

COMMUNITY INFRASTRUCTURE LEVY

CHELMSFORD BOROUGH LOCAL DEVELOPMENT FRAMEWORK 2001 -2021

Preliminary Draft Charging Schedule - March 2012



Consultation Document

	Abbreviations	2
I	Introduction	3
	Background	3
	Informal consultation and engagement to date	3
	How to comment on this document	3
2	Context	4
	What is CIL?	4
	What development is liable for CIL?	4
	Planning Obligations (Section 106 Agreements)	4
	What can CIL be spent on?	5
3	Evidence Base	6
4	Infrastructure Planning	7
	Background	7
	Demonstrating an Infrastructure Funding Gap	7
5	Assessing Economic Viability	9
	Residential development	9
	Non-residential development	10
6	Proposed CIL Charge Rates and Zones	12
	Potential CIL receipts	14
7	Statutory Exemptions	15
8	Neighbourhood Funds	16
9	Calculation of Charge	17
	How CIL is calculated	17
	Calculating the charge	17
10	Payment of CIL	18
11	Implementation and Review	19
	How will CIL be spent?	19
	Review of the Charging Schedule	19
12	Next Steps	20

Abbreviations

Abbreviations

Initials	Abbreviation of.....
AWVM	Area-Wide Viability Model
CBC	Chelmsford Borough Council
CIL	Community Infrastructure Levy
CLG	Communities and Local Government
GDV	Gross Development Value
HCA	Homes and Communities Agency
LDF	Local Development Framework
LDM	Local Delivery Mechanism
NCAAP	North Chelmsford Area Action Plan
PDCS	Preliminary Draft Charging Schedule
RAG	Red, Amber, Green
RTP	Roger Tym and Partners
SPD	Supplementary Planning Document

I Introduction

Background

1.1 This consultation document sets out Chelmsford Borough Council's preliminary rates of Community Infrastructure Levy (CIL). CIL is a new statutory charge introduced by the Government which allows Councils to require mandatory financial contributions from most forms of new development in order to help fund supporting infrastructure in their areas.

1.2 Before a CIL Charging Schedule can be adopted it must be the subject of two formal rounds of consultation followed by an Independent Examination. This preliminary stage is an opportunity for respondents to help shape the Draft Charging Schedule. The Preliminary Draft Charging Schedule (PDCS) is informed by a series of evidence base documents which have been published alongside this document.

1.3 The PDCS has been prepared in accordance with the Community Infrastructure Levy Regulations 2010⁽¹⁾ (as amended) and statutory guidance⁽²⁾. These and other background documents can be downloaded from the Communities and Local Government (CLG) website using the link below:

www.communities.gov.uk/planningandbuilding/planningsystem/communityinfrastructurelevy/

Informal consultation and engagement to date

1.4 This consultation document has been shaped by informal consultation and engagement already undertaken by the Borough Council. This has taken the form of presentations at the Borough Council's regular Parish and Developers Forums in November 2011 followed by a Developer's Workshop in December 2011 which focused on technical viability assumptions.

How to comment on this document

1.5 Comments and feedback are welcomed on this document. The consultation period runs for six weeks from 15 March to 26 April 2012. Comments can be made through the Council's online consultation portal at <http://consult.chelmsford.gov.uk/portal>. If you prefer, printed copies of the document and supporting evidence can be supplied. For these, or for more information, please contact us:

Planning Policy, Directorate of Sustainable Communities, Chelmsford Borough Council, Civic Centre, Duke Street, Chelmsford CM1 1JE- Website: www.chelmsford.gov.uk/cil

Tel: 01245 606330 E-mail: planning.policy@chelmsford.gov.uk

The closing date for comments is: 4.45pm on 26th April 2012.

1 Community Infrastructure Regulations (2010) and Community Infrastructure (Amendment) Regulations (2011)
 2 Charge Setting and Charging Schedule Procedures, DCLG (2010)

2 Context

2 Context

What is CIL?

2.1 CIL allows local authorities in England and Wales (defined as Charging Authorities) to raise funds from developers undertaking new building projects. It effectively replaces much of the existing process of planning obligations commonly known as 'Section 106' agreements. The primary use of CIL is to gain financial contributions from development to help fund new or improved infrastructure where it is not actually being provided as part of that particular development.

2.2 CIL effectively replaces the pooling of contributions from numerous developments currently operated through 'Section 106' agreements, which includes the Borough Council's current Standard Charges planning contributions system. However, 'Section 106' agreements will continue to be used to secure all site-related infrastructure and to mitigate the direct impacts of individual developments. At present this includes the provision of affordable housing.

