

Meeting Executive
Portfolio Area Planning and Regulation
Date 10 July 2019



COMMUNITY INFRASTRUCTURE LEVY (CIL)

KEY DECISION

1 PURPOSE

- 1.1 To inform Members' of the key outcomes of the consultations on the Community Infrastructure Levy (CIL).
- 1.2 To seek Members' approval to submit the Draft Charging Schedule (DCS) for independent examination.

2 RECOMMENDATIONS

- 2.1 That the outcomes of the Preliminary Draft Charging Schedule (PDCS) consultation be noted (responses summary attached as Appendix A).
- 2.2 That the outcomes of the Draft Charging Schedule (DCS) consultation be noted (responses summary attached as Appendix B).
- 2.3 That officers put together options relating to the governance of spending CIL monies, in consultation with the Portfolio Holder for Environment and Regeneration and Planning and Development Committee, and bring a recommendation to Executive within the next report on CIL.
- 2.4 That approval be granted to submit the Draft Charging Schedule (Attached as Appendix C) for independent examination.

3 BACKGROUND

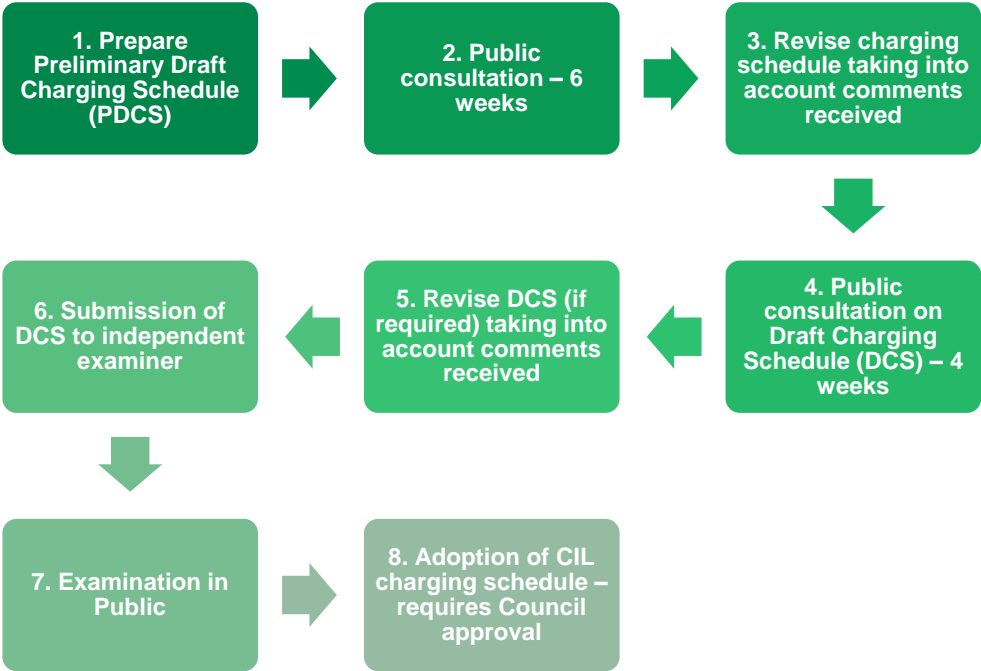
- 3.1 The Community Infrastructure Levy (CIL) is a planning charge introduced by the Planning Act 2008, as a tool for local authorities to help deliver infrastructure to support the development of their area. It allows local authorities to raise funds from developers undertaking new building projects. 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.
- 3.2 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. The benefit of CIL is that once it is collected it can be used to deliver any infrastructure that the Council wish – it is not ring-fenced for a specific scheme or type of project and is not subject to the pooling restrictions of S106.
- 3.3 S106 would still be used for site specific mitigation, particularly for the larger schemes i.e. where a whole school is required as part of a specific development (e.g. North Stevenage and West of Stevenage) or where road/cycleway improvements are required within or in close proximity to the development. S106 is only allowed for infrastructure that is directly related to the scheme and is required in order for the development to be acceptable.
- 3.4 Background to the Executive's decision to adopt CIL is contained within the September Executive Report (BD3). This report also contains further details on the evidence base used to inform the proposed CIL rates, which are set out below:

Table 2: Proposed CIL levy rates

Development type	CIL rate	
	Zone1: Stevenage Central	Zone 2: Everywhere else
Residential		
Market housing	£40/m ²	£100/m ²
Sheltered Housing		£100/m ²
Extracare housing		£40/m ²
Retail Development		£60/m ²
All Other Development		£0/m ²

- 3.5 The steps required to implement CIL are set out below.
- 3.6 Levy rates must be set in consultation with local communities and developers. Consultation on the Preliminary Draft Charging Schedule (stage 2) was approved by the Executive in September 2018 and carried out between September and October 2018. The responses were considered and amendments made to the Charging Schedule accordingly.
- 3.7 Consultation on the revised Draft Charging Schedule (stage 4) was carried out between April – May 2019.

