

Preliminary Draft Charging Schedule

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1 Introduction

1.1 Overview and Links to Evidence Base Documents

Gedling Borough Council has set a timetable to introduce a Community Infrastructure Levy (CIL) by summer 2013. Once this is achieved, CIL will be the primary means by which the Borough Council secures developer contributions towards mitigating the impacts of growth on the Borough Council's infrastructure.

This document is the Preliminary Draft Charging Schedule (PDCS). It identifies the current thinking on the level at which Gedling Borough's CIL might be set and how it might be implemented. Alongside this PDCS we have published evidence which has led us to identify the proposals set out in this document. This is your opportunity to inform the debate and influence how CIL is implemented in Gedling Borough.

Gedling CIL: Links to supporting evidence base documents

Links for evidence docs to be added prior to publication.

www.gedling.gov.uk/

The information contained in the PDCS and supporting documentation should be read alongside the associated regulations and advice contained on the Government Legislation, Departments of Communities, and Planning Advisory Service websites:

<http://www.legislation.gov.uk/ukxi/2010/948/contents/made>

<http://www.legislation.gov.uk/ukdsi/2011/9780111506301/note>

<http://www.communities.gov.uk/planningandbuilding/planningsystem/communityinfrastructurelevy/>

<http://www.pas.gov.uk/pas/core/page.do?pagelD=122677>

1.2 Local Context and Overarching Objectives

Greater Nottingham is made up of the administrative areas of Gedling Borough and Broxtowe, Erewash, Nottingham City, Rushcliffe Councils and the Hucknall part of Ashfield Council. These authorities, with the support of Derbyshire and Nottinghamshire County Council, have been working together to produce an aligned set of policies and principles on how this area can develop over the next 15 years.

Gedling, Broxtowe and Nottingham City Councils have prepared an aligned and consistent planning strategy for their part of Greater Nottingham. The Publication Version of the Aligned Core Strategies was issued for consultation in June 2012 for a period of representations. This document outlines the planning strategy for the area. It includes core policies for making it happen which ensure that new infrastructure is delivered in a timely fashion and that development pays for infrastructure that is required to make it sustainable. Policy 19 on Developer Contributions confirms the intention of the introduction of CIL to secure infrastructure that has been identified as necessary to support new development and to achieve Core Strategy objectives.

1.3 What is the Community Infrastructure Levy?

The Community Infrastructure Levy (CIL) is a new planning charge introduced on 6 April 2010 through the Community Infrastructure Levy Regulations 2010 (now amended by the Community Infrastructure Levy (Amendment) Regulations 2011).

CIL allows local authorities such as Gedling Borough Council to raise funds from developers undertaking new building projects in their area, which can be used to fund a wide range of infrastructure that is needed as a result of development. This may include schools, road schemes, health facilities, flood defences, parks and open spaces and leisure centres.

1.4 Who will pay Community Infrastructure Levy?

The charge will be levied on development of more than 100 square metres of new floor space and those creating 1 or more dwellings even where the floor space is less than 100 square metres. In principle, this affects all types of development that involve buildings 'into which people normally go'.

1.5 Relationship between Section 106 Agreements and Community Infrastructure Levy

CIL provides a much more consistent and transparent mechanism to raise financial contributions currently sought under Section 106 of the Town and Country Planning Act 1990. Although the CIL process should result in a scaling back in the use of Section 106 Agreements (sometimes known as planning obligations) it will not replace them altogether. Under CIL, developers are still required to directly provide 'on-site' infrastructure through Section 106 contributions to mitigate the direct impact of the development proposed. However, a standard fee is then charged through CIL to enable the delivery of new or improved infrastructure needed to support the development.

1.6 Community Infrastructure Levy Exemptions and Discretionary Relief

CIL will not be charged on developments that do not involve a net increase in floor space. Therefore sub-divisions of existing dwellings to form other dwellings will not be charged. Structures which are not buildings, or which people do not regularly go into to use will not be liable, in accordance with the CIL regulations. Affordable housing development and development for charitable purposes will also be exempt in accordance with the regulations.

In addition, a local authority can choose to set the CIL charging rate for certain uses or certain areas at £0, based on viability considerations.

