

Cabinet

Date of Meeting: 05 February 2019

Report Title: Adoption of the Community Infrastructure Levy (CIL)

Portfolio Holder: Cllr Ainsley Arnold – Planning, Housing and Regeneration

Senior Officer: Frank Jordan - Executive Director Place

1. Report Summary

- 1.1. Work has been progressing on introducing a Community Infrastructure Levy (CIL) in Cheshire East. If adopted this would allow funds to be raised from developers to pay for the infrastructure needed to support growth in the Borough.
- 1.2. This report seeks Cabinet's approval to recommend its adoption to Full Council
- 1.3. The recommendations are based on the main findings of the independent examiner appointed to review the Council's CIL draft Charging Schedule.
- 1.4. It is estimated that the introduction of CIL will generate in the order of £36m towards the provision of infrastructure for the remaining Local Plan period to 2030.
- 1.5. The infrastructure on which CIL can be expended is carefully prescribed within what is termed the Council's "Regulation 123 list". This is simply a list of the specific items against which CIL can be spent and has been derived from the Council's Infrastructure Delivery Plan that was prepared as supporting evidence for the Local Plan Strategy.
- 1.6. The list can be amended over time as infrastructure priorities change provided appropriate consultation has been undertaken; and provided it does not have a significant impact on the viability evidence used to justify the charging schedule at examination.

2. Recommendations

2.1. That Cabinet

2.1.1. Endorse the Community Infrastructure Levy Charging Schedule attached as Appendix 1 to this report, including the identified charging rates and zones

2.1.2. Recommend to Full Council that the Community Infrastructure Levy be adopted with an implementation date of 1st March 2019

3. Reasons for Recommendations

3.1. To enable the implementation and future ongoing operation of a Community Infrastructure Levy in Cheshire East.

4. Other Options Considered

4.1. The main alternative options revolve around choosing to either no longer proceed with implementing a CIL charge or making amendments to the proposed charging zones and rates; and the operational start date of CIL. All these options would at best delay the implementation of CIL in Cheshire East and the potential amount of money that can be raised towards providing the infrastructure needed to help deliver the development proposals identified in the Local Plan. Any amendments to the CIL charging zones or rates that are not recommended by the Examiner would need to be justified by evidence, re-consulted upon and re-examined.

5. Background

Examiner's Findings

5.1. Work has progressed on the introduction of a CIL charge in the Borough in line with the recommendations made by Cabinet on 12th September 2017. This resulted in the CIL Draft Charging Schedule being submitted for examination in July 2018. Two days of hearings subsequently took place on the 12 and 13 September 2018 in front of an independent Examiner. His report was received by the Council on 17th December and, subject to 5 modifications, the Examiner has recommended that the Charging Schedule is an appropriate basis for the collection of CIL in Cheshire East.

5.2. The recommended modifications relate to adjustments in some of the charging zones and better clarity around the definition of each charging area. In summary the changes are:

- Prepare larger scale maps with OS grid reference lines and numbers showing the residential charging zones and strategic sites in more detail for greater clarity.

- Reduce the rate for apartments in Zones 3 and 5 so that this type of development is zero rated across the whole borough.
- Amend the Albion Lock site (near Sandbach) so that it falls within Zone 1 rather than Zone 4
- Apply the rate of £71 per square metre to the Handforth Garden Village site.
- Reduce the Residential rate in Zone 5 from £168 per square metre to the Zone 4 level of £71 per square metre.

5.3 Overall, the Council has satisfied the Examiner that a charging schedule is appropriate, and the Examiner has concluded that significant parts of the draft schedule are suitable for adoption without modification.

Proposed Charging Schedule

5.4 It is proposed that the Council accept the recommendations of the Examiner and adopt the CIL charging schedule shown in Appendix 1 which takes account of the Examiner's recommendations.

5.5 In line with the viability evidence prepared by the Council and the recommendations of the Examiner, five spatial zones are proposed across the Borough within which four different CIL charges will apply for residential development, as follows:

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

5.6 The Council originally proposed a higher charge of £168 per square metre in Zone 5 but the Examiner was not convinced that site viability evidence justified this rate. Nevertheless, he acknowledged that Zone 5 represented a higher viability area than Zone 4 and so retained it as a separate zone to enable appropriate new evidence to be collected to justify a higher charge rate through any subsequent CIL review. The CIL charge rates that apply to each of the Strategic Sites allocated in the Council's Local Plan Strategy are identified within the Charging Schedule in Appendix 1; this includes larger scale OS maps which identify the spatial areas covered by each residential charging zone.

