

Cabinet	FP/819/04/12
Date : April 24th 2012	

**COMMUNITY INFRASTRUCTURE LEVY (CIL): DRAFT CHARGING SCHEDULE
WITH THURROCK COUNCIL**

Report by Cllr John Jowers, Cabinet Member for Communities and Planning
Enquiries to Officer Keith Lawson, Head of Strategic Development

Purpose of report

Cabinet are requested to review and endorse comments on the Preliminary Draft Charging Schedule (PDCS) proposed by Thurrock Council for the Community Infrastructure Levy (CIL).

The Unitary Authority's Cabinet has issued their PDCS for the first round of consultation which ends on the 27th April. Feedback will be reviewed and consideration as to whether or not the Draft Charging Schedule requires amendment will be decided by Thurrock before a second round of consultation is undertaken.

While the PDCS will be of special interest to Members representing Divisions in Brentwood, Basildon and Castle Point as their borders adjoin Thurrock, it will also be of interest to other Members as this is likely to be one of the first Draft Charging Schedules to be adopted in Greater Essex.

Decision Areas and Recommendations

Cabinet is recommended to endorse the proposed comments on Thurrock's Preliminary Draft Charging Schedule (PDCS)

Background on CIL

In late 2010, the Coalition Government decided, after a review, to continue to implement the Community Infrastructure Levy (CIL) which had originally been proposed by the previous Government, subject to some detailed changes.

CIL is designed to help ensure that development contributes reasonably to the cost of the infrastructure required to support that development. CIL will be expressed as a charge of £x per square metre of development. There are a number of exemptions from CIL (social housing, charities and charitable investment) and a District can set their own criteria for further exemptions. It is possible for a District to impose multiple rates of CIL (in certain parts of the District or for different types of development) but the District would have to demonstrate that these differential rates are justified by viability differences only.

To charge a CIL a Charging Authority (i.e. a District or Borough) has to produce a Draft Charging Schedule. The Draft Charging Schedule has to set out an Infrastructure Delivery Plan, similar to that in the Core Strategy or Local Plan, involving local infrastructure providers, which includes the County Council. A very wide definition of infrastructure is included. ECC has been involved in updating the infrastructure 'trajectory' which was provided for the Core Strategy EIP to form the base for the Draft Charging Schedule. To start on a CIL, a District will either have to have had a Core Strategy/Local Plan approved after an EIP, or it can have the Local Plan and Draft Charging Schedule examined at the same time.

Only infrastructure required for development can be included and all other sources of funding for infrastructure have to be taken into account. e.g New Homes Bonus, forward funding etc. Therefore, CIL will represent the 'gap' between the amount of infrastructure required and the funding available from all other sources.

A viability assessment has then to be undertaken to establish that the emerging CIL charge will not render all development in the District unviable. After this assessment the Draft Charging Schedule has to be consulted on publicly and then submitted to an EIP. A 'meaningful proportion' of CIL – which is yet to be consulted on by the Government - will be made available to the neighbourhood in which development takes place. The accountable body for this 'meaningful proportion' is expected to be the Parish Council where they exist. Elsewhere it could be the District itself or a neighbourhood forum

Preliminary Draft Charging Schedule (PDCS)

Thurrock, following their viability assessments carried out on their proposed CIL rates, has decided to create two Charging Zones for residential developments. Zone A will cover East Tilbury, parts of Grays, South Stifford, West Thurrock and Purfleet Zone B will cover the rest of the Borough.

Thurrock is also proposing 2 Zones (C and D) for non-residential development. Zone C covers Lakeside Basin, West Thurrock and Purfleet, Tilbury Port and London Gateway. Zone D is the remainder of the Borough. (Maps delineating the four zones are attached to the draft charging schedule)

The rationale for the various zones is that there are considerable variations in viability of the types of development within Thurrock.

