



SOLIHULL MBC

COMMUNITY INFRASTRUCTURE LEVY (CIL): PRELIMINARY DRAFT CHARGING SCHEDULE

CONSULTATION DOCUMENT

March 2013

CONTENTS

Contents.....	1
Introduction	2
Responding to this Consultation.....	3
Stages in Preparing a Charging Schedule.....	4
The CIL Test.....	4
Relevant Evidence.....	4
Solihull Draft Local Plan (September 2012).....	4
Solihull Infrastructure Delivery Plan (September 2012)	5
Community Infrastructure Levy – Viability Study (CBRE December 2012)	5
Setting the CIL Rate.....	6
Proposed CIL Rates	6
Residential (C3).....	6
Retail (A1)	6
Financial & Professional Services (A2).....	6
Restaurants & Cafes (A3), Drinking Establishments (A4) & Hot Food Takeaways (A5) ...	6
Hotels (C1)	7
Residential Institutions (C2) (excluding hospitals & training centres).....	7
Car Dealerships (sui generis)	7
All other uses.....	7
Calculating a CIL Liability.....	10
When is CIL Liable ?	10
Section 106 and 278 Agreements.....	10
Exceptional Circumstances	11
How will CIL be Spent ?.....	12
Consultation Questions.....	12
Other Sources of Information	13
Solihull MBC.....	13
Department for Communities and Local Government	14
HMSO.....	14
Royal Town Planning Institute.....	14
Planning Advisory Service.....	14
Planning Officers Society	14
Contact Details.....	15

INTRODUCTION

The Community Infrastructure Levy (also referred to as CIL) is a funding mechanism that local authorities can choose to apply to new developments to raise funds. The money can then be used to fund a wide range of infrastructure that is needed as a result of development. This includes new or safer road schemes, flood defences, schools, health & social care facilities, park improvements and leisure centres.

The Local Plan has aspirations for growth across the Borough including 11,000 new homes (from 2006-2028), new retail developments and employment opportunities. To ensure that these developments are properly supported it is necessary to consider what infrastructure requirements they may have.

Most new development relies on infrastructure in some form or other, even if this is only due to its contribution towards the cumulative impact of a larger number of small developments. It's only appropriate that such development pays a share of the costs towards providing or upgrading this infrastructure. Those that benefit from the grant of planning permission should share that gain with the community by funding infrastructure requirements.

The adoption of a CIL will provide more certainty to developers and land owners about how much they will need to contribute as developments are progressed.

Once an authority has adopted a CIL, new development is liable to pay the charge based on the floorspace created by the development. The money to be paid is calculated based on the authority's CIL charging schedule. This document is the first stage in bringing forward a charging schedule for Solihull.

Before a local authority can introduce a CIL it must consult on its intended charging schedule. This consultation is the first opportunity to comment on the proposed charges.

RESPONDING TO THIS CONSULTATION

The consultation period runs from 15th March to 26th April 2013. All responses made within this period will be fully considered before the Council decides on the next stages.

Comments on the consultation should be sent to:

Email: psp@solihull.gov.uk

Post: Policy & Spatial Planning
Solihull MBC
Council House
Manor Square
Solihull
B91 3QB

Information on the CIL has been published on the Council's web site which can be found at www.solihull.gov.uk/planning/ldf/cil.

When responding please include the following:

- Your name, address, telephone number & email address
- If you are representing another person, their name & address
- Whether you are supporting or objecting to the charging schedule.
- Any answers you wish to make to the consultation questions set out towards the end of this document.
- Any other comments.

Please note that your representations will not be kept confidential and may be made available for inspection by others, although phone numbers and signatures will be redacted.

This consultation is being undertaken to fulfil the requirements of Regulation 15 of the Community Infrastructure Levy Regulations 2010 (as amended).

