

ITEM NO 7(b)**ITEM NO 7(b)**

Report of:	Head of Planning and Regeneration
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Telephone No:	01785 619537
Ward Interest:	Nil
Report Track:	Community 23/6/15 (Only)

COMMUNITY SERVICES SCRUTINY COMMITTEE**23 JUNE 2015****Community Infrastructure Levy - Preliminary Draft Charging Schedule****1 Purpose of Report**

- 1.1 This briefing paper sets out progress on the Community Infrastructure Levy (CIL) in Stafford Borough and, in particular, the details of the CIL Preliminary Draft Charging Schedule consultation.
- 1.2 Following on from the Cabinet's approval in September 2014 to move forward with the implementation of CIL, the Forward Planning team have established the evidence base and launched the Preliminary Draft Charging Schedule for public consultation.
- 1.3 The Preliminary Draft Charging Schedule has been prepared in accordance with the Community Infrastructure Levy Regulations 2010 (as amended) in order to establish charging rates for new development across Stafford Borough to deliver infrastructure projects. Prior to formal Examination a Charging Schedule must be consulted upon through a two stage process; the first stage is the Preliminary Draft Charging Schedule followed by the Draft Charging Schedule. The following draft charging rates are currently being consulted upon through the Preliminary Draft Charging Schedule:-

Preliminary Draft Charging Schedule Rates - Residential (Assuming current affordable housing requirements and strategic infrastructure coming forward on the Strategic Development Locations)

Area	Charging rate per square metre (Gross Internal Floorspace)
Within the northern area of Stafford - including the North Stafford Strategic Development Location	£0
Within and adjacent to Stafford and Stone, but excluding the northern	£40

Area	Charging rate per square metre (Gross Internal Floorspace)
area of Stafford - including the West Stafford Strategic Development Location	
All other areas - sites of 12 or more units	£70
All other areas - sites of 11 or fewer	£100
Older People's Housing	£0

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

Preliminary Draft Charging Schedule Rates - Other Uses

Development Type	Charging rate per square metre
Supermarkets (including discount supermarkets)¹.	£100
Retail warehouses².	£100

2 Progress to Date and Current Position

What is the Community Infrastructure Levy and why is it being introduced?

- 2.1 Details of the Community Infrastructure Levy were introduced by legislation in 2010. The CIL is a charge that can be levied on planned developments to support the infrastructure needs of an area as defined by the Plan for Stafford Borough. In September 2014 Cabinet agreed to implement a new tariff to complement existing funding streams.
- 2.2 The CIL charge is being introduced because the rules on the use of Section 106 agreements have recently changed. As of April 2015 it is no longer possible to pool more than five Section 106 agreements to support a specific project for local infrastructure needs, such as a new school or leisure facility. In addition, Section 106 agreements are being scaled back to those that are directly related to the development in question.
- 2.3 The CIL regime enables funds to be pooled for infrastructure projects that will support the growth of the Borough.

¹ 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.

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

- 2.4 In terms of process, a CIL tariff is expected to be simpler to operate and will be more transparent to the development industry who will be able to calculate their costs up-front.
- 2.5 It is important to note that CIL will not replace Section 106 agreements and other funding streams for infrastructure, but is being introduced to complement them.

The CIL process

- 2.6 When introducing a CIL charge there are statutory procedures that have to be followed. In the first instance it is necessary to demonstrate that CIL is needed in the area to meet an identified infrastructure funding gap, and that a CIL charge is viable on new developments (i.e. there is enough profit margin in a development for the developer to afford to pay the charge). The Government is very clear that the introduction of CIL must not compromise development coming forward.
- 2.7 Having established the evidence base a Preliminary Draft Charging Schedule has now been produced and is being consulted upon containing the proposed CIL rates. Following consideration of responses, the Draft Charging Schedule is then consulted upon prior to submission for a public examination by a planning inspector. Following receipt of the Inspector's Report the Charging Schedule can then be adopted and implemented.

