

Name of meeting: Cabinet Date: 6th October 2015

Title of report:Consultation on the Community Infrastructure Levy -
Preliminary Draft Charging Schedule.

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	The proposal will have an effect on all Wards
Is it in the Council's Forward Plan?	Yes
Is it eligible for "call in" by <u>Scrutiny</u> ?	Yes
Date signed off by <u>Director</u> & name	Jacqui Gedman - 28/09/15
Is it signed off by the Director of Resources?	David Smith - 23/09/15
Is it signed off by the Assistant Director - Legal, Governance & Monitoring?	Julie Muscroft - 24/09/15
Cabinet member portfolio	Councillor Peter McBride - Transportation, Jobs, Skills and Regional Affairs

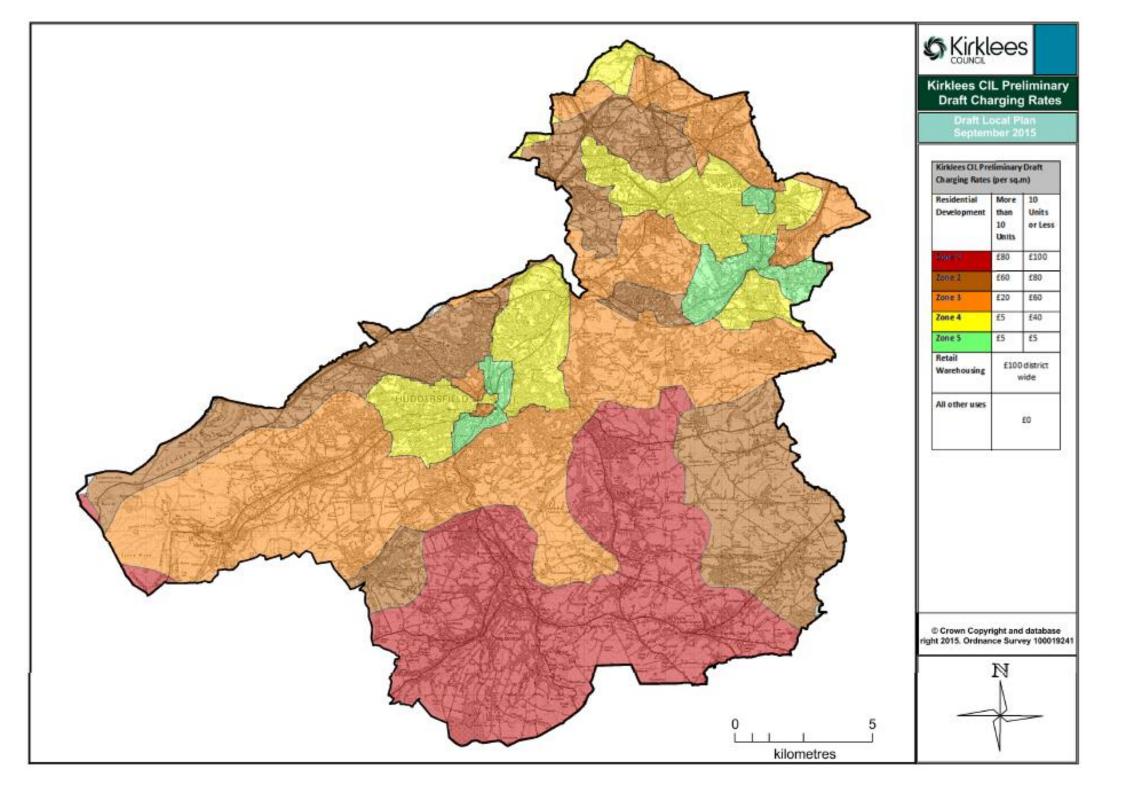
Electoral <u>wards</u> affected: All Ward councillors consulted: None at this stage.

Public or private: Public

1. Purpose of report

This report requests approval to consult on draft Community Infrastructure Levy (CIL) rates in a Preliminary Draft Charging Schedule at the same time as public consultation takes place on the Local Plan in November 2015. A schedule setting out the proposed consultation arrangements is attached as an appendix to this report.

It is also requested that any minor amendments needed to prepare the Preliminary Draft Charging Schedule and its supporting information for public consultation and/or any final amendments to the consultation arrangements set out in this report are delegated to the Director of Place.



2. Key points

The CIL is effectively a development tax that local planning authorities can implement to help pay for new infrastructure that is needed to support new development.

