



# Stratford-on-Avon Community Infrastructure Levy



## **Preliminary Draft Charging Schedule**

Consultation Document

OCTOBER 2013

**Stratford-on-Avon District  
Community Infrastructure Levy**

# **Preliminary Draft Charging Schedule**

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## **1. Introduction**

### **1.1 The Stratford Context**

Stratford-on-Avon District is working towards a Core Strategy for 2008 – 2028, for submission to the planning inspectorate in 2014. This will set out key site allocations for Stratford upon Avon and the Main Rural Centres. It will also identify a strategic location for a new settlement or sustainable urban extension to be built during this plan period and beyond. Broad housing numbers have also been given for the Local Service Villages where site allocations will be identified through the Neighbourhood Development Plan process, or in a Site Allocations Development Plan Document (DPD).

The infrastructure planning on which this Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule is based, is therefore largely strategic in nature. Where sites have been identified, the main infrastructure implications have been taken into account.

This Preliminary Draft Charging Schedule (PDCS) sets out a set of CIL rates for the district in general, as well as proposed CIL rates for each of the three potential strategic locations. These rates would apply only where the location is selected as a site for a new settlement or sustainable urban extension, not to piecemeal development in these locations.

### **1.2 What is the Community Infrastructure Levy?**

The 2008 Planning Act provided for the imposition of a charge known as the Community Infrastructure Levy (CIL). CIL came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010, now amended by the CIL (Amendment) Regulations 2011, 2012 and 2013. Further changes proposed in a government consultation (CIL: Further Reforms, April 2013) have now been approved and will be covered in Amendment Regulations 2014.

The levy is a fixed rate charge per square metre of additional floorspace that developers pay on commencement of development or through an agreed phasing of payments during construction. In two tier areas, the levy will be set and collected by district councils as the body that prepares the development plan for the area.

The money raised through CIL is used to help fund the physical, green and social infrastructure needed to support development.

CIL will supplement and partially replace S106 agreements. These will remain the principle mechanism for securing on-site infrastructure and for dealing with site-specific impacts. CIL will replace S106 agreements for funding the general infrastructure required to achieve growth and for dealing with cumulative impacts.

CIL is intended to speed up the development process and reduce the lengthy delays involved in negotiating complex agreements. It is also

designed to provide developers and land owners with more certainty about the sort of contribution a development will be required to make.

### **1.3 Scope of this Consultation**

This document sets out the Preliminary Draft Charging Schedule which is the basis of the first formal stage of consultation on CIL. We have already carried out initial discussions with the development sector to help inform our assumptions on development viability. We have also consulted infrastructure providers and County, Town and Parish Councils on the infrastructure needed to support the level of growth set out in the Core Strategy.

Comments arising from this round of consultation will be used to prepare the Draft Charging Schedule which will be published for consultation in 2014. Once responses to that consultation are taken into account, the District Council will submit the Draft Charging Schedule for independent examination.

The Charging Authority must distinguish between projects or types of infrastructure that are to be funded in whole or in part by the levy and those site-specific items where S106 contributions will continue to be sought. Statutory Guidance on CIL (April 2013) clarifies that Charging Authorities should issue a list of infrastructure types or projects for CIL funding, referred to as a regulation 123 list, in advance of the independent examination. This will be produced alongside the Draft Charging Schedule and will therefore be a key part of the evidence for the next CIL consultation.

The governance and operational processes needed to underpin the collection and spending of CIL funds are currently under consideration. These processes are outside the scope of this consultation and are not a matter for the examination that will take place in due course on the charging rates.

### **1.4 How to Comment on this Document**

Your comments and views are welcomed on the proposed CIL rates set out in this document, and on the evidence behind the figures. The Council is keen to set CIL at a level that enables infrastructure to be delivered to support the growth outlined in the Core Strategy, while, at the same time, not imposing a level of costs that puts the viability of the plan at risk. This is a balancing exercise on which your views are sought. The consultation period will last six weeks from **Thursday 31 October until Friday 13 December 2013**.

Comments can be made online by responding to the interactive questions within this document. (This is our preferred way of hearing from you). Alternatively, a Comment Form is available to download at [www.stratford.gov.uk/cil2013](http://www.stratford.gov.uk/cil2013). Please return the Comment Form to us by the deadline.