The infrastructure funding gap

- 2.8 Technical work that has been produced shows that the infrastructure costs needed to support the delivery of the Local Plan and growth agenda in the Borough are around £180 million. There are identified funding sources of approximately £120 million with a funding shortfall of around £60 million. CIL is expected to meet some, but not all, of that funding shortfall.

The viability evidence base and the proposed rates

- 2.9 A viability study has been completed which sets out which types of developments in Stafford Borough can sustain a CIL charge alongside other policy requirements. The findings suggest that residential and certain types of retail developments can support a charge. The full analysis is set out in a report produced by HDH Planning in March 2015 - Community Infrastructure Levy (CIL) Viability Study.
- 2.10 The study concludes that the rates set out in Section 3 earlier in this report are viable.
- 2.11 These rates are carried forward into the Preliminary Draft Charging Schedule and are being consulted. In compliance with Government guidance these provide an appropriate balance and do not undermine development viability. They provide sufficient 'headroom' to allow for unexpected increases in

development costs, and are also comparable to neighbouring authorities (**APPENDIX**).

The preliminary draft charging schedule

2.12 The Preliminary Draft Charging Schedule is set out in a booklet which is available on request. The Schedule contains a summary of the background material and evidence base, the draft CIL rates, and the process for payment and exemptions.

How much money will CIL generate?

2.13 Two scenarios have been examined to estimate the potential CIL income between 2016 and 2031. After adoption of the CIL regime, if an additional 1,000 dwellings are built CIL will generate around £3 million. If 2,000 dwellings are built CIL will generate around £6 million.

2.14 If this is viewed in the context of the infrastructure funding gap CIL will contribute between 5% and 10% of the current funding gap.

What will the money be spent on and how will the money be distributed?

2.15 A Regulation 123 list is currently being prepared containing the projects that CIL will be spent on. The Regulation 123 list will be consulted on as part of the Draft Charging Schedule.

2.16 The Regulation 123 list will include any additional infrastructure that is required to support the implementation of the Local Plan that cannot be funded through Section 106 agreements. Types of infrastructure likely to be included on the Regulation 123 list include:-

- Critical infrastructure needed to support the delivery of the Plan for Stafford Borough
- Transport infrastructure needed to deliver sites and enable accessibility that cannot be provided by other funding mechanisms
- Educational infrastructure, including schools and extensions to existing schools, that cannot be provided through specific S106 agreements
- Open space, sport and recreation infrastructure that cannot be provided through other funding streams
- Cannock Chase Special Area of Conservation mitigation projects

2.17 Parish and town councils will receive between 15-25% of the CIL funds generated in their area (15% if there is no adopted Neighbourhood Plan and 25% if there is an adopted Neighbourhood Plan) . Parish and Town Councils will be able to spend the money on local infrastructure priorities, including those identified in neighbourhood plans.

2.18 The Council will make decisions on which projects will receive funding from those on the Regulation 123 list, through engagement with key stakeholders. Therefore the Regulation 123 list will not be in a priority order. Further details

about the decision-making mechanism for the distribution of CIL funds on an annual basis to individual projects will be the subject of a separate document.

Relationship between CIL, Section 106 and other funding streams

2.19 It is important to note that CIL will not replace existing on-site planning obligations such as affordable housing. There will be a combination of S106 obligations, S278 Highway works obligations, CIL and other funding streams to fund infrastructure needs (e.g. Government funds). CIL is intended to 'bridge' the funding gap that cannot be met by other means to support the development of the Local Plan. There can be no 'double dipping' on funding, meaning that developers cannot pay for the same piece of infrastructure twice. In practice, this means that any item of infrastructure contained on the S123 list cannot be funded through Section 106 or Section 278 obligations.

Next steps and timetable

2.20 The Preliminary Draft Charging Schedule is currently out for consultation until 12 noon on Wednesday 15 July 2015. Following this, consultation responses will be considered by the Council and the charging schedule amended to produce the Draft Charging Schedule. The Draft Charging Schedule will then be subject to public consultation before it is submitted for independent Examination in the Autumn 2015. It is expected that CIL will be approved and implemented during 2016.

