

Herefordshire Council
Community Infrastructure Levy
Preliminary Draft Charging Schedule
Consultation Document
March 2013

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How to comment

The Preliminary Draft Charging Schedule is published for a seven week consultation period from 4 March 2013, and comments are welcomed from everyone. The deadline for comments is **5pm on Monday 22 April 2013**.

Please complete the consultation response form with any comments you may have, this is available at the end of this document (appendix 2).

Comments can be returned either via email to ldf@herefordshire.gov.uk or in writing to: CIL Consultation Response, Freepost Strategic Planning, License Number – RRJX-TLSH-SCYH Herefordshire Council, PO Box 4, Plough Lane, Hereford, HR4 0XH. You can also make telephone enquiries on 01432 383357.

The supporting documents can be viewed at www.herefordshire.gov.uk/cil and at the following locations during normal opening hours:

- Hereford Customer Service Centre, Hereford Customer Services, Franklin House, 4 Commercial Road, Hereford HR1 2BB
- Bromyard Customer Service Centre, 1 Cruxwell Street, Bromyard, Herefordshire HR7 4EB
- Kington Customer Service Centre, 64 Bridge Street, Kington, Herefordshire HR5 3DJ
- Ledbury Customer Service Centre, The Master's House, St. Katherines, High Street, Ledbury, Herefordshire HR8 1EA
- Leominster Customer Service Centre, 11 Corn Square, Leominster, Herefordshire HR6 8YP
- Ross-on-Wye Customer Service Centre, Ross Library, Cantilupe Road, Ross-on-Wye, Herefordshire HR9 7AN
- Belmont Library, Belmont Community Centre, Eastholme Avenue, Belmont, Hereford, HR2 7UQ
- Colwall Library, Walwyn Road, Colwall, Herefordshire, WR13 6QT
- Hereford Library, Broad Street, Hereford, HR4 9AU
- Ledbury Library, Bye Street, Ledbury, Herefordshire, HR8 2AA
- Leintwardine Library, Leintwardine Village Hall, High Street, Leintwardine, Herefordshire, SY7 0LB
- Leominster Library, 8 Buttercross, Leominster, Herefordshire, HR6 8BN
- Peterchurch Library, St Peter's Church, Church Road, Peterchurch, Herefordshire, HR2 0RS
- Weobley Library, Old Police Court, Back Lane, Weobley, Herefordshire, HR4 8SG

For more information on the Community Infrastructure Levy, please visit the Government's website at:

<https://www.gov.uk/government/policies/giving-communities-more-power-in-planning-local-development/supporting-pages/community-infrastructure-levy>

1 Introduction

What is this document?

- 1.1 This document is the public consultation document on the Preliminary Draft Charging Schedule for Herefordshire Council's Community Infrastructure Levy (CIL). It describes:
- What CIL is, and how it works;
 - The evidence supporting and justifying the implementation of CIL;
 - The proposed charge rates and how liability is calculated;
 - A consultation response form.

What is CIL?

- 1.2 The government has published regulations¹ which prescribe how CIL should be implemented. These regulations came into force on 6 April 2010, and have subsequently been amended in April 2011 and November 2012.
- 1.3 The CIL is a new way for communities to benefit from built development taking place in their area. The levy is a fixed rate charge, based on square metres of net additional built floorspace. The charge may be levied on 1 or more dwellings and developments of more than 100 sq m of floorspace. Exemptions include affordable housing and charities.
- 1.4 The CIL regulations allow Herefordshire Council to introduce charge variations by geographical zone within its area, by land use, or both. These are set out in the Preliminary Draft Charging Schedule. Some uses may be set at zero in some zones but variations must reflect differences in viability; they cannot be based on other matters such as policy boundaries or the local costs of infrastructure.
- 1.5 The proceeds of the CIL will be spent on strategic and local infrastructure to support the development of the area such as highways improvements, open spaces or education provision. Developer contributions on their own will not be able to meet the entire cost of a major infrastructure project. Core public funding will continue to contribute.
- 1.6 Herefordshire Council is required to have an adopted, up to date development plan before the CIL can be adopted. The development plan should be supported by an Infrastructure Delivery Plan, including the likely cost of providing that infrastructure. This plan should demonstrate the inability to provide the infrastructure through existing funding sources, hence the requirement to charge CIL.
- 1.7 The Herefordshire Local Plan – Core Strategy and CIL are therefore inextricably linked. To this end the Core Strategy and CIL consultations will be twin tracked through to Examination in Public (EiP).