2.3 CIL must be charged in pounds per square metre of the net additional increase of floorspace rather than per dwelling unit as the Borough Council's Standard Charges system currently implements.

What development is liable for CIL?

2.4 New buildings and extensions to buildings which are over 100 sq m gross internal floorspace are liable to CIL. All new dwellings are liable regardless of size. CIL is only chargeable on net new floorspace. The floorspace of any buildings that are demolished as part of development proposals will be off-set against the overall liability, subject to certain limitations.

2.5 CIL is not charged on changes of use of buildings that do not involve an increase in floorspace. Also CIL is not charged on structures which people do not normally go into or do so only intermittently, such as buildings containing plant or machinery e.g. an electricity sub-station or a water pumping facility. Affordable housing and development proposals by charities are also exempt from the payment of CIL.

2.6 Development proposals that already have planning permission when a CIL Charging Schedule comes into force are not liable for CIL. This includes any subsequent Reserved Matters applications following Outline planning permission. However, if development proposals with planning permission are not commenced within the conditioned time limit, any subsequent renewal or amendment applications will be liable to CIL if by that time a CIL Charging Schedule has been adopted.

Planning Obligations (Section 106 Agreements)

2.7 The Government sees CIL as the primary means to secure infrastructure required to support new development over a wide area. Although CIL replaces certain elements of Planning Obligations, 'Section 106' agreements will still be used for site specific infrastructure or mitigation required to make individual development acceptable in planning terms. This could include the provision of affordable housing, local open space, access roads, habitat protection etc. In addition, on very large developments this will also extend to strategic infrastructure such as new schools, primary healthcare, strategic highway and transportation improvements as they are needed as part of the development.

2.8 At present, the provision of new affordable housing cannot be funded through CIL. The Government has recently consulted on this matter, but the option to provide affordable housing through the existing system of Planning Obligations is likely to continue. Therefore, for larger

developments CIL and Section 106 agreements will both be applicable. To ensure there is no double counting, in the vast majority of cases specific infrastructure projects cannot be funded by both CIL and Planning Obligations.

2.9 When adopted, the CIL Charging Schedule will replace the Borough Council's adopted Planning Contributions Supplementary Planning Document (SPD). However, there will be a need for the Borough Council to publish guidance on the scope and content of planning obligations for site related infrastructure and mitigation still secured through 'Section 106' agreements.

What can CIL be spent on?

2.10 CIL receipts can be used to help fund infrastructure needed to support new development across the Borough. The term 'infrastructure' is defined broadly by Section 216 of the Planning Act 2008. Although this is not intended to be exhaustive, it includes roads and other transport facilities; flood defences; schools and other educational facilities; health and medical facilities; sporting and recreational facilities; and open space.

2.11 Unlike Section 106 Planning Obligations, CIL receipts are not earmarked for particular infrastructure. Instead CIL monies are pooled into one fund which can be used for any infrastructure needed to support new development in the Borough.

2.12 The governance and prioritisation of future CIL spend is the responsibility of the Charging Authority (the Borough Council). However, in practice this will need to be undertaken in partnership with other infrastructure providers including: Essex County Council, Highways Agency, Environment Agency, Primary Care Trust (and successors) etc.

2.13 In addition to new infrastructure, CIL receipts can also be used to expand and enhance existing infrastructure or for the on-going maintenance or operational costs of providing infrastructure. These costs must be directly related to the additional demands arising from new development. The up-front and continuing costs of preparing and implementing a CIL can also be drawn from CIL receipts subject to annual percentage ceilings.

2.14 Through the provisions of the Localism Act (2011), the Borough Council is also required to pass a 'meaningful proportion' of the CIL receipts to local neighbourhoods where development has taken place. The Government consulted on what a 'meaningful proportion' should be in late 2011 and the results of this process have not yet been finalised⁽³⁾.

2.15 In Parished areas, the receiving organisation is very likely to be the Parish or Town Council. In the case of non-Parished areas, the Government consultation document proposed that the Charging Authority (the Borough Council) should engage with the relevant communities to determine how CIL is spent. Further details on this matter are set out at Section 9.

3 Community Infrastructure Levy - Detailed Proposals and Draft Regulations for Reform Consultation (October 2011)

3 Evidence Base

3 Evidence Base

3.1 This consultation document is underpinned by a series of evidence base reports. These are, in the main, technical documents which demonstrate the Borough Council has assessed the infrastructure needs across its area and have tested the effects of CIL on the economic viability of development.

