

---

NUNEATON AND BEDWORTH  
BOROUGH COUNCIL

---

COMMUNITY  
INFRASTRUCTURE  
LEVY

---

Preliminary Draft Charging  
Schedule

---

October 2015

---



## CONTENTS

|           |   |           |
|-----------|---|-----------|
| <b>1.</b> | <b>INTRODUCTION</b> .....                                       | <b>2</b>  |
|           | What is the CIL? .....  | 2         |
|           | Why do we need a CIL? .....                                     | 2         |
|           | CIL and Section 106.....  | 3         |
|           | Consultation .....  | 4         |
|           | How to Comment.....   | 4         |
|           | Supporting documents .....                                      | 4         |
|           | Next Steps .....  | 5         |
|           | Timetable .....   | 5         |
| <b>2.</b> | <b>VIABILITY</b> .....  | <b>6</b>  |
|           | Residential.....  | 6         |
|           | Strategic Sites.....  | 7         |
|           | Retail .....  | 8         |
|           | Business.....   | 9         |
|           | Other uses .....  | 10        |
| <b>3.</b> | <b>PRELIMINARY DRAFT CHARGING SCHEDULE</b> .....                | <b>10</b> |
| <b>4.</b> | <b>PAYMENT OF CIL</b> .....                                     | <b>10</b> |
|           | CIL Exemptions.....   | 12        |
|           | Discretionary Relief and Exceptional Circumstances Relief ..... | 13        |
| <b>5.</b> | <b>NEIGHBOURHOOD PLANS</b> .....                                | <b>13</b> |
| <b>6.</b> | <b>ANNUAL MONITORING</b> .....                                  | <b>14</b> |
|           | Review .....  | 14        |
| <b>7.</b> | <b>FAQS</b> .....   | <b>15</b> |
| <b>8.</b> | <b>FURTHER INFORMATION</b> .....                                | <b>15</b> |

## **1. INTRODUCTION**

- 1.1 The Preliminary Draft Charging Schedule (PDCS) is a consultation document issued as the first step in setting the Nuneaton and Bedworth Community Infrastructure Levy (CIL). It contains the proposed CIL charging schedule and explains the general principles of CIL, and the background evidence used to arrive at the proposed charging rates.

### **What is the CIL?**

- 1.2 The CIL is a levy that allows local authorities to raise funds from new development in order to make a financial contribution towards the infrastructure needed because of that development. The CIL will supplement rather than replace other sources of funding. The Council will use CIL alongside a range of other funding sources, such as Local Government Grants, Regional Growth Funds and Council Capital Funding, to continue to invest in infrastructure projects that are vital to the delivery of the Borough Plan.

### **Why do we need a CIL?**

- 1.3 Most new development will have an impact on the local infrastructure within the Borough. The CIL will help to mitigate this impact and ensure that additional development will not place undue pressure on existing facilities and services in the area. The CIL income will fund infrastructure that the Council, local community and neighbourhoods need. This infrastructure includes both Borough and County responsibilities, such as new or safer road schemes, schools, health and social care facilities, park improvements, green spaces and leisure centres, as well as infrastructure required by other service delivery partners such as the Environment Agency.
- 1.4 The implementation of a CIL will also have other benefits. It will provide developers with more certainty up front. They will know how much they will need to contribute before they

submit a planning application and can factor this in when they are budgeting to decide if a development is viable. The CIL will also provide local communities with greater transparency and understanding of the planning process by seeing how new development is contributing to their local community.

## **CIL and Section 106**

1.5 The CIL will provide infrastructure to support the development of an area rather than making an individual planning application acceptable in planning terms, which is the purpose of Section 106 (S106) Agreements. The CIL will work in tandem with S106 rather than replacing it altogether.

