

Meeting Cabinet
Portfolio Area Environment & Performance
Date 15 January 2025



COMMUNITY INFRASTRUCTURE LEVY (CIL): DRAFT CHARGING SCHEDULE – PUBLIC CONSULTATION

KEY DECISION

Author Sarah Martins | 2280
Lead Officer Lewis Claridge | 2158
Contact Officer Sarah Martins | 2280

1 PURPOSE

- 1.1 To highlight to Members the feedback from the first round of consultation on the CIL Preliminary Draft Charging Schedule (DCS).
- 1.2 To seek Members' approval to progress to the second round of consultation on the CIL Draft Charging Schedule (DCS).

2 RECOMMENDATIONS

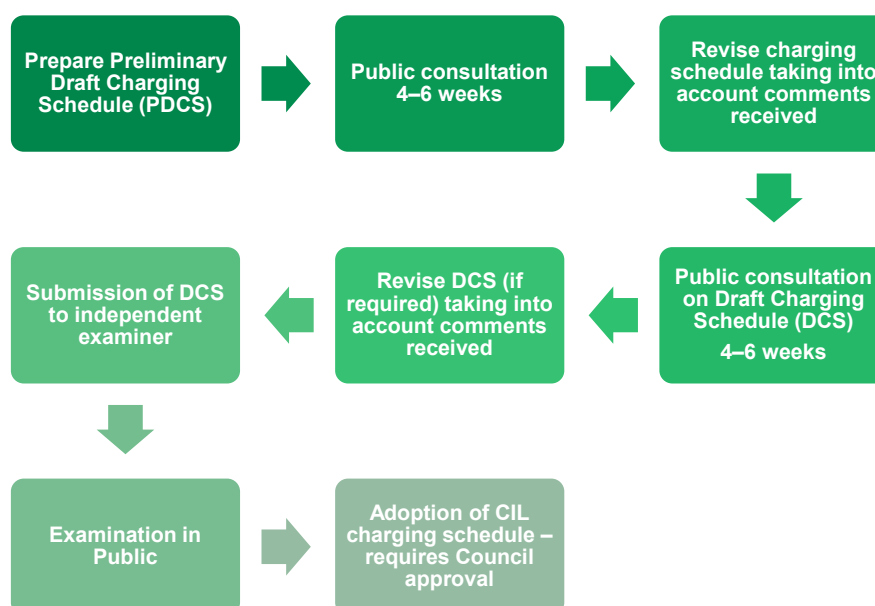
That Cabinet:

- 2.1 Note the feedback from the first round of consultation on the CIL Preliminary Draft Charging Schedule (PDCS).
- 2.2 Agree the CIL Draft Charging Schedule (attached as Appendix A) for the second round of public consultation, for a minimum period of four weeks commencing from 22 January 2025.
- 2.3 Agree delegated authority to progress to Submission of the revised Charging Schedule to Government, should representations at the second round of consultation result in minor amendments to the CIL Charging Schedule.
- 2.4 Note that delegated powers be granted to the Assistant Director; Planning and Regulation, in consultation with the Portfolio Holder for Environment and Performance, to make such amendments as are necessary in the final preparation of the Draft Charging Schedule.
- 2.5 Note that the comments of the Planning & Development Committee will be sought and fed back to the Cabinet.

3 BACKGROUND

- 3.1 A draft revised Local Development Scheme (LDS) was presented to Cabinet on 5 June 2024 and was approved, subject to likely changes to timescales ahead. In accordance with the LDS timescales, a review of Stevenage Community Infrastructure Levy commenced in Spring of 2024.
- 3.2 The Community Infrastructure Levy (CIL) is a planning charge introduced by the Planning Act 2008, as a tool for local authorities to help deliver infrastructure to support the development of their area. It allows local authorities to raise funds from developers undertaking new building projects. The money can be used to fund a wide range of infrastructure, such as transport schemes, schools, community facilities, parks and leisure facilities, which are needed as a result of development taking place.
- 3.3 CIL is fairer, faster, and more certain and transparent than the system of planning obligations (S106), which causes delay as a result of lengthy negotiations and is subject to viability.
- 3.4 S106 is still used for site specific mitigation, particularly for the larger schemes i.e. where a whole school is required as part of a specific development or where road / cycleway improvements are required within or in close proximity to the development.
- 3.5 Unlike contributions made via S106 Agreements, CIL receipts are not earmarked for particular infrastructure related to the development from which they are raised. Instead, CIL monies are pooled into a fund which can be used for any infrastructure needed to support the development of the borough, or for strategic infrastructure needs elsewhere.
- 3.6 The Council adopted a Community Infrastructure Levy (CIL) Charging Schedule at Full Council on 29 January 2020. CIL was implemented from 1 April 2020.

