contributions that are feasible, but cannot be directly compared to CIL and should be treated with a great deal of caution. Reasons include:

- Section 106 planning obligations are not normally levied on sites of fewer than 10 dwellings or if levied are generally limited in scope. The CIL will be paid by all dwellings other than those that are exempted.
- Section 106 planning obligations are paid only in relation to the specific infrastructure required for an individual site. This means that the level of contribution per site can be very varied. A large and isolated development will typically need to contribute more to infrastructure and facilities than a site that is small in scale and located within an established settlement.

¹ Note that this is not a direct measure of the affordable housing delivered via large sites; rather it takes the number of affordable housing units delivered and expresses them as a % of the total dwellings delivered on large sites. This may however give some form of proxy measure of the percentages delivered on large sites, as NSC does not normally ask for on-site provision on sites of fewer than 10 dwellings.

- The calculations above do not take account of non-financial obligations. Many developers will meet obligations through works-in-kind, for example through the provision of on-site play areas and drainage requirements. Without viewing the developers' accounts it is not possible to establish a fully reliable valuation of such contributions.
- S106 regulations have changed over time and this will affect the obligations required. For example the implementation of pooling regulations from April 2015 has led to some services choosing to restrict some requirements to very large sites only.
- The point at which a development makes S106 contributions is not consistent; some contributions are paid upfront; others later on or on completion. The dwellings and contributions above will not exactly match.
- The above table calculates contributions 'per dwelling', but some sites paying contributions will have been non-residential.
- Affordable housing policies and funding regimes have changed and this has had a significant impact on the quantities and tenures of housing available. Note that the target for affordable housing delivery is 150 units/year, with a benchmark target of 30% on sites of 11 or more dwellings.

vi) Draft Equalities Impact Assessment

This sets out consideration of the impacts of the introduction of the CIL on individuals or groups with protected characteristics under the Equality Act 2010.

6. Instalments policy

CIL payments must be paid within 60 days of the commencement of development, other than where the local authority sets out arrangements for payment in instalments.

Where outline planning permissions are permitted to be implemented in phases, charges will be triggered for each set of reserved matters applications, e.g. these are treated as if they were new separate applications. Such phases would be liable for the rates that are current at that point in time and any policy for the phasing of payments would apply separately to each reserved matters phase.

North Somerset's PDCS consultation proposed that North Somerset should not allow an instalments policy. This was opposed by a majority of respondents, as detailed in Appendix E. Key reasons were the impact on cashflow/viability; the costs of bringing forward large sites; and an argument that payment triggers should relate to occupation levels rather than calendar dates. Others argued that phasing should be agreed on a case-by-case basis.

CIL phasing policies cannot be adjusted on a case-by-case basis and NSC's understanding is that they cannot relate to occupation levels. NSC is sympathetic to cashflow issues, but rates have been proposed to be within the limits of viability and the impact on developers needs to be balanced against the community's need for timely delivery of infrastructure. Phased payments would increase administrative costs.

On balance, the Council is proposing to proceed without introducing a phasing policy. However, as some circumstances have changed since 2012 (notably that most of the area's large sites have gained planning consent and will not be subject to CIL) – and given the concerns raised in the previous consultation – it is suggested that this be kept under review and be subject to a specific question through the Draft Charging Schedule consultation.

Question 2: do you agree with North Somerset's proposal not to introduce a policy for phasing of CIL payments? What are your reasons?

7. Discretionary Charitable Relief

Certain charitable developments are subject to a mandatory national relief from the CIL, where a development is for the direct delivery of their charitable purposes.

North Somerset could also choose to introduce a discretionary charitable relief policy. This would relate to developments by a charity that are an investment, from which the profits are applied for charitable purposes. This optional relief would be subject to State Aid regulations, limiting the amount by which the CIL could be reduced.

North Somerset Council consulted on the option for a discretionary charitable relief through its PDCS consultation. The issue received a relatively low number of consultation responses, some of which seem to have misunderstood the nature of the proposal. The main suggestion from respondents was that each case should be judged on its own merits, however this is not possible under CIL legislation which requires policies to be set in advance and consistently applied.