3.2 This is set out in Regulation 14 (1) of the CIL Regulations (2010) which states:

14 – (1) In setting rates (including differential rates) in a charging schedule, a charging authority must aim to strike what appears to the charging authority to be an appropriate balance between-

- a. the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and*
- b. the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.*

3.3 To meet these criteria the Borough Council has produced, commissioned and used a wide range of evidence to inform the PDCS. The following documents consolidate this evidence and have been published alongside the PDCS:

- Infrastructure Planning and Funding Gap Assessment, February 2012 (CBC)
- Residential Development – Viability Evidence Base Report, February 2012 (CBC)
- North Chelmsford AAP – Infrastructure and Viability Assessment, April 2010 (Roger Tym and Partners)
- Non-Residential Development Evidence Base Report, February 2012 (Roger Tym and Partners)

4 Infrastructure Planning

Background

4.1 The starting point for preparing a CIL Charging Schedule is for Local Authorities to demonstrate that there is a funding gap in the provision of infrastructure required to support new development. Councils with an up to date Development Plan for their area will have needed to demonstrate a comprehensive infrastructure planning evidence base to demonstrate that their proposals are deliverable and 'Sound'.

4.2 Chelmsford Borough Council is one of very few Local Authorities in the country that has an adopted and complete Local Development Framework (LDF). These documents are all available to download on the Borough Council's website at www.chelmsford.gov.uk/ldf. In accordance with Government guidance, strategic infrastructure planning has been integral to the completion of the following statutory LDF documents:

- Core Strategy and Development Control Policies DPD (2008)
- Chelmsford Town Centre Area Action Plan (2008)
- North Chelmsford Area Action Plan (2011)
- Site Allocations DPD (2012)

4.3 To implement the policies and proposals of these documents, the following documents have also been prepared by the Borough Council.

- Planning Contributions SPD (2009)
- Integrated Development Programme, IDP (2009)

4.4 With regard to infrastructure planning the following documents have also been prepared by Essex County Council and available to download from www.essex.gov.uk/your-council/Strategies-Policies/Integrated-County-Strategy/Pages/Default.aspx:

- Greater Essex Integrated County Strategy (2010) and associated documents
- Essex Transport Strategy, Local Transport Plan (2011)
- The Essex School Organisation Plan 2008-2013

Demonstrating an Infrastructure Funding Gap

4.5 Through the preparation and adoption of Borough Council's LDF, a significant level of infrastructure planning has taken place. In support of the preparation of this PDCS, the Borough Council has consolidated the infrastructure planning work that has taken place into an evidence base document published alongside this consultation document - *Infrastructure Planning and Funding Gap Assessment, February 2012 (CBC)*.

4.6 The Government Guidance on preparing CIL Charging Schedules makes clear that it is not the role of CIL Independent Examiner to re-examine infrastructure planning evidence which has supported a 'Sound' Core Strategy or challenge the soundness of an adopted development plan document.

4.7 It should be noted that the Government Guidance recognises that there will be uncertainty in pinpointing other infrastructure funding sources, particularly beyond the short-term. The focus should be on providing evidence of an aggregate funding gap that demonstrates the need to levy CIL.

4 Infrastructure Planning

4.8 The Infrastructure Funding Gap list is **not** a prioritised list of infrastructure delivery and it does **not** identify the infrastructure which will necessarily be funded by CIL. Its **sole purpose** is to demonstrate that there are no alternative means to finance the infrastructure requirements identified through the infrastructure planning process. Where there is an infrastructure funding gap then a CIL can be charged.

4.9 Although there is no requirement to identify Section 106 and CIL infrastructure separately at this stage, for robustness, the Infrastructure Funding Gap List only includes infrastructure that is likely to be funded through CIL. Where it is already known, or it is very likely that infrastructure items will be funded and delivered as part of new development through Section 106 agreements, these infrastructure items have not been included on the Infrastructure Funding Gap List or the estimated contributions have been deducted off the infrastructure cost. This includes all major infrastructure projects which will be delivered as part of strategic development in north east Chelmsford.

4.10 The Funding Gap List only includes infrastructure projects or schemes with a cost over £0.5m and by its very nature the list is not intended to be exhaustive as there are certain costs, especially related to utility provision, that are yet to be finalised. It is also important to note it does not mean that infrastructure with costs under £0.5m cannot be funded by CIL in the future. As set out previously, the Infrastructure Funding Gap List sole purpose is demonstrate a shortfall in funding the aggregate costs of known infrastructure needed to support new development.

