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| SUBJECT: | <i>Community Infrastructure Levy Update Report</i> |
| REPORT OF: | <i>Cabinet Members for Sustainable Development (Chiltern District Council) and Planning and Economic Development (South Bucks District Council)</i> |
| RESPONSIBLE OFFICER | <i>Andrew Ashcroft, Interim Head of Planning and Economic Development</i> |
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| WARD/S AFFECTED | <i>All</i> |

1. Purpose of Report

1.1 To recommend a revised timetable for the introduction of a Community Infrastructure Levy (CIL), following announcements in the Housing White Paper and the Autumn Budget.

RECOMMENDATIONS

- 1. Publish a timetable as part of the Local Development Scheme for the preparation of the necessary Community Infrastructure Levy Documents as set out in Appendix 1 to this report**

2. Reasons for Recommendations

2.1 Following the Councils decision to pursue CIL in Chiltern and South Bucks Districts in December 2016, work was temporarily halted due to uncertainties regarding the continuation of the CIL system nationally. However, the Governments Autumn Budget has clarified that there is no intention to replace CIL with an alternative system, and that Government is instead seeking to make alterations to the current CIL regime. Therefore work can now resume on the implementation of CIL in Chiltern and South Bucks Districts. A revised timetable as part of the Local Development Scheme is required to be published on the Councils websites in this respect. The proposed timetable (Appendix 1) seeks to maximise efficiencies between the development of CIL in the two Districts with the production of the joint Local Plan.

3. Content of Report

Background

3.1 The Community Infrastructure Levy (CIL) was introduced through the 2008 Planning Act and came into force in April 2010. It is a tool for local authorities to raise funds from development in order to deliver infrastructure to support development in their area. CIL takes the form of a charge that is payable on specified new development which creates net additional floorspace.

3.2 Once CIL is adopted by a Local Authority it is a fixed, non-negotiable charge on development, unless specified as exempt in the CIL Regulation 2010 (as amended). A Local Planning Authority wishing to implement CIL must produce and approve a Charging Schedule setting out the levy rates in its area. In the case of Chiltern and South Bucks

District Councils, although the Councils are jointly preparing a new Local Plan, separate Charging Schedules for each district would need to be produced and approved.

Introduction

3.3 Members will recall considering the implementation of CIL in Chiltern and South Bucks Districts at the Joint Committee meeting on 19th December 2016. At this time, the Committee resolved to:

1. Endorse the principle of introducing a CIL in Chiltern and South Bucks Districts
2. Authorise the Head of Finance to add £100,000 to the 2017/18 budget to fund the CIL development work, to be funded 50/50 by CDC and SBDC from their respective planning reserves
3. Delegate authority to the Head of Sustainable Development (now Planning & Economic Development) to undertake and commission the necessary work to pursue the introduction of a CIL in Chiltern and South Bucks Districts
4. Publish a Local Development Scheme setting out the proposed timetable for the preparation of the necessary CIL documents
5. Agree the principle of pooling CIL revenues between the two Districts to fund and deliver infrastructure priorities across the joint Local Plan area
6. Delegate authority to the Head of Sustainable Development to seek agreement from the Secretary of State for the Local Plan and two district Charging Schedules to be examined jointly
7. Delegate authority to the Head of Sustainable Development in consultation with the two Cabinet Members for Sustainable Development to review the decision to pursue CIL if required, following the publication of the Government's Housing White Paper

3.4 Shortly after this meeting, in February 2017, the Government published its Housing White Paper, which included a commitment to examine the options for reforming the system of developer contributions (including CIL), the outcome of which was due to be announced in the Autumn Budget. Alongside the Housing White Paper, the recommendations of the CIL Review Panel were also published, which recommended the replacement of CIL with an alternative low level tariff system. Given these uncertainties around the continuation of CIL nationally, a decision was taken to put work on the development of CIL in Chiltern and South Bucks Districts on hold, pending the Autumn Budget, in order to avoid incurring abortive costs if CIL were to be progressed only to then be replaced by Government with an alternative system.

3.5 The Government has now announced the Autumn Budget which includes a commitment that DCLG will consult on changes to the CIL system, including changes to current restrictions on the pooling of S106 contributions, speeding up the process of setting and revising CIL, allowing authorities to set rates which better reflect the uplift in land values between a proposed and existing use and changing the indexation of CIL rates to house price inflation rather than build cost. Although no further information has been provided regarding the timetable for this consultation, the Autumn Budget has clarified that Government does not propose the replacement of CIL. Therefore, although there are some uncertainties around the details of the proposed CIL reforms, it is likely that CIL will continue to be used as a mechanism for securing funding for infrastructure. As such, Chiltern and South Bucks Councils should now resume work in developing CIL Charging Schedules for the two districts. The proposed timetable assumes that Government changes

to CIL will as intended deliver a quicker easier CIL process however, if this does not occur then the proposed timetable may have to be revised.

