

Worthing Borough Council

Community Infrastructure Levy Draft Charging Schedule

March 2014

DRAFT FOR CONSULTATION

6th March – 17th April 2014



Consultation Overview

This consultation on the Draft Charging Schedule is a key stage in preparing a CIL Charging Schedule. Following the consultation period, the Draft Charging Schedule, together with the representations received, will be submitted to the Secretary of State prior to an Examination being held.

Comments on the Draft Charging Schedule should be addressed to:

CIL Draft Charging Schedule
Planning Policy
Worthing Borough Council,
Portland House,
44 Richmond Road,
Worthing,
BN11 1HS

Or by emailing: planningpolicy@worthing.gov.uk

For any queries, please call 01273 263009

The Council has approved this document for consultation. It is published for a six week consultation period starting on Thursday 6th March until Thursday 17th April. A Draft Developer Contributions Supplementary Planning Document (which includes more detail on CIL) is also published for consultation alongside this document.

Representations on the Draft Charging Schedule will be made available to the person appointed to examine the soundness of the document during an independent examination. **Persons making representations may request the right to be heard by the examiner. Requests must be made in writing before the end of the consultation period.**

Please note that comments received cannot be treated as confidential as all comments must be publicly available in accordance with government regulations. Please be aware that Worthing Borough Council and Adur District Council work in partnership and information may be shared across the two organisations.

Next Steps (indicative timetable)

- | | |
|---------------------------------------------|-------------|
| ➤ Draft Charging Schedule consultation ends | April 2014 |
| ➤ Submission of Draft Charging Schedule | June 2014 |
| ➤ Examination of Draft Charging Schedule | Summer 2014 |
| ➤ Adoption of Draft Charging Schedule | Autumn 2014 |
| ➤ Implementation of CIL | Early 2015 |

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Executive Summary Table

Charging Authority	Worthing Borough Council
Evidence Base	<p>The development of the Draft Charging Schedule has been informed by a number of documents (viewed using the link below) including:</p> <p><u>Viability Assessment (NCS) - December 2012 and October 2013</u> Contains a series of appraisals that have been undertaken to test the viability of different types of development.</p> <p><u>Land Value Appraisal Report (HEB Surveyors) – August 2012 & Nov 2013</u> Identifies typical land values for geographical locations within the Borough as well as sales values. It also identifies potential charging zones.</p> <p><u>Construction Cost Study (Gleeds) - May 2012</u> Provides an estimate of construction costs over a range of development categories, to support the CIL Viability Appraisal.</p> <p><u>Infrastructure Funding Gap Review (WYG) – May 2013</u> Reviews background evidence documents and identifies infrastructure schemes that are potentially eligible for CIL funding.</p>
Previous consultation stage	<p>The Council's Preliminary Draft Charging Schedule was published for consultation in January 2013. Comments received and officer's responses to these are available to view using the link below. Consultation was undertaken in accordance with CIL Regulation 15.</p>
Proposed Rates (£m²) at which CIL is to be Chargeable	<p>CIL will be charged in pounds sterling (£) per square metre at differential rates according to the type of development:</p> <p>Residential - £100 m² (Use class C3) Retail - £150 m² (Use Class A1-A5)</p> <p>All other uses will be 'zero rated'.</p>
Charging Zones	<p>The charging area to which CIL will be applied covers all areas of the Borough apart from land that is designated as being within the South Downs National Park – as identified on Appendix 1 of this Schedule.</p>
How will the Charge be Calculated?	<p>The Borough Council will calculate the amount of CIL chargeable to a qualifying development utilising the formula set out the CIL Regulations. Prior to implementation of CIL the Council will publish a 'CIL Process Guide'.</p>
Further Information	<p>Further information relating to CIL and copies of the evidence base are available to view at Portland House and on the Council's website:</p> <p><u>http://www.adur-worthing.gov.uk/planning-policy/infrastructure/#worthing-cil</u></p> <p>Alternatively please contact: Ian Moody 01273 263009 <u>ian.moody@adur-worthing.gov.uk</u></p>

Introduction

This consultation document sets out the Council's approach to setting a Community Infrastructure Levy (CIL) charge and the levy rates proposed. The publication of this document for consultation represents a key stage in the progression of CIL towards adoption. Following the consultation period, the Draft Charging Schedule, together with the representations received, will be submitted to the Secretary of State prior to an Examination being held.

The Draft Charging Schedule has been prepared in accordance with Part 11 of the Planning Act 2008 (as amended) and CIL Regulations 2010 (as amended).

What is CIL?