- 3.7 Details of the current CIL charges for different types and locations of development in Stevenage can be found in the adopted CIL Charging Schedule (attached as Appendix B).
- 3.8 The latest Viability Assessment considers the most up-to-date data to assess viability across the Borough and recommends the levels of CIL that could be charged (whilst not threatening the ability of sites to come forward) in accordance with the following:
- National Planning Policy Framework (NPPF, 2023)
 - Planning Practice Guidance (PPG)
 - RICS Financial Viability in Planning: Conduct and Reporting, Professional Standard, 1st Edition, May 2019
 - RICS Assessing viability in planning under the National Policy Framework 2019 for England, Professional Standard, 1st Edition, March 2021
- 3.9 The assessment considers whether the costs of delivering new development in Stevenage, including those associated with the updated requirements in the Local Plan Partial Review & Update and CIL obligations, are offset by the values generated upon completion.
- 3.10 The CIL Review proposes to include a new charge for industrial development in line with evidence presented in the Viability Assessment 2024.
- 3.11 As set out in the Cabinet Report 9 October 2024, a viability assessment considers the policy requirements proposed in the Local Plan Partial Review & Update.
- 3.12 The steps required to implement CIL are set out below. The DCS has been drafted for approval. The next stage in the process is to carry out a second public consultation on the schedule.



4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

Recommendation 2.1: That Cabinet note the feedback from the first round of consultation on the CIL Preliminary Draft Charging Schedule (PDCS).

- 4.1 In October 2024, Cabinet [BD1] approved the first round of consultation on the Preliminary Draft Charging Schedule.
- 4.2 Public consultation on the CIL Preliminary Draft Charging Schedule was held between 14 October and 24 November, a total of 6 weeks.
- 4.3 Public consultation was conducted in accordance with statutory legislation.
- 4.4 The main headlines from the first round of consultation are as follows:
- The impact of CIL, a non-negotiable development tax can be disproportionate in relation to the delivery of affordable housing.
 - There is little economic certainty and there is little confidence in an accurate forecast of what growth will look like for the UK economy in 2025.
 - It was not evident in the Main Viability Report that the impact of the Building Safety Act 2024 had been taken into consideration.
- 4.5 A formal consultation consisted of:
- Notification, via e-mail and post where necessary to all statutory consultees and those on our consultation database.
 - A series of dedicated meetings with a range of key stakeholders.
 - Publicity via the Stevenage Borough Council website and social media platforms (including the Council's Facebook, Twitter / X and Instagram pages).
 - A link to the Council's consultation interface, where the public were able to download the Local Plan – Partial Review and Update documents and were able to submit their observations and representations.
 - Distribution of material publicising the public consultation. This included
 - Distribution at Stevenage Central Library, Daneshill House Reception and other locations if necessary.
- 4.6 A link to the CIL Preliminary Draft Charging Schedule was sent to all individuals who had signed up to the Council's planning consultee register. The register mainly consists of individuals who have responded to previous Local Plan consultations or specific planning applications and contains all statutory consultees and Duty to Co-operate bodies, as required by Regulations.

