

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Corporate Director for Place

to
Cabinet
on
1st July 2014

Report prepared by:
Amanda Rogers (Section 106 Officer, Planning)

Community Infrastructure Levy

Place Scrutiny Committee – Executive Councillor: Councillor Assenheim

1. Purpose of Report

- 1.1 To provide Members with an update on the Community Infrastructure Levy (CIL) and outline the documents for the CIL consultation along with a programme for adoption of a CIL Charging Schedule in 2015.
- 1.2 As Pre-Cabinet Scrutiny, this report is to be considered by LDF Working Party on 25th June 2014 and an update will subsequently be provided to Cabinet in relation to this scrutiny.
- 1.3 A CIL Quick Reference Guide is included in Appendix 7 as an executive summary of this report.

2. Recommendation

- 2.1 That Members agree the following:
 - 2.1.1 **That in accordance with the CIL Regulations 2010 (as amended), planning obligations under Section 106 (S.106) of the Town and Country Planning Act will continue after April 2015 to secure affordable housing and site specific mitigation measures; and**
 - 2.1.2 **To proceed to consultation on the basis of the proposal to have a nominal £10/sqm rate for “All other uses” and three Residential Charging Zones (£20, £30, £60/sqm) as outlined in paragraphs 3.14, 3.15 and 4.1, and amend the Preliminary Draft Charging Schedule (PDCS) accordingly; and**

- 2.1.3 To proceed to consultation on the basis of the documents appended to this report for the CIL consultation (subject to the amendment outlined above); and**
- 2.1.4 To proceed on the basis of the programme for the CIL consultation (as outlined in Appendix 1) in order to implement a Charging Schedule in 2015; and**
- 2.1.5 To authorise the Corporate Director for Place, in consultation with the Portfolio Holder for Regulatory Services, to make minor amendments to the CIL consultation documents in response to any recommendations made by the Planning Advisory Service; and**
- 2.1.6 To authorise the Corporate Director for Place, in consultation with the Portfolio Holder for Regulatory Services, to proceed to Draft Charging Schedule (DCS) and submission stage if no material modifications are required following the 6 week consultation for the Preliminary Draft Charging Schedule (PDCS).**

3. Background

Progress to date

3.1 On 18th July 2013 Council agreed the following:

- To proceed with investigations into the viability of taking a Southend Borough CIL forward as a means by which the Council secure payments from new development to contribute to funding infrastructure within the Borough, and in consultation with other Essex authorities.
- To authorise the Corporate Director for Place and Head of Planning and Transport to proceed with preparation of the following relevant documentation:- Infrastructure Delivery Plan (IDP), CIL Charging Schedule, Draft Regulation 123 List (list of infrastructure projects to be funded by CIL) and revised Supplementary Planning Document: Planning Obligations (SPD2).

3.2 Pursuant to this resolution, the following documents have now been completed in preparation for the first stage of the CIL consultation (6 week consultation):

- Preliminary Draft Charging Schedule (PDCS)
- Infrastructure Delivery Plan (IDP) (*prepared by Navigus Planning Ltd in conjunction with SBC*)
- Viability Study (*prepared by BNP Paribas in conjunction with SBC*)
- Supplementary Planning Document 2 (SPD2) Refresh (Planning Obligations)

Next Steps

- 3.3 The next step is to seek Member agreement to proceeding to a 6 week public consultation in relation to the above documents.
- 3.4 CIL does not replace S.106 planning obligations; it is an additional provision to seek funding for infrastructure that supports the cumulative impact of development. However, as of April 2015 (in accordance with the CIL Regulations 2010 (as amended)) the mechanism to secure pooled contributions is significantly reduced and planning obligations will only continue to secure affordable housing and site specific mitigation measures (e.g. highway access arrangements) providing the S.106 meets the following three statutory tests:
- **necessary** to make the development acceptable in planning terms
 - **directly related** to the development
 - **fairly and reasonably related in kind and scale** to the development

The CIL Regulations state that local authorities can only pool up to six planning obligations (e.g. education and public transport contributions) from April 2015 or until CIL is in place (N.B. this provision is retrospective in that it applies to all agreements completed since April 2010). Therefore, contributions will generally no longer be sought in instances where funds would be used in an aggregate manner in order to address cumulative impacts arising from a number of developments (e.g. pooled education or public transport funding) as contributions towards this infrastructure will be through CIL.

