



**STOCKTON ON TEES - COMMUNITY INFRASTRUCTURE
LEVY**

PRELIMINARY DRAFT CHARGING SCHEDULE

FEBRUARY 2015

Introduction

- 1 The Community Infrastructure Levy (CIL) was introduced under the Planning Act 2008 and the process for setting and implementing the Levy is set out in the CIL Regulations 2010 (as amended), together with the subsequent amendments. The funding raised can be used to provide infrastructure to support planned development in the Borough. Local authorities in England and Wales can choose to charge CIL on new developments; it is not obligatory.
- 2 The Council is a Charging Authority under the CIL Legislation and is undertaking consultation on this Preliminary Draft Charging Schedule (PDCS) with a view to adopting CIL. The purpose of this consultation is to seek views on the proposed rates of CIL set out in the Council's PDCS.
- 3 Under the amended CIL Regulations, changes to the use of S106 Planning Obligations will come into force from 6 April 2015. This will significantly restrict current infrastructure funding practices whether the Council has adopted a CIL Charging Schedule or not.

Viability Evidence to Support CIL

- 4 The evidence to support this Preliminary Draft Charging Schedule (PDCS) is available to view on the Council's website at: INSERT ADDRESS and will form part of the Council's evidence base. The viability evidence to support the proposed charges has been prepared.
- 5 The evidence base looks at the market analysis and viability testing of different development types. The report recommends rates of CIL that can be charged without putting the majority of development at risk. It indicates that a charge for residential development can be made in part of the Borough and could be made for those developments for wholly and mainly convenience retail and retail warehousing.

The Proposed Levy Rates

- 6 The CIL rates have been formulated in accordance with Part 11 of the Town and Country Planning Act 2008 and the Community Infrastructure Levy Regulations 2010. The Council has sought to strike a balance between ensuring appropriate development comes forward and the impact of CIL on development viability. It has also sought to balance costs between aspects of site specific infrastructure which will continue to be secured through Section 106 planning obligations and those that will be funded through CIL.
- 7 The proposed CIL rates are set out in the PDCS and cover the Borough. They have been arrived at taking account of the list of infrastructure needs from the Council's Infrastructure Schedule and identifying what could be paid through CIL, and what could be funded from other sources. An assessment of viability development in different parts of the Borough has been carried out to determine what level of CIL could be charged without affecting the viability of most development. The CIL regulations recognise that the CIL charge may make some development unviable

and that CIL should not be set at such a low rate that every development remains viable.

- 8 The Viability Study found that the economic viability of development, and therefore the ability to afford a CIL charge, varied across the Borough both by the type of development, and geographically for residential development only. The study recommended a differential rate of CIL be applied to residential development across two charging zones, at £0 to £40 per square metre, and a reduced charge for strategic sites. The evidence shows that housing development in north western, western and south can accommodate a CIL charge, whereas central Stockton and outlying areas to the north and east cannot.
- 9 The study also recommended that development in the form of retail warehousing and wholly or mainly convenience retail can support a rates at £75 and £145 per square metre respectively. The rates are set out below with the Charging Zones Map at **Appendix A**.

Table 1: The Levy Rates

Development Type	High Value Zone (1) (per sq. m)	Low Value Zone (2) (per sq.m)
Residential Development (Private Market Housing)	£40	£0
Residential Development (Private Market Housing – Strategic Sites) ¹	£25	£0
Retail (Wholly or mainly Convenience)	£145	£145
Retail (Warehousing)	£75	£75
Other Development Types	£0	£0

1. *Regeneration and Environment Local Plan sites at H18a, H18b, H19 Yarm Back Lane/Harrowgate Lane and H36b Wynyard Expansion*

Calculating the CIL Charge – Indexing and Review

- 10 The CIL will be calculated in accordance with the Regulations, and will be indexed to account for inflation using a nationally recognised index. The overall Charging Schedule will be reviewed to take account of changes in viability, when economic conditions or basic viability assumptions indicate. Full details of the way in which CIL will be calculated can be found on the Government website: <http://www.legislation.gov.uk/ukxi/2014/385/regulation/6/made>

CIL Instalment Policy

- 11 The Council recognises the viability issues associated with the payment of financial contributions and considers that a policy on the potential deferment of payment of financial contributions through an instalment policy is appropriate. The Council will operate an Instalment Policy made in line with Regulations 69B and 70 of the Community Infrastructure Levy Regulations 2010 (as amended by the Amendment Regulations 2011, 2013 and 2014). To ensure that the Council’s approach is clear,

draft Instalment Policy will be made available alongside the Draft Charging Schedule and will detail the timing and level of payments and the rationale for the policy.