CIL is a new tariff which will allow funds to be raised from new building projects in Worthing. The money raised must be used to help fund a wide range of infrastructure to support development across the Council's area. CIL is intended to supplement rather than replace other funding streams. The levy is a fixed, non-negotiable charge relative to the size and type of the chargeable development (although there are some exemptions available which are discussed below). As such, it is expected that the levy will give developers more certainty over costs and give councils and communities greater choice and flexibility in how infrastructure is funded.

In order to charge a levy the Borough Council, as Charging Authority, must set the rates and any other criteria in a Charging Schedule. When setting the rates, the Council must show that there is an appropriate balance between the desirability of funding the total cost of infrastructure required to support development and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development. In striking what appears to be an appropriate balance, the Charging Schedule should be informed by clear evidence.

When adopted, CIL will be the principle mechanism for collecting infrastructure contributions from new development in the Borough. Despite this, there will still be a role to play for Planning Obligations (S106 agreements / unilateral undertakings) for affordable housing and for the provision of site specific infrastructure necessary for the development to take place.

The Council's Draft Developer Contributions Supplementary Planning Document (SPD), which is published for consultation alongside this document, sets out further information on CIL and provides a clear understanding of how the Council proposes to manage infrastructure contributions in the future (including the relationship between CIL and Planning Obligations). Prior to the implementation of CIL the Council will also publish a 'CIL Process Guide' that will clarify how and when CIL will be calculated, collected and spent.

Charging Area

The charging area covers all of Worthing Borough with the exception of areas of the South Downs National Park located to the north of the town (See Appendix 1 for Map). The National Park Authority is a local planning authority in its own right. Although the level of development within the National Park land that lies within Worthing is likely to be extremely low it should be noted that the Park Authority will be the charging authority for CIL in these areas once it has a Levy in place. Until the National Park CIL is in place, the Borough Council will continue to collect any appropriate Section 106 contributions from development in the National Park under the delegation agreement.

How the proposed CIL rates have been calculated

Evidence has been prepared and published to enable the Council to propose a levy rate that strikes the 'appropriate balance' referred to above. A key part of this evidence base is the Viability Assessment which incorporates: an infrastructure evidence review; a valuation survey; and a cost survey.

This evidence informed the Preliminary Draft Charging Schedule (PDGS) that was published for consultation in early 2013. Further testing has since been undertaken following consideration of the comments received on the PDGS and in response to revisions that have been made to the underlying legislation. Copies of the evidence base, including an updated Viability Assessment are available to view at the Council offices and on the Council's website:

<http://www.adur-worthing.gov.uk/planning-policy/infrastructure/#worthing-cil>

Justification for Introducing CIL

CIL cannot be expected to pay for all of the infrastructure required, but can be expected to make a significant contribution towards meeting the funding gap. The Council considers there is justification for charging CIL as there is a significant infrastructure funding gap (approximately £83m) as evidenced through the Infrastructure Funding Gap Review. The funds raised (currently estimated to be approximately £16.9m over the Plan period) will be used to reduce the gap between the cost of providing the required infrastructure and the amount of money available from other sources.

The Levy Rates Proposed

The rates proposed have been informed by evidence and, in line with regulations, they are considered to strike the most appropriate balance between the desirability of funding infrastructure in the area and the potential effects on the economic viability of development in the Borough.

The residential viability testing illustrated that, in general terms, most forms of residential development in all locations in Worthing are viable and can accommodate CIL charges. A single charge of £100m² for residential development is being proposed across the Borough.

The differential between food supermarket and general retail viability is not considered significant and therefore a single CIL rate of £150m² is recommended for all forms of retail development across the Borough.

The evidence indicates that the potential for office, industrial and warehousing schemes to be viably delivered will be limited in current market conditions. Therefore, no charge is proposed for such developments. All other uses such as education, leisure and institutional use will also be zero rated.

Use	Proposed Levy (£/m ²)
Residential (C3)	£100 m²
Retail (A1-A5)	£150 m²

The Council will calculate the ‘chargeable amount’ using the rates set out above multiplied by the gross internal area of the new building(s), taking demolished floorspace into account. The Council will use the HMRC Valuation Office Agency’s definition of gross internal floorspace and the rates will be indexed linked to the ‘All-in Tender Price Index’ published by RICS.

Scope of CIL

The following development types will be liable for CIL:

- Development comprising 100 m² or more of new build floorspace;
- Development of less than 100 m² of new build floorspace that results in the creation of one or more dwellings;
- The conversion of a building that is no longer in lawful use.

Exemptions from CIL

CIL regulations prescribe development that is not chargeable by CIL, and exemptions and relief from paying a CIL charge for the following:

- Changes of use that do not increase floorspace
- Development by charitable institutions on land owned by that charity where the development is to be used for the charitable purpose, subject to prescribed criteria.
- Social (affordable) housing relief
- Development of buildings and structures into which people do not normally go or only go intermittently for the purpose of inspecting or maintaining plant and machinery
- New build development of less than 100m² of gross internal floorspace, provided that it does not result in the creation of one or more dwellings.
- Self-build housing and residential extensions and annexes.