Gedling Borough Council will make 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'. The fact that a development might be unviable at the time a planning application is considered is unlikely to constitute an 'exceptional circumstance' in relation to the CIL Regulations.

2 Purpose of Preliminary Draft Charging Schedule and outlining the Community Infrastructure Levy Adoption Process

2.1 Key Principles of Community Infrastructure Levy Rate Setting

CIL Regulation 14 states ‘Charging authorities wishing to introduce CIL should propose a rate which does not put at serious risk the overall development of their area. The charging authority must aim to strike an appropriate balance between:

- The desirability of using CIL to help fund (in whole or in part) infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and,
- The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across the area.’

The Borough Council is therefore seeking to introduce a CIL charging schedule that ensures the provision of infrastructure needed to support vibrant and sustainable communities whilst continuing to foster an economic environment conducive to attracting inward investment and stimulating growth.

2.2 Stages of Consultation and the Examination Procedure

This document is the first formal step required to adopt a CIL charging schedule. We have already undertaken initial discussions with representatives of the development community to help inform our assumptions and now we wish to seek wider views. We are keen to ensure that any CIL is set at an appropriate rate having regard to evidence of development viability and the funding gap we have for delivering the infrastructure needed to accommodate growth in the Borough.

Once we have considered all of the representations received we will produce a Draft Charging Schedule which will be subject to a further consultation period. This will be followed by an independent examination to ensure our approach is sound and that any unresolved representations receive a fair hearing.

2.3 Spending of Community Infrastructure Levy Receipts

The CIL Regulations provide local authorities with significant flexibility when it comes to the expenditure of CIL receipts, although the overarching objective of CIL is to provide resources to help address the infrastructure needs arising from development.

The Government is currently consulting on whether and how a ‘meaningful proportion’ of CIL receipts should be spent within the vicinity of any development that pays CIL. However, CIL is primarily designed as a tool to help fund higher cost strategic infrastructure (e.g. schools and major transport improvements) so that an area can grow in a sustainable manner.

The question of how CIL receipts are used is not a matter for the examination into the CIL Charging Schedule. However, we will publish proposals relating to how CIL receipts will be used in Gedling when we adopt the CIL Charging Schedule.

3 Gedling's CIL Evidence Findings

3.1 Infrastructure Funding Gaps

3.1.1 The Framework for Identifying Infrastructure Requirements

Local authorities are required by Government to spend CIL funds on the infrastructure needed to support the development of their area and to decide what infrastructure is needed. CIL is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development. CIL can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support development.

When determining what infrastructure is needed in Gedling Borough, it is important to ensure that it is linked to the coherent strategic planning framework which exists across the whole of Greater Nottingham in order that the Borough does not operate in isolation. Greater Nottingham was designated a Growth Point in a 2005 Government initiative, which is designed to provide support to local communities to support large scale and sustainable growth, including new housing, through a partnership with Government. Growth Point status is not a statutory designation but a relationship between Central Government and local partners. In order to prepare this planning framework, Gedling, Broxtowe and Nottingham City Councils, together with the County Councils, are working together to align their Core Strategies.

The Greater Nottingham Joint Planning Advisory Board (JPAB) oversees the preparation of the Aligned Core Strategies, and the implementation of Growth Point infrastructure projects. The Greater Nottingham Growth Point Team is currently preparing a joint Infrastructure Capacity Study and Delivery Plan (the 'IDP') on behalf of Broxtowe, Erewash, Gedling, Nottingham and Rushcliffe Councils. As Hucknall (part of Ashfield District) forms part of Greater Nottingham and has a close functional relationship with the other council areas, the IDP has regard to cross boundary and cumulative infrastructure requirements across the whole of Greater Nottingham including Hucknall.

3.1.2 Current Funding Gaps

A draft of the Greater Nottingham Aligned Core Strategies Infrastructure Delivery Plan has been prepared. It is important to stress that this document focuses only on the critical infrastructure that is required to enable the development of strategic sites. The Borough Council has two identified strategic sites at Top Wighay Farm and North of Papplewick Lane. In addition, the Borough Council has also named Calverton, Bestwood village and Ravenshead as key settlements for growth. Given high infrastructure costs of developing the former Gedling Colliery/Chase Farm site, this area has been included as a broad location for future development in the Aligned Core Strategies. The current economic difficulties mean that comprehensive development of this site is not considered achievable in the short term but the site remains available and suitable.

