

South Somerset Community Infrastructure Levy Report (November 2016)

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1. Purpose of the Report

- 1.1. To consider the Examiner's Report and recommend to Full Council that it approve the proposed South Somerset Community Infrastructure Levy Charging Schedule.

2. Forward Plan

- 2.1. This report was not on the District Executive Forward Plan as the content of the Examiner's Report was unknown and therefore the date for any approval via District Executive and Full Council could not be foreseen.

3. Public Interest

- 3.1. The Council has been preparing evidence to support a Community Infrastructure Levy since 2012. The Council's work was assessed by an independent Examiner, from the Planning Inspectorate, over the summer, including a Hearing Session held on the 9th August 2016.
- 3.2. The Examiner's Report documenting his assessment was issued to the Council on the 19th October 2016. In summary, the Examiner's Report concludes that each and every element of the Council's proposal for a Community Infrastructure Levy is acceptable.
- 3.3. The Examiner has recommended that the Community Infrastructure Levy Charging Schedule should be approved in its published form, without changes.
- 3.4. More specifically, the Examiner concluded that the Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the district; and that the Council has provided sufficient evidence to support the schedule and can show that the levy is set at a level that will not put the overall development of the area at risk.

Recommendation(s):

That the District Executive recommend that Council:

- i. consider the Examiner's Report in the South Somerset District Council's Community Infrastructure Levy Charging Schedule (**See Appendix A**);
- ii. approve the final South Somerset Community Infrastructure Levy Charging Schedule (**See Appendix B**) as of the 17th November 2016; and
- iii. 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 Charging Schedule to be approved.

4. Background

- 4.1. The Community Infrastructure Levy was introduced through the Planning Act (2008) and is defined through the Community Infrastructure Levy Regulations 2010 (as amended).
- 4.2. The Community Infrastructure Levy represents an opportunity to establish a clearer, more certain process for collecting contributions from development to help deliver infrastructure improvements.
- 4.3. 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).
- 4.4. 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.
- 4.5. 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.
- 4.6. Since 2012, the Council has followed the necessary stages to prepare a levy, including producing the documents set out below :
 - Preliminary Draft Charging Schedule (March 2012);
 - Community Infrastructure Levy: Viability Study (May 2013);
 - Community Infrastructure Levy: Viability Assessment (Update Addendum Report) (July 2015);
 - Infrastructure Delivery Plan (January 2016)
 - Yeovil Urban Extension Typology at 800 dwellings prepared as part of viability evidence base (March 2016); and
 - Draft Charging Schedule in February 2016.
- 4.7. The Draft Charging Schedule was submitted to the Examiner in May 2016, and the Hearing Session to examine the Draft Charging Schedule was held in August 2016. The Examiner's Report was issued to the Council on the 19th October 2016.

4.8. The Council's Charging Schedule is as follows:

Type of Development	Levy Rate
Yeovil Sustainable Urban Extensions ¹	£0 (zero) per square metre
Chard Eastern Development Area ²	£0 (zero) per square metre
All Other Residential Development	£40 per square metre
Convenience-based Supermarkets and Superstores, and Retail Warehouse Parks (outside of defined Town Centres and Primary Shopping Areas) ^{3 4}	£100 per square metre
All Other Uses	£0 (zero) per square metre

5. Next Steps

- 5.1. The Examiner's Report confirms that the Council's proposed Charging Schedule is appropriate, justified by sufficient evidence, and is set at a level where it will not put development at risk.
- 5.2. The Examiner concludes by recommending that: *"the schedule should be approved in its published form, without changes"*. This provides the Council with the assurance to approve the Community Infrastructure Levy Charging Schedule.
- 5.3. At this stage, it is important to distinguish between the process of "approving" the Community Infrastructure Levy Charging Schedule, and the process of "implementing" the Community Infrastructure Levy Charging Schedule.
- 5.4. To approve the Charging Schedule in its final format, it must be approved by a resolution of South Somerset's Full Council. This is scheduled to take place on the **17th November 2016**.
- 5.5. However, it is normal practice to specify a date in the future where the Council will actually implement the Charging Schedule, and start charging the levy. The reason for choosing a future date is to ensure that the necessary processes can be put in place to effectively implement the levy. This includes procuring IT software and refining internal procedures within a number of Council services to correctly manage the new ways of working associated with charging the levy.

¹ As defined in Policy YV2 in the South Somerset Local Plan (2006 – 2028): North-East Sustainable Urban Extension and South Sustainable Urban Extension.

² As defined by Policy PMT1 & PMT2 in the South Somerset Local Plan (2006 – 2028).

³ 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 Town Centres as defined through Policy EP11 of the South Somerset Local Plan (2006 – 2028). Primary Shopping Areas in Yeovil and Chard as defined through Policy EP11 in the South Somerset Local Plan (2006 – 2028).

- 5.6. The timeframe also allows for existing planning permissions with accompanying Section 106 Obligations to have those legal agreements finalised, and avoid any confusion as to what legal mechanisms are associated with the permission.
- 5.7. If a Council chooses an alternative, future date for the implementation of the Community Infrastructure Levy, it must specify this date when approving the Charging Schedule at the meeting of its Full Council.
- 5.8. For South Somerset, the proposed implementation date is the **Monday 3rd April 2017**.