STAGES IN PREPARING A CHARGING SCHEDULE

The CIL regulations set out a number of requirements that authorities must follow before a charging schedule can be adopted. These are as follows:

- Collect appropriate, available evidence.
- Consult on a Preliminary Draft Charging Schedule (PDCS) – **this is the stage the Council is currently at.**
- Consult on a Draft Charging Schedule (DCS).
- Submit the DCS (together with representations made upon it) for examination by an independent person (for instance an Inspector from the Planning Inspectorate). This can include a public hearing (similar to the Local Plan process).
- Examiner’s report received. The examiner can recommend that the charging schedule is either approved, rejected or modified.
- Charging Schedule (CS) adopted by resolution of the Full Council

THE CIL TEST

In deciding whether to introduce CIL, the Council must take into account the effect it would have on economic viability of new development in the Borough. The regulations set out this key test in the following manner:

‘In setting rates the authority must aim to strike what appears to the authority to be an appropriate balance between the desirability of funding infrastructure through CIL and the potential effects (taken as a whole) of the imposition of CIL on economic viability of development across its area.’

CIL rates can be set on a differential basis based upon the location of the development and/or the type of development. This means that different rates can be set for different areas of the Borough and whether the development is for example: new homes, offices or shops.

RELEVANT EVIDENCE

In order to undertake the test outlined above, it is necessary to compile “relevant evidence” relating to known infrastructure requirements and the impact upon economic viability that a CIL would have. The evidence base used to produce Solihull’s Preliminary Draft Charging Schedule is as follows:

Solihull Draft Local Plan (September 2012)

A local authority should have an up-to-date development plan in order for it to introduce a CIL. This will be the Council’s Local Plan. The Solihull Draft Local Plan (SDLP) was submitted

for independent examination in September 2012 and hearings into the plan commenced in January 2013. The Inspector's report is expected later in 2013. The CIL charging schedule is being developed alongside the Local Plan, but will not be adopted before the plan is adopted.

Solihull Infrastructure Delivery Plan (September 2012)

As part of the evidence base for the Local Plan the Council has produced an Infrastructure Delivery Plan (IDP). The IDP helps to demonstrate the deliverability of the Local Plan and lists the infrastructure projects identified to support the development aspirations of the Plan. It also seeks to identify funding sources for this infrastructure. As part of the evidence base for the Local Plan, the soundness of the IDP will be considered as part of the Local Plan examination.

The IDP has identified a funding gap of around £124m, but this is prone to change as requirements will change over time. Nevertheless it demonstrates a funding gap at this point in time and therefore there is a role for CIL to play in making up, at least in part, this funding gap.

The IDP can be found at:

http://www.solihull.gov.uk/Attachments/Infrastructure_Delivery_Plan_September_2012.pdf

Community Infrastructure Levy – Viability Study (CBRE December 2012)

This evidence takes the form of a study produced by the Council's strategic land consultants CBRE. The study tests viability of various notional projects taking into account other policy requirements such as affordable housing provision, in a range of locations in the Borough, with the application of CIL rates ranging from £0 to £150 in steps of £25. Residential and some commercial developments are tested further with CIL rates of up to £650.

Borough wide testing of viability across different development types and locations within the Borough produced a wide range of results – as would be expected within a Borough as diverse as Solihull. As a starting point the three broad character areas used in the Local Plan (Mature Suburbs, Rural Area & North Solihull) were used to test viability as they each provide broadly similar characteristics in property and value terms. The study provides viability evidence to support a differential rate based on both location and type of development using these areas with some minor adjustments to reflect land values.

The report by CBRE can be found at:

<http://www.solihull.gov.uk/akssolihull/images/att36670.pdf>

Setting a charging schedule requires a 'snap-shot' of development viability at the time the evidence is prepared. It is recognised that this will change over time as some developments may not be clearly viable at this time, but will become viable in better market conditions or

if policy development unlocks land for growth and creates favourable economic conditions. The viability report is not therefore intended to represent the Council's view on economic viability in the long term.

SETTING THE CIL RATE

The economic viability report tests various notional developments at varying rates of CIL to ascertain what the maximum levy would be before a development becomes unviable. Using this information a rate has then been selected below this maximum level to ensure that development remains viable. Indeed it is preferable that the rate should be some way below the maximum indicated to be viable so that it reflects the potential effects taken as a whole and retains an incentive for development.

