

CHESHIRE EAST COUNCIL

> Environment and Regeneration Overview and Scrutiny Committee

Date of Meeting: > 21 March 2017
Report of: > Head of Planning Strategy
Subject/Title: > Community Infrastructure Levy Progress Update

1.0 Report Summary

- 1.1 This report outlines the latest position in developing the Community Infrastructure Levy ("CIL") Charging Schedule and work undertaken by consultants Keppie Massie, concerning the potential for introducing a CIL Charge within Cheshire East.
- 1.2 The Cabinet Member for Planning and Housing approved the CIL Preliminary Draft Charging Schedule and Initial Regulation 123 list, for a six week period of public consultation, from the 27th February 2017 until the 10th April 2017. The Preliminary Draft Charging Schedule is the first of two consultations on a potential CIL Charge for Cheshire East, to be followed by an examination in public expected towards the end of 2017.
- 1.3 The Preliminary Draft Charging Schedule represents the starting position of the Council in establishing a formal CIL Charge in the Borough formed by 'appropriate and available evidence' in the terms set out in Section 211 (7a) of the Planning Act 2008.
- 1.4 The Local Plan Strategy will be a key vehicle in maintaining and enhancing quality of place in the Borough, supported by the appropriate and timely provision of infrastructure. The Community Infrastructure Levy will support infrastructure delivery and the intentions of the Local Plan Strategy, in driving quality of place whilst striking an appropriate balance between the level of CIL charge and economic viability to support continued investment in the Borough.
- 1.5 The report also notes the publication of the Housing White Paper, on the 7th February 2017. The Housing White Paper sets out that Government is currently exploring longer term reforms to the system of developer contributions (S.106 and CIL) and intends to announce any changes to its current operation in the autumn budget statement, later in 2017.

2.0 Recommendation

- 2.1 That Members note the CIL Preliminary Draft Charging Schedule and Initial Draft Regulation 123 list which is out for consultation until the 10th April 2017.
- 2.2 That Members note that the Preliminary Draft Charging Schedule consultation is the first of two consultations (governed by the CIL regulations (2010 – as

amended) on a potential future CIL Charge for Cheshire East, to be followed by an examination in public anticipated later in 2017.

- 2.3 That Members note that the Housing White Paper, published on the 7th February 2017 sets out that Government is currently exploring longer term reforms to the system of developer contributions (S.106 and CIL).

3.0 Reasons for Recommendations

- 3.1 Cabinet considered a report on the 9th February 2016 and resolved to undertake all the work necessary for the preparation and approval of a CIL Charging Schedule for Cheshire East.
- 3.2 The Environment and Regeneration Overview and Scrutiny committee received a presentation in April 2016 on CIL which set out the purpose and background for preparing a CIL Charge. It was agreed at this time that the Committee would receive further information on CIL at key stages in the development of a Charging Schedule for Cheshire East.
- 3.3 The Cabinet Member for Planning and Housing approved the CIL Preliminary Draft Charging Schedule and Initial Regulation 123 list, for a six week period of public consultation, from the 27th February 2017 until the 10th April 2017. This report sets out the background and content of this decision.

4.0 Wards Affected

- 4.1 All Wards

5.0 Local Ward Members

- 5.1 All Local Ward Members

6.0 Policy Implications

- 6.1 The Local Plan is a key component of the Council's policy framework and sets out a vision for how the Borough will grow sustainably to 2030. An important component of achieving vibrant sustainable communities is the need to ensure that any growth is supported by the provision of the economic, social and environmental infrastructure necessary to bring this about. The timely introduction of a CIL Charging Schedule will help enable this to happen.

7.0 Financial Implications

- 7.1 The previous CIL report to Cabinet in February 2016 estimated that an additional £50,000 will be required to cover the initial phases, additional to officer time. This will principally cover the costs of preparing the CIL Charging Schedule, providing additional supporting evidence and funding the Examination. This is a 'one off' cost to meet a particular opportunity and represents the start up costs of the Levy. Further costs will ultimately be

incurred in the administration and collection of CIL, but these can be recovered through the charge itself.