¹ The Community Infrastructure Levy Regulations 2010, as amended.
http://www.legislation.gov.uk/ukxi/2010/948/pdfs/ukxi_20100948_en.pdf

<http://www.legislation.gov.uk/ukxi/2011/987/contents/made>

<http://www.legislation.gov.uk/ukxi/2012/2975/contents/made>

What will happen to Planning Obligations?

- 1.8 Planning obligations sought via Section 106 of the Town and Country Planning Act 1990 (as amended) are essentially agreements between local authorities and developers to mitigate or compensate against the impact of a proposed development (such as lack of publicly accessible open space) or for a development to meet a policy objective set out in the Council's development plan (for example, affordable housing requirements).
- 1.9 Herefordshire Council currently operates a system of pooled contributions for certain types of planning obligations. Once the CIL charging schedule is adopted, the scope for pooling Section 106 contributions is restricted to contributions from no more than five developments for each infrastructure project. CIL will therefore replace S106 for pooled infrastructure contributions, apart from for affordable housing, which lies outside of the remit of CIL and will continue to be secured through Section 106.
- 1.10 Developers will still be expected to pay for the provision of site-specific infrastructure necessary for the development to take place, such as connections to the highway network. Individual developments won't be charged for the same items of infrastructure through both planning obligations and CIL.
- 1.11 S106 agreements will continue to be;
 - (a) necessary to make the development acceptable in planning terms;
 - (b) directly related to the development; and
 - (c) fairly and reasonably related in scale and kind to the development.

What is meant by the term 'meaningful proportion'?

- 1.12 The Localism Act 2011 broadened the scope of CIL to enable a "meaningful proportion" of CIL revenues to go directly to neighbourhoods where development takes place.
- 1.13 The Government announced on 10 January 2013 that Neighbourhoods who have taken a proactive approach by drawing up a neighbourhood development plan, and securing the consent of local people in a referendum, will receive 25% of the revenues from the Community Infrastructure Levy arising from the development that they choose to accept.
- 1.14 The proceeds will be paid directly to parish and town councils and can be used to back the community's priorities for example to re-roof a village hall, refurbish a municipal pool or take over a community pub. Neighbourhoods without a neighbourhood development plan will still receive a capped 15% share of the levy revenue arising from development in their area.
- 1.15 Neighbourhood Development Plans give local people the opportunity to decide the future of the places where they live and work. This allows the community to set out the vision for an area and the planning policies for the use and development of land, this can include choosing where new homes, shops, leisure facilities or employment opportunities to be built and what these buildings should look like, within the parish or neighbourhood area. Herefordshire Council has embraced the concept of neighbourhood development plans and is working proactively with parishes to deliver neighbourhood plans.

2 Evidence

Background

- 2.1 Section 212 (4) of the Planning Act 2008 sets out how Herefordshire Council should approach the use of evidence in setting a charging schedule:
- “(b) that the charging authority has used appropriate available evidence to inform the draft charging schedule”*
- 2.2 DCLG has provided Guidance for the Community Infrastructure Levy². The guidance reiterates that evidence is needed to inform the draft charging schedule but highlights that Herefordshire Council should apply pragmatism:
- “A charging authority’s proposed levy rate (or rates) should be reasonable given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence, for example, if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism”. (para 28)*
- 2.3 The government has also produced non-statutory advice in the form of a CIL overview document³ which states that:
- “Charging authorities should prepare evidence about the effect of the levy on economic viability in their area to demonstrate to an independent examiner that their proposed rates, for the levy, strike an appropriate balance.”*

Viability Appraisal

- 2.4 Three Dragons Consultants were commissioned to carry out an updated Economic Viability Assessment to examine whole plan viability and produce viability evidence for development of a Community Infrastructure Levy preliminary draft charging schedule. Detailed below is a summary of evidence which has been used by Three Dragons to support the development of a Community Infrastructure Levy for Herefordshire Council:
- An analysis of publicly available data to identify the range of values and costs needed for the viability assessment;
 - Discussions with council officers from planning, economic development and housing departments;
 - Analysis of information held by the authority, including the profile of land supply identified in the Strategic Housing Land Availability Assessment and a review of historic planning permissions;
 - Two workshops held with developers, land owners, their agents and representatives from a selection of registered providers in the area
 - Subsequent discussions with agents and providers who operate in Herefordshire to verify the assumptions used in the analysis;

