

Taunton Deane Borough Council

Community Infrastructure Levy

Preliminary Draft Charging Schedule

June 2012

Community Infrastructure Levy (CIL) – Preliminary Draft Charging Schedule

Introduction

The Community Infrastructure Levy (CIL) was introduced under the Planning Act 2008 and is defined in the CIL Regulations 2010 (as amended 2011). Local authorities in England and Wales can elect to charge CIL on new developments.

CIL takes the form of a charge per square metre of additional floorspace (new build or extensions) and can be charged on most new development. There are exemptions for charitable organisations and affordable housing, together with some size thresholds for non-residential uses. Domestic extensions, together with development resulting in the creation of less than 100 sq m of net additional floorspace, are not liable for CIL.

The introduction of CIL is seen as necessary in part because, from April 2014, the ability to pool planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), will be restricted. It will therefore become difficult to deliver larger scale items of infrastructure such as schools, swimming pools and transport schemes, where pooling of numerous individual planning contributions is often necessary. Section 106 agreements will continue to be used to deliver some infrastructure (as will Section 278 for highways), but this will largely be restricted to site-specific mitigation and for providing affordable housing.

The money raised through CIL will be used to deliver infrastructure that is needed to support the proposals set out in the Council's Core Strategy and the Taunton Town Centre Area Action Plan.

Evidence to support the proposed levels of CIL

The evidence to support this Preliminary Draft Charging Schedule is available on the Council's website. The viability appraisal to support the proposed charges has been prepared on behalf of the Council by Three Dragons and Roger Tym and Partners.

The viability appraisal looks at notional and actual housing development sites in Taunton Deane, and also considers non-residential uses. It recommends rates of CIL that can be charged without putting the majority of development proposed at risk. The evidence indicates that for residential development, CIL would not render the majority of development unviable in most of Taunton Deane. For non-residential uses the only types of development which could support CIL and remain viable, at present, are retail warehousing, superstores, supermarkets and convenience stores.

The Proposed Levy

The Preliminary Draft Charging Schedule attached has been prepared in accordance with Part 11 of the Town and Country Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (as amended). The Council has sought to strike a balance between ensuring appropriate development comes forward and the impact of CIL on development viability. It has also sought to balance costs between aspects of site-specific infrastructure which will continue to be secured through Section 106 planning obligations and those that will be funded through CIL.

The CIL rates proposed are set out in the Preliminary Draft Charging Schedule. An assessment of the viability of development in different parts of the Borough has been carried out by the Council's consultants to determine what level of CIL could be charged without affecting the viability of most development. The Regulations recognise that the CIL charge may make some development unviable and that CIL should not be set at such a low rate as to ensure that every development remains viable.

Viability evidence suggests that there is no scope to charge CIL on residential development within Wellington urban area, nor on non-food retail development within defined town, district/local or rural centres in Taunton Deane. Employment development in the Borough is also not able to support CIL.

Once CIL is adopted, the charging rates proposed will be indexed to account for inflation using a nationally recognised index. The charges will be regularly reviewed to take account of changes in viability, and any proposed changes to the Charging Schedule will be submitted for further examination.

CIL Relief

The CIL Regulations provide for full relief from the CIL charge for any part of a development which is affordable housing (and includes social and affordable rent and shared ownership). Charity landowners will also benefit from relief provided that the development is to be used for charitable purposes. If a development is initially granted CIL relief and then circumstances change, there is a claw-back period of 7 years within which the development will become liable for CIL. Relief can also be given in exceptional circumstances, subject to the Council publishing a policy to this effect. Such exceptional circumstances will only apply where there is a Section 106 planning obligation in place that has costs greater than the chargeable amount and where the addition of CIL would make the development unviable; additionally the amount of relief granted must not be sufficient to qualify as notifiable state aid under EU law.¹ The fact that an application may be unviable is unlikely, in itself, to constitute an exceptional circumstance in terms of the CIL Regulations, and given the restrictions imposed regarding state aid, the Council does not intend to apply such a policy at this time.

