

**STAFFORD BOROUGH COUNCIL**  
**COMMUNITY INFRASTRUCTURE LEVY**  
**PRELIMINARY DRAFT CHARGING SCHEDULE FOR**  
**CONSULTATION – JUNE 2015**

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## **1. What is the Community Infrastructure Levy and why is it being introduced?**

- 1.1 The Community Infrastructure Levy (CIL) is a tariff that Local Authorities can charge on new development in order to fund infrastructure required to support the housing and commercial growth identified in an up to date Local Plan. It will not be the sole source of funding but will supplement other sources including that from Planning Obligations, Regional, National and European grants / loans.
- 1.2 The introduction of the CIL Regulations in 2010 (amended in 2011, 2012, 2013, 2014 and 2015) changed the rules relating to the circumstances in which Planning Obligations (either agreements or unilateral undertakings) under S106 of the Town & Country Planning Act 1990 (as amended) can be used to fund infrastructure.
- 1.3 Planning Obligations have generally been negotiated on major developments and in some cases funding has been pooled from a number of agreements in order to deliver a specific item of infrastructure. The CIL Regulations limit the future use of this mechanism, so Planning Obligations will, in future, generally be limited to securing delivery of infrastructure directly related to the development in question.
- 1.4 The cumulative impact of many small developments generates a need for infrastructure, but in the past such developments have not always contributed to provision of infrastructure. CIL is seen as a fairer way of obtaining funding for infrastructure from all relevant developments, subject to development viability considerations.
- 1.5 The charge provides a greater level of certainty for developers and land owners regarding their contributions and will be charged per net square metre of new development.

## 2. Relevant Evidence

2.1 The CIL Regulations state that, in setting rates, the Council must strike an appropriate balance between –

- a) The desirability of funding from CIL (in whole or in part), i.e. the actual and expected estimated cost of infrastructure required to support the development of its area taking into account other actual or 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.

2.2 The following documents have been used to inform the rates proposed in this Preliminary Draft Charging Schedule (PDCS).

- **Plan for Stafford Borough 2011-2031 (June 2014)**

The overall impact of the policies in the Plan on development viability was tested at the Examination and the Plan was found sound. The Plan contains Chapter 13: Infrastructure and Appendix D – Infrastructure for Strategic Development Locations.

- **Stafford Borough Infrastructure Strategy (Part 2) - Infrastructure Delivery Plan (July 2012)**

Identifies critical and priority items of infrastructure required to support development in the Plan together with committed or likely funding sources. There is a clearly identified funding gap which CIL could go some way towards addressing for the following broad categories of infrastructure –

- a) Critical infrastructure needed to support the delivery of the Plan for Stafford Borough.
- b) Transport infrastructure needed to deliver sites and enable accessibility that cannot be provided by other funding mechanisms.
- c) Educational infrastructure, including schools and extensions to existing schools, that cannot be provided through specific S106 agreements.

- d) Open space, sport and recreation infrastructure that cannot be provided through other funding streams.
- e) Cannock Chase Special Area of Conservation mitigation projects.

2.3 The infrastructure funding gap has been updated in April 2015 and it is now estimated to be around £60m (Stafford Borough Council Community Infrastructure Levy Infrastructure Funding Gap Update – April 2015).

### **3. Viability Evidence**

3.1 The report produced on behalf of the Council by HDH Planning & Development in March 2015, in summary, concluded –

1. Stafford Town North area and the North Stafford Strategic Site should be subject to a zero rate of CIL (for residential sites). There is no scope to introduce CIL for these areas based on other Plan for Stafford Borough policy requirements and strategic infrastructure delivery.
2. The areas that incorporate the remaining area of Stafford Town and the adjacent areas (including the West Stafford Strategic Site) and Stone and adjacent area be subject to a residential CIL rate of £40m<sup>2</sup>.
3. Across the remaining area, including the rural areas, smaller villages and smaller settlements, a residential rate of £70m<sup>2</sup> is proposed for sites of 12 or more dwellings, and a rate of £100m<sup>2</sup> is proposed for sites of 11 dwellings or fewer.
4. Older people's housing is not viable for CIL.
5. The above rates incorporates provision of affordable housing at the thresholds included in the affordable housing Policy C2 of the Plan for Stafford Borough, an average on-site S106 contribution of £2,500 per dwelling, and continuing to ensure a competitive return to the land-owner by setting rates below the limits of viability.

6. With regards non-residential rates the evidence does not support the introduction of CIL for office, employment and leisure use. In the retail sector the viability evidence does support the introduction of CIL for supermarket uses and retail warehousing, but not for town centre shops.