1.6 The introduction of CIL is also important as the CIL Legislation made changes to S106, which came into force in April 2015. The ability to pool planning obligations through legal agreements under S106 is restricted. Larger infrastructure projects such as transport schemes and schools often require pooling of many individual planning contributions in order to be delivered. Therefore, CIL will be able to deliver the projects that will no longer be possible through S106. The S106 will continue to be used to deliver some infrastructure, but this will largely be restricted to site-specific mitigation, providing affordable housing and development of the strategic development sites. The Council will not have a CIL in place until 2017, therefore, in the short-term an interim S106 policy will be in place until CIL implementation has been developed. At this stage, the policy will be reviewed again to ensure it is consistent with the CIL charging schedule and that there is no duplication of charges.

1.7 The CIL Regulations restrict the use of planning obligations to ensure that developments are not charged for the same items through both S106 Agreements and the CIL. The Council is

required to publish a list of infrastructure it intends to fund via the levy. It will not be possible to seek planning obligations towards items on the infrastructure list. Furthermore, the Council will only be able to pool a maximum of five S106 contributions towards a particular infrastructure project.

## Consultation

### How to Comment

1.8 Your comments and views are welcomed on the proposed CIL rates and other elements of the proposed approach contained within this document. The consultation period starts on **26<sup>th</sup> October 2015 and all responses must be received by 5pm on 18<sup>th</sup> December 2015.**

### Supporting documents

1.9 The Preliminary Draft Charging Schedule is supported by the following documents:

- Infrastructure Delivery Plan (NBBC, 2015)
- Viability Study (DSP, 2014)

1.10 The CIL documentation and supporting documents can be viewed on the Council's website at [www.nuneatonandbedworth.gov.uk/boroughplan](http://www.nuneatonandbedworth.gov.uk/boroughplan) or at the Town Hall, Libraries, drop in events and information points. Responses to the consultation should be sent to the addresses below.

By email: [planning.policy@nuneatonandbedworth.gov.uk](mailto:planning.policy@nuneatonandbedworth.gov.uk)

By writing:

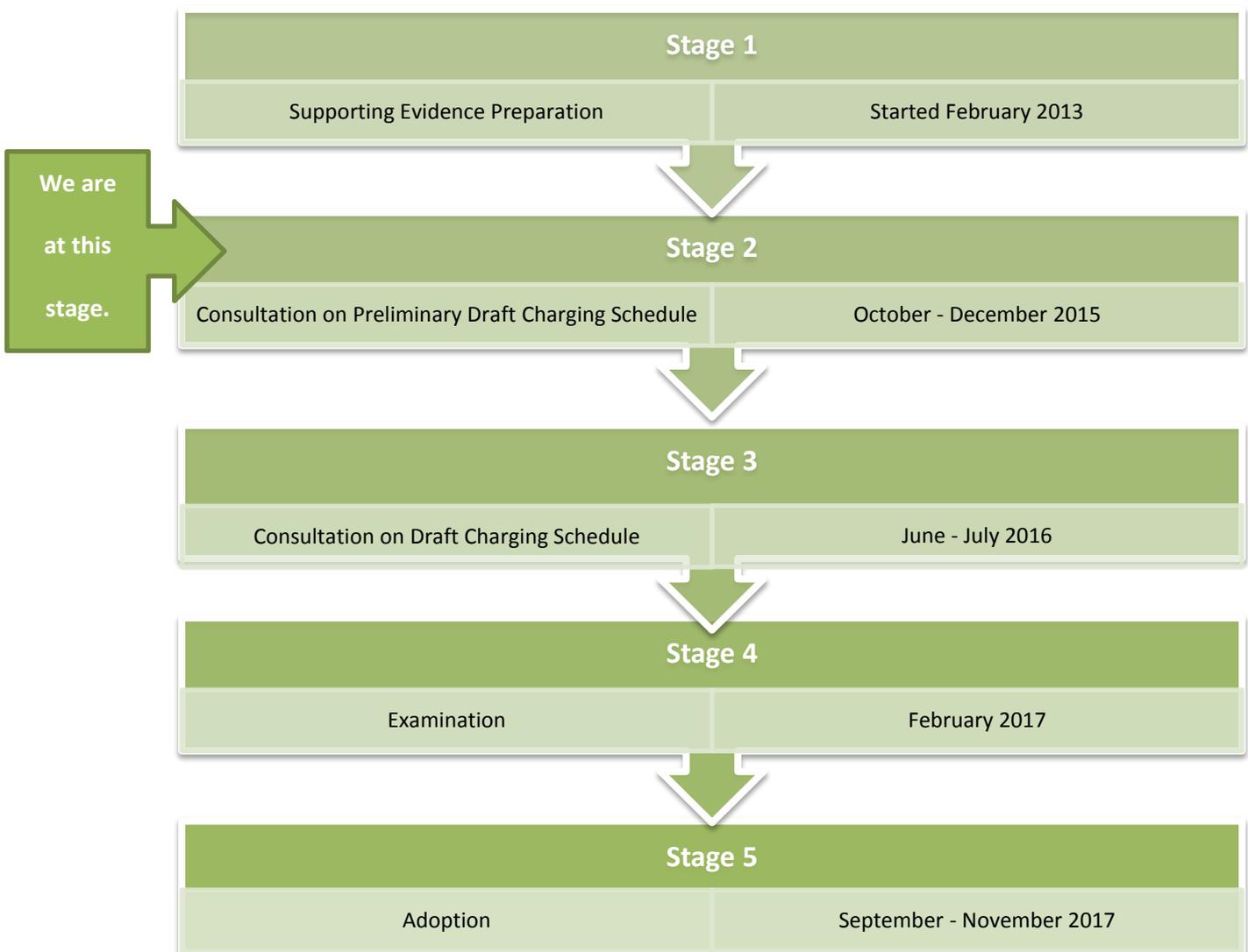
CIL Consultation  
Planning Policy & Economic Development  
Nuneaton and Bedworth Borough Council  
Town Hall  
Coton Road  
Nuneaton  
CV11 5AA