CIL rates have to be based two main pieces of evidence;

- An assessment of development viability across the district which tests the impacts of national and local planning policies and recommends CIL rates that will not render development unviable.
- The infrastructure assessment that supports the Local Plan and identifies what infrastructure schemes the CIL can help to fund.

We have therefore commissioned consultants who have gathered evidence Kirklees wide of the current viability of different types of development and recommended CIL rates as outlined on the above plan. These proposed CIL rates have been assessed against the future infrastructure that is required to support the Local Plan.

Based on these pieces of evidence the Council has to strike an appropriate balance between; the need to fund infrastructure; the likely requirements of policies in the Local Plan such as affordable housing contributions and making sure there is enough development viability so that the growth identified in the Local Plan can come forward. Due to the interrelationship of these issues, national guidance recommends that the CIL and the Local Plan are developed at the same time.

The decision to consult upon the CIL Preliminary Draft Charging Schedule is the first stage of the process. It does not commit the Council to implementing CIL. The comments received during the consultation period will be considered and any relevant changes made to create a Draft Charging Schedule which will require another period of consultation prior to submission to an Independent Inspector to examine the CIL. The Council can then decide whether to adopt the CIL.

CIL Income Estimates

By applying the draft CIL rates to accepted housing sites in the draft Local Plan it is estimated that circa £37 million could be raised by the CIL across the plan period up to 2031.

Leeds City Region CIL Authority Progress

There are a number of Leeds City Region authorities making swift CIL progress due to senior management and member pressure and the related loss of income from Section 106 pooling restrictions.

Authority	Timetable
Leeds	Charging CIL since 6 th April 2015
Wakefield	CIL Examination 6 th and 7 th October 2015
Bradford	Preliminary Draft Charging Schedule consultation on-going
Calderdale	Preliminary Draft Charging Schedule in development

Table 2: Leeds City Region Authority CIL progress

Barnsley	Preliminary Draft Charging Schedule consultation held
	June/July 2015

CIL, Planning Obligations (Section 106) and Neighbourhood Planning

The CIL will work alongside planning obligations, known commonly as section 106 agreements, on planning applications to deliver infrastructure and make schemes acceptable in planning terms. The CIL will aid in delivering new infrastructure to support new development, while planning obligations will continue to be used to ensure that specific schemes can be considered acceptable in planning terms, securing matters such as affordable housing and site specific requirements.

New restrictions on existing planning obligations were introduced on 6 April 2015. These have limited the number of planning obligations the Council can pool to deliver infrastructure to just five, with these needing to be for specific detailed schemes. The CIL has no such restrictions, and can be collected on a range of developments and then 'pooled'. The pooled levy can then be spent on a range of infrastructure, providing greater flexibility in the delivery of local infrastructure.

Receipts from the CIL will also be passed back to the communities where development takes place, with 15% passed back to local communities or 25% if the local community has a neighbourhood plan or neighbourhood development order in place.

The CIL Regulations ensure that developments are not charged twice for the same infrastructure type or project (i.e. through both a section 106 agreement and a CIL charge) by restricting the extent of planning obligations. The Council is therefore required to publish a list of infrastructure it intends to fund via CIL which is known as the Regulation 123 List, as detailed in Table 3 below.

CIL Infrastructure	S106/S278/Scheme Design/Conditions
Strategic transport infrastructure Kirklees	On-site and transport infrastructure close
wide	to the development site which makes a
	development acceptable in planning
	terms
Strategic school infrastructure Kirklees	On-site school provision relating to major
wide	development sites (tbc)
Strategic open space infrastructure	On-site open space required to make
Kirklees wide	developments acceptable in planning
	terms
Strategic flood alleviation schemes	On-site flooding and drainage mitigation
Kirklees wide	
Strategic community and cultural	On-site community and cultural
infrastructure Kirklees wide	infrastructure relating to major
	development sites (tbc)
Strategic sports, leisure and recreation	On-site sports, leisure and recreation
infrastructure Kirklees wide	infrastructure relating to major
	development sites (tbc)

Table 3: Preliminary Draft Regulation 123 List

Affordable Housing

The draft Local Plan affordable housing policy has been tested by the viability assessment and used to inform the CIL rates. The draft affordable housing policy is:

Developments more than 10 units:	20% of units to be affordable
Development of 10 Units or less:	Zero affordable housing

The affordable housing rate and threshold at which the policy starts to apply has been drafted based on the up to date viability evidence and affordable housing needs. It is judged that developments of over 10 dwellings are more likely to be able to deliver affordable units. This is not to say that all developments of 10 dwellings and under cannot demonstrate some residual value, and this is reflected in higher CIL rates in more viable market areas. This issue forms part of the wider balance that has to be considered between the delivery of affordable housing, infrastructure funding and ensuring Local Plan delivery.