Comment Forms should be returned by email to: [planning.policy@stratford-dc.gov.uk](mailto:planning.policy@stratford-dc.gov.uk) or by post to: Planning Policy, Stratford-on-Avon District Council, Elizabeth House, Church Street, Stratford-upon-Avon, Warwickshire, CV37 6HZ.

The supporting documents referred to in this consultation are also available to view and download from the website:

- Stratford-on-Avon CIL - Economic Viability Study – PBA Sept 2013
- Draft Infrastructure Delivery Plan - Oct 2013 (Appendix 1 of Core Strategy)
- Assessment of Potential New Settlements and Sustainable Urban Extensions – PBA July 2013

For more information, please contact the email address above or visit our website: [www.stratford.gov.uk/cil2013](http://www.stratford.gov.uk/cil2013).

The closing date for comments is **5pm on Friday 13 December 2013**.

## **2. Evidence**

### **2.1 Core Strategy and Infrastructure Requirements**

The Stratford-on-Avon District Intended Proposed Submission Core Strategy 2008 – 2028, sets out the principles behind the growth of the district over this period. It also defines the key sites for housing and employment uses in Stratford upon Avon and the Main Rural Centres and an indicative housing number for the Local Service Villages.

The Infrastructure Delivery Plan (IDP) is a working document that will be presented as Appendix 1 of the Core Strategy. A draft of this document is available at: [www.stratford.gov.uk/cil2013](http://www.stratford.gov.uk/cil2013). This indicates the main items of infrastructure needed to support growth. It distinguishes between infrastructure that is critical to enable growth to take place and that which is desirable to meet the plan's wider objectives.

CIL can be used to fund the provision, improvement, replacement, operation or maintenance of infrastructure. It can fund a wide range of physical, social and green infrastructure including the following:

- Transport infrastructure – roads, public transport and other facilities;
- Medical facilities and public health projects;
- Education;
- Sports and recreational facilities;
- Open spaces and green infrastructure projects;
- Flood risk assessment and flood alleviation;
- Emergency services and
- Communications technology.

It should generally be used to provide infrastructure to support growth, not to remedy existing deficiencies in provision. However, this distinction is blurred by the fact that deficiencies that are made worse by further growth can seek a share of CIL funding.

Work has been undertaken on three potential strategic sites: a new settlement at Gaydon/Lighthorne Heath or Long Marston and a sustainable urban extension (SUE) at Stratford-upon-Avon, one of which is likely to be carried forward into the Core Strategy. (See *Assessment of Potential New Settlements and Sustainable Urban Extensions – PBA July 2013*. This work has identified the broad infrastructure items and costs associated with supporting major growth in these locations. It is proposed that those costs which can be effectively ringfenced as relating to the strategic development should be secured through S106 and S278 agreements.

NB. If the land continues to be the preferred location for strategic development, the proposals for a new settlement at Gaydon/Lighthorne Heath may be taken forward on a more modest scale with some of the land initially included in the site for the new settlement being developed by Jaguar Land Rover. The Draft IDP considers the infrastructure requirements of the initial proposals.

**Question 1:** Do you agree that the Council should continue to use planning obligations as the principal way of funding infrastructure on strategic sites?

**Question 2:** A draft Regulation 123 list, setting out which infrastructure items will be funded through CIL and which through planning obligations, will be provided alongside the Draft Charging Schedule, i.e. at the next formal stage of consultation. Notwithstanding this, do you consider that there is sufficient and appropriate general evidence on infrastructure to underpin the Preliminary Draft Charging Schedule?

## 2.2 Development Viability

Peter Brett Associates were commissioned to review and update the available evidence on the viability of development in Stratford-on-Avon District to inform the Community Infrastructure Levy. *Stratford-on-Avon CIL - Economic Viability Study – PBA Sept 2013*. This review was informed by policy within the National Planning Policy Framework, guidance on viability, including the Harman and RICS reports as well as the legislative context, set out in particular in the CIL regulations.

The draft policies set out in the Intended Proposed Submission Core Strategy and the work undertaken to identify a strategic location for a new settlement or sustainable urban extension were assessed to determine the infrastructure costs associated with development and the implications of these on development viability. Policies that have a cost implication include those on sustainability standards, affordable housing and infrastructure. These have all been considered within the viability testing.