Where planning permission is granted for a new development that involves the extension or demolition of a building in lawful use, the level of CIL payable will be

calculated based on the net increase in floorspace. This means that, when calculating CIL liability, the existing floorspace of the building to be extended or demolished will be deducted from the total floorspace of the new development.

Discretionary Matters

To provide greater flexibility the Council proposes to permit the discretionary payment of CIL by instalments. The Draft Instalment Policy (Appendix 2) sets out the Council's proposals to enable interested parties to consider its implication on development finance and delivery. Whilst comments are invited alongside the Draft Charging Schedule, it should be noted that the Draft Instalments Policy will not itself be subject to Public Examination. However, the Council will consider responses in finalising the policy.

The Council proposes to, at its discretion, allow land payment or infrastructure delivery (on or off-site) 'in-kind' in satisfaction of the whole or part of the CIL due in respect of a chargeable development. The value of land acquired or infrastructure delivered will be determined by the District Valuer (at the cost of the developer) whilst the cost of any 'in-kind' infrastructure will be agreed between the charging authority and the developer.

The Council proposes to allow discretionary relief for charitable investment activities (subject to the requirements of Regs 44-48 of CIL Regulations 2010). Discretionary relief from CIL can also now be offered for low-cost open market housing (less than 80% value in line with amendment Regulation 49a 2010).

At this stage Worthing Borough Council does not intend to adopt an Exceptional Circumstances policy. However, it should be noted that discretionary relief in exceptional circumstances can be activated and deactivated at any time and where this occurs notification will be provided on the Council's website.

In line with CIL Regulations the Council proposes that it will apply up to 5% of CIL funds to 'administrative expenses' in connection with CIL.

