

Community Infrastructure Levy – Draft Charging Schedule

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1. Purpose of the Report

- 1.1. To endorse the Community Infrastructure Levy Draft Charging Schedule so that it can be subject to public consultation for a period of six weeks from 10th February to the 24th March 2016.

2. Public Interest

- 2.1. The Council is in the process of creating a Community Infrastructure Levy which will operate across the district. The Community Infrastructure Levy will be a chargeable amount levied on to certain forms of residential and commercial development in South Somerset.
- 2.2. The Draft Charging Schedule represents the next formal stage in preparing the Community Infrastructure Levy. The Council has previously produced and consulted upon a Preliminary Draft Charging Schedule in March 2012¹ and the pending consultation represents the next stage in the process.
- 2.3. After the consultation of the Draft Charging Schedule there are a number of further steps that the Council will need to follow, including submitting the proposed Community infrastructure Levy Charging Schedule to an independent “examiner” for further review. Only after all of these stages have been completed satisfactorily can the Council adopt a Community Infrastructure Levy. These further stages of work will be brought before the Council’s District Executive Committee.

Recommendations

That the District Executive:

- i. endorse the Community Infrastructure Levy Draft Charging Schedule for public consultation (**See Appendix A**); and
- ii. delegate responsibility to the Assistant Director for Economy in consultation with the Portfolio Holder for Strategic Planning to make any final minor text amendments which may be necessary to enable the Draft Charging Schedule to be published for formal public consultation.

¹ Preliminary Draft Charging Schedule (March 2012):
http://www.southsomerset.gov.uk/media/406023/preliminary_draft_charging_schedule.pdf

3. Report

Background and Context

- 3.1. The Community Infrastructure Levy was introduced through the Planning Act (2008) and is defined through the Community Infrastructure Levy Regulations 2010 (as amended).
- 3.2. The Community Infrastructure Levy represents an opportunity to establish a clearer, more certain process for collecting contributions from development to help deliver infrastructure improvements.
- 3.3. The Community Infrastructure Levy is payable on development which creates net additional floorspace, where it exceeds 100 square metres. However, all new dwellings are potentially liable for the Community Infrastructure Levy irrespective of their size (unless there are proven exemptions).
- 3.4. The Community Infrastructure Levy will be charged by South Somerset District Council, and any amount of money received through the Community Infrastructure Levy will be collected by South Somerset District Council. However, under the terms of the Community Infrastructure Levy Regulations 2010 (as amended), 15% of the monies received would automatically be passed to the Parish or Town Council where the development occurred. This proportion increases to 25% where a Parish or Town Council has adopted a Neighbourhood Plan.

Evidence to Support Introducing the Community Infrastructure Levy

- 3.5. The Council adopted the South Somerset Local Plan (2006 – 2028) in March 2015, and this sets out the scale and location of planned growth – 15,950 homes and 11,250 jobs by 2028.
- 3.6. To ensure that this level of growth can be delivered the Council has produced an Infrastructure Delivery Plan (January 2016) which details the infrastructure requirements to support development across the district. This work concludes that there is a funding gap of approximately £128 million, which a Community Infrastructure Levy would help (in part) to bridge.
- 3.7. The Council has also prepared a series of assessment and viability appraisals to inform its approach to the Community Infrastructure Levy. These appraisals examine whether development sites will still proceed if a Community Infrastructure Levy is added to the overall calculation of the costs required to develop.
- 3.8. The first appraisals originally took place in 2012 and helped inform the Preliminary Draft Charging Schedule in March 2012. Since that time, changes in circumstance have affected the overall viability of developments in South Somerset. As such, additional viability work has been prepared to inform the Draft Charging Schedule. The viability assessment work can be found on the Council's website: [http://www.southsomerset.gov.uk/planning-and-building-control/planning-policy/early-review-of-local-plan-\(2006-2028/evidence-base/](http://www.southsomerset.gov.uk/planning-and-building-control/planning-policy/early-review-of-local-plan-(2006-2028/evidence-base/)
- 3.9. Given this information, the Council is satisfied that the need for a Community Infrastructure Levy has been demonstrated; and that there are certain developments within the district that will remain viable with the adoption of levy rates. As such, the proposed levy rates for development are set out in the Draft Charging Schedule and are summarised in Table 3.1 below.

Table 3.1: Draft Charging Schedule – Proposed Levy Rates in South Somerset

| Type of Development | Levy Rate | Geographical Extent |
|--|----------------------------|--|
| Yeovil Sustainable Urban Extensions | £0 (zero) per square metre | The two Sustainable Urban Extensions as defined in Policy YV2 of the South Somerset Local Plan (2006 – 2028) |
| Chard Eastern Development Area | £0 (zero) per square metre | The Chard Eastern Development Area as defined in Policy PMT1 and PMT2 of the South Somerset Local Plan (2006 – 2028) |
| All Other Residential Development (including C2 use class) | £40 per square metre | District-wide. |
| Convenience-based Supermarkets and Superstores, and Retail Warehouse Parks (outside of defined Town Centres and Primary Shopping Areas)² | £100 per square metre | District-wide but excluding those areas defined by Policy EP11 of the South Somerset Local Plan (2006 – 2028). |
| Retail (A1 – A5) in Town Centres and Primary Shopping Areas | £0 (zero) per square metre | Those areas as defined by Policy EP11 of the South Somerset Local Plan (2006 – 2028). |
| All Other Uses | £0 (zero) per square metre | District-wide |

How Will the Levy Be Collected?