### **Residential assessments**

In addition to the work on the potential strategic sites for a new settlement or sustainable urban extension, assessments were undertaken on 10 different types of residential site, varying in size, location and existing use – it was considered that these provided a representative sample of notional development sites that could come forward over the plan period.

Development costs and values were derived from research and consultation with the local development industry. The assessment concluded that all the residential typologies could realise a S106 and CIL contribution, including affordable housing at the policy target requirement of 35%.

Stratford-upon-Avon and the eight Main Rural Centres across the District have different residential land values and therefore different levels of viability which could suggest a different CIL rate for each settlement. However, this is not considered to be a practical approach for Stratford-upon-Avon District. Nor is it considered practical to zone the District to reflect broad areas of similar value as such an approach would not be able to draw on any meaningful boundaries. The report therefore recommends a single rate for residential development across the District (with the exception of a new settlement or major urban extension) that raises funds for infrastructure without putting the delivery of the majority of planned development at risk. The Council considers that £150 per sq.m across the District strikes the appropriate balance.

**Question 3:** Apart from at any strategic sites, do you consider that a single rate for residential development is appropriate for Stratford on Avon District?

**Question 4:** Do you consider that the proposed rate strikes the right balance between raising finance for necessary infrastructure and the need to ensure that the majority of planned development is not put at risk?

As the planning obligations package is likely to be higher at the strategic sites than for general development across the district, and because of the higher costs involved in opening up a substantial area for development, the strategic sites would be expected to make a lower residential CIL contribution in order to remain viable. A rate of £60-100 per sq. m is proposed for residential development in these locations, as follows:

Gaydon/Lighthorne Heath New Settlement	£100 per sq. m
Long Marston New Settlement	£60 per sq. m
South East Stratford SUE	£60 per sq. m

**Question 5:** Do you agree with the proposed rates for residential development at the three potential strategic sites?

### ***Other forms of development***

The non residential assessments followed a similar format to the residential assessments. As there are a wide range of potential non residential uses a pragmatic approach was taken in terms of testing whereby typologies were identified on the basis of what was likely to come forward in Stratford-on-Avon District and what could potentially generate chargeable floorspace – this resulted in the testing of 16 types of development.

As the development of most of these uses is sensitive to the general state of the wider economy, it is not surprising that the results of the assessments showed little scope to levy a charge, as the majority were seeing limited or negative residual land values. The exception to this subdued market is in the retail sector which has continued to perform well and generate positive returns.

**Question 6:** Do you agree that retail development should pay a rate of £120 per sq.m?

**Question 7:** Do you agree that the other sectors are unable to afford a CIL contribution in the present climate?

The proposed residential and non-residential rates, based on this viability analysis, are summarised in the next section.

### **3. Preliminary Draft Charging Schedule**

Stratford-on-Avon's proposed CIL rates are set out in Table 1 below.

**Table 1: Preliminary Draft Charging Schedule - Proposed CIL Rates**

<b>Development Sector</b>	<b>Proposed CIL £ per sq m</b>
Residential development	
• Generally	£150
• At Gaydon/Lighthorne Heath new settlement	£100
• At Long Marston new settlement	£60
• At Stratford-upon-Avon SUE	£60
Employment (B1, B2, B8)	0
Retail (A1-A5)	£120
Hotels	0
Extra Care Housing	0
Mixed Leisure	0
Public service and community facilities	0
Other uses	0

The locations of the potential new settlement or sustainable urban extension are shown in Appendix A.

**Question 8:** Do you have any further comments on the proposed CIL rates set out in Table 1: Preliminary Draft Charging Schedule?



## 4. Implementation

### 4.1 Who assumes CIL liability?

Once planning permission is granted, CIL regulations encourage any party, (such as a developer submitting a planning application, or a landowner), to take liability to pay the CIL charge. CIL liability runs with the land. If no party assumes liability to pay before development commences, land owners will be liable to pay the levy.

### 4.2 When is payment due?

When planning permission is granted a liability notice setting out the amount to be paid will be sent out with the decision notice. The CIL becomes due when development commences, provided that it was granted permission after the charging schedule was adopted.

The Council has discretion to offer the option of paying in instalments. Although this is not a formal part of the charging schedule, the Council invites representations on whether to include such an option and if so, on what terms. The default, in the absence of an instalment policy, is that full payment is due within 60 days of the commencement of development.

