

**Meeting** Cabinet  
**Portfolio Area** Environment & Performance  
**Date** 9 October 2024



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

### **KEY DECISION**

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### **1 PURPOSE**

- 1.1 To provide Members with an overview of the Community Infrastructure Levy (CIL).
- 1.2 To provide Members with updates regarding the CIL charging rates, including an uplift for all categories, a new mechanism for industrial uses and the evidence that forms the basis for the proposed changes.
- 1.3 To seek Members' approval for consultation on the CIL Preliminary Draft Charging Schedule (PDCS).

## **2 RECOMMENDATIONS**

That Cabinet:

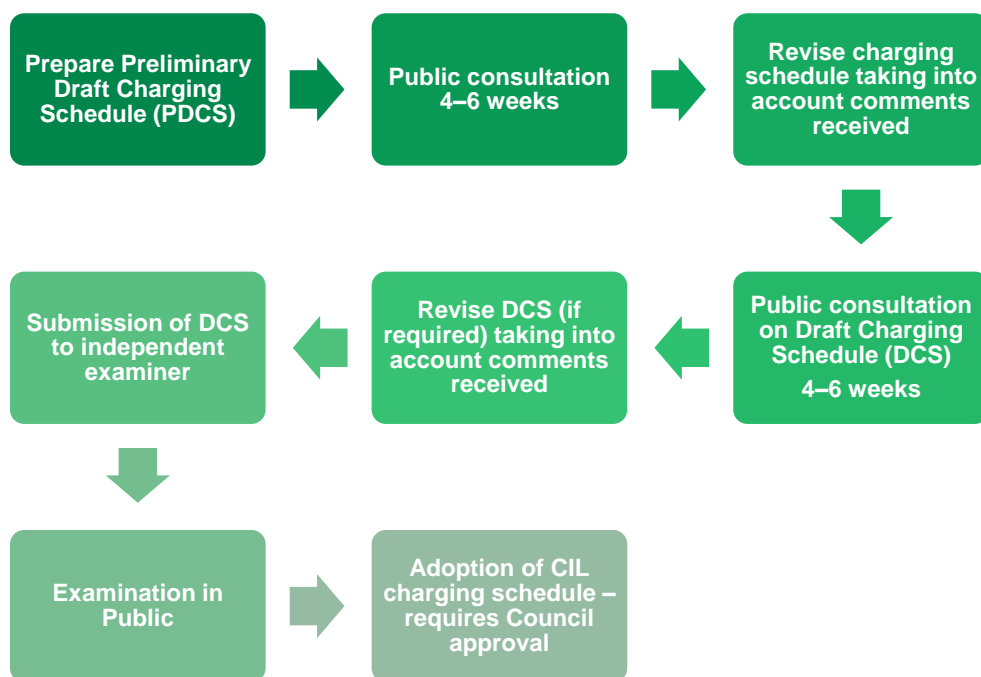
- 2.1 Note the updated evidence base for the Community Infrastructure Levy Review.
- 2.2 Agree the draft Preliminary Draft Charging Schedule (attached as Appendix A) for public consultation.
- 2.3 Agree the public consultation on the Preliminary Draft Charging Schedule, for a minimum period of four weeks commencing 14 October 2024.
- 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 Preliminary 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 [BD1] 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 S106 is only allowed for infrastructure that is directly related to the scheme and is required in order for the development to be acceptable.

- 3.7 The Council is responsible for allocating the money raised through CIL towards infrastructure required to support the development of the borough.
- 3.8 The Council adopted a Community Infrastructure Levy (CIL) Charging Schedule at Full Council on 29 January 2020. CIL was implemented from 01 April 2020.
- 3.9 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).
- 3.10 We are now four years on from the initial adoption of CIL. Having reviewed the latest Viability Assessment [BD2] which covers the period 2017 to 2024 and takes into account policy changes in the Local Plan Partial Review & Update, it is considered that now is the time to review the existing CIL levy rates.
- 3.11 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, 1<sup>st</sup> Edition, May 2019
  - RCIS, Assessing viability in planning under the National Policy Framework 2019 for England, Professional Standard, 1<sup>st</sup> Edition, March 2021
- 3.12 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.
- 3.13 The viability report considers the policy requirements proposed in the Local Plan Partial Review & Update. Those policies that will have a direct cost to development have been reflected in the report. Including the following:
- Policy HO7 Affordable Housing
  - Policy SP5 & Policy SP12 Biodiversity Net Gain
  - Policy SP5 Infrastructure contributions, including S106
  - Policy HO11 - Housing accessibility standards (M4(2) and M4(3)(b))
  - Policy CC3 Water efficiency
  - Policy CC1 Energy efficiency
  - Policy FP1 Sustainable urban drainage systems (SuDS)
  - Policy NH5b Tree-lined streets

- 3.14 For all other policy requirements, the viability report includes specific costs which are informed by recognised sources, studies, and publicly available data.
- 3.15 The steps required to implement CIL are set out below. The PDCS has been drafted for approval. The next stage in the process is to carry out public consultation on the schedule.