The draft IDP identifies a number of projects within the Borough. Apart from the proposed Gedling Colliery Access Road (£30 million) and a contribution to a waste recycling centre at Top Wighay Farm (£0.5 million), the items identified and costed for are educational facilities (£21.7 million). This would provide a requirement of in excess of over £52 million, with £44 million required within five years. The majority of this cost is identified to come from Section 106 payments. If the Gedling Colliery/Chase Farm site did not come forward, the infrastructure funding gap would be around £14 million. This figure takes no account of infrastructure requirements yet to be defined (as the draft IDP requires further work) or to the Borough's possible contribution to major regional infrastructure such as High Speed 2, Trent re-signalling, River Trent flood alleviation; or to the Borough's own local requirements. The very lowest estimate of the potential cost of infrastructure works required to be funded through CIL is therefore £14 million, with the expectation being that this figure will rise once a more comprehensive list of local infrastructure requirements are included within the IDP.

3.2 Viability Evidence Summary

The viability evidence consists of two elements:

An extensive property market survey presenting detailed evidence of land and property values throughout the Borough for the categories of development considered likely to come forward within the Borough during the charge period. This evidence has been used to select the appropriate charging zones for residential and commercial development. See Section 3.3 below.

The second element of the viability evidence is the use of a viability assessment model which applies a set of development assumptions and a range of scenarios to test the ability to charge CIL against for each category of development.

Residential

The provision of affordable housing whilst necessary to meet the needs of Gedling residents does impact on viability for many developments.

The Borough Council's Supplementary Planning Document on Affordable Housing published in 2009 indicates a requirement for a proportion of affordable housing on all new developments of 15 or more properties. The proportion is set at 10%, 20% or 30% in different parts of the Borough. The treatment of the affordable housing in the assessment model adopts the same approach although the parts of the Borough the different proportions apply to vary slightly since the boundaries follow valuation evidence rather than ward boundaries as in the Supplementary Planning Document.

Commercial

The proposed rates for commercial development have been generated in similar way to the residential using the evidence from the market analysis and running values and assumptions through the viability assessment model for each use category to test the potential to charge CIL .

3.3 Evaluation of Key Issues: Affordable Housing, Geographical Differentiation

Provision for Affordable Housing Contributions

Under the existing CIL regulations contributions to affordable housing provision are specifically excluded from being delivered through CIL receipts, and Section 106 planning obligations remain the method of securing affordable housing through the planning process. However, the Government is currently consulting on whether it should allow local authorities to deliver affordable housing through CIL, or through a combination of Section 106 and CIL. In view of this, residential viability has been modelled with and without the inclusion S106 Affordable Housing contributions.

The negotiation of affordable housing through the planning application process can be difficult. A CIL, or Section 106 plus CIL based approach has the potential to simplify the planning application process and help to guarantee a level of contribution from the developer. It is therefore important that options are kept under close review until clarity is provided through the adoption of amended CIL Regulations by Government. It is important to note that while the current Government consultation seeks views on whether the CIL Regulations should be amended to provide for affordable housing to be delivered through CIL or through a combination of Section 106 and CIL, the Draft 2012 Amendment Regulations published alongside the consultation document do not propose amendments to provide for this.