Table 1 – Identified Infrastructure Costs >£0.5m and Funding Gap 2012-2021

Infrastructure Type	Total Cost	Developer Contributions ⁽⁴⁾	Identified Funding Sources ⁽⁵⁾	Net Funding Gap
Transport and Highways	£278m	£0.13m	£195m	£82.4m
Education	£39.3m	£17.23m	£0	£22.07m
Community Facilities	£2.6m	£0	£0.1m	£2.5m
Leisure, Sport and Green Infrastructure	£10.4m	£1.57m	£0.7m	£8.18m
Primary Healthcare	£2.7m	Land	£0	£2.7m
Flood Protection	£10m	£0.29m	£0	£9.71m
Public Realm Improvements	£4m	£1.36m	£0	£2.64
TOTALS (rounded)	£347m	£21m	£196m	£130m

5 Funding either secured from other sources or source identified but actual funding yet to be secured

4 Developer Funding already secured or proposed through S106 Planning Obligation contributions

5 Assessing Economic Viability

5.1 The Regulations require that the proposed CIL has to have regard to ‘the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area’. This effectively means that CIL rates should not make the majority of development unviable across the Borough.

5.2 The CIL Regulations also allow for different CIL rates to apply:

- for different zones in which development would be situated;
- by reference to different intended uses of development.

5.3 In setting differential rates, a Charging Authority may set supplementary charges, nil rates, increased rates or reductions. However, differential rates must be solely based on economic viability evidence and not for other purposes including planning policy objectives.

5.4 In order to fulfil these requirements, the Borough Council has prepared and commissioned economic viability assessments to provide evidence in order to test and formulate suitable CIL rates. The overarching aim of CIL is to enable the delivery of growth. Therefore, it is important to avoid risking too much development at the margins of economic viability, by setting the CIL charge up to the maximum viability of an area. Therefore, one of the guiding principles of the viability work has been to ensure that CIL rates do not put the overall viability of development in the Borough at risk.

Residential development

5.5 With regard to residential development, the Borough Council has undertaken its own viability testing which is set out in detail within the *Residential Development – Viability Evidence Base Report (2012)*. The Borough Council has used the Homes and Communities Agency (HCA) Area-Wide Viability Model (AWVM) which the Borough Council helped to develop and pilot in conjunction with consultants BNP Paribas Real Estate. In addition, the Borough Council has used existing viability evidence base reports prepared by consultants Roger Tym and Partners which were used to support the now adopted North Chelmsford Area Action Plan 2011 (NCAAP).

5.6 The AWVM is a strategic tool specifically designed, among other purposes, to test the formulation of planning policy including the viability of CIL. This is achieved by undertaking high-level residual valuation appraisals on sites grouped into common typologies. Residual values are established by deducting the costs of development from the value of completed units within a discounted cash flow. The model uses the concept of threshold land values to provide a viability benchmark. These can include an existing/alternative use value plus a premium (an incentive to a landowner to bring a site forward) or a benchmarked land value. Differing threshold land value options can be defined together with typology specific densities, dwelling mixes, build costs, build periods, sales values and sales periods. The amount and cost of providing affordable housing and other site related Section 106 requirements it can also be factored into each typology.

5.7 The model also allows assumptions to be made for other costs such as professional and legal fees, and finance and marketing costs. The model allows for a percentage of developer’s profit to be assumed which is based on the Gross Development Value (GDV) of the private residential sales of the development within each typology. The Borough Council considers that the AWVM is an ideal strategic tool to assess the viability of an area which has been designed and developed specifically for this task.

5 Assessing Economic Viability

5.8 The viability appraisals outlined in the *Residential Development – Viability Evidence Base Report(2012)* has tested a number of CIL rate scenarios across different types of development using different residential sales values. This process takes into account the location of planned new development in the Borough in the period up to 2021. Sensitivity testing has taken place with a RAG (Red, Amber and Green) rating at different levels of CIL to show the level of potential ‘overage’ for CIL and also to ensure there is some headroom in the viability of development.

