

Appendix A

Stroud District Local Plan: CIL Charging Schedule

Environment Committee

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1. Introduction

The Council has an adopted Stroud District Local Plan (November 2015). This identifies the growth required within the District to meet needs up to 2031. In order to plan positively for future growth, a level of infrastructure is needed to support development.

This document sets out the Council's position regarding the Community Infrastructure Levy (CIL) as one of the mechanisms to facilitate and pay for necessary infrastructure provision.

The Council submitted a CIL Draft Charging Schedule for examination in July 2016 and the Examiner recommended approval of this document in October 2016.

This document is supported by the **Local Plan Viability Study (August 2013)**, **CIL Viability Study: An Annex to Stroud Local Plan Viability Study (Jan 2014)**, **CIL Viability Update (March 2016)** and the **Infrastructure Delivery Plan (October 2014)** with subsequent supporting **position statements (April 2016)**.

2. Background

CIL is a charge levied on buildings and extensions to buildings according to their floor area. Money raised from development will help the Council pay towards district wide infrastructure priorities to ensure the District grows sustainably. Section 106 legal agreements will not be completely replaced however and will continue to be used for affordable housing and anything required to make specific developments acceptable in planning terms.

Only the net additional floorspace on a development site will be expected to pay CIL if an existing building, or part of it, has been in use for 6 months within the last three years. Therefore the CIL receipts generated on a brownfield site with existing buildings in use will be lower than those generated on greenfield sites.

This document sets out what certain forms of development will pay and the expected rates of each development. However, the following types of development are considered to be exempt from paying CIL:

- New buildings or extensions of less than 100 sqm gross internal area unless they result in the development of one or more new dwellings. Within Stroud therefore, the majority of residential extensions will not be required to pay CIL but some larger extensions may;
- Affordable housing, subject to the developer applying for relief in the manner set out in the regulations;
- Development by a charity where the development will be used wholly or mainly for charitable purposes;
- Buildings into which people do not normally go, or go only intermittently for the purpose of inspecting and maintaining fixed plant or machinery;

- Houses, flats, residential annexes and residential extensions which are built by “self builders”.
- Vacant buildings brought back into the same use.

3. Relationship to Section 106 Agreements

The CIL Regulations introduced in April 2010 and subsequently amended, contain measures to reduce the use of Section 106 agreements to fund infrastructure. The CIL Regulations require that from April 2015 Section 106 agreements must meet 3 criteria. They must be:

- necessary to make the development acceptable in planning terms;
- directly related to the development;
- fairly and reasonably related in scale and kind to the development.

A second measure restricts the use of planning obligations for pooling contributions towards infrastructure. The CIL Regulations only allow for a maximum of five obligations to contribute to a certain infrastructure project or type of infrastructure. Where a charging schedule is in place, a planning obligation cannot be used to require funding for a piece of infrastructure that is listed as being funded by CIL.

Once a CIL is in place Section 106 contributions will no longer be pooled for generic payments towards infrastructure providers, except for affordable housing. CIL will be the main source of funding for these types of infrastructure.

It is the intention of the District Council to continue to use Section 106 agreements to fund infrastructure projects needed to mitigate those matters directly related to site specific issues.

The CIL Regulations require an authority to set out a list of projects or types of infrastructure which they intend to fund through the Levy. This will be achieved through Stroud District Council’s Regulation 123 List which will set out a list of infrastructure projects or types of infrastructure projects which may be wholly or partly funded by CIL.

To produce the Regulation 123 List, the District Council must first identify the infrastructure requirements of the area and must understand how they relate to the pattern of development across the wider area. The Council has developed this work through the Stroud Infrastructure Delivery Plan (IDP). The District Council will continue to work with infrastructure providers and site promoters (where appropriate) to identify where specific infrastructure should be funded through Section 106 agreements or through CIL.

It is very important that a clear distinction is established between what CIL and what Section 106 payments are used for. In Appendix 2 of this document the Council has set out a current position for the relationship between the two collection methods.