The Draft Charging Schedule and evidence base indicate that Thurrock believes that the following CIL rates per square metre (psm) do not threaten viability across the Borough:

- (i) A zero rate on residential developments in Zone A;
- (ii) A rate of £38 psm for residential development in Zone B;
- (iii) A rate of £150 psm for uses in A1, A3, A4 and A5 in Zone C which covers retail, restaurants, cafes, drinking establishments, hot food takeaways and retail warehouse clubs;
- (iv) A rate of £25 psm for uses in classes A2, B1b, B1c, B2 and B8 in Zone C. This includes financial and professional services, research, industry, warehouses, hotels, car showrooms;
- (v) A rate of zero on non-residential developments in Zone D;
- (vi) All other non-residential developments zero;

More details on the zones concerned are contained in the PDCS including a more detailed breakdown on what is termed non-residential within Zones C and D.

Recommended Comments within Consultation

ECC wish to stress the positive relationship that has been built with those districts and with ECC itself on projects having an impact across the boundaries between them e.g through the Thames Gateway South Essex.

ECC would wish to stress that this should continue and develop positively as those districts begin work on their CILs (as there is provision for joint funding of infrastructure projects via and indeed for joint CILs).

For its part ECC will wish to continue to work in collaboration with Thurrock on projects related to ECC's role as highway authority in Basildon, Brentwood and Castle Point and on the developing projects through the Integrated County Strategy (ICS) which includes Thurrock, Southend, the 12 Essex districts and ECC. CIL could be a future source of funding for ICS projects. It may be that existing arrangements for joint working between Thurrock, adjoining districts and ECC may need to be reviewed in the light of the introduction of CIL.

Conclusions

Cabinet is recommended to endorse the comments above on Thurrock's Preliminary Draft Charging Schedule (PDCS).

Relevance to ECC's corporate plan and other Strategic Plans

The introduction of CIL will contribute particularly to the following aims:

- Our vision of the best quality life in Britain
- Maintain and improve the transport network
- Promoting sustainable economic growth

It will also contribute towards strengthening communities and working better with our partners.

Internal and External Consultation

Thurrock will have undertaken two rounds of external consultation on the Draft Schedule before the EIP begins.

Legal Implications (Monitoring Officer)

CIL is an important part of new development contribution to infrastructure across the county. As ECC will continue to deliver a significant part of that infrastructure it is appropriate that it ensures that the draft Charging Schedule relating to CIL in neighbouring areas supports future needs. What is proposed is a proportionate response to the consultation.

Finance and Resources Implications (Section 151 Officer)

The CIL Regulations came into force in April 2010 and provide Charging Authorities with a new mechanism for collecting developer-funding for infrastructure needed to support growth. County Councils will not be responsible for preparing CIL, although they will need to be consulted under the Regulations.

The scope of Section 106 reduces between now and 2014 and without the financial provision of the CIL charging policy; the county will find itself in a more challenging climate. This is however, less of risk in relation to this particular CIL arrangement because Thurrock is a Unitary Authority. It is therefore more about working together to deliver improved infrastructure across our respective jurisdictions.

Charging Authorities will need to develop their own CIL charging schedules; otherwise they will run the risk of losing valuable developer-funding for infrastructure.

The starting threshold has been lowered therefore CIL will encompass more future housing development projects than that previously covered by Section 106. This allows for previously untapped income streams to be received by the charging authority. CIL is to be levied on the net additional floor space as a result of the development.

The Charging Schedule is index linked by the national all-in Tender Price Index under regulation 40 of the CIL legislation. The charge rates will therefore keep pace with the index.

CIL will produce significant funding for infrastructure and cover the gap in infrastructure demands that are brought about by new development; and it will be vital that the County Council works closely with charging authorities and ensures that:

- Remaining Charging Authorities should be encouraged in the preparation of a CIL Charging Schedule ensuring that it reflects infrastructure needs including County Council services such as schools and transport and the Integrated County Strategy.

Human Resources Implications

No anticipated effect is foreseen on Human Resources as Thurrock is a Unitary Authority and our input relates only to cross border scenarios.

Equality Impact Assessment

Thurrock Council has carried out an Equality Impact Assessment on its Local Development Framework as a whole. Thurrock will have to satisfy the Inspector at the EIP that it has completed a satisfactory EqIA.

Background papers

Thurrock Preliminary Draft Charging Schedule (PDCS)

Thurrock CIL Evidence Base can be found on their website:

<http://www.thurrock.gov.uk/planning/strategic/content.php?page=cil>

DCLG publications on CIL can be found here on their website

<http://www.communities.gov.uk/publications/planningandbuilding/cilreformconsultation>