5.9 The viability assessment for the strategic greenfield development at north east Chelmsford was undertaken by Roger Tym and Partners (RTP) to support the Council’s North Chelmsford Area Action Plan (NCAAP). The RTP report *North Chelmsford AAP – Infrastructure and Viability Assessment (2010)* indicated that a tariff of £22,000 per dwelling would broadly cover the on-site infrastructure costs which includes new primary schools, new secondary school, primary healthcare facilities, remodelled Boreham Interchange, new Radial Distributor Road, public transport improvements, heritage mitigation and strategic and local open space. The provision of the new railway station was not included in this tariff, but does represent a significant additional cost. It is envisaged that these significant infrastructure requirements will be secured through Section 106 planning obligations. The contents of the 2010 RTP report was subject to detailed scrutiny at the Independent Examination of the NCAAP which was subsequently found ‘Sound’ by an independent Government Inspector.

5.10 Therefore the viability evidence base indicates that most new residential development can sustain a CIL charge without compromising the overall economic viability of development across the Borough. The exception is development on the strategic greenfield allocation at north east Chelmsford which accounts for over half of the new homes to be built in the period to 2021. The evidence shows that the cost, need and requirement for strategic infrastructure to serve the greenfield location in north east Chelmsford in the period up to 2021 makes the imposition of an additional CIL charge very likely to prejudice the overall viability and deliverability of strategic development in north east Chelmsford. Therefore, based solely on the viability evidence available, two differential charging zones are proposed for residential development:

Zone 1: Strategic Greenfield location in north east Chelmsford

Zone 2: The Rest of the Borough

5.11 It should be noted that planning applications are currently before the Borough Council for residential development in Zone 1. If planning permission is granted for residential development across Zone 1 before the submission of this CIL Charging Schedule for Examination, the Borough Council will reassess the need for two separate Charging Zones.

Non-residential development

5.12 CIL is chargeable on all net new buildings and therefore the viability of non-residential uses needs also to be assessed. It would not be practical or feasible to assess all potential non-residential uses. Therefore, the main non-residential uses that have been developed in the Borough in the recent past have been the focus of the viability work.

5.13 The evidence base for non-residential development has been undertaken by consultants Roger Tym and Partners (RTP) with an evidence base report completed in February 2012. This report has assessed the viability of office, retail, general industry/warehousing, hotels, health and fitness, leisure and care home developments.

Assessing Economic Viability 5

5.14 The RTP report concludes that in most cases there is little or no financial surplus in the viability assessment for a CIL charge to be viable. Therefore a zero rate is proposed. The only non-residential use which the report does identify as having the ability to sustain a CIL charge are retail uses. The 2012 RTP report differentiates between convenience (food) and comparison (non-food) retail as they have different viability characteristics. As the majority of new retail development is planned for Chelmsford Town Centre, it is not considered necessary to employ differential charging rates.

6 Proposed CIL Charge Rates and Zones

6 Proposed CIL Charge Rates and Zones

6.1 Taking account of the viability evidence base documents the table below sets out the proposed CIL rates for Chelmsford Borough expressed as £ per sq m. The physical extent of each Charging Zone is set out at Figure 1.

Table 1 – Proposed CIL Rates for Chelmsford Borough

Type of Development (Use Class) ⁽⁶⁾	Zone 1	Zone 2
Residential (Use Class C3 including sheltered or specialist housing)	£0/sqm	£125/sqm
Retail – comparison (Use Classes A1 [non-food] and A2-A5)	£87/sqm	£87/sqm
Retail – convenience (Use Class A1 [food])	£225/sqm	£225/sqm
All other uses (including Use Classes B, C1, C2 and D and sui generis)	£0/sqm	£0/sqm

