



Rutland
County Council

Rutland County Council

SUMMARY

Preliminary Draft Charging Schedule

in support of the introduction of a

COMMUNITY INFRASTRUCTURE LEVY

March 2013

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1 INTRODUCTION

The purpose of this document is to set out the Preliminary Draft Charging Schedule (PDCS) for Rutland County Council's Community Infrastructure Levy (CIL). The PDCS and the proposed rates are published for consultation under Regulation 15 of the CIL Regulations 2010 (as amended 2011).

2 WHAT IS THE COMMUNITY INFRASTRUCTURE LEVY?

The Community Infrastructure Levy (CIL) is a new levy that local authorities in England and Wales can choose to charge on new developments in their area. The money is intended to fund infrastructure that the Council, local community and neighbourhoods need. For example, this infrastructure could include new or safer road schemes, park improvements or a new health centre. The CIL is designed to be simple. It applies to most new buildings and charges are based on the size and type of the new development.

To charge CIL the Council must produce and adopt a Charging Schedule. The Charging Schedule (CS) sets out the CIL rates that will be applicable to new development in Rutland. This document is the County Council's Preliminary Draft Charging Schedule (PDCS). It is supported by a PDCS Supplementary Paper which provides further details on the evidence drawn on by the Council in deciding its proposed rates of CIL.

Both documents are issued for consultation to help set a CIL charge, that meets the County Council's specific circumstances, for publication in a final draft Charging Schedule.

2.1 Key Features and Benefits of the CIL

CIL has the following key features that will benefit the implementation of infrastructure necessary to meet the needs of Rutland County Council's growing population over the planning period (2014-2026).

- CIL will help fund the infrastructure needed to achieve the objectives of the County Council's adopted Core Strategy (July 2011)
- CIL is justified because most development puts an additional strain on the community infrastructure.
- CIL is intended to be affordable. It is a simple fixed charge and the process used to set and administer the charge is transparent and guided by Government regulations. This means that developers have certainty regarding what their CIL contributions will be from the start of the development process and the public understand how the development will contribute to their local community.
- CIL gives the council a degree of flexibility to set priorities for what the money should be spent on. It is a reasonably predictable funding stream that allows the council (and infrastructure providers) to plan ahead more effectively to deliver the infrastructure that is required in the local community.
- In accordance with emerging government requirements, a significant proportion of the CIL will also be passed directly to local neighbourhoods to address local needs arising as a consequence of development.

2.2 Deciding the CIL Rate

The CIL will be set at a rate that does not put at serious risk the overall development of the area by making development unviable. To achieve this an appropriate balance will be made between what CIL charge will best enable the necessary infrastructure for the local area and the potential effects the CIL charge will have on the viability of development.

2.3 Who will pay CIL?

The CIL rate will be expressed as a £ per m² charge. CIL will be applied to:

- most buildings that people normally use
- where more than 100 m² of floorspace (net) or a new dwelling is created (even if it is less than 100 m²)
- residential and non residential uses

CIL will be payable on the commencement of development or for larger developments, over an agreed phased period. The tariff for each type of development will be set out in the CIL Charging Schedule (see Section 3 below).

There will be no charge for change of use applications unless additional floorspace is created, as well as no charge for the sub-division of existing dwellings. The CIL regulations also make other exemptions and CIL is not payable on the following:

- structures into which people do not go
- all affordable housing
- redevelopments that do not result in a net increase in floorspace (subject to caveats); and
- development for charitable purposes.

The Council can also choose to adopt a zero rate if viability testing shows that a particular use or area cannot withstand the charge.

2.4 How will CIL be collected?

In most cases, Rutland County Council will collect the levy as the 'Collecting Authority'. The levy's charges will become due from the date that a chargeable development is commenced in accordance with the terms of the relevant planning consent.