5.7 As the Council has only just gone through a CIL examination, part of which involved identifying the infrastructure schemes it would spend its CIL monies on in the initial operational period, there is mostly no requirement to

make any changes to the list of infrastructure schemes which will benefit from CIL in the first few years of operation.

- 5.8 However, the two clinical commissioning groups (CCGs) which oversee the provision of primary health care in Cheshire East have written to request that primary health care be removed from the Regulation 123 list. This is because the main urban areas of the Borough mostly have a zero CIL charge in the schedule and therefore, the CCGs consider it more appropriate that the additional infrastructure health needs that result from new development are better addressed through planning permissions via S106 legal agreements. Primary health care has therefore been removed from the Regulation 123 list, which otherwise remains as previously proposed.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. Suitable controls will be required to manage the expenditure of CIL monies by external infrastructure providers in compliance with the 2008 Planning Act and 2010 CIL Regulations (as amended) and in the implementation, collection, monitoring and distribution of CIL and legal advice and assistance will be ongoing in its implementation and management.

6.2. Finance Implications

- 6.2.1. The introduction of CIL by the Council will generate an estimated £36m in capital funding towards infrastructure for the Local Plan period to 2030. As required under CIL regulations, up to 5% of this can go towards the Council's cost in administering CIL and 15 or 25% must go to the town or parish council where the chargeable development has taken place.
- 6.2.2. It is currently anticipated that the costs of administering CIL, including capital set up costs and ongoing revenue costs, will be met by the provisions within CIL Regulations to use up to 5% of the funds derived from CIL to administer the system. There is therefore currently no additional budgetary requirement outside of the income that can be generated through the CIL to resource its management.
- 6.2.3. Once CIL funds are accrued, they will be incorporated alongside other funding sources within the Council's Medium Term Financial Strategy process.

6.3. Policy Implications

6.3.1. CIL will allow funds to be raised from developers to help deliver the infrastructure needed to support the growth shown in the Council's Local Plan and other related strategy documents.

6.4. Equality Implications

6.4.1. There are no direct equality implications under the Public Sector Equality Duty and the impact on the protected characteristics groups (Equality Act 2010). No differential impact has been identified for any groups and the adoption of CIL helps to support and deliver sustainable growth and development promoting equal access to housing and employment and has no negative impact on those who exhibit a protected characteristic.

6.5. Human Resources Implications

6.5.1. The Council has established a temporary transition team of two people to administer CIL, including the Council's existing s106 officer. Further recruitment will be required to ensure sufficient resource is in place to properly administer the CIL and s106. The costs of establishing and administering CIL can be taken from CIL receipts up to a maximum of 5% of CIL receipts.

6.6. Risk Management Implications

6.6.1. The Programme Management Office is overseeing the delivery of the CIL project. Work has been undertaken on establishing back office processes for CIL to minimise the time gap between the Council approval of CIL rates and the operation of a CIL charge.

6.7. Rural Communities Implications

6.7.1. Where a charge is applied rural communities will benefit from CIL via their Parish Council's share.

6.8. Implications for Children, Young People / Cared for Children

6.8.1. Children and young people will benefit from CIL where new educational facilities are funded under the levy.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

7. Ward Members Affected

7.1. All wards within Cheshire East (outside the National Park) are covered by CIL, although subject to different charge rates as detailed in this report.

8. Consultation & Engagement

- 8.1. The Preparation of CIL has been subject to a process of member briefing, wider engagement and formal consultation. Initial briefings for Members took place in April 2016 and for Town and Parish Councils in July 2016. Periodic updates, briefings and training have taken place over the subsequent months.
- 8.2. In terms of its formal processes, the Council has followed the appropriate CIL regulations and undertaken two rounds of public consultation during the development of the CIL charging rates. These involved a consultation on the Preliminary Draft Charging Schedule between 27th February and 10th April 2017 and the Draft Charging Schedule between 25th September 2017 and 6th November 2017. The Council subsequently produced and published a report of consultation following both consultations. This identified the main issues which had been raised during the consultation. The main outstanding issues were subsequently addressed through an independent public examination process, with hearing sessions being held on 12th and 13th September 2018

9. Access to Information

- 9.1. All documents relating to CIL are available in the CIL examination library which can be viewed via at:

<http://cheshireeast-consult.limehouse.co.uk/portal/planning/cs/cil/library>

10. Contact Information

- 10.1. Any questions relating to this report should be directed to the following officer:

Name: Stuart Penny

Job Title: Planning Policy and CIL Manager

Email: stuart.penny@cheshireeast.gov.uk

APPENDIX 1 - Community Infrastructure Levy Charging Schedule