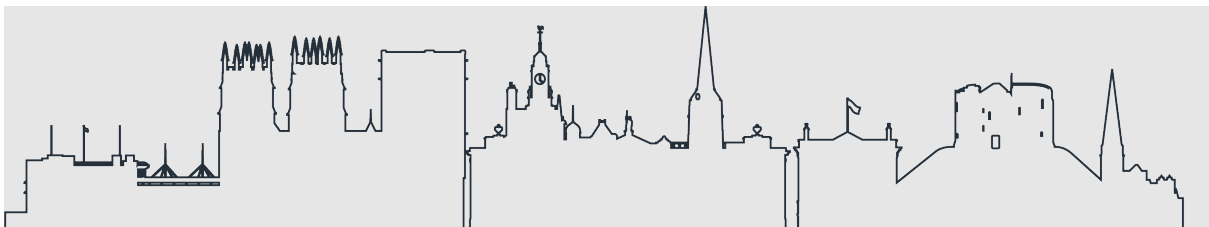




Community Infrastructure Levy Draft Charging Schedule

Consultation Information Booklet

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Contact:

Strategic Planning Policy Team

localplan@york.gov.uk

Post:

Strategic Planning Policy Team

City of York Council

West Offices

Station Rise

York

YO1 6GA

1. Introduction

City of York Council are consulting on the Community Infrastructure Levy (CIL) Draft Charging Schedule. This consultation information booklet presents the draft Charging Schedule, and provides further information on the CIL, the evidence base which has been used to establish proposed levy rates, and how the levy will be implemented in the area. It also seeks to provide a response to some questions as to how rates have been set.

It is important that developers contribute towards providing for the infrastructure needs that development creates. The introduction of the Community Infrastructure Levy Regulations in 2010 established a mechanism for Councils in England and Wales to raise funds from developers to achieve this.

Local authorities who wish to charge the levy must produce a draft charging schedule setting out CIL rates for their area. There are several stages to the production of a CIL charging schedule. The Council is currently undertaking a Regulation 16 public consultation, seeking comments on the draft CIL Charging Schedule.

The Council, as the CIL charging authority, is required to consult with residents, local communities, businesses, and stakeholders on the proposed levy rates. The consultation will be followed by an Examination-in-Public of the draft Charging Schedule which will be conducted by an independent examiner prior to the proposed adoption of the CIL Charging Schedule.

2. What is the Community Infrastructure Levy?

The Community Infrastructure Levy (CIL) is a locally set charge on new development that authorities can choose to introduce across their area. It is based on the size and type of development and once set is mandatory to pay and non-negotiable. The funds raised must be used to provide infrastructure which is required to support new development across the area. Levy rates are set out within a CIL Charging Schedule.

Currently when new development proposals are approved by the Council, it is common for an agreement to be made (known as a planning obligation, section 106 (S106) agreement or developer contribution) for developers to either provide new or improved infrastructure, or financial contributions towards the provision of new or improved infrastructure in the area. This could include highways improvements, new or improved parks and play facilities, and services and facilities such as new or improved schools and health facilities.

It is likely that essential infrastructure items which are directly related to supporting the delivery of new development proposals will continue to be funded through S106 agreements, as will affordable housing which cannot be funded via CIL. The CIL will therefore be used in combination with S106 agreements and other funding sources to deliver community infrastructure projects throughout the City of York authority area. It does however provide an additional mechanism to obtain funding from smaller development which currently does not financially contribute to the provision of infrastructure in the area.

3. What are the benefits of CIL?

In comparison to the current approach of collecting developer contributions towards new infrastructure through Section 106 agreements, the CIL provides a simpler and more transparent process to collect funds. There are a range of benefits to an area provided by the introduction of a levy, which are summarised below:

- The CIL collects contributions from a wide range of developments, providing additional funding to allow local authorities to carry out a range of infrastructure projects that support growth and benefit the local community.
- The CIL gives local authorities greater flexibility to set their own priorities on projects benefitting the wider community affected by development, unlike Section 106 funds which require a direct link between a contributing development and an infrastructure project.
- The CIL provides developers with clarity about the level of contributions which are required from any development and provides transparency for local people.
- The CIL is non-negotiable and therefore does not require the production of complex agreements.
- The CIL is fair, as it relates the contribution required to the size of the development in terms of new floorspace.

4. CIL Charging Schedule

CIL can only be charged when a local authority has consulted on a draft charging schedule which is then independently examined before being adopted. The CIL Regulations 2010 (as amended) set out how CIL is set, operated and enforced.

