

# **Thurrock Community Infrastructure Levy**

## **Preliminary Draft Charging Schedule**

March 2012

## **1.0 INTRODUCTION**

- 1.1 The Community Infrastructure Levy (CIL) is a new way for Councils to raise funds to help pay for the infrastructure needed to support the development of their areas. It is charged at a locally set rate per square metre of net additional gross internal floorspace created by new development.
- 1.2 The Council's Cabinet has resolved that the Council should proceed to adopt the levy as the principal means by which developer contributions towards infrastructure will be collected. This Preliminary Draft Charging Schedule is produced for public consultation as the first step towards setting a levy in Thurrock. The Council will take into account all the representations received, and as a result may make amendments to the schedule. A second round of consultation will take place on the Draft Charging Schedule before it is submitted by the Council for independent examination.
- 1.3 Developer contributions have to date been obtained by authorities through the use of obligations under Section 106 of the Town and Country Planning Act 1990. The ability to use obligations will continue but from 6<sup>th</sup> April 2014, or from when the Council adopts a charging schedule if sooner the ability to pool contributions for infrastructure obtained by way of obligations will be restricted.
- 1.4 Ultimate liability to pay the levy rests with the landowner(s) of development sites but the regulations allow for other parties, such as the developer, to come forward and assume liability. In order to benefit from payment windows and instalments, someone must assume liability in this way. Where no one assumes liability to pay CIL the liability will automatically default to the landowners and payment becomes due immediately upon commencement of development.
- 1.5 When setting levy rates an authority must aim to strike what appears to the authority to be an appropriate balance between the desirability of funding infrastructure from CIL and the potential effects, taken as a whole, of the imposition of CIL on the economic viability of development across its area. As may be appropriate Councils can set the levy at different rates depending on development type and location.

### **How will CIL be applied**

- 1.6 Most buildings that people use will be liable to pay CIL when the Council's Charging Schedule is adopted but buildings into which people do not normally go, and buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery, will not be liable to pay. Buildings or extensions under 100 sqm or more of gross internal floor space will not be liable except new dwellings which will be liable even if the unit is under 100 sqm.

- 1.7 The regulations give relief from the levy in two specific instances. Firstly for charities where the chargeable development will be used wholly or mainly for charitable purposes. Secondly on those parts of a chargeable development which are to be used as social housing. In addition to these exemptions authorities may also provide discretionary relief from paying CIL but this is only to be permitted in exceptional circumstances. The Council has made no decisions as to whether to grant such relief.

### **Spending receipts collected through CIL**

- 1.8 The Council can choose to publish a list of those infrastructure projects or types of infrastructure that it intends to fund through CIL. If a list is not published, it is assumed that the authority intends to use CIL funds for any type of infrastructure and it will not be able to use planning obligations for these purposes. The Council has yet to draw up and publish such a list, and is unlikely to do so until much closer to adoption of its Charging Schedule.
- 1.9 Using powers in the Localism Act the Government intends to require authorities to allocate a meaningful proportion of CIL revenues raised in each neighbourhood back to that neighbourhood. In October 2011 the Government consulted on proposals as to how that might be done. The outcome is awaited. The Government also consulted on whether affordable housing should be one of those items which should be capable of being funded by way of the levy. Again the outcome is awaited.

## **2.0 EVIDENCE BASE**

- 2.1 The Council must use appropriate available evidence to inform its draft charging Schedule. This preliminary draft charging schedule has been informed by:-
- The Thurrock Core Strategy and Policies for Management of Development DPD. December 2011
  - Thurrock Infrastructure Prioritisation and Implementation Programme. February 2010.
  - Thurrock CIL: Residential Viability Assessment. March 2012
  - Thurrock CIL: Viability Assessment of Non Residential Land Uses. February 2012

These documents may be viewed on the CIL page of the Council's web site.

## **Thurrock Core Strategy and Policies for Management of Development DPD**

- 2.2 This was adopted by the Council on 21<sup>st</sup> December 2011. The Core Strategy plans for 18,500 new homes between 2001 to 2021 and up to a further 4750 dwellings between 2021 and 2026 (policy CSSP1). It aspires to help secure an additional 26,000 jobs over the period to 2001 to 2026 in 5 Key Strategic Economic Hubs (CSSP2). The Council has identified the Key Strategic Infrastructure Projects which are essential to the delivery of the Core Strategy (CSSP3).

## **Thurrock Infrastructure Prioritisation and Implementation Programme Feb 2010.**

- 2.3 This informed the preparation of the Core Strategy and itemises some £727m of capital infrastructure costs and estimates some £560m of revenue costs over the plan period.

## **Thurrock CIL: Residential Viability Assessment**

- 2.4 This builds on work undertaken to inform the formulation of the Council's Core Strategy affordable housing policy CSTP2 (Thurrock Affordable Housing Viability Assessment Feb 2010). This earlier work modelled 16 development scenarios distinguishing between brownfield and greenfield sites, high/medium and low market demand areas and site size. Using those same distinctions the more recent assessment indicates that a minority of those development scenarios would be viable in current market conditions with a CIL rate at £10 per square metre (psm) and affordable housing provision at 15%. With a market returning half way to its previous 2007 peak the situation would improve but still with only half the scenarios being viable at a rate of £38 psm with 15% affordable housing provision.
- 2.5 Looking at the impact of possible CIL rates on these broad development scenarios provides only a partial picture of the impact of possible charging rates on development in Thurrock. A fuller picture can be obtained by looking at the actual identified housing sites which fall within these various scenarios, the number of dwellings expected from them, and when they are expected to be developed - recognising that the majority of sites in the 5 year housing supply already have planning permission and thus are unlikely to be subject to CIL. Having looked at the possible impacts on the 6-10 year housing sites the Council has concluded that it would be appropriate to set a nil rate for part of the borough and a rate of £38 psm for the rest of the borough as such a charging regime would likely have only a minor impact on housing delivery.