4.7 Formal responses were received from external bodies and individuals and included:

- Hertfordshire County Council Growth & Infrastructure Unit
- RPS Consulting Services Ltd on behalf of Mace Developments (Stevenage) Ltd
- Historic England
- Natural England

4.8 The main themes arising from the consultation comments [BD2] are summarised as follows:

Theme	Comments	Response
Community Sports and leisure facilities	Positive comments for the proposal to continue the exclusion of Zero CIL rates for 'All other development' that includes community sports and leisure facility related development. Most community sports facilities such as leisure centres, playing fields etc are operated by local authorities, clubs, and voluntary/charitable organisations on a not for profit basis to meet community needs. If CIL was charged for new facilities, or enhancements to existing facilities, this may have viability implications for implementing the proposals.	Comments acknowledged and noted.
Viability	Construction costs and other challenges have made the delivery of development challenging over the past and that the latest Viability Report 2024 goes some way to clarify that it has been necessary to make several basic assumptions about the development that could be delivered.	Comments acknowledged and noted.

	Other comments feel the current consultation seeks to increase these charges only by inflation and therefore this CIL charging rate does not go far enough to secure the necessary contributions to mitigate development impacts.	Comments acknowledged and noted however, the latest Viability Assessment has considered the most up-to-date data to assess viability across the Borough and recommends the levels of CIL that could be charged (whilst not threatening the ability of sites to come forward) in accordance with the National Planning Policy Framework, Planning Practice Guidance (PPG), RICS Financial Viability in Planning and assessing viability in planning.
	The outcome of the viability testing as the eventual development which comes forward could differ from the assumptions made in their testing and as such the outcomes are likely to change as and when key details are confirmed (such as unit numbers, commercial capacity, developable areas, infrastructure costing and so on).	Comments acknowledged and noted.
Proposed CIL rate	There are some reservations in regard to the impact on affordable housing if CIL Rates were to increase. The impact of CIL, a non-negotiable development tax can be disproportionate in relation to the delivery of affordable housing. Consequently, any increase in CIL has the potential to stymie the optimal delivery of affordable housing. The comment generally focused on the economic uncertainty and that there is little confidence	Comments acknowledged and noted. It is expected that other infrastructure is required across the Borough and the decision to increase CIL is expected to be considerate of wider infrastructure needs beyond affordable housing. Paragraph 004 of the Viability PPG promotes the use of average cost and values and that approach has been adopted in the Viability Assessment.

	in an accurate forecast of what growth will look like for the UK economy in 2025. The market is sensitive to mortgage interest rates and both domestic and global factors are key to the level of impact on how quickly prices will rise. Current debate include the rise in National Insurance paid by employers and the concern that this could translate to higher prices or fewer jobs. Other comments on the proposed CIL charging rate felt that the proposed rates do not go far enough to secure the necessary contributions to mitigate development impacts.	Officers are satisfied this is based on the latest and most reliable data available, and has been adjusted appropriately to reflect the market in Stevenage. Furthermore, the assessment has identified that a number of sites generate surplus values above the viability thresholds which act as a buffer to market movements. The appraisals also allow for a contingency budget which is applied to all development costs, including the BCIS rates which include overheads and profit. It is also recognised that there are implicit buffers included within some of the cost and value inputs adopted within the assessment (see paragraphs 5.44, 5.45, 7.5 of the Viability Assessment 2024). The latest Viability Assessment has considered the most up-to-date data to assess viability across the Borough and recommends the levels of CIL that could be charged (whilst not threatening the ability of sites to come forward) in accordance with the National Planning Policy Framework, Planning Practice Guidance (PPG), RICS Financial Viability in Planning and assessing viability in planning.
--	--	--

Building Safety Requirements	The Building Safety Act A comment was received regarding the Main Viability Report. It was felt that the impact of the Building Safety Act 2024 had not been taken into consideration. The Act has introduced a more stringent and regulatory regime for the design and construction of higher-risk buildings (residential buildings of 18 metres and above). The consultee felt the omission of discussion and implications of the Building Safety Act is an important consideration and should be reconciled.	Comments acknowledged and noted however, the Viability Study 2024 has taken into account the impact of the Building Safety Act 2024 when testing sites allocated in the Local Plan. Paragraph 012 of the Viability PPG promotes the use of the RICS Building Cost Information Service (BCIS) for plan making purposes. Officers are satisfied that the BCIS data is representative of the cost for the majority of sites tested in the assessment and the information currently available (i.e. scheme design, anticipated building heights etc.). The viability assessment has refined the data sample to incorporate the most recent rates uploaded to the database, ensuring recent inflation and regulatory changes are captured where available.
------------------------------	--	---