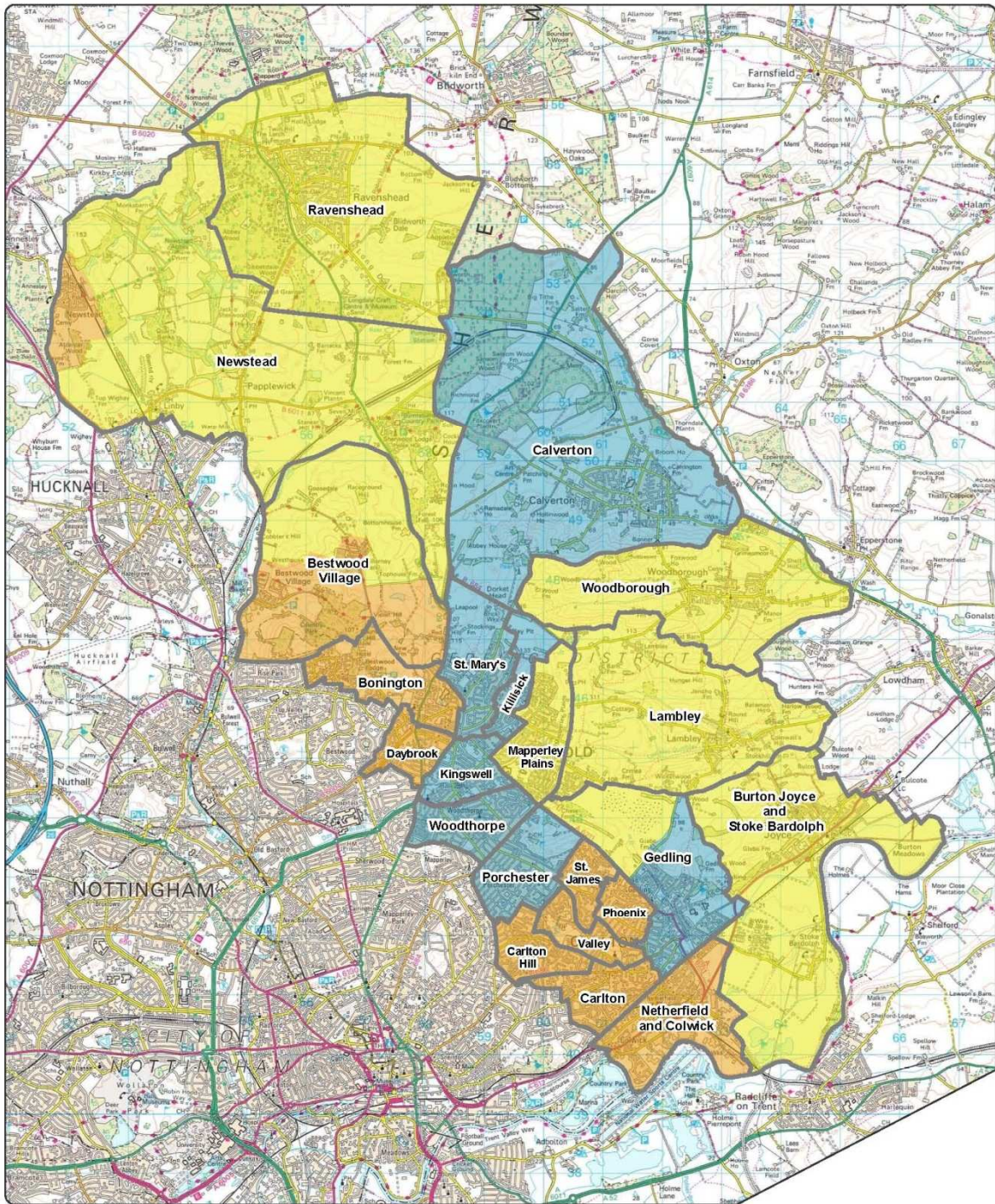
Geographical Differentiation

Regulation 13 of the CIL Regulations 2010 allows the Council to set differential rates of CIL for different geographical zones as well as for '*different intended uses of development*'. Government's Guidance advises that differential rates, for both geographical zones and/or the intended uses of development, must be justified by reference to economic viability evidence. If differential geographical zones are set, they must be clearly identified on a map within the charging schedule. Differential rates should not be related to the costs of infrastructure in different areas nor used to encourage or discourage development in particular locations.

The Preliminary Draft Charging Schedule Maps as shown overleaf identify the location and boundaries of the charging zones for new residential development and new commercial development for the purposes of CIL.

Three charging zones are proposed for residential development Zones 1, 2 and 3 with Zone 1 representing the lowest value area and Zone 3 the highest values area in the Borough. For commercial development an urban zone and rural zone are proposed.