## **Thurrock CIL: Viability Assessment of Non Residential Land Uses**



- 2.6 For non residential uses the viability considerations again suggest the adoption of differential rates based on geographical areas and development types with positive CIL rates being charged in relation to a limited number of development types taking place within three parts of the Borough identified as being the most likely to attract development.
- 2.7 Such an approach recognises that while there has been strong past demand for some types of commercial development within some parts of Thurrock, for other uses and in other localities there has been little or no commercial development over the past 25 years or so even during economic 'booms'. This suggests a lack of effective market demand for accommodation away from the better locations and for some types of development generally, for which the setting of a nil rate would seem to be the only appropriate course of action in order not to prejudice those development schemes which might come forward. This approach also recognises that the property market generally is very weak and that there may only be a slow recovery during the period of the Council's first Charging Schedule.

### 3.0 PRELIMINARY DRAFT CHARGING SCHEDULE

#### For residential development:

Zone A	Nil
Zone B	£38

Zones A and B are shown on Map 1.

#### For non-residential development:

Use	Zones C	Zone D
A1 retail, A3 restaurants and cafes, A4 drinking establishments, A5 hot food take-aways, casinos, retail warehouse clubs	£150 psm	Nil
A2 financial and professional services, B1b research, B1c and B2 industry, B8 warehouses, hotels, car show-rooms	£25 psm	Nil
All other non-residential uses	Nil	Nil

Zones C and D are shown on Map 2.

In accordance with regulations these rates would be index linked to the All-in Tender Price Index published by the Building Cost Information Service of the Royal Institute of Chartered Surveyors.