## 4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

**Recommendation 2.1: That Cabinet note the updated evidence base for the Community Infrastructure Levy.**

- 4.1 It is essential that key decisions are made on an informed basis and in light of the relevant statutory framework(s) and facts.
- 4.2 It is important that rates proposed follow the evidence. The rates set must not threaten the ability to develop viably the sites and scale of development identified in the Local Plan.
- 4.3 Government guidance recommends that the evidence on infrastructure needs should be drawn directly from the infrastructure planning that underpins the Development Plan. The following documents, which were produced to support and inform the Local Plan (and Local Plan Partial Review and Update), provided the evidence base to demonstrate that an increase in CIL rates are viable in principle:
- Revised Local Plan Viability Study including Community Infrastructure Levy, Aspinall Verdi Limited, 2024 [BD2]
  - Stevenage Borough Infrastructure Funding Strategy, Aecom, September 2015 [BD3]
  - Infrastructure Delivery Plan, SBC 2024 (rolling document) [BD4]
- 4.4 An update to the Whole Plan Viability Study was commissioned in December 2017. This identified improvements in viability across the town, in part due to redevelopments in town centre. The evidence demonstrated house prices had increased by 20% on average, but that new build flats in the town centre have increased significantly more. An agreed levy rate was set in the town centre of £40/m<sup>2</sup> and the housing rates elsewhere of £100/m<sup>2</sup>.
- 4.5 The current CIL rates are set out below.

Development Type	CIL Rate	
	Zone 1: Stevenage Central	Zone 2: Everywhere else
Residential		
Market Housing	£40 per m2	£100 per m2
Sheltered Housing	£100 per m2	
Extracare Housing	£40 per m2	
	Within the primary and secondary shopping areas	
Retail development	£60 per m2	
Other development	£0 per m2	

- 4.6 Charging authorities are also required to demonstrate a funding gap, to show that CIL is required to meet infrastructure needs. The Infrastructure Delivery Plan (IDP, last updated in September 2024) [BD4] identifies the infrastructure required in order to support the delivery of the Local Plan to 2031. The assessment excludes certain schemes, such as those that are desirable and not essential / critical, those that are required to meet existing needs and are not as a result of Local Plan growth, and those for which costs are unknown etc.
- 4.7 The IDP is a rolling document; this reflects the situation at a particular point in time. The Council will continue to proactively bid for external funding opportunities and other ways to fill the funding gap, in addition to CIL income.

**Table 1: Infrastructure funding gap**

Infrastructure type	Cost (in millions)	
	Sources of funding	Funding Requirement
Mobility	<ul style="list-style-type: none"> <li>• DfT Active Travel Funds</li> <li>• Developer Contributions</li> <li>• Town Deal</li> <li>• Capital Funding</li> <li>• LEP</li> <li>• Other Government funding opportunities</li> <li>• Network Rail</li> </ul>	<ul style="list-style-type: none"> <li>• Cycling at least £32 million</li> <li>• Walking at least £1.4 million</li> <li>• Buses £10 million</li> <li>• Rail £40 million</li> <li>• Strategic road network £16 million</li> <li>• Local road network – a funding requirement has yet to be identified</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Developer Contributions</li> <li>• Capital Funding</li> </ul>	<ul style="list-style-type: none"> <li>• Primary Schools £10.9 million</li> <li>• Secondary School expansion £5.6 million (per FE)</li> </ul>
Healthcare	<ul style="list-style-type: none"> <li>• Developer Contributions</li> <li>• Private Finance</li> <li>• Transfer of Land</li> <li>• Dept of Health Loan</li> </ul>	<ul style="list-style-type: none"> <li>• Primary Care General Practice £ tbc</li> <li>• Acute Services £19.8 million</li> <li>• Secondary Healthcare £2.6 million</li> <li>• Adult Social Care £ tbc</li> </ul>
Green and Blue Infrastructure	<ul style="list-style-type: none"> <li>• Capital Funding</li> <li>• Developer Contributions</li> </ul>	<ul style="list-style-type: none"> <li>• £8 million</li> </ul>
Community / Leisure	<ul style="list-style-type: none"> <li>• Developer Contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Community Facilities £40 million</li> <li>• Sports and Leisure Facilities £ tbc</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>• Developer Contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Waste Management £500,000</li> </ul>

- 4.8 It is important to note that the Council estimated CIL income (based on the CIL rates we are proposing) will not get anywhere near the level required to fund all of the infrastructure we need. This is a common issue faced by CIL charging local authorities across the country.
- 4.9 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. This is clearly nowhere near the funding gap of c. £187m we have identified. Table 1 details a range of additional infrastructure funding sources other than CIL.
- 4.10 Members are requested to formally note the evidence used to inform the PDCS.