Gedling CIL Residential Charging Zones



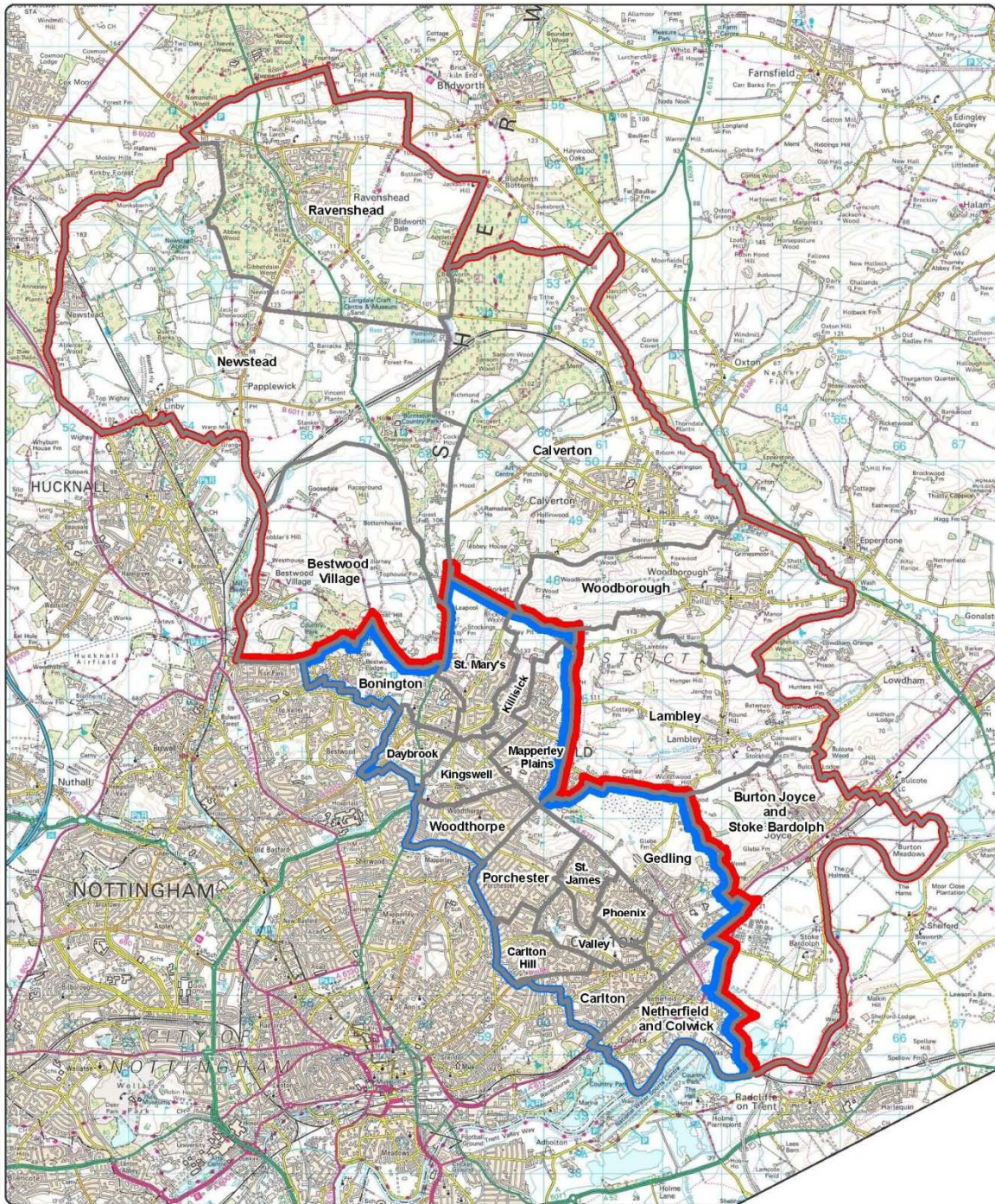
Key

-  Wards
-  Zone 1
-  Zone 2
-  Zone 3

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Gedling CIL Commercial Charging Zones



Key

- Wards
- Urban
- Rural

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4 Preliminary Draft Charging Schedule

4.1 CIL Rates

Having examined the findings of the evidence base, Gedling Borough Council considers that the most appropriate approach is to have variable rates of CIL by area and use. The proposed areas and charges per square metre are set out in the tables below.