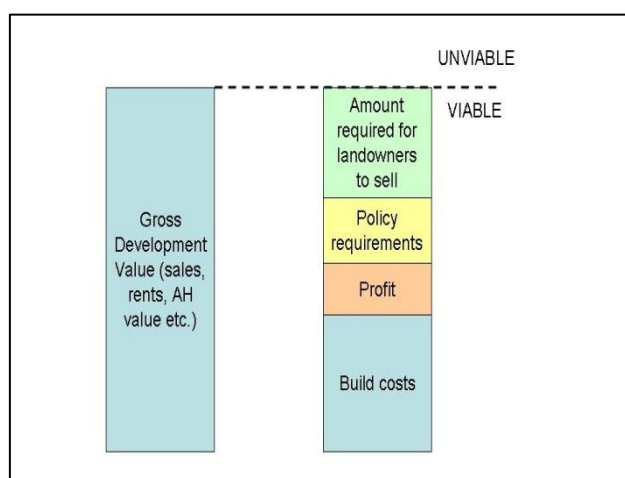
- 3.5 As the pooling of financial contributions from planning obligations becomes limited from April 2015 the CIL project has been moved forward as quickly as possible with a view to having a Charging Schedule in place as close as possible to the April 2015 deadline.
- 3.6 There are ways to mitigate the impact of any potential delay to adoption of CIL after April 2015. Firstly, the continuation of S.106 planning obligations as outlined in paragraph 3.4 will ensure that site specific infrastructure requirements are met. Secondly, careful monitoring by the Council's Section 106 Officer will ensure that the Council makes the best use of the ability to pool contributions from up to six planning obligations (also outlined in paragraph 3.4) for larger schemes.
- 3.7 Included in Appendix 1 is a provisional programme for the CIL consultation (including the key stages between now and adoption) in order to implement a Charging Schedule as early as possible in 2015.

Key Points

- 3.8 **Consultation documents:** The IDP and the Viability Study form part of the evidence base for CIL. They will be part of the publicly available documents

that inform the consultation. However, views are predominantly being sought on the PDCS and this is the only document that is actually being consulted on (aside from revised SPD2, which has been amended to reflect changes that would result from CIL).

- 3.9 **Viability:** In accordance with the CIL Regulations, the setting of CIL rates can only be based on viability i.e. the proposed charges must not put at risk the delivery of development within the Borough (including the provision of affordable housing) and the rates cannot be set to achieve a policy objective (e.g. to encourage a particular type of development in a specific area). The following illustration shows the key elements of development finance that affect a scheme's viability:



And the “Viability Testing Local Plans” published by The Local Housing Delivery Group (chaired by Sir John Harman) June 2012 states the following in respect of viability:

“An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.”

- 3.10 The Viability Study (included in Appendix 4) has been carried out by one of the leading experts on CIL viability and the inputs into the study have been based on local sales values and commercial yields. The study shows that a residential rate of £20/40 per sqm (dependant on location and associated sales values), an Extra Care and retirement housing rate of £20/sqm, a large retail rate of £70/sqm and a nominal £10/sqm rate for all other uses (excluding community facilities that are predominantly publicly funded or run on a ‘not for profit’ basis – as defined in the PDCS Table 9 – for which it is proposed to have a zero rate) could be supported by development without having a

detrimental effect upon the delivery of the Local Plan (i.e. by having a detrimental impact on the viability of development).

