

STROUD DISTRICT COUNCIL
ENVIRONMENT COMMITTEE

**AGENDA
ITEM NO**

15 DECEMBER 2016

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Report Title	ADOPTION OF COMMUNITY INFRASTRUCTURE LEVY (CIL) CHARGING SCHEDULE
Purpose of Report	To update Committee on progress with the Community Infrastructure levy (CIL) following the Examination in Public and to recommend adoption and implementation of the CIL Charging Schedule.
Decision(s)	<p>The Committee RECOMMENDS to Council:</p> <ol style="list-style-type: none"> 1. The Community Infrastructure Charging Schedule (Appendix A to this report) be adopted; 2. The Regulation 123 List (Appendix B) be implemented alongside the Charging Schedule from 1 April 2017; 3. The discretionary relief and exceptional circumstances relief policies (Appendices C and D) be adopted with effect from 1 April 2017; and 4. The Council's Scheme of Delegations be amended as outlined in paragraph 3.5 of this report.
Consultation and Feedback	Public consultation took place on a Preliminary Draft Charging Schedule in February 2014 and on the Draft Charging Schedule in April-June 2016. Consultation responses received were considered as part of the development of the Draft CIL Charging Schedule. The CIL Examiner took account of all representations when considering the submission CIL Charging Schedule.
Financial Implications and Risk Assessment	<p>CIL will, over time, become an important funding stream to the Council and will provide one of the sources of finance to fund the infrastructure identified in the Local Plan. It is difficult to place an estimate as to the likely value at this stage given the number of potential variables. However, it is proposed that CIL income and associated expenditure will be reported to members through the regular financial reports to committees.</p> <p>The report does highlight costs that will need to be incurred in advance of any significant CIL income as the Council will need to ensure the administration and governance of the CIL process is in place in advance.</p> <p>David Stanley/Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p> <p>The main risks relate to the ability to operate the CIL process efficiently and effectively. An implementation</p>

	group has been established to put in place resources and training to minimise these risks.
Legal Implications	This report has been the subject of advice from the Legal Services Team and as such no legal implications to report beyond those covered in the report. Karen Trickey and Alan Carr, Legal Services Email: legal.services@stroud.gov.uk
Report Author	Mark Russell, Planning Strategy Manager Tel: 01453 754305 Email: Mark.Russell@stroud.gov.uk
Alternative Options	1. Not to adopt the CIL 2. To recommend adoption from an alternative date
Performance Management Follow Up	Key stages of CIL implementation will be subject to future reports to Planning Review Panel and Environment Committee. The setting up of CIL will require a monitoring mechanism and for regular reports on income generated from CIL to be reported to the appropriate Council meeting.
Background Papers/ Appendices	Appendix A – CIL Charging Schedule (as modified) Appendix B – Regulation 123 List Appendix C – Discretionary relief policy Appendix D – Exceptional circumstances relief policy

1. BACKGROUND

- 1.1** The proposed introduction of the Community Infrastructure Levy (CIL) across the Stroud District has been the subject of various Council / committee reports since 2014 and was the subject of a recent examination in public during summer / autumn 2016. In brief, the purpose of the CIL is *“to ensure that costs incurred in providing infrastructure to support the development of an area can be funded (wholly or partly) by owners or developers of land”* (Section 205, Planning Act 2008). CIL enables the Council, as the local planning authority, to charge a tariff on most new development. The money collected is then held as a local fund administered by the Council and used to pay for infrastructure needed due to development in the area.
- 1.2** A statutory CIL Charging Schedule is subject to formal public consultation and examination. The Charging Schedule sets out the amount to be levied from various types of development together with a list of infrastructure schemes that may require CIL funding.

2. EXAMINATION

- 2.1** Further to various decisions of the Environment Committee in March 2016 and June 2016 and relevant public consultation, the appointed CIL Examiner’s Report was received on 17 October 2016 (copies are available and at <https://www.stroud.gov.uk/media/182840/stroud-district-cil-cs-final-report.pdf>) The Examiner concluded that, having passed all the statutory tests, the Council’s Charging Schedule could be approved subject to only one minor modification clarifying the definition of chargeable retail development. The modification does not change the CIL rates or the overall approach.

