

Bassetlaw Community Infrastructure Levy

Draft Charging Schedule January 2020



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —



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1.0 Introduction

- 1.1 This is Bassetlaw District Council's consultation on a Draft Charging Schedule for the Community Infrastructure Levy (CIL). The Draft Charging Schedule is the first stage in the consultation process to review CIL across the District.
- 1.2 CIL is a tool which local authorities across the country can choose to charge on new developments within their area. Funds collected through the CIL can be used to support the delivery of infrastructure which the local authority, local communities and stakeholders consider necessary to support the future growth of an area.
- 1.3 This Council will be the Charging Authority as set out under the CIL legislation.
- 1.4 The Draft Charging Schedule outlines the general principles of CIL along with the assumptions and methodology used whilst preparing the appropriate evidence base to support reviewing CIL in this District. Once adopted and implemented by the Council, CIL will be a fundamental tool in facilitating the delivery of the strategic vision and policies outlined within the emerging Bassetlaw Local Plan. The Draft Bassetlaw Local Plan is being consulted on alongside this document.

2.0 What is CIL?

- 2.1 CIL was first introduced into national legislation by the 2008 Planning Act which stated that the overall purpose of CIL is to ensure that costs incurred in providing infrastructure to support the development of an area can be funded (wholly or partly) by owners or developers of land.
- 2.2 The process by which local authorities can set and implement CIL is detailed in the CIL Regulations originally published in 2010, with subsequent amendments in 2011, 2012, 2013, 2014 and most recently September 2019.
- 2.3 CIL was introduced by the Council on the 1 September 2013. It is a non-negotiable, clear and consistent charge that is placed on new development to contribute towards the provision of appropriate infrastructure. The Government is clear that most new developments have an impact on the need for infrastructure, services and facilities and therefore developers are required to help fund the infrastructure that is needed to make their development acceptable.
- 2.4 The Council also seeks financial contributions from developers through the use of developer contributions secured via Section 106 agreements (i.e. legal agreements between a developer, infrastructure partner and the local authority). These agreements are subject to negotiation and in some circumstances are reduced or waived on development viability grounds.
- 2.5 As from September 2019, the Council will be able to pool developer contributions and CIL to deliver infrastructure across the District. The Infrastructure Delivery Plan for the Local Plan will identify which infrastructure CIL will contribute to and/or that which developer contributions will help secure. Together with an

annual Infrastructure Funding Statement it will be clear that no double dipping will take place.

3.0 Evidence and Rate Setting

3.1 Two key pieces of evidence inform the Draft CIL Charging Schedule. The Infrastructure Delivery Plan, 2020 and the Whole Plan Viability Assessment (WPVA) 2019 provide the detailed evidence required to support CIL and demonstrate deliverability of the Local Plan. The WPVA provides the basis for the figures included within the Draft Charging Schedule. Both are available on the Council's website www.bassetlaw.gov.uk

3.2 The IDP and the WPVA enables the Council to strike the appropriate balance between:

- The desirability of funding from CIL (in whole or in part) to contribute to the cost of infrastructure required to support the development of its area, and
- The potential effects (taken as a whole) of the imposition of CIL on economic viability of development across its area.

Infrastructure Delivery Plan

3.3 The Council recognises that in order to deliver the level of growth identified within the emerging Local Plan, it will be necessary to align plans and funding for new infrastructure. In order to help deliver the infrastructure identified by the Plan the Council undertook work to identify the infrastructure needs across the District.

3.4 The Council's Infrastructure Delivery Plan (IDP), 2020 considers the level of growth identified in the Local Plan and through engagement with key stakeholders' (such as utility companies, infrastructure partners and Nottinghamshire County Council) outlines what infrastructure is required in the District, who is to provide it, how it will be funded and when it is required.

3.5 The IDP identifies that the total cost of infrastructure needed across the District will cost in excess of £53m. The figure is based on the growth levels identified by the Local Plan spatial strategy. The identification of this funding gap justifies the retention and review of CIL across the District.

Whole Plan Viability Assessment

3.6 To help determine the level of CIL, the Bassetlaw Whole Plan Viability Assessment 2019, looked at the viability and deliverability of the Local Plan and the potential to review the CIL charge within the District.

3.7 The assessment set out the methodology and assumptions used to determine whether it is economically viable in the context of Whole Plan viability and the impact of planning policies to secure CIL for different land uses.

3.8 The assessment concludes that the Council can be confident that the CIL rates proposed can be achieved and will not threaten the overall delivery of the Local Plan. The Council has set the rates in the Draft Charging Schedule based on evidence about infrastructure needs within the District and the ability of future development, as outlined in the Local Plan to fund that infrastructure in whole or in part.