- 3.11 **Level of proposed CIL rates:** The CIL Regulations are clear that a CIL should not put at serious risk the overall development of an area, and that there would need to be an appropriate balance between using CIL to help fund infrastructure and the economic effects (taken as a whole) on development across the borough (referred to in the PDCS as the ‘balance test’). It is considered that the modest rates proposed strike the appropriate balance.
- 3.12 It is important to note that CIL is not the answer to the deficit in infrastructure funding but will make an important contribution. The proposed rates are considered to be fair and reflect land values in the Borough as outlined in the Viability Study. If rates are set higher, in the interests of generating more income to fund infrastructure this could put at risk development in the Borough, in which case it would threaten the delivery of the Local Plan and growth. If rates are set modestly the Council is more likely to get a Charging Schedule in place quickly as there should be minimum resistance from the development industry. The Council can then start securing some CIL income and then review the Charging Schedule as seen to be appropriate.
- 3.13 For residential schemes, the application of CIL is unlikely to be an overriding factor in determining whether or not a scheme is viable. When considered in the context of total scheme value, CIL will be a modest amount, typically accounting for between 0.9% and 1.6% of gross development value¹ (GDV). For commercial schemes, the suggested nominal charge of £10 per square metre is a marginal factor in a scheme’s viability i.e. less than 1% of GDV in terms of the uses tested. In addition, it is considered that the suggested £70 per square metre rate, at 66% of the maximum viable rate and 2.54% of GDV for large supermarkets, superstores and retail warehousing meets the balance test as outlined in paragraph 3.10.
- 3.14 **Why charge a nominal rate, rather than a ‘nil’ rate, for commercial uses:** Some may consider that if a use is deemed to be unviable then additional charges should not be imposed; however, the recommendation of the viability consultant is that a nominal rate will have a negligible impact on development but will help provide some infrastructure income should such developments come forward. This approach is not uncommon and is officers’ recommended approach.
- 3.15 **Number of Residential Zones:** The CIL Guidance (Feb 2014) state “A charging authority that plans to set differential rates should seek to avoid undue complexity.” On this basis, and on the advice of the Viability Study, only two residential charging zones have been drafted in the PDCS appended to this report to divide the Borough between those areas where residential schemes generally have been found to be more viable than elsewhere.

¹ Gross Development Value (GDV) is defined as the total current market value of the completed scheme.

However, the proposed charging zones in areas of the Borough with the highest land values are arguably modest. Therefore, it is proposed to proceed to consultation on the basis of three charging zones as outlined in paragraph 4.1.

3.16 What are our neighbours charging? The proposed rates compare to other authorities in Essex as follows:

- Thurrock – Residential £0/£38 in two zones; Commercial £0/£25/£150 in two zones
- Rochford – no published CIL documents to date
(N.B. Very limited brownfield development opportunities so unless developing on Green Belt developers unlikely to be pushed from Southend to Rochford as a result of CIL)
- Castle Point – Residential £30/£120 in two zones; Retail £40/£60/£140 in three zones
- Colchester – Residential £120; Retail £90 comparison, £240 convenience
- Chelmsford – Residential £125; Retail £150 convenience, £87 other retail

3.17 Discretionary social housing/charity/exceptional circumstances relief: It is not proposed to have policies of this nature at this stage, although they can be introduced at a later date (subject to appropriate public consultation) if considered to be necessary. A number of charging authorities have taken a similar approach and consider that the mandatory exemptions outlined in paragraph 4.6 of the PDCS are sufficient (including social housing, self-builders, development creating less than 100sqm new floorspace, residential annexes and extensions). Discretionary relief will only add uncertainty for developers in relation to infrastructure contributions, and discussions in relation to viability will prove both time-consuming and costly to developers and the Council. One of the aims of CIL is to provide clarity in respect of developer contributions, not impose unmanageable complexity in CIL charging, and to test viability on a range of site typologies at the outset to streamline decision making and meet the Government's aim for a simplified and quicker planning process.

3.18 It is noted that exceptional costs can be an issue for development viability on previously developed land. Exceptional costs relate to works that are 'atypical', such as remediation of sites in former industrial use and that are over and above standard build costs. However, for the purposes of the Viability Study, it is not possible to provide a reliable estimate of what exceptional costs would be, in the absence of detailed site investigation. The analysis in the study therefore excludes exceptional costs, as to apply a blanket allowance would generate misleading results. An 'average' level of allowance for certain costs (e.g. piling on sites with abnormal ground conditions) is already reflected in BCIS data, as such costs are frequently encountered on sites that form the basis of the BCIS data sample. In addition, the appraisals include a contingency which will mitigate the impact of exceptional costs. It is expected however, that when purchasing previously developed sites developers will have undertaken reasonable levels of due

diligence and would therefore have reflected obvious remediation costs/suitable contingencies into their purchase price.