² Community Infrastructure Levy Guidance 14 December 2012
<https://www.gov.uk/government/publications/community-infrastructure-levy-guidance>

³ Community Infrastructure Overview 9 May 2011
<https://www.gov.uk/government/publications/community-infrastructure-levy-overview>

- A survey of local Registered Providers to seek their views on aspects of costs and revenue that affect affordable housing;
 - Use of the Three Dragons Toolkit, adapted for Herefordshire to analyse scheme viability for residential development and of Three Dragons bespoke model for the analysis of non-residential schemes.
- 2.5 Their report, which sets out the methodology of the study and its findings in detail, can be downloaded from the Council's website.

Infrastructure

- 2.6 The Infrastructure Delivery Plan 2013 is a detailed document that describes the main types of infrastructure that are relevant to support the development of the county, along with phasing of delivery, key partners, sources of funding, and locations of the projects.

3 Consultation issues

Differential rates

- 3.1 Based on the results of the economic viability assessment, the council views that the use of differential rates, based on the different uses of development is appropriate for Herefordshire's preliminary draft Charging Schedule. Although differential rates are proposed, these have been kept as straightforward as possible.

- 3.2 The schedule identifies a charge for convenience retail and comparison retail. For clarification these are defined as:

Convenience Retail: Sale of Food and alcoholic beverages, tobacco, newspapers and magazines, non-durable household goods

Comparison Retail: Clothing materials and garments, shoes and other footwear, materials for maintenance and repair of dwellings, furniture and furnishings, major household textiles, books, audio visual equipment, hardware and DIY supplies, chemist goods, jewellery, watches and clocks, bicycles and recreation goods

Payment by instalments

- 3.3 As per Part 8 of the CIL Regulations (as amended), Herefordshire Council can allow for the payment of CIL by instalments. If we choose to publish an instalment policy, it must be made available on the website, and have the following features:

- The number of instalment payments;
- The amount of proportion of CIL payable in any instalment;
- The time (to be calculated from the date the development is commenced) that the first instalment payment is due, and the time that any subsequent instalment payments are due;
- Any minimum amount of CIL below which CIL may not be paid by instalment.

- 3.4 In order to ease the burden on developers' cash flow, a suggested instalment policy is shown below, reflecting the requirements of the regulations. The proposed instalments policy applies to all types of development.

- 3.5 Although the instalments policy is not subject to independent examination, comments are welcomed on this suggested payment policy, particularly regarding the amounts and proportions payable, and the proposed time periods for each instalment.

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APPENDIX1: Preliminary Draft Charging Schedule