## Next Steps

1.11 Once the Council has considered all the representations received, it will produce a Draft Charging Schedule, which will be subject to a further round of consultation. Consultation on the Draft Charging Schedule is expected to take place in June 2016. It is expected that the Council will adopt the CIL by the end of 2017.

## Timetable

1.12 The following diagram shows the main stages in the production of the CIL:



## **2. VIABILITY**

- 2.1 The Council is required to demonstrate that the introduction of CIL supports the delivery of the Borough Plan and does not put it at risk. In setting the levy rate, the Council must strike a balance between the desirability of generating additional funding toward the cost of infrastructure from the levy and the impact the levy might have on the economic viability of development itself. By introducing a CIL it may mean that a small, but acceptable number of development schemes are rendered unviable. However, this will not affect overall delivery of the Borough Plan as the levy has been set out at a rate that allows the majority of development to be viable.
- 2.2 In October 2013, the Council appointed Dixon Searle Partnership (DSP) to undertake an independent viability analysis of the Borough and provide clear recommendations to the Council in relation to introducing a CIL, having regard to the nature of the economic conditions of the Borough and the emerging Borough Plan.
- 2.3 The key driver of development viability is local values (property values) within the Borough and what funds are available to meet the development costs including planning policy obligations and /or any CIL. These are the main influences in the relationship between values and costs, since the development costs are usually less variable from one local authority area to another.

### **Residential**

- 2.4 Whilst the CIL regulations enable charging authorities to implement a variety of charging zones, national guidance also recommends implementing the most simple and transparent charging schedule.

- 2.5 The viability assessment highlighted that, whilst there is a degree of varying residential values across the Borough, the evidence of likely delivery taken alongside the viability research and findings, suggests that there is insufficient justification for a zoned approach. The only zoning to occur would be between the strategic sites and residential development outside these areas.
- 2.6 Whilst the evidence suggested that the Council could set a residential CIL rate up to £100 per square metre, guidance recommends appropriate buffers should be factored into the CIL rates to accommodate any fluctuations in the housing market. The Council has decided to consult on a rate of £50 per square metre, to enable a relevant buffer, and to review this based on detailed responses from the development industry.

