

SUBJECT: MONMOUTHSHIRE LOCAL DEVELOPMENT PLAN: COMMUNITY INFRASTRUCTURE LEVY
MEETING: ECONOMY AND DEVELOPMENT SELECT COMMITTEE
DATE: 26 NOVEMBER 2015
DIVISION/WARDS AFFECTED: ALL

1. PURPOSE:

- 1.1 The purpose of this report is to update members on progress made in preparatory work for a Community Infrastructure Levy (CIL), particularly in relation to the identification of potential projects that might be eligible for funding from CIL.

2. RECOMMENDATIONS:

- 2.1 Members note the contents of this report and comment accordingly.

3. KEY ISSUES:

3.1 Background.

A progress report on CIL was presented to Economy and Development Select Committee on 15 October 2015. That report focused on the results of the consultation on a CIL Preliminary Draft Charging Schedule (PDCS) that took place for a period of 6 weeks from Thursday 12th February 2015 to Thursday 26th March 2015. The report also informed members of the results of additional viability testing that was carried out to ensure compatibility with policies set out in Draft Affordable Housing Supplementary Planning Guidance (SPG), respond to comments made by representors and update build costs and house values. The results of the additional viability testing were set out in two consultants' reports, one on residential development and the other on non-residential development.

- 3.2 Since the report to the Select Committee on 15 October the viability work has been refined further and the charging schedule that was appended to that report has been amended slightly. The changes are:

- There has been some refining of the proposed non-residential charges to clarify that supermarkets will be liable to pay CIL even if they are located within a town centre (previously it was only proposed to charge for out-of-centre retail, which was contrary to the finding that supermarkets achieve good viability irrespective of location).
- Additional testing has been carried out on small schemes. Rather than testing on a single category of 3 or less dwellings, individual testing has been done for 1-, 2- and 3-dwelling schemes. This has demonstrated good viability on 3-dwelling schemes but marginal viability on 2-dwelling schemes. The proposed charging schedule has been amended, therefore, to propose a nil charge on 1- and 2-dwelling schemes, with CIL being charged on schemes of 3 or more dwellings.

These amended charges are incorporated in the document that is attached as **Appendix C**. This will form the basis of the next formal stage in the CIL preparation process – the consultation on the Draft Charging Schedule (DCS).

- 3.3 One of the issues raised in the consultation that had already been recognised by officers related to inadequacies in the Council's Regulation 123 List and associated Infrastructure Plan (IP). The 'Regulation 123 list' identifies items on which the Council intends to spend CIL funding. It was being suggested that the Reg.123 list (as set out in the PDCS) included sustainable transport improvements, upgrade/provision of

broadband connectivity, town centre improvements, education, strategic sports/adult recreation facilities and strategic green infrastructure. It is appropriate to set out broad categories of development to be funded by CIL in this way but the list has to be supported by an Infrastructure Plan that identifies the potential projects that fall within these broad types of infrastructure. A draft list of potential 'place-making' and other proposals by settlements to be funded through CIL was provided in Annex 2 of the Draft IP produced in July 2013 as part of the Local Development Plan (LDP) process. This document is attached as **Appendix A**.

3.4 Further work was needed to develop and update the infrastructure list and it was agreed at the 15 October meeting that this report would be made to Select to advise members of the identification of potential projects that might be eligible for funding from CIL. This has been achieved by preparing an Addendum to the 2013 IP that is attached as **Appendix B**.