- 2.2 The final CIL Charging Schedule, including the modification, is set out in Appendix A. A summary of the charges is set out below:

Table – Final Levy Rate	
Type of Development	CIL Rates £/m² New additional floorspace
Residential (excluding older people’s housing) <ul style="list-style-type: none"> • Sites within the Stroud Valleys area • Strategic sites identified in the Local Plan • All other sites 	£0/m ² £0/m ² on the basis that developers are required to meet their own site infrastructure costs and these costs are as set out in the CIL Viability Study £80/m ²
Supermarkets and Retail Warehouses	£75/m ²

- 2.3 Upon adoption, the CIL infrastructure list (“the Regulation 123 list”) becomes an essential supporting document to the Charging Schedule. It sets out infrastructure projects or types of infrastructure that the Council intends will be, or may be, wholly or partly funded by CIL funds. The Council cannot also collect S106 funding for items stated on the CIL infrastructure list. From the date of CIL implementation, the Council may amend the CIL infrastructure list without revising the Charging Schedule, subject to appropriate consultation. The proposed initial Regulation 123 list is set out in Appendix B.

3. IMPLEMENTING CIL

- 3.1 Subject to adoption by Council at a meeting in February 2017, it is proposed that the Charging Schedule takes effect from 1 April 2017. Any applications for full planning permission of chargeable development (see table above) determined from that date onwards will be liable to pay CIL according to the rates in the Charging Schedule. Applications for Reserved Matters determined from the date of effect will also be liable for CIL except where they relate to outline permissions that were determined prior to the date of effect.
- 3.2 The CIL Regulations allow for a number of exemptions from CIL. Some are mandatory and set nationally (e.g. charitable institutions where the chargeable development will be used wholly or mainly for charitable purposes; social housing; and self build homes). Some are discretionary and can be set by the Council as the CIL Charging Authority (e.g. relief to a charity landowner where the greater part of the chargeable development will be held as an investment, from which the profits are applied for charitable purposes). The Council can also provide exceptional circumstances relief where a specific viable scheme is made unviable by the application of CIL. In both cases, the Council must publish its policy for giving relief in such circumstances.

- 3.3** Policies for discretionary relief and exceptional relief are recommended and are included in Appendices C and D. The procedures and wording reflect national guidance set out in the National Planning Practice Guidance but the Council has discretion to vary the amount and the scope of discretionary relief in the case of qualifying charitable development.
- 3.4** A number of other key matters need to be addressed ahead of the CIL date of implementation. Work is progressing in the following areas which are summarised below.
- *Back office systems and processes* – The collection and distribution of CIL funding is a new function for the Council and will require new staff to administer the system. Recruitment is underway. Specialist IT software has also been purchased to ensure that efficient and detailed information on S106 and CIL funding is recorded and monitored accurately. Officers are testing the software and putting in place procedures for collection. In accordance with CIL regulations, the Council can reclaim the costs of implementing CIL using up to 5% of the total CIL collected.
 - *Residual S106 matters* – Some S106 agreements will continue after implementation of CIL, covering matters such as maintenance arrangements for on-site infrastructure, essential highway works and affordable housing. A draft Planning Obligations SPD setting out how these will be applied in future was subject to public consultation in May 2016. An amended draft SPD will be considered by a future meeting of Committee for adoption.
 - *Working with the County Council and parish councils* – Whilst the District Council collects and distributes CIL monies for necessary infrastructure, the County Council provides a number of important infrastructure related services, including transport, education, libraries, etc. There is a need to agree protocols with the County Council to transfer a proportion of CIL monies for priority strategic infrastructure projects within these service areas. The “neighbourhood portion” of CIL monies collected is required by CIL regulations to be transferred to the parish where the development takes place every six months. There is therefore a need to ensure that arrangements are in place to facilitate this and to raise awareness of the new arrangements amongst all parish councils.
- 3.5** The Council will become a CIL Charging Authority on adoption and with this a number of day to day administrative issues will need to be resolved (e.g. determining amounts due in specific cases in accordance with the Charging Schedule and adopted policies and practices, collecting the levy and if necessary taking enforcement action in the event of breach of the levy requirements). In contrast any changes to the CIL Charging Schedule or to the Regulation 123 List will be subject to the approval of Council. It is therefore recommended that delegated authority be given to the Strategic Head (Development Services) and the Planning Strategy Manager to determine all decisions in connection with

CIL in accordance with the adopted Charging Schedule, Regulation 123 List and other associated policies / practices subject to the following exceptions (i) changes regarding the Schedule or Regulation 123 List be referred to Environment Committee and if needed, Council for determination and (ii) the allocation of funds. It is proposed to report back to members in due course with recommendations as to an appropriate mechanism to prioritise spending on qualifying infrastructure projects.

4. NEXT STEPS

- 4.1** A period of around 2-3 months is normally required between adoption of CIL and implementation to ensure all systems and procedures are in place and that adequate notice is given to developers and the public.

- 4.2** Subject to adoption by Council in February 2017, it is anticipated that the systems will be in place to enable implementation from 1 April 2017.