
Cabinet Member

11 March 2019

Name of Cabinet Member:

Cabinet Member for Housing and Communities – Councillor Ruane

Director Approving Submission of the report:

Deputy Chief Executive - Place

Ward(s) affected:

All

Title:

Community Infrastructure Levy (CIL) – update position 2019.

Is this a key decision?

No.

Community Infrastructure Levy (CIL) – update position 2019.

Executive Summary:

The ability for Local Authorities to charge a Community Infrastructure Levy (or CIL for short) came into force nationally in April 2010. It enables the Council to raise funds from developers undertaking new building projects in the city. The money can be used to fund a wide range of infrastructure that is needed as a result of development across the city. Examples can include new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces and leisure centres.

The levy creates a financial charging system with the majority of building projects potentially qualifying to contribute towards additional infrastructure that is needed to support wider planned development across the city. The Levy also has far greater certainty in that it provides the basis for a charge in a manner that the planning obligations system alone could not easily achieve, enabling, for example, the mitigation of cumulative impacts from development and allowing more flexible use of CIL receipts in terms of where and how they are spent.

The Council is currently developing a CIL following on from the adoption of, and to support its Local Plan. Linked to and alongside the ongoing preparatory work on CIL, the Council is also in the process of developing a separate, but linked planning tool, namely a Supplementary Planning Document (SPD) relating to s.106 developer contributions. The Council has also gathered information from other areas where Local Authorities have already established a CIL charging, including benchmarking revenues from purpose built student accommodation developments.

Recommendations:

The Cabinet Member is requested to:

1. note the current position in advancing a CIL charge for Coventry as an update and progress report as of March 2019; and
2. endorse the continued delivery of CIL at the earliest opportunity.

List of Appendices included:

None.

Background papers:

None.

Other useful documents:

None.

Has it been or will it be considered by Scrutiny?

No.

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No.

Report title:

Community Infrastructure Levy (CIL) – update position 2019.

1. Context (or background)

- 1.1 The first stage in establishing a CIL is something called a Preliminary Draft Charging Schedule (or PDCS for short). Existing CIL regulations set out a prescribed process which all Councils must follow to get a CIL charge in place. The key requirements for being successful in establishing a CIL charge are firstly, to have recent evidence on local development and infrastructure markets and secondly, to strike an appropriate balance between the level of CIL charge and its potential effects on economic viability. Understanding the relationship between CIL and section 106 legal obligations is also important.
- 1.2 Consultants were commissioned to undertake a viability assessment after the adoption of the Local Plan, and this was developed during 2018 on the premise that CIL charging in Coventry could support the delivery of infrastructure by placing a financial charge (or Levy) on certain new developments.
- 1.3 The Council have also commissioned a further piece of evidence to consider two key aspects of CIL and viability impacts. Firstly, the potential impact of increased s.106 allowances on the previously recommended CIL rates and options, and secondly, the impact of changes to national affordable housing policy introduced as part of the revised National Planning Policy Framework in July 2018. This work will be completed shortly. These evidence documents are essential in order to move towards the first formal consultation stage - Preliminary Draft Charging Schedule (PDCS) expected later this year.
- 1.4 A further issue the Council is having to manage is the ongoing changes at National Government level in respect of the reforms that have been made to the CIL regime and associated regulations that are still to be finalised and published. Timings are, of course, very important and in this regard, it has been necessary for the Council to fully understand and interpret how these proposed Government CIL reforms could impact its work on establishing a CIL.
- 1.5 At the present time, the latest reforms were consulted on in January 2019 and the final regulations will be laid before parliament sometime this year. However, the Ministry for Housing, Communities and Local Government (MHCLG), are unable to provide a more definitive timetable. The Government may also publish additional guidance to support the implementation of the regulations.
- 1.6 The Council has also been undertaking its own research by gathering evidence from other Councils of similar size to Coventry that have already implemented their CIL charging. This is with a view to benchmarking the potential CIL revenue for Coventry looking forward. The results highlighted within this report are largely focused on revenue from purpose built student accommodation schemes which reflects the current relative shortfall in developer contributions compared to other forms of residential development. Our current research has identified the following examples of CIL receipts:

Bristol City Council:

Student accommodation attracts a CIL rate of £100 per square metre and this is higher than their residential rates of £50 and £70 per square metre respectively. The table below shows the student accommodation CIL receipts and over the last six years student accommodation has provided just over 20% of their total CIL receipts.

Year	Student Accommodation CIL Receipts
2012/13	£0
2013/14	£140,980.00
2014/15	£996,543.19
2015/16	£862,573.36
2016/17	£976,700.68
2017/18	£763,186.20
01/04/18 - today	£609,995.90
TOTAL	£4,349,979.33

Birmingham City Council:

They have dispatched £3.84 million of CIL Liability Notices and £3.6 million of CIL Demand Notices (£1.2 million recorded to date). Their reporting procedures are different to Bristol City Council so revenues can't be compared year for year.

Plymouth City Council:

Purpose built student accommodation attracts a CIL rate of £81.70 per square metre and was introduced in 2013. To date, the Council has received £608,000 solely from newly built student accommodation and since CILs inception, approximately 2,000 student bed spaces have been provided.

Newcastle City Council:

Purpose built student accommodation attracts a CIL rate of £50 per square metre and was introduced in 2016. To date, the Council has received £1,284,450 million solely from newly built student accommodation. Since introducing CIL, nine buildings have been granted planning permission, three of which have secured a CIL receipt and six providing a s106 planning contribution.