A Planning Obligations Supplementary Planning Document (SPD) will be finalised to provide guidance for developers on what Section 106 payments will be sought once CIL is in place.

4. The Stroud District Council approach to CIL

The future of the economy is still uncertain in 2016 and, whilst the general fall in house prices has stopped and there have been positive policy changes and messages about growth, fluctuations remain and confidence in the market is brittle.

Setting a CIL rate close to the limits of viability could therefore have an adverse impact on development coming forward. Our consultants recommend that Stroud District Council should continue to adopt a cautious approach when setting the level.

A nil rate for residential sites within a defined Stroud Valleys area (see Annex 1 map) reflects the current constraints associated with brownfield sites located within the valley bottoms and more generally sites within the canal and river corridor. In addition, setting a nil rate for strategic housing sites set out in the Local Plan will allow the developers of these sites to deliver the infrastructure required for these sites through Section 106 agreements.

The April 2014 amendments to the regulations have extended the provision whereby charging authorities can accept payments in kind through provision of both land and Infrastructure either on-site or off-site for the whole or part of the requirement. This will be subject to conditions being met.

Strategic sites

Charging authorities are permitted to treat major sites as a separate geographical zone, where this can be supported by robust economic viability.

Such sites result in substantial infrastructure requirements in their own right which the Council considers can be provided most efficiently by allowing developers to deliver them through Section 106 agreements. At the current time, therefore, a nil rate of CIL for strategic housing sites has been taken. Going forward, further work has been carried out in consultation with the developers to identify actual costs of delivering the infrastructure and identify a clear delivery strategy. Should robust evidence become available to suggest a different CIL rate, justified by reference to the economic viability of development, then the planning authority will make an informed decision on the most appropriate rate to deliver the infrastructure required.

5. Financial evidence

CIL charging schedules must set out the charge(s) in £ per sqm that development will be expected to pay to support the provision of infrastructure. The charge can be varied by area and type of development on the basis of viability evidence.

Based on the viability evidence set out in the Local Plan Viability Study (August 2013), the CIL Viability Study (January 2014) and the CIL Viability Update (March 2016), CIL, when set at the rates set out below, would not threaten delivery of the Stroud District Local Plan as a whole.

The proposed rates of CIL are summarised as follows:

Table 1: Proposed CIL Rates	
Type of Development	CIL Rates £ per square metre New additional floorspace
Residential (excluding older peoples housing)	
<ul style="list-style-type: none"> • Sites within the Stroud Valley area (see Annex 1 map) 	£0/m2
<ul style="list-style-type: none"> • Strategic sites identified in the Local Plan 	£0/m2 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
<ul style="list-style-type: none"> • All other sites 	£80/m2
Supermarkets¹ and Retail Warehouses²	£75/m2

6. Infrastructure need

A Stroud District IDP has been prepared which identifies the costs of infrastructure needed to support development set out in the adopted Local Plan. The report also examines whether there are any existing or future funding streams for infrastructure and calculates an aggregate funding gap that CIL will need to help address. Further work has been carried out to establish the costs of providing this infrastructure and to consider the amounts of funding that may or may not be available from other sources such as the Local Enterprise Partnership (LEP), New Homes Bonus, through the County Council, from Central Government and the Homes and Communities Agency (HCA).

When the Council has adopted the CIL, the amount of funding required will be a material consideration as it may be that the delivery of the Local Plan is threatened in the absence of CIL to pay for infrastructure. However, it should be stressed that CIL should only be set with regard to the effect of CIL on development viability.

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

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

There is no expectation that CIL should pay for all of the infrastructure requirements in an area. There are a range of other sources, as set out above, that are taken into account. The Council will need to consider the total amount of money that may be received through the consequence of development; from CIL, from S106 payments, and from the New Homes Bonus, when striking the balance as to their level of CIL.