An instalments policy could include the following:

<b>Overall CIL liability</b>	<b>Instalments payable</b>
< £20,000	Payment in full within 60 days
£20,000 - £40,000	Payment in 2 equal instalments within 60 and 120 days
£40,000 - £100,000	Payment in 3 equal instalments within 60, 120 and 180 days
> £100,000	Payment in 4 equal instalments within 60, 120, 180 and 240 days

**Question 9:** Do you support the introduction of a CIL instalments policy, and if so, what should this be?

### 4.3 How will the chargeable amount be calculated?

The council will calculate the amount of CIL payable (the 'chargeable amount') on a qualifying development in accordance with the information set out in part 5 of the CIL regulations, which is summarised below.

Chargeable amount =

$$\frac{\text{CIL charge rate} \times \text{net chargeable area} \times \text{index figure [year of planning permission]}}{\text{Index figure [year of effect of Charging Schedule]}}$$

The index figure is tied to information as provided by the RICS' Building Cost Information Service 'All in Tender Price Index'.

#### **4.4 CIL exemptions and discretionary relief**

The regulations set out two classes of development that are exempt from any CIL liability and the Council can choose to offer further exemptions.

The exemptions are:

- Affordable housing; and
- Charitable developments that are used wholly, or mainly, for charitable purposes.

Other developments that the Council could give relief to (and only where it has published its policy to do so) are:

- Developments by charities which are held as an investment from which the profits are applied for charitable purposes; and
- Where a specific scheme cannot afford to pay the levy. Relief is only possible in these circumstances if the particular development has a S106 agreement and the cost of complying with the agreement is greater than the CIL charge. It would also need to be demonstrated that paying the full charge would have an unacceptable impact on the development's economic viability and that, in being granted an exemption from CIL, the developer/liable party is not considered to be receiving state aid. These claims would be considered on a case by case basis.

This discretion is not formally part of the Preliminary Draft Charging Schedule but the Council wishes to use this consultation process to invite representations on whether these additional exemptions should be made available.

<p><b>Question 10:</b> Do you consider the Council should offer the additional exemptions set out in section 4.4 of the Preliminary Draft Charging Schedule?</p>
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#### **4.5 How will CIL be spent?**

CIL revenue will be spent on the infrastructure needed to support development across the District. When the Draft Charging Schedule is produced for consultation, Stratford-on-Avon Council will publish on its website a list of infrastructure projects or types of infrastructure to be wholly or partially funded by CIL (the Draft Regulation 123 list).

It is recognised that infrastructure requirements may change over time. The Council will set out governance arrangements to deal with this, including appropriate consultation, in due course

The Draft CIL Amendment Regulations 2013 require a portion of CIL to be passed to Parish and Town Councils, in accordance with the Localism Act. In those parishes with an adopted neighbourhood plan, 25% of the levy raised will be passed to the Town or Parish Council. Where there is no

neighbourhood plan, 15% of the levy will pass to the Town or Parish Council, subject to a cap of £100 per dwelling.

The Council proposes using 5% of the CIL revenue to fund the administrative costs of the Levy, in accordance with the regulations.

The legislation does not allow the levy to be used to provide affordable housing.

#### **4.6 Monitoring and review of CIL**

The Council will publish annual reports showing, for each financial year:

- How much has been collected in CIL;
- How much has been spent;
- The infrastructure on which it has been spent;
- Any amount used to repay borrowed money; and
- The amount of CIL retained at the end of the reported year.

It is proposed that the levy rates be reviewed in 3-5 years.