4.9 Other comments arising from the consultation can be summarised as follows:

145 visitors to the Commonplace platform. 8 individual respondents (including Hertfordshire County Council, Environment Agency and Mace). 20 individual comments.	
General	Positive comments on the need for funds to ensure they are acquired for a range of infrastructure projects– Some comments highlighted the importance of health, sport facilities, education, the environment and highways as beneficiaries and how these funds are crucial to enable these facilities are incorporated into the communities.

	There are reservations regarding the increase of CIL and whether this will impact viability and potentially the number of units within residential developments. The economic climate has also been a concern and has this been considered within the evidence base and the rise in charging rates. It was noted that legislation may also impact upon the development industry and would this impact the viability of a rise in CIL rates. More need to consider governance of CIL.
Viability and economic climate	Comments highlight the need for flexibility within certain sites to enable a level of viability for developments in the borough. The results from the Viability Report have been noted by consultees. Concerns have been raised on increasing the CIL rates due to economic uncertainty, housing pressures, inflation, and the rise in national insurance paid by employers. In this context of continued economic uncertainty, the comments suggest a case for not increasing the CIL charge on developments.
Education and health	Comments have been mixed on the CIL charging rate. The current consultation seeks to increase these charges only by inflation and therefore comments consider that this CIL charging rate does not go far enough to secure the necessary contributions to mitigate development impacts on areas such as education and health.
Affordable Housing	The comments recognise the importance of affordable housing, but concerns have been raised whether the impact of CIL, a non-negotiable development tax can be disproportionate in relation to the delivery of affordable housing. The comments suggest, any increase in CIL has the potential to hinder the delivery of affordable housing.
Legislative changes	Comments were highlighted on the Building Safety Act and the impact this could have on design of buildings and internal space or heights.
Environment	Comments regarding environmental infrastructure were highlighted. Part of the Stevenage Brook (GB106038033410) flows through Stevenage Borough along with two underlying groundwater bodies. Enhancing and protecting the water bodies within this borough would support and deliver the recommendations within the Stevenage Borough Local Plan. Any enhancements following policies in the Stevenage Borough Local Plan will support the delivery of improvements to the relevant Water

	Framework Directive (WFD) water bodies. This would support the requirements of preventing deterioration and improving the quality of our rivers. The implementation of these measures could satisfy improvements under WFD and Local Plan, therefore comments recommended that they be included within the bids for CIL.
Governance and allocation of funds	The comments highlighted that the Community Infrastructure Levy (CIL), along with Section 106 agreements, will be crucial to fund strategic infrastructure projects that would otherwise be at the expense of the public purse or potentially not delivered if insufficient funds are available. It is important to ensure adequate partnerships, communication and simplified processes are enabled to ensure the funds are shared efficiently.

- 4.10 While the total volume of representations are relatively low, it should be acknowledged that, due to the fact that the charging schedule is a relatively short document, based entirely on a robust evidence base, and considering the current indexed charge, officers did not expect a huge number of responses to the consultation.

CIL Rates for Draft Charging Schedule

- 4.11 It is important to remember that the proposed CIL rate increase are in line with the current CIL Rate Charge plus indexation.
- 4.12 Since the adoption of CIL in April 2020, CIL rates have increased due to indexation on average of 13% during the period April 2020 to December 2024.

Table 1. Projected CIL charges (based on 2024 Indexation)

Development Type	CIL Rate	
	Zone 1: Stevenage Central	Zone 2: Everywhere else
Residential		
Market Housing	£45.63 per m2	£114.07 per m2
Sheltered Housing	£114.07 per m2	
Extracare Housing	£45.63 per m2	
	Within the primary and secondary shopping areas	
Retail development	£68.44 per m2	
Other development	£0 per m2	

- 4.13 The Viability Assessment (September 2024) includes projections for CIL rates based on the existing development types we charge, as well as CIL rate benchmarking on the Building Cost Information Service (BCIS) All-in Tender Price Index (used to inflate CIL rates) for the following year, 1 January 2025 to 31 December 2025.