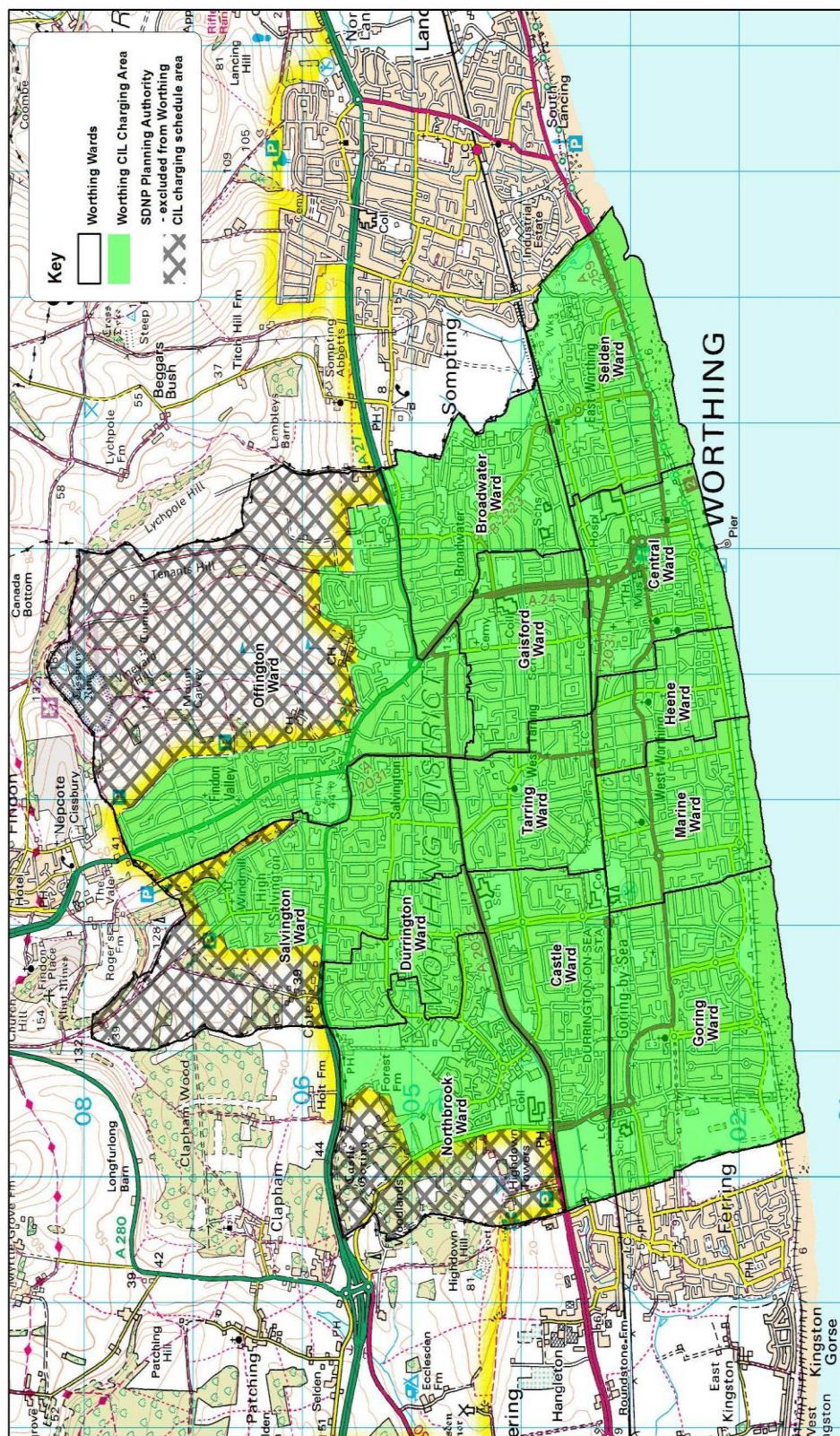
First Draft Regulation 123 List

Regulation 123 of the CIL Regulations restrict the use of Planning Obligations for infrastructure that will be funded in whole, or in part, by CIL. To ensure there is no duplication between CIL and Planning Obligations in funding the same infrastructure the projects included on the Regulation 123 list cannot also be secured through Planning Obligations.

A CIL charging authority is expected to prepare a draft Regulation 123 list for the Examination of the CIL Charging Schedule and to then publish the final Regulation 123 list on its website after a CIL Charing Schedule is approved. For early consideration, an initial draft list of those infrastructure projects that the Council intends may be wholly, or partly, funded by CIL is set out in Appendix 3.

Appendix 1

Charging Area



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Appendix 2 **Draft Instalment Policy**

It is considered reasonable that payment instalments are scheduled in proportion to the scale of development that is proposed. Therefore, in accordance with Regulation 69B of the CIL Amendment Regulations, Worthing Borough Council will apply the following Instalment Policy to all development on which CIL is liable. The Instalment Policy will come into effect on (insert date when known) and will be linked to the amount payable as recorded on the demand notice.

Sum	Payment period (% of CIL charge)
Up to £50,000	Full payment within 60 days of commencement
£50,001 - £250,000	50% within 60 days of commencement 50% within 180 days of commencement
£250,001 - £500,000	25% within 60 days of commencement 25% within 180 days of commencement 25% within 270 days of commencement 25% within 360 days of commencement
£500,001 and over	25% within 60 days of commencement 25% within 180 days of commencement 25% within 360 days of commencement 25% within 540 days of commencement

It should be noted that, in line with the CIL Regulations 2010 (as amended) there will be occasions when the amount of CIL payment in respect of a chargeable development is due in full on the date of commencement. See Regulation 71 for further details.

Appendix 3

First Draft Regulation 123 List

Regulation 123 of the CIL Regulations 2010 (as amended) is the requirement for a published list of infrastructure projects or types of infrastructure that the Council (as Charging Authority) intends will be, or may be, wholly or partly funded by CIL. As a result, the Council cannot spend Planning Obligations on items within the Regulation 123 list.

There is no requirement for the Council to publish the draft Regulation 123 list at this stage. However, the Council considers it beneficial to publish an early draft now so that any comments received during the consultation can help to inform the later drafting of the list prior to Examination and then implementation. This, alongside the draft Planning Contributions SPD (also published for consultation alongside this document), helps to clarify the Council's intended future approach for managing developer contributions. The table below has been informed by infrastructure planning work and the Infrastructure Funding Gap Review.

It is important to note that inclusion in this draft list **does not** signify a commitment from the Council to include any individual project in the final list or fund the entirety of any one project through CIL. In addition, the order of projects in the table **does not** imply any preference for spend.

Infrastructure types and examples of projects that may be wholly, or partly, funded by CIL (Provision, improvement, replacement, operation or maintenance of)	Exclusions (to be secured through Planning Obligations - S106 / S278 Agreements)
	Affordable Housing
State education facilities - additional school places - potentially helping to fund 'Age of transfer' changes	N/A
Flood risk management measures and beach management	Site related flood defence infrastructure, such as the installation of SUDS.
Environmental improvements - Teville Stream Restoration Project	N/A
Transport Improvements - to include consideration of the priorities identified by the CLC and the Community Issues list. - Traffic management schemes - Local and strategic transport improvements - Cycle network improvements - Public transport improvements	On or off site transport and junction infrastructure required specifically to serve a new development
Healthcare facilities	N/A
Community facilities	N/A
Public open space, public leisure and sports facilities	On site open space, play areas or leisure provision required specifically to serve a new development.