The proposed CIL rates represent a cautious but fair balance that would generate sufficient CIL to contribute towards infrastructure provision in part (but not in full), whilst not detrimentally impacting upon economic viability across the area when taken as a whole.

PROPOSED CIL RATES

The proposed CIL rates expressed in pounds per m² is as follows:

Residential (C3)

<i>North Solihull</i>	<i>Mature Suburbs</i>	<i>Town Centres</i>	<i>Rural Area</i>
Nil	£75	£75	£150

Retail (A1)

<i>Type</i>	<i>North Solihull</i>	<i>Town Centres</i>	<i>All other areas</i>
Supermarkets/convenience stores ≥ 550m ²	Nil	£300	£300
Convenience stores < 550m ²	Nil	£150	£150
Other retail formats	Nil	£25	£50

Financial & Professional Services (A2)

<i>North Solihull</i>	<i>All other areas</i>
Nil	£25

Restaurants & Cafes (A3), Drinking Establishments (A4) & Hot Food Takeaways (A5)

<i>North Solihull</i>	<i>All other areas</i>
Nil	£100

Hotels (C1)

North Solihull	All other areas
Nil	£25

Residential Institutions (C2) (excluding hospitals & training centres)

North Solihull	All other areas
Nil	£25

Car Dealerships (sui generis)