7. Instalment policy

Local authorities are able to operate an instalments policy to vary the timing of CIL payments. If an instalment policy is not adopted, then payment is due in full at the end of 60 days after commencement of the development. To require full payment within 60 days for large schemes could have a dramatic and serious impact on the viability of the scheme.

To avoid putting the developments provided for in the Local Plan at serious risk, the Council intends therefore to introduce an instalment policy. The instalments permitted will be linked to the amount payable (the chargeable amount) as recorded on the Demand Notice.

Where outline planning permission which permits development to be implemented in phases has been granted, each phase of the development as agreed by the Council is a separate chargeable development and the instalment policy will, therefore, apply to each separate chargeable development and associated separate liable amount chargeable.

The modelling in the CIL Viability Update Study (March 2016) is on the basis that the Council does introduce an instalment policy that enables CIL to be paid, through the life of a project, in equal instalments. Table 2 sets out the instalments and payment periods which Stroud District Council intends to operate.

In all cases, the full balance will be payable on occupation / opening of the development if this is earlier than the instalment dates set out in Table 2.

This policy will not apply if any one or more of the following applies:

- a) A commencement notice has not been submitted prior to commencement of the chargeable development, as required by Regulation 67 of the Community Infrastructure Regulations 2010 (as amended);
- b) On the intended date of commencement
 - i. Nobody has assumed liability to pay CIL in respect of the chargeable development;
 - ii. A commencement notice has been received by the Council in respect of the chargeable development; and

iii. The Council has not determined a deemed commencement date for the chargeable development and, therefore, payment is required in full, as required by Regulation 71 of the Community Infrastructure Regulations 2010 (as amended);

c) A person has failed to notify the Council of a disqualifying event before the end of 14 days beginning with the day on which the disqualifying event occurs, as per the Community Infrastructure Regulations 2010 (as amended);

d) An instalment payment has not been made in full after the end of the period of 30 days beginning with the day on which the instalment payment was due, as per the Community Infrastructure Regulations 2010 (as amended).

Where the instalment policy is not applicable, the amount must be paid in full at the end of the period of 60 days beginning with the notified or deemed commencement date of the chargeable development or the date of the disqualifying event, whichever is the earliest, unless specified otherwise within the Community Infrastructure Levy Regulations 2010 (as amended).

Table 2: Instalment Policy				
CIL in £	Number of Instalments	Total Timescale for Instalments	Payment Amounts	Payment Periods
up to £6,000	2	270 days (9 months)	10%	60 days from commencement.
			90%	270 days from commencement.
£6,001 to £30,000	3	365 days (1 year)	10%	60 days from commencement.
			45%	270 days from commencement.
			45%	365 days from commencement.
£30,001 to £150,000	3	548 days (18 months)	10%	60 days from commencement.
			45%	365 days from commencement.
			45%	548 days from commencement.
£150,001 to £300,000	4	730 days (2 years)	10%	60 days from commencement.
			30%	365 days from commencement.
			30%	548 days from commencement.
			30%	730 days from commencement.
£300,001 to £600,000	5	1095 days (3 years)	10%	60 days from commencement.
			23%	365 days from commencement.
			23%	548 days from commencement.
			23%	730 days from commencement.
			21%	1095 days from commencement.
£600,001 to £1,200,000	6	1460 days (4 years)	10%	60 days from commencement.
			18%	365 days from commencement.
			18%	548 days from commencement.
			18%	730 days from commencement.
			18%	1095 days from commencement.
			18%	1460 days from commencement.
£1,200,001 to £1,800,000	7	1825 days (5 years)	10%	60 days from commencement.
			15%	365 days from commencement.
			15%	548 days from commencement.
			15%	730 days from commencement.
			15%	1095 days from commencement.
			15%	1460 days from commencement.
			15%	1825 days from commencement.
£1,800,001 and over	8	2190 days (6 years)	10%	60 days from commencement.
			13%	365 days from commencement.
			13%	548 days from commencement.
			13%	730 days from commencement.
			13%	1095 days from commencement.
			13%	1460 days from commencement.
			13%	1825 days from commencement.
			12%	2190 days from commencement.