2.5 What will CIL be spent on?

The definition of infrastructure is set out in the adopted Core Strategy and includes transport, education, health, flood defences and green infrastructure. Following consultation on the PDCS, the Council will publish a proposed 'Regulation 123' list, which lists infrastructure projects or types of infrastructure that it intends to fund through CIL. S106 contributions can still be sought for infrastructure directly related to a development, provided that the infrastructure is not part of the Regulation 123 list.

2.6 Relief for Exceptional Circumstances

Rutland County Council will consider making relief available for exceptional circumstances in its area. The power to do this will be activated following the adoption of the Charging Schedule. The regulations on this matter make clear that relief should only be granted in truly 'exceptional circumstances'.

3 THE EVIDENCE BASE

3.1 Introduction

The starting point for the PDCS is the County Council's adopted Core Strategy. The Core Strategy proposes the following development to 2026:

- Approximately 3,000 new homes of mixed type and tenure 2006-2026 (of which there is a remaining requirement of 741 dwellings over the period 2012-2026)
- Approximately 2.24 hectares of employment land for office, warehousing and industrial purposes over the period 2012-2026
- Approximately 900 to 1,300 sq metres of net additional convenience (food) retailing floor space and between 2,300 and 3,500 sq. metres of net comparison retailing over the period 2012 to 2026
- An affordable housing target of 35% including a commuted sum policy on small sites of 5 or less dwellings.

These homes and employment opportunities will help to meet the future needs of Rutland County Council's population and will also help to boost local economic development. To support this growth certain infrastructure is anticipated to be required. The current infrastructure requirements are summarised at Table 3.1 below. This infrastructure requirement is currently being reviewed by the County Council in preparing an Infrastructure Project List (IPL) which will be a key piece of supporting evidence to support the CS.

3.2 Assessment of Rutland County Council's Infrastructure Needs

The primary evidence and starting point to establish whether there is a funding gap that could be partly met by CIL is through production of the IPL referred to above. The infrastructure requirements summarised at Table 3.1 below illustrate Rutland County Council's anticipated infrastructure needs to 2026. It is focused only on the provision of new infrastructure that is required in whole, or in part to meet the needs generated by the development growth being planned for over the remaining plan period to 2026.

Account is then taken of whether there is likely to be sufficient funding to meet that need. Where a funding gap is established CIL can potentially be charged to help address the gap.

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TABLE 3.1: RUTLAND ESTIMATED INFRASTRUCTURE REQUIREMENTS TO 2026

| Infrastructure Element | Required Infrastructure Schemes | Infrastructure Cost (£) | Committed ¹ + Projected Funding (£) ² | Funding gap (£) |
|--|---|-------------------------|---|-------------------|
| Highways | Oakham Town Centre & other town centre improvements, car parking | 1,271,500 | 622,500 | 649,000 |
| Transport | Various public & community initiatives | 7,522,000 | 3,284,900 | 4,237,100 |
| Waste | New recycling facility | 960,500 | 338,342 | 622,158 |
| Social & Community | Disabled, residential care and youth facilities | 677,668 | 385,769 | 291,899 |
| Lifelong Learning | Additional placements for, early year/childcare, primary, secondary and post 16/further education provision | 4,648,733 | 694,768 | 3,953,965 |
| Local health services | New and expanded GP facilities | 293,179 | 0 | 293,179 |
| Emergency Services | New or expansion of police infrastructure | 1,383,955 | 1,213,855 | 170,100 |
| Libraries | Improvements to library provision in Uppingham | 106,560 | 0 | 106,560 |
| Museums | Development of Museum facilities for Rutland | 142,120 | 62,200 | 79,920 |
| Economic Development | Oakham and Uppingham public realm improvements | 660,000 | 410,000 | 250,000 |
| Outdoor Sports, Playing Fields and Kickabout Areas | County sports provision | 1,349,760 | 0 | 1,349,760 |
| Indoor Sports | County indoor sports provision | 3,710,000 | 2,644,440 | 1,065,600 |
| Total | | 22,725,975 | 9,656,734 | 13,069,241 |

¹ Covers committed capital funding, any agreed planning obligations or other private sector contributions.