- 3.9 The viability assessment shows that most of the development proposed by the Local Plan is viable and deliverable taking account of the cost impacts of the policies proposed by the plan and the requirements for viability assessment set out in the NPPF subject to differential Affordable Housing policy targets tested. The WPVA concludes that significant additional margin exists, beyond a reasonable return to the landowner and developer to accommodate CIL charges as set out in the Draft CIL Charging Schedule.
- 3.10 The rates proposed do not put any of the development envisaged in the Local Plan at risk and ensure that willing developers will still get a “competitive return” (a 20% profit) and that a reasonable landowner would be willing to sell their land and get a minimum return - as identified by national planning practice guidance – whilst incentivising new development across the District.
- 3.11 The viability assessment considers various land uses and development typologies and recommends the charges for the following types of development as outlined below:
- Residential**
- 3.12 The assessment concludes that there is no significant variation in the ability of residential schemes across the District to make CIL contributions depending on size and location of the potential development.
- 3.13 The WPVA shows that there is no scope to maintain differential rates for different parts of the District. Due to the variation in land values and house prices seen, only one charge - £25 per sqm - is proposed.
- 3.14 The evidence contained within the assessment states that this is the maximum CIL rate that can be secured alongside the level of developer contributions required by the Local Plan. Evidence suggests that a lower rate of £20 could be secured but this is not considered appropriate to make a meaningful contribution to reducing the infrastructure funding gap identified by the IDP over the plan period.
- 3.15 The Local Plan allocates several strategic sites of 50 or more dwellings. Each has significant infrastructure costs which are expected to be delivered through developer contributions. The viability assessment tested development scenarios for these sites and concluded that once site specific costs have been taken into account, the introduction of a CIL charge would make the development unviable.
- 3.16 Providing the infrastructure associated with these schemes through developer contributions complies with the CIL regulations in that the infrastructure is necessary to make the development acceptable in planning terms, is directly related to the development and reasonably related. Therefore the Council is proposing a zero charge (£0/sqm) for CIL as part of the housing site allocations of 50 units or more.
- 3.17 Residential calculations will be based on net floor space provided by the new development. The same principle will apply to developments which require the

demolition or loss of floor space as long as the residential property has been in continuous use for a period of at least six months within the previous three years as detailed within the CIL regulations.

- 3.18 For the purposes of the Draft CIL Charging Schedule, the Council will consider developments which fall under the C3 (Dwelling houses) and C4 (Houses in multiple occupation) use class as defined in the Use Classes Order as being subject to the relevant residential rates as detailed.

Retail

- 3.19 Retail uses are generally broken down into comparison and convenience goods to reflect the different sectors. Comparison retail sells items including clothing, footwear, household and recreational goods. Convenience retail is considered to be a shop selling everyday essential items, including (but not limited too) food, drinks, newspapers/magazines and confectionary.

- 3.20 The WPVA shows that only convenience A1 food supermarket retail can secure CIL as part of a viable development - £100 per sqm - as outlined in Table 1 below.

All other uses

- 3.21 All other uses across the District will have a CIL charge of **£0 per sqm**. The WPVA shows that all other uses including offices, hotels, care homes and industrial developments are not able to contribute towards CIL at this time.

4.0 Estimated Revenue Raised Through the New CIL

- 4.1 For the purposes of estimating CIL revenue, only development without an existing planning permission can be included. The draft Bassetlaw Local Plan proposes a minimum total of 9087 new dwellings across the District from 2018 to 2037. Approximately 3235 units are expected to be brought forward and/or will be allocated as housing up to 2037.

- 4.2 For estimating CIL revenue 81% are greenfield and 19% are brownfield. 20% of the greenfield units and 10% of the brownfield units will be affordable and so will be CIL exempt.

- 4.3 The WPVA makes the assumption that the average unit size within the District is 90sqm. Using this average unit size, it is expected that there would be 247,500sqm of new residential floor space that could be charged CIL over the plan period. At £25 per sqm it is estimated that there will be at least £6.1m generated by CIL as a result of residential development which is well within the estimated Infrastructure funding gap of £53m.

- 4.4 This is only an estimate of the likely funds that will be raised following the introduction of the new CIL Charging Schedule. Developer contributions will be used to deliver other infrastructure required to meet the needs of development, and the Council will continue to work with partners to secure other funding.

5.0 Implementation and Exemptions

- 5.1 The implementation of CIL is governed by the Community Infrastructure Levy Regulations 2010 (as amended) and Community Infrastructure Levy

(Amendment) (England) (No. 2) Regulations 2019. These regulations include procedures for the collection of funds generated through CIL as well as procedures for relief from CIL.