6 Implications	
6.1 Financial	The costs of producing and administering CIL can be covered through subsequent receipts.
Legal	Correct procedures must be followed at all stages if a legal challenge is to be avoided.
Human Resources	There will be staff resource implications for a number of departments in producing the CIL regime.
Human Rights Act	None identified.
Data Protection	None identified.
Risk Management	Absence of a CIL regime will impact negatively on our ability to ensure that infrastructure is in place to service growth in the Borough.
6.2 Equality and Diversity	<p>The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-</p> <p>Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.</p>

Stafford Borough Council
Community Infrastructure Levy
Infrastructure Funding Gap Update
April 2015

Infrastructure requirement	Capital cost (£)*	Identified funding (£)**	Identified funding source	CIL funding gap
Western Access Route Sec A and B	35,000,000	26,000,000	Grant/SCC	9,000,000
Non-SDL Highway Capacity Improvements	5,000,000	0	CIL	5,000,000
Non-SDL Sustainable Transport Infrastructure	4,000,000	0	CIL	4,000,000
Non-SDL Flood Defences	TBC	TBC	TBC	TBC
Non-SDL Green Infrastructure	20,887,350	0	CIL	20,887,350
Non-SDL Education	19,380,000	0	CIL	19,380,000
Primary Health Care	TBC	TBC	TBC	TBC
On-site Electricity Infrastructure	TBC	TBC	TBC	TBC
On-site Gas Infrastructure	TBC	TBC	TBC	TBC
On-site Water Infrastructure	TBC	TBC	TBC	TBC
On-site Sewerage Infrastructure	TBC	TBC	TBC	TBC
On-site Broadband Infrastructure	TBC	TBC	TBC	TBC
Stafford Town North Transport	20,000,000	20,000,000	Grant/SCC/S106	0
Stafford Town North Nature Conservation and Biodiversity	Included above	Included above	CIL	0
Stafford Town North Electricity	9,000,000	9,000,000	S106	0
Stafford Town North Gas	0	0		0
Stafford Town North Potable Water	0	0		0
Stafford Town North Sewage (all SDLs)	5,200,000	5,200,000	S106	0
Stafford Town North Flood Prevention	2,000,000	500,000	DEFRA Grant	1,500,000
Stafford Town North Education	22,000,000	22,000,000	S106	0
Stafford Town North Primary Health Care	1,500,000	1,500,000	Primary Care Trust/GP Consortium/Staffordshire County Council	0
Stafford Town North Telecommunications	TBC	TBC	TBC	TBC
Stafford Town North Open Space	750,000	750,000	S106	0
Stafford Town West Transport - Western Access Section C	5,000,000	5,000,000	S106	0
Stafford Town West Nature Conservation and Biodiversity	Included above	Included above	CIL	0
Stafford Town West Gas	0	0		0
Stafford Town West Potable Water	150,000	150,000	S106	0
Stafford Town West Sewerage	Included above	Included above	S106	0
Stafford Town West Flood	0	0		0
Stafford Town West Education	14,200,000	14,200,000	S106	0
Stafford Town West Healthcare	1,000,000	1,000,000	GP Consortia	0
Stafford Town West Telecommunications	0	0		0
Stafford Town West Open Space	750,000	750,000	S106	0
Stafford Town East - Total requirements***	7,600,000	7,600,000	S106	0
Stone Town West and South - Total requirements****	5,100,000	5,100,000	S106	0
TOTAL	178,517,350	118,750,000		59,767,350

*Estimated capital cost where known

**Identified funding including that expected to come forward through S106 agreements

***Figures taken from the S106 agreement

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On-site Gas Infrastructure	TBC	TBC	TBC	TBC
On-site Water Infrastructure	TBC	TBC	TBC	TBC
On-site Sewerage Infrastructure	TBC	TBC	TBC	TBC
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