Nominal Charging Rate (£5 rate)

The viability assessment identifies that in some areas of the district there is limited viability to charge any CIL for the types of housing development that have been tested. There is nonetheless the potential to set a nominal rate in these areas so that all liable housing developments across the district make a contribution towards the improvement of infrastructure. The Kirklees CIL Preliminary Draft Charging Schedule therefore includes £5 nominal rates in residential charging zones 4 & 5.

Some authorities, including Leeds, have taken this approach. This approach can be justified using evidence including recent S106 agreements in the areas of low viability to demonstrate that individual schemes can afford some charges. The relatively minor impact of low CIL charges on development viability compared to other variables such as build costs and sales values also provides further justification.

Exemptions, Relief and Payment Terms

Exemptions

The CIL Regulations exempt the following developments from paying the CIL:

- Development of less than 100 sqm of new build floorspace, provided that it does not result in the creation of a new dwelling;
- Where the levy liable is calculated to be less than £50 overall;
- Specified types of development which the Council has decided should be subject to a 'zero' rate and specified as such in their charging schedules;
- Development of buildings and structures into which people do not normally go (eg, pylons, wind turbines, electricity sub stations);
- Development by registered charities for the delivery of their charitable purposes;
- Those parts of a development which are to be used as social housing;

- The conversion of any building previously used as a dwelling house to two or more dwellings;
- The conversion of, or works to, a building in lawful use that affects only the interior of the building;
- Residential annexes and extensions (where the person who would normally be liable for the charge owns a material interest in the main dwelling and occupies the main dwelling as the sole or main residence);
- Self-build housing where a dwelling is built by the person who would normally be liable for the charge (including where built following a commission by that person) and occupied by that person as their sole or main residence.
- Vacant buildings which are brought back into the same use.

Discretionary Relief and Exceptional Circumstances Relief

Discretionary relief to the CIL can also be provided at the discretion of the Council. However any such relief needs to form part of a discretionary relief policy and any such discretionary relief is not part of this stage of the development of the CIL, and may be published at a later date.

Phased Payments of CIL

The CIL Regulations allow the Council to introduce a phased payments procedure or instalments policy if they consider it appropriate, to allow payments of the CIL to be phased over different time scales. Currently the Council is considering whether this approach is appropriate to collect the CIL payments in the district, and an instalments policy would need to be developed in the future, though it does not form part of the Preliminary Draft Charging Schedule. Any such policy would be published at a later date.

Payments in Kind

The CIL regulations allow the Council to accept payments in kind where appropriate in the form of land or infrastructure to offset the charge required by the CIL. The value of both the land and infrastructure payments must be equal to the value of the land / infrastructure required. Such arrangements should only be accepted when they facilitate the provision of infrastructure to support the development of the area.

Payments in kind are at the discretion of the Council and currently the Council is considering whether this approach is appropriate. If appropriate a payments in kind policy would need to be developed in the future, though it does not form part of the Preliminary Draft Charging Schedule. Any such policy would be published at a later date.

3. Implications for the Council

Benefit

New restrictions on existing planning obligations such as section 106 agreements were introduced on 6 April 2015. These have limited the number of planning obligations the Council can pool to deliver infrastructure to just five, with these needing to be for specific detailed schemes. The CIL however has no such restrictions, and can be collected on a range of developments and then 'pooled'. The pooled levy can then be spent on a range of infrastructure, providing greater flexibility in the delivery of local infrastructure.

Risks

The risk of not consulting on the CIL Preliminary Draft Charging Schedule in the same time frame as the Local Plan making will lead to a significant delay in its implementation. This has significant ramifications for the Council's ability to obtain revenue from new development in the district. In the long term this will reduce the ability of the Council to provide essential infrastructure required as a consequence of new development and increased pressure on local services.

Costs

The cost of public consultation activity will be met from the existing Local Plan budget.

Equalities

A stage 2 Equality Impact Assessment has been undertaken for the Preliminary Draft Charging Schedule which is attached.

4. Consultees and their Opinions

As part of the developing the viability evidence for the CIL an external consultation workshop has been held with relevant development industry representatives to share the assumptions and methodology for viability testing. In addition, a wide range of internal and external consultees have been interviewed for information relating to the draft Infrastructure Delivery Plan to determine whether a funding gap exists for essential infrastructure provision, which is needed to justify CIL charging.

