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HAVANT BOROUGH COUNCIL

CABINET

18 DECEMBER 2017

**CONSULTATION ON THE COMMUNITY INFRASTRUCTURE LEVY
PRELIMINARY DRAFT CHARGING SCHEDULE
DAVID HAYWARD (PLANNING POLICY MANAGER)**

FOR DECISION

Cabinet Lead (HBC): Cabinet Lead for Planning and Place-Making

Key Decision: Yes

1.0 Purpose of Report

- 1.1 To seek approval for the Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule and to carry out public consultation as required by the CIL regulations.

2.0 Recommendation

- 2.1 The Cabinet is recommended to:
- a) Note the findings of the Draft Infrastructure Delivery Plan, the Whole Plan Viability Assessment and Viability Appraisal for the Southleigh Strategic Site Masterplan (available at www.havant.gov.uk/evidencebase);
 - b) Approve the public consultation on the Preliminary Draft Charging Schedule;
 - c) Request the Local Plan Panel to consider the responses to the public consultation and make recommendations to Cabinet on any proposed changes to the Draft CIL Charging Schedule;
 - d) Delegate authority to the Head of Planning, in consultation with the Cabinet Lead for Planning and Place-Making to make any necessary amendments to the Preliminary Draft Charging Schedule. These shall be limited to factual updates, correction of minor errors, grammatical, typographical, formatting and graphic design changes and shall not change the meaning of the material.

3.0 Summary

- 3.1 The Council has been charging CIL since 1 August 2013. Now the preparation of the Draft Havant Borough Local Plan 2036 and supporting evidence has triggered the need to review the CIL Charging Schedule. This is to ensure that the policies and proposals in the Plan remain viable when costs such as

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affordable housing provision and contributions to the Solent Recreation Mitigation Project are taken into account in addition to the CIL requirement.

- 3.2 The Whole Plan Viability Assessment, which covers the entire Borough except for the area of the Strategic Site, indicates that with the levels of affordable housing as proposed in the Draft Local Plan the CIL charges as currently applied (with indexation) represent the upper levels that residential development can support.
- 3.3 For retail development the assessment found that large scale developments (retail warehouses and food stores) could support a charge equivalent to the higher level of the residential charge. However, the assessment reported that any charge on small scale retail units could have a potentially damaging effect on their viability.
- 3.4 Other types of development tested, including such as employment developments, hotels, community facilities and care homes were found not to be able to support a CIL charge for reasons of viability.
- 3.5 The Viability Appraisal for the Southleigh Strategic Site Masterplan found that the development proposed is able to provide the associated infrastructure (with the notable exception of any new access onto the A27) but with CIL charged at the current rate (with indexation) the development comes close to the margin of viability. As a result a zero rate of CIL for the area of the Southleigh Strategic Site is recommended.

4.0 The Preliminary Draft Charging Schedule

Background

- 4.1 The CIL regulations¹ set out the requirements in terms of the process to be followed and the matters that should be taken into account. Those matters include specific types of evidence: (a) the gap between the total estimated costs of infrastructure needed to support development of the area and actual or estimated sources of funding; and (b) demonstration that the imposition of CIL would not make development across the Borough unviable.
- 4.2 The Local Plan Panel at its meeting on 3 July 2017 discussed affordable housing and CIL and the likely direction of travel for policy options. Discussions with the relevant Cabinet Leads also gave an indication of the preference for maximising the delivery of affordable housing, given the high need in the Borough. The Council is consequently pursuing an approach whereby affordable housing provision is maximised, and a CIL rate set accordingly. This also confirmed a clear preference to ensure that affordable housing meets a genuine local housing need.
- 4.3 As a result, the approach to CIL has been directly influenced and shaped by the draft Affordable Housing Policy, and the initial findings for the CIL review have been informed by a 30% affordable housing requirement, which has been identified as a realistic target on most development sites, with a 20% requirement in town centres based on the lower viability of such previously developed sites.

¹ CIL Regulations 2010, as amended by the 2011, 2012, 2013, 2014 and 2015 Regulations.

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- 4.4 Other aspects of the Local Plan have also been taken into consideration in the viability assessment including the proposed increase in the charge for the Solent Recreation Mitigation Partnership Strategy² and the possible enhanced accessibility standard.

Preliminary Draft Charging Schedule Document

- 4.5 The CIL Preliminary Draft Charging Schedule document attached at Appendix 1 explains CIL in more detail, the background to the revision of the Charging Schedule including the outcome of both the Whole Plan Viability Assessment (undertaken by the Dixon Searle Partnership for the Council) and the Viability Appraisal for the Southleigh Strategic Site Masterplan (undertaken by GVA). The document also summarises the funding gap for the indicative infrastructure requirements for the Borough outside of the Southleigh Strategic Site and includes answers to some Frequently Asked Questions with links to sources of further information.
- 4.6 For the Southleigh Strategic Site, although a slight positive surplus is indicated with CIL applied at the current levels the headroom is marginal given the early stage in the master-planning process for this development. This indicates that there is greater value to be gained through the use of planning obligations than through the application of CIL in achieving the necessary accompanying infrastructure, as has been the experience with similar strategic developments elsewhere in Hampshire.
- 4.7 For the rest of the Borough, no changes to the current CIL charges for residential development; other than applying indexation (i.e. effectively resetting the CIL rate to the current indexed rate), are deemed necessary subject to the affordable housing targets included in the Draft Local Plan as expressed above. However changes are recommended for retail uses to increase the charge for large scale developments, equivalent to the higher level of the residential charge but to make no charge on small scale retail units.