- 3.19 Whilst it may appear unnecessarily bureaucratic to require CIL on any development by the Council (i.e. to take funds out of one account to put into another to spend on infrastructure), the CIL legislation does not allow for any distinction in CIL charging to be made between development by the local authority and private developers. The levy is chargeable on new development whether this is by the Council or others. However, the option to accept payments in kind for infrastructure (see paragraph 4.5 of the PDCS), subject to independent valuation of the infrastructure, could offset the CIL liability if infrastructure is to be provided as part of the development thus not requiring any transfer of funds.
- 3.20 **Instalment Policy:** Consistent with a number of other charging authorities it is proposed to have an Instalment Policy as it is considered reasonable to allow for phased payments, particularly when the CIL liability is substantial. It is anticipated that the development industry will wish to discuss when payments are due during the consultation so that the policy accurately reflects development cash flows.
- 3.21 **Infrastructure funding:** CIL Guidance requires local authorities to determine the size of its infrastructure funding gap, and, in doing so, should consider known and expected infrastructure costs and other possible sources of funding to meet those costs. This process is to help the charging authority identify a levy funding target and justifies the introduction of CIL to provide an additional funding source.
- 3.22 The IDP shows that there is a funding gap for 2015-21 of approximately £103.4million (based on known and expected costs and sources of funding as at the date of the IDP). Such a substantial funding gap is not unusual among local authorities; for example, Thurrock identified an infrastructure funding gap of £446.14m (as at 31st March 2013) and Chelmsford identified an infrastructure funding gap of £113m (“Updated Infrastructure Planning and Funding Gap Assessment, February 2013”, Chelmsford City Council).
- 3.23 The funding gap is based on known sources at this point in time so does not mean that in the Local Plan period up to 2021 other sources of funding will not come forward. Once all outstanding planning permissions subject to Section 106 agreements have been implemented (as CIL is not retrospective and only applies to permissions granted post-implementation) and those with a CIL liability start to be implemented, CIL could potentially make a contribution of £428,760 per year (£35,730/month) towards infrastructure funding.
- 3.24 **Regulation 123 Infrastructure List:** CIL Regulation 123 requires that the Council publish a list of infrastructure projects or types of infrastructure that the Charging Authority intends will be, or may be, wholly or partly funded by CIL. The Council cannot collect S.106 or S.278 (Highways Act) contributions to spend on items within the Regulation 123 Infrastructure List. The list will be

based upon the findings of the IDP, which identifies the infrastructure that is considered to be required to support growth in the Borough. A draft list has to be produced for the CIL Public Examination. The list that is published on adoption of CIL must be broadly based on the examination draft although the list can be revised at any time to reflect changing Corporate priorities subject to a 6 week public consultation period prior to implementation.

3.25 The Regulation 123 Infrastructure List as currently drafted in the PDCS is based on the categories of infrastructure as outlined in the IDP, and for the purposes of the first stage of the public consultation is considered adequate. However, over the next few months Council officers and Members will need to agree a more specific list of projects selected from the IDP identifying those which are considered to be corporate priorities. SPD2 is also likely to need some further minor amendments as a consequence in the interests of providing clarity to developers. An inspector at CIL Examination is unlikely to look favourably on a generalised list as it would not provide the required clarity to developers about what will continue to be sought through S.106 (for site specific infrastructure mitigating the impact of a development) and what will be covered by CIL i.e. the overall financial burden that developments will be expected to bear so that viability can be robustly assessed.

3.26 **Payment in kind (PIK):** As mentioned above, land and/or infrastructure may be accepted from a developer, instead of money, to satisfy a charge arising from the levy providing the item offered is included in the Regulation 123 Infrastructure List.

3.27 **Neighbourhood allocation:** The localism principles as set out in the Localism Act 2011 require that CIL receipts should benefit the local areas that are impacted by development. Under the CIL Regulations there is a requirement for local authorities to allocate a meaningful proportion (15-25%) of levy revenues raised in each neighbourhood back to that neighbourhood as follows:

Parish council ✓ Neighbourhood Plan ✓ = 25% uncapped, paid to Parish	Parish council ✓ Neighbourhood Plan X = 15% capped at £100 / dwelling, paid to Parish
Parish council X Neighbourhood Plan ✓ = 25% uncapped, local authority consults with community	Parish council X Neighbourhood Plan X = 15% capped at £100 / dwelling, local authority consults with community

There are currently no Neighbourhood Plans in place in the Borough and therefore Leigh Town Council, as a Parished area without a Neighbourhood Plan, will be given 15% of receipts from their area to spend on local projects. And in other Non-Parished areas SBC will hold 15% of receipts from their area for allocation to local neighbourhood infrastructure projects. As it is a

mandatory requirement for a percentage of CIL to be spent on smaller scale local projects Regulation 123 Infrastructure Lists can be focussed on large more strategic infrastructure without smaller schemes being excluded from the benefits of CIL funding.

