



# Draft Community Infrastructure Levy Charging Schedule

## Consultation Information Booklet

Nuneaton and Bedworth Borough Council

October 2020

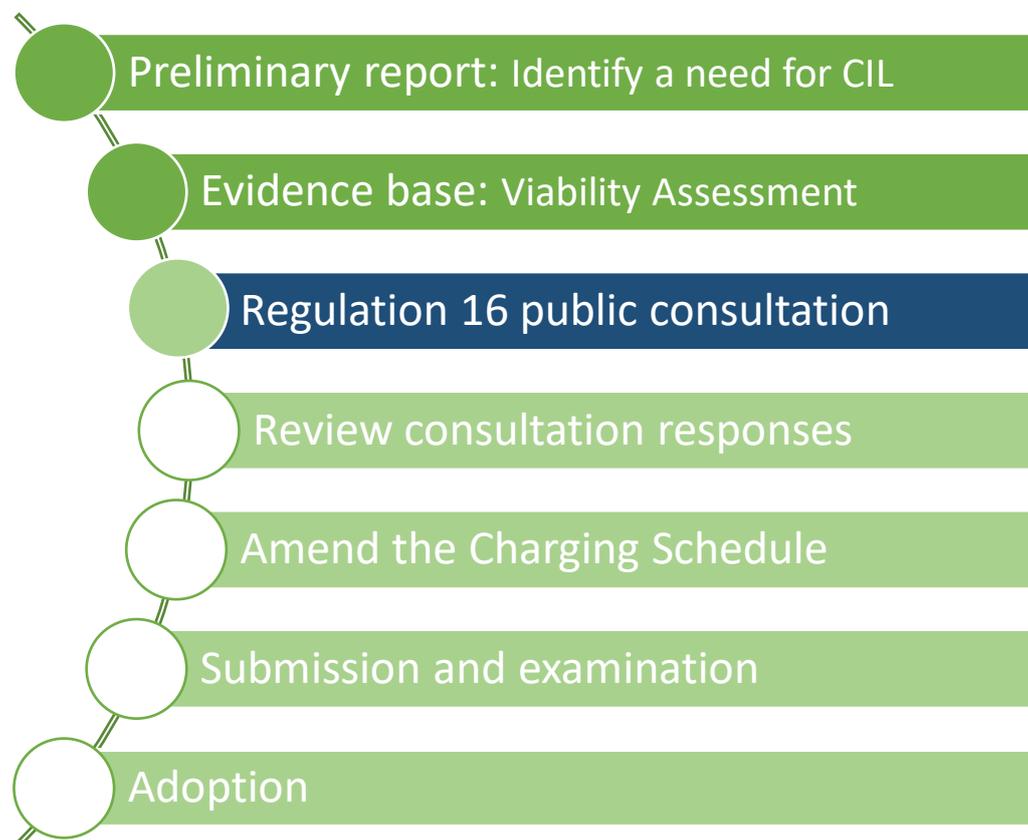
# 1. Introduction

Nuneaton and Bedworth Borough Council (NBBC) 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 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 new way 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 areas. There are several stages to the production of a CIL charging schedule. The Council is currently undertaking 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 in 2021.



## 2. Responding to the Consultation

**Consultation on the Draft Charging Schedule ends on Monday 9<sup>th</sup> November 2020 at 11.59pm.**

**Please provide comments on the draft Charging Schedule using the consultation response form.** The response form can be downloaded from the Council's website [www.nuneatonandbedworth.gov.uk/consult](http://www.nuneatonandbedworth.gov.uk/consult)

Responses should be emailed to [planning.policy@nuneatonandbedworth.gov.uk](mailto:planning.policy@nuneatonandbedworth.gov.uk) or posted to Planning Policy, Town Hall, Coton Road, Nuneaton, CV11 5AA.

The draft Charging Schedule and all supporting consultation material and evidence base documents are available to view at the Town Council Offices by appointment only. To book an appointment please call 02476 376 376.