**Recommendation 2.2: That Cabinet approve the draft Preliminary Draft Charging Schedule (attached as Appendix A) for public consultation.**

- 4.11 Authorities which have adopted CIL must produce a charging schedule setting out the levy rates for their area(s). The PDCS firstly sets out who is liable to pay CIL. 'Chargeable development' is defined as:
- All new buildings, but excluding those into which people do not usually, or only occasionally, go (e.g. only to inspect machinery or structures such as electricity pylons or substations)
  - Developments of 100m<sup>2</sup> or more (additional gross internal floorspace)
  - The creation of one or more additional dwellings (even if the gross internal floorspace is less than 100m<sup>2</sup>)
  - Some developments not requiring planning permission (permitted development) will also be liable for CIL if they do not fall into the exemption criteria.
- 4.12 CIL is not charged on affordable housing, buildings used for charitable purposes, and self-build housing.
- 4.13 As set out in paragraph 4.11, CIL is only liable on development which creates additional gross internal floorspace above 100m<sup>2</sup>. Should a permission be granted for the demolition of a building for future housing or commercial use, the Council will only be able to charge CIL for the difference between the existing floorspace and proposed new floorspace.
- 4.14 Members should note, on 30 July 2024, the new Government published its anticipated consultation which sets out their approach to revising the National Planning Policy Framework (NPPF) in order to achieve sustainable growth in England's planning system [BD5].
- 4.15 The Government seeks to broaden the existing definition of brownfield land, set a strengthened expectation that applications on brownfield land will be approved with the introduction of a 'Brownfield Passport'. Therefore, this will create some additional development in which the Council is unable to charge CIL to support the overall funding gap for infrastructure required in the Borough.

- 4.16 Charging authorities are also required to apply an annually updated index of inflation to keep the levy responsive to market conditions as set out in Schedule 1 of the CIL Regulations 2010 (as amended 2019).
- 4.17 Schedule 1 (5) (a) states that, “the index figure for a given calendar year is:... in relation to the calendar year 2020 and any subsequent calendar year, the RICS CIL Index published in November of the preceding calendar year by the Royal Institution of Chartered Surveyors”.
- 4.18 As referred to in paragraph 4.17, the latest CIL charge includes indexation for permissions approved from 01 January 2024 to 31 December 2024 as set out below:

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

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

- 4.19 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.
- 4.20 Charging authorities may also include differential rates, where they can be justified either on the basis of the economic viability of the development in different parts of the Borough.
- 4.21 The Viability Assessment (September 2024) [BD2] 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, 01 January 2025 to 31 December 2025. Projections are set out below:



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

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

- 4.22 Given the above analysis, officers have recommended to propose the CIL charging rates as detailed in Table 3. This is due to the fact that these CIL rates will not be formally adopted and implemented until 2025, when the 2025 indexation will be in effect. Officers have proposed draft charging rates as a rounded figure. This does not impact viability of future schemes coming forward.

**Table 3: Proposed CIL levy rates**

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

- 4.23 The CIL Review does not propose to alter the number of CIL Zones. However, evidence presented by way of the Viability Assessment allows officers to remove the two strategic sites North and West Stevenage from Zone 1 charged at the lower CIL rate. This allows officers to keep Stevenage Central in Zone 1 and everywhere else charged according to the above Zone 2 rate.
- 4.24 The viability evidence is clear that there is no scope to increase CIL beyond the proposed Table 3 charges (excluding indexation) without finding the right balance between the future Local Plan Partial Review and Update climate change policy and updated CIL rates.

- 4.25 The CIL rates proposed are therefore in line with the current indexed rates ensuring the Council can provide the infrastructure needed to support growth.
- 4.26 It was also clear in the viability study in 2017 there was no scope to include industrial development. However, since 2017, the pandemic has accelerated growth in the industrial market:
- The growth of e-commerce: E-commerce sales in the UK surged during the pandemic, as consumers increasingly shopped online during lockdowns and social distancing measures. This led to increased demand for warehouse and distribution space.
  - Last-mile delivery and logistics: as the growth of e-commerce led to more online deliveries, there was an increased need for facilities located close to major population centres.
  - It is expected that higher levels of demand will return, buoyed by a longer-term trend and increase in online retailing, as well as new sources of demand from the manufacturing sector. Savills forecast that the demand for storage and warehousing space will rise as the UK's population grows, with an estimated 224 million sq. ft required to meet the needs of the growing population.
- 4.27 The CIL Review proposes to include a new charge for industrial development in line with evidence presented in the Viability Assessment 2024.
- 4.28 Officers have compared the Council's proposed rates to those adopted, for the rest of Hertfordshire. Whilst the proposed levy rates for residential floorspace are slightly lower than the Hertfordshire average, this does include some areas where the market is better across the authority as a whole, so this is not unexpected. The CIL rates can be reviewed if viability improves in the future, which is likely, particularly for the town centre.