## Strategic Sites

- 2.7 The work DSP were commissioned to do was related to the Strategic sites identified in Policy DEV3 of the Borough Plan Preferred Options (also illustrated on the Borough Plan Proposals Map). The Submission version has considered the latest available evidence and information and therefore the content of the Preferred Options has been amended to take account of this. The Viability Study recommends that Strategic developments (if coming forward once there is an adopted charging schedule) carry very significant s.106 obligations, therefore, the rate is recommended at £0 sqm. **However, CIL will be charged on allocated sites where they do not come forward in a strategic manner. For the purposes of charging CIL, it is proposed that where an application comes forward under 298 dwellings, it will be subject CIL.**

- 2.8 It is not possible to undertake a very detailed review of the strategic sites at this stage, therefore, a broad assessment of the viability of those sites has been undertaken. For strategic scale sites much depends upon the extent, cost and phasing of the infrastructure to be funded by the development, the amount of housing that can actually be accommodated on site, and the timing of its provision in relation to that of the accompanying infrastructure. It is likely that further detailed work will be required in order for the Council to develop a fuller understanding of the potential delivery scenarios of these sites over time.
- 2.9 In order to be able to support a satisfactory level of infrastructure from these, the Council may need to consider a CIL charge applied to all residential development until such point that these development areas take on a more planned strategic growth role at a later point.
- 2.10 The Viability Study suggests that based on current stage assumptions and review, and considered alongside the Council's developing information on infrastructure needs, that the strategic sites offer a realistic prospect for viable development. Very positive signs are already in place in terms of the current progression of a significant proportion of the North Nuneaton strategic housing site in particular, but nevertheless, sizeable proposals have been or are currently being determined through the planning system. As these sites come forward, it is important to have sufficient infrastructure to support the new developments. However, the current sales values appear more likely to support essential / key infrastructure items rather than fuller lists of wider community facilities or amenities.

## **Retail**

- 2.11 The independent viability assessment demonstrated that supermarkets and retail warehousing developments will maintain viability with a CIL rate of £100.

2.12 The viability evidence demonstrates that this level of CIL could not be applied across all retail development and, like many other authorities, the recommendation is to apply a lesser CIL rate for small retail development.

2.13 For small retail development the PDCS is based on the net saleable floorspace as per the Sunday Trading Laws. Therefore, at a net sales area of 400m<sup>2</sup> or over the larger retail charging rate would apply. A net floorspace area under the 400m<sup>2</sup> would fall under the 'all other uses' category and be attributed a rate of £0 per sqm. The Council welcomes all views from the development industry on this.

## **Business**

2.14 The study suggests that viability outcomes would not be sufficient to support CIL charging from this range of ('B' class) uses at the present time. The generally poor viability results, especially for the B (business/employment) use class types, is not unusual in DSP's wide experience of undertaking viability assessment and review work. It does not necessarily mean that development will not be delivered, and indeed there are further signs of interest in particular sectors locally - such as warehousing/ distribution. The resulting viability outcomes for this sector are unlikely to improve sufficiently in the short term to enable a clear evidencing CIL charging schedule.

2.15 This however, does not prevent the Council securing monies through S106 agreements towards things as such public transport or highways improvements, which are likely to be impacted on or in need of improvement due to additional business development. The CIL will also be subject to a regular review. Therefore a CIL may be applied to this use in future if it is considered to be viable at that point in time.

## Other uses

2.16 Throughout their assessment of the Borough, DSP have identified that other forms of development are insufficiently viable to support a CIL charge at the current time.

### 3. PRELIMINARY DRAFT CHARGING SCHEDULE

3.1 The table below indicates the proposed charging schedule for CIL, there will be no differentiation by area, except where the extent covers any relevant strategic sites.

| Use  | Charge £/sqm |
|--|--------------|
| Residential including strategic sites in the Borough Plan coming forward in a non strategic manner | £50          |
| Strategic Sites allocated in the Borough Plan  | £0           |
| Retail (large) and warehouse development   | £100         |
| All Other Uses   | £0           |

Table 1: Proposed CIL Charging Schedule

### 4. PAYMENT OF CIL

4.1 The CIL Regulations state that CIL must be payable in full within 60 days of the development commencing, unless the Council introduce an Instalment Policy. The Council recognises that development often relies on finance to fund construction before returns can be achieved. 'Cash flow' is thus an important factor in development viability. An instalment policy can assist the viability of development projects.