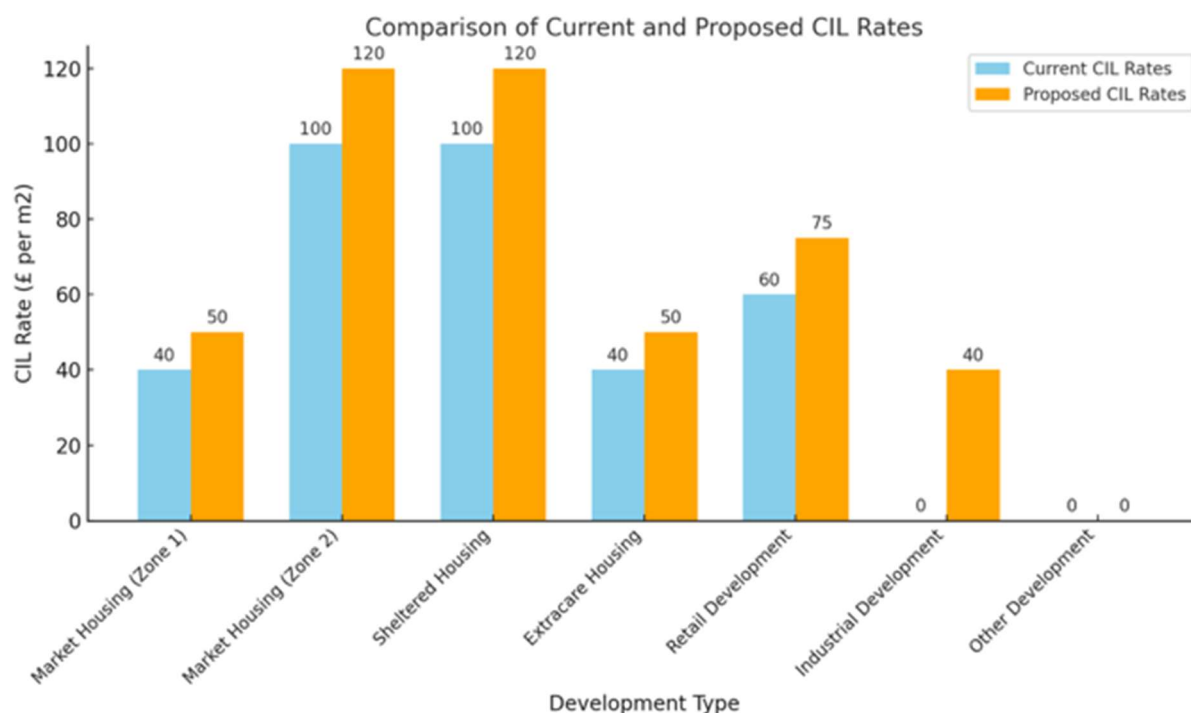
Table 2. Projected CIL charges (based on 2025 Indexation)

Development Type	CIL Rate	
	Zone 1: Stevenage Central	Zone 2: Everywhere else
Residential		
Market Housing	£47.43 per m2	£118.56 per m2
Sheltered Housing	£118.56 per m2	
Extracare Housing	£47.43 per m2	
	Within the primary and secondary shopping areas	
Retail development	£71.14 per m2	
Other development	£0 per m2	

Table 3: Proposed CIL levy rates following adoption.

Development Type	CIL Rate	
	Zone 1: Stevenage Central	Zone 2: Everywhere else
Residential		
Market Housing	£50 per m2	£120 per m2
Sheltered Housing	£120 per m2	
Extracare Housing	£50 per m2	
Retail development	£75 per m2	
Industrial development	£40 per m2	
Other development	£0 per m2	

Table 4. Comparison of Current and Proposed CIL rates in Stevenage, 2020 to 2025.