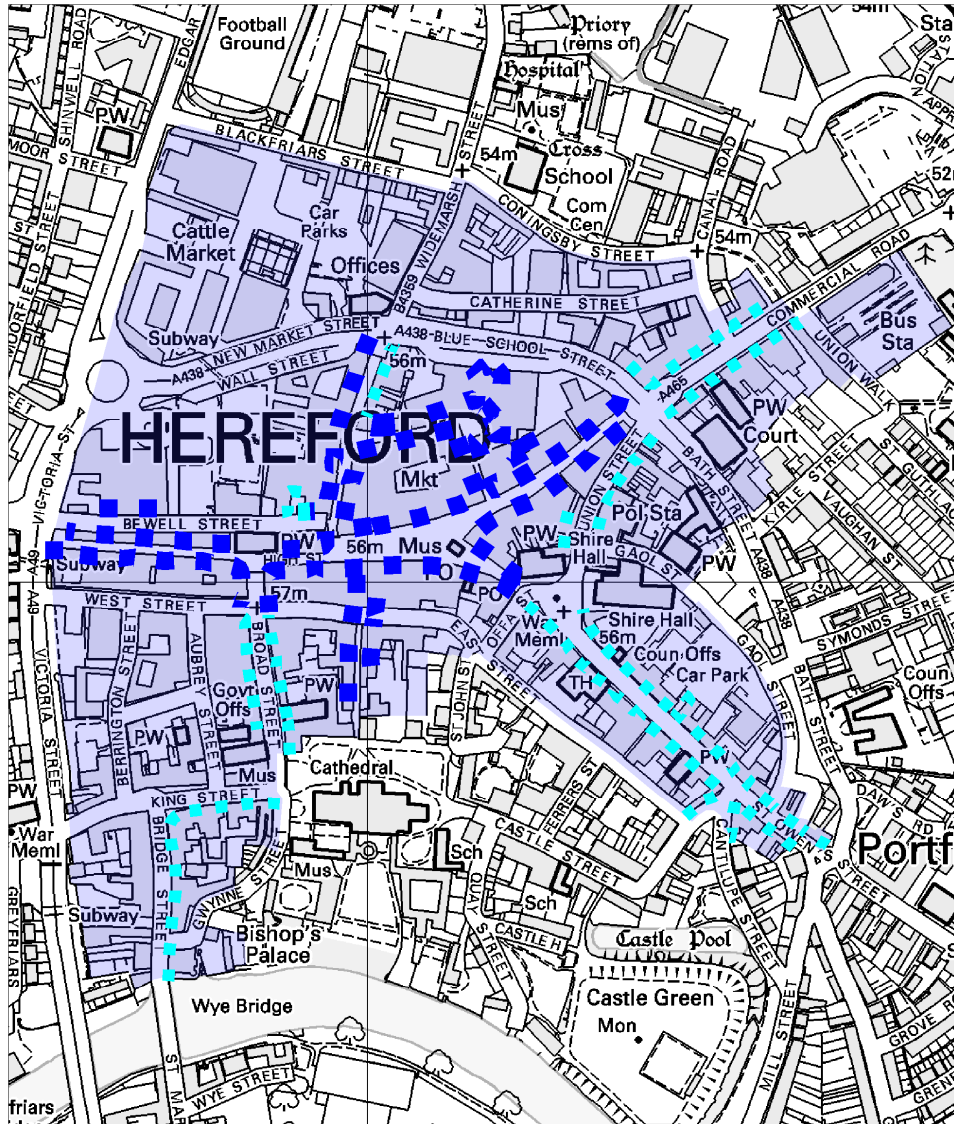
Introduction

This is Herefordshire Council's Preliminary Draft Charging Schedule, and has been prepared in accordance with Part 11 of the Planning Act 2008 and the Community Infrastructure Levy Regulations. It has been informed by evidence regarding the impact of a Levy on the economic viability of development and local infrastructure requirements.

Proposed CIL rates

Proposed Use	CIL Charge per square metre
Residential Zone 1	£0
Residential Zone 2	£50
Residential Zone 3	£100
Residential Zone 4	£140
Residential Institutions (C2)	£0
Town Centre Comparison retail (A1)	£90
Out of Centre Comparison retail (A1)	£125
Small convenience retail (up to 280 sqm) (A1)	£80
Large convenience retail (over 280 sqm) (A1)	£120
Hotel (C1)	£25
Light Industrial (B1)	£0
Office (B1)	£0
General Industrial (B2)	£0
Storage and Distribution (B8)	£0
Leisure	£0