Whilst most new developments of over 100sqm may be liable for the levy, further explanation regarding calculating the levy or exemptions is contained within this document or is available on line

(<https://www.gov.uk/guidance/community-infrastructure-levy>).

The proposed draft charging schedule for the City of York Council area can be found on the CIL consultation webpage.

5. How have the CIL rates been determined?

To inform the production of a draft CIL Charging Schedule, the Council commissioned Porter Planning Economics to undertake a CIL Viability Study. This document is available on the CIL consultation webpage. The report builds on evidence base documents produced by the consultant team for the Local Plan Examination. These documents are identified within the CIL Viability Study.

The CIL Viability Study looks at different typologies of development and considers the impact of a CIL charge, in addition to normal development costs and policy and infrastructure requirements outlined within the emerging Local Plan, on their financial viability. It is not required, and it would be impossible, to look at every type of development individually, hence the use of typologies. Strategic sites however have been identified and assessed individually as is indicated in the Viability Study.

The CIL rates proposed in the draft Charging Schedule are based on the conclusions of the CIL Viability Study. They seek to strike an appropriate balance between the need to fund infrastructure in the city and ensure that development remains viable and delivers profit for developers.

6. The need for CIL

The Planning Practice Guidance states that a Council intending to introduce a CIL 'should focus on providing evidence of an aggregate funding gap that demonstrates the need to put in place the levy. Any significant funding gap should be considered sufficient evidence of the desirability of CIL funding, where other funding sources are not confirmed'.

Evidence of an infrastructure funding gap that CIL is required to fill has been provided within the consultation documents. Again, this draws on work done for the Infrastructure Delivery Plan as part of the Local Plan examination. Revenue from CIL is only one funding source which would be available however it is expected to have a significant impact on available finances to enable the Council to support the delivery of new and improved infrastructure.

It is also important that the level at which CIL is set strikes an appropriate balance between the need to fund infrastructure in the City and the need to ensure that development remains viable *and* delivers profit for developers.

7. What development will be liable to pay the levy?

Most buildings that people normally use are liable to pay the levy, whether the proposal is for a new building or an extension which results in 100 sqm or more of net increase in gross internal floor space. Development which is less than 100 sqm but which involves the creation of an additional dwelling is also liable. The following types of development are not required to pay the levy:

- Development of less than 100 square metres, unless this consists of one or more dwelling and does not meet the Government's self-build criteria (see regulation 42 for further details);
- Buildings into which people do not normally go;
- Buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery;
- Structures which are not buildings, such as pylons and wind turbines;
- Specified types of development which local authorities have decided should be subject to a 'zero' rate as outlined in the Draft Charging Schedule.

Other forms of development can be subject to an exemption or relief where the relevant criteria are met and the correct process is followed. These include:

- Residential annexes and extensions where an exemption has been applied for and obtained prior to commencement of the development;
- 'self-build' houses and flats, which are built by 'self-builders' where an exemption has been applied for and obtained prior to commencement of the development;
- social housing that meets the relief criteria and where an exemption has been applied for and obtained prior to commencement of the development;
- charitable development that meets the relief criteria and where an exemption has been applied for and obtained prior to commencement of the development.

Mezzanine floors, inserted into an existing building, are not liable for the levy unless they form part of a wider planning permission that seeks to provide other works as well.

Further information on the details related to these reliefs and exemptions this can be found within the CIL Regulations 2010 (as amended) and at <https://www.gov.uk/guidance/community-infrastructure-levy>.

8. Why have differentiated rates been used?

The draft Charging Schedule includes differentiated rates reflecting the viability of different types of development and, in some cases, different locations. This reflects the evidence provided within the CIL Viability Report.

Strategic sites

Different rates have been set for the strategic sites as **opposed** to residential development outside of these areas. Some of the strategic sites (ST7, ST8, ST9, ST14 and ST15) have a zero rating for CIL, whilst the remaining sites have a £100 psm charge. The sites which are zero rated are those where there are higher on-site requirements within the emerging Local Plan strategic policies. For instance, where the policy requires provision of a school on-site or significant highways infrastructure. These are the sites which do not indicate sufficient viability to support a CIL charge.

Student housing

Modifications to policy H7: Off campus purpose-built student housing of the emerging Local Plan require a financial contribution towards delivering affordable housing (where the site is not owned by a university at the date of adoption of the Plan). This added cost has impacted on the viability for CIL from such development. Therefore, CIL is only to be required from on campus student accommodation and smaller off-campus development where viability makes this achievable.