- 5.2 As a local planning authority within a two tier county such as Nottinghamshire, the Council may pass money raised to Nottinghamshire County Council to deliver infrastructure such as education and highways facilities that will benefit the development of the area. CIL funds may also be passed onto other outside bodies the deliver infrastructure such as the Environment Agency for flood defence works.
- 5.3 Local communities across the District which have a made Neighbourhood Plan will benefit from 25% of the levy derived from development within their area. Those communities without a Neighbourhood Plan will receive 15% of the levy derived from the development in their area, but this will be capped at £100 per existing council tax dwelling.
- 5.4 Details of how the Council will collect the CIL funds and then pass monies onto local communities will be detailed in a future document to be published once CIL is adopted and implemented.
- 5.5 There are a number of exemptions from CIL as detailed in the regulations. Exemptions currently include the following types of development (not exhaustive):
 - Minor development, with a gross internal area of less than 100sqm is generally exempt from the levy. This exemption does not apply if a new dwelling is being constructed unless this is a self-build scheme.
 - Affordable housing will be exempt from CIL liability. Where affordable housing forms part of a mixed development including market housing, CIL will not be charged on the affordable housing proportion of the total floor space.
 - Development by charities for charitable purposes.
 - Self-build projects
- 5.6 The Council as CIL Charging Authority will revise exemptions as and when directed by regulations. No locally specific exemptions are expected to be introduced. Further details relating to exemptions can be found in the CIL regulations as amended.

6.0 Next Steps

- 6.1 This Draft Charging Schedule will be subject to formal public consultation for a period of 6 weeks from **15 January to the 26 February 2020**. Following this consultation, all comments received will be reviewed and analysed and used to revise the Charging Schedule accordingly. A further period of consultation in summer 2020 will then take place on the final document known as the Final Draft Charging Schedule.
- 6.2 All comments that are received during the second round of consultation on the Final Draft Charging Schedule will be submitted to the Planning Inspectorate for independent examination. Anyone who makes comments during the Final Draft

Charging Schedule consultation will have the right to be heard at the examination in public.

- 6.3 Following the examination in public, the independent examiner will publish a report into the examination which will set out their findings. If the examiner approves the Final Draft Charging Schedule the Council will look to bring the Charging Schedule into effect at the earliest opportunity subject to approval by Full Council. The Council anticipates that the CIL Charging Schedule will be brought into effect By December 2021.

Bassetlaw Community Infrastructure Levy Draft Charging Schedule 2020

The Charging Authority

Bassetlaw District Council is a 'Charging Authority' for the purposes of Part 11 of the Planning Act 2008 and may therefore charge the Community Infrastructure Levy (CIL) in respect of development in its area.

Date of Approval

This Charging Schedule was approved by the Council on DAY/MONTH/YEAR.

Date that Effect

This charging schedule will come into effect on DAY/MONTH/YEAR.

CIL Rates

The Council intends to charge different rates of CIL by the land use of a proposed development (expressed as pounds per square metre) and by the area where a proposed development is situated, as set out in Table 1 below.

Development type	Zone	Proposed rate
Residential C3 use class	Whole District	£25
Local Plan residential site allocations of 50 or more units	Whole District	£0
A1 Retail convenience	Whole District	£100
All other uses	Whole District	£0

Table 1: Proposed CIL Rates

The Council is designated as the 'Collecting Authority' for the CIL in Bassetlaw.

Charging Zones

The CIL charging zone referred to in the above table are illustrated on the draft CIL Charging Zone Maps attached at Appendix 1 and 2 of this document.

Liability to Pay CIL

A chargeable development is one for which planning permission is granted and/or which is liable to pay CIL in accordance with the CIL Regulations 2010 (as amended). CIL will be chargeable on the net additional floor space (gross internal area) of all new development apart from those exempt under Part 2 and Part 6 of the Community Infrastructure Levy Regulations 2010 (as amended). These exemptions are:

- Developments where the gross internal area of a new building or extensions to buildings will be less than 100 square metres except where the development will compromise one or more dwellings;
- A building for which planning permission was granted for a limited period;
- Buildings into which people do not normally go or go into only intermittently for the purpose of inspecting or maintaining fixed plant or machinery;
- Development where the owner of a material interest in the relevant land is a charitable institution and the development will be used wholly (or mainly) for charitable purposes.

In addition, the Regulations also allow exemptions to be claimed for self-build housing and residential annexes and extensions over 100 square metres (Regulation 42A and 42B). Affordable housing will be eligible for relief from CIL (Regulation 49).