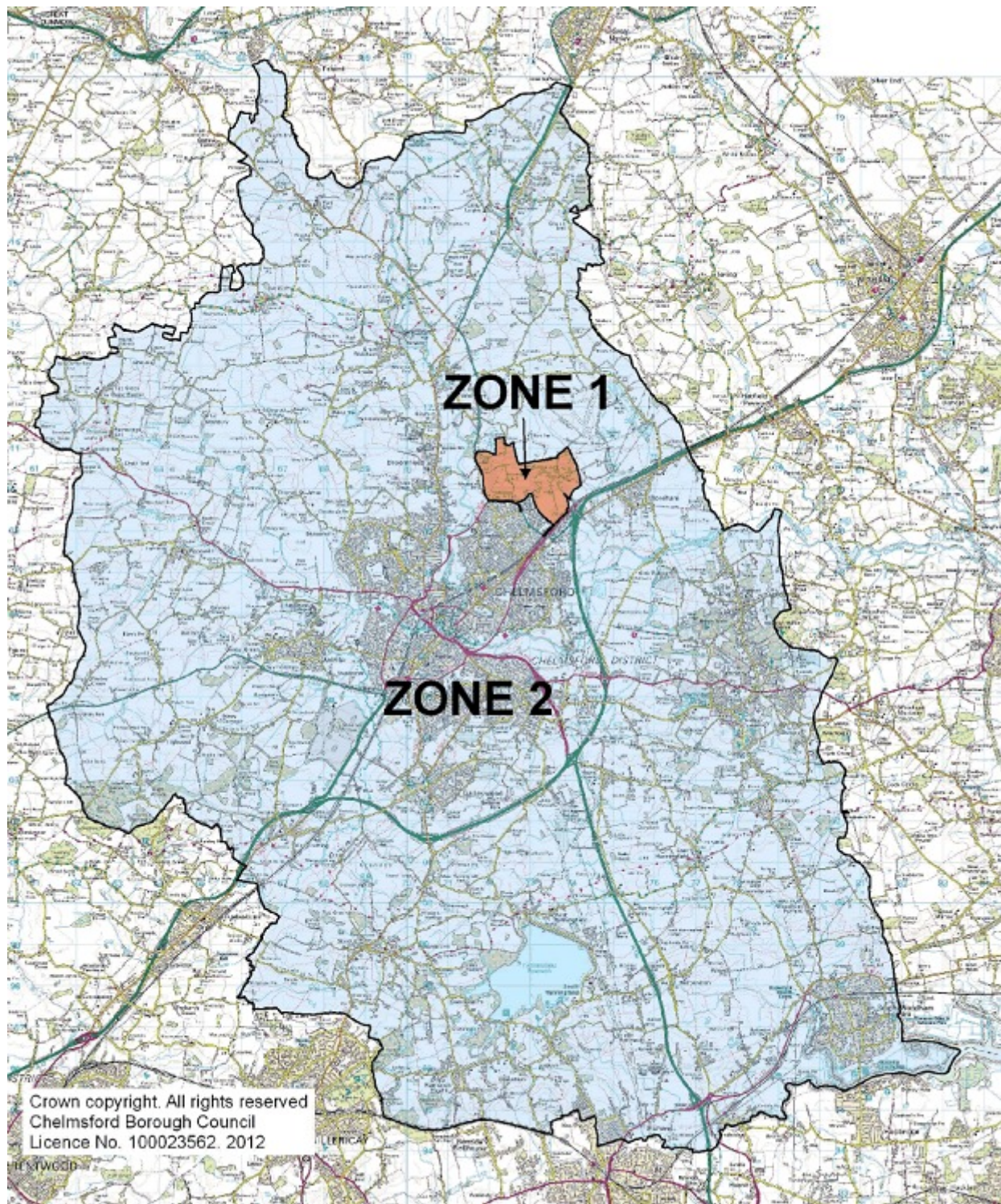
6.2 On the basis of the residential floorspace assumptions used in the viability modelling for different residential dwelling types, the recommended CIL charges equate to the following:

Table 2 - CIL at £125 sq m. Applied to Dwelling Types

Dwelling Type	Average Size (sq m.)	Proposed CIL Charge (£ per average dwelling)
1 Bed Flat	45	£5,625
2 Bed Flat	60	£7,500
3 Bed Flat	75	£9,375
4 Bed Flat	110	£13,750
2 Bed House	75	£9,375
3 Bed House	90	£11,250
4+ Bed House	115	£14,375

Proposed CIL Charge Rates and Zones 6

Figure 1 - Proposed CIL Charging Zones



6 Proposed CIL Charge Rates and Zones

Potential CIL receipts

6.3 As set out in the *Residential Development – Viability Evidence Base Report, February 2012* a relatively small proportion of the overall residual amount of dwellings still to be built in the period up to 2021 are CIL liable. This is because 35% of the dwellings on threshold sites are assumed to be affordable housing which receives 100% CIL relief. In addition, sites that already have been granted planning permission are not CIL liable. An assumption has also been made to discount major planning applications which are currently before the Borough Council for decision, as they are likely to be decided before CIL is adopted. This includes those in the Zone 1 where in any case a zero rated charge is proposed. The CIL liable residual is approximately 2,100 new dwellings in the period up to 2021.

