

Audit Committee – 26th April 2012

5. Update on Proposed Introduction of Community Infrastructure Levy

Strategic Director: Rina Singh (Place & Performance)
Assistant Director: Martin Woods (Economy)
Service Manager: Andy Foyne, Spatial Policy Manager
Lead Officer: Jean Marshall, CIL Coordinator
Contact Details: jean.marshall@southsomerset.gov.uk or 01935 462589

Purpose of the Report

To provide a general overview of the proposed introduction within South Somerset of the Community Infrastructure Levy (CIL).

Recommendations

That members note the report and endorse the proposed methodology.

Background

On 23rd February 2012, Full Council endorsed a recommendation from the District Executive Committee to commence work on a proposed move towards adoption of a Community Infrastructure Levy (CIL). CIL is a tariff-based approach to assist in funding infrastructure associated with growth from new development within the District and effectively will replace that part of S106 planning obligation contributions which are currently secured and pooled for provision of strategic infrastructure projects such as roads, schools and sports facilities. Section S106 agreements will remain but their use is becoming more restricted by CIL legislation and will only be able to be used in the future for achieving site specific infrastructure.

At present the work on this project is being carried out through the Project Management Board for the Local Development Framework.

Progress Made

Approach to Development Contributions

Work has been undertaken by Consultants Tym/Baker as part of the Infrastructure Plan evidence base to support the Core Strategy proposals for the district, which recommended that, for the Council to secure funding to provide necessary infrastructure, identified in their report¹, the Council should proceed to adopt a CIL alongside the Core Strategy. Their associated report on the methodology for such a move 'Approach to developer contributions' makes further recommendations on how such a move could be achieved. That report has been published as part of the Core Strategy Evidence Base.

This report sets out the initial progress made towards adoption of CIL and a brief overview of the process required. An initial timeline of key stages is attached at Appendix A.

Resources

The Spatial Policy Team Leader post has been further seconded to fill the role of CIL Coordinator. This role will be combined with further support for the Core Strategy and it

¹ Report on Infrastructure Planning in South Somerset

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is accepted that priorities for the work will fluctuate depending on the various stages of the CIL project. An initial officer group has been identified to coordinate the early stages of work and to identify a project plan and task timeline and it is envisaged that this group will be expanded as the project progresses and more specialist work is identified. Admin support is also currently identified from within the planning admin team and S106 Monitoring Officer.

Implications for the Core Strategy

In agreeing a proposed move towards CIL, amendments have been made to the proposed policies of the Core Strategy to reflect the current intention to move to CIL. The Core Strategy and introduction of the CIL, which also has to go through an Examination process, can be dove-tailed towards the adoption stage to minimise costs and allow for adoption of a CIL Charging Schedule alongside the Core Strategy. There are clear benefits of doing this, both in terms of cost savings in the procedural arrangements required but also maximising the ability to collect CIL monies as early as possible. For a CIL Charging Schedule to be adopted an up to date Core Strategy is required and thus it is proposed to hold the examination into CIL alongside the Core Strategy and adopt both together, in Spring 2013 at the earliest.

Process Overview

There are 3 main strands of work which need to be progressed in order to adopt CIL.

- Publication of a Charging Schedule
- Administrative process
- Governance

Charging Schedule

The CIL process is set out in statutory regulations and requires a series of key stages to be undertaken. The initial requirement is to establish the infrastructure requirements, likely costs and likely funding and for CIL to be adopted, there needs to be a funding “gap” which CIL will, in part, be used to fill. This work has been done as part of the Core strategy evidence base and a funding shortfall is identified in the first 5 years of the Core Strategy growth proposals.

Once a gap has been established, and therefore CIL can be adopted in principle, two rounds of consultation are required. The first of these is on the Preliminary Draft Charging Schedule and consultation on this ended 4th April, although an extension has been allowed for a consortium of developers to submit further evidence by 18th April. The consultation responses, which include responses to the evidence base behind the document will need to be considered further and then a second consultation on the Draft Charging Schedule will follow during the summer. It is this consultation document which will then proceed to examination alongside the Core Strategy where an independent examiner will consider the document and representations received.

Further work is also ongoing on the Charging Schedule evidence base and the proposed CIL rates to ensure accuracy. Additional work will be required to consider the representations and challenges to the evidence presented as part of this initial consultation and prior to the publication of the Draft Charging schedule. This will also be subject to further Committee consideration prior to publication.

Administrative Process

There are a few other authorities that have now adopted CIL or who are further through the process and lessons can be learned from their experiences. SSDC are slightly ahead of other Somerset authorities but are working closely with West Dorset who are at a similar stage. There are some computer systems now in place for the extensive additional administration process and further investigations into these and consideration as to how these will sit within our existing computer system and S106 monitoring will be ongoing. There will be a requirement to set up new procedures for the collection of CIL through the planning application process and there are implications for legal services, through non payment and for finance, through overseeing the monies collected. These processes will also need to link to new governance arrangements and reporting of CIL expenditure on projects.

Governance

There are significant new governance arrangements, which will be required prior to adoption of any Charging Schedule. There is a need to ensure that any monies collected are directly spent on infrastructure projects in accordance with a "priorities list", which will be derived from the Infrastructure database. A transparent process will be needed to establish a governance arrangement and decision-making mechanism for this spend. This work will be undertaken by a member-working group, which would report to District Executive and through it to Full Council. Initially this work has been delegated to the PMB to establish terms of reference and membership of a new member working group for consideration and approval by District Executive.

Work has yet to commence on this as the governance arrangements will need to be concluded prior to the adoption of the Core Strategy and Charging Schedule and before any monies are collected. It is likely that work on this will commence during the summer 2012.

Financial Implications

The move to CIL will maximise returns on funding for infrastructure projects over and above section 106 returns currently received, particularly given the increased limitations in use of S106s for strategic infrastructure post 2014.

Administration and collecting costs can and should be met out of CIL funds in the future.

By not adopting a CIL approach early the Council would also incur additional cost of updating the CIL evidence base and market and viability testing and of running separate consultation and Examination for the CIL charging schedule.

A further list of initial risks identified is attached at Appendix B.

Corporate Priority Implications

The Community Infrastructure Levy and Plan is relevant to all themes within the Corporate Plan but is specifically relevant to theme 3, improving the housing, health and well being of our citizens, and in particular targets aimed at increasing the supply of ready to develop housing sites and children and young people's satisfaction with parks and play areas and adult participation in sport and active recreation.

Background Papers: *Report on Infrastructure Planning in South Somerset - January 2012.*
CIL Evidence Base 2012.
Approach to Developer Contributions - January 2012.