#### 4. Preliminary Draft Charging Rates

##### **Preliminary Draft Charging Schedule Rates – Residential (Assuming current affordable housing requirements and strategic infrastructure coming forward on SDLs)**

<b>Area</b>	<b>Charging rate per square metre (Gross Internal Floorspace)</b>
<b>Within the northern area of Stafford – including the North Stafford Strategic Development Location</b>	<b>£0</b>
<b>Within and adjacent to Stafford and Stone, but excluding the northern area of Stafford - including the West Stafford Strategic Development Location</b>	<b>£40</b>
<b>All other areas – sites of 12 or more units</b>	<b>£70</b>
<b>All other areas – sites of 11 or fewer</b>	<b>£100</b>
<b>Older People’s Housing</b>	<b>£0</b>

Note: Older People’s housing is not viable for the CIL charge. It is defined as sheltered housing and extra-care housing.

## **Draft Charging Schedule Rates – Other Uses**

<b>Development Type</b>	<b>Charging rate per square metre</b>
<b>Supermarkets (including discount supermarkets)<sup>1</sup>.</b>	<b>£100</b>
<b>Retail warehouses<sup>2</sup>.</b>	<b>£100</b>

Appendix 2 contains a map of the proposed residential rates.

### **5. Estimate of total CIL funding**

- 5.1 On the assumption that CIL is introduced during 2016 at the £40, £60, £70 and £100 per square metre rate and if an extra 1,000 new houses are built, it is anticipated that the potential receipts from residential development will be around £3 million during the local plan period.

### **6. Payment processes and exemptions**

#### **How is the charge calculated?**

- 6.1 CIL is charged in £s per square metre on the net additional floorspace of a development. Any new building or extension is only liable to pay CIL if it has 100 square metres or more of gross internal floorspace unless it involves the creation of additional dwellings in which case the minimum size limit does not apply.
- 6.2 The gross floorspace of any existing building on the site to be demolished will be deducted from the CIL charge. Floorspace subject to demolition or resulting from a change of use will only be deducted if it has been in continuous lawful use for at least six months in the three years prior to the development being permitted.

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<sup>1</sup> Supermarkets are 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. The majority of custom at supermarkets arrives by car, using the large adjacent car parks provided.

<sup>2</sup> Retail warehouses are large stores specialising in the sale of comparison goods catering for mainly car-borne customers.

## National exemptions

6.3 The following exemptions apply nationally as a result of the CIL Regulations as amended –

- Residential annexes and extensions within the curtilage of a dwelling.
- Self-build housing to be occupied as the sole or main residence of the people on whose behalf it is being built, with clawback provisions.
- Any development where the total chargeable amount is less than £50 (this is deemed to be zero rated).
- Retail mezzanine floors.
- Structures or buildings that people enter for the purpose of inspecting or maintaining fixed plant or machinery.
- Any floorspace where the headroom is less than 1.5 metres unless under a stairway.

## Availability of relief from CIL

6.4 Social housing relief is available as a right on application to the Council where a private registered provider of social housing, a registered social landlord or a local housing authority is building qualifying dwellings for rent or shared ownership. If dwellings cease to be qualifying dwellings there is a claw back process.

6.5 Exemption for charities applies where otherwise chargeable development is carried out by a charitable institution and will be used wholly or mainly for charitable purposes.

## Who pays and when are payments due?

6.6 Responsibility for payment rests with the owner(s) of the development site but the developer may assume liability instead.

6.7 The CIL Regulations set a default for full payment of CIL within 60 days of commencement of development. However the

Regulations also allow Councils to set an instalments policy to assist with cash flow. The following instalments policy is proposed.

<b>Total CIL Liability</b>	<b>Number of Instalments</b>	<b>Payment Period and Amount</b>
Amount less than £25,000	No instalments	100% payable within 60 days of commencement date
Amounts between £25,0001 and £100,000	2 instalments	1 <sup>st</sup> instalment – 25% payable within 60 days of commencement date 2 <sup>nd</sup> instalment – 75% payable within 240 days of commencement
Amounts between £100,001 and £500,000	3 instalments	1 <sup>st</sup> instalment – 25% payable within 60 days of commencement date 2 <sup>nd</sup> instalment – 25% payable within 240 days of commencement date 3 <sup>rd</sup> instalment – 50% payable within 365 days of commencement date. But the full balance is payable on completion of the development if this occurs before any of the due instalment dates.
Amounts between £500,001 and £1,000,000	4 instalments	1 <sup>st</sup> instalment – 20% payable within 60 days of commencement date 2 <sup>nd</sup> instalment – 20% payable within 240 days of commencement date 3 <sup>rd</sup> instalment – 30% payable within 365 days of commencement date 4 <sup>th</sup> instalment – 30% payable within 540 days of commencement date But the full balance is payable on completion of the development if this occurs before any of the due instalment dates
Amounts over £1,000,000	4 instalments	Negotiated on a case by case basis



### Exceptional circumstances

6.8 The Council proposes to offer a process for giving relief from CIL in exceptional circumstances where a particular development proposal cannot afford to pay. This will avoid making sites which have exceptional additional development costs unviable. Claims for relief will be considered on a case by case basis providing the following conditions are met –

- A S106 agreement relating to the permitted chargeable development must exist.
- Evidence must be submitted to the Council to show that paying the full CIL charge would make the development unviable, with an independent assessment by the District Valuer prepared for the Council.
- Relief from CIL must not constitute notifiable state aid.