North Solihull	All other areas
Nil	£25

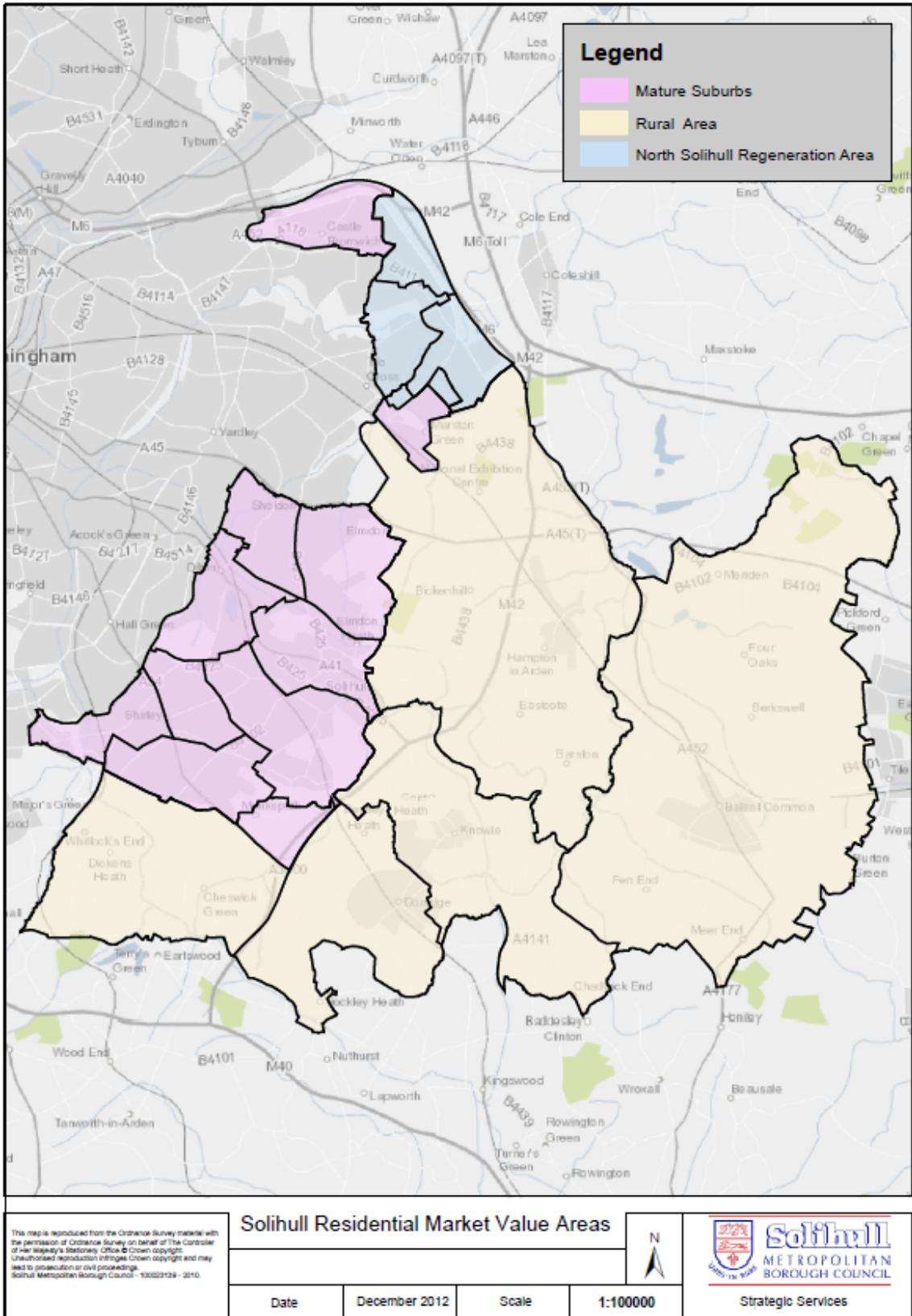
All other uses

North Solihull	All other areas
Nil	Nil

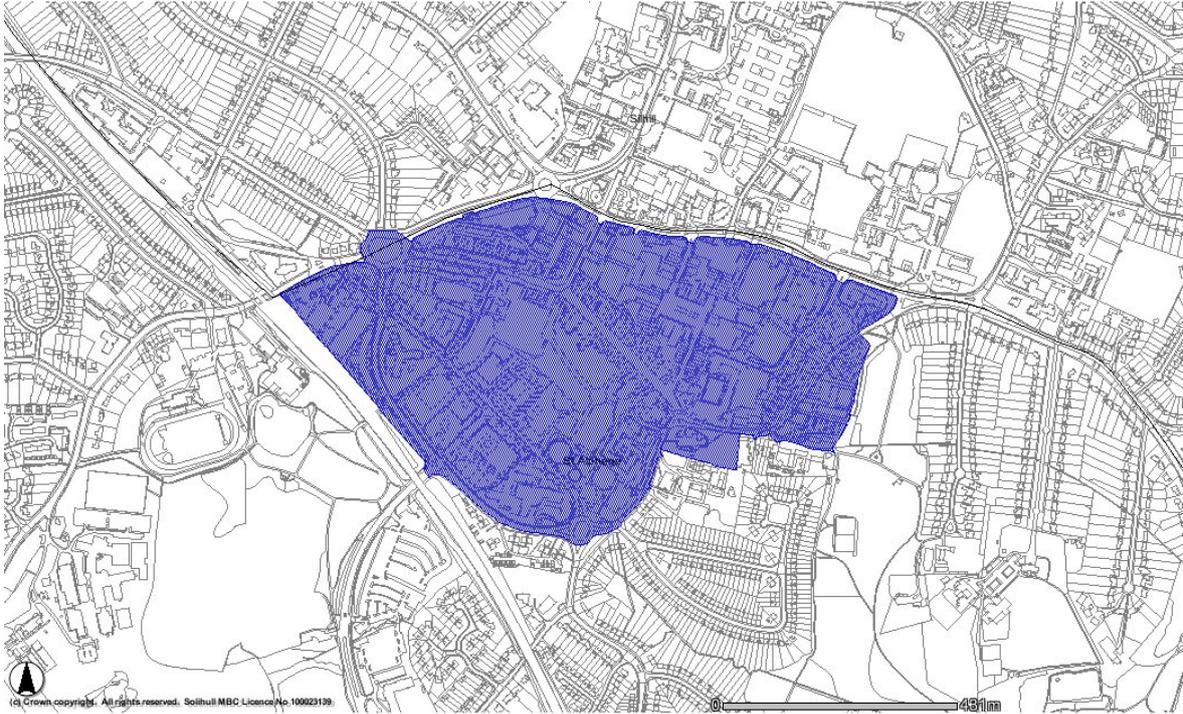
In the event that a planning permission includes a development that is designed to accommodate a mix of uses, then unless otherwise specified in the permission (e.g. by condition which sets out the floorspace in each category) the higher CIL will be charged.