- 3.28 The Council will need to report annually on CIL receipts and expenditure along with a summary of how CIL has been applied to infrastructure investment. The CIL receipts that would be received in any one financial year may be from developments by a private developer and/or the local authority. The CIL receipts and expenditure will be accounted for in the Council's accounts in line with the required CIPFA accounting practise whilst recognising that some of the receipts could be from local authority developments and that appropriate arrangements for this element of the potential receipts will need to be accounted for accordingly. A proposal in relation to CIL governance arrangements (including spending priorities and CIL implementation) will be presented separately and as soon as possible to Members.

4. Other Options

- 4.1 Providing any proposals are consistent with the findings of the Viability Study, there are alternatives in terms of the Charging Schedule including the following variations, should Members consider them appropriate:
- i) Zero rate for 'All other uses' rather than a nominal £10/sqm rate
 - ii) More residential charging zones instead of the suggested two zone approach, based on the findings of the Viability Study as shown in the table below (also found on page 61 of the Viability Study)

In considering whether more than two charging zones is appropriate the consequential difficulties in relation to the need to provide additional evidence at the CIL examination to show exactly where and why the area boundaries lie, should be taken into account. However, introducing a higher value charging zone could result in increased CIL income should there be development resulting in an increase in residential floorspace in this area.

Maximum and suggested CIL rates – residential

Market Areas	Maximum CIL indicated by appraisals (£s per sqm)	CIL after 30% viability buffer (£s per sqm)	Suggested three Zone Approach to CIL (£ per sq m)	Suggested two Zone Approach to CIL (£ per sq m)
1 - North central area, Airport, Westborough, Victoria and Prittlewell	N/A	Nominal rate of around £20	£10	£20
2 - Southchurch	N/A	Nominal rate of around £20	£10	£20
3 - Mid central area	N/A	Nominal rate of around £20	£10	£20
4 - Shoeburyness	£30	£21	£20	£20
5 - Eastwood, Belfairs and Blenheim	£30	£21	£20	£20
6 - South central area (below railway)	£50	£35	£40	£40
7 -Thorpe Bay	£80	£56	£40	£40
8 - Leigh-on-Sea and Chalkwell	£100	£70	£40	£40

For example, three charging zones could be set up as follows:

Development type	Proposed CIL rate
Residential – Zone 1 (Market areas 1-5)	£20
Residential – Zone 2 (Market area 6)	£30
Residential – Zone 3 (Market areas 7 and 8)	£50

- 4.2 It is proposed to proceed to consultation on the basis of the nominal £10/sqm rate for “All other uses” and the three charging zone approach as shown in the example above, and the PDCS will be amended accordingly prior to public consultation.
- 4.3 It is also proposed to proceed on the basis of the timetable outlined in Appendix 1 and the consultation documents appended to this report (amended in accordance with the change to the residential zones outlined in paragraph 4.2 above) in order to implement at the earliest possible date in 2015.

5. Reason for Recommendations

- 5.1 To enable a mechanism to be in place as close as possible to April 2015 to collect contributions from developers through the Community Infrastructure Levy (CIL) to fund community infrastructure to support development.

6. Corporate Implications

6.1 Contribution to Council's Vision & Corporate Priorities

If the Council secure CIL income it will be spent on community infrastructure that supports development in the Borough (as defined in the Council's agreed Regulation 123 List). As such, this will support a number of the Council's Corporate Priorities, including creating safer, cleaner, healthier and more prosperous communities. Pursuing CIL is therefore considered to be a key corporate priority and as such is included in the Service Plan for Planning & Transport.

6.2 Financial Implications

The following shows how CIL will compare to s.106 in terms of income:

2008/9 – 2013/14 actual s.106 income:

Average total annual s.106 income £531,782

Average total monthly s.106 income £44,315

Average annual S.106 income (excluding pooled contributions) £313,653

Average monthly S.106 income (excluding pooled contributions) £26,138

Projected income:

Projected annual CIL income £428,760

Projected monthly CIL £35,730

Projected annual s.106 and CIL income £742,413

Projected monthly s.106 and CIL income £61,868

N.B. CIL income will not be realised immediately upon adoption of a CIL charging schedule as there will be a number of extant planning permissions granted prior to a CIL Charging Schedule being in place.