**Question 11:** Do you agree that the CIL rates should be reviewed in 3-5 years?

#### **5. Next steps**

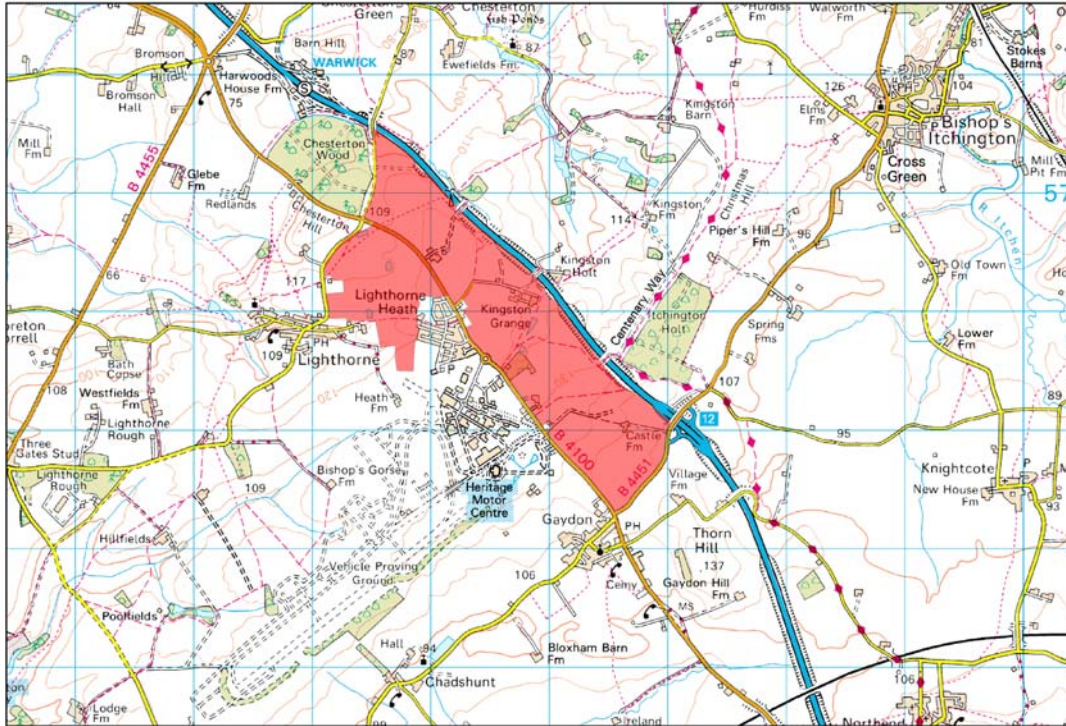
Comments from this consultation will be taken into account in producing the Draft Charging Schedule which we intend to consult upon in 2014. When those consultation responses have been received and any necessary adjustments or clarifications made, this will then be submitted to an Independent Examiner.

We will hold the Examination in 2014 and adopt the levy shortly thereafter.

## Appendix A: Location of Potential Strategic Sites

### 1. Gaydon/Lighthorne Heath New Settlement

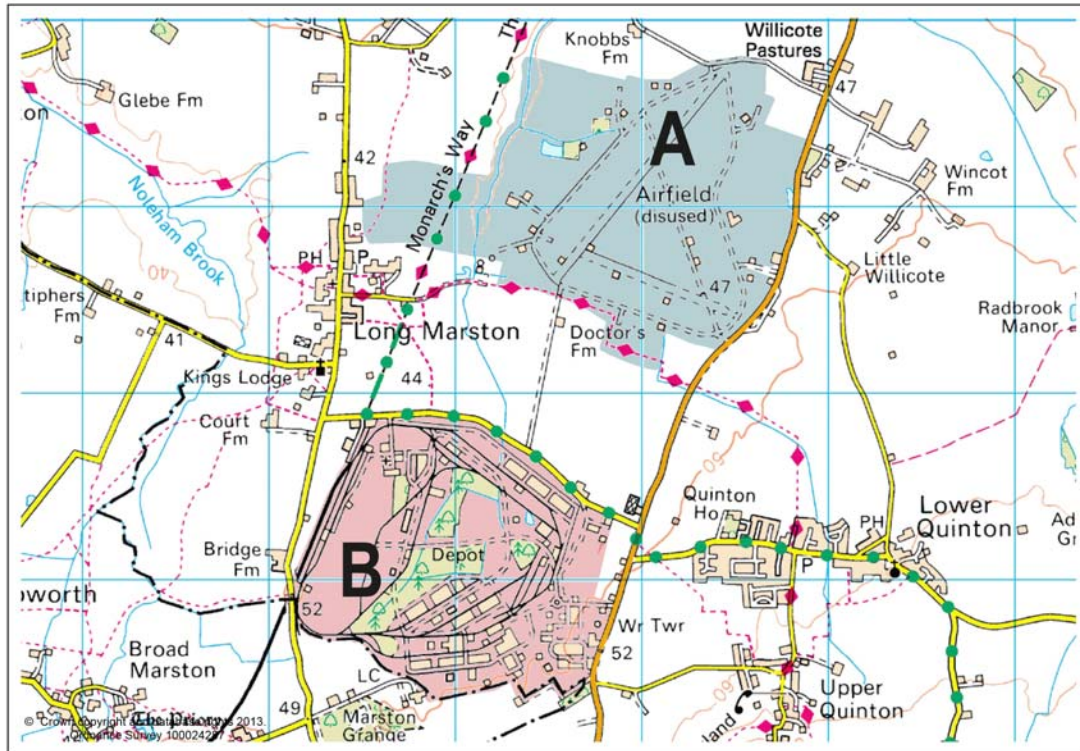
If incorporated in the Core Strategy as the location for a new settlement, the area shown in red has a proposed CIL rate for residential development of £100 per square metre.