- 4.14 As noted in the Cabinet Report 9 October 2024 [BD1], the CIL Review proposes to include a new charge for industrial development in line with evidence presented in the Viability Assessment 2024.
- 4.15 Even with a new proposed charge for industrial development, the Council's estimated CIL income (based on the CIL rates we are proposing) will not reach the level required to fund all of the infrastructure we need.
- 4.16 Whilst it is important that the rates proposed follow the evidence and that rates set must not threaten the ability to develop viably the sites and scale of development identified in the Local Plan. The Viability Assessment 2024 evidence demonstrates that an increase in CIL rates are viable in principle.
- 4.17 Initial calculations show that from the Council's strategic sites delivery, the CIL income will bring in c. £14 million over the next 5 years, with c. £17 million to 2031 and c. £20 million to 2035. The funding gap identified as of October 2024 was £187m. Following a recent update (December 2024) from Hertfordshire County Council this has increased to £222m as set out in Appendix C of this report.
- 4.18 Since the first round of consultation, updated information has been provided by Hertfordshire County Council in relation to Infrastructure Delivery Plan (IDP) updates are set out in the Draft Charging Schedule. The IDP is a rolling document and therefore, the IDP will be updated to reflect the latest information alongside the DCS consultation.
- 4.19 Members are requested to formally note the evidence used to inform the DCS.

Recommendation 2.2: That Cabinet agree the CIL Draft Charging Schedule (attached as Appendix A) for the second round of public consultation, for a minimum period of four weeks commencing from 22 January 2025.

- 4.20 Following the first round of consultation from 14 October to 24 November 2024, we are approaching the second round of consultation of the Draft Charging Schedule.
- 4.21 A final consultation on the Draft Charging Schedule modifications proposed by the Inspector to the Plan is then held prior to the Inspector's Report, which would confirm whether the Draft Charging Schedule can process to formal adoption.
- 4.22 Requirements for consultation on the CIL Draft Charging Schedule are set out in the Community Infrastructure Levy Regulations 2010 (amended 2019).
- 4.23 Levy rates must be set in consultation with local communities and developers.
- 4.24 It is recommended that public consultation commences on 22 January 2025, for a minimum period of 4 weeks. The consultation would therefore close on 18 February 2025 at the earliest.
- 4.25 The consultation will be publicised by a range of measures. This will include:
- Placing the DCS and supporting documents on the Council's website for the duration of the consultation;
 - Utilising the Planning Policy consultation platform, "Commonplace", to invite comments and promote the consultation to the public and key stakeholders;
 - Notifying everyone on the Local Plan consultation database by e-mail or letter;
 - Making hard copies of the DCS available at the Customer Service Centre and at the town's two libraries;
 - Use of social media, such as the Council's Facebook and Instagram feeds;
- 4.26 The decision to adopt the final updated CIL rates will need to be taken firstly through this Cabinet and then through Full Council, following receipt of the Examiner's report.

Recommendation 2.3: That Cabinet agree delegated authority to progress to Submission of the revised Charging Schedule to Government, should representations at the second round of consultation result in minor amendments to the CIL Charging Schedule.

- 4.27 Due to the fact that the charging schedule is a relatively short document and is based entirely on a robust evidence base, and considering the current indexed charge, officers are not expecting huge numbers of responses from the second round of consultation.

- 4.28 As such, we are not expecting to make significant or major changes to the CIL Charging Schedule following the consultation on the Draft Charging Schedule.
- 4.29 Should this be the case, officers are proposing that Cabinet agree that delegated authority be given to the Assistant Director: Planning and Regulation, in conjunction with the Portfolio Holder: Environment and Performance, to progress straight to Submission ahead of the Examination in Public.
- 4.30 This would ensure an earlier Submission of the CIL, an earlier Examination in Public and earlier eventual Adoption of the CIL. Officers will come back to Cabinet with a Report requesting approval to adopt the CIL, once the Examination in Public has been held and the Inspector's Report received by the Council.

Recommendation 2.4: That Cabinet note that delegated powers be granted to the Assistant Director; Planning and Regulation, in consultation with the Portfolio Holder for Environment and Performance, to make such amendments as are necessary in the final preparation of the Draft Charging Schedule.