### Payment in kind

6.9 There may be circumstances where it would be appropriate for the Council to receive land or items of infrastructure provided by the developer instead of monies. The CIL Regulations allow the Council to accept land transfers and / or construction of infrastructure as payment for the whole or part of the levy, subject to valuation procedures. This will be considered on a site by site basis in accordance with the Regulations.

## **7. Procedure for distribution of funds**

### Parish and Town Councils

7.1 These bodies are entitled to receive 15% of CIL funds generated from development taking place in their areas, subject to an annual cap of £100 per existing Council Tax dwelling, and can use the funds more broadly than solely on infrastructure, provided that the use would help to address the demands that development places on the area. The percentage goes up to

25% with no cap where there is an adopted Neighbourhood Plan.

### Other infrastructure providers

7.2 Staffordshire County Council is responsible for highway and education infrastructure. The Environment Agency is responsible for flood defence projects. Formal governance procedures will be established to provide for distribution of funds to these organizations and any others having projects identified on the Regulation 123 List.

## **8. Regulation 123 List**

8.1 The Regulation 123 List is the list of infrastructure projects which will be funded in full or part through CIL. The projects identified will support the delivery of the Plan for Stafford Borough as CIL can be used to provide new infrastructure, increase the capacity of existing infrastructure or repair existing infrastructure, if it is necessary to support development. The Regulation 123 list will be available at the Draft Charging Schedule stage; an example of how this might be set out can be seen in Appendix 1.

## **9. CIL, Section 106 Agreements and Section 278 Agreements**

9.1 Developers will continue to be asked to contribute towards infrastructure in different ways; through CIL, Section 106 agreements, Section 278 highway agreements and conditions attached to a planning permission. However, these different types of developer contributions serve different purposes and it is important to note that the CIL regulations prevent developers paying twice for the same piece of infrastructure (double-dipping).

9.2 As of April 2015 the types of projects which can be included within S106 agreements have been scaled back by the new CIL Regulations to those matters which are directly related to a specific site for site mitigation measures and S278

agreements will continue to be used for highways works. Neither types of agreements can be used for works included on the Regulation 123 List. Some sites may be liable for more than one type of obligation, subject to viability.

## **10. Monitoring and Review**

- 10.1 An annual report will be produced at the end of each calendar year explaining how much has been received in CIL payments, how much has been spent and on what, and how much is being carried over. The CIL charge will be reviewed periodically to ensure the rates remain appropriate for the Borough. Any proposed changes to the Stafford Borough CIL will be subject to a full consultation process.

## **11. How to submit representations**

- 11.1 The documents which you may wish to refer to in order to comment on the Preliminary Draft Charging Schedule are:

- Plan for Stafford Borough 2011 – 2031, adopted June 2014
- Stafford Borough Infrastructure Strategy – Stage 2: Infrastructure Delivery Plan, July 2012
- Infrastructure Funding Gap Update, April 2015
- Community Infrastructure Levy – Viability Evidence (HDH Planning & Development) March 2015.

- 11.2 You can view the documents at <http://staffordbc-consult.objective.co.uk/portal/>. If you wish to comment please submit your response using our e-consultation system at <http://staffordbc-consult.objective.co.uk/portal/>, or contact the Forward Planning section by e-mail or posted responses.

Representations by email – [forwardplanning@staffordbc.gov.uk](mailto:forwardplanning@staffordbc.gov.uk)

Representations by post to – Planning Policy Manager, Forward Planning, Stafford Borough Council, Civic Centre, Riverside, Stafford. ST16 3AQ.

11.3 The consultation runs for 6 weeks from Monday 1<sup>st</sup> June until **12 noon on Wednesday 15th July 2015**. Late representations will not be considered.

11.4 In submitting your responses we would welcome feedback on the following key issues:

1. Do you have any comments regarding the viability evidence prepared to support the Preliminary Draft Charging Schedule?
2. Do you have any comments regarding the Infrastructure Funding Gap evidence used to support the Preliminary Draft Charging Schedule?
3. Do you have any comments on the broad categories of infrastructure proposed to be funded by CIL (paragraph 2.2)?
4. Do you have any views on the proposed 'instalments policy' (paragraph 6.7) for the payment of CIL charges?
5. Do you have any views on the proposed 'discretionary relief policy' (paragraph 6.8)?
6. Any other comments.