6.4 In the case of commercial development, the only non-residential CIL charge proposed is for retail. It is estimated that up to 14,000 sq m. of new convenience retail floorspace could be developed and approximately 4,000 sq m. of new comparison floorspace could be provided in the period up to 2021. Again this does not include planning permissions already granted.

Table 3 - Potential CIL Receipts up to 2021

Development Type	Proposed CIL rate (£ per sq m.)	Multiplier (sq m.) ⁽⁷⁾	Potential CIL Receipt (£m)
Residential	£125	189,000	£23.6m
Retail - Convenience	£225	14,000	£3.1m
Retail - Comparison	£87	4,000	£0.35m
TOTAL			£27m

7 Residential multiplier based upon 2,100 dwellings using an average dwelling of 90 sq m.

7 Statutory Exemptions

7.1 The CIL Regulations provide exemptions for paying CIL as follows:

- New buildings and extensions of less than 100 sq m gross internal floorspace are not liable, unless it is a dwelling;
- 100% relief from CIL on those parts of a chargeable development which are to be used as affordable housing;
- Charity landowners receive 100% relief from their portion of the liability where chargeable development will be used wholly, or mainly, for charitable purposes.

8 Neighbourhood Funds

8 Neighbourhood Funds

8.1 As set out in Section 2 of the Localism Act (2011) Charging Authorities are required to pass a 'meaningful proportion' of the CIL receipts to local neighbourhoods where development has taken place. Although the Government has not finalised this, it is very likely that in Parished areas, the receiving body will be the Parish or Town Council and in non-Parished areas it will be the role of the Local Authority to consult with the community on how this proportion of the CIL will be spent.

8.2 The main role of CIL, in the context of Chelmsford's Spatial Strategy for new development, is to contribute towards strategic infrastructure. Therefore, unlike more rural districts where smaller developments are distributed across many areas, it is anticipated that a significant majority of CIL receipts will be directed towards strategic infrastructure. However, the Parish and Town Councils do currently receive contributions from Section 106 agreements especially for improvements to existing local open space, sports and leisure schemes and community facilities. It is estimated that in the Parished areas this has accounted for approximately 10% of individual planning obligations.

8.3 Therefore, it is proposed that 10% of CIL receipts are passed to Neighbourhood Funds to help continue to fund local infrastructure in the location of the chargeable development. This rate is subject to the outcome of the Government's consultation on this matter and other subsequent amendments to the CIL Regulations.

9 Calculation of Charge

How CIL is calculated

9.1 CIL is charged on the net additional gross internal floor area of a development. Where buildings are demolished, the total of the demolished floorspace will be off-set against the floorspace of the new buildings, providing the buildings were in lawful use prior to demolition.

9.2 A building is considered to be in lawful use if a part of that building has been in use for a continuous period of at least six months within the period of 12 months ending on the day planning permission first permits the chargeable development.

Calculating the charge

9.3 The calculation of the chargeable amount of CIL to be paid for a development proposal is set out at Regulation 40 of the CIL Regulations 2010 (as amended). This states that:

- The chargeable amount is the aggregate amounts of all chargeable developments at each of the relevant rates.
- Where the chargeable amount is less than £50 it is deemed to be zero.
- The relevant CIL rates are those set out in the Charging Schedules which are in effect at the time planning permission is granted.
- The amount of CIL chargeable at a given rate and the means to determine the net chargeable area must be calculated using the formulae set out in Regulation 40. These provide the relevant indexing information and the mechanism to off-set existing floorspace proposed for demolition.

9.4 For the detail of the charge calculation, please refer to Regulation 40 of the CIL Regulations 2010 and the Amendment Regulations 2011.

10 Payment of CIL

10 Payment of CIL

10.1 The CIL Regulations set a default of full payment of CIL within 60 days of the commencement of the chargeable development. However, the Regulations were amended in 2011 to allow Charging Authorities to adopt an Instalments Policy. This is designed to further mitigate the effect on the viability of development especially when larger CIL contributions are liable.

10.2 Although the Borough Council does not need to state its intention to adopt an Instalments Policy until the CIL Charging Schedule is adopted and it is not subject to scrutiny at the CIL Independent Examination, comments are welcomed at this stage. Below is a potential policy which seeks to address CIL Payments related to larger developments, but also the smaller developments of one or two houses where in the Borough Council's experience phased payments are also potentially needed.