Calculating the Chargeable Amount

The amount to be charged for each development will be calculated in accordance with Regulation 40 of the Community Infrastructure Levy Regulations 2010 (as amended) and Regulation 5 of the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019. For the purposes of the formulae in paragraph 5 of Regulation 40, the relevant rate (R) is the rate for the charging zone shown in Table 1 above.

Inflation and Indexation

As detailed in the CIL Regulations, the proposed CIL rates will be subject to adjustment on a yearly basis in line with the All-in-Tender Price Index published by the Building Cost Information Service (BCIS).

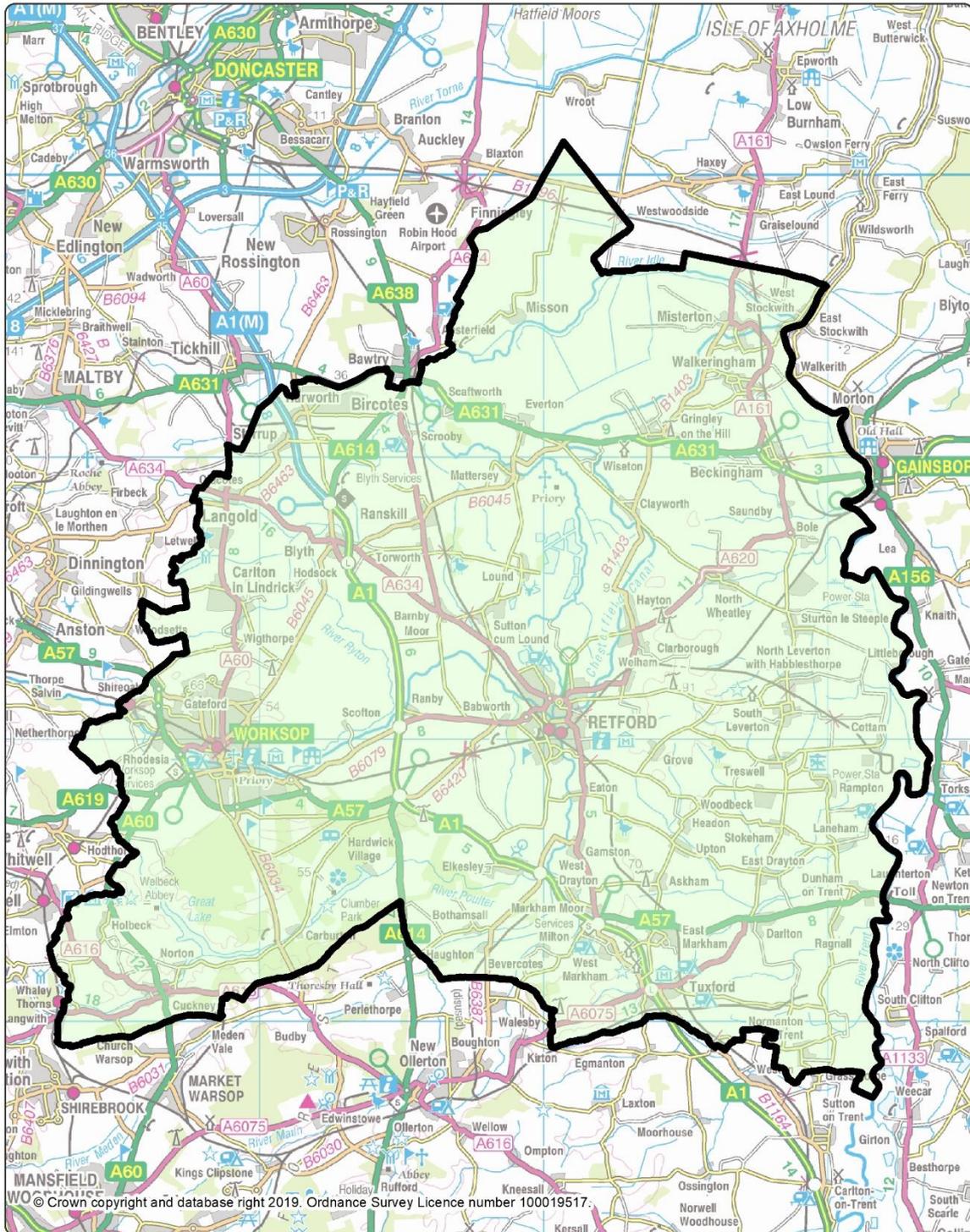
Further Information

Further information on the Community Infrastructure Levy is available on the Council's website www.bassetlaw.gov.uk .

APPENDIX 1: Residential Draft CIL Charging Zone

Bassetlaw District Council

Residential Draft CIL Charging Zone



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