



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	PLANNING COMMITTEE
DATE:	16 DECEMBER 2014
REPORT OF THE:	HEAD OF PLANNING AND HOUSING GARY HOUSDEN
TITLE OF REPORT:	PUBLICATION OF THE COMMUNITY INFRASTRUCTURE LEVY (CIL) REVISED DRAFT CHARGING SCHEDULE
WARDS AFFECTED:	ALL EXCLUDING THE WARDS FALLING WITHIN THE NORTH YORK MOORS NATIONAL PARK.

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 For Members to agree to publish the revised Draft Charging Schedule (DCS) for formal consultation and subsequent submission to the Secretary of State for Examination in order to progress the introduction of the Community Infrastructure Levy.

2.0 RECOMMENDATIONS

- 2.1 Council is recommended to resolve to:
- (i) Approve the revised Draft Charging Schedule at Appendix 1 for formal public consultation and subsequent submission to the Secretary of State for Examination.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 To progress the production of the Draft Charging Schedule and therefore the implementation of the Community Infrastructure Levy (CIL).

4.0 SIGNIFICANT RISKS

- 4.1 There are no significant risks associated with the report. It is considered that greater risks to the delivery of necessary infrastructure are likely to arise if the Community Infrastructure Levy is not progressed to adoption or if the correct process of producing the Draft Charging Schedule is not followed. Delays to the adoption of the levy also present a risk on the basis that from April 2015, additional limitations on the use of Section 106 contributions will come into force which will restrict the Council's ability to collect contributions from developers towards necessary infrastructure,

should CIL not be operative in advance of the April 2015 deadline.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 Members are aware that the Community Infrastructure Levy is designed to be the main funding source for Ryedale to be able to deliver the strategic infrastructure required to support planned growth established through the Ryedale Plan. The Ryedale Infrastructure Delivery Plan (January 2012), produced to support the Plan sets out the infrastructure requirements that will help to deliver the Plan objectives. This document enabled a funding gap to be calculated, which currently stands at circa. £64 million. The ability to identify an infrastructure funding gap is necessary in order to justify a CIL charge. The Community Infrastructure Levy Regulations 2010 (as amended) set out the regulatory framework which needs to be followed by the Council (the 'charging authority') as it prepares to implement the CIL charge.
- 5.2 CIL charges are outlined in a Charging Schedule and the Regulations establish the procedural requirements for producing this. Following consultation on a Preliminary Draft Charging Schedule, a charging authority is required to produce a Draft Charging Schedule. The latter is the version of the charging schedule which is formally published for consultation and comments received on the Draft Charging Schedule are those that are considered at the CIL Examination.
- 5.3 Regulation 14 of the Regulations provides a central theme that needs be followed when producing a charging schedule. Crucially, it sets out the need to strike a balance between the need to fund infrastructure through the levy whilst also considering the effects the levy may have on constraining development. To this end a charging schedule must have direct regard to the economic viability of development that is likely to take place in Ryedale. Indeed, the viability assessments that are undertaken to support the levy should have regard to all of the policy requirements set out in the Development Plan. This includes developments achieving policy levels of affordable housing.
- 5.4 The Council prepared its Preliminary Draft Charging Schedule in 2013. The document was informed by an economic viability assessment, undertaken by Peter Brett Associates which set out the sources of information and assumptions used to inform the proposed charges. The Preliminary Draft Charging Schedule proposed the following charges:

Use	Proposed CIL charge (per sq.m)
Private market houses:	
<i>Lower Charging Zones</i>	£55
<i>All Other Areas</i>	£70
Supermarkets	£120
Retail Warehouses	£60
Public/Institutional Facilities as follows: education, health, community and emergency services	£0
All other chargeable development	£0

- 5.5 Members of this Committee agreed the Preliminary Draft Charging Schedule in August 2013 and following subsequent ratification by Council, the Preliminary Draft Charging Schedule and the economic viability study were subject to public consultation in accordance with the regulations. This process concluded on 15 November 2013, during which a total of 16 responses were received. A summary of the comments received together with responses to these were considered at the 7 May meeting of Planning Committee (minute 224 refers).
- 5.6 Taking account of the comments made on the PDCS where appropriate, revisions were made and the Draft Charging Schedule (DCS) was produced and consulted on between June and August 2014. The charges proposed in the DCS remained the same as set out at the PDCS stage and shown above.
- 5.7 Following the DCS consultation, a total of 10 representations were received including several noting general support for the approach taken. Those that objected to the DCS, principally raised the same issues as set out in the responses to the PDCS. However one representation in particular identified a potential error in the viability modelling. Following a detailed review of the assessments, unfortunately an error was found to be present in the viability model, which meant that the level of viability had been over-stated in some cases. As a result, the Council's consultants have needed to revisit and revise the viability assessments.