The charging zones are indicated on the maps on pages 8 and 9.

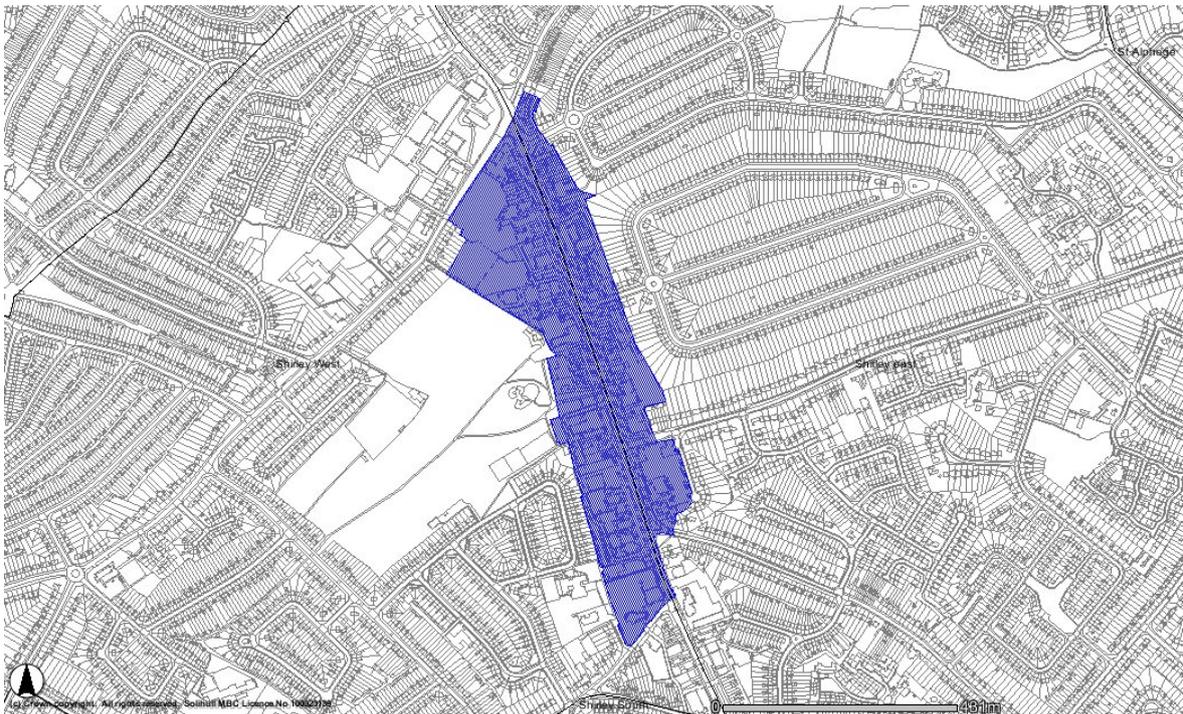
The rates identified for town centre developments only relate to Solihull & Shirley town centres, the boundaries of which are indicated on page 9.



CIL Charging Zones



Solihull Town Centre



Shirley Town Centre

CALCULATING A CIL LIABILITY

The CIL liability is calculated on the basis of pounds per square metre using the appropriate rate set out above based on the type & location of development. The rate is applied to the gross internal floorspace created; less any existing buildings to be demolished (provided the existing floorspace has been in continuous lawful use for at least 6 months in the 12 months prior to the development being permitted).

The chargeable rate will also be subject to inflation based on an annually updated index of inflation. The index to be used is the national All-In Tender Price Index of construction costs published by the Royal Institute Chartered Surveyors' Building Cost Information Service. This will take into account price changes between the CIL being adopted and the date planning permission is granted for the development liable to CIL.

WHEN IS CIL LIABLE ?

If a development is liable for CIL, then payment is due upon the commencement of development (if it were granted permission after the charging schedule was adopted).