**Table 4: Comparison with other Herts charging authorities (excludes indexation)**

Authority	Status	Date	Residential CIL rates (£/m2)				Retail CIL rates (£/m2)			Industrial CIL rates (£/m2)
			Lower Value area	All other areas			floorspace ≥ 280sqm			
Stevenage	Adopted	April-20	£40	100			£60			
Dacorum	Adopted	Feb-15	Zone 4	Zone 3	Zone 2	Zone 1	£150			£0
			£0	£100	£150	£250				
Hertsmere	Adopted	Sep-14	Elstree Way Corridor	Area A	Area B		£80			£0
			£0	£120	£180					
Three Rivers	Adopted	Feb-15	Area C	Area B	Area A		Area A	Area B	Area C	£0
			£0	£120	£180		£60	£60	0	
Watford	Adopted	Apr-15	£120				Outside primary shopping area	Within primary shopping area		£0
							£120	£55		

Footnote: **Dacorum** Zone 1: Berkhamsted and surrounding area, Zone 2: Elsewhere, Zone 3: Hemel Hempstead and ~~Markyate~~, Zone 4: Identified Sites

- 4.29 The costs of administering CIL will be funded directly from the levy (up to 5% of total receipts is permitted for this use). A further 15% of CIL is required to be passed to CIL neighbourhood council within which the development will take place.
- 4.30 It is proposed that recommendations on these issues are brought to Cabinet when approval is sought to submit CIL for Examination.

**Recommendation 2.3: That Cabinet approve the public consultation on the Preliminary Draft Charging Schedule, for a minimum period of four weeks commencing 14 October 2024.**

**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 Preliminary Draft Charging Schedule.**

- 4.31 Requirements for consultation on the CIL Preliminary Draft Charging Schedule are set out in the Community Infrastructure Levy Regulations 2010 (amended 2019) [BD6].
- 4.32 Levy rates must be set in consultation with local communities and developers.
- 4.33 It is recommended that public consultation commences on 14 October 2024, for a minimum period of 4 weeks. The consultation would therefore close on 10 November 2024.
- 4.34 The consultation will be publicised by a range of measures. This will include:
- Placing the PDCS 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 PDCS 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;
- 4.35 The draft PDCS 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.
- 4.36 It is recommended that any such amendments be approved via delegated powers.
- 4.37 Once the PDCS consultation has been undertaken, the next step is for a Draft Charging Schedule (DCS) to be prepared. This should take into account any comments received. Officers will report back to Cabinet any responses received in response to the PDCS consultation.
- 4.38 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 to the consultation.

- 4.39 It is likely that public consultation on the DCS will commence in January 2025. The public consultation will be publicised in line with the proposed methods outlined in para 4.30 of this report and consultation responses will be fed back in the next officer report to Cabinet.
- 4.40 Following the DCS consultation, another report will come back to Cabinet (likely Spring / Summer 2025) to request approval to submit the final charging schedule to an examiner. The charging schedule must then be examined in public by an independent person appointed by the charging authority.
- 4.41 The decision to adopt the final updated CIL rates will need to be taken at Council following receipt of the Examiner's report. This is likely to be around Summer / Autumn 2025.

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

- 4.42 Officers have circulated a briefing note to Members of the Planning & Development Committee on the status of the Community Infrastructure Levy.
- 4.43 Planning & Development Committee Members have been made aware of the CIL and the process as it has developed since 2018–19.
- 4.44 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 Stevenage Local Development Scheme (June 2024)
- BD2 Viability Assessment Executive Summary (September 2024, Aspinall Verdi)
- BD3 Stevenage Infrastructure Funding Strategy (2015, Aecom)  
<https://www.stevenage.gov.uk/documents/planning-policy/evidential-studies/transport-infrastructure/infrastructure-funding-strategy.pdf>
- BD4 Stevenage Infrastructure Delivery Plan (September 2024)  
<https://www.stevenage.gov.uk/documents/planning-policy/evidential-studies/transport-infrastructure/infrastructure-delivery-plan-september-2024.pdf>
- BD5 Proposed Reforms to the National Planning Policy Framework and other changes to the Planning System  
<https://www.gov.uk/government/consultations/proposed-reforms-to-the-national-planning-policy-framework-and-other-changes-to-the-planning-system>
- BD6 Community Infrastructure Levy Regulations (2010)  
<https://www.legislation.gov.uk/ukdsi/2010/9780111492390/regulation/15>

## **APPENDICES**

- A Preliminary Draft Charging Schedule (PDCS) September 2024
- B Adopted CIL Charging Schedule April 2020