In order to maximise the certainty of funding to support infrastructure provision and to minimise administrative burdens, North Somerset Council is not intending to permit discretionary charitable relief. This can be kept under review and a relief policy could be introduced in the future (without a requirement for public examination), should the council wish to do so.

Question 3: do you agree with North Somerset's proposal not to introduce a discretionary charitable relief policy? What are your reasons?

8. Exceptional circumstances relief

Exceptional circumstances relief can be applied if a developer argues that the costs of the CIL would render their development undeliverable. This relief can only be permitted in the following circumstances:

- The Council has published a formal policy decision allowing developments to apply for relief.
- A S106 agreement has been signed which incorporates a greater burden of S106 contributions than CIL contributions.
- The development can demonstrate a lack of viability and has not already received charitable relief or social housing exemptions.
- The site commences development within 12 months of relief being granted.

If the above scenario applies, an independent person will be appointed to determine whether the evidence permits an exemption. The Council cannot itself determine whether an exemption is valid.

Discretionary relief processes cannot be relied upon as a mechanism for ensuring viability of rates. Rates must be shown to be viable independently of such mechanisms.

The amount of relief that could be granted is limited by State Aid regulations.

North Somerset Council consulted on the option for exceptional circumstances relief through its PDCS consultation. As with charitable relief, some respondents argued that case-by-case decisions should be made. This is not possible – either the process is allowed or not allowed; if allowed the decision falls to a Planning Inspector, not NSC.

A concern was raised by representatives of Bristol Airport and Weston Villages developers, who were concerned about existing planning consents with a high burden of S106 that might be affected if they became liable for CIL (in particular if they needed to renew or amend their applications). This issue has largely been addressed through changes in government legislation that mean that no CIL charges would apply in such cases, other than if there was an increase in development area (in which case the additional area of development would be liable).

On the basis of the consultation responses and changes in government legislation, it is proposed that the PDCS approach be continued, i.e. that North Somerset does not permit exceptional circumstances relief. This will maximise the certainty of funding to support infrastructure provision and minimise administrative burdens.

This decision will be kept under review. Should circumstances in the future demonstrate that reliefs or phasing policies would be of benefit it is possible to introduce them without the need for further consultation or independent examination.

Question 4: do you agree with North Somerset's proposal not to introduce an exceptional circumstances relief policy? What are your reasons?

9. What will the CIL be spent on? - Draft Regulation 123 List

CIL income may be used by North Somerset Council for the “*provision, improvement, operation or maintenance of infrastructure*”. The Council is required to publish on its website a list of infrastructure items that it may use the CIL to help fund (Regulation 123 of the CIL Regulations 2010). Those items identified on the list cannot then be subject to other planning obligations from the Council such as S106 contributions.

The role of the list is to provide transparency about what the charging authority intends to fund through the levy and to help provide evidence on the potential funding gap that the CIL will help to meet.

North Somerset's Draft Regulation 123 List is available at Appendix B. The Council would welcome views on whether the list is sufficiently clear and if the balance of CIL and S106 is felt to be appropriate.

The Draft Regulation 123 List applies only to the CIL that North Somerset Council receives and spends. A proportion of CIL is passed directly to Town and Parish Councils, who are not restricted by the Regulation 123 List. The proportion that is passed on is 15%, or 25% for those areas that have an adopted Neighbourhood Plan. Town and Parish Councils may use their CIL income for the "*provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on an area.*"

Question 5: do you think the draft Regulation 123 List provides a clear understanding of the infrastructure that might be funded through the CIL?

Question 6: Do you think the draft Regulation 123 List strikes the right balance between CIL contributions and Section 106 planning obligations?