² Includes projected capital funding that is not currently committed but that is anticipated (where appropriate).

Funding Gap

The total cost of identified infrastructure need based on consultation with infrastructure providers and modelling is approximately £22.7m. We have taken into account some anticipated existing funding before establishing the total infrastructure funding gap that CIL could at least partly help to meet. Currently there is approximately £9.7m of funding identified to meet Rutland's future infrastructure needs for the plan period. If this identified and projected funding is taken away from the total infrastructure costs it leaves a funding gap of approximately £13.1m. This means that the CIL is justified and will be an important funding source to help ensure that there is sufficient infrastructure to meet the needs generated by future housing and development growth.

3.3 Economic Viability

A key element of the evidence base is an assessment of the effect of CIL on the viability of development. The Council has drawn on a range of existing available evidence. This includes existing studies such as the Affordable Housing Viability Study (Fordham Research, August 2010), development appraisals submitted by developers and the Council's track record in collecting contributions from developers under the existing s106 system.

Additionally the Council commissioned, with Leicestershire County Council, Leicester City Council and the 7 Leicestershire local planning authorities a Leicester, Leicestershire and Rutland wide CIL Viability Study. A key focus of the viability study was to assess the level of CIL that can be supported without making schemes economically unviable across a range of uses and locations in the study area.

Further information about the viability study is set out in the PDCS Supplementary Paper.

4 PROPOSED CIL RATES

4.1 Striking an 'Appropriate Balance' – Factors to Consider

In setting CIL the council has weighed up various policy priorities. The payment of CIL, the delivery of affordable housing, the potential for additional s106 payments and the construction of development to improved environmental standards are all costs to a developer. If a council wishes to introduce a new charge such as CIL or increase an existing requirement on developers there will be a corresponding knock on effect on the other requirements. A council that puts different weight and importance on one requirement – say the delivery of affordable housing – is likely to set CIL at a different rate to one that puts less weight on affordable housing.

4.2 Proposed CIL Rates for Consultation

The Council's vision that "Rutland is a great place to live, learn, work, play and visit" is underpinned by 6 strategic aims. Within each are strategic objectives that relate to the quality of infrastructure in Rutland to meet the vision. Building our infrastructure is one of the strategic aims but delivery of the vision requires meeting all of the objectives relating to a wider view on infrastructure provision.

The spatial strategy associated with the vision is set out within Rutland's adopted Core Strategy. A key part of this is the delivery of new housing and the required infrastructure to support this.

CIL will be an important mechanism for helping fund infrastructure needed to support the Council's vision and associated growth plans in the County and a number of factors and considerations have been taken into account in determining the proposed CIL rates. It is not envisaged or expected that CIL should be the only funding mechanism – but that it is one of a number of potential funding streams that will be used to help fund infrastructure.

CIL rate setting is not an exact science but a qualitative judgement based on appropriate and available evidence. In setting the proposed rates the Council has taken a cautious approach having regard to the results of the viability testing as summarised in Section 3 of this report as well as other factors summarised below. Caution is also taken due to the continuing uncertainty in the development industry and economy more widely.

Residential rate setting

In setting residential rates, consideration was taken of the viability results from the Leicester, Leicestershire and Rutland Viability Report. The Council, with advice from the consultants, looked to see what the viable sites could afford in terms of additional profit. The intention in setting CIL rates is to ensure that the majority of developments being planned for in the Council's local plan still remain viable. Further work has also been undertaken on the council's policy on affordable housing and its approach to negotiating commuted sums on small sites. Finally, the Council considered what other authorities are charging, particularly those close by and/or within similar property market areas.

Further details on the basis for the proposed CIL rates are set out in the PDCS Supplementary Paper.

Taking account of these key factors the Council proposes to set for residential CIL a rate of £100 per square metre across the entire County.