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Ordnance Survey 100024287  
Not to scale

## 2. Long Marston New Settlement

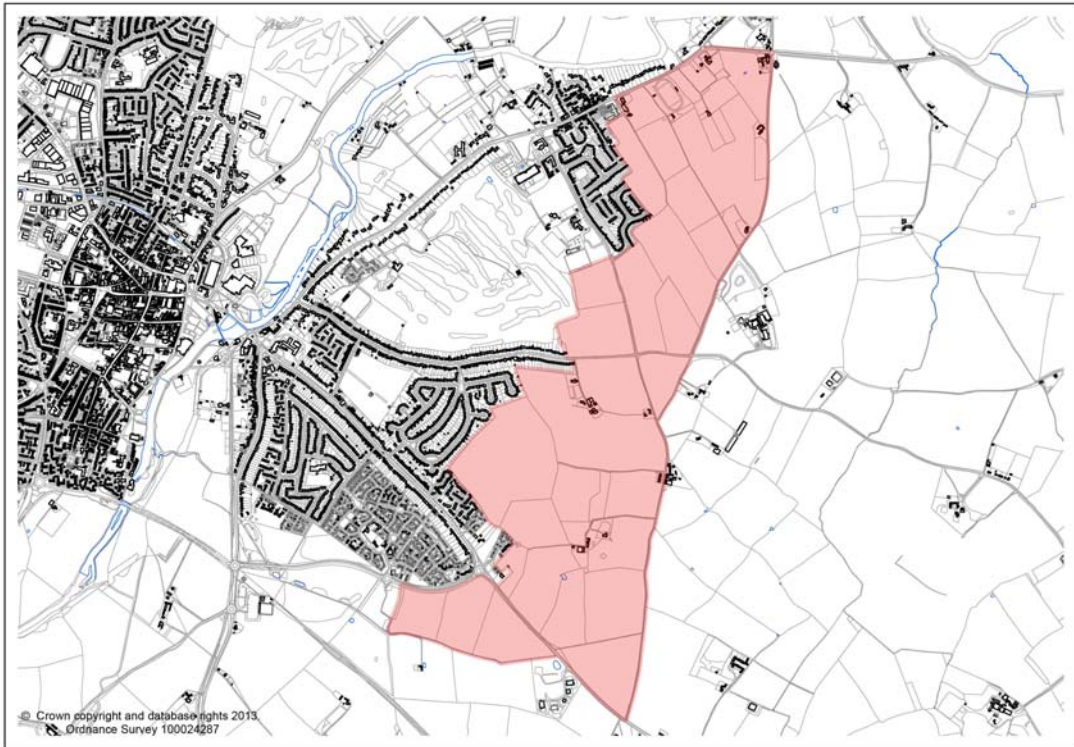
If Area A or Area B is incorporated into the Core Strategy as the location for a new settlement, it has a proposed CIL rate for residential development of £60 per square metre.



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Ordnance Survey 100024287  
Not to scale

### 3. South East Stratford Sustainable Urban Extension

If the area shown in red is incorporated into the Core Strategy as a sustainable urban extension, it has a proposed CIL rate for residential development of £60 per square metre.



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Ordnance Survey 100024287  
Not to scale

If you have any queries regarding this consultation, please contact the Planning Policy Team on 01789 260321 or email [planning.policy@stratford-dc.gov.uk](mailto:planning.policy@stratford-dc.gov.uk).

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If you find the text difficult to read we can supply it in a format better suited to your needs, please contact Planning Policy on 01789 260321 or at the above address.