Table 4 – Potential CIL Instalments Policy

Amount of CIL liability	Number of instalments	Payment periods and amounts
Any amount less than £10,000	2	50% of the chargeable amount ⁽⁸⁾ within 60 days of the commencement ⁽⁹⁾ date, the remaining 50% of the chargeable amount within 120 days of the commencement date
Amounts equal to or greater than £10,000 and less than £40,000	3	25% of the chargeable amount within 60 days of the commencement date, the next 25% of the chargeable amount within 120 days of the commencement date, and the remaining 50% of the chargeable amount within 240 days of the commencement date
Amounts equal to or greater than £40,000 and less than £200,000	5	20% of the chargeable amount within 60 days of the commencement date with the balance payable in four equal instalments within 120 days, 240 days, 360 days and 480 days of the commencement date
Amounts equal to or greater than £200,000	6	10% of the chargeable amount within 60 days of the commencement date with the balance payable in five equal instalments within 120 days, 240 days, 360 days, 480 days and 600 days of the commencement date

8 This is the amount as set out in the liability notice

9 The commencement date is the commencement notice date as advised by the developer under CIL Regulation 67

11 Implementation and Review

How will CIL be spent?

11.1 As the Regulations state, CIL can only be spent on new infrastructure or improvements to existing infrastructure required to support new development across the Borough. CIL can be used for the on-going costs of providing this infrastructure which could include maintenance, operational and promotional activities. However, what is clear is that CIL will not be able to fund all of the infrastructure required across the Borough.

11.2 There is no requirement at this stage for the Borough Council to publish the infrastructure types or specific schemes that may be wholly or partly funded by CIL. As required by Regulation 123, a list will need to be published on the Borough Council's website, but this list does not form part of this consultation, nor does it form part of the Independent Examination of the CIL Charging Schedule. This list will be prepared by the Borough Council before the adoption of the CIL Charging Schedule.

11.3 It is anticipated that in the future a process for the prioritisation of CIL spend is formulated through the existing Chelmsford Tomorrow Local Delivery Mechanism (LDM). The LDM is an informal partnership of authorities and agencies that together are already coordinating the delivery of key infrastructure required to support development growth in the Borough. It is envisaged that the LDM will take the lead on prioritising CIL spend and further develop its existing Business Plans to take account of CIL. For further information relating to the Chelmsford Tomorrow LDM visit the Borough Council's website at the following link: www.chelmsford.gov.uk/index.cfm?articleid=15995

Review of the Charging Schedule

11.4 This Preliminary Draft Charging Schedule is based on infrastructure required to support new development in the period up to 2021. This is the Plan period for the Borough Council's Core Strategy and the corresponding infrastructure planning covers this period. It is considered that the proposed CIL rates are not set at the ceiling of viability for most developments and there is some 'headroom' in the rates to deal with fluctuations in the economic cycle.

11.5 Therefore, unless economic or development delivery conditions change significantly in the intervening period, it is not considered necessary to review the CIL Charging Schedule until 2016.

12 Next Steps

12 Next Steps

12.1 Following the consultation period on this Preliminary Draft Charging Schedule the comments received will be considered by the Borough Council. The Borough Council will consult again on a Draft Charging Schedule. Following these two stages of consultation, the Draft Charging Schedule with any amendments considered appropriate, will be the subject of an Independent Examination.

12.2 The Examiner will consider whether the Draft Charging schedule meets the requirements of the Planning Act (2008), the CIL Regulations and the Statutory Guidance. Also whether it is supported by appropriate evidence and whether the CIL rates would put at serious risk the economic viability of development across the area. The Examiner will then issue a report, and subject to this, the Borough Council can adopt the CIL Charging Schedule.

Step	Timescale
Consult on Preliminary Draft Charging Schedule (6 weeks)	Early March – Late April 2012
Assessment of Representations and Amendments to Charging Schedule	May/June 2012
Consult on Draft Charging Schedule (4 weeks)	July 2012
Independent Examination	October 2012 (estimated)
Inspector's Report	December 2012 (estimated)
Adoption of Charging Schedule	January 2013 (estimated)

FURTHER INFORMATION

This publication is available in alternative formats including Braille, large print, audio tape and other languages. Please call 01245 606330.

Minicom: 01245 606444

Planning Policy
Directorate of Sustainable Communities
Chelmsford Borough Council
Civic Centre
Duke Street
Chelmsford
Essex
CM1 1JE

Telephone 01245 606330
Fax 01245 606642
planning.policy@chelmsford.gov.uk
www.chelmsford.gov.uk

Document Published by Planning Policy
Copyright Chelmsford Borough Council



CUSTOMER SERVICE EXCELLENCE