For further information, contact Planning Policy directly on 02476 376 288, email [planning.policy@nuneatonandbedworth.gov.uk](mailto:planning.policy@nuneatonandbedworth.gov.uk), or visit the Council website [www.nuneatonandbedworth.gov.uk/consult](http://www.nuneatonandbedworth.gov.uk/consult)

## 3. What is the Community Infrastructure Levy?

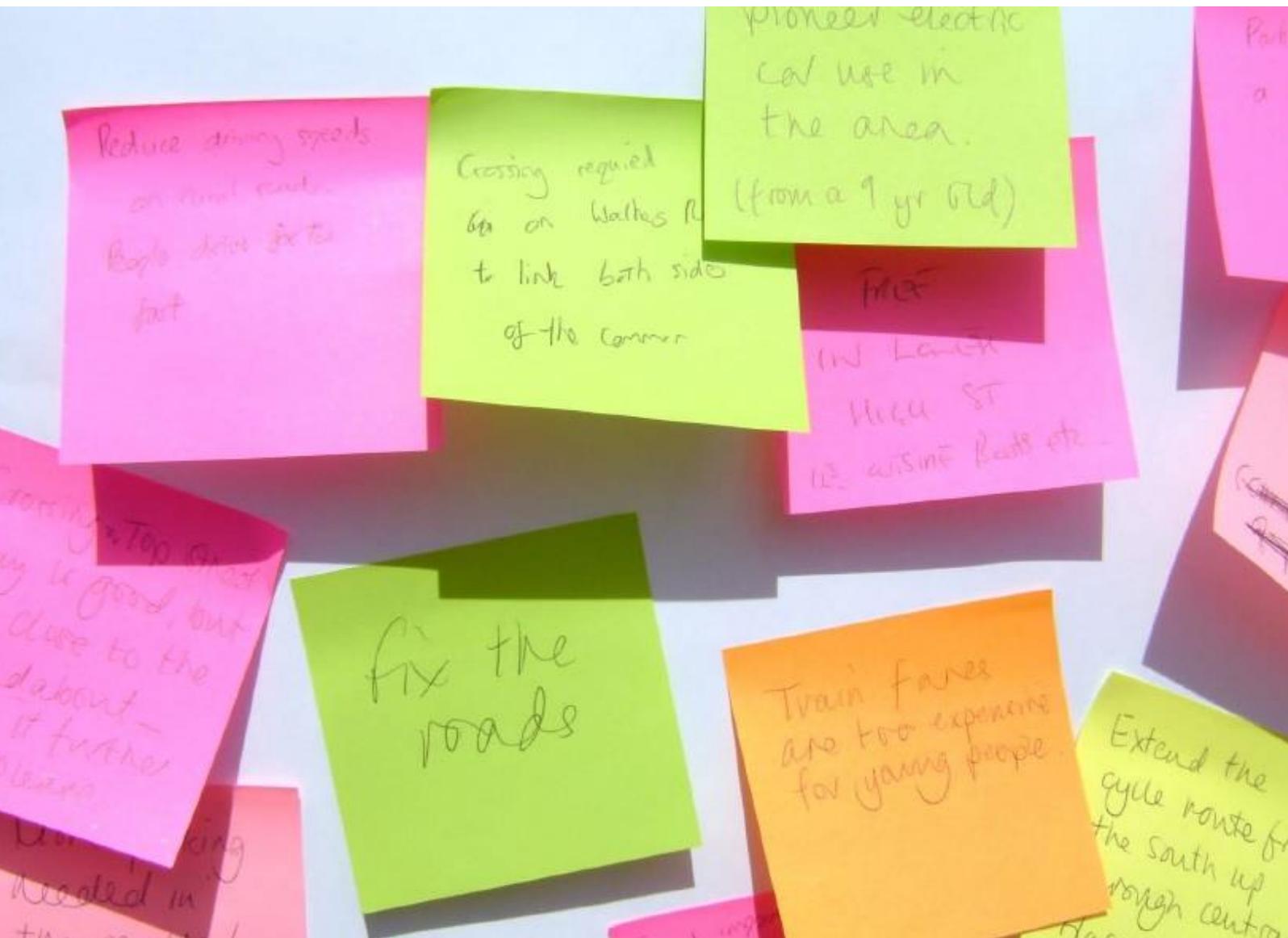
The Community Infrastructure Levy (CIL) is a locally set charge on new development that authorities can choose to introduce across their area. It is based on the size and type of development and once set is mandatory to pay and non-negotiable. The funds raised must be used to provide infrastructure which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

The CIL will not replace the Councils current methods of obtaining infrastructure and funding through planning obligations. The CIL provides an additional mechanism to obtain financial contributions towards new and improved infrastructure.

The requirements of a local authority, or 'charging authority', in producing a CIL Charging Schedule are set out in the:

- Planning Act 2008 (as amended by the Localism Act 2011);
- CIL Regulations 2010, as amended in 2011, 2012, 2013, 2014, 2015, 2018 and 2019;
- Planning Practice Guidance



## 4. What are the benefits of the 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;

## 5. 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 will also be liable. The conversion of a building that has not been in use for some time will also be liable for the levy.

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 Governments 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.