**NORTH SOMERSET COUNCIL: COMMUNITY INFRASTRUCTURE LEVY (CIL)
DRAFT CHARGING SCHEDULE**

Location(s)	Use class	Proposed rate / m ²
Zone A: Weston Town Centre	Residential (C3/C4)	£0
Zone B: Outer Weston	Residential (C3/C4)	£40
Zone C: Rest of District	Residential (C3/C4)	£80
All (zones A, B, C)	Purpose-built student accommodation / halls of residence	£40
	Care homes (C2) (residential accommodation and care to people in need of care)	£40
	Large-scale retail (A1/A2/A3/A4/A5): more than 280m ² net sales area	£120
	Small-scale retail (A1/A2/A3/A4/A5): less than 280m ² net sales area	£60
	Commercial (B1/B2/B8)	£0
	All other qualifying development	£0

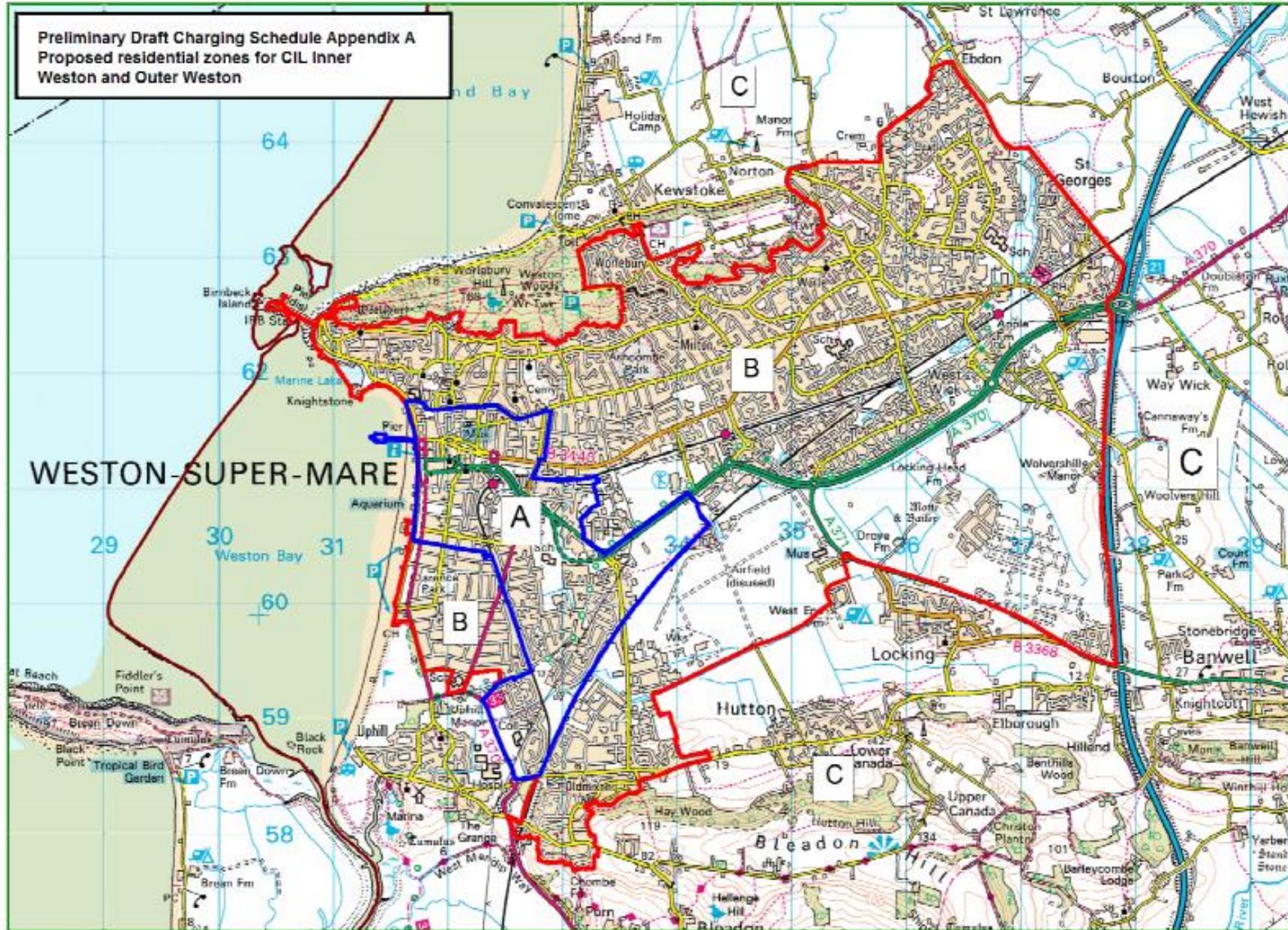
The charging zones are shown on the maps below.