In accordance with the Council's Statement of Community Involvement and other Council consultation protocols, and following the statutory regulations laid out for preparing development plan documents, the Council now needs to consult all interested parties on the Preliminary Draft Charging Schedule.

5. Next steps

Subject to Cabinet approval, the Council will consult on the Preliminary Draft Charging Schedule and its supporting documents for a 6 week period commencing on 9th November 2015 and closing on Friday 18th December 2015. The consultation will be carried out in accordance with the proposals set out in the consultation schedule attached as an Appendix to this report.

6. Officer recommendations and reasons

To agree to consult on the Preliminary Draft Charging Schedule and its supporting documents in November 2015

Reason: to ensure that the Council continues to make progress on preparing its Community Infrastructure Levy.

To agree that that any minor amendments needed to prepare the Preliminary Draft Charging Schedule and its supporting information for public consultation and/or any final amendments to the consultation arrangements set out in this report are delegated to the Director of Place.

Reason: so that final printing and publication arrangements can be put in place and for any minor errors to be rectified.

7. Cabinet portfolio holder recommendation

Relevant Portfolio Holders have been briefed on the proposed charging rates set out in the Preliminary Draft Charging Schedule. The consultation arrangements set out in this report have also been discussed and agreed with relevant Portfolio Holders.

8. Contact officer and Relevant Papers

Contact Officer:

Richard Hollinson Policy Group Leader 01484 221000 richard.hollinson@kirklees.gov.uk

9. Assistant Director Responsible

Paul Kemp Assistant Director (Acting) – Place 01484 221000 paul.kemp@kirklees.gov.uk

Appendix 1: Consultation Schedule Appendix 2: Equality Impact Assessment

APPENDIX 1 – Consultation Schedule Outline

The Draft Local Plan and the Preliminary Draft Charging Schedule will go out for public consultation for 6 weeks in early November 2015:

• Monday 9th November to Friday 18th December (or Sunday 20th December)

This is consistent with statutory guidelines and recognised good practice. The issue is a complex one, but affects all sectors of our community, from businesses, to residents, and from groups who are highly engaged with the issues, to those who are unaware of the status of a Local Plan/CIL or its significance in shaping life, work and business opportunities across the district. The consultation format proposed therefore seeks to engage people at a level which is appropriate for their level of interest and understanding. In addition, the consultation format also seeks to invite the views of difficult-to-reach and special-interest groups.

Submitting and collating views

The main comment tool will be the availability of the draft Local Plan/CIL on-line through the *Objective* consultation system. This enables users to go through the plan by page and/or section and to submit comments on the document. All information in the public domain will direct people to the *Objective* system to register their views.

While we will accept other written submissions, registering views through the *Objective* system will be promoted as the most effective way to participate in the consultation process.

The summary leaflet will invite people to comment by email, in writing to a postal address, and refer those who wish to make detailed responses to the *Objective* system.

ΑCTIVITY	AUDIENCE	DETAIL
 DRAFT PLAN & CIL PUBLISHED Mon 9 Nov on-line full copy made available in locations specified in Statement of Community Involvement: Dewsbury Service Centre and Civic Centre 3 Huddersfield 	residents businesses developers land-owners	The full draft Local Plan/CIL will mainly be of interest to groups and individuals who are already engaged in the Local Plan process.
SUMMARY LEAFLET PUBLISHED Mon 9 Nov	All Simplified overview of the draft Local Plan/CIL, appropriate for those who are less engaged than specifically interested groups and individuals	 12 page summary of the Local Plan/CIL (10,000 copies printed) Made available: in SCI locations (Dewsbury & Huddersfield) Huddersfield, Dewsbury and Cleckheaton Town Halls at all Kirklees Library and Information Centres across the district (26 locations) to all councillors

