

Arun District Council Community Infrastructure Levy (CIL) Draft Charging Schedule

Consultation Version AUFW 201-



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1 Consultation Details

1.1 This consultation on the Arun Draft Charging Schedule (DCS) March 2019 is the second stage in preparing a CIL Charging Schedule. The second round of consultation is called "publication". This means that, subject to the council agreeing to submit the draft charging schedule, all representations received at this stage, along with a Statement of Modifications, if need, will be sent to the CIL examiner. Furthermore, all respondents will be given the opportunity to request the right to be heard at by the CIL examiner on both the Draft Charging Schedule and on the Statement of Modifications, if needed.

1.2 Comments on the Draft Charging Schedule should be made via the Objective Consultation portal at <http://arun.objective.co.uk/portal> or emailed to Localplan@arun.gov.uk.

1.3 Written comments can also be sent to the following address:

- Planning Policy and Conservation, Arun District Council, Arun Civic Centre, Maltravers Road, Littlehampton, BN17 5LF

1.4 For any queries, call 01903 737500 and ask for Planning Policy.

1.5 This document will be published for a six week consultation period starting **21st March 2019 to 5pm on 2nd May 2019.**

2 Introduction

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2.1 This consultation document sets out Arun District Council's proposed charging rates for its Community Infrastructure Levy (CIL). This mechanism for the collection of funding for infrastructure was introduced under the Planning Act 2008 and enables local authorities to make a charge on most forms of new development to fund infrastructure needed to support growth.

2.2 Before a Charging Authority is able to adopt a Charging Schedule, it is required to undertake two formal rounds of consultation followed by an Independent Examination. The consultation process provides an opportunity for respondents to assist in shaping the Charging Schedule.

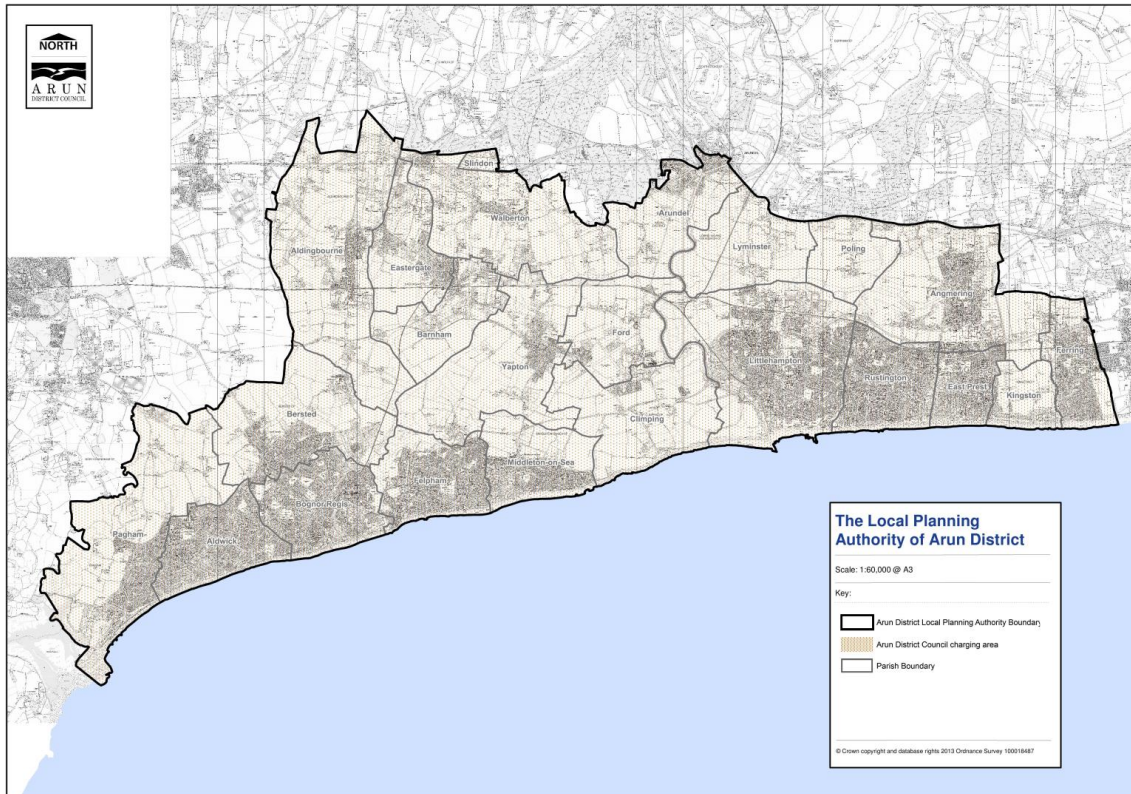
2.3 The first round of consultation was on the Preliminary Draft Charging Schedule (PDCS) and took place from 10th December 2018 until 21st January 2019. The responses from the consultation have been considered and any changes to the PDCS have been incorporated into this consultation document, entitled the Arun Draft Charging Schedule (DCS).