The rates proposed in this Draft Charging Schedule were approved by North Somerset Council's Executive Committee on 21st June 2016 and are published in accordance with the Community Infrastructure Levy Regulations 2010 (as amended) and Part 11 of the Planning Act 2008.

Levy rates are expressed as pounds per square metre. These figures are applied to the gross internal floorspace of the net additional development liable for the levy. Liable development is the type of development specified in the charging schedule as incurring a particular levy charge. Where an existing building is being redeveloped, the nature of the redevelopment may impact on the levy charge.

Charges are index linked against the RICS All-In Tender Price Index (%). This is an annually updated measure of inflation published by the Building Cost Information Service of the Royal Institute of Chartered Surveyors (RICS). It ensures that the time between the grant of planning permission and commencement of development is taken into account. The Council will periodically monitor market conditions and build costs and where these so indicate take steps to instigate a review of rates.

Preliminary Draft Charging Schedule Appendix A
Proposed residential zones for CIL Inner
Weston and Outer Weston



© Crown copyright and database right. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or by any information storage or retrieval system, without the prior written permission of the Ordnance Survey. All rights reserved.

**NORTH SOMERSET COMMUNITY INFRASTRUCTURE LEVY (CIL)
DRAFT REGULATION 123 LIST**

Community Infrastructure Levy Regulation 123 provides for the Council to set out a list of those projects or types of infrastructure that it intends will be, or may be, wholly or partly funded through the CIL.

In order to ensure that individual developments are not charged for the same infrastructure items through both Section 106 Agreements and the CIL, a S106 contribution or a S278 agreement cannot then be made towards an infrastructure item that is on the Regulation 123 List.

A Draft Regulation 123 List is provided below. It is important to note that the CIL is not expected to generate sufficient income to fully fund all of the items on this list. Inclusion on the list does not therefore represent any form of guarantee of funding or prioritisation of projects.

It is expected that those items identified as “exclusions” in the right-hand column of the table below will be provided for by developer contributions or in-kind via Section 106 agreements and/or Section 38 or 278 agreements.

Town and Parish Councils receiving CIL income are subject to different restrictions from North Somerset Council and are not restricted by the Draft Regulation 123 List.

Draft Regulation 123 List of infrastructure that may be wholly or partly funded through the CIL	Exclusions (to be funded through S106, S38 or S278 agreements)
Transport and movement: <ul style="list-style-type: none"> • Strategic transport schemes – including rail and cycle/pedestrian routes. • Bus and other public transport services. • Sustainable Transport Fund / sustainable transport initiatives. • Public Rights Of Way improvements. 	Transport and movement: <ul style="list-style-type: none"> • On-site access and highway provision. • Near site highways mitigations identified through Transport Assessments. • On-site and near-site sustainable transport access (bus stops, foot & cycleways). • Travel Plan measures.
Services, flood mitigation and economy: <ul style="list-style-type: none"> • Strategic broadband schemes. • Economic development and employment-led financial contributions. • Catchment based flood and drainage schemes. • Waste management. 	Services, flood mitigation and economy: <ul style="list-style-type: none"> • Employment-led direct delivery. • On-site/near site flood mitigation and drainage schemes. • Strategic flood infrastructure linked to Strategic Development Areas.
Education and young people: <ul style="list-style-type: none"> • Children’s Centres. 	Education and young people:

Draft Regulation 123 List of infrastructure that may be wholly or partly funded through the CIL	Exclusions (to be funded through S106, S38 or S278 agreements)
<ul style="list-style-type: none"> • Pre-school and primary school provision, except in Strategic Development Areas. • Secondary school and Special Educational Needs and Disabilities (SEND) provision. • Youth services. 	<ul style="list-style-type: none"> • Pre-school and primary school provision in Strategic Development Areas.
<p>Community and emergency services:</p> <ul style="list-style-type: none"> • Community capacity funding and youth services. • Off-site strategic community, leisure and sports provision. • Emergency services provision. • Off-site green infrastructure and public realm. • Health services, except in Strategic Development Areas. • Libraries contributions. 	<p>Community and emergency services:</p> <ul style="list-style-type: none"> • On-site and near-site community, leisure and sports provision, e.g. playparks, sports pitches and MUGAs. • On-site green infrastructure. • Health Services in Strategic Development Areas.
<p>Other:</p> <ul style="list-style-type: none"> • CIL administration costs (limited nationally to a maximum of 5% of CIL income). 	<p>Other:</p> <ul style="list-style-type: none"> • Affordable housing (<i>national regulations state that this cannot be funded through CIL</i>). • Fees associated with planning obligations. • Commuted sums for maintenance of developer-delivered infrastructure.

The Council will review this list at appropriate intervals, as part of monitoring of CIL collection and spend.

Modelling of potential development contributions income 2017 – 2026

Area	Rate (£/sqm)	Allocations without consents	Gross income	Parish Council share if 15%	Net income to NSC	Parish Council share if 25%	Net income to NSC
Inner Weston	£0	1808	£0	£0	£0	£0	£0
Weston Villages – residual	£40	1250	£3,500,000	£525,000	£2,975,000	£875,000	£2,625,000
Other outer Weston		533	£1,492,400	£223,860	£1,268,540	£373,100	£1,119,300
Portishead	£80	258	£1,444,800	£216,720	£1,228,080	£361,200	£1,083,600
Clevedon		139	£778,400	£116,760	£661,640	£194,600	£583,800
Nailsea		835	£4,676,000	£701,400	£3,974,600	£1,169,000	£3,507,000
Villages/ rural		680	£3,808,000	£571,200	£3,236,800	£952,000	£2,856,000
CIL total		5,503	£15,699,600	£2,354,940	£13,344,660	£3,924,900	£11,774,700
S106	£3,000/dwelling	3,852	£11,556,000	0	£11,556,000	0	£11,556,000
Grand total			£27,255,600	£2,354,940	£24,900,660	£3,924,900	£23,330,700
CIL estimate per year 2017 - 2026			1,744,400	261,660	1,482,740	436,100	1,308,300
S106 estimate per year 2017 - 2026			£1,284,000	£0	£1,284,000	£0	£1,284,000
Estimate per year 2017 - 2026 CIL + S106			£3,028,400	£261,660	£2,766,740	£436,100	£2,592,300

This table is based on unconsented developments identified in the North Somerset Site Allocations Plan (draft) consulted on in March 2016, which can be viewed at: <http://www.n-somerset.gov.uk/my-services/planning-building-control/planningpolicy/sites-policies-development-plan-document/sitesandpolicies/>. Additional housing will be delivered through sites that already have consent and through windfall sites.

The table assumes that 30% of dwellings will not pay CIL due to exemptions for affordable housing, Starter Homes, self-build developments etc. It assumes that all dwellings on sites of 11 or more dwellings will pay S106 planning obligations.

Additional funding would be likely from non-residential uses such as retail and student accommodation, however this is difficult to forecast and not expected to be substantial.

List of consultation questions

1. In line with the legal tests, do you think the CIL rates proposed in the Draft Charging Schedule at Appendix A strike an appropriate balance between:
 - 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 the North Somerset area, taking into account other actual and expected sources of funding; and
 - The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across North Somerset?
2. Do you agree with North Somerset's proposal not to introduce a policy for phasing of CIL payments? What are your reasons?
3. Do you agree with North Somerset's proposal not to introduce a discretionary charitable relief policy? What are your reasons?
4. Do you agree with North Somerset's proposal not to introduce an exceptional circumstances relief policy? What are your reasons?
5. Do you think the draft Regulation 123 List provides a clear understanding of the infrastructure that might be funded through the CIL?
6. Do you think the draft Regulation 123 List strikes the right balance between CIL contributions and Section 106 planning obligations?