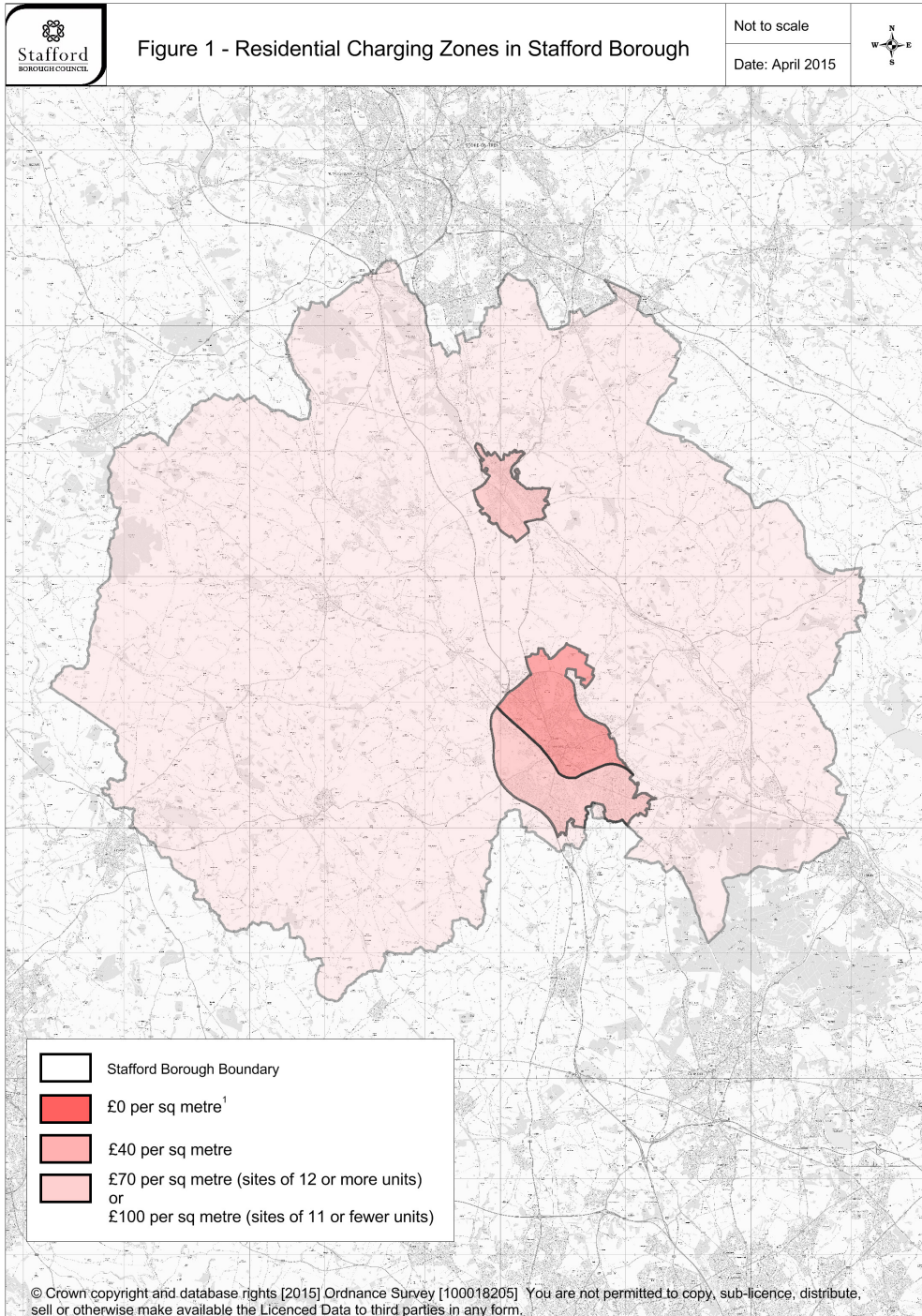
**Appendix 1 - Draft CIL Regulation 123 List 2014 (note -not in priority order)**

<b>Item</b>	<b>Town/Location</b>	<b>Description of works</b>	<b>Evidence base - reference from the Plan for Stafford Borough list of evidence documents</b>	<b>Costs</b>

**TOTAL COST OF PROJECTS**

XXXXXXXXXX

## Appendix 2 – Charging Schedule Map



<sup>1</sup> North Stafford SDL will only be subject to zero rate of CIL provided the necessary strategic infrastructure and affordable housing to support the development is agreed through the S106 mechanism