3.8 The next stage in the process is to submit the Charging Schedule for independent examination.



4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

Recommendation 2.1: That the outcomes of the Preliminary Draft Charging Schedule (PDCS) consultation be noted (responses summary attached as Appendix A).

- 4.1 Authorities wishing to implement CIL must produce a charging schedule setting out the levy rates for their area(s).
- 4.2 Consultation on the PDCS was carried out from 12 September to 24 October 2018. To publicise the consultation, information was made available on the Planning Policy webpages and in hard copy format at inspection points around the town and emails were sent to everyone on the consultation database.
- 4.3 Information was also published on the Have Your Say page and posted on Facebook and Twitter on regular occasions throughout the consultation period. Questions were specifically asked around how local residents would like to see any CIL income spent in the future.
- 4.4 To be considered formally as part of the statutory consultation, responses are required to be made in writing and with contact details submitted. As such, the consultation responses have been split into formal and informal comments. However, all responses, no matter how they were submitted will provide useful feedback in terms of future spending priorities.

Formal responses

- 4.5 In terms of the formal responses, there were 43 comments from 15 respondents. Responses were submitted by:
 - Sport England
 - Historic England
 - Hill Residential
 - North Herts District Council (NHDC)
 - Bellway and Miller
 - Taylor Wimpey and Persimmon
 - Herts County Council (HCC)
 - Great Ashby Community Council
 - 7 individuals
- 4.6 A summary of some of the key responses is below:

Respondent(s)	Key point raised	SBC response
Individual	Issues around Fairlands Valley Farmhouse	The future of Fairlands Valley Farmhouse is a separate issue and was the subject of an Exec Report in July 2018.
Individual	Object to number of affordable homes being reduced	The CIL rates being proposed take into account the requirement for affordable homes, it does not reduce the target.
Sport England HCC	Will an SPD be produced to provide further guidance?	Yes. The Council will be preparing an SPD to provide further guidance on CIL and S106.
Sport England Hill Residential NHDC HCC Taylor Wimpey and Persimmon	Comments on need for a Reg. 123 List to provide clarity	Noted. A draft Reg. 123 List (a list of those infrastructure items that will not be funded through S106) will be published alongside the DCS for consultation.
Sport England Hill Residential	The Infrastructure Delivery Plan should be kept up-to-date	Agreed. We will regularly review infrastructure required to support growth.
Sport England	Welcome £0 charge for sport/leisure	Support welcomed.
Hill Residential Taylor Wimpey and Persimmon Bellway and Miller	CIL rates are too high. Concerns regarding evidence base and assumptions used for S106 contributions.	As a result of these comments, the North and West of Stevenage sites were remodelled to take into account the following amendments to infrastructure costs: <ul style="list-style-type: none"> • Increased S106 contributions for education • Stevenage West as part-Brownfield • A smaller site area for North Stevenage to take into account meadow land. • Acoustic fencing for Stevenage West We are comfortable that other issues raised had already been considered fully when preparing the evidence base and that the inputs to the model are appropriate.
NHDC	Need to ensure adequate funding is achieved for site delivery.	S106 will still be collected alongside CIL for site specific infrastructure such as on-site primary school and healthcare provision.
NHDC HCC	Need to consider mechanisms for the delivery of infrastructure. Both parties wish to be involved in discussions.	Agreed. Arrangements for delivering infrastructure through CIL require further discussion prior to its adoption.
Hill Residential Taylor Wimpey and Persimmon HCC	Comments on need for an Instalments Policy	An Instalment Policy will be prepared and consulted on alongside the revised DCS consultation.
Bellway Miller Taylor Wimpey and Persimmon	Strategic sites should be zero rated	The proposed CIL rates are based on a robust evidence base, which demonstrates CIL would be viable.
HCC	How has the funding gap been calculated?	The Infrastructure Funding Gap Technical Paper sets out how the funding gap has been calculated. Figures are largely based on the IDP.
HCC	Costs for education are higher than those modelled	As a result of these comments, the North and West of Stevenage sites were remodelled to take into account the increased costs of on-site primary school provision.
Historic England	Discretionary relief for where development affects heritage assets is proposed	SBC has not chosen to implement discretionary relief for this purpose.