## 6. CIL exemptions and discretionary relief

The CIL Regulations outline that where relevant criteria are met, the following types of development can be subject to an exemption or relief from paying the levy:

- residential annexes and extensions;
- 'self-build' houses and flats, which are built by 'self-builders';
- social housing that meets the relief criteria set out in regulation 49 or 49A (as amended by the 2014 Regulations);
- charitable development that meets the relief criteria set out in regulations 43 to 48.

The CIL Regulations state that discretionary relief can be made available for 'exceptional circumstances' for specific schemes which cannot afford to pay the levy. The Council can offer this relief through the publication of a notice.

No types of development have currently been identified which should be provided specific relief or exemptions in the Borough beyond the nationally recommended exemptions. The Council does not therefore propose to make Borough specific relief or exemptions within the draft Charging Schedule.

## 7. How the levy works alongside Section 106 contributions

In September 2019, the restrictions on using five or more section 106 contributions to fund a single infrastructure project was lifted, and greater flexibility was provided in relation to how CIL funding could be alongside S106 contributions. Charging authorities can now use both CIL and S106 contributions to fund the same infrastructure item.

The amended Infrastructure Delivery Schedule (IDS, see supporting evidence base documents) sets out all known infrastructure projects required in the Borough, and identified the use of both CIL and S106 funding sources to assist in the delivery of new infrastructure. It is likely that essential infrastructure items which are directly related to supporting the delivery of new development

proposals will continue funded through S106 agreements. The CIL will therefore be used in combination with S106 agreements to obtain additional funds for a wider range of community infrastructure projects throughout the Borough, and to obtain infrastructure funding from smaller developments where S106 agreements may not usually be produced.

## 8. How the CIL will be collected

Liability to pay the CIL is triggered by 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.

### Proposed CIL Instalments Policy

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

## 9. Evidence base documents

### Preliminary Report

The CIL Charging Schedule Preliminary Report was produced to review work previously undertaken by the Council in 2015 to prepare a CIL Charging Schedule, to produce a schedule of policy and infrastructure costs which should be assessed within a new CIL Viability Assessment, to establish a case for implementing a CIL in the area, and to consider options for charging a levy in the Borough.

The Preliminary Report identified a significant infrastructure funding gap in the area, demonstrating how a CIL could help to bring forward new and improved infrastructure in the area which currently has no identified funding sources. A Levy will not raise sufficient revenue to fund all identified projects in their entirety, however the report identified a large number of projects in the Borough which could benefit from the introduction a CIL.

### CIL Viability Assessment

To inform the production of the CIL Charging Schedule, the Council commissioned Dixon Searle Partnership (DSP) to conduct a CIL Viability Assessment. The assessment considers the impact of a CIL charge, in addition to normal development costs and policy and infrastructure requirements outlined within the Borough Plan, on the financial viability of new development in the area.

The CIL rates proposed in the draft Charging Schedule are based on the conclusions of the CIL Viability Assessment. The consultants tested different development types and scenarios. Evidence was collected from a variety of sources including discussions with local landowners, agents and developers for information on property sales and values and to inform assumptions on the costs of development. The testing examined the effects of different levels of affordable housing contribution and took account of the impact on development viability of other policy costs faced by development, including other planning obligation costs.

The assessment found that CIL would be unviable for strategic residential allocations in the Borough Plan. These sites have high infrastructure costs associated with development, which would render development unviable if a CIL rate was required in addition to policy requirements in the Borough Plan. Large retail units were found to be viable with a CIL rate, while all other types of non-residential development would not be capable of accommodating a CIL rate.

## Infrastructure Delivery Plan

The Infrastructure Delivery Plan (IDP) was produced in 2017 and considers the infrastructure requirements necessary to support the anticipated development and growth across the Borough. It covers a wide range of infrastructure types, outlining the baseline position of infrastructure provision in the Borough. The IDP helps to identify the need for new and improved infrastructure in the Borough.

## Infrastructure Delivery Schedule

Specific details on proposed infrastructure improvements, schemes and costs are outlined in the Infrastructure Delivery Schedule (IDS). The IDS was published in February 2019 as an examination document and amended in March 2020 to support the production of the draft CIL Charging Schedule. The IDS lists all known infrastructure projects which are required to support growth planned in the Borough Plan. It details delivery timescales, estimated costs of infrastructure items, funding opportunities and delivery partners.

# 10. The need for the CIL

The Planning Practice Guidance<sup>1</sup> 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'*.

The evidence base documents listed above have identified a significant infrastructure funding gap in the area. Based on the assessment of infrastructure needs, costs and funding, there is currently an infrastructure funding gap in the Borough totalling £125,382,418.