8. Payment of the Levy

The CIL rate is expressed as a £ per m² (gross internal area) charge within the Charging Schedule. The following development is subject to a charge:

- Most buildings that people normally use.
- Where more than 100m² of floorspace (net) or a new dwelling is created (even if it is less than 100m²).
- Residential and non-residential uses.

The levy is non-negotiable and will be payable (to the District Council (as the charging authority) over the agreed phased period set out in the instalments policy above.

9. Exemptions and Relief

Certain types of development are exempt from paying the CIL levy. The CIL Regulations state that affordable housing and charitable developments (development by a registered charity for charitable purposes) must be exempt from paying the levy.

The CIL Regulations also allow a charging authority to introduce a discretionary relief policy if exceptional circumstances are satisfied.

The Council is intending to adopt CIL discretionary relief on the implementation of CIL.

10. Review and Monitoring

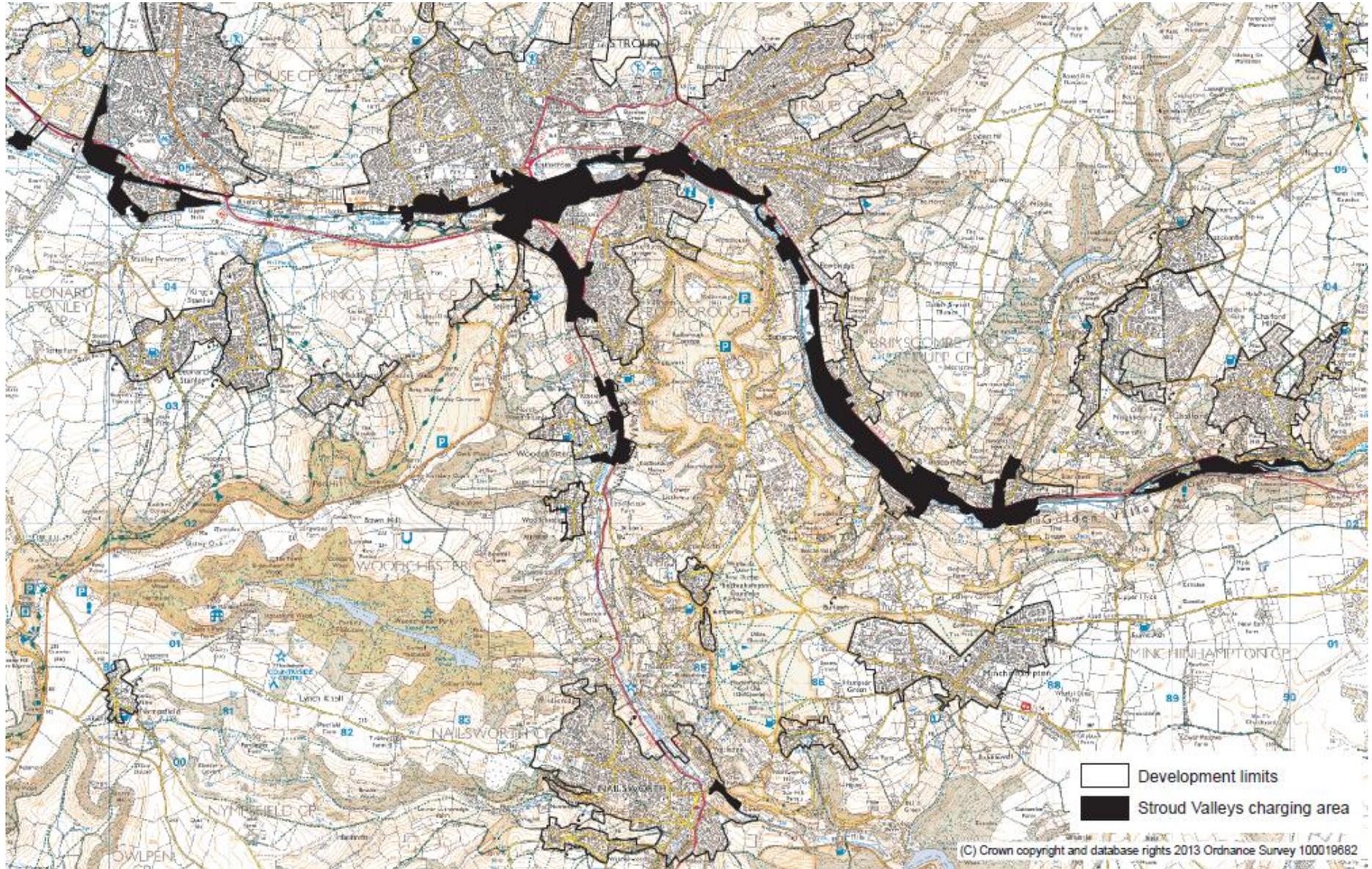
Due to the uncertain market it is proposed that CIL rates are reviewed every three years or if there is evidence to suggest that local house prices have changed by more than 10% from the date of implementation of CIL.