Retail

Viability work indicates that new retail development in the city centre is not likely to be viable. This is reflected in the zero rating for comparison retail development within the city centre boundary. The Viability Report does however recognise that there is some headroom in small scale local convenience and larger scale comparison stores. This is likely to capture CIL in relation to discount supermarkets and smaller scale metro-type stores rather than impact on independent businesses, which would generally move into an existing building.

Retirement housing

These rates similarly reflect the headroom available. This is evidenced in the rates set for older persons accommodation where headroom is available for retirement accommodation, and hence a CIL is proposed. Extra care accommodation presents a more mixed picture, with development on greenfield sites being unviable as a result of the higher affordable housing ask. For this reason, it is proposed that different rates are charged for extra care accommodation on greenfield and brownfield sites.

9. How we will collect CIL

Liability to pay the CIL is triggered by the commencement of the development. Following the adoption of a CIL Charging Schedule, planning applications in the area will be expected to include a completed CIL Information and Liability Form, which will help the Council calculate the CIL liability associated with the development and issue a CIL Demand Notice. The notice will be issued upon the commencement of development.

The levy should usually be paid within 60 days of the commencement of development however, to support the financial viability of new development in the area, an instalments policy is proposed. An instalments policy allows levy charges over an identified amount to be paid in instalments over a set period of time. The Council is considering introducing an instalments policy and is seeking views on the proposed approach set out below.

Overall CIL liability	Payment instalments
£20,000 or less	Payment in full within 240 days
£20,000 - £50,000	50% paid within 360 days Further 50% paid within 540 days
£100,000 - £500,000	10% paid within 270 days Further 15% paid within 540 days Further 25% paid within 720 days Remaining 50% paid within 900 days
£500,000 or more	Agreement of project specific payment schedule

10. Where will the CIL be spent?

75-80% of the CIL is kept by the Council and must be spent on infrastructure to support development of the area. 5% of the total CIL can be used towards administration costs associated with monitoring and reporting of the CIL.

Infrastructure, for the purposes of CIL spend, can include transport, flood defences, schools, hospitals, and other health and social care facilities. The levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure if that is necessary to support development. The Council's Infrastructure Delivery Plan identifies possible projects where CIL could contribute, although it should be noted that CIL does not need to be spent on these projects and other funding sources may also contribute to these items.

We have to pass on a percentage of CIL receipts to those communities affected by new developments.

The table below indicates how this neighbourhood portion of the CIL has to be allocated:

Parish council	Neighbourhood plan	Levy
✓	✓	25% uncapped, paid to parish each year
✓	x	15% capped at £100/dwelling (indexed for inflation), paid to parish each year
x	✓	25% uncapped, local authority consults with community about how funds can be used, including to support priorities set out in neighbourhood plans
x	x	15% capped at £100/dwelling (indexed for inflation), local authority consults with community to agree how best to spend the neighbourhood funding

Source: National Planning Practice Guidance on Community Infrastructure Levy, Paragraph 145, Reference 23-145-20190901

Where there is a Parish Council the monies are passed directly to them for them to spend in accordance with the CIL Regulations. The Parish Council will be required to report on where the CIL monies have been spent. Any monies not spent within 5 years can be recovered by the Council.

The percentages above will still apply if there are no Neighbourhood Plans or Parish Councils, but we will keep these contributions, and engage with local communities to determine how best to spend the money.

The percentage passed to neighbourhoods can be spent on a wider range of infrastructure than the rest of CIL, as long as it still supports projects that address the demands that development places on the area.

11. Next steps

Following the conclusion of this Regulation 16 consultation, the Council will review consultation representations and amend the draft Charging Schedule and supporting evidence base documents if necessary. The Council then intends to submit the revised draft Charging Schedule for an Examination in Public.

An Independent Examiner will be appointed to conduct the examination process. During the examination, members of the public can offer their views through hearings or written representations. The examiner will include their recommendations in a report, and will recommend either approval, rejection, or approval with specified modifications to the Charging Schedule.

Following the approval of the Charging Schedule, Levy rates on new development will apply once the Council has formally published the adopted Charging Schedule.

Links to other relevant information

<https://www.gov.uk/guidance/community-infrastructure-levy>

CIL regulations HMSO

Community Infrastructure Regulations (March 2010) (Statutory Instrument 2010 no. 948): [Community Infrastructure Regulations](#)

(It should be noted that these principal regulations have been amended in part by subsequent regulations and the HMSO web site should be consulted for all relevant amendments)

Further information is available from:

<https://www.planningportal.co.uk/planning/policy-and-legislation/CIL/download-the-forms/>

<https://www.local.gov.uk/pas/topics/developer-contributions>