Proposed Town Centre Preliminary Draft Charging Schedule – Hereford

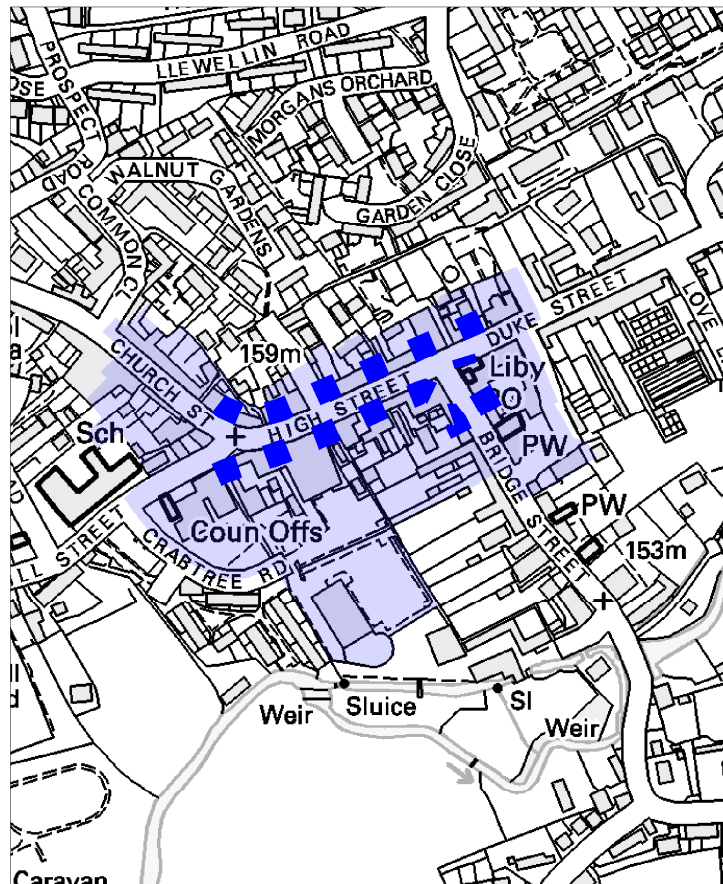


Hereford Town Centre



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- Secondary Shopping Frontage

Proposed Town Centre Preliminary Draft Charging Schedule - Kingston

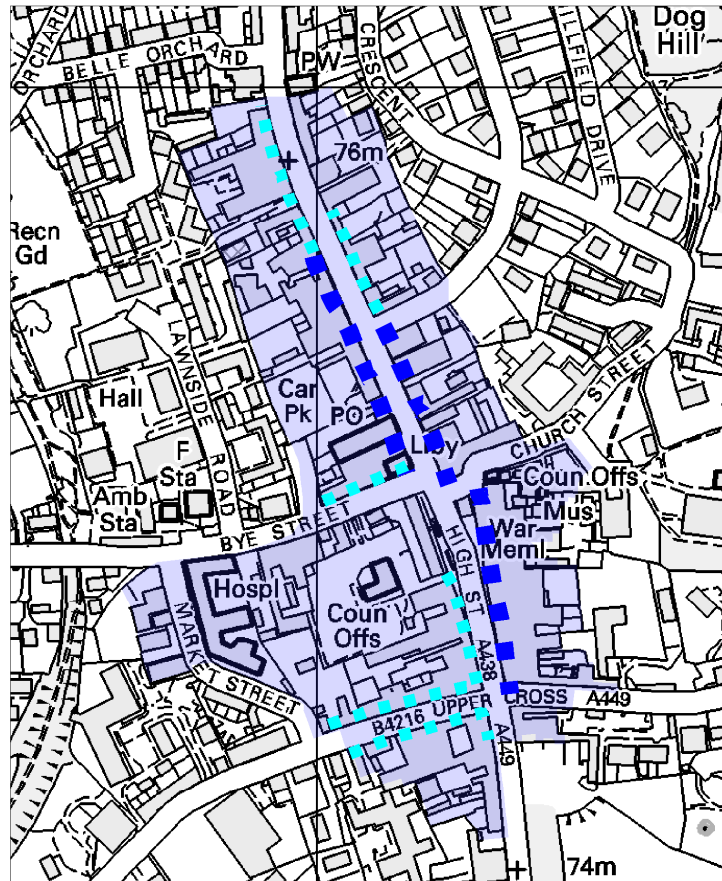


Kingston
Town Centre

-  Town Centre
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Proposed Town Centre Preliminary Draft Charging Schedule – Ledbury