## **4.0 STATUTORY PROVISIONS**

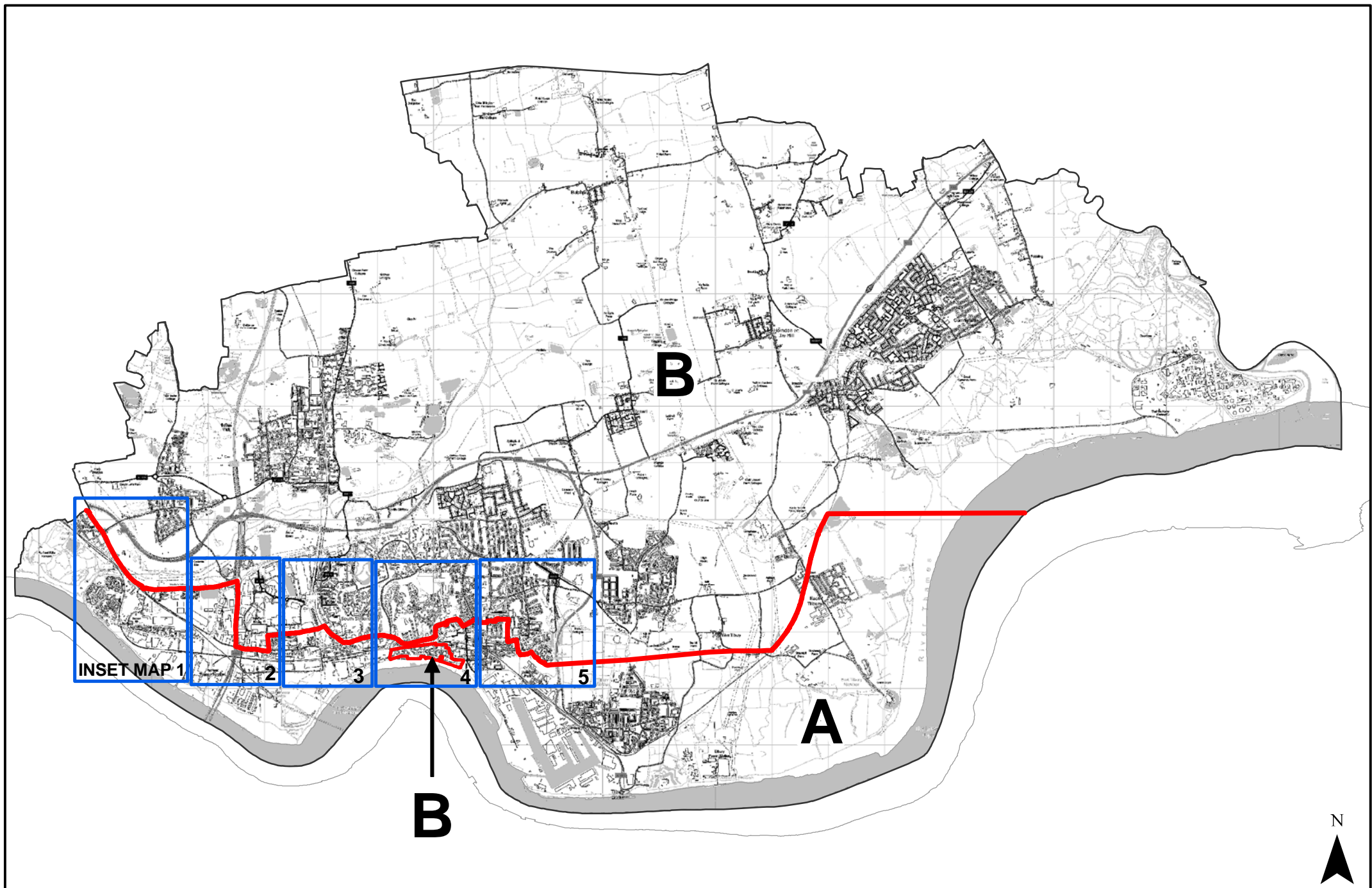
### **4.1** These are set out in:-

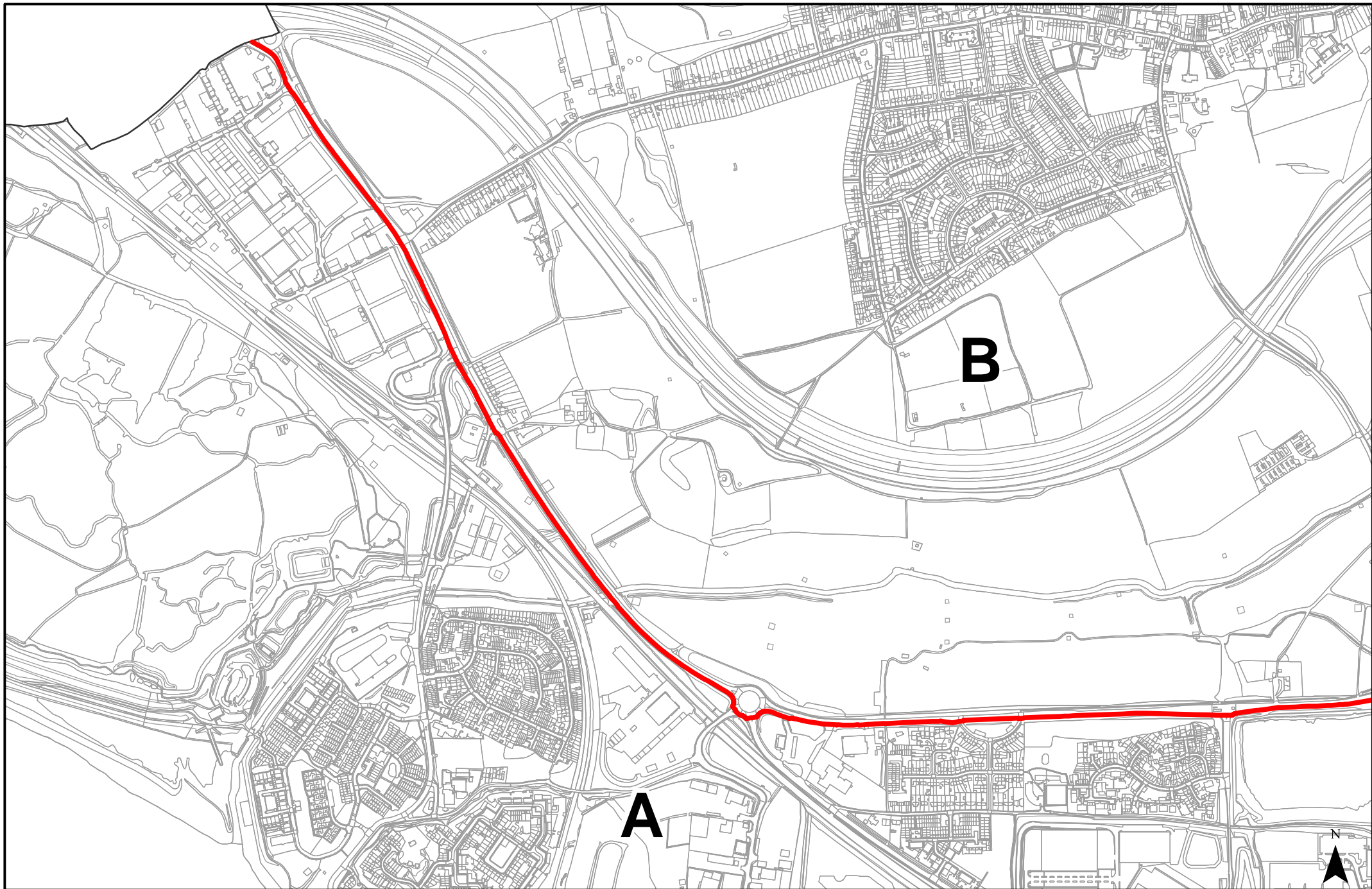
Part 11 of the Planning Act 2008  
The Community Infrastructure Levy Regulations 2010  
The Community Infrastructure Levy (Amendment) Regulations 2011  
The Local Authorities (Contracting Out of Community Infrastructure Levy Functions) Order 2011  
Localism Act 2011

## **5.0 GUIDANCE**

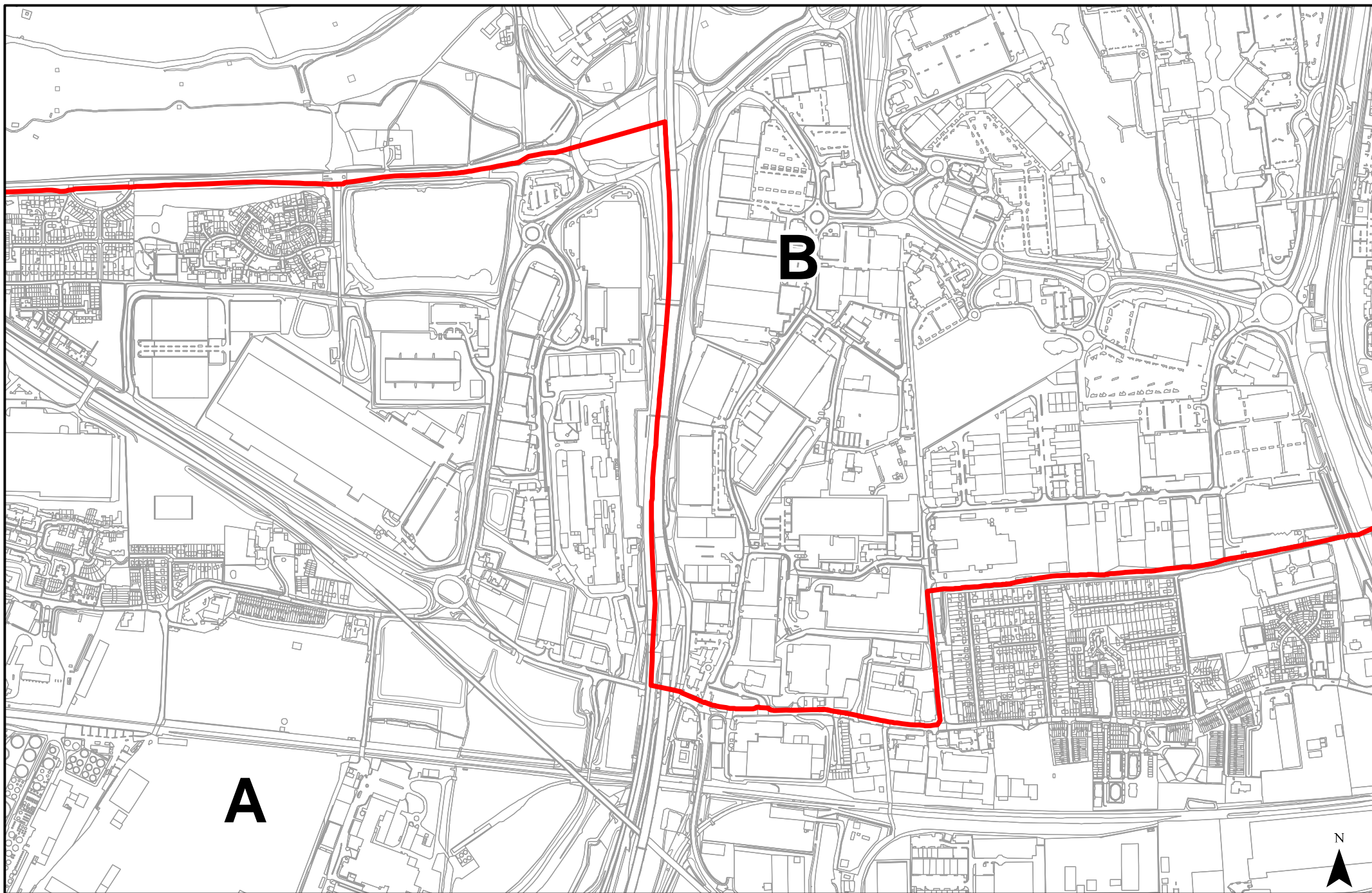
### **5.1** The Department of Communities and Local Government has produced a number of documents explaining the levy:

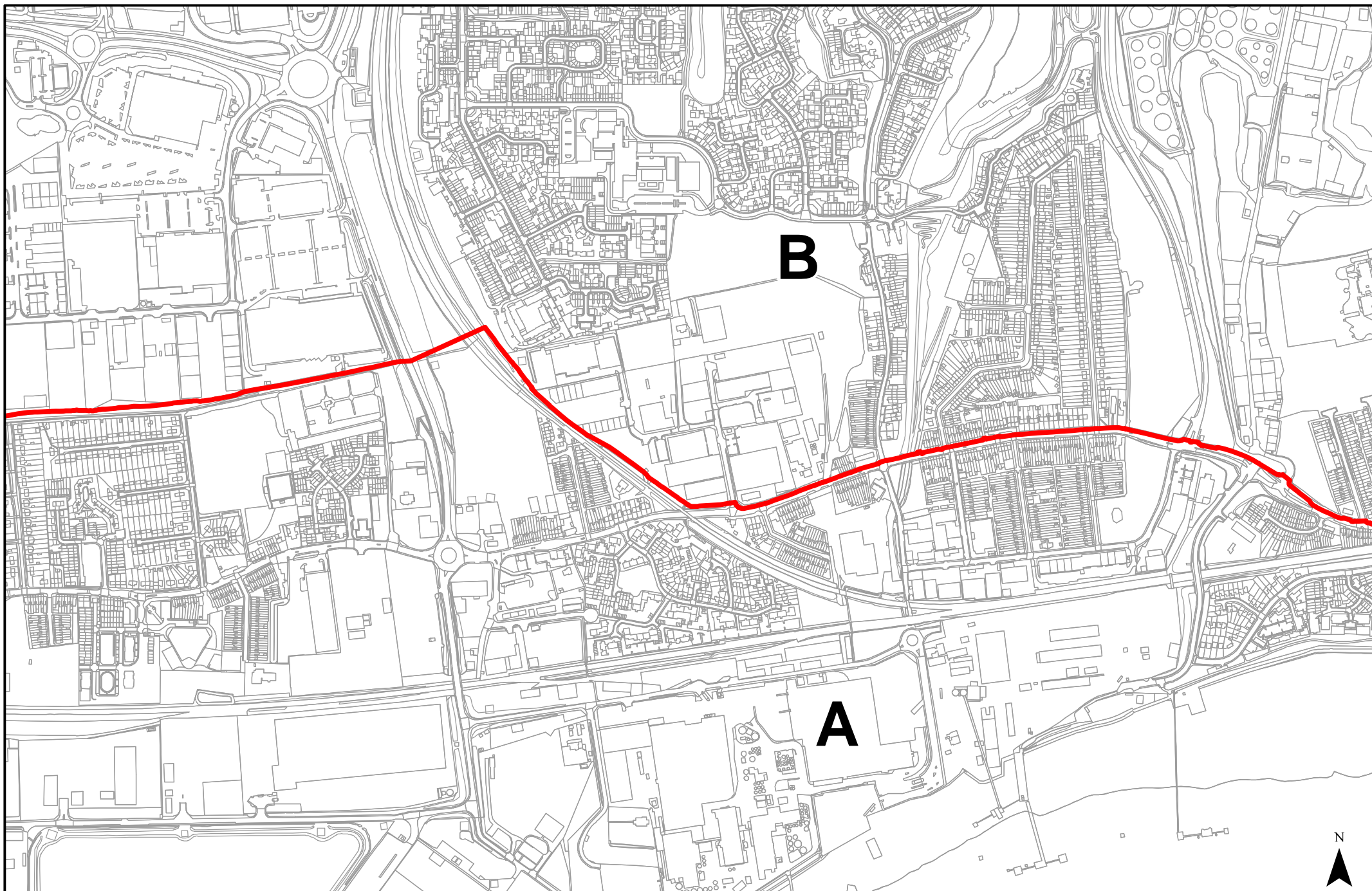
Community Infrastructure Levy: An overview  
The Community Infrastructure Levy: Summary  
Community Infrastructure Levy Guidance: Charge Setting and Charging Schedule Procedures.  
Community Infrastructure Levy Relief: Information document.



