

Taunton Deane Borough Council

Report for Executive 13th November 2013

Introduction of the Community Infrastructure Levy (CIL) in Taunton Deane – Examiner’s Report and Adoption

Report of the Policy Lead Officer

This matter is the responsibility of Executive Councillor Edwards

1.0 Executive Summary

The Community Infrastructure Levy (CIL) was introduced under the Planning Act 2008 and is intended to replace Section 106 as the main means of funding infrastructure associated with new development. The Council has previously prepared and submitted its proposals to an independent Examination, which was held on 24th July, and the Examiner has submitted his report. The Council now needs to formally adopt its CIL Charging Schedule with the amendments proposed by the Examiner. It also needs to adopt a policy for payment of CIL by instalments and establish governance mechanisms for spending and distribution of CIL receipts.

2.0 Background

- 2.1 The Community Infrastructure Levy (CIL) was introduced under the Planning Act 2008. It is intended to replace S106 agreements as the main means of securing funding from developers towards the cost of infrastructure. At its meeting on 20th June 2012, the Executive agreed to progress the introduction of the Community Infrastructure Levy (CIL) in Taunton Deane, and approved a Preliminary Draft Charging Schedule (PDCS) for consultation. The introduction of CIL is necessary in part because, from April 2015, the ability to pool S106 contributions to deliver larger items of infrastructure will be restricted.
- 2.2 Following consultation on the PDCS, a Draft Charging Schedule (DCS) was then prepared, taking account of the comments which had been received, and made available for representations between 1st February and 15th March, 2013. The DCS was then submitted for independent Examination, which was held on 24th July.
- 2.3 The Examiner has now submitted his report to the Council. He recommends a number of minor changes to the Charging Schedule, which need to be incorporated before the Council can adopt CIL and proceed to introduce the charges.
- 2.4 Respondents at the preliminary draft stage suggested that the Council include with the charging schedule a policy for payment of CIL by instalments. A draft

instalment policy was therefore prepared, and was attached to the report approved by the Executive on 16th January 2013. Subsequently an amended version was approved by the Executive on 16th July 2013 and put forward for comments at the CIL Examination. A minor change to the instalment policy is now proposed in response to the comments received.

2.5 The Council also now needs to set up the organisational arrangements for introducing and managing CIL and the delivery of the infrastructure it is intended to fund. These are addressed in Sections 5.0 and 6.0 of this report.

3.0 Examiner's Report

3.1 It is gratifying that the Examiner has endorsed the Council's proposals for the levels of CIL within Taunton Deane and the zones within which they would apply. This includes the proposed zero rates for all development in Taunton and Wellington town centres and for the wider urban area of Wellington. He has recommended two relatively minor modifications that the Council will need to include in the Charging Schedule:

1. Clarification that the rate of CIL for the Taunton urban area will apply in the 'broad locations' for future growth at Taunton (Staplegrove and Comeytrove) identified in the Core Strategy and the Site Allocations (Preferred Options) planning documents.
2. Clarification that retail development includes uses within classes A1-A5 as defined in the Town and Country Planning (Uses Classes Order) 1987, as amended.

These modifications arise from matters discussed during the Examination.

3.2 Overall, the Examiner concludes that the Council's proposed Charging Schedule provides an appropriate basis for the collection of the levy and the charges are set at a level which would not put the overall development of the area at risk.

3.3 The Charging Schedule which it is recommended that the Council now adopts, including the modifications recommended by the Examiner, is included as Appendix 1.

4.0 Proposed Instalments Policy

4.1 Regulation 69B of the Community Infrastructure Levy (Amendment) Regulations 2011 allows a charging authority to accept payment of CIL by instalments, so long as it publishes on its website a policy to that effect.

4.2 A draft instalment policy was approved by the Executive in July 2013 so that it could be tabled at the Examination for consideration by the development industry. The policy takes account of the rate at which developments might be completed, and thus the appropriate number of instalments and reasonable time periods for payment of each instalment.

4.3 In response to the comments made by developers, it is proposed to introduce an additional payment band for sums in excess of £1m. Otherwise, the instalment policy remains as approved in July 2013. The amended policy is attached to this report (Appendix 2).

4.4 It is important to note that, if there is no instalment policy in place, payment of CIL becomes due in full 60 days following commencement of development.