6. Additional Further Work

- 6.1. After approving the Charging Schedule two further workstreams need be carried out:
 - (i) Procure and establish the internal working procedures for managing the additional work generated by having the Community Infrastructure Levy; and
 - (ii) Map out and explain the governance arrangements that will be define the collection, management, and expenditure of financial sums received once the levy is implemented.
- 6.2. It is important to stress that the levy will not be charged on new development until Monday 3rd April 2017. Planning permissions which first permit development from this day will be liable for the levy. Furthermore, development will only pay the levy once the development has commenced, and the liable party will make the payments in accordance with the Instalments Policy.
- 6.3. As such, there will be a certain degree of 'lag' between planning permissions being granted post 3rd April 2017, and the receipt of financial sums.
- 6.4. A paper will be prepared and discussed at the Council's Local Development Scheme Board in January 2017, which will set out both the internal processes that are required to manage the effects of implementing the Community Infrastructure Levy; and options for the proposed governance arrangements for the collection, management, expenditure of sums received from the levy. Once the details are finalised through the Local Development Scheme Board the paper will then be ratified at a meeting of the District Executive in February 2017.

7. Summary of Next Steps

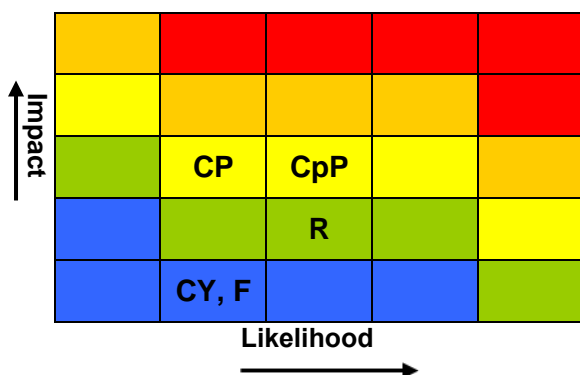
- 7.1. A simplified timeline of next steps is as follows:
 - **17th November 2016** – Approve the Community Infrastructure Levy Charging Schedule at the meeting of Full Council. At the same time specify that the implementation date will be the 3rd April 2017.
 - **January 2017** – Submit a paper to the Local Development Scheme Board setting out the internal processes required to successfully implement the Community Infrastructure Levy. This paper will also set out options for the governance arrangements for the collection, management, and expenditure of financial sums received from the levy.
 - **February 2017** – Finalised version of the paper is tabled to District Executive.
 - **3rd April 2017** – Implement the Charging Schedule and beginning charging the levy on applicable new development in South Somerset.

8. Financial Implications

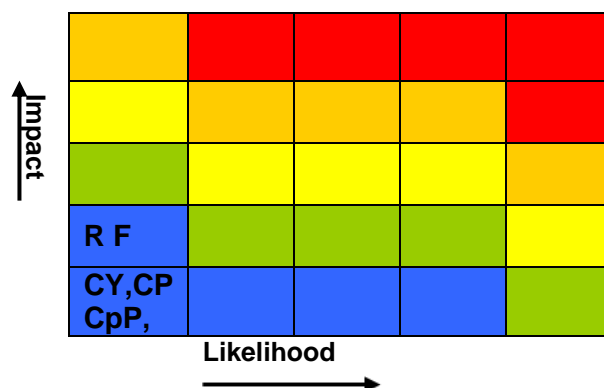
- 8.1. Subject to Full Council approving the Community Infrastructure Levy, there will be some direct and indirect financial implications.
- 8.2. Internally within the Council there will be resource implications for various services/departments as they organise themselves to deal with the workload that accompanies the implementation of the Community Infrastructure Levy. There will be resource implications for the Spatial Policy, Development Management, Legal, and Finance services. Community Infrastructure Levy Regulations (2010 as amended) allows charging authorities to use up to 5% of levy receipts per year for administrative expenses.
- 8.3. In addition, the financial amounts generated by the levy must be properly accounted. The mechanisms for collection, distribution to Parish/Town Councils, and spending of the levy are still to be determined and will be set out in a separate paper, which will be discussed by the Local Development Scheme Board, and then District Executive to ensure there is a clear and transparent process.

9. Risk Matrix

Risk Profile before officer recommendations



Risk Profile after officer recommendations



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

10. Corporate Priority Implications

- 10.1. The Council has consistently stated in the Corporate Plan that the approval and implementation of a Community Infrastructure Levy is a high priority.

11. Carbon Emissions and Climate Change Implications

- 11.1. No direct implications.

12. Equality and Diversity Implications

12.1. No direct implications.

13. Privacy Impact Assessment

13.1. No direct implications.

14. Background Papers

Appendix A – Examiner’s Report on the Examination of the Draft South Somerset District Council Community Infrastructure Levy Charging Schedule

Appendix B – South Somerset Community Infrastructure Levy Charging Schedule