The viability evidence which has been created to inform the CIL rates has been carried out on the basis that housing units will be built to Part L of the current Building Regulations. Should these standards change the Council will review the CIL rates.

11. Next Steps

The Council expects to consider CIL for adoption in February 2017 for implementation from April 2017.

Annex 1: Stroud Valleys Charging Zone



Annex 2: Indicative Draft Regulation 123 List

<p>Infrastructure to be funded, or part funded, through CIL</p>	<p><i>Infrastructure to be funded through S.106 obligations; S.278 of the Highways Act; other legislation or through planning condition</i></p>
<p>Education Early years, primary and secondary school schemes (covering ages 2-19)(excluding new primary schools required by strategic site allocations)</p>	<p><i>New primary schools at strategic site allocations</i></p>
<p>Social infrastructure Social infrastructure, including community facilities, burial grounds, sports, recreational, play infrastructure, youth provision, public realm, art and cultural facilities (excluding on site provision)</p>	<p><i>On site provision at strategic site allocations (including at Hunts Grove Local Centre and West of Stonehouse Local Centre) and at other development sites</i></p>
<p>Transport Transport infrastructure including highway improvement schemes, cycling and walking infrastructure and public transport (excluding specific mitigation works on, or directly related to, a development site)</p>	<p><i>Highway access arrangements and development specific mitigation works, on site cycling and walking routes, on-site traffic calming, on-site bus stops and shelters at strategic site allocations and other development sites</i></p>
<p>Canal infrastructure Infrastructure associated with improving or re-opening the Stroudwater Navigation, the Thames and Severn Canal or the Gloucester & Sharpness Canal including towpaths</p>	
<p>Green infrastructure The creation, improvement and maintenance of accessible natural greenspace, woodland and river corridors, for biodiversity, Water Framework Directive waterbody improvements and flood risk enhancements (excluding on site</p>	<p><i>On site provision at strategic site allocations and other development sites</i></p>

provision)	
Strategic flood risk management infrastructure Improvements to Severn Estuary and other flood defences, river corridors and restoration of canal network for flood risk enhancements including the RSuDS scheme and as set out in the Stroud Valleys Initiative (excluding on site provision)	<i>On site management and disposal of surface water, including sustainable drainage systems (SuDS) at strategic site allocations and other development sites</i>
Emergency Services (Police, Fire and Ambulance)	
Health and wellbeing infrastructure	<i>Sites for surgeries at strategic site allocations(including at Hunts Grove Local Centre and West of Stonehouse Local Centre)</i>
Renewable or low carbon energy infrastructure	
Strategic waste and recycling infrastructure Provision of household waste recycling and waste management facilities (excluding on site collection facilities)	<i>On site collection facilities and waste reduction initiatives</i>

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