Timetable

- 3.6 In order to determine appropriate CIL rates and to approve CIL Charging Schedules for the two Districts, the processes set out in the CIL Regulations 2010 (as amended) must be followed, unless to be changed. These include the preparation of significant evidence in support of the proposed Charging Schedules, consultation on Preliminary Draft Charging Schedules, consultation on the Draft Charging Schedules, and Examination in Public.
- 3.7 The evidence required to prepare the Charging Schedules will be dependent on the emerging Local Plan and supporting evidence for this, including the scale and quantum of development proposed in the Districts, the infrastructure likely to be required to support development and the associated costs of these (to be set out in the Infrastructure Delivery Schedule) and other emerging policy requirements that could impact upon development costs and development viability such as Affordable Housing targets and accessibility standards.
- 3.8 Therefore the preparation of CIL Charging Schedules should ideally coincide with the appropriate stages of plan preparation and ideally the examination of the CIL Charging Schedules would closely follow examination of the joint Local Plan, or form part of a joint examination.
- 3.9 The timetable set out in Appendix 1 would enable the CIL Charging Schedules to be examined either jointly with or following on from the Local Plan examination, thus reducing the costs associated with Examination in Public and maximising the ability to rely on a shared CIL/Local Plan evidence base.

Risks and Unknowns

- 3.10 It is important to note that this timetable will likely be challenging and because of current staff vacancies that preparation of CIL Charging Schedules will largely be dependent on our consultants. Progress is also reliant on the completion of key elements of the evidence base for the joint Local Plan, such as the Infrastructure Delivery Schedule, Affordable Housing and Viability work.
- 3.11 Additionally, agreement must be sought from the Planning Inspectorate (PINs) for the two Charging Schedules to be examined jointly and ideally following directly on from the Joint Local Plan. Should the PINs not agree to this, or should the timetable for producing the Charging Schedules slip, then a separate Examination would be required, with associated additional costs.
- 3.12 It is also important to note that Government has committed to consulting on changes to the CIL regime (see above). Although these changes are expected to be minor, and no timescale has been put forward by Government for the consultation, further adjustments to our timetable may be required as a result.

4. Consultation

- 4.1 Not applicable for introducing the CIL timetable however the process has built in public consultation stages.

5. Options

5.1 As explained above, the timetable proposed should maximise the efficiency between preparation of shared evidence base documents and joint examination of the joint Local Plan. Should this timetable not be met then additional costs related to separate Examination in Public would be incurred. An alternative option could be to seek to introduce CIL after adoption of the Local Plan however this will result in additional staff and budget costs and a delay which could result in significant loss of income that would have otherwise been generated with an earlier introduction of CIL. 'Lost revenue' from CIL would undermine infrastructure delivery, a key consultee concern raised as part of the Local Plan, and potentially could undermine the soundness of the Local Plan at Examination as soundness includes ability to deliver.

6. Corporate Implications

6.1 Financial – Financial implications will be largely in 2018/19 and has been considered as part of the current budget setting process. If insufficient funding is budgeted then costs may be required from the Planning Reserve. It should also be noted that costs in setting up CIL can be recovered from CIL changes over time through an admin levy.

6.2 Legal – None, other than those defined in the CIL Regulations 2010 (as amended) and the Planning Act 2008.

6.3 Social Inclusion – Potential implications for the provision of Affordable Housing as the cumulative impacts of CIL, planning obligations and other policy requirements may render development unable to provide full or any affordable housing contributions however this implication should be taken into account as part of the work necessary for setting an appropriate CIL rate.

8. Links to Council Policy Objectives

8.1 The introduction of CIL in accordance with the proposed timetable will help deliver the objective to deliver cost effective, customer focused services. It would also potentially contribute directly to safe, healthy and cohesive communities and promote sustainability with the timely provision of infrastructure benign a key component of sustainable development.

9. Next Step

9.1 A revised CIL Local Development Scheme (LDS) will be published on the Councils websites.

9.2 The necessary evidence base work will be undertaken jointly towards producing a CIL Charging Schedule for each District, with a view to be examined jointly alongside the joint Local Plan.

9.3 Government proposed changes to CIL legislation will be considered in due course and if necessary the CIL timetable may have to be reviewed again.

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| Background Papers: | Available on the Councils Planning Policy website pages. |
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