- 7.2 More significantly however is the potential long term financial benefit for the Council. CIL is applied more broadly than the current s.106 system and it is levied per square metre of development. Accordingly there is the opportunity to spread the burden of infrastructure costs more widely and equitably. Ultimately this should result in a greater scale of contributions being accrued than at present and should create a better and more certain funding regime for essential facilities.
- 7.3 Under the Regulations, 15% of CIL contributions are required to be spent locally within the relevant town or parish where development has taken place, subject to a yearly limit of £100 per council tax property. Where a Neighbourhood Plan is in place this rises to 25% with no yearly limitations. Neighbourhood planning is actively being pursued in 40 town and parishes across the Borough. There are currently 5 'made' Neighbourhood Plans in Cheshire East (i.e. Bunbury, Sandbach, Brereton, Audlem and Marton), with a further group of Neighbourhood Plans expected to reach the latter stages of preparation (examination and referendum) in this financial year and the remainder at earlier stages of Plan preparation.
- 7.4 CIL is particularly designed to support infrastructure projects – and as such it has the potential to compliment or ease the costs attributed to the Capital Programme.
- 7.5 Discussions with other authorities who have implemented CIL, note an increase in planning applications prior to the implementation of the Levy. This required short term additional capacity in ensuring the processing of applications and legal support on S106 agreements.
- 7.6 Similarly, a short term reduction in planning application activity followed the initial adoption of the levy and the expected CIL return in the first year was lower than expected. It is expected therefore that there will not be a significant immediate benefit seen by CIL and the system will take time to collect appropriate funds. The Council's expectations on immediate returns should reflect this.

8.0 Legal Implications

- 8.1 The implementation of CIL is governed by the Community Infrastructure Regulations 2010 (as amended).

9.0 Risk Management

- 9.1 The Council must balance the need to secure better infrastructure provision with the risk that abortive work will be undertaken ahead of the completion of the Local Plan process. As far as possible the two processes should be run in tandem to mitigate this risk.
- 9.2 The CIL programme will be managed under the wider Spatial Planning Delivery programme and monitored corporately by the Project Management Office. A wider officer led CIL implementation group has been formed and governance arrangements currently being arranged.
- 9.3 CIL must be produced in accordance with legal requirements and will be subject to public examination, requiring robust evidence to ensure that CIL Charging Rates set an appropriate balance between the funding of infrastructure and the impact on viability on development across the Borough.

10.0 Background and Options

- 10.1 CIL, once adopted, will support the phased and co-ordinated delivery of infrastructure to support the achievement of sustainable development as set out in the Local Plan Strategy and support the ambitions of quality of place – a key Council objective.
- 10.2 The Local Plan Strategy proposes that 36,000 new homes will be built in the Borough over the period 2010-2030. Once adopted, a number of Local Plan Strategy sites will be brought forward;
- To the north of the Borough, sites in the Local Plan Strategy will be brought forward that are removed from Green Belt following the adoption of the Plan.
 - Local Plan Strategy sites to the south of the Borough, that have not already been developed, will be brought forward as a consequence of the further certainty provided by the adoption of the Local Plan Strategy.
- 10.3 It is important that CIL is adopted in an efficient timescale in order to support the infrastructure 'ask' of the Local Plan Strategy. The level of CIL Charge will strike an appropriate balance between a number of factors including the importance of achieving quality of place ambitions, the potential effects on economic viability in supporting site delivery and achieving a consistent five year supply of housing in the Borough over the Local Plan Strategy Plan period.
- 10.4 CIL regulations set out a detailed process which Councils must follow to establish an adopted CIL charge. This includes two rounds of public

consultation and an independent examination. The key outputs to be considered at a future CIL examination include:

- Up to date evidence relating to viability and infrastructure need;
- A draft Charging Schedule based on evidence and the consideration of comments made during public consultation;
- An agreed Regulation 123 list of the infrastructure projects or types that are intended to be funded by CIL;
- Guidance on how the Council intends the relationship between CIL and S106 planning obligations to work;
- Production of Council statements and evidence.

10.5 The anticipated timescale leading up to the adoption of CIL is as follows (subject to progress on the adoption of the Local Plan Strategy):-

Task	Indicative Timetable
Round of consultation on a Preliminary Draft Charging Schedule (6 weeks) – Current Stage	Quarter 1 2017
Round of consultation on a Draft Charging Schedule (6 weeks)	Quarter 3 2017
Examination Hearings	Quarter 4 2017
Adoption	Quarter 1 2018

10.6 The onus is on the Council to produce available and appropriate evidence to support its proposed CIL Charge. Consultants, Keppie Massie have prepared viability work to support the establishment of CIL in Cheshire East. This has entailed:

- gaining a understanding of the infrastructure funding ‘gap’ in Cheshire East to evidence a case for a future CIL Charge. Information on the funding ‘gap’ is set out in the Infrastructure Delivery Plan (July 2016 update) which supports the development proposals set out in the emerging Local Plan Strategy;

- preparing a draft viability report to understand the level of CIL that might be introduced having regard to development costs and market intelligence;

10.7 It is also good practice for the Council to publish its initial draft Regulation 123 list of infrastructure items that CIL is expected to fund in order to provide clarity about the extent of the financial burden that developments will be expected to bear so that viability can be robustly assessed. The list now forms part of the 'appropriate available evidence' for consideration at a future CIL examination and is included in the consultation material.