3.10. The normal requirement is for the full Community Infrastructure Levy amount to be paid within 60 days of when a development commences. However, the Council is proposing an “Instalments Policy” to help manage the flow of payments. Details of the draft instalments policy are set out in Chapter 6 of Appendix A.

What Will the Levy Be Spent On?

3.11. The Council has not yet defined the practical arrangements for how the Community Infrastructure Levy will be spent. However, the Council has established what the Community Infrastructure may be spent on. As noted above, the Community infrastructure Levy must be spent on infrastructure that is required to help manage the impact of development.

3.12. The Council must set out a list of those projects or types of infrastructure that it intends to fund, or may fund, through the levy. This is known as a “Regulation 123 List”. The Council’s draft “Regulation 123 List” is set out in Chapter 7 of Appendix A.

² Supermarkets are shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix. The majority of custom at supermarkets arrives by car, using the large adjacent car parks provided.

Superstores are self-service stores selling mainly food, or food and non-food goods, with supporting car parking. Retail warehouses are large stores specialising in the sale of comparison and household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering mainly for car-borne customers.

4. Conclusion & Next Steps

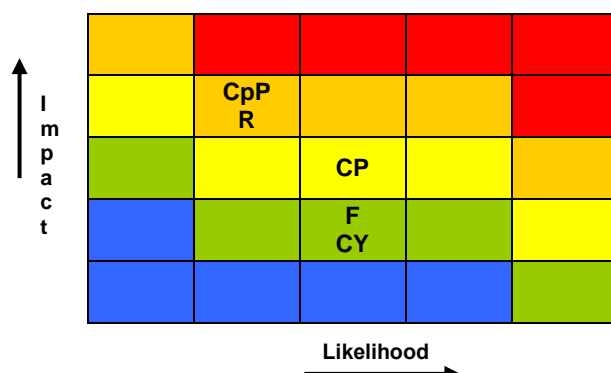
- 4.1. The Council intends to adopt a Community Infrastructure Levy, and as part of that process it must consult on a Draft Charging Schedule.
- 4.2. The Draft Charging Schedule sets out:
 - The proposed Community Infrastructure Levy rate for certain development types across the district;
 - A draft instalments policy to allow for payments of the Community Infrastructure Levy to be managed;
 - A draft “Regulation 123 List” identifying the types of projects or infrastructure that may be funded through the money received through the levy.
- 4.3. The Council’s consultation on the Draft Charging Schedule will be take place over a six-week period from the 10th February to the 24th March 2016.
- 4.4. Comments can be submitted to the Spatial Policy team via the following routes:
 - **Online:** Using the questionnaire on the consultation webpage: <http://consult.southsomerset.gov.uk/consult.ti/system/listConsultations>;
 - **Email:** planningpolicy@southsomerset.gov.uk; or
 - **Writing:** Spatial Policy, South Somerset District Council, Brympton Way, Yeovil, BA20 2HT.
- 4.5. This consultation period does not represent the end of the process and the Council will reflect on comments received during the consultation period and will use this information to prepare a Charging Schedule document. This Charging Schedule will be then submitted to an “examiner” who will review all of the Council’s evidence and proposals and reach a conclusion as to whether the proposed levy rates are acceptable. Only after this process has been completed can the Council look to adopt the Community Infrastructure Levy rates.

5. Financial Implications

- 5.1. There are no direct financial implications from this report or the recommendations.
- 5.2. However, if and when the Community Infrastructure Levy is adopted there will be financial implications for the Council in terms of the management, monitoring, and auditing of any levy monies received.
- 5.3. Similarly, practical arrangements to ensure that the correct proportion is given to Town and Parish Councils will require coordination of activity between the Council’s Finance and Corporate Services directorate.
- 5.4. The governance arrangements for how the levy will be spent will be determined at a later date, but are likely to require approval from Full Council.

6. Risk Matrix

- 6.1. The matrix below sets out the risks associated with District Executive endorsing the Draft Charging Schedule is published for public consultation as of the 4th February 2016.



Key

| Categories | Colours (for further detail please refer to Risk management strategy) |
|---------------------------------|---|
| R = Reputation | Red = High impact and high probability |
| CpP = Corporate Plan Priorities | Orange = Major impact and major probability |
| CP = Community Priorities | Yellow = Moderate impact and moderate probability |
| CY = Capacity | Green = Minor impact and minor probability |
| F = Financial | Blue = Insignificant impact and insignificant probability |

7. Corporate Priority Implications

- 7.1. No direct implications. Although not being able to demonstrate a five-year housing land supply does undermine the housing related policies in the local plan.

8. Carbon Emissions and Climate Change Implications

- 8.1. None.

9. Equality and Diversity Implications

- 9.1. No direct implications.

- 9.2. The Community Infrastructure Levy is subject to a series of exemptions and qualifying criteria. These are clearly stated in the Community Infrastructure Levy Regulations 2010 (as amended). The Council will ensure that if and when it adopts the Community Infrastructure Levy it will carry out the implementation of it in direct accordance with these regulations so that the implementation is equitable.

10. Background Papers

Appendix A – Community Infrastructure Levy Draft Charging Schedule (2016)