2.4 The DCS differs only slightly from the PDCS because it has been updated to take into account representations that identified changes required to ensure the document is sound and robust and also includes clarifications regarding definitions of some development types. A Frequently Asked Questions paper; a summary of the responses to the PDCS consultation and the evidence base used to support the preparation of the DCS will be made available on the council's website: www.arun.gov.uk/cil and will be made available to view at the libraries within Arun District and at the Arun Civic Centre and Bognor Regis Town Hall during the DCS consultation period.

2.5 The CIL Guidance requires that charging authorities will implement the levy where their evidence has been prepared based on a relevant Local Plan. Arun District Council adopted the Arun Local Plan 2011-2031 (ALP 2018) on 18th July 2018. The ALP 2018 identifies the quantum and type of development planned to meet housing and employment needs within the district over the Plan period. It also allocates strategic housing and employment sites. The ALP 2018 is underpinned by the ICSDP, 2017 which identifies the infrastructure required to achieve local development and growth needs. This evidence base is considered to be a 'living' document because updates are required regularly as the Local Plan is implemented. As set out above, the most up to date version is available on the council's website www.arun.gov.uk/cil.

3 The Charging Area

3.1 The charging area covers all of Arun District with the exception of the areas of the South Downs National Park located to the north of the district. This is due to the fact that the National Park Authority is a local planning authority in its own right.



4 What is CIL?

4 What is CIL?

4.1 The legislative framework for CIL is provided by Part II (Sections 205-225) of the Planning Act 2008 and the CIL Regulations 2010 subject to subsequent amendments.

4.2 CIL is a mandatory charge on new development, calculated on the change in net additional floorspace (m²), which local authorities can introduce. The charge is non-negotiable in most circumstances. The charge applies on a per square metre basis to new development of over 100m² of gross internal floorspace. In the case of new dwellings, there is no such threshold - CIL is charged per square metre whatever the size of the development.

4.3 Charges are set by the Council through publication of a Charging Schedule. The charges must be supported by evidence that an infrastructure funding gap exists (taking into account other funding sources) and that it does not prejudice the viability of development across the district as a whole. Charges are index linked to build costs which means that CIL payments must be increased or decreased (index linked) to reflect changes in the costs of building houses and delivering infrastructure between the year that CIL was introduced to the year that planning permission is granted. The index used is the national All-in Tender Price Index published by the Build Cost Information Service (BCIS).

4.4 The CIL Guidance (Last updated, March 2018) states that in setting CIL rates, the charging authority "will need to be able to show why they consider that the proposed levy rate or rates set an appropriate balance between the need to fund infrastructure and the potential implications for the economic viability of development across their area."

4.5 The process through which an authority needs to go through in order to adopt a CIL is as follows:

- the charging authority prepares its evidence base in order to prepare its draft levy rates, and collaborates with neighbouring/overlapping authorities (and other stakeholders)
- the charging authority prepares a preliminary draft charging schedule and publishes this for consultation
- consultation process takes place
- the charging authority prepares and publishes a draft charging schedule
- period of further representations based on the published draft
- an independent person (the "examiner") examines the charging schedule in public

- the examiner’s recommendations are published
- the charging authority considers the examiner’s recommendations
- the charging authority approves the charging schedule

4.6 There is a considerable degree of flexibility permitted in the spending of CIL monies. It must be spent on the provision of new infrastructure (rather than remedying existing deficiencies) to support the delivery of the adopted Local Plan. Infrastructure is defined widely in the Planning Act 2008 and includes transport, education, health, open space/green infrastructure, police/community safety, flood defences for example.