Development Type			
Residential	Zone 1	Zone 2	Zone 3
	£0/m ²	£55/m ²	£95/m ²
Commercial			
	Urban Zone	Rural Zone	
General Retail A1, A2, A3, A4, A5	£60/m ²	£0/m ²	
All other uses	£0/m ²	£0/m ²	

5 Further Issues for Consultation

5.1 Phased Payments and Instalments

The 2011 Amendments to the 2010 CIL Regulations provide for CIL Charging Authorities to determine their own instalments policy. Although we are able to seek payment in full on commencement of development, we are supportive of the principle of using phased payments to improve the viability and deliverability of development.

The details of how phased payment mechanisms might operate have yet to be fully determined. Forerunner authorities elsewhere have tended to adopt a staggered system wherein the higher the CIL liability the greater the number of instalments allowed, up to a maximum of four instalments.

Potential Instalment Model for Gedling:

<i>Chargeable Amount</i>	<i>Timescale</i>
Less than £15,000	Full payment within 90 days of development commencing
Between £15,000 and £50,000	First instalment (25%) within 90 days Second instalment (50%) within 270 days Third instalment (25%) within 360 days
Between £50,000 and £100,000	First instalment (25%) within 90 days Second instalment (50%) within 360 days Third instalment (25%) within 540 days
Over £100,000	First instalment (25%) within 90 days Second instalment (25%) within 270 days Third instalment (25%) within 540 days Fourth instalment (25%) within 720 days

5.2 Payments in Kind

There may be circumstances where it will be more desirable for a charging authority to receive land instead of monies. The Regulations provide for charging authorities to accept transfers of land as a payment in kind for the whole or part of the levy, subject to the Borough Council's agreement.

6 Contact Details and Next Steps

6.1 Contact Details

This consultation is the Borough Council's first step in preparing a CIL Charging Schedule. All responses will be fully considered before a Draft Charging Schedule is prepared for independent examination. There are two ways in which you can make a representation on the Preliminary Draft Charging Schedule:

Online response: <http://gedling.limehouse.co.uk/portal>

Paper response: response form is available from the Civic Centre or it can be printed from the Borough Council's website www.gedling.gov.uk and should be returned to Planning Policy, Gedling Borough Council, Civic Centre, Arnot Hill Park, Arnold, Nottingham. NG5 6LU

Your comments should arrive no later than **xxxx** 2012. Please also note that your comments will be made available as public information.

6.2 Next Steps

Once the Borough Council considers that the Draft Charging Schedule is ready for independent examination, it will be published together with available evidence on infrastructure, economic viability and the responses received during this consultation. The Borough Council will then call for representations to be made within a period of four weeks (regulation 17(3)). Any person may make representations about a Draft Charging Schedule and that person must be heard before the examiner at the CIL examination if they have requested to do so. The four week consultation on the Draft Charging Schedule is anticipated to take place in January 2013, prior to independent examination in May 2013.

QUESTIONS AND FEEDBACK

- 1) Do you agree that the infrastructure funding assessment shows that there is sufficient justification for the introduction of CIL in Gedling?
- 2) Bearing in mind that planning obligations will not be able to be negotiated in the future for infrastructure CIL funds, do you have any views as to what should be left to planning obligations and what should be covered by CIL?
- 3) Do you consider that the key assumptions that underlie the viability evidence are appropriate? If not, what alternative assumptions would you suggest and why?
- 4) Do you agree that that the (absence/presence) of different rates in different parts of Gedling is beneficial? If you disagree please give reasons.
- 5) Do you have any views on the best mechanism for delivering affordable housing?
- 6) Do you support the proposed rates in the PDCS Table? Please explain your reasoning.
- 7) Do you believe there are any other uses which we should consider charging CIL on, and if so, what?
- 8) What are your thoughts on the use of phased CIL payments? Do you have any views on how the phasing of payments should be structured?
- 9) Do you believe the use of payments-in-kind provides greater flexibility to the development industry or reduces clarity on what is being paid?