

Subject:	Community Infrastructure Levy		
Date of Meeting:	22 September 2016		
Report of:	Nick Hibberd, Acting Director of Economy, Environment and Culture		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The report provides a briefing on Community Infrastructure Levy (CIL). It sets out the reasons for and seeks agreement to a CIL charging schedule to be put in place in Brighton & Hove and that work should start immediately. It goes on to provide an indicative timetable for CIL preparation and outlines the resources needed.

2. RECOMMENDATIONS:

- 2.1 That the committee agrees work should commence on putting a Community Infrastructure Levy charging schedule in place for Brighton & Hove.
- 2.2 That the committee notes the key stages, outline timetable and resources required to prepare and adopt a CIL charging schedule.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities to help deliver infrastructure necessary to support the development and communities in their area. It came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010. It can apply to any new developments over 100sqm or new dwellings of any size, to be determined by the local authority.
- 3.2 A CIL is set by the local council, based on the location, use and scale of the new development. Once a CIL has been adopted, land owners and developers must pay the levy to the local council from the time new development commences including via instalments (if agreed). A fuller briefing on CIL is set out in appendix 1.
- 3.3 CIL and Planning Obligations will continue to exist alongside each other. A Regulation 123 list identifies infrastructure that will be funded by CIL so as to ensure there is no 'double dipping'. The Infrastructure Delivery Plan, Annex 2 to the City Plan Part One, is the starting point for preparing the Regulation 123 list.

The Government's aim is to reduce the scope of planning obligations (section 106 agreements) to non-financial matters, such as mitigating site-specific impacts. The type of infrastructure that CIL may contribute to are:

- Social infrastructure schools, open space/play space, sports facilities, Local Employment Scheme training, health facilities
- Physical infrastructure – sustainable transport contributions, strategic road/cycle, public realm, seafront
- Environmental infrastructure - flood defences, air quality mitigation, green networks.

3.4 CIL has not been introduced earlier in Brighton & Hove largely due to concerns about viability and deliverability of development in the city particularly as a consequence of the economic slowdown. Measures were introduced to assist with the delivering development during the slowdown, for example the Recession Measures which have now been lifted. Circumstances have changed and it is considered there is now a strong case to proceed with putting CIL in place:

- The development industry is more buoyant than it was and land values have increased in Brighton & Hove. A robust CIL Viability Study will ensure viability of development will not be harmed as a consequence of introducing CIL.
- Introducing CIL follows the direction of travel of Government policy and avoids the S106 pooling restrictions which were introduced in April 2015
- CIL increases income from new development towards infrastructure needs and community development and provides greater certainty and consistency for the development industry.
- City Plan Part One has been adopted (alongside the Infrastructure Delivery Plan) which provides a robust policy basis for CIL.
- Introduction of CIL is a Modernisation priority and recommended by the Planning Advisory Service Review report.
- Many adjacent authorities either have CIL in place or under preparation including Worthing, Arun, Chichester, Horsham, Mid Sussex, Lewes, Crawley and Wealden.

3.5 It normally takes two years to put a CIL in place. As set out in the indicative timetable below, commencing work in September will allow a CIL charging schedule to be adopted by September 2018

Date	Key stage
Jan 2017	CIL Viability Study completed
April 2017	Publish Preliminary Draft Charging Schedule for consultation following committee resolution
Oct 2017	Publish Draft Charging Schedule (revised following consultation) for consultation following committee resolution
March/April 2018	Examination of Draft Charging Schedule
Sept 2018	Adopt CIL Charging Schedule

3.6 Additional staff (approximately 2 days per week) and resources will be required to fund the CIL Viability Study (cost approximately £25k) and to manage, prepare and implement a CIL charging schedule. Forward funding for this will be required

to put CIL in place. This can be funded through CIL Regulation 61 which permits the Council to use up to 5% of income from the CIL charge for administrative expenses incurred in connection with the operation of the CIL charge including ongoing functions like establishing and running billing and payment systems, enforcing the levy, the legal costs associated with payments in-kind and monitoring and reporting on levy activity.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 One option is to continue with Developer contributions only. This has been discounted on the basis of the reasons weighed up in the report and that the benefits of introducing CIL outweigh any harm.
- 4.2 Option two is to defer work on CIL to start in the next financial year when funds will be available to pay for the CIL Viability Study within an identified budget. This has been discounted on the basis that the benefits of raising more income towards strategic infrastructure arising from introducing CIL earlier outweigh concerns.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Consultation will be undertaken with key stakeholders in preparing the CIL Viability Study.
- 5.2 CIL preparation requires two formal stages of consultation at Preliminary Draft Charging Schedule Stage and Draft Charging Schedule Stage. A consultation statement will be prepared alongside the charging schedule and where appropriate changes made in response to comments raised.

6. CONCLUSION

- 6.1 The report recommends that work should start on preparing a CIL charging schedule for the reasons set out in the report. The CIL proposals will be brought back to Committee for approval at key stages. The report goes on to provide an indicative timetable setting out the key stages and the resources required.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 It is estimated that the council will incur initial set-up costs of £0.055m across the 2016-17 and 2017-18 financial years for a viability study and additional staff resources. This is in addition to staff time to be funded from existing revenue budgets. It is anticipated that these costs will be funded from future CIL receipts under CIL Regulation 61.
- 7.2 Once a scheme is implemented, there will be ongoing costs connected with advising developers of their liability, collecting, monitoring, reporting and enforcing the scheme. An impact assessment by the Department for Communities and Local Government from 2011 estimated that the annual ongoing cost of the scheme to a local authority outside of London will be up to £0.076m.

- 7.3 CIL regulations allow charging authorities to use up to 5% of CIL receipts on expenses in connection with the initial set-up and ongoing operation of the CIL scheme. Consideration will therefore be given to the costs of administration in setting rates to maximise cost recovery.
- 7.4 It is currently difficult to forecast the value of receipts the council may receive from the implementation of the CIL as rates are still to be developed and income will be dependant on the type and level of development in the City. CIL receipts will be a potentially important source of income for funding infrastructure in the City, however consideration must be given to ensure that the charges are compatible with the aims and objectives of the council.

Finance Officer Consulted: Steven Bedford

Date: dd/mm/yy

Legal Implications:

- 7.5 The CIL Charging Schedule is being developed in line with the requirements of the Planning Act 2008 and CIL Regulations 2010 as amended. Unlike section 106 agreements, CIL is not a negotiated process. If a development is liable for CIL, payment is mandatory. The CIL Regulations set out strong enforcement powers and penalties for failure to pay, including Stop Notices, surcharges, late payment interest and prison terms. Appeals are possible under specified grounds.

Lawyer Consulted:

Alison Gatherer

Date: 05/09/16

Equalities Implications:

- 7.6 An equalities impact assessment will need to be prepared alongside a CIL Charging Schedule. Income raised from CIL will go towards funding infrastructure necessary to support new development and communities.

Sustainability Implications:

- 7.7 Income raised from CIL will go towards funding infrastructure necessary to support new development and communities and should therefore have a positive impact in terms of sustainability outcomes.

7.8 Corporate / Citywide Implications:

Implementation of CIL will help to deliver the policies and objectives of the City Plan and other agreed strategies in the city.

SUPPORTING DOCUMENTATION

Appendices:

1. CIL Briefing Note

Documents in Members' Rooms

None.

Background Documents

1. City Plan Part One
2. Infrastructure Delivery Plan, Annex 2 to the City Plan