Commercial rate setting

For commercial rates the Leicester, Leicestershire and Rutland Viability Report finds that viability does not change geographically across the Rutland. Therefore one rate can be set for the County for each development type. Again a cautious approach has been taken and proposed rates set out in Table 4.1 are below the maximum viable amounts. In setting the specific rates account was again taken of adopted commercial CIL rates for similar uses in comparable areas.

In light of the above striking of an appropriate balance and the evidence presented in Section 2, the council proposes the following CIL rate(s) for consultation:

| TABLE 4.1: SCHEDULE OF PROPOSED CIL RATES | |
|--|-------------------------------------|
| Use Type | Proposed CIL Rate (per sq m) |
| Residential | £100 |
| Distribution | £10 |
| Convenience (Supermarkets) | £150 |
| Retail Warehouses | £150 |
| Hotel | £150 |

4.3 Formula for Calculating the Chargeable Amount

The formula for calculating the chargeable amount is set out in full in Part 5 of the Community Infrastructure Regulations 2010 (The Regulations) as amended by Regulation 7 of the Community Infrastructure (Amendment) Regulations 2011. Further details on this are set out in the PDCS Supplementary Paper.

4.4 Chargeable Development, Exemptions and Relief

The Regulations exempt all development under 100 sq m (unless it is a new dwelling house, in other words a house or flat) as well as development for charitable purposes.

The Regulations allow relief for parts of a development to be used for social housing (in proportion to the amount of social housing provided). The formula for calculating relief is set out in full in Part 6 of the Regulations.

The Council is not at this stage proposing to offer exemptions or relief beyond that which is set out as a statutory requirement in the Regulations 2010.

5 CIL PROJECTIONS

Using residential growth figures only (which account for the majority of the County's development growth) and proposed CIL rate/s of £100 per sq m, the approximate total potential CIL receipt has been calculated under different growth scenarios as follows:

| TABLE 5.1 INDICATIVE CIL RESIDENTIAL RECEIPTS | | | |
|---|-------------------------------------|------------------------|-------------------------|
| | <i>CIL Receipt by Scenario (£m)</i> | | |
| <i>Indicative CIL rate per m2</i> | <i>Low (53,352 m2)</i> | <i>Med (66,690 m2)</i> | <i>High (83,362 m2)</i> |
| £100 | £5.3 | £6.7 | £8.3 |

Table 5.1 provides a range of potential CIL receipts ranging from £5.3 to £8.3m based on the un-consented housing target (assuming at this stage there is no deduction for affordable housing). Some additional future CIL income will also be derived from other commercial uses.

If this is compared to the total estimated infrastructure funding gap of approximately £13.1m as shown in Section 3 it demonstrates that there is likely to remain a funding gap of approximately £7.8 to £4.8m. It is expected however that there will be other sources of capital funding that have yet to be identified that will come forward to help reduce this gap.

6 NEXT STEPS

The Council will undertake two rounds of consultation on the proposed charging schedule. The first stage of consultation is on this document, the Preliminary Draft Charging Schedule. Secondly, once the public comments on the Preliminary Draft Charging Schedule are considered the Council will update the document as necessary and consult again on a Draft Charging Schedule. The Council then has a further opportunity to modify the Draft Schedule (which would lead to a further four weeks of consultation) if necessary before then having it considered by the CIL examiner at Public Examination.

Further details on the proposed programme are set out in the Supplementary PDCS paper.

6.1 Responding to the Consultation

The consultation period runs from 28th March until 4:45pm on 9th May 2013

To comment on this Preliminary Draft Charging Schedule, please do so by either:

- **Online** – www.rutlandcouncil.gov.uk\CIL
- **By Post** – Writing to the Planning Policy Manager, Rutland County Council
- **By e mail** – localplan@rutland.gov.uk

Relevant documents can be viewed at the following locations:

- The County Council offices in Oakham
- Public Libraries in Rutland

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Appendix A

- The documents can also be viewed on the Council's website at www.rutland.gov.uk/cil.