12 As required by Regulation 69(B) of the CIL Regulations 2010 (as amended) which provides the framework for how a policy is to be prepared, the draft Instalment Policy will set out:

- the date on which it takes effect, which must be no earlier than the day after the instalment policy is published on the website;
- the number of instalment payments;
- the amount or proportion of CIL payable in any instalment;
- the time (to be calculated from the date the development is commenced) that the first instalment payment is due, and the time that any subsequent instalment payments are due; and
- any minimum amount of CIL below which CIL may not be paid by instalment; and
- That where the instalment policy is not applicable, the chargeable amount must be made in full at the end of the period of 60 days beginning with the notified or deemed commencement date of the chargeable development

CIL Relief and Exceptional Circumstances Policy

13 Once CIL is implemented, it is fixed and non-negotiable. The CIL Regulations however, exempt the following types of development from paying a CIL Charge

- Social (affordable) housing
- Development by charitable institutions
- Changes of use that do not increase floorspace
- Buildings into which people do not normally go or go only intermittently for the purpose of maintaining or inspecting machinery
- Buildings with temporary planning permissions
- Self-build housing
- Residential Extensions and Annexes

14 The CIL regulations also provide a procedure for giving discretionary exceptional circumstance relief if the Charging Authority has decided to make this available and provided that a set of tightly drawn conditions can be met.

15 The decision to offer exceptional circumstances relief is not part of the process of developing a Charging Schedule. The Charging Authority may publicise its decision to offer exceptional circumstances relief separate to the publication of a Charging Schedule. The council will consider the introduction of an exceptional circumstances relief policy as CIL is prepared and consulted on.

Payment of CIL

16 CIL is payable on commencement of development but the Council is able to introduce payment by instalments. This would need to be agreed before any development commences and be in accordance with a published policy.

Relationship between CIL and Section 106 Agreements

- 17 Unlike the Section 106 system, CIL can be collected on all developments and then 'pooled' in the style of a tariff. The pooled levy can then be spent on the type of infrastructure a charging authority has identified via infrastructure planning. The existing Section 106 system will remain in place, but will be scaled back to ensure that site specific impacts caused by development can be mitigated, and that CIL is the key mechanism for wider infrastructure funding.

The Draft Regulation 123 List

- 18 The Council has prepared a draft Regulation 123 List, and this is the list of the types and items of infrastructure that the Council intends to fund through CIL. CIL cannot be used to fund items that are to be funded by Section 106 agreements. The Regulation 123 list can be reviewed at any time and would be on an annual basis linked to the publication of Council's Annual Monitoring Report that would identify progress on collecting and spending CIL.
- 19 Any emerging Regulation 123 list will be discussed as appropriate with key infrastructure providers and delivery partners. Furthermore, other forms of funding will also need to be investigated and reviewed.

Duty to pass CIL to Local Councils

- 20 The Community Infrastructure Levy (Amendment) Regulations 2013 make provision for receipts to be passed to local councils (parish councils), or be spent on behalf of designated neighbourhood forums.

Next Steps

- 21 This Preliminary Draft Charging Schedule is the subject of consultation for a period of 6 weeks starting on INSERT DATE and ending at INSERT DATE. Consultation is aimed particularly at representatives of the local community and the development industry, although all interested parties are welcome to make comments.
- 22 Following consultation on the Preliminary Draft Charging Schedule, the Council will review the comments received with a view to publishing a Draft Charging Schedule for a further six weeks formal consultation. It is anticipated that an examination will take place in INSERT DATE and adoption of the CIL Charging Schedule by INSERT DATE

Your Views:

- 23 We would like to receive any comments you may have on the Preliminary Draft Charging Schedule and accompanying supporting documents.

Comments should be made in writing to CIL PDCS

Spatial Planning Team

Or by email to: spatialplans@stockton.gov.uk

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Proposed Community Infrastructure Levy Charging Zones



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