10.8 The initial draft Regulation 123 list has been prepared in consultation with partners both internally and externally to the Council to deliver proposals contained within the Infrastructure Plan associated with the emerging Local Plan Strategy. A CIL Implementation Group with officer representatives from Development Management, Finance, Civicance, Highways, Education, Health and Adult services, Communities, Recreation and Green Infrastructure / Open Spaces have informed the draft Regulation 123 list. In addition, consultation with representatives from Clinical Commissioning Groups and NHS Property Services regarding the health elements of the Regulation 123 list has also informed the Council's initial position. Clinical Commissioning Groups are seeking approval for the position set out the regulation 123 list and will look to confirm their approach during the initial consultation on the Preliminary Draft Charging Schedule consultation.

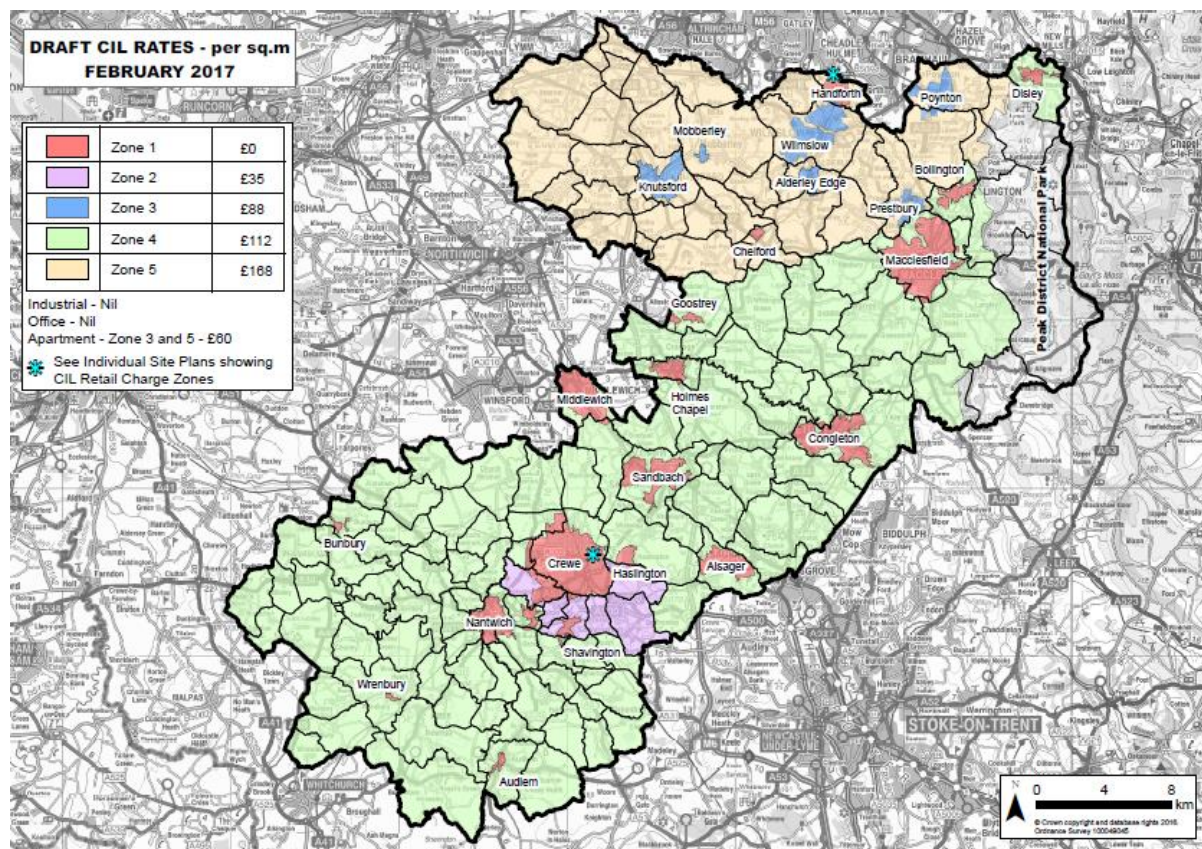
10.9 The Council is expected to receive through the initial consultation on CIL 'appropriate and available' evidence from the development industry and other stakeholders to test the initial position. This will ensure the most appropriate and robust CIL Charging Position is achieved, which delivers the Council's objectives, at draft CIL Charging stage prior to examination.