Regulation 123 List

- 4.8 Regulation 123 of the CIL Regulations³ provides for charging authorities, i.e. the Council, to set out a list of those projects or types of infrastructure that it intends to fund, or may fund, through the CIL. Where the Regulation 123 List includes project specific infrastructure, planning obligations should not be sought in relation to that infrastructure. This is to avoid a developer being double charged.
- 4.9 Given that there are no fundamental changes to the current charging regime, with the exception of the Southleigh Strategic Site development area, it is not proposed at this stage to make any changes to the current Regulation 123 List.

Consultation and Next Steps

- 4.10 The Government intends to consult on speeding up the process of setting and revising CIL and allowing authorities to set rates which “better reflect the uplift in

² Approved by the [Partnership for Urban South Hampshire Joint Committee](#) on 5 December 2017.

³ CIL Regulations 2010, as amended by the 2011, 2013 and 2014 Regulations

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land values between a proposed and existing use", rather than setting a flat rate for all developments of the same type. Indexation of CIL rates is also proposed to change, to link to house price inflation rather than build costs; however until such changes are progressed through statute the process remains according to the current regulations.

- 4.11 The regulations do not specify how charging authorities should consult on the preliminary draft charging schedule or how long the consultation period should be. To make best use of resources, and due to the interconnections between the Local Plan, the CIL and supporting evidence, it is proposed to carry out the consultation on the Preliminary Draft Charging Schedule alongside the Draft Havant Borough Local Plan 2036.
- 4.12 It is suggested that all representations on the Preliminary Draft Charging Schedule be presented in a report to the Local Plan Panel to consider, along with officer recommendations, any modifications to the Charging Schedule and Regulation 123 List. Those changes would then be formally considered by the Cabinet and Council as part of the Draft Charging Schedule for approval to proceed to the Examination stage.

Conclusion

- 4.13 The evidence supporting the Preliminary Draft Charging Schedule indicates that with the requirements for affordable housing as proposed in the Draft Local Plan the CIL charges as currently applied (with indexation) represent the upper levels that residential development can support. For retail developments, only large scale units are proposed to be charged with small scale retail and other types of development being zero rated. For the area of the proposed Southleigh Strategic Site a zero rate of CIL is recommended in favour of reliance on planning obligations for the infrastructure provision.

5.0 Implications

- 5.1 **Resources:** The CIL regulations currently allow up to 5% of income from the Levy to be used for administration purposes, which includes the costs associated with preparing the charging schedule, collecting the CIL and enforcement action for non-payment.
- 5.2 **Legal:** This Preliminary Draft Charging Schedule has been prepared in accordance with the CIL Regulations 2010 (as amended) and Government guidance.
- 5.3 **Strategy:** The review of the CIL Charging Schedule is necessary to support the implementation of the Havant Borough Local Plan 2036, which is a key strategy and delivery mechanism for the Corporate Strategy.
- 5.4 **Risks:** Not collecting CIL would result in a loss of funding towards the costs of infrastructure as restrictions have been placed on the use of planning obligations (S106) and highway agreements (S278). The CIL will be spent on infrastructure the provision of which is needed to support development. If infrastructure cannot

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be funded undue pressure will be placed on existing infrastructure to the detriment of existing users and residents' amenity, and the environment.

5.5 **Communications:** Public consultation will take place on both the Preliminary Draft and Draft Charging Schedules. Those making representations have a right to be heard at the public examination.

5.6 **For the Community:** As a charge on development, the CIL is intended to ease the impact of new development on communities. As the Borough has no Parish Councils, the Council may spend the CIL anywhere within its area; however the Council has identified 'the Neighbourhood Portion' (15%) to be directed to local projects in consultation with local communities in accordance with the adopted Spending Decision Protocol.

5.7 **The Integrated Impact Assessment (IIA):** has been completed and shows that the consultation on the Preliminary Draft Charging Schedule will not lead to a disproportionate impact on any specific element of the community.

6.0 Consultation

6.1 The consultation that is proposed on the Preliminary Draft Charging Schedule is the first of two consultation stages in preparing a revised Charging Schedule that are required prior to submission for examination.

Appendix 1: CIL Preliminary Draft Charging Schedule

Background Papers:

[CIL Charging Schedule \(February 2013\)](#)

[CIL Regulation 123 List](#)

Infrastructure Delivery Plan – Havant Borough Council (December 2017)

Viability Assessment for Local Plan Review and CIL Scope – Dixon Searle Partnership (December 2017)

Denvilles-Emsworth Masterplan Viability Appraisal – GVA (October 2017)

Agreed and signed off by:

Head of Legal Services: (7 December 2017)

Head of Finance: (7 December 2017)

Relevant Head of Service: (7 December 2017)

Cabinet Lead for Planning and Place-making: (7 December 2017)

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