- 4.31 The Draft Charging Schedule is appended to this report. However, it may be necessary to make minor changes to it during its final preparation. This might incorporate cosmetic adjustments, the correction of any typographical errors and any minor factual changes.
- 4.32 It is recommended that any such amendments be approved via delegated powers.

Recommendation 2.5: That Cabinet note that the comments of the Planning & Development Committee will be sought and fed back to the Cabinet.

- 4.33 Officers have circulated a briefing note to Members of the Planning & Development Committee on the status of the Community Infrastructure Levy.
- 4.34 Planning & Development Committee Members have been made aware of the CIL and the process as it has developed since 2018–19.
- 4.35 Any comments and suggestions made by Planning & Development Committee Members will help inform any final decision made by Cabinet.

5 IMPLICATIONS

Financial Implications

- 5.1 The costs of implementing CIL is met from 5% CIL income available for administration purposes, a further 15% for local initiatives.
- 5.2 The General Fund Capital Strategy Overview – Priorities versus Funding Requirement 2023/24 – 2029/30 report highlights that the funding gap to meet future priorities remains significant. The report identified that the Council's highest priority projects to channel resources to are the Sports and Leisure hub and the Public Sector Hub.
- 5.3 Financial implications for the Council as landowner are examined further under 'Other Corporate Implications', paragraphs 5.11 to 5.13.

Legal Implications

- 5.4 The preparation of Community Infrastructure Levy is given effect by the 2008 Planning Act.
- 5.5 Detailed statutory requirements for the preparation of CIL, including consultation requirements, are set out in The Community Infrastructure Levy Regulations 2010 (as amended 2019).

Risk Implications

- 5.6 There are no significant risks associated with carrying out consultation on a revised CIL rate.
- 5.7 Risks may arise at later stages, when Cabinet is asked to approve the submission of the final charging schedule – this will require Examination by an independent inspector. The risks are minimised by proposing CIL rates that align with the existing indexation rate 2024 / 2025 and viability evidence used to inform the Local Plan Partial Review and Update (and any subsequent updates).

Environmental Implications

- 5.8 CIL has a positive impact on the environment, as monies can be used towards improving / maintaining / new environmental infrastructure.

Staffing and Accommodation Implications

- 5.9 The Planning Policy Team currently includes one full-time professional employee, specialising in planning contributions including CIL.
- 5.10 As CIL contributions and income increase in time, the Council will start to spend and allocate CIL. This may require further resources to manage the function for the Council.

Other Corporate Implications

- 5.11 CIL will continue to be payable for all qualifying development, therefore, it has the potential to impact on council-owned land, in terms of being a consideration in sales negotiations and in being levied when developing the Council's own schemes. This includes smaller residential sites (10 or less dwellings), which were previously exempt from making developer contributions (S106). This is an additional cost and has the potential to depress land values for the council's small sites. This is the same for larger sites, and there is a risk that developers will try to use this additional expense to negotiate down land values.
- 5.12 However, the viability evidence undertaken to inform the CIL charging rates, shows that the levy being proposed will be viable for both small and large-scale development. This considers land values at an appropriate market rate.
- 5.13 Officers report annually to Cabinet on CIL Governance. This informs Members of the amounts of Community Infrastructure Levy (CIL) secured and projected.

BACKGROUND DOCUMENTS

- BD1 Meeting of the Stevenage Borough Council Cabinet, Item 4: Public Consultation on Revised Supplementary Planning Documents and Proposed Revocation of The Impact of Development on Biodiversity Supplementary Planning Document (October 2024)
<https://democracy.stevenage.gov.uk/documents/s37392/4%20Final%20Cabinet%20Report%20-%20SPDs%20270924%20Planning%20Policy.pdf>
- BD2 Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS) Consultation Statement (December 2024)

APPENDICES

- A Community Infrastructure Levy (CIL) Draft Charging Schedule (DCS) (January 2025)
- B Adopted Community Infrastructure Levy (CIL) Charging Schedule (April 2020)
- C Infrastructure Funding Gap: Update (December 2024)