10.10 For residential development, there is evidence for a CIL charge on the basis of a varying CIL charge across the Borough. In addition, the results indicate differences between brownfield and greenfield development. The figures in the following table set out the maximum CIL rates that could be supported in the following locations in Cheshire East:

Residential Rates		Zone Description	Residential Rates Proposed Per Sqm
Residential (use Class C3)	Zone 1	Built up areas of Crewe, Macclesfield, Alsager, Congleton, Handforth, Middlewich, Nantwich, Sandbach, Audlem, Bollington, Bunbury, Chelford, Disley, Goostrey, Haslington, Holmes Chapel, Shavington and	£0

		Wrenbury	
	Zone 2	Crewe Rural Hinterland	£35
	Zone 3	Built up areas of Knutsford, Alderley Edge, Mobberley, Prestbury, Poynton and Wilmslow	£88
	Zone 4	Greenfield areas to the south and central areas of Cheshire East	£112
	Zone 5	Greenfield areas to the north of the Borough	£168
Apartments (use Class C3)	Zone 3 and 5	Built up and Greenfield Areas to the north of the Borough	£60

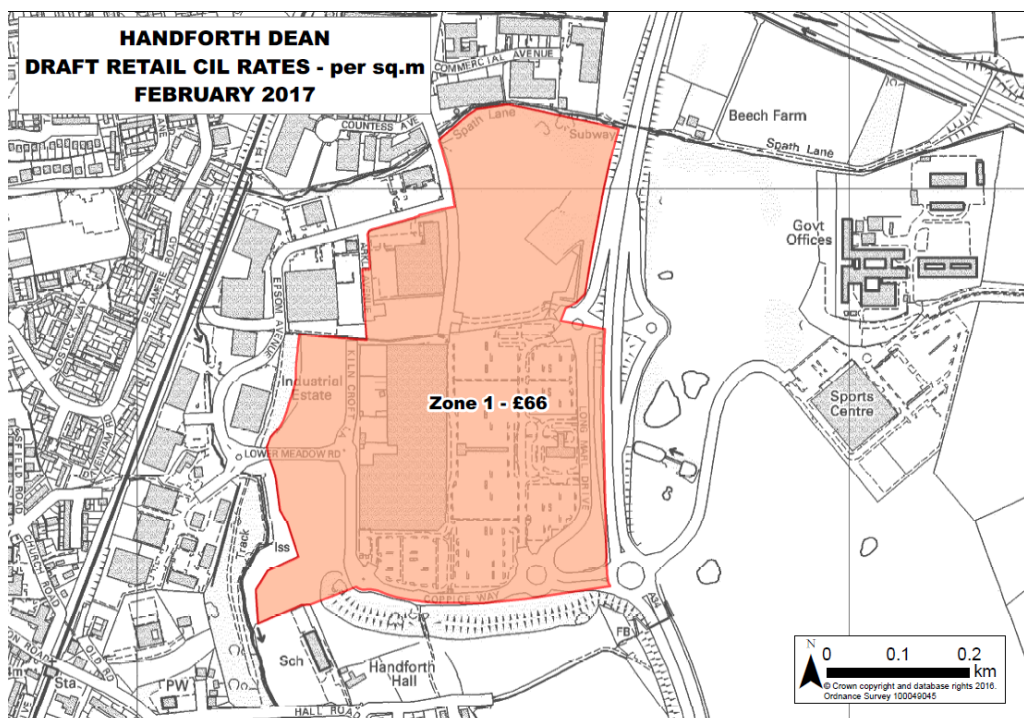
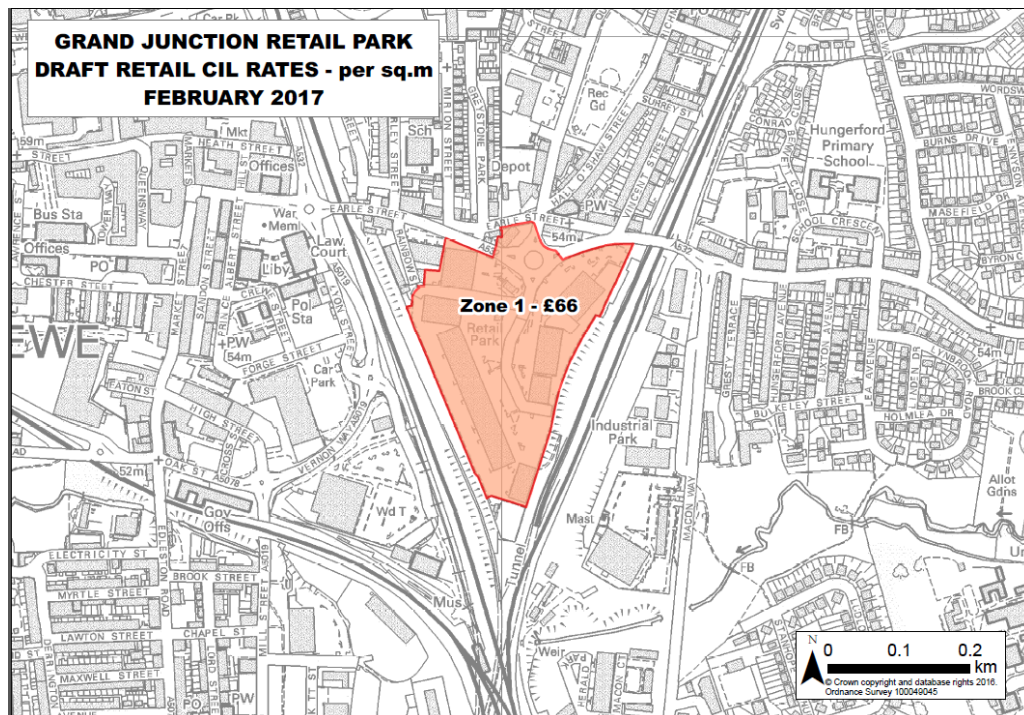
10.11 A map showing the areas where a proposed CIL charge applies for residential development is set out below:



10.12 In respect of non-residential uses, Keppie Massie recommend:-

- That industrial units and office accommodation on B1, B2 or B8 employment uses do not support a CIL charge at this time

10.13 In respect of retail uses, Keppie Massie recommends a CIL Charge could only be supported at Handforth Dean Shopping Centre and at Grand Junction Retail Park at Crewe at a value of £66 per sqm, as shown on the Plans below:



10.14 The Council must consult the bodies listed in Regulation 15 of the CIL regulations (as amended by the 2012 Regulations) sending them a copy of the Preliminary Draft Charging Schedule and inviting them to comment. They must

also invite comments from local residents, businesses and voluntary organisations (under Regulation 15(5)).

10.15 The CIL Regulations do not specify how charging authorities should consult, because charging authorities are best placed to decide how best to engage with their local communities and other relevant parties. Charging authorities may also decide how long a consultation period to offer, although they should consider an appropriate period to ensure that respondents have enough time to comment.

10.16 The Council's standard approach to consultation on the Local Plan is 6 weeks. The consultation on the CIL Preliminary Draft Charging Schedule is taking place alongside the public consultation on the Site Allocations and Development Policies Issues Paper and has involved the notification of the Local Plan consultation database. It has also involved notification of Town and Parish Councils, Cheshire East Members and local Members of Parliament.

10.17 In November 2015, the Government announced an independent review of the Community Infrastructure Levy and the extent to which it is meeting its objectives. The review has considered whether CIL does or can provide an effective mechanism for funding infrastructure, as well as recommend changes that would improve its operation in support of the Government's wider housing and growth objectives.

10.18 The Housing White Paper, published on the 7th February 2017 notes that Government is currently exploring longer term reforms to the system of developer contributions (S.106 and CIL) and intends to announce any changes to its current operation at the 2017 Autumn Budget Statement. Officers will report to Members any changes to the operation of CIL in subsequent committee papers in developing a CIL charge as the Council will need to keep its approach to CIL under review in the light of any future changes to the overall operation of CIL.

11.0 Access to Information

11.1 The Preliminary Draft Charging Schedule Consultation Papers can be viewed using the following website link: <http://cheshireeast-consult.limehouse.co.uk/portal/planning/cs/cil/pdcs>

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