Respondent(s)	Key point raised	SBC response
Individuals Historic England	Comments around how CIL money should be spent	Noted. These comments will be taken into account when determining how CIL monies should be spent. The Infrastructure Delivery Plan (IDP) sets out a schedule of infrastructure improvements we are seeking to implement to support the Local Plan. Many of the suggestions made are included within the IDP.

- 4.7 As stated within our responses above, some of the issues raised in response to the consultation meant that inputs into the modelling work were no longer accurate. As such, it was decided the evidence for the two largest sites, North Stevenage and West of Stevenage, should be remodelled. This was undertaken in January 2019, and a technical note provides the outcome of this assessment (BD9).
- 4.8 No changes were required to the proposed CIL rates as a result of this remodelled. A buffer is always allowed for when setting CIL rates and this buffer was sufficient to cover the increase in S106 contributions and other increased costs.
- 4.9 Amendments were made to the Charging Schedule to take into account other comments received. The revised DCS now refers to an Instalments Policy and the draft Reg. 123 List. In addition, further guidance will be provided by a Planning Obligations SPD, work on which will commence as soon as possible.
- 4.10 A full summary of the formal comments made and our response to them is available in Appendix A.

Informal comments

- 4.11 In terms of the informal comments made. These were largely in relation to how CIL income is spent in the future. A summary of the infrastructure suggested is as follows:

Types of infrastructure suggested....	
Parks/playground equipment (including equipment for wheelchair users)	Resurfacing paths
Changing places bathroom in town centre	More dog poop bins
Pedestrianise the High Street	Give money to local community groups
More flowerbeds	CCTV
Facilities for older children (11+) - roller/ice skating	More pubs
Bigger recycling bins	Improve Fairlands Valley Lakes
More parking provision	Improve accessibility at train station
Improve cycle routes	Consider future of Fairlands Valley Farmhouse
Better (more frequent and quicker) bus services between Stevenage and Hertford	Make the A1(M) three lanes

Keep street lights on at night	Fix the roads (not temporary solutions)
Protect the Green Belt	

- 4.12 These responses are really useful in terms of understanding what local residents see as priorities within the town.
- 4.13 Some of these suggestions, particularly highways infrastructure, are already included within the Infrastructure Delivery Plan, which sets out the key infrastructure items required to support new development and deliver the Local Plan.
- 4.14 Whilst some may not be eligible for CIL funding, they could be delivered via other Future Town, Future Council priorities, such as the CNM programme and the transport strategy, Future Town, Future Transport.

Recommendation 2.2: That the outcomes of the Draft Charging Schedule (DCS) consultation be noted (responses summary attached as Appendix B).

- 4.15 The Preliminary Draft Charging Schedule (PDCS) was revised prior to the second consultation taking place to form a Draft Charging Schedule (DCS).
- 4.16 The revised DCS takes into account those responses received during the first consultation on CIL, as discussed in paragraphs 4.1 to 4.12 above. It has also been streamlined to provide a more concise schedule of charges once adopted. In particular, the evidence base has been placed in an appendices rather than being within the main body of text.
- 4.17 Consultation on the DCS was carried out between 18 April to 17 May 2019.
- 4.18 We received 24 responses, from 9 respondents.
- 4.19 Responses were received from:
- Hertfordshire County Council (HCC)
 - Historic England
 - Mace
 - Hill Residential
 - North Hertfordshire District Council
 - Sport England
 - Taylor Wimpey and Persimmon Homes
 - Two individuals
- 4.20 A summary of the key points raised is provided in the table below:

Respondent(s)	Key point raised	SBC response
HCC NHDC	The proposed rates are too low – higher rates could be supported. A smaller buffer should be used in the modelling and the evidence base should be updated to reflect increased sales values.	The proposed CIL rates are based on a robust evidence base. Evidence cannot be continuously updated – it has to be set at a certain point in time. Officers have committed to working with HCC on a joint evidence base to inform a review of CIL within a year of its adoption.
HCC	Rate should be £0 for sheltered and extra care homes provided by not-for-profit organisations.	The proposed CIL rates are based on a robust evidence base, which demonstrates CIL would be viable for these uses.
HCC	Infrastructure to serve strategic sites (North, West and SG1) should be provided with via S106 and S278, not CIL.	SBC have chosen to implement CIL, which will be required alongside S106, for strategic sites. This decision is based on a robust viability evidence base.
HCC Mace NHDC	Governance arrangements for spending money require further discussion and consideration before the examination.	Agreed. SBC is currently working on proposals relating to governance.
Historic England	Discretionary relief for where development affects heritage assets is proposed	SBC has not chosen to implement discretionary relief for this purpose.
Historic England NHDC	Comments around how CIL money should be spent	These comments will be taken into account when determining how CIL monies should be spent. The IDP sets out a schedule of infrastructure improvements required to support the Local Plan.
Mace	Circumstances where CIL can be paid 'in-kind', i.e. by providing land or infrastructure instead, should be set out	Agreed. SBC will provide further detail about payment in kind prior to the examination process.
Individual	Agree with no CIL being charged for employment uses – this market is fragile	Support noted.
Hill Residential Taylor Wimpey and Persimmon	CIL rates are too high. Concerns around evidence used to justify rates and known site specific costs being omitted.	The proposed CIL rates are based on a robust evidence base, which demonstrates CIL would be viable.
Hill Residential HCC Taylor Wimpey and Persimmon	No statement produced to show how responses to previous consultation have been taken into account	Full CIL responses are available to view online and a summary table of representations, along with a note to show how SBC has dealt with each point, is appended to this report.
Hill Residential	Welcome inclusion of a draft Instalment Policy. However, the proposed policy should be in line with recommendations on this contained within the evidence base.	Support noted. SBC will consider revising the policy in accordance with comments received, in advance of the CIL examination.
Hill Residential NHDC Sport England Taylor Wimpey and Persimmon HCC	Welcome draft R123 List. However, concerns it does not provide sufficient detail.	SBC will provide additional guidance on what will be delivered through S106/CIL in advance of the independent examination.
Sport England	Welcome £0 CIL rate for sports/leisure facilities	Support noted.

Respondent(s)	Key point raised	SBC response
HCC Taylor Wimpey and Persimmon	Imminent change to CIL regs. must be taken into account. It may be appropriate to delay the introduction of or review CIL as a result.	SBC does not consider the proposed changes to the CIL regulations would require new CIL rates to be considered. A commitment to review rates within 1 year of adoption has already been provided by SBC.

- 4.21 All responses will be passed to the Inspector who examines the CIL Charging Schedule, for his/her consideration.
- 4.22 We also received one late representation from CPRE. In summary, this raises the point that CIL rates should be higher for Greenfield sites than PDL, based on costs/values, and this would help discourage Greenfield development. Whilst this response was not duly made, it will be offered to the Inspector if they wish to take it into account.
- 4.23 We will continue to work with consultees to try and resolve objections made up until the point of examination and the Inspector will fully consider all comments made during the Independent Examination.
- 4.24 A full summary of comments made and our response to them is available in Appendix B.

Recommendation 2.3: Members agree that officers put together options relating to the governance of spending CIL monies, in consultation with the Portfolio Holder for Environment and Regeneration and Planning and Development Committee, and bring a recommendation to Executive within the next report on CIL.

- 4.25 It was previously proposed that recommendations on how CIL income will be spent would be put forward within this Executive report.
- 4.26 In terms of timing, significant amendments are currently being proposed to the HCC developer contributions toolkit, which sets out costs for education and transport infrastructure, amongst other things. In addition to this, both HCC and NHDC requested (in their consultation responses) that they be involved in further discussions around governance, prior to any decisions being made. As such, it is now considered more appropriate to await the outcome of this work and these discussions before options for spending CIL are fully considered.
- 4.27 This issue also requires a greater level of debate around what Members would like, as well as what the legal processes are that we need to follow – for example, who has the authority to spend the larger sums of CIL money.
- 4.28 It is recommended that officers put together options for spending CIL income, in consultation with the Portfolio Holder for Environment and Regeneration and in consultation with Planning Committee, and bring a recommendation on this issue to Executive as part of the next report on CIL.
- 4.29 This recommended course of action will give officers the time and flexibility to ensure alternative options can be fully considered and discussions can be

held with HCC and neighbouring authorities in line with responses to the consultation.