4.2 The Council welcomes views from consultees with regards the introduction of an Instalment Policy and what effects this would have on overall development finance and delivery. Table 2 outlines a proposed instalment policy, which the Council is open to comments on. In formulating the proposed instalment policy, the Council undertook a review of other charging authorities. The review looked at the following:

- Adopted CILs – a nationwide review looking at other authorities.
- Local CILs – councils located a similar distance from M5, M6 and M42 central motorway network
- Similar sized councils with adopted CILs – a review of councils with a similar area/population

| Amount                   | Percentage     |                 |   |
|--------------------------|----------------|-----------------|---|
|                          | 25%            | 25%             | 50%   |
| <b>Less than £80,000</b> | within 60 days | Within 270 days | Within 365 days <i>or</i> occupation of first dwelling for residential properties |
| <b>More than £80,000</b> | within 60 days | Within 270 days | Within 540 days <i>or</i> occupation of first dwelling for residential properties |

**Table 2: Proposed Instalment Policy**

- 4.3 The levy is charged on new development and is not negotiable. Normally, this requires planning permission from the local planning authority, the Planning Inspectorate, or the Secretary of State on appeal. However, some developments not requiring planning permission (permitted development) will also be liable for CIL if they do not fall into the exemption criteria below. It will be the responsibility of the applicant to send the Council a notice of chargeable development prior to commencement of any development. The Council must be informed as to who is liable to pay CIL. Therefore, an assumption of liability form should be submitted to the Council. The default liability of CIL falls on the landowner if no notice is received. Upon granting planning permission, the Council will issue a liability notice advising of the CIL liability for the development.
- 4.4 Where a planning permission is phased, each phase of the development is treated as if it were a separate chargeable development for levy purposes.

## **CIL Exemptions**

- 4.5 The CIL Regulations exempt the following from paying the CIL:
- Development by registered charities for the delivery of their charitable purposes ;
  - Those parts of a development which are to be used as social housing ;
  - The conversion of any building previously used as a dwelling house to two or more dwellings ;
  - Development of less than 100 sqm of new build floorspace, provided that it does not result in the creation of a new dwelling ;
  - The conversion of, or works to, a building in lawful use that affects only the interior of the building; and

- Development of buildings and structures into which people do not normally go (e.g. pylons, wind turbines, electricity sub stations).
- Self build - homes built or commissioned by individuals for their own use. Community group self build projects also qualify for the exemption where they meet the required criteria

## **Discretionary Relief and Exceptional Circumstances Relief**

4.6 The CIL Regulations allow for the Council to provide further relief, at their discretion. The Council does not have to offer this relief, but if they chose to do so, they must adopt a discretionary relief policy. This is not part of the charging schedule and may be published at a different time. The Council has not made a formal decision on whether it will offer discretionary relief in accordance with the CIL Regulations. Further information will be publicised in due course.

## **5. NEIGHBOURHOOD PLANS**

5.1 There are currently no Neighbourhood Plans in place within the Borough. There are also no formally designated Neighbourhood Planning Areas or Neighbourhood Forums.

5.2 If Neighbourhood Plans are developed in the future, then where there is a Neighbourhood Development Plan in place, the neighbourhood will be able receive 25% of the revenues from the CIL arising from the development that they have chosen to accept within their neighbourhood boundary. The money is to be paid directly to parish and town councils. However, in areas such as Nuneaton and Bedworth where there are no parish councils, the

Borough Council must agree with the local community how to spend the money. This could be used for community projects such as re-roofing a village hall, refurbishing a municipal pool or taking over a community pub.