Revenue from CIL is not expected to bridge the funding gap entirely, but it is expected to have a significant impact on available finances to enable Nuneaton and Bedworth Borough Council to support the delivery of new and improved infrastructure.

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<sup>1</sup> PPG Paragraph: 017 Reference ID: 25-017-20190901

## 11. Proposed CIL rates

The draft Charging Schedule for Nuneaton and Bedworth Borough Council proposes the following levy rates:

<b>Development type</b>	<b>CIL rate per sqm</b>
Strategic residential sites allocated in the Borough Plan	£0
Residential sites consisting of 11 or more dwellings within defined settlement boundaries	£80
Residential sites consisting of 11 or more dwellings outside defined settlement boundaries	£100
All residential sites of 10 or less dwellings	£100
Sheltered / retirement and extra care housing	£0
Large retail units on sites of 0.25ha or more (foodstores and retail warehousing)	£100
All other retail on sites less than 0.25ha	£0
All other development	£0

## 12. Reasoning for the proposed rates

Based on the research conducted for the CIL Viability Assessment and existing Borough Plan policies, different rates have been proposed according to development uses and size.

Strategic residential site allocations in the Borough Plan have a significant amount of existing policy and S106 infrastructure requirements which create additional costs for the development of these sites. Given the size and complexity of the sites, there is also the potential for additional costs as the sites progress through the planning process. The addition of a CIL rate higher than £0 per sqm could have a detrimental impact on the viability of sites which are important to the strategic aims and objectives of the Borough Plan. The CIL rate for strategic residential allocations in the Borough Plan is therefore set at £0 per sqm.

The provision of affordable housing has a significant impact on the viability of new development. Borough Plan Policy H2 requires all developments of 11 or more dwellings to provide affordable housing. Variable CIL rates have been set for developments of 11 or more dwellings, and 10 or less dwellings. Sheltered or retirement housing would not remain financially viable with a CIL rate of more than £0 per sqm applied.

Smaller scale greenfield sites are often less complex and less costly sites to develop in comparison to brownfield sites. While the policies within the Borough Plan would not support the development of unallocated greenfield sites outside of development boundaries, it is possible that some residential development of this nature could take place in the future. To acknowledge the differing financial viability of greenfield sites for development, the CIL rate for greenfield sites is placed at £100 per sqm.

Based on potential rental and yield assumptions, the development of large retail units (such as foodstores and retail warehousing) have the greatest ability of non-residential development to accommodate a CIL rate. The Viability Assessment therefore concluded that this type of development would remain financially viable with a rate of £100 per sqm.

All other types of non-residential development, including employment (offices, industrial and warehousing) would either not be capable of accommodating a CIL rate above £0 per sqm, or would not be developed at such a frequency within the Borough to warrant the determination of an appropriate CIL rate.

## 14. Next steps

Following the conclusion of this Regulation 16 consultation, the Council will review consultation representations and amend the draft Charging Schedule where necessary. The Council then intends to submit the revised draft Charging Schedule for an Examination in Public for early 2021.

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 place their recommendations in a report, and will recommend either approval, rejection, or approval with specified modifications to the Charging Schedule.

Following the recommendation of approval, the Council can then adopt the Charging Schedule. Levy rates on development will apply once the Council has published the adopted Charging Schedule.

# Nuneaton and Bedworth Borough Council Community Infrastructure Levy Draft Charging Schedule October 2020

## Proposed Community Infrastructure Levy rates

CIL liable development, as defined within the Community Infrastructure Levy Regulations (as amended) 2010 and the Planning Practice Guidance, will be required to pay the following levy rates.

Development type	CIL rate per sqm
Strategic residential sites allocated in the Borough Plan	£0
Residential sites consisting of 11 or more dwellings within defined settlement boundaries	£80
Residential sites consisting of 11 or more dwellings outside defined settlement boundaries	£100
All residential sites of 10 or less dwellings	£100
Sheltered / retirement and extra care housing	£0
Large retail units on sites of 0.25ha or more (foodstores and retail warehousing)	£100
All other retail on sites less than 0.25ha	£0
All other development	£0

## Proposed Instalments Policy

The above levy rates are required to be paid to the Council through the following instalments following the provision of a CIL Demand Notice issued by the Council.

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

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## Settlement Boundaries Map

The CIL Charging Schedule includes variable rates for sites within and outside defined settlement boundaries. The map below presents the areas of the Borough within and outside settlement boundaries which will be subject to the variable CIL rates.

Nuneaton and Bedworth settlement boundaries