5.0 CIL Governance

5.1 It is important that systems are in place and functioning ahead of CIL implementation. It is therefore proposed to appoint a CIL administration officer early in 2014. Members have previously agreed to fund this post for two years on the basis that the costs will be recouped. This can be achieved using the provisions that allow up to 5% of CIL receipts to be 'top sliced' to cover the costs of administration.

5.2 Once CIL is in place, money will begin to come in, although receipts will take time to build up given that CIL will only apply to schemes that are granted planning permission after its introduction.

5.3 Under Regulation 62, the Council must publish an annual report on its website setting out the following:

- Total CIL receipts for the year;
- Total CIL expenditure for the year;
- Summary of CIL expenditure during the reported year including:
 - a. The items of infrastructure to which CIL has been applied;
 - b. The amount of CIL on each items;
 - c. The total amount of CIL receipts retained at the end of the reported year.

It is anticipated that this work would be carried out by the CIL administration officer referred to in 5.1.

6.0 Managing Infrastructure Delivery

6.1 Delivering infrastructure is one of the major challenges facing the Council in support of its growth agenda. Receipts from CIL and New Homes Bonus are likely to be the two largest sources of funding for this.

6.2 There will be a need for a process to determine how the CIL receipts should be spent, to agree on the timing of spend and to arrange the distribution of funds to partner organisations. It may also be necessary for the Council to directly commission certain items of infrastructure that will be funded through CIL.

- 6.3 Under Regulation 123 of the CIL Regulations, the Council is required to publish a list of the projects that it intends to finance, in whole or in part, using CIL receipts. It will need to do this prior to the introduction of CIL. The Regulation 123 list can and will need to be reviewed on a regular basis and reported on annually. A separate report on the Regulation 123 list will be prepared and submitted early in 2014.
- 6.4 The Council is also required to pass 25% of CIL receipts to the parish council in areas where there is a neighbourhood plan in place, and where there is no neighbourhood plan in place, 15% of CIL receipts up to a maximum of £100 per extant dwelling.
- 6.5 In areas with unitary local government, all decisions can be negotiated and agreed within one group of elected Members. In Taunton Deane, as well as Borough councillors it will also be reasonable to involve County Council Members, specifically those with responsibility for spending on transport and education, which will be major elements of infrastructure to be delivered using CIL receipts.
- 6.6 Detailed arrangements for managing the delivery of infrastructure, and the involvement of Members in the decision-making process, will be the subject of a further report early in 2014.
- 7.0 Timescale for introducing CIL
- 7.1 The process of getting ready to introduce CIL will take some time – for example, owing to the need to install computer software to issue documents and process information, and to train staff in its use. It is therefore proposed that CIL be introduced in Taunton Deane with effect from 1st April 2014. An announcement to this effect will also provide the development industry with time to adapt to the change.
- 8.0 Links to Corporate Aims
- 8.1 The funding that will be obtained through the introduction of CIL is fundamental to delivering the Council's objectives for tackling deprivation and sustainability community development, regeneration and climate change. At present, under the Regulations, CIL cannot be spent on providing affordable housing.
- 9.0 Environmental Implications
- 9.1 There are no direct environmental implications.
- 10.0 Community Safety Implications
- 10.1 There are no identified community safety implications.

11.0 Equalities Impact

11.1 No separate Equalities Impact Assessment has been carried out as CIL is essentially a mechanism, rather than a proposal in its own right.

12.0 Risk Management

12.1 The principal risks associated with failure to introduce CIL are that the infrastructure needed to deliver the growth in the Core Strategy cannot be provided. This would undermine the long-term strategy for Taunton Deane and the achievement of the Council's corporate objectives.

12.2 There is also a risk is that the decision process for the spending on infrastructure is no longer linked to the decision to allow development. Thus the delivery of infrastructure and the delivery of development could become disconnected. Great care will be needed to ensure that this does not happen.

13.0 Partnership Implications

13.1 The Council will need to work in partnership with a range of other organisations to deliver the proposals using CIL receipts.

14.0 Recommendations

14.1 The Executive are requested to approve:

1. The introduction of the Community Infrastructure Levy in Taunton Deane from 1st April 2014;
2. The Charging Schedule set out in Appendix 1, incorporating the modifications recommended by the Examiner;
3. The proposed Instalment Policy set out in Appendix 2.

15.0 Persons to Contact

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