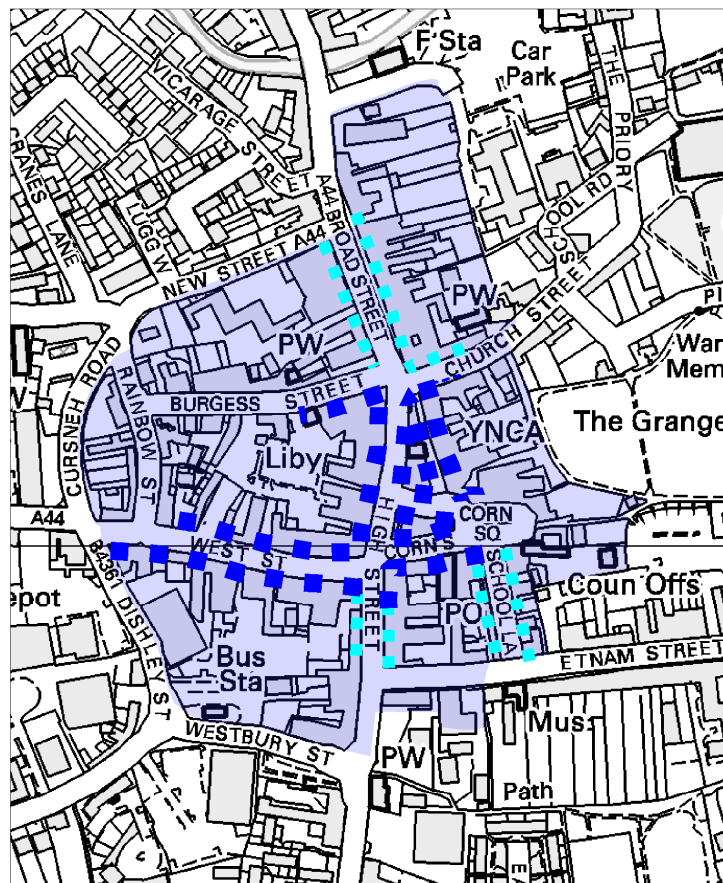


Ledbury Town Centre

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Proposed Town Centre Preliminary Draft Charging Schedule – Leominster

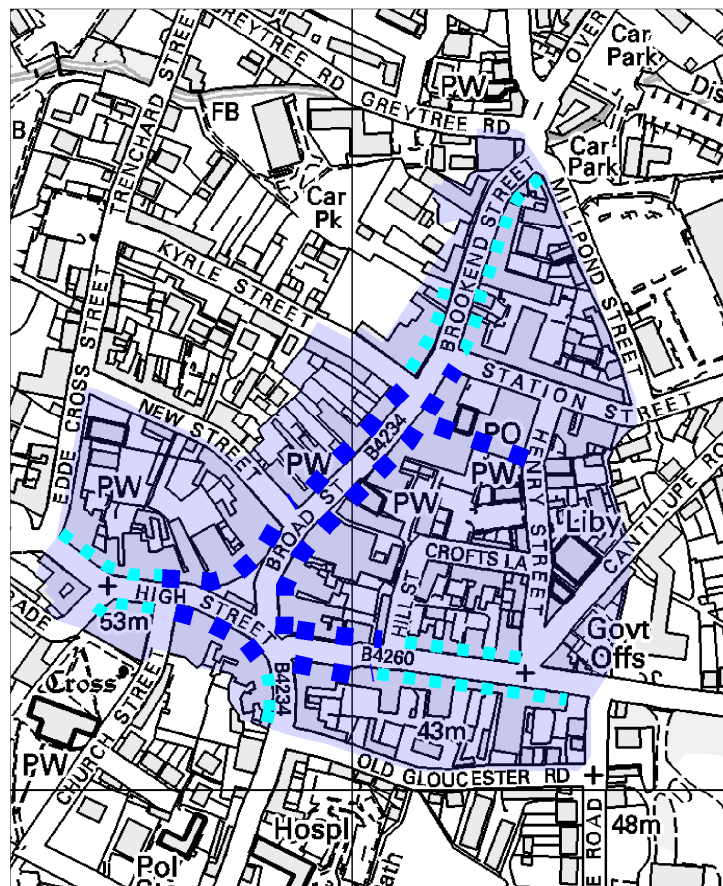


Leominster Town Centre

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Proposed Town Centre Preliminary Draft Charging Schedule – Ross-on-Wye



Ross on Wye Town Centre

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Appendix 2 – Proposed Payments by Instalment Policy

Details of Payment Phasing		
Phasing Criteria	Phases	Schedule of Payment Instalments
Less than £10,000	1	100% within 60 days of commencement
£10,001 to £19,999.99	2	50% within 60 days of commencement 50% within 120 days of commencement
£20,000 to £39,999	3	25% within 60 days of commencement 25% within 120 days of commencement 50% within 180 days of commencement
More than £40,000	4	25% within 60 days of commencement 25% within 120 days of commencement 25% within 180 days of commencement 25% within 240 days of commencement

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