4.7 Revenues can be passed to other bodies to deliver infrastructure. A schedule of infrastructure to be funded by CIL should be published alongside the Charging Schedule, at examination, in accordance with Regulation 123 of the CIL Regulations 2010. CIL guidance (2014, last updated March 2018) sets out that when an authority introduces the levy, Section 106 requirements should be scaled back to those matters that are directly related to a specific site, and are not set out in a Regulation 123 list. Section 106 agreements will still be used to cover non-infrastructure requirements such as the provision of affordable housing, local open space, access roads, habitat protection etc.

4.8 Transparency on the spending of CIL is required by the CIL Regulations 2010. Further detail regarding monitoring of CIL spending is set out in Section 10 of this document.

4.9 The CIL Guidance sets out the neighbourhood portion of CIL which means that a portion of CIL money is passed back to the Town or Parish Council's where development takes place. The portion of CIL money passed back differs based on whether the Parish or Town Council has an adopted neighbourhood plan as follows:

Neighbourhood Plan?	Portion of Levy
Yes	25% uncapped, paid to parish/town council
No	15% capped at £100/dwelling, paid to parish/town council

Table 4.1

5 Infrastructure Evidence

5 Infrastructure Evidence

5.1 As set out above, in preparing a charging schedule, there is a need to demonstrate that there is a funding gap in the provision of infrastructure required to support new development.

5.2 The CIL Guidance states that: "Charging authorities must identify the total cost of infrastructure they wish to fund wholly or partly through the levy...Information on the charging authority area's infrastructure needs should be drawn from the infrastructure assessment that was undertaken as part of preparing the relevant Plan...".

5.3 The infrastructure evidence which underpins the ALP, 2018 was published in February 2017. The ICSDP, 2017 identifies site specific infrastructure requirements as well as district wide infrastructure needs resulting from planned growth in the district. Based on total estimated infrastructure costs and existing funding secured, there is a total infrastructure funding gap of approximately £270 million. However, based on estimated S106 contributions from the eleven strategic sites, allocated in the ALP, 2018, this funding gap reduces to £50 million.

5.4 Table 5.1 shows a significantly high level of S106 expected to fund infrastructure requirements. This is due to the fact that the infrastructure required for each strategic allocation will largely be delivered by means of S106 agreements. Although, there may be challenges involved in delivering strategic infrastructure for the larger strategic sites in light of the pooling restrictions set out by Regulation 123 of the CIL Regulations, it is anticipated that changes to the pooling restrictions in the future (as proposed in the Supporting housing delivery through developer contributions consultation) will assist with the council's approach. Table 5.1 below summarises the main infrastructure items needed to support the ALP, 2018 and shows the approximate funding gap.

5.5 The CIL Guidance requires that the charging authority should set out at Examination a draft list of the projects or types of infrastructure that are to be funded in whole or in part by the levy as well as those known site specific matters where section 106 contributions will be sought. The ICSDP, 2017 including any further updates, resulting from this consultation will enable this list to be prepared, and consulted on at the Draft Charging Schedule stage.

5.6 The funding gap demonstrates that there is a sufficient funding shortfall that must be filled in order to deliver the infrastructure to support growth in the district (based on the Infrastructure Delivery Plan, 2017). This justifies the preparation of a CIL charging schedule. The council will actively seek additional sources of funding where they may be available in order to reduce the infrastructure gap. It should be noted that the ICSDP, 2017 is a 'living document' and can be updated on a rolling basis. In particular, the evidence will need to take account of local infrastructure

5 Infrastructure Evidence

requirements as the council moves forward with the preparation of the Non-Strategic Sites DPD (the NSS). It is anticipated that most infrastructure needs will be on-site S106 but cumulative/strategic infrastructure may require CIL receipts.

Category	Total estimated cost (£million)	Existing Funding Available/Secured (£million)	Expected S106 Funding (£million)	Funding Gap (£million)
Primary Education	£77	£0	£77	£0
Secondary Education	£47	£0	£47	£0
Early years/childcare facilities	£14	£0	£14	£0
Social and Leisure facilities	£47	£15	£2	£30
Healthcare	£14	£0	£14	£0
Green Infrastructure and Habitats	£16	£1	£3	£12
Waste Management	£8	£0	£0	£8
Emergency Services	tbc	tbc	tbc	tbc
Flood Risk Mitigation	£35	£0	£35	£0
Utilities	£3	£0	£3	£0
Transport	£38	£13	£25	£0
Totals	£299	£29	£220	£50

Table 5.1

6 Viability Evidence

6 Viability Evidence

6.1 CIL is expected to have a positive economic effect on development across the area by providing additional infrastructure to support development. In deciding the rates of the council's levy, a key consideration is the balance between securing additional investment for infrastructure to support development and the potential economic effect of imposing the levy upon development across their area.