When planning permission is granted a liability notice setting out the amount of CIL will be sent out with the decision notice.

The Council has discretion to offer the option of paying CIL in instalments. Although this is not a formal part of the charging schedule the Council invites representations on whether to include such an option, and if so in what terms. The default in the absence of such a policy is full payment within 60 days of commencement for all payments.

For example, an instalments policy could include the following:

<i>Overall CIL Liability</i>	<i>Instalment options</i>
< £20,000	Payment in full within 60 days
£20,000 to £40,000	Payment in 2 equal payments within 60 & 120 days
£40,000 to £100,000	Payment in 3 equal payments within 60, 120 & 180 days
> £100,000	Payment in 4 equal payments within 60, 120, 180 & 240 days

SECTION 106 AND 278 AGREEMENTS

Traditionally S106 (under the Town & Country Planning Act) and S278 (under the Highways Act) agreements have been used to secure infrastructure requirements as a result of new developments. Once a CIL has been adopted there will still be a role for these agreements to continue, but they will be focussed on the site specific impacts that the development would have. This could include highway improvements to allow access to the new

development to be provided, or an agreement requiring the provision of affordable housing within a scheme.

If affordable housing is to be provided on a site, there may be scope to incorporate into the charging schedule a lesser CIL rate for residential developments that accommodate the full local plan requirement of 40% on site affordable housing. This is not currently included in the charging schedule as viability testing has been undertaken on the basis that with the identified CIL rates and 40% on site affordable housing developments will still be viable. Views on this potential approach are invited as part of this consultation.

EXCEPTIONAL CIRCUMSTANCES

Once adopted, the levy applies to all developments that are included in an authority's charging schedule and the Council does not have the ability to waive in whole, or in part, the levy liability other than in exceptional circumstances.

The regulations set out two classes of development that are 'automatically' exempt and the circumstances when the Council can choose to offer further exemptions. This discretion is not formally part of the charging schedule but the Council wishes to use this consultation process to invite representations on whether additional exemptions should be made available.

The following classes of development are excluded by the regulations from being liable to CIL:

- The provision of affordable housing as part of a development.
- Charitable developments that are used wholly, or mainly, for charitable purposes.

Other developments that the Council could give relief to are only in the following circumstances and where the authority has published its policy to do so:

- Developments by charities which are held as an investment from which the profits are applied for charitable purposes.
- Where a specific scheme cannot afford to pay the levy. Relief is only possible in these circumstances if the particular development has an associated section 106 agreement, and the costs of complying with the agreement is greater than the levy charge. It would also need to be demonstrated that paying the full charge would have an unacceptable impact on the development's economic viability. These claims would be considered on a case by case basis.

HOW WILL CIL BE SPENT ?

Separate from a charging schedule, an authority charging a CIL should also maintain a list of infrastructure projects that it intends to fund through the levy. This is generally known as the “Regulation 123 List”. Government guidance is that the Regulation 123 List should be based on the infrastructure list (i.e. in Solihull’s case the IDP) used when preparing the charging schedule.

It is also recognised that infrastructure requirements may change over time and the Council will set out governance arrangements and a strategy for using monies raised through the levy.

The Localism Act requires that a “meaningful proportion” of CIL monies be passed directly to the communities within which the development leading to CIL is taking place. The Government have consulted on what proportion of CIL would constitute a meaningful proportion and regulations are expected that will set out an appropriate percentage. In the meantime a Ministerial statement has announced that this will be 25% of the levy in parished areas that have an adopted neighbourhood plan and 15% for those parish & town councils without a neighbourhood plan.

In ‘parished’ areas the monies will be passed straight to the parish or town council concerned. In other areas it is expected that the Council will consult with local communities on how the CIL monies are to be spent.

The legislation does not allow the levy to be used to provide affordable housing.

CONSULTATION QUESTIONS

In considering whether and how to respond to this consultation, you may wish to consider the following questions. Of course you are welcome to respond with any other relevant issues you wish the Council to take into account.