6.3 Legal Implications

All procedures in relation to the CIL consultation, set-up, implementation, collection and reporting must adhere to the Community Infrastructure Levy Regulations 2010 (as amended).

6.4 People Implications

It is anticipated that CIL will not require additional staffing; however, during the consultation and examination stages specialist consultants will be required to assist in assessing the viability of the Charging Schedule.

6.5 Property Implications

Any effect on the Council's existing property assets has been taken into consideration, for if the Council develop within the Borough the development may be CIL liable. It is considered that CIL should have a negligible impact on Council assets for the following reasons. CIL is only payable on development which creates net additional floor space, where the gross internal area of new build exceeds 100 square metres; and exemptions apply to affordable housing and a zero rate applies to defined community uses. The rates proposed are modest and take into account viability of a range of uses. Rates are not being proposed on the margins of where they would still be viable but are including a significant buffer (for example, large retail/warehousing is able to sustain a charge of £107/sqm and still be viable, but £70/sqm is being proposed). It is considered that the Council is protected as a landowner and if a use has been found to be viable for a private developer it would still be viable for the Council.

6.6 Consultation

Stakeholder engagement to date

The IDP covers a full range of categories of infrastructure. During the drafting of the IDP key internal stakeholders (including Corporate Directors/Heads of Service/Group Managers and other relevant officers) and external infrastructure providers have been given the opportunity to provide information relating to infrastructure projects. In addition, as part of the "Combined Policy Viability Study" produced for SBC in September 2013 a workshop was held with key stakeholders to provide opportunity to comment on the appraisal methodology and inputs to the study. These comments were reflected in the September 2013 study, which has informed the CIL Viability Study.

Statutory public consultation

Following consultation on the PDCS, a Draft Charging Schedule (DCS) will be produced taking into account consultation responses. The DCS will also then be subject to a 6 week public consultation period followed by a Public Examination before adoption of a CIL Charging Schedule.

6.7 Equalities and Diversity Implications

The Draft Charging Schedule, IDP and revised SPD2 will address how CIL income and the continuation of s.106 planning obligations as appropriate will contribute towards infrastructure and other community needs made necessary by development thus taking into consideration issues of equality and diversity.

6.8 Risk Assessment

If CIL is not implemented there is a risk of losing the levy as a source of infrastructure funding.

6.9 Value for Money

If developers provide for the impact of development through CIL and planning obligations, the Council will not incur the cost for additional community infrastructure needs. The CIL Charging Schedule and Planning Obligations SPD are an important means of ensuring value for money for the wider community from development.

6.10 Community Safety Implications

Providing for community safety in development and its setting is one of the considerations with regard to preparing items on the Regulation 123 List and planning obligations. For example, the Council may request improvements to the public realm aimed at designing out crime.

6.11 Environmental Impact

If measures are put in place to improve communities then this can have a positive environmental impact.

7. Background Papers

The Community Infrastructure Levy Regulations 2010
The Community Infrastructure Levy (Amendment) Regulations 2011
The Community Infrastructure Levy (Amendment) Regulations 2012
The Community Infrastructure Levy (Amendment) Regulations 2013
The Community Infrastructure Levy (Amendment) Regulations 2014
Community Infrastructure Levy Guidance (DCLG, Feb 2014)
Report to Cabinet dated 18th June 2013

8. Appendices

- 1) Provisional programme for the CIL consultation in order to implement a Charging Schedule as early as possible in 2015
- 2) Preliminary Draft Charging Schedule
- 3) Infrastructure Delivery Plan (prepared by Navigus Planning Ltd in conjunction with SBC)
- 4) Viability Study (prepared by BNP Paribas in conjunction with SBC)
- 5) SPD2 Refresh (Planning Obligations) – amended document
- 6) SPD2 Refresh (Planning Obligations) – summary of changes
- 7) CIL Quick Reference Guide

Appendix 1: Provisional programme for the CIL consultation in order to implement a Charging Schedule as early as possible in 2015

Preparing for consultation on Preliminary Draft Charging Schedule (PDCS) and associated documents