6.2 Charging Authorities are therefore required to arrive at an appropriate balance between the desirability of funding infrastructure through CIL and not adversely impacting on the deliverability of planned development. To inform this judgement, the District Council has commissioned viability evidence.

6.3 In January 2015 GL Hearn prepared the Arun Viability Report which informed the council's first PDCS (consulted on in 2015). Since 2015, further viability evidence has been commissioned to underpin the Arun Local Plan main modifications.

6.4 The Local Plan Viability Assessment Update (LPVU, 2017) was prepared by HDH Planning and Development in January 2017 and assessed the viability of the Arun Local Plan, in particular taking into account policy requirements including affordable housing and the viability of the strategic allocations within the plan in light of policy and infrastructure requirements. The LPVU, 2017 was examined during the Local Plan hearings and the Inspector made numerous references to it. On this basis the viability evidence is sound and an appropriate starting point for the preparation of an update to the CIL viability evidence base.

6.5 Subsequently, an annex to the LPVU, 2017 was prepared in July 2018 to consider the scope for CIL rates for those parts of Arun District outside of the South Downs National Park. This is called the CIL Viability Update, July, 2018 prepared by HDH Planning and Development (CILVU, 2018). These studies are available to view at www.arun.gov.uk/cil

6.6 The CILVU, 2018 uses the methodology set out in Chapter 3 of the LPVU, 2017 which uses a residual value calculation to assess a range of different development typologies represented within the council's Housing and Employment Land Availability Assessment (HELAA). The CILVU, 2018 ensures that all factors involved in the viability assessment are up to date by reviewing the impact of policy and market change since the LPVU, 2017. This includes changes to national and local policy, market changes such as residential values, affordable housing values, older people's housing, student housing, non residential values and development land values. The report also considered changes to development costs including construction costs, developer returns and strategic infrastructure and mitigation costs.

6.7 The CILVU, 2018 models a number of development sites (residential and non-residential) and considers variations in land values and development costs across the district. From this the impact of CIL is inferred and variable rates have

been identified. The CIL Guidance is clear that CIL should not be set at the limits of viability. In considering the rates of CIL it has been assumed that the Residual Value should generally be 50% above the Viability Threshold.

6.8 The consultants conclusions resulting from the evidence identify five geographical zones within the district with significantly different viability characteristics as set out in Table 2 below. In particular, the study identifies differential values between sites within and outside the urban areas (shown on the Local Plan policies maps as the Built Up Area Boundaries, excluding the strategic allocations) and between the northern and the coastal parts of the district (north and south of the A259). The consultants have also undertaken a more detailed viability assessment of the strategic housing allocations in the ALP, 2018 and have identified that infrastructure costs associated with these sites justify a separate charging zone.⁽¹⁾ The study has also found that on sites where the provision of affordable housing is a policy requirement (sites of 11 units or more), viability varies across the district.

6.9 In respect of commercial development, the evidence resulting from the viability study recommends that the majority of uses are unable to pay CIL with the exception of supermarkets and the retail warehouse format. Table 6.1 overleaf shows and describes the zones.

1 It should be noted that in the case of the CIL charging schedule zones, the strategic housing allocation sites included in Zone 1 are shown separated from the built up area boundary (BUAB). This is in contrast to the Local Plan Policy Maps which include the strategic allocations within the BUAB. This differentiation only applies for the purposes of illustrating the CIL Charging Schedule and does not infer changes to the Local Plan policies maps

6 Viability Evidence

Zone	Characteristics
Zone 1	The strategic sites at Pagham South, Pagham North, West of Bersted, BEW, Fontwell, Yapton, Ford, Climping, LEGA and Angmering North
Zone 2	Within the urban boundaries in the Northern Area - being that area to the north of the A259
Zone 3	Not within the urban boundaries in the Northern Area - being that area to the north of the A259
Zone 4	Within the urban boundaries in the Coastal Area - being that area to the south of the A259
Zone 5	Not within the urban boundaries in the Coastal Area - being that area to the south of the A259

Table 6.1

6.10 Paragraph 7.52 and Table 7.3 of the CILVU, 2018 set out the recommended CIL charging zones and CIL charging rates.

7 The Draft Charging Schedule

7.1 Having had regard to all the evidence produced to support the preparation of the Draft Charging Schedule, as summarised above, the Council's proposed charging rates are as follows:

Development Type	Site Size	Zone	Rate of CIL
Residential			
	N/A	Zone 1	£0/m ²
	Sites of 10 and fewer units	Zone 2 and 3	£150/m ²
	Sites of 10 and fewer units	Zone 4 and 5	£100/m ²
	Sites of 11 and more units	Zone 2	£70/m ²
	Sites of 11 and more units	Zone 3 and 5	£100/m ²
	Sites of 11 and more units	Zone 4	£0/m ²
Flats			
	N/A	Zone 2 and 3	£100/m ²
	N/A	Zone 4 and 5	£0/m ²
Older People's Housing Sheltered Housing and Extracare housing			
	N/A	Zone 2 and 3	£70/m ²
	N/A	Zone 4 and 5	£0/m ²
Retail			
Town Centre Shops	N/A	N/A	£0/m ²
Supermarkets and Retail Warehouse	N/A	N/A	£110/m ²
All other development	N/A	N/A	£0/m ²

Table 7.1

NOTES

7.2 The Charging Zones are mapped on the plan in Appendix 1 - Charging Zones Map.

7 The Draft Charging Schedule

7.3 Older People's Housing is discussed in the LPVU, 2017. Paragraphs 4.67 - 4.70 of the report provides descriptions of the types of accommodation that this includes: "Sheltered or retirement housing is self-contained housing, normally developed as flats and other relatively small units. Where these schemes are brought forward by the private sector there are normally warden services and occasionally non-care support services (laundry, cleaning etc.). Extracare housing is sometimes referred to as very sheltered housing or housing with care...". This development type does not include residential institutions such as care homes.

7.4 Supermarket should be defined as 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. (see paragraph 7.11 of CILVU, 2018).

7.5 Retail warehouse should be defined as large stores specialising in the sale of comparison goods (such as carpets, furniture, and electrical goods) DIY items and other ranges of goods catering mainly for car borne customers. (see paragraph 7.11 of CILVU, 2018).

7.6 These rates have been prepared with a viability buffer of 50% over and above the viability threshold.

7.7 The rates have also been calculated as a proportion of land value (less than 25%) and as a proportion of Gross Development Value (less than 5%).

8 Draft Instalments Policy

8.1 The importance of allowing CIL to be paid through the life of a project was raised. The analysis in the CIL Update Report (July, 2018) is therefore based on the assumption that CIL is paid through the life of the schemes. The following instalment policy is suggested in the report and presented below for comment:

Amount of CIL	Number of Instalments	Payment periods and amount
Any amount less than £10,000	One payment	Total amount payable within 60 days of commencement of development
Amount equal to £10,000 or less than £50,000	Three instalments	60 days, 120 days and 180 days of commencement of development
Amount equal to £50,000 or less than £100,000	Four instalments	60 days, 180 days, 360 days and 540 days commencement of development
Amount higher than £100,000	Five instalments	60 days, 180 days, 360 days, 540 days and 720 days commencement of development
<p>Note: Commencement is defined in Regulation 67 of the Community Infrastructure Levy Regulations 2010 (as amended) as relating to the date given on the commencement notice submitted to the charging authority.</p>		

Table 8.1

9 Exemptions and Relief

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9.1 In accordance with the CIL Regulations, certain types of development are exempt from liability to pay a CIL charge. These include the following:

- minor development eg. an extension to an existing building where the gross internal area of new build will be less than 100 square metres,
- residential annexes or extensions,
- self build housing and
- charitable development eg. where a development is occupied or under the control of a charitable institution.

9.2 Social Housing development is eligible for relief from liability to pay CIL. This means that although social housing is not exempt from liability to pay a CIL charge, relief from the CIL charge can be applied for a development which qualifies under the definition of social housing.

9.3 Finally, charging authorities are able to give certain other types of development relief from liability to pay a CIL charge. This is called discretionary relief. Discretionary relief can be given on the following types of development:

- discretionary charitable relief: investment activities
- discretionary relief for exceptional circumstances
- discretionary social housing relief

9.4 The council will consider whether to implement discretionary relief following adoption of the Charging Schedule.

10 Annual Monitoring

10.1 The council will monitor CIL income on an annual basis and publish a report in accordance with Regulation 62A of the CIL (Amendment) 2013 Regulations.

