

OVERVIEW & SCRUTINY

DATE OF MEETING: 19 October 2021

TITLE OF REPORT: **PRELIMINARY DRAFT COMMUNITY
INFRASTRUCTURE LEVY (CIL) CHARGING
SCHEDULE**

Report of: Head of Place

Cabinet member: Cllr Graham Cockarill, Place

1 PURPOSE OF REPORT

- 1.1 To consider the Preliminary Draft Community Infrastructure Levy (CIL) Charging Schedule (PDCS) for public consultation.

2 OFFICER RECOMMENDATION

- 2.1 That Overview & Scrutiny Committee recommends to Cabinet that the Preliminary Draft Community Infrastructure Levy (CIL) Charging Schedule (attached as Appendix 4) is approved for public consultation.

3 BACKGROUND

- 3.1 In September 2020 Cabinet considered the introduction of a Community Infrastructure Levy (CIL) in Hart. Cabinet agreed that work starts on setting the CIL Charging Schedule; and that Overview & Scrutiny Committee could consider the draft CIL Charging Schedule prior to a Cabinet decision to consult.
- 3.2 CIL is a tariff in the form of a standard charge on most new development which helps fund the infrastructure needed to support development across the district.
- 3.3 The District Council is the Charging Authority. It sets the levy in a balanced way to ensure that development remains viable whilst contributing towards infrastructure projects that the Council has prioritised.
- 3.4 The Council must follow a process to introduce a CIL charging schedule. All of the stages set out below are statutory, with the exception of an optional consultation on a Preliminary Draft Charging Schedule (Stage 2 i.e. the current stage):
1. Update the infrastructure and viability evidence;
 2. Public consultation on the *Preliminary* Draft Community Infrastructure Levy Charging Schedule;
 3. Public consultation on the Draft Community Infrastructure Levy Charging Schedule;
 4. Examination of the Draft Community Infrastructure Levy Charging Schedule;
 5. Adoption of Community Infrastructure Levy Charging Schedule; and

6. Implement the Community Infrastructure Levy.

- 3.5 It is sensible to have two consultations. This then enables the Council enter the CIL examination on the most robust footing possible. This makes for a smoother examination and reduce risks, including the possibility of a second consultation being needed at that late stage.

4 DETAILS

- 4.1 In supporting any recommendation to consult Members have to be satisfied that:
- the preliminary draft charging schedule is supported by background documents containing appropriate available evidence;
 - the proposed rates are informed by, and consistent with, the evidence on viability across Hart district (the Charging Authority's area); and
 - evidence has been provided that shows the proposed rates would not undermine the deliverability of the Hart Local Plan (Strategy & Sites) 2032.
- 4.2 Members must also have regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in Hart district. The rates have to be realistic in terms of achieving a reasonable level of income to address any gap in infrastructure funding, while ensuring that a range of development remains viable across Hart district. The Government accepts that CIL income will in itself cover all infrastructure funding costs.
- 4.3 The proposed CIL charging rates are attached at Appendix 1.

Viability Assessment

- 4.4 Viability is a key test at the CIL Examination to ensure CIL does not apply a 'brake' on development. The CIL viability assessment is at Appendix 5.
- 4.5 The proposed charging rates are considered to strike the right balance between securing sufficient funds whilst protecting viability. They take into account future uncertainties including build costs and sales values and some variation across the district in terms of development value.
- 4.6 The rates have also been set to be easily understood and implement. The seek to avoid undue complexity which can happen if there are many different rates for different uses in different areas.
- 4.7 The viability assessment found that there was little variation in viability for some types of commercial development in different parts of the district. Generally, the viability of many other forms of commercial development is likely to be 'challenging', although some business park and hotel development appears viable at low yields and high value assumptions. On that basis, the proposed rate of £50 per m² is considered to be 'nominal' and would not have any significant impact on the likelihood of development being pursued.

- 4.7 It is clear that charging CIL on uses for community facilities such as education and healthcare premises would merely add to the costs of development that would have to come from the public purse. However, in practice the additional costs on the small amount of development likely to come forward in this way could possibly be funded through the use of the levy itself or through other grant funding.
- 4.8 More significantly, the charge would be appropriately levied on a number of private developments falling within Use Class E and F, such as private hospitals, care homes and schools. Other institutions may have charitable status and would be exempt from CIL. Clearly, it would not be possible to have differential rates for uses in public or private sectors. The major facilities are likely to fall within the boundaries of the large sites and would not be subject to charge
- 4.9 The Council could use CIL receipts to reimburse community facilities, such as schools. This is consistent with the approach taken by other Charging Authorities who have been found sound at examination.
- 4.10 It is proposed to set a rate of £50.00 per m² on a range of other uses, some of which may well be at the margins of viability. The key point is that CIL charges would be unlikely to exceed 2% of development costs for most non-residential uses. In these circumstances it is unlikely that the proposed rate for all other uses would prove to be a critical factor in preventing development from coming forward within Hart district overall.

Updated Infrastructure Delivery Plan (IDP)

- 4.11 An updated Infrastructure Delivery Plan (IDP) has been produced. The IDP draws on numerous strategies, spending plans and planning obligations which identify infrastructure projects for Hart. The IDP remains work-in-progress and the consultation process will include efforts to reach some key service providers and Parish/Town Councils in particular to gain further updates.