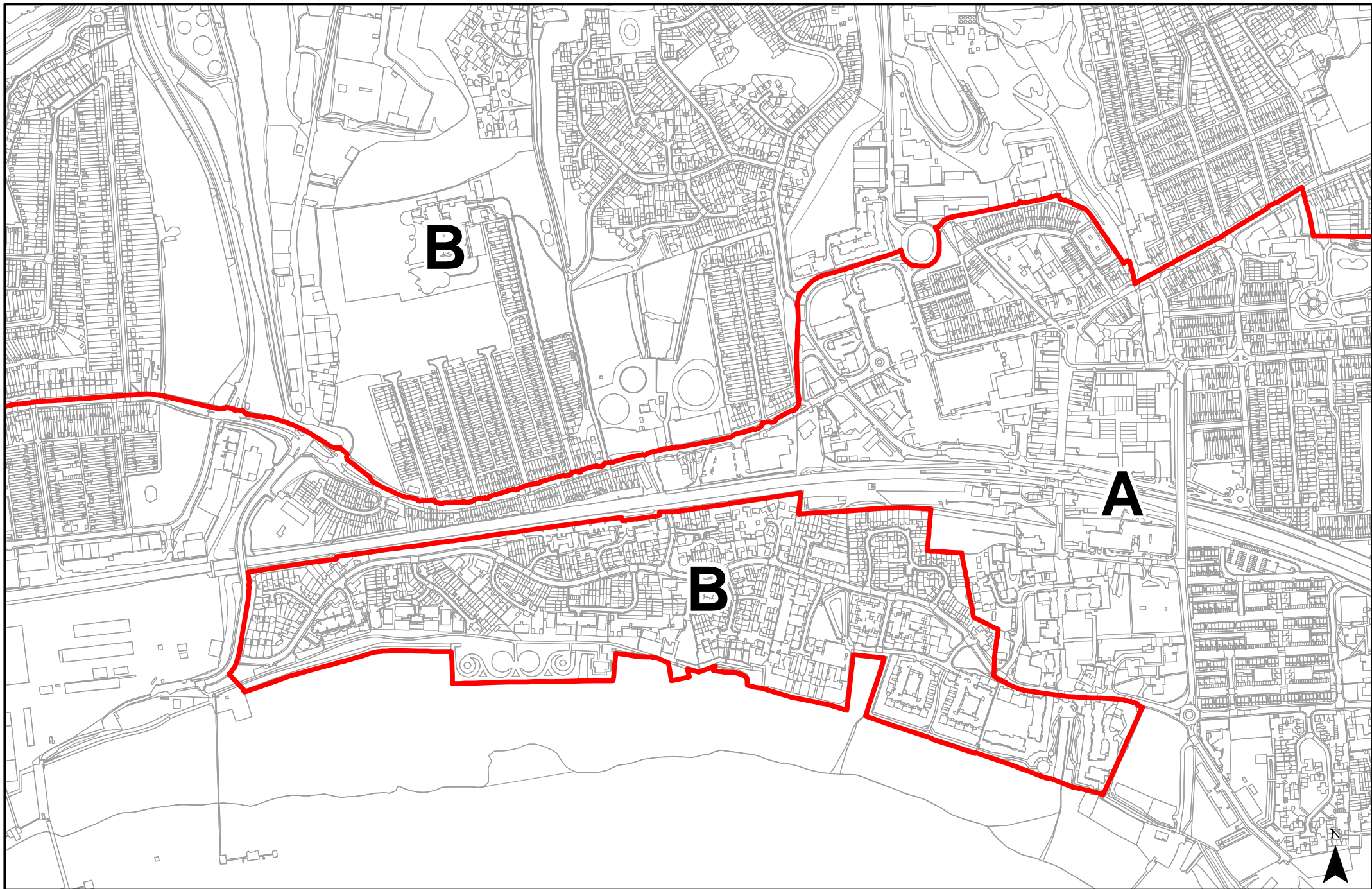




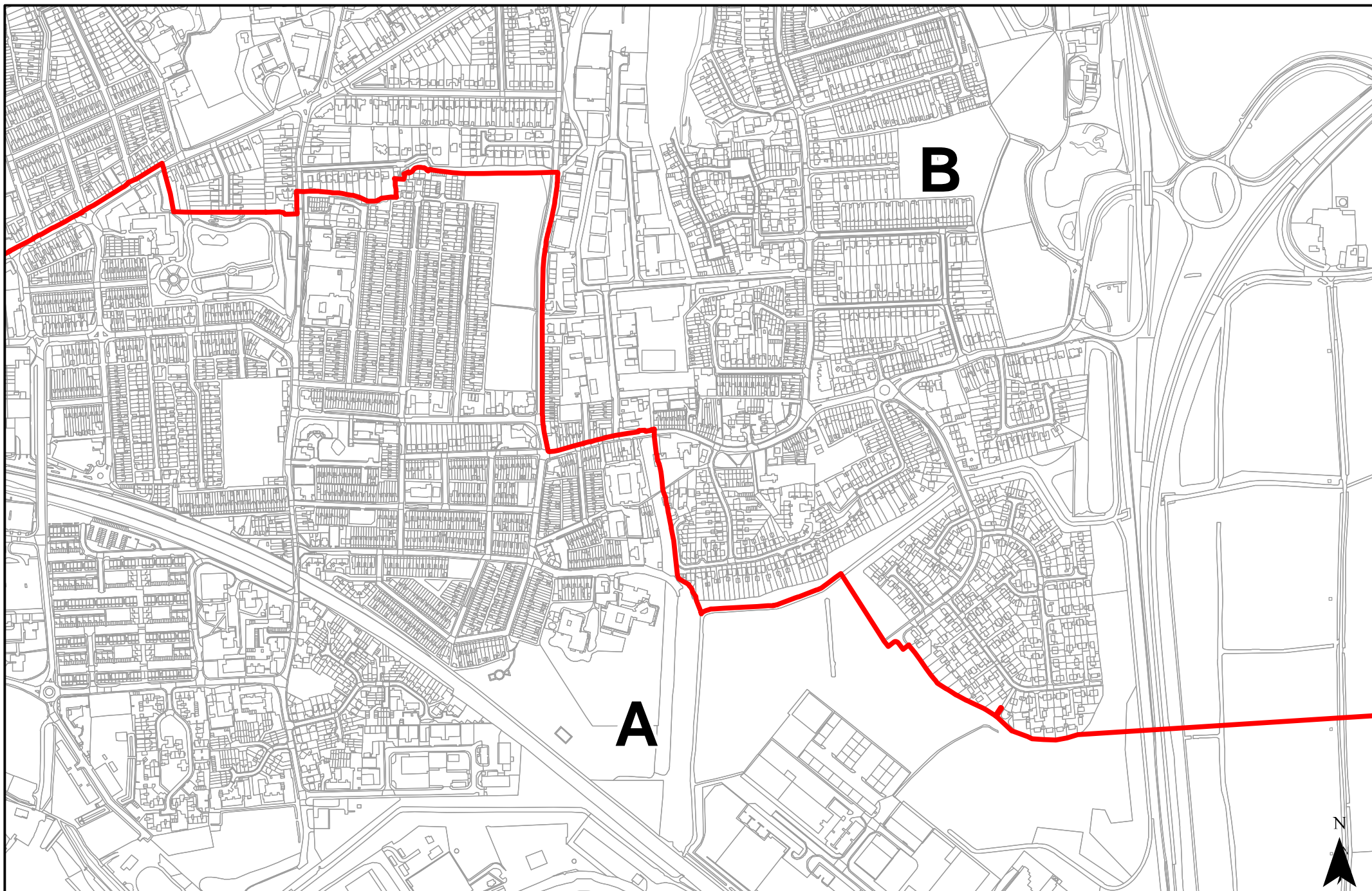




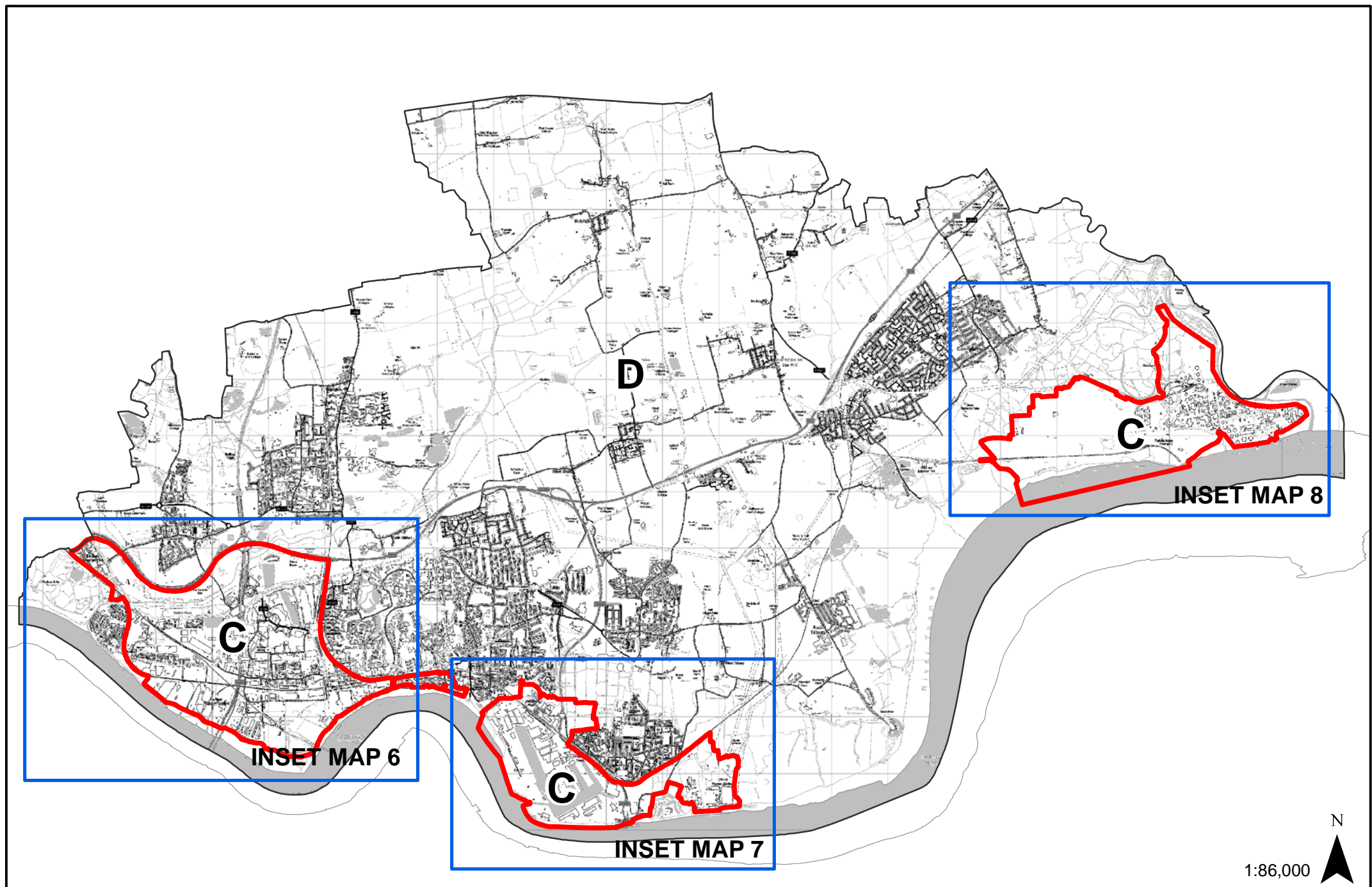


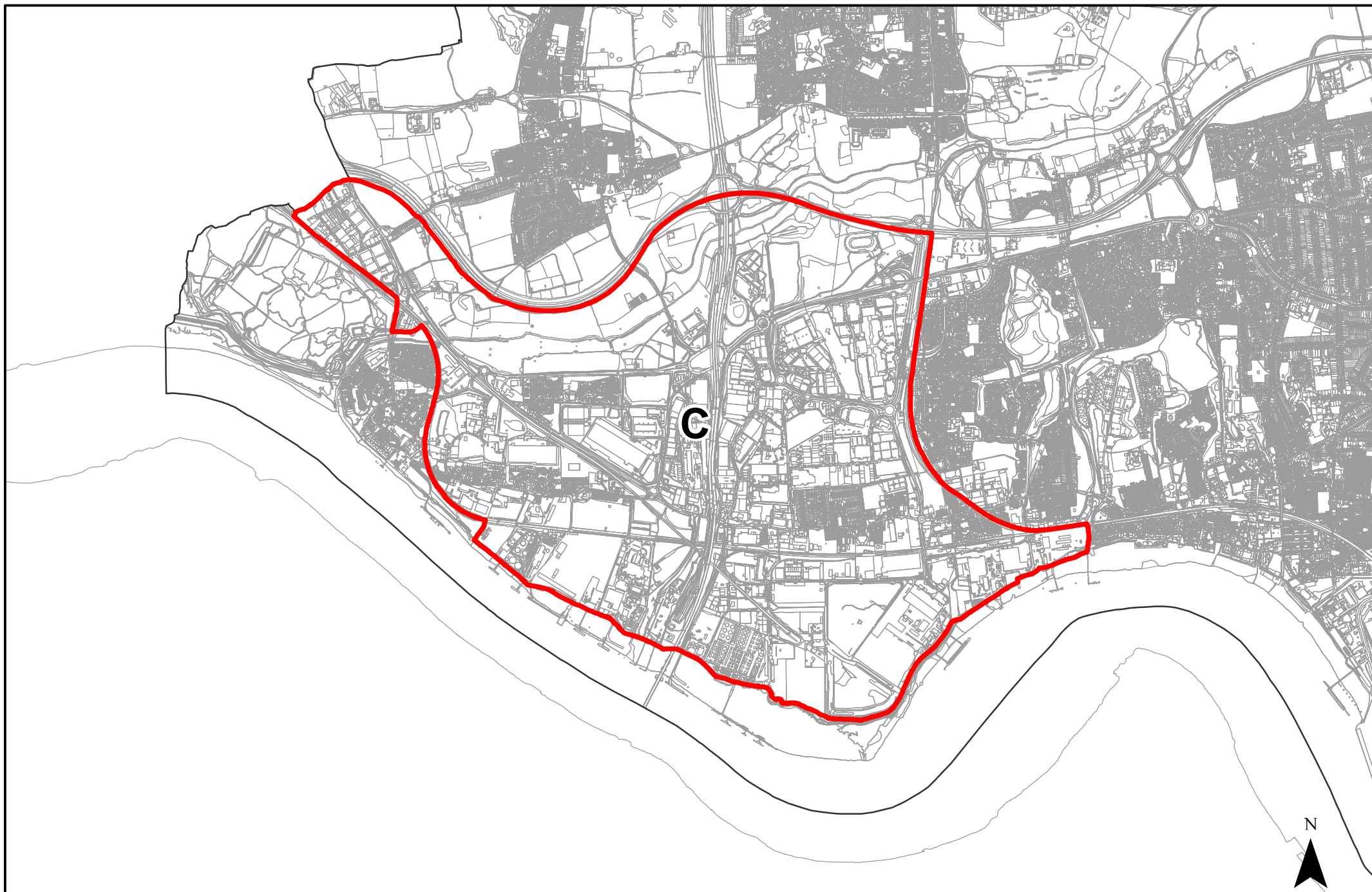




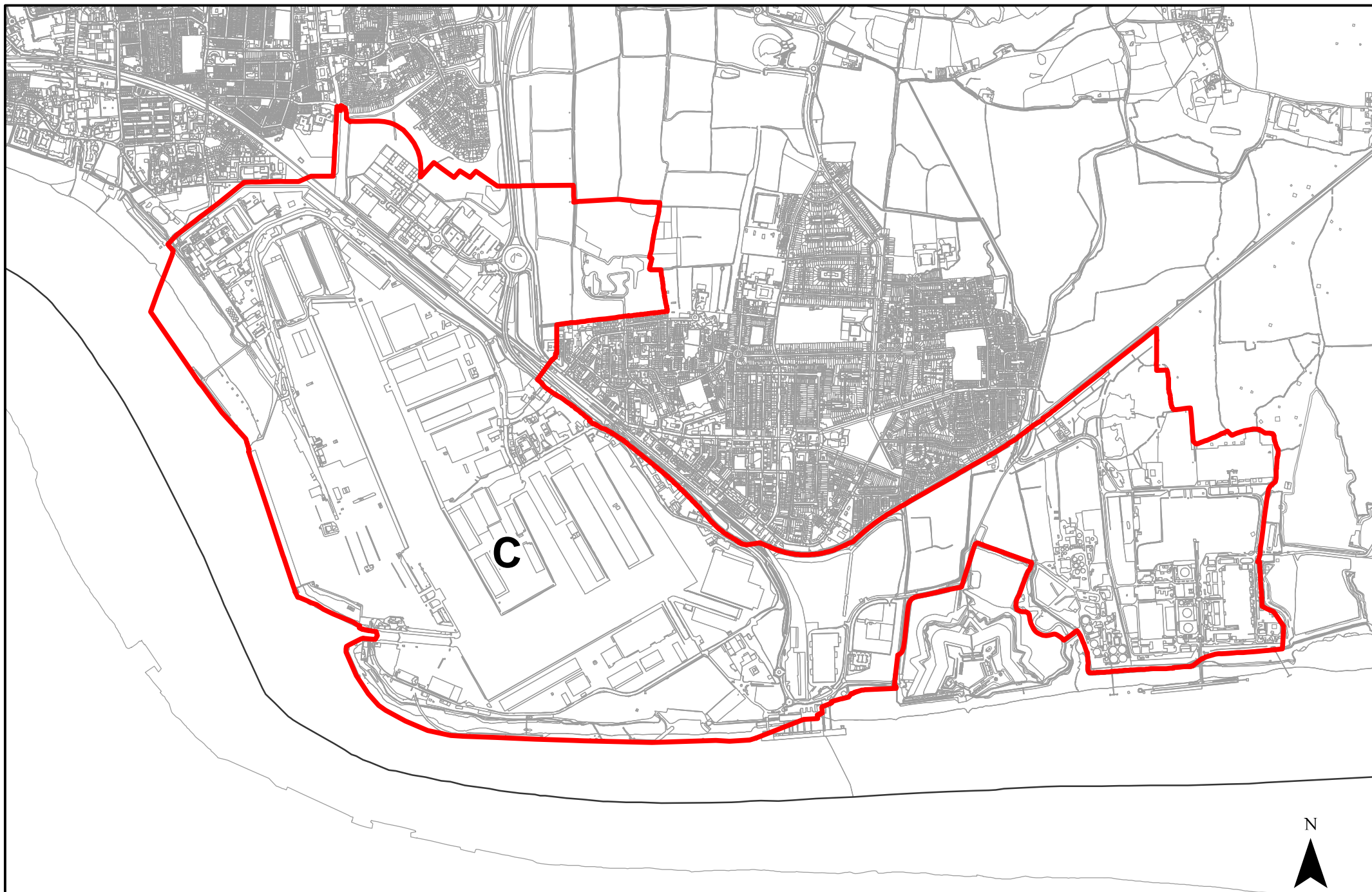


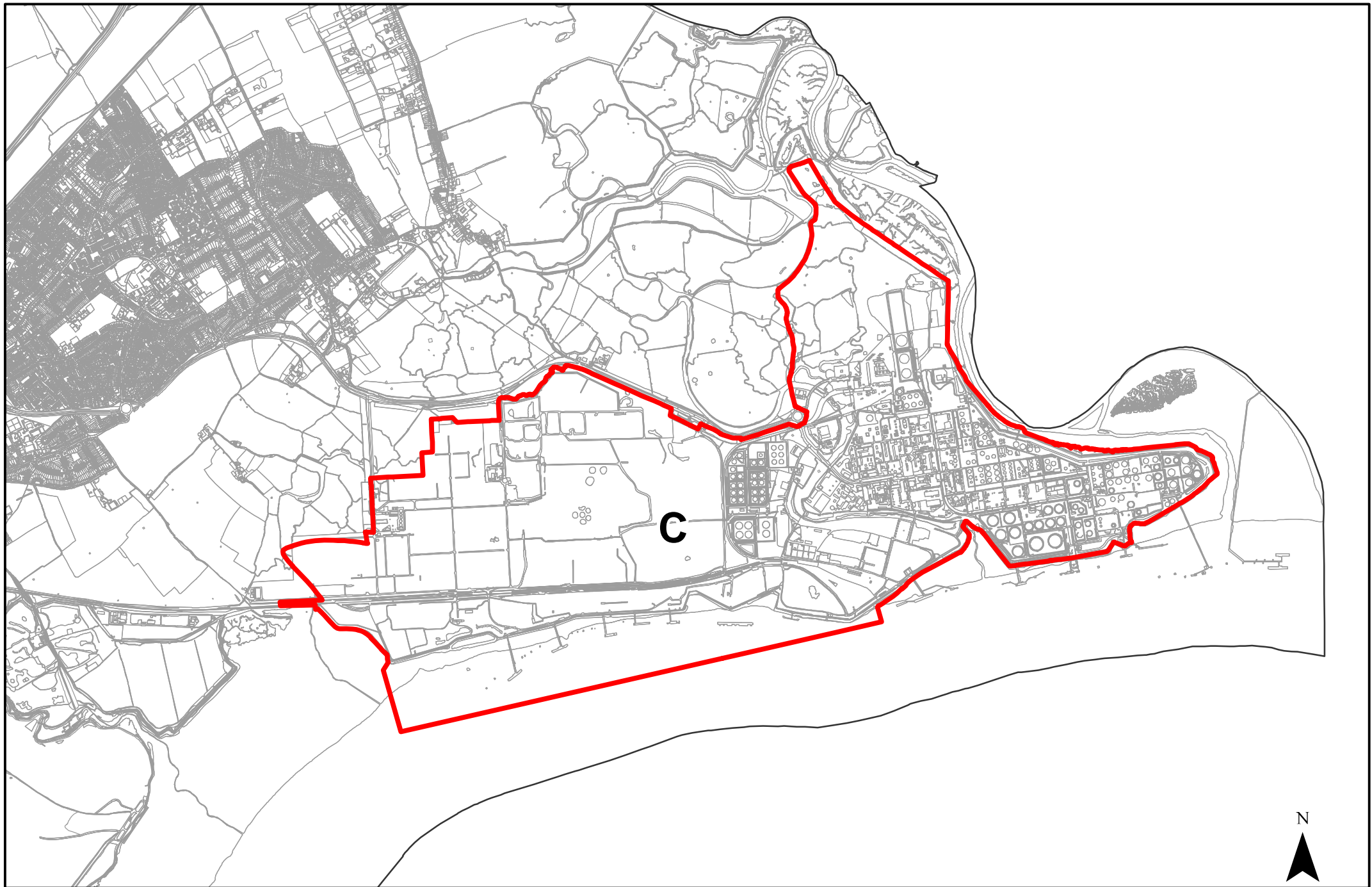












**How to comment on this Preliminary Draft Charging Schedule.**

The consultation period on the Preliminary Draft charging Schedule runs between Friday 16<sup>th</sup> March 2012 to 5pm on Friday 27<sup>th</sup> April 2012

Any comments you may wish to make should be sent to:

Strategic Planning Team  
Sustainable Communities Directorate  
Thurrock Council  
Civic Offices  
New Road  
Grays  
Essex  
RM17 6SL

Or be sent by e-mail to:

[strategic.planning@thurrock.gov.uk](mailto:strategic.planning@thurrock.gov.uk)

Please put 'CIL Preliminary Draft Charging Schedule Consultation response' in the subject line of your letter or e-mail.

Please note that comments received cannot be treated as confidential. They will be made available as public documents.

**Contact information**

If you require any further information please contact the Council's Strategic Planning Team.

**Telephone:** 01375 652272

Email: [strategic.planning@thurrock.gov.uk](mailto:strategic.planning@thurrock.gov.uk)