
Meeting: Sustainable Communities Overview and Scrutiny Committee

Date: 10 April 2012

Subject: Community Infrastructure Levy (CIL)

Report of: Cllr Ken Matthews , Executive Member for Sustainable Communities - Strategic Planning and Economic Development

Summary: The report sets out the background to CIL and updates Members on the progress that has been made to date.

Advising Officer: Richard Fox, Head of Development Planning and Strategic Housing

Contact Officer: Pru Khimasia-John, Principal Planning Officer

Public/Exempt: Public

Wards Affected: All

Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

1. The Community Infrastructure Levy supports the Council's key aim to manage growth effectively

Financial:

2. The Community Infrastructure Levy will raise funds for the delivery of important infrastructure which supports the delivery of sustainable development. The Council will fund the production of CIL from the existing Development Plan budget. It may be possible to recoup the costs of CIL production from the CIL receipts as an administrative expense.

Legal:

3. The Community Infrastructure Levy, when approved, will be part of the statutory development framework for the area.

Risk Management:

4. The following risks have been identified:
 - Failure to deliver Corporate Objectives
 - Failure to deliver infrastructure development needs
 - Failure to implement levy on a timely basis

- Failure to deliver accurate and transparent reporting in accordance with requirements.
- Failure to levy funds:

After April 2014, The failure to adopt a charging schedule post April 2014 will compromise the ability for the authority to collect monies to fund infrastructure as the use of s106 will be restricted. The scaling back the use of S106 obligations is not discretionary after that date. CIL is now the preferred method for collecting pooled contributions to fund infrastructure.

Appropriate mitigating actions will be introduced to address these risks.

Staffing (including Trades Unions):

5. Not Applicable.

Equalities/Human Rights:

6. CIL is unlikely to have an adverse impact on any social group or human rights. By making communities more sustainable, CIL will facilitate economic growth and liveability and so create opportunity for all. The infrastructure and services that CIL will provide (such as medical and community facilities and transport networks) will enhance accessibility for all sectors of society, and could help to deliver new infrastructure that serves different needs within the community, for example, by increasing mobility and accessibility.

Public Health

7. The delivery of infrastructure to accompany housing and employment growth will support the improvements of existing health care centres or the development of new ones. The provision of new and safer roads or cycling routes and footpaths can promote higher rates of physical activity. The provision of or improvement of parks and green spaces can increase the utilisation of green space for exercise.

Community Safety:

8. Not Applicable.

Sustainability:

9. The Community Infrastructure Levy will collect money from developers to help fund the delivery of infrastructure necessary to facilitate sustainable development, e.g. pedestrian links or cycle paths.

Procurement:

10. Procurement of consultants to undertake viability work will be conducted in competition and an evaluation will be made against a detailed requirements specification with clearly defined deliverables in accordance with the Councils procurement procedures and advice provided by the Corporate procurement team.

RECOMMENDATION:

The Sustainable Communities Overview and Scrutiny Committee is asked to note progress in Central Bedfordshire on the production of a Community Infrastructure Levy.:-

What is the Community Infrastructure Levy?

11. Community Infrastructure Levy (CIL) is a new planning charge that came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010.
12. CIL is a tariff based charging scheme which allows Central Bedfordshire Council to raise funds to support development and the creation of sustainable communities, as set out in the Development Strategy. The money will assist the funding of a wide range of infrastructure projects needed as a result of development. Such projects could include, for example; new and safer roads, flood defences, schools, health and social care facilities, parks and green spaces.
13. Almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - so it is only fair that such development pays a share of the cost. Those who benefit financially when planning permission is given will have to share some of that gain with the community to help fund the infrastructure that is needed to make development acceptable and sustainable.

How does the Council currently collect money from development?