6.0 REPORT

The revised Draft Charging Schedule

- 6.1 The Council's consultants have now corrected the error in the viability model, and then updated the key assumptions that are inputted into the model in terms of sales values, build costs and benchmark land values. In addition, the analyses of patterns of sales values that inform the approach to zoning have also been reviewed and updated. Given that the error in the original viability model results in changes to the original figures, it is necessary to re-consult on a revised DCS. This has sadly caused a time delay to the process of preparing and adopting a CIL charging schedule, to the extent that it will not be possible to have an adopted schedule by April 2015. Revised

viability assessments, along with all of the assumptions which underpin them, are set out in a Revised Draft Charging Schedule Viability Report that will be published as part of a consultation on the revised DCS.

- 6.2 In recommending charge rates based on the evidence, the starting point is a calculation of the maximum possible charge for each use that is consistent with maintaining viability. It is then necessary to draw down from these maxima to ensure that the vast majority of development will remain viable. Consistent with previous work, the Council's consultants recommend charges are set at 50% - 75% of the maximum to achieve this, and balance the need to maintain viability, with the need to fund the infrastructure that is required to enable growth.
- 6.3 The revised assessments show that small adjustments to the DCS are required. The viability of residential development in lower value areas is shown to be lower than previously assessed. In addition, increased sales values mean that slightly higher charges for residential development in moderate and higher value areas are appropriate. No changes are required to the charges proposed for non-residential development. However, the changes to the residential charges proposed still mean that it is necessary and appropriate to consult on a revised DCS. The charge rates proposed in the Revised DCS are shown below.

Use	Proposed CIL charge (per sq.m)
Private market houses:	
<i>Lower Charging Zones</i>	£45
<i>All Other Areas</i>	£85
Supermarkets	£120
Retail Warehouses	£60
Public/Institutional Facilities as follows: education, health, community and emergency services	£0
All other chargeable development	£0

- 6.5 As can be seen the residential charge for lower charging zones has been reduced by £10 to £45, and for all other areas has increased by £15 to £85. All other charges remain the same. Officers consider that the charges reflect the need to strike the necessary balance required in the regulations in relation viability and that they are fully supported by robust evidence.
- 6.6 It should also be noted that the geographical extent of the charging zones for private market houses remain the same. (See charging zone map included in Appendix 1)
- 6.7 It is considered that the Council is now at the stage where the revised Draft Charging Schedule can be taken through the final formal stages of production. This process involves an additional consultation period following which any additional comments will be reviewed. Given that this is a revised DCS, Officers consider that the statutory minimum of four weeks is the appropriate consultation period. Subject to the outcomes of this consultation, the Draft Charging Schedule will then be submitted for

Examination along with all of the representations received.

- 6.8 The Regulations prescribe the procedural requirements for the formal publication and submission of the Draft Charging Schedule.

Other Procedural Matters

- 6.9 An important procedural requirement particularly at the formal stages of the preparation of a DCS is that it is taken forward in accordance with a timeframe achievable for adoption. The previously stated timescales have been altered by the discovery of the error in the model. Officers consider the following revised milestones should now be used for the next stages of the process:

Revised DCS consultation – January 2015

Submission – February 2015

Adoption – June 2015 (this date is an estimate and depends on the nature of representations received and the capacity of the Planning Inspectorate)

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:

a) Financial

A budget has been set aside for the preparation of the Draft Charging Schedule and the costs of an Examination. Any additional work that has been required as a result of the error will be done at the Consultant's own expense. Once CIL is in place, it will generate revenue to the Council, although this revenue is ring-fenced for spending on a list of infrastructure items that the Council produces. This accompanies the charging schedule and is updated on a regular basis.

b) Legal

Preparation of the charging schedule is be subject to the requirements of the Community Infrastructure Regulations 2010 (as amended). On adoption, CIL will become a mandatory charge for development listed in the charging schedule.

8.0 NEXT STEPS

- 8.1 Officers will complete the administrative arrangements which are required to ensure that the Revised Draft Charging Schedule is published in accordance with statutory requirements. All those individuals or organisations who have previously submitted comments on the charging schedule will be notified, alongside the statutory consultees listed in the Regulations. A copy of the Revised Draft Charging Schedule will also be made available at Ryedale House and on the Council's web-site.

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Background Papers:

Revised Viability Assessment, December 2014
Background Papers are available for inspection at:
www.ryedaleplan.org.uk