Exeter City Council:

Purpose built student accommodation attracts a CIL rate of £56.79 per square metre and was introduced in 2013. To date, the Council has dispatched £3,338,522 million Demand Notices for newly built student accommodation and since CILs inception, twenty-one student buildings have been built or are currently under construction.

Oxford City Council:

Purpose built student accommodation attracts a CIL rate of £144.19 per square metre (as of 2019) and was first introduced in 2013. To date, the Council has received £7,309,120 million for newly built student accommodation through eleven separate schemes.

In terms of Coventry's position, there have been thirteen separate developments since the Local Plan was adopted (December 2017) for purpose built student accommodation, creating 2,834 new bed spaces. This has resulted in £504,535 of monies secured through legal agreements (s106) to fund a variety of health and open space requirements.

2. Options considered and recommended proposal

- 2.1 In relation to the CIL, there are two options at this time. The first option would see the Council continue to develop its first stage CIL document and be taken forward on the basis of the Government's existing set of CIL regulations and associated guidance.
- 2.2 The second option would be to continue developing a first stage CIL but wait until the Government's proposed reforms have been agreed through published regulation and

guidance. This option is not recommended as it would mean the Council would have to rely solely on the Government's timetable, and could result in an unintended delay in getting a CIL in place for Coventry.

3. Results of consultation undertaken

- 3.1 Given the report represents an update as to the where the Council are at in respect of CIL, there are of no consultation responses to report that are relevant at this stage.

4 Timetable for implementing this decision

- 4.1 It is expected that a further report will be taken to Cabinet and Council with a recommendation to seek approval to consult on the first stage CIL - Preliminary Draft Charging Schedule later this year.
- 4.2 An indicative timescale is available as an appendix to this report and sets out the process for delivering a CIL for Coventry at the present time (this may be subject to change).

5 Comments from the Director of Finance and Corporate Services

5.1 Financial implications

There are no financial implications arising from this recommendation.

5.2 Legal implications

The Community Infrastructure Levy is a discretionary planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010. Subject to certain exceptions and reliefs, the CIL can apply to any development as defined by s209 (1) Planning Act 2008 as anything done by way of, or for the purposes of, the creation of a new building or anything done to, or in respect of, an existing building. Any development that is not a building will not be liable to pay CIL.

The legal requirements relating to the preparation of a CIL Charging Schedule are set out at s211 of the Planning Act 2008. The Schedule must be informed by appropriate evidence regarding the viability of the Schedule. There is no liability to pay CIL until a charging schedule has been adopted.

The Council is the charging authority for CIL. It will decide how the money is spent to meet the city's infrastructure needs, in line with the Infrastructure Delivery Plan and other relevant sources that become available over the life of the plan. The Council will publish its priorities for CIL on its website on an ongoing basis (the 'Regulation 123' list¹).

The Council must consult on their proposed CIL rates before finalising a draft charging schedule. The proposed consultation bodies are listed in Regulation 15 of the CIL Regulations 2010.

¹ A list of those projects or types of infrastructure that the Council intends to fund, or may fund through the levy.

6 Other implications

None.

6.1 How will this contribute to achievement of the Council's Plan?

- A prosperous Coventry: CIL will help contribute to the overall suite of monies that can be secured through the planning process;
- Citizens living longer, healthier, independent lives: Choosing the right approach to delivering the city's infrastructure needs will help promote improvements to the existing built environment. New areas of green spaces and the new health facilities could be secured from CIL contributions.
- Making Coventry an attractive and enjoyable place to be: Choosing the right approach to delivering the city's infrastructure needs will help promote improvements to the existing built environment. This will also create opportunities for the city centre to develop and regenerate supporting increased tourism and ensuring the most valuable and sensitive green spaces will also be protected from inappropriate development.
- Providing a good choice of housing: Any monies delivered through a CIL charge would ensure that infrastructure would support sufficient new homes being provided to meet the needs of local people within Coventry. Affordable housing cannot be funded from CIL but will continue to be subject to other applicable planning obligations.
- Making places and services easily accessible: New homes and job opportunities will be brought forward in a planned and sustainable way. In practical terms this will help ensure the right amount of new development happens to ensure that services are viable and accessible. CIL will also promote sustainable development with adequate provision of infrastructure and improved accessibility to key services and facilities.
- Encouraging a creative, active and vibrant city: New infrastructure, supported through CIL, will facilitate and enable job opportunities to be brought forward in a planned and sustainable way. In practical terms this will help ensure the right amount of new development happens to ensure that services are viable and accessible.
- Developing a more equal city with cohesive communities and neighbourhoods: By planning proactively for the city's infrastructure needs CIL can help to ensure that more people will be adequately housed, with greater access to new jobs, leisure provisions and community facilities.
- Improving the environment and tackling climate change: The successful implementation of CIL would help seek to mitigate the impacts of development on the environment through the policies in the Local Plan and City Centre Area Action Plan to which CIL is based. The Plans will help bring about improvements to areas in need of investment and will protect the most valuable and sensitive areas of green space from inappropriate development.

6.2 How is risk being managed?

Given that the process for bringing a CIL into place is regulated by Government, the main issue associated with CIL is ensuring that it is prepared in accordance with the most up to date Government guidance and regulations.

6.3 What is the impact on the organisation?

No direct impact.

6.4 Equalities / EIA

No direct impact.

6.5 Implications for (or impact on) the environment

No direct impact.

6.6 Implications for partner organisations?

None.

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Appendix 1: Coventry Community Infrastructure Levy (CIL) – Indicative timescale (subject to change)