LETTERS TO LOCAL PLAN DATABASE w/c Mon 9 Nov	Engaged residents, businesses, landowners, developers and special-interest groups	We will write to all those who have previously asked to join our Local Plan/CIL database, to be kept informed of any developments in relation to the Local Plan/CIL. There are 6200 listed on the database. Letter will direct recipient to look at the draft Local Plan/CIL online, and to submit their comments through <i>Objective</i> .
PRESSS w/c 9 Nov	All	Press Release and feature article will be issued when Cabinet Papers are published in advance of meeting on 6 th October. Further press release when the consultation period begins, with further releases to follow as appropriate.
ON-LINE CAMPAIGN w/c Mon 9 Nov	All	Homepage campaign for 2 weeks from w/c 9 Nov Draft Local Plan/CIL published on Planning web pages. Summary leaflet also published on planning web pages. Planning pages to be mobile/tablet optimised to have the appearance of an APP.
		Links through from information documents to the <i>Objective</i> consultation system Homepage campaign will be supported by Facebook and other SM activity throughout the consultation period Intranet campaign for 2 weeks from w/c 9 Nov
FOCUS GROUPS dates tbc within consultation period	Young people People aged 65+ Disabled people Faith groups Businesses BME	Host Focus Groups to encourage contribution and views from specific interest groups who can be harder to reach, or less inclined to contribute. Propose Planning Aid convene 6 focus groups of 10-15 representatives

PUBLIC DROP-IN SESSION full day event in Dewsbury – Tuesday 24 November full day event in Huddersfield – Monday 30 November	Members of the public	Staff will be on hand to explain the plan and answer questions to help members of the public to comment on-line using mobile IT stations. Sessions will include: • explanatory video • draft local plan available • summary leaflets available • mobile workstations for submitting comments
DISTRICT COMMITTEES Within Consultation period or period leading up to consultation	Elected members and members of the public	 A briefing will be given to chairs of district committees about the consultation process: the scope of consultation where to find information how to register views next steps Information will be provided to elected members to enable them to host their own session on the Local Plan/CIL, including: summary leaflets short video explanation of local plan issues (in style of budget consultation using videoscribe)
KIRKLEES TOGETHER (on-line & print) *Print to be distributed towards the start of consultation period *Online story in kirkleestogether.co.uk for the duration of the consultation	Kirklees residents	Kirklees Together (print) is likely to become a shorter signposting format by the autumn. This is distributed to 99% of Kirklees households. Will contain a brief article signposting people to the web, and to Kirklees Together digital magazine for further information. Kirklees Together (digital) will hold an article about the Local Plan/CIL in- keeping with the overall editorial style, signposting people to the Planning pages of the website to read the draft Local Plan and to make their comments.

APPENDIX 2: Equality Impact Assessment EQUALITY IMPACT ASSESSMENT FRONT COVER

Service Details

About the proposal

Ref No.

(to be allocated by the equality and diversity team)

Directorate:	Service:
Place	Investment and Regeneration Service
Lead Officer:	Service Area/Team:
Neil Bearcroft and Thomas Fish	Planning Policy
Officers responsible for	Date:
Assessment:	
Neil Bearcroft	4/9/2015

What are you planning to do?	L.	
Change/Reduce	WHAT	Service provision to the public
Remove		X Policy
X Introduce or charge		Employment Practice/Profile
Review		
Assessed level of Impact	Budg	get Affected
🗌 High		apital
X Medium	X Re	venue
Low		
How has this issue come about?		
Budget Proposal	New fund	ding/Grant Aid
Service Plan	🗌 Legal Du	ity
Loss/reduction in funding Legislation. (inc. end of funding period)	X Other (ple	ease state) A change in Planning

Proposal detail (give a brief outline of what this is about - no max words)

The Community Infrastructure Levy (CIL) is a new levy that the Council is proposing to introduce to charge on new developments in the district. The money collected from the CIL can be used to support development by funding the infrastructure that the Council, local communities and neighbourhoods deem necessary.

Who is the proposal likely to impact?

Age	Marriage & Civil Partnership	Religion & Belief
Disability	Pregnancy &Maternity	Sex
Gender Reassignment	Race	Sexual Orientation
X Other (please state)	It will impact on the development	industry, and those

members of society who directly benefit from infrastructure funding within the district.

The CIL affects those in the development industry as it would be an additional charge for certain types of development in certain areas of the district. It would also impact on those members of society who directly benefit from infrastructure funding within the district.

Which ward area(s) is this likely to affect? Have any of the following been completed?	Y	N
Stage 1 Screening Tool	Х	
Stage 2 Legal Compliance	Х	
Stage 3 Customer focus assessment		Х

Is the proposal likely to have an adverse impact on compliance	with	the	Public
Sector Equality Duty?	Y	Ν	
Ending Unlawful Discrimination, harassment & Victimisation		Х	

Х

Х

Promoting Equality of opportunity

Foster Good Relations

List any supporting documents

N/A

Authorisation

Sign off by lead officer (name)	Signature	Date
Sign off by Assistant Director (name)		Date
Proposed Review Date		