1. Do you believe that the proposed charges are an appropriate balance between funding infrastructure and the potential effects (taken as a whole) of the imposition of CIL on economic viability of development across the Borough ? If not why not ?
2. Do you believe there is adequate evidence on infrastructure planning and economic viability to introduce a CIL ? If not what additional evidence do you believe is necessary ?
3. Do you agree with the separate charging zones for residential development and the CIL rates based on these zones ? If not what changes do you believe are necessary to make them appropriate ?
4. Should there be different residential rates based on the percentage of affordable housing to be provided on the site ? If so what should the threshold be ?

5. Do you agree with the differential rates for the different types of retail development and are the thresholds appropriate ? If not what changes do you believe are necessary ?
6. Do you agree with the rates for the other types of development ? If not what changes do you think are necessary to make them appropriate ?
7. Do you agree there should be a nil rate for the development types not listed (ie including office, industrial & agricultural developments) ? If not why not ?
8. Do you believe the Council should allow CIL payments to be made in instalments, and if so what should they be ?
9. Do you believe the Council should offer additional exemptions in the circumstances listed above ?
10. Any other comments ?

These questions are set out in a response form available at www.solihull.gov.uk/planning/ldf/cil or simply write to the address given in the section "Responding to this Consultation" on page 3.

Depending on the nature and extent of representations made on this Preliminary Draft Charging Schedule, the Council may make arrangements for one or more focus groups prior to consulting on the Draft Charging Schedule. If you consider that such groups would be beneficial it would be helpful if your response could indicate the subject areas or issues you believe should be covered in a focus group.

OTHER SOURCES OF INFORMATION

Solihull MBC

The Council's web pages relating to CIL can be found at:

www.solihull.gov.uk/planning/ldf/cil

Draft Solihull Local Plan (September 2012):

http://www.solihull.gov.uk/Attachments/Solihull_Draft_Local_Plan_Sept_2012.pdf

Infrastructure Delivery Plan (September 2012):

http://www.solihull.gov.uk/Attachments/Infrastructure_Delivery_Plan_September_2012.pdf

Community Infrastructure Levy – Viability Study (CBRE December 2012):

<http://www.solihull.gov.uk/akssolihull/images/att36670.pdf>

Solihull Full Cabinet 20th December 2012 (CIL – Preliminary Draft Charging Schedule):

<http://www.solihull.gov.uk/akssolihull/users/public/admin/kab12.pl?cmte=CAB&meet=109&arc=71>

Department for Communities and Local Government

Community Infrastructure Levy – Guidance (December 2012):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/36743/Community_Infrastructure_Levy_guidance_Final.pdf

Community Infrastructure Levy – An Overview (May 2011):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6313/1897278.pdf

Community Infrastructure Levy – Collection and Enforcement (October 2011):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6312/1995794.pdf

HMSO

Community Infrastructure Regulations (March 2010) (Statutory Instrument 2010 no. 948):

http://www.legislation.gov.uk/uksi/2010/948/pdfs/uksi_20100948_en.pdf

(It should be noted that these principal regulations have been amended in part by subsequent regulations and the HMSO web site should be consulted for all relevant amendments)

Royal Town Planning Institute

General pages related to CIL: <http://www.rtpi.org.uk/knowledge/core-issues/community-infrastructure-levy/>

Planning Advisory Service

General pages related to CIL: <http://www.pas.gov.uk/pas/core/page.do?pagelid=122677>

Planning Officers Society

General pages related to CIL: <http://www.planningofficers.org.uk/POS-Enterprises/CIL-Infrastructure-Planning/>

CONTACT DETAILS

For more information about CIL in Solihull, or if you have any questions about this consultation, please contact:

<p>Gary Palmer, Head of Design & Development, Places Directorate, Solihull MBC PO Box 11652 Solihull B91 6YA</p> <p>Email gpalmer@solihull.gov.uk Tel (0121) 704 6372</p>	<p>Charlene Jones Planning Officer Policy & Spatial Planning Places Directorate Solihull MBC Council House Manor Square Solihull B91 3QB</p> <p>Email charlene.jones@solihull.gov.uk Tel (0121) 704 8358</p>
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