Payment of CIL

CIL is payable on commencement of development. The Council are able to consider introducing a policy for payment by instalments, but this will need to be agreed before any development commences and will also need to be in accordance with a published policy. Such a policy does not form part of the proposed CIL Charging Schedule; however the Council would welcome views from consultees as to whether there should be an instalments policy, and what form it should take.

Relationship between CIL and Section 106 agreements

Provision for Section 106 agreements will remain, but from April 2014, under Regulation 123, the ability to pool contributions from developers via S106 to deliver larger items of infrastructure will be substantially curtailed. The Council's intention is

¹ The current de minimis threshold is €200,000 (€100,000 for undertakings in the road transport sector) over a rolling three year fiscal period. Community Infrastructure Levy Relief Information document published by CLG.

that CIL will be used to deliver larger strategic items with S106 retained only for direct mitigation of site-specific impacts.

Under Regulation 123, the Council will also need to prepare a list setting out the types of infrastructure that it intends to fund through CIL, prior to the adoption of its Charging Schedule. CIL cannot be used as well as Section 106 to deliver the same piece of infrastructure.

CIL for local communities

The Council will be required to pass a 'meaningful' proportion of CIL receipts to parish councils for use on infrastructure identified as important by the local community. Further guidance on what constitutes a meaningful proportion is awaited from central Government.

Next Steps

The CIL Regulations require the Council to carry out two stages of consultation on the proposed CIL Charging Schedule, but there are no specific guidelines as to what this should comprise other than a minimum of 4 weeks prior to submission. This Preliminary Draft Charging Schedule will be the subject of consultation for 4 weeks starting on Friday 29th June and ending on Friday 27th July at 17.00. Consultation is aimed particularly at local community representatives and representatives of the development industry.

Following consultation on the Preliminary Draft Charging Schedule, the Council will review the comments received with a view to publishing a Draft Charging Schedule for examination in early 2013.

Your Views

We would like to receive any comments you may have on:

1. The Preliminary Draft Charging Schedule.
2. The introduction of a policy for payment of CIL by instalments, and the form this should take.

Comments should be put in writing and sent to:

Policy (Planning and Development)
Taunton Deane Borough Council
The Deane House
Belvedere Road
Taunton
Somerset
TA1 1HE

Taunton Deane Community Infrastructure Levy Preliminary Draft Charging Schedule

This charging schedule has been prepared in accordance with Part 11 of the Town and Country Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (as amended by the 2011 Regulations). It is supported by local evidence regarding infrastructure requirements and the impact of the levy on the viability of development, as set out in the consultants' reports. These can be found on the Council's website as part of the Core Strategy and CIL Evidence Base (see links on previous page).

Levy Rates

The rates below will be charged against the gross internal floor area of:

- All new dwellings
- All other development exceeding 100 sq m in size

Development Uses	Levy (per sq m)
Residential Development in Taunton, including urban extensions	£80
Residential Development in Wellington urban area	£0
Residential Development in Wellington urban extensions	£25
Residential Development outside Taunton and Wellington	£125
Retail Warehousing of any size throughout Taunton Deane	£300
Retail superstores – over 2,500 sq m food and convenience shopping stores but with a significant proportion of comparison goods throughout Taunton Deane	£300
Supermarkets and convenience stores – under 2,500 sq m and predominantly food and convenience shopping throughout Taunton Deane	£180
All other development	£0

How the CIL charge will be calculated

In accordance with the Regulations, where applicable the Council will issue a Liability Notice that states the chargeable amount on grant of planning permission or as soon as possible after the grant of planning permission. The Council will calculate the amount of CIL chargeable using the formulae set out in the Regulations.

Full details of the way in which CIL will be calculated, together with an overview of CIL and the full Regulations, can be found on the CLG website:

<https://www.gov.uk/government/organisations/ministry-of-housing-communities-and-local-government> .