Infrastructure Funding Gap Assessment (IFG)

- 4.12 The updated IDP has informed an Infrastructure Funding Gap Assessment (IFG). This is necessary to demonstrate that a CIL can be justified in the first place. It shows that the CIL receipts will help fill an infrastructure funding gap, but also that CIL receipts will not exceed that needed to plug the gap. The IFG identifies a funding gap of £57,908,911 without CIL. Given the proposed CIL rates, when assessed against the proposed growth over the plan period, it estimates CIL will generate £16,153,743. This is a cautious estimate. This creates a funding gap of £41,755,168.
- 4.13 It is not unusual to have a large funding gap, and there is always a need to prioritise spend on infrastructure to key projects.

5 NEXT STEPS

- 5.1 Subject to Cabinet approval, publish the PDCS for public consultation for 6 weeks from Friday 5th November 2021 to Friday 17th December 2021.

- 5.2 During the formal consultation on the PDCS the Council will also invite comments on the evidence base, namely:
- Hart CIL Viability Assessment, September 2021;
 - Hart Infrastructure Delivery Plan Update, October 2021; and
 - Hart Infrastructure Funding Gap Assessment.
- 5.3 Representations will be considered and an updated set of documents, including a Draft Charging Schedule (DCS), will be brought to O&S and Cabinet in Spring April 2022. The second 6-week consultation (the statutory consultation) would then take place prior to an examination.

6.0 FINANCIAL IMPLICATIONS

- 6.1 There are no direct financial impacts associated with this report. The preparation of the CIL Charging Schedule is a service priority in the 2021/2022 Place Service Plan and is being managed within existing staff resources. The cost of the evidence base will be covered by the CIL admin fee. 5% of the CIL receipts will be used to cover the costs of setting up and administering CIL.
- 6.2 Once CIL is implemented, CIL receipts will help fund infrastructure in the district.

7 CLIMATE CHANGE IMPLICATIONS

- 7.1 There are no direct carbon/environmental impacts arising from the recommendations, although once CIL revenue is collected there could be scope to spend it on infrastructure that supports development whilst also helping to address climate change.

8.0 EQUALITIES IMPACT

- 8.1 There are no direct equalities implications arising from the recommendations.

Contact Details: Mark Jaggard Email: mark.jaggard@hart.gov.uk

APPENDICES

- Appendix 1 Proposed Charging Rates
- Appendix 2 Potential Levy for residential C3 development
- Appendix 3 Potential breakdown of the Levy from residential CIL
- Appendix 4 Hart District Council Preliminary Draft Community Infrastructure Levy (CIL) Charging Schedule
- Appendix 5 Hart Community Infrastructure Levy Viability Assessment: Executive Summary, September 2021

Appendix 1 _Proposed Charging Rates

4.3

The CIL rates	
Development type (Use Class)	CIL Rate/m²
Class B	
B2 General industrial	£50.00
B8 Storage or distribution	£50.00
Class C	
C1 Hotels	£50.00
C2 Residential institutions	£50.00
C2A Secure Residential Institution	£50.00
C3 Dwelling house*	£270.00
C4 Houses in multiple occupation	£270.00
Housing for older people	£80.00
Specialist housing for older people with care	£80.00
Residential care for older people	£50.00
Nursing care for older people	£50.00
Class E - Commercial, Business and Service	
E(a) Display or retail sale of goods, other than hot food	£80.00
E(b) Sale of food and drink for consumption	£80.00
E(c) Services	£50.00
E(d) Indoor sport, recreation or fitness	£50.00
E(e) Provision of medical or health services	£50.00
E(f) Creche, day nursery or day centre	£50.00
E(g) Uses which can be carried out in a residential area without detriment to its amenity	£50.00
Class F - Local Community and Learning	
F1 Learning and non-residential institutions	£50.00
F2 Local community	£50.00
Other uses	
Sui Generis	£50.00
All development types unless stated otherwise in this table	£50.00
Large sites of 400 homes or more (gross) or a site area of 10 hectares or more (gross) irrespective of land use***	£0.00
Hartland Park	£0.00
Notes	
*C3 (dwelling houses) includes all self-contained accommodation, but excludes elderly and sheltered accommodation which have a different CIL rate	
**Age restricted general market housing is considered as C3 and is not included as a type of specialised housing and accommodation for older people	
***Large Sites are defined as any site 400 homes or more (gross) or a site area of 10 hectares or more (gross), irrespective of land use. It is anticipated for these sites that infrastructure funding will be achieved on an evidenced based case-by-case basis through Section 106 Planning Obligations.	

Appendix 2 – Potential Levy for residential C3 development

Number of bedrooms	Size (m ²)	Amount of CIL per home based upon rate per m ² of:
		£270
1	49	£13,230
2	70	£18,900
3	91	£24,570
4	110	£29,700
5	119	£32,130
6	127	£34,290

Home sizes (in m²) is based on the midpoint of homes in each size (based on number of bedrooms) as set out in the Technical Housing Standards – National Described Space Standards.

Appendix 3 – Potential breakdown of the Levy from residential CIL

The following tables assess how the Levy from CIL would be broken down in areas with and without made Neighbourhood Plans.

Based upon a 3 bed home (91 m²) and at a rate of £270 m² (see table in Appendix 1) then the total CIL income would be £24,570.

Situation where there is no made Neighbourhood Plan	
80% to provide infrastructure to support growth managed by Hart District Council	£19,656
15% Neighbourhood Portion given to Town or Parish Council to provide infrastructure	£3,686
5% admin fee	£1,228
Total	£24,570

Situation where there is a made Neighbourhood Plan	
70% to provide infrastructure to support growth managed by Hart District Council	£17,199
25% Neighbourhood Portion given to Town or Parish Council to provide infrastructure	£6,143
5% admin fee	£1,228
Total	£24,570