3.5 The purpose of the IP addendum is three-fold:

- To update the Council's 2013 IP by providing an overview of what categories/types of infrastructure identified in the IP fall within the remit of CIL and what infrastructure will continue to be addressed through other funding sources, including S106 planning obligations. This is set out in Section 2 of the Addendum.
- To recommend which categories of infrastructure will be included in the Reg. 123 List. The Reg. 123 List can be published and revised at any time after the Council has adopted CIL. If an infrastructure category/scheme is included in the Reg. 123 List a S106 cannot be negotiated to contribute towards that infrastructure. If an infrastructure category/scheme is not included in the Reg. 123 List, up to five S106 planning obligations entered into since April 2010 may be pooled to contribute towards its cost. This is to ensure that double charging of developers for infrastructure through using both CIL and S106 is avoided. The recommendations also set out those site-specific infrastructure categories where S106 contributions are likely to be the funding mechanism in order to provide transparency on those matters where S106 contributions will continue to be sought.
- To provide an updated list of indicative infrastructure schemes (based on the most up-to-date information available) that would support development proposed in the LDP that could be funded, partly or wholly, through CIL. The timing/phasing, estimated costs, delivery/funding sources, available funding and subsequent funding gap is identified for each scheme where possible. The draft list of CIL eligible infrastructure schemes which fall within the Regulation 123 List categories is set out in Section 3 of the Addendum. The infrastructure schemes identified are based on a variety of sources

3.6 While the Reg.123 List and supporting Infrastructure Plan will not specifically be examined by an inspector, it is necessary to be able to demonstrate at Examination that there is a need for infrastructure in the County that cannot be financed by other sources (the 'funding gap'). The charging authority needs to set out a draft list of the projects or types of infrastructure that are to be funded in whole or in part by the levy, together with any known site-specific matters for which section 106 contributions may continue to be sought. The Reg.123 list and Infrastructure Plan can be varied over time according to Council priorities and is very much an initial rough draft at the present time that requires further refinement. There will be plenty of opportunity for any further projects that may be identified to be added at a future date. The infrastructure planning process would include, for example, links with Whole Place Plans, Town Teams etc. to determine what matters to communities in terms of infrastructure provision. Some of those projects would be funded via the 15% of CIL receipts that

are passed to the Community Council where the new development is within their area, but other more strategic projects should be included on the infrastructure plan. In this respect, further reports will be made to Members in order to establish the procedures for allocating CIL monies and determining priorities for spending. It can be seen, in fact, that the 'funding gap' identified to date is far in excess of any finance that can be raised through CIL itself and it will be necessary to focus on a small number of schemes from the extensive list currently provided in the Addendum or to utilise CIL to 'top up' infrastructure funding that has been obtained from other sources.

3.7 The detailed work that has been carried out has necessitated some changes to the precise wording of the Reg. 123 list that was previously provided in the PDCS. These have been incorporated into the DCS that has been reproduced as **Appendix C**.

3.8 Next steps.

3.8.1 It is intended to report the DCS, together with the results of the consultation, the revised viability testing and the IP Addendum, to Planning Committee, Cabinet and Council, with a view to seeking endorsement of the DCS to issue for consultation purposes. The next stage will then be to submit the DCS for Examination, together with any representations received in order that they can be considered by an independent inspector.

4. **REASONS:**

4.1 It is necessary for the Council to establish its position with regard to implementation of CIL to ensure that the potential for meeting infrastructure needs of communities through the implementation of the CIL Regulations is fully explored.

5. **RESOURCE IMPLICATIONS:**

Officer time and costs associated with developing CIL. These will be carried out by existing staff and within the existing budget, except for the likelihood that consultants will also be required as the CIL implementation process raises complex legal and technical issues (which will be subject to a formal public examination) that requires specialised assistance from experts in this field. It is envisaged that these additional costs will be met from the existing Planning Policy Professional and Technical Fees budget line. New funding streams will arise from CIL if it is introduced as it will replace and supplement Section 106 funding in a number of areas.

6. **SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

6.1 These were considered in the report that was presented to Council on 22 January 2015 (rearranged from 18 December 2014).

7. **BACKGROUND PAPERS:**

- Monmouthshire Adopted LDP (February 2014)
- Monmouthshire County Council (MCC) Draft Infrastructure Plan (March 2013)
- MCC Draft CIL Guidance Note (September 2014)
- MCC CIL PDCS and Draft Regulation 123 List (September 2014)
- MCC CIL Viability Assessment (Three Dragons with Peter Brett Associates) (July 2014)
- MCC CIL Viability Assessment – Updated Viability Evidence for Development of a CIL Charging Schedule (Three Dragons, November 2015)
- MCC CIL Viability Assessment – Addendum – Update of Non-Residential Viability Assessment (Peter Brett, November, 2015)

8. **AUTHOR & 9. CONTACT DETAILS:**

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