- 5.3 Neighbourhoods without a Neighbourhood Development Plan, but where the CIL is still charged will receive a capped share of 15% of the levy revenue arising from development in their area.

## **6. ANNUAL MONITORING**

- 6.1 Once the CIL is adopted the Council will report annually through the Authority Monitoring Report on:

- the amount of CIL collected;
- the amount of CIL that has been spent;
- information on how CIL funds have been spent (i.e. which infrastructure projects, and how much has been used to cover administrative costs);
- the amount of CIL retained at the end of the reporting year.

### **Review**

- 6.2 The Viability Study undertaken as part of the evidence helped inform the proposed CIL rates set out in this document. However, the results from the Viability Study were reflective of the market conditions at the time of publication. The economic climate has started to see signs of growth which is estimated to continue in the medium term. Annual reporting on the CIL will help the Council to monitor the levels of CIL and its relationship to market conditions. The Council will keep the charging schedule under review in response to monitoring.

## 7. FAQs

7.1 The Council is preparing a set of FAQs that will be available on the website during the consultation period.

## 8. FURTHER INFORMATION

8.1 The following links may be helpful if you require further information about CIL and the CIL process.

| Source  | Website Address   |
|---|---|
| <b>Planning Portal – CIL information web page</b>                               | <a href="http://www.planningportal.gov.uk/planning/applications/howtoapply/whattosubmit/cil">www.planningportal.gov.uk/planning/applications/howtoapply/whattosubmit/cil</a>  |
| <b>Department for Communities and Local Government (DCLG) – CIL information</b> | <a href="https://www.gov.uk/government/policies/giving-communities-more-power-in-planning-local-development/supporting-pages/community-infrastructure-levy">https://www.gov.uk/government/policies/giving-communities-more-power-in-planning-local-development/supporting-pages/community-infrastructure-levy</a> |
| <b>National Planning Policy Guidance - CIL</b>                                  | <a href="http://planningguidance.planningportal.gov.uk/blog/guidance/community-infrastructure-levy">http://planningguidance.planningportal.gov.uk/blog/guidance/community-infrastructure-levy</a>   |
| <b>National Planning Policy Framework</b>                                       | <a href="http://www.gov.uk/government/publications/national-planning-policy-framework--2">www.gov.uk/government/publications/national-planning-policy-framework--2</a>  |

| Source   | Website Address   |
|--|---|
| Planning Advisory Service (PAS) - CIL information web page     | <a href="http://www.pas.gov.uk/3-community-infrastructure-levy-cil">www.pas.gov.uk/3-community-infrastructure-levy-cil</a>  |
| The Community Infrastructure Levy Regulations 2010             | <a href="http://www.legislation.gov.uk/uksi/2010/948/contents/made">www.legislation.gov.uk/uksi/2010/948/contents/made</a>  |
| The Community Infrastructure Levy (Amendment) Regulations 2011 | <a href="http://www.legislation.gov.uk/uksi/2011/987/contents/made">www.legislation.gov.uk/uksi/2011/987/contents/made</a>  |
| The Community Infrastructure Levy (Amendment) Regulations 2012 | <a href="http://www.legislation.gov.uk/uksi/2012/2975/contents/made">www.legislation.gov.uk/uksi/2012/2975/contents/made</a>  |
| The Community Infrastructure Levy (Amendment) Regulations 2013 | <a href="http://www.legislation.gov.uk/uksi/2013/982/contents/made">www.legislation.gov.uk/uksi/2013/982/contents/made</a>  |
| The Community Infrastructure Levy (Amendment) Regulations 2014 | <a href="http://www.legislation.gov.uk/uksi/2014/385/contents/made">www.legislation.gov.uk/uksi/2014/385/contents/made</a>  |
| Guidance on the General Permitted Development Order            | <a href="http://planningguidance.planningportal.gov.uk/blog/guidance/when-is-permission-required/what-are-permitted-development-rights">http://planningguidance.planningportal.gov.uk/blog/guidance/when-is-permission-required/what-are-permitted-development-rights</a> |