[Note: In the interests of reducing the time between the first Council meeting relating to CIL and adoption of CIL charging it is hoped that authority can be secured to proceed to DCS consultation and submission stage if no material modifications required post-consultation. The matter will then only need to be reported back to Council at the end of the process. However, this is reliant on Members agreeing to delegated authority and no unanticipated representations that require amendments to the Charging Schedule]

Thur 29 May 2014	DMT
Wed 4 June 2014	CMT
Thur 19 June 2014	EB
Wed 25 June 2014	LDF Working Party (acting as Pre-Cabinet Place Scrutiny)
Tue 1 July 2014	Cabinet
Mon 14 July 2014	Place Scrutiny
Thur 17 July 2014	Council

PDCS Consultation & Review:

28 July 2014 – 7 September 2014: 6 week consultation

Preparing for consultation on Draft Charging Schedule (DCS) and associated documents:

Thurs 2 October 2014	DMT
Wed 8 October 2014	CMT
w/b 13 October 2014	LDF Working Party/Place Scrutiny/Group Leader Briefing

DCS Consultation & Review:

3 November 2014 – 14 December 2014: 6 week consultation

Submission Version Charging Schedule & Examination:

Thurs 8 January 2015	DMT
Wed 14 January 2015	CMT
w/b 19 January 2015	Submit all documentation (Programme Officer appointed)
March 2015	Examination
April 2015	Examiner's report issued

Preparing for Adoption:

April, May, June 2015
DMT
CMT
Place Scrutiny
EB
Cabinet
Place Scrutiny
Council

Commence charging CIL by end of June 2015

Appendix 2: Preliminary Draft Charging Schedule

Appendix 3: Infrastructure Delivery Plan (prepared by Navigus Planning Ltd in conjunction with SBC)

Appendix 4: Viability Study (prepared by BNP Paribas in conjunction with SBC)

Appendix 5: SPD2 Refresh (Planning Obligations) – amended document

Appendix 6: SPD2 Refresh (Planning Obligations) – summary of changes

Appendix 7: CIL Quick Reference Guide

On 18th July 2013 Cabinet agreed to proceed with investigations into taking forward a Southend Borough Community Infrastructure Levy (CIL). Officers have since worked on a number of reports and documents to support the introduction of CIL.

What is CIL?

CIL is a levy that the Council can choose to apply to new developments in the borough (new houses and commercial development). The money collected is spent on new infrastructure within the borough (i.e. roads, flood defences, schools, parks).

Why pursue the introduction of CIL?

- To enable the Council to continue to secure contributions from developers (the use of S106 agreements is becoming more limited);
- To ensure smaller developments make a fair contribution;
- To help meet our infrastructure requirements; and
- To provide transparency and consistency for developers.

What work is involved?

The Council will need to agree an Infrastructure Delivery Plan; a Preliminary Draft Charging Schedule; and produce a Viability Study. All these documents have been drafted.

- Infrastructure Delivery Plan (IDP): A study identifying what infrastructure the borough needs and how it will be provided.
- Viability Study: A study testing the viability of a range of development types in the borough in order to establish where we can reasonably charge a CIL.
- Preliminary Draft Charging Schedule (PDCS): Sets out the proposed CIL rates and how they were arrived at.

Views must be sought on the PDCS, and the document must be placed on public consultation (proposed consultation period July to September 2014, subject to Cabinet approval)

What are the proposed CIL rates for Southend?

Residential (Zone 1)	£20 (per sq metre)
Residential (Zone 2)	£30 (per sq metre)
Residential (Zone 3)	£60 (per sq metre)
Extra care and retirement housing	£20 (per sq metre)
Supermarkets/Superstores	£70 (per sq metre)
Other (not incl. community facilities and not-for-profit)	£10 (per sq metre)

The Borough has been split into Residential Zones 1, 2 and 3 for CIL purposes. Zone 3 (including Leigh, Chalkwell and Thorpe Bay) has higher sales values and thus a higher CIL rate is viable. There are mandatory exemptions to CIL charging including social housing, self-builders, development creating less than 100sqm new floorspace, residential annexes and extensions.

The outcome?

- If implemented CIL could contribute up to £428k a year to infrastructure funding.
- Proposed programme sees CIL introduced in June 2015 (subject to Member agreement).