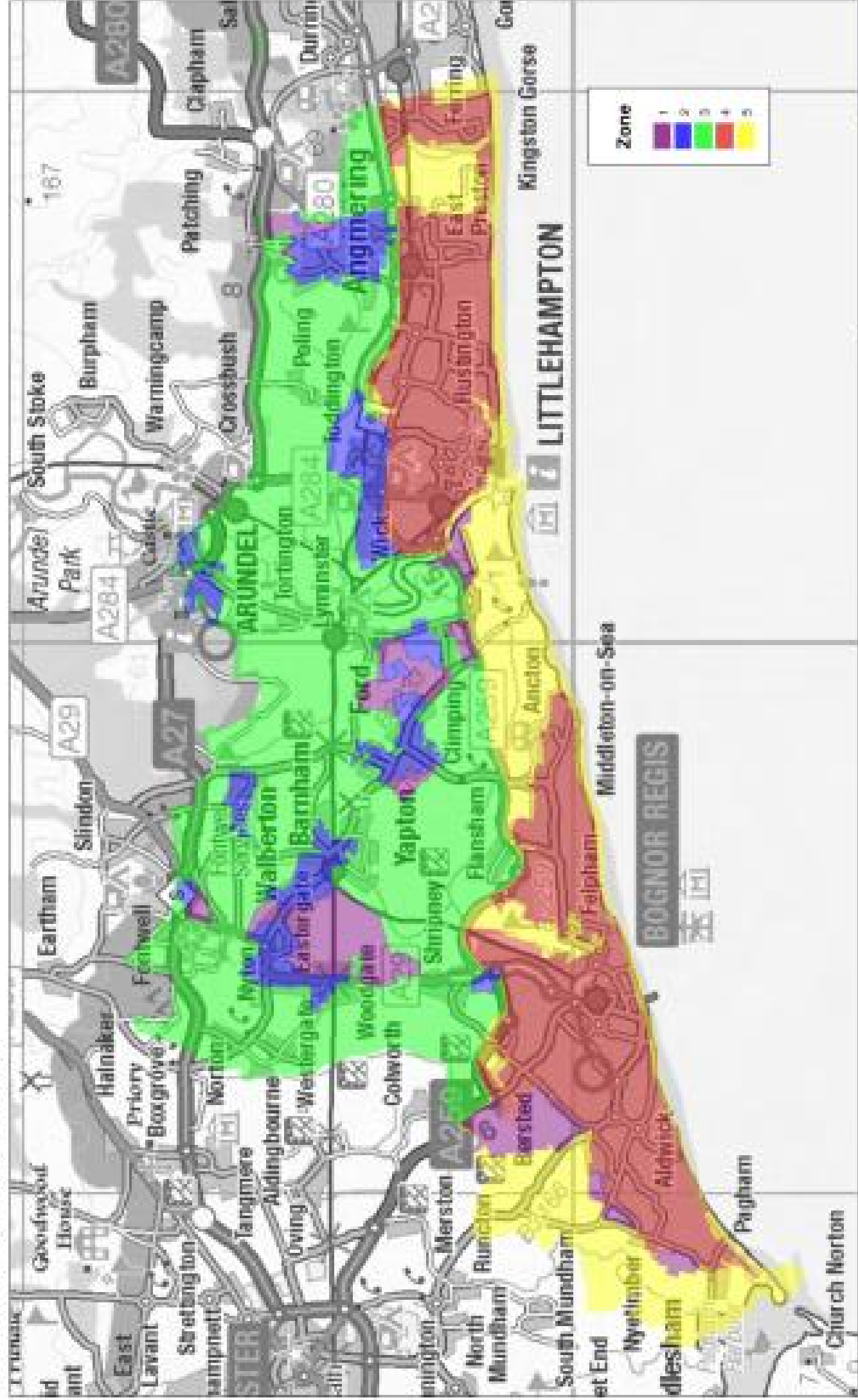
10.2 Where the council have pooled the levy and/or combined it with other sources of funding for investment in strategic infrastructure, the council will show how the various contributions have been committed.

10.3 Where parish and town councils receive a portion of the levy, the income and spending must be reported by the Parish and Town councils in accordance with regulation 62A of the CIL (Amendment) 2013 Regulations.

11 Appendix 1 - Charging Zones Map

11 Appendix 1 - Charging Zones Map

CIL CHARGING ZONES



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