

Risks associated with CIL

There are a number of risks associated with CIL and these will change as the project progresses. Initial major risks are identified as follows.

CIL or No CIL

The changes to legislation for S106's means that the Council will not be able to secure the same level of contributions towards infrastructure from major schemes in the future. This fact, together with more limited grant funding generally for infrastructure, means that unless the Council move to adoption of CIL there will be less money available and less ability to provide infrastructure through planning obligation. CIL is seen as a major component of the Government's strategy for infrastructure funding in the future and the risk of not moving to CIL is that development would take place without the support of infrastructure.

Timescale alongside Core Strategy (Local Plan)

There is a risk on running concurrently with the Core Strategy, in that this relies on no major changes being proposed to the Core Strategy through the Consultation process or external Examination. A similar risk applies that changes in national legislation, possibly to CIL and Affordable Housing are made. Any of these would need to be dealt with if they occur and may result in potential delay of both the Core Strategy (Local Plan) and the CIL process. If the delay were substantial, additional costs of redoing work would be incurred. If affordable housing is brought into CIL, the viability appraisals currently done by the consultants would need to be varied and the costs associated with S106 and CIL would change in terms of balance, as affordable housing remains as a S106 obligation at the present. Changes in legislation cannot be predicted and therefore it is considered appropriate to continue along the current proposed timescale and adjust if circumstances change. This risk is common to most Local Authorities at present.

Evidence Base

The consultants have prepared marketing and viability data which will be outdated and will incur additional costs to review if the project is delayed and there would be additional costs of running separate consultation and examinations too. There is also the risk of the evidence being seriously challenged and needing further external work or viability/valuation work undertaken. It is known that a consortia of local developers are carrying out additional viability work and may challenge some of the assumptions made but this has yet to be received and considered. The risk can be managed by working alongside the development industry to agree assumptions and the important element of CIL is to ensure that the level of charge set is such that it doesn't prevent development coming forward (as no development would also mean no CIL money for infrastructure) but also to ensure that the necessary infrastructure to support the development can also be achieved. If the rate is incorrectly set the Council will need to move swiftly to reconsider the evidence and develop a new Charging Schedule following the legislative process.

Setting the CIL charging rate too high would also risk development shifting to other locations where CIL is set at lower rates or putting parts of the development industry at risk in an already difficult economic climate.

The Infrastructure Database, which will be used for identifying and prioritising CIL spend, may also be challenged as part of the Core Strategy evidence base in terms of its

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accuracy and 'reasonableness' and a mechanism is also required to ensure this infrastructure database is kept up to date and that the only strategic infrastructure to be funded through CIL (where this is known) is identified.

Financial Implications

The move to CIL will maximise returns on funding for infrastructure projects over and above S106 returns as identified in the Consultant's reports, particularly given the increased limitations in use of S106s for strategic infrastructure post 2014. Setting the rate too high, as indicated above, would however be a significant risk which would require urgent reconsideration of the Charging Schedule.

Administration and collecting costs of running the CIL can and should be met out of CIL funds although there is inevitably going to be a cost in setting up of new processes and procedures including new software for monitoring and administration of CIL.

There is a financial implication of any challenge to the CIL or IDP evidence base and market and viability testing already undertaken may need updating. Any slippage in the timescale would also result in separate Examination for the CIL Charging Schedule with additional associated costs.

Resources

At present the Coordinator role for overseeing the initial stages of implementing a CIL has been met through secondment of the Spatial Policy Team leader (until December 2012). Any unplanned absence through sickness or other work priorities on the Core Strategy or other projects could have implications for the current CIL timescale. Additional resources from the current S106 Monitoring Officer role and admin within the planning department is also being used at present but as further details are established into the working processes for implementing CIL this will need to be carefully reviewed. There are also resource implications in the period immediately before the introduction of CIL for legal as S106's will need to be cleared prior to the introduction of the new system and for finance in terms of monies being collected.

Resources in terms of IT staffing and the capacity of the IT system will also need to be addressed when further details are known of the implications of a new administrative system as noted above. There may need to be additional upgrades of the physical hardware to accommodate the software and that will have financial implications.

Communications

Although CIL has been introduced on a national basis, there is evidence that there is a considerable lack of understanding at all levels on the subject and a careful communications strategy for all those who will be affected by CIL will be needed. This will need to include developers, builders and agents from the development industry side, stakeholders and infrastructure providers who deliver infrastructure, Town and Parish Councils as well as Members and the public in general. This is a critical area as the risks of a lack of understanding or transparency in the way CIL is implemented or operated could be considerable.

Governance

Governance and the way in which CIL monies are distributed and against which projects will need to be carefully considered and appropriate mechanisms put in place to oversee the collection and distribution of CIL to projects within the District Council's remit, the County Council and other infrastructure providers remit and the spending process and

reporting of any monies apportioned to the Town and Parish Councils. A structure will be required to consider these matters and there are implications for other departments especially finance and legal. Initially the PMB has been asked to oversee the arrangements but these will need to be developed as greater detail into how the process needs to work is identified. There are risks associated with how this new governance is set up and the way in which Members are involved and the mechanism of deciding on spend is agreed and these risks will need to be identified as greater detail on governance process is determined.