14. The Council currently collects money from development by s106 agreement or Unilateral Undertaking. Both of these are legal enforceable documents between the planning authority, the developer and other interested parties. For large and complicated developments s106 agreements are negotiated. This can be a lengthy process, sometimes delaying development. For smaller developments Unilateral Undertakings are prepared. These are informed by the adopted Planning Obligations Strategies (for the North and South) which apply a tariff based system to the calculation of contributions.
15. CIL will replace the Council's adopted Planning Obligations Strategies for the North and South but does not supersede s106 in all circumstances. For example, the regulations specifically rule out the application of the levy for providing affordable housing so s106 agreements will still be used for this purpose. S106 will also remain available to the Council to use in restricted circumstances to negotiate site specific contributions that are not addressed through CIL.

What are the advantages to this new system?

16. With a CIL charge, developers should have as much certainty as possible to what they will be expected to contribute for their proposed developments. This is because a standard charge will be applied to the gross metres squared of development, avoiding (in most cases) the need for any negotiation. This will speed up the development management process, making it easier for Officers to determine the level of contributions.

17. The Localism Act has introduced the requirement for local authorities to allocate a meaningful proportion of levy revenues raised backs to local neighbourhoods. This will ensure that where a neighbourhood has new development, it receives sufficient money to help it manage those impacts. Government Regulations are due which will advise on the level of CIL that will be apportioned to neighbourhoods.

How does the Council calculate the charge?

18. The total funding gap based on the costs of infrastructure required as a result of new growth in Central Bedfordshire will determine the overall amount required to be collected by CIL. This will draw on the infrastructure planning work that will underpin the Development Strategy.
19. However the calculation of the CIL charge is not this straightforward. The Council will need to ensure that the levy does not put at serious risk the overall development of the area. To do this the Council needs strike a balance between the desirability of funding infrastructure from the levy and the potential effects of the levy upon the economic viability of development. The assessment of the charge and its viability will be done with the help of consultants with expert knowledge of development economics and land values.
20. Following the viability assessment, the Council may include differential rates, where they can be justified either on the basis of the economic viability of development in different parts of the authority's area or by reference to the economic viability of different types of development within their area. The ability to set differential rates gives more flexibility to deal with the varying circumstances within the area, for example where the land values vary between an urban and a rural area.

Collection Reporting and Monitoring

21. To ensure transparency the Council is required by regulations to report on how much monies it receives from the levy in the last financial year how much was unspent during the financial year. This information will be in the public domain and will include summary details of what infrastructure the levy funded, how much of the levy was 'spent' on each item of infrastructure and how much on administrative expenses. To do this the Council can utilise the existing reporting mechanism, such as the annual monitoring report which reports on the development plan, if they wish. This will be considered as part of a separate project. It should be noted that up to 5% of the CIL receipts can be used for administrative expenditure incurred by the authority. In addition, any costs associated with the set up of CIL can be recouped also.

What work has been completed in CBC to date?

22. A Project Initiation document setting out a detailed project plan for CIL has been prepared. This has been agreed by the CIL Project Board which comprises internal Officers who ensure that the aims of the project are delivered on time, within approved budget, and within agreed quality specifications.

23. The proposed timescales for CIL production are as follows:

Task	Proposed Dates
Prepare CIL charge – based on infrastructure audit	Jan – August 2012
Appoint Consultants to undertake viability	March / April 2012
Preliminary Draft Charging Schedule consultation	August - September 2012
Draft Charging Schedule Consultation	December 2012 – January 2013
Submission	April 2013
Examination	October 2013
Approval	April 2014

24. Officers have met with almost all infrastructure providers to determine their infrastructure needs to accommodate new growth in Central Bedfordshire until 2031. Most infrastructure providers have plans and strategies to determine their future needs. This work will be collated and presented as part of the background evidence to support the draft Development Strategy in May 2012. It will also be fit for purpose to support the work being undertaken on CIL.
25. A tender brief for the Viability Assessment of CIL is also being prepared and Officers hope to have an appointed consultant in place by April 2012.

Conclusion

26. Members are asked to note the progress on the production of the CIL
27. Officers will seek Member approval of the preliminary draft charging schedule in late summer 2012, prior to consultation.
28. Finally, Members should note a separate piece of work will be undertaken on the implementation of CIL and the processes required internally, in order to ensure Central Bedfordshire Council can start charging CIL as soon as possible after its approval in April 2014.