Recommendation 2.4: That approval be granted to submit the Draft Charging Schedule for independent examination.

- 4.30 The next stage in this process is for the CIL Charging Schedule to be examined by an Independent Inspector.
- 4.31 Members are requested to grant approval to submit the Draft Charging Schedule for Examination.
- 4.32 Once submitted, an Inspector would be appointed by the Borough Council, as Charging Authority.
- 4.33 An examination is likely to take place around August/September 2019.
- 4.34 The decision to adopt CIL will need to be taken at Council following receipt of the Examiner's report. This is likely to be around Oct/Nov 2019.
- 4.35 CIL will be payable on all eligible development approved following its adoption, so is likely to affect any planning applications submitted from mid 2019 onwards.

5 IMPLICATIONS

Financial Implications

- 5.1 The costs of implementing CIL will be met from the 5% CIL income the Council is allowed to keep for administration purposes in the long term (this includes the costs of Examination). In the meantime, it is being funded through the agreed departmental budget of the Planning Policy Team.
- 5.2 Financial implications relating to staffing are considered under para 5.10 to 5.12
- 5.3 Financial implications for the Council as landowner are examined further under 'Other Corporate Implications', paragraphs 5.13 - 5.15.

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).

Risk Implications

- 5.6 The CIL Charging Schedule requires examination by an independent inspector. At this stage, the Inspector could recommend rates are amended

in accordance with his/her findings or that the charging schedule is withdrawn.

- 5.7 The risks are minimised by proposing CIL rates that align with the viability evidence used to inform the Local Plan (and any subsequent updates) and by considering the consultation representations appropriately.

Planning Implications

- 5.8 Once CIL is adopted, it will constitute a new council policy and will be payable for all qualifying development.

Environmental Implications

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

Staffing and Accommodation Implications

- 5.10 There will be an additional staff resource required (in the form of a part-time CIL officer) to manage the CIL process. In the longer term this will be funded through the 5% of CIL monies local authorities are allowed to keep to administer CIL.
- 5.11 The initial projections for the initial few years following implementation are difficult to predict. In the previous report to the Executive on CIL an estimate was made of circa £1m per annum, once fully established. This would mean resources available of £50,000 per annum to fund the additional officer post required. While this sufficient to fund a part-time CIL officer in the medium to long term a CIL officer is required to be in post prior to the implementation of CIL, to set up systems and processes, in addition CIL income is likely to be lower during the first few years, due to instalments policies and phasing.
- 5.12 This means a supplementary estimate is required for the remainder of 2019/20 (for around £15,000) and 2020/21-2021/22 (around £21,000 per annum) to fund the officer for the initial 2-3 years, which Members are asked to approve. However, this money will be 'repaid' to the General Fund as 5% allocation is ring-fenced for this purpose and will be repaid back to the General Fund once sufficient monies are generated. It is anticipated this will then be cost neutral beyond 2021/22.
- 5.13 Based on a part-time, Grade 6 role, as a maximum estimate, the Growth Bid will be for £57,000 over the 3 year period (including all on-costs).

Other Corporate Implications

- 5.14 CIL will 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.

- 5.15 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. It will be under 3% of GDV on all sites, so very marginal overall. This takes into account land values at an appropriate market rate.
- 5.16 CIL will be payable on all development approved following its adoption, so is likely to affect any planning applications submitted from late 2019 onwards. This may include SG1, if a planning application has not been approved. The levy rates in the central area are much lower than elsewhere to take into account the fact that margins are tighter here.

BACKGROUND DOCUMENTS

- BD1 [Executive Report, 11 Sept 2012](#)
- BD2 [Executive Report, 15 Dec 2015](#)
- BD3 [Executive Report, 5 Sept 2018](#)
- BD4 [Stevenage Borough Infrastructure Funding Strategy, Aecom, September 2015](#)
- BD5 [Whole Plan Viability Study including Community Infrastructure Levy, HDH Planning, September 2015](#)
- BD6 [Infrastructure Delivery Plan, SBC \(most recent version, March 2017\)](#)
- BD7 [Viability Update, December 2017](#)
- BD8 [Infrastructure Funding Gap – technical paper, July 2018](#)
- BD9 [Viability Update Technical Note, January 2019](#)

APPENDICES

- A Summary of PDCS consultation responses
- B Summary of DCS consultation responses
- C Draft Charging Schedule (DCS), June 2019