Further Authorisation

Authorising Body	Signature	Date

EQUALITY IMPACT ASSESMENT STAGE 2 – ENSURING LEGAL COMPLIANCE

In what way does your current service delivery help to:	How might your proposal affect your capacity to:	How will you mitigate any adverse effects? (You will need to review how effective these measures have been)
End Unlawful Discrimination?	End Unlawful Discrimination?	
The Planning Service operates within the Council's requirements not to discriminate through the planning application and planning policy making process. The CIL has been complied in accordance with National Planning Legislation set out in the Community Infrastructure Levy Regulations 2010 (as amended 2011, 2012, 2013, 2014 and 2015).	The establishment of the Community Infrastructure Levy (CIL) involves two periods of public consultation. During these periods, the consultations will adhere to the Council's Statement of Community Involvement (SCI) and consultation guidelines. When CIL is operating, it will charge developers a fee to pay for infrastructure improvements across the district. A proportion of the fee will go directly to the areas where this money is raised to spend on their priorities. The remainder of the money will go into a central Council pot and it will ultimately be the decision of Members to decide where this will be spent. This process may well have an unequal impact on certain areas, but not necessarily against specific equality groups.	A consultation methodology was produced which has been signed off by Corporate Consultation Board and LMT. This was prepared in the context of the council's revised Statement of Community Involvement (to be presented to Cabinet on 22 nd September 2015) and the council's Involving Communities Framework. The SCI was subject to an EqIA and public consultation. Both the SCI and the Involving Communities framework provide an open and transparent framework for consultation to ensure equality for all to make representations and shape planning policy documents including the CIL. Officers will review representations made in the consultation of the CIL and make modifications which are considered to be appropriate and publish these in an amended version of the CIL.

		Officers can recommend where CIL money should be spent based upon infrastructure requirements. This can consider issues of potential discrimination. These recommendations will form part of the periods of public consultation for CIL. It is intended that the Council will monitor the type, location and value of projects funded by CIL therefore highlight where and how the monies have been spent.
Promote Equality of Opportunity?	Promote Equality of Opportunity?	
When the Planning Policy team undertakes public consultation, it does so in adherence to the Statement of Community Involvement (SCI), and other relevant Council requirements. The SCI is available on the council's website at: <u>http://www.kirklees.gov.uk/business/regener</u> <u>ation/localplan/communityinvolvement.aspx</u>	The SCI will be adhered to alongside other relevant Council policies to ensure equality of opportunity is met. Funding of infrastructure projects through CIL provides an opportunity to ensure that community needs are addressed. The evidence that is used to set a CIL charge considers the need to provide affordable housing and the associated costs. This is to ensure that the CIL rate is not set at a level that would jeopardise affordable housing delivery.	The SCI reduces any potential discrimination by ensuring an open and transparent process. The CIL rates will be set at levels that take account of other policy requirements and costs, such as affordable housing, to ensure that these should still be deliverable.

	Despite this, CIL is a non negotiable charge, and affordable housing is delivered through Section 106 Agreements which are negotiable. This means that affordable housing provision may be negotiated downwards on certain sites when CIL is introduced.	
Foster Good Relations Between People	Foster Good Relations Between People	
The Planning Service operates within the Council's requirements not to discriminate through the planning application and planning policy making process.	The implementation and ultimate operation of CIL is a technical addition to the planning application process. The spending of CIL money may have the opportunity to be spent upon community infrastructure and projects that helps to foster good relations between different people.	Officer advice relating to potential infrastructure spending that will foster good relations between people can be provided to senior officers and members on an annual basis to inform their CIL spending decisions.
	The spending priorities of CIL will ultimately be defined by the communities who receive a proportion of CIL and define their own infrastructure priorities. The remaining CIL will be spent on infrastructure priorities decided upon by senior council officers and	

Elected Members.

Think about what you are planning to change; and what impact that will have upon 'your' compliance with the Public Sector Equality Duty (refer to guidance sheet complete with examples where necessary)



ONLY IF You are confident that there is little if any negative affect on your public sector equality duty and/or you have all the necessary evidence to support your proposal.

- Save this sheet for your own records
- Complete and save a front sheet
- Send this, a front sheet and your screening tool if you have completed one to equalityanddiversity@kirklees.gov.uk



• <u>IF</u> the proposal is likely to be high or medium/high impact on equality groups,

AND

- You do not have any supporting evidence needed for your proposal (such as consultation)
- Your proposal is likely to have a negative affect on your ability to comply with the Public Sector Equality Duty. Proceed to stage 3 Customer focus assessment.