

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 4 APRIL 2017

Recommendation from the Cabinet Housing and Planning Panel on 16 March 2017:-

90. COMMUNITY INFRASTRUCTURE LEVY (CIL) PRELIMINARY DRAFT CHARGING SCHEDULE CONSULTATION

Report of the Executive Director (Public Protection, Planning and Governance) and presentation by the Head of Planning explaining the locally set planning charge which local authorities could choose to implement to raise contributions from new housing and other development towards the delivery of supporting infrastructure.

In accordance with the Council's Local Development Scheme, which set out a work programme relating to the preparation of the Local Plan, a CIL Preliminary Draft Charging Schedule had been prepared for public consultation.

The Schedule was the first statutory stage of consultation required in respect of CIL. The consultation would set out the type of development which would be liable for the levy, the proposed charging rates and the types of infrastructure that the levy would contribute to.

90.1. What is Community Infrastructure Levy (CIL)?

The levy must strike an appropriate balance between the desirability of funding infrastructure and potential effects on the economic viability of development.

It is different from Section 106 planning and Section 278 highway obligations which exist to make individual developments acceptable in planning terms.

It can be used to fund strategic infrastructure items (i.e. road improvements) that were difficult to fund through multiple Section 106 contributions.

The Government has introduced restrictions to ensure that planning obligations and CIL could work together.

90.2. Justification for CIL

The Council must have evidence of the infrastructure funding gap.

The infrastructure Delivery Plan identified the total cost of required infrastructure to support the Local Plan as at least £310M.

The Council had identified that some £154M of infrastructure would be funded from Section 106 planning obligations.

There is therefore an infrastructure funding gap of some £156M to justify CIL.

90.3. CIL Rates

Rates are based on the general viability of development and the Council had commissioned evidence to show that the proposed rates for the Borough were viable.

A CIL Viability Study tested the ability of a range of types of development to yield CIL contribution, in combination with other policies such as affordable housing.

Assessment is based on a 'residual land valuation model' to calculate the gross value of development and the costs of development (build costs, professional fees, profit, etc) to establish what money was left to buy land.

A scheme is considered viable if there is sufficient value to purchase land and if any value is left after the land purchase, the Council could then reasonably apply and secure a CIL levy.

The viability of strategic sites is different because of the cost of infrastructure needed to make them acceptable in planning terms through Section 106.

The ability of non-residential uses to viably contribute to CIL is limited and the only uses with evidence to have viability are supermarkets/superstores/retail warehousing, other retail development in Welwyn Garden City only and retirement/care homes

The Council must prepare an Infrastructure List (known as a Regulation 123 list) which indicated what it intended to spend CIL monies on.

The bodies that can request infrastructure schemes to be added to the list are:-

- Hertfordshire County Council Highways and Education
- NHS/Clinical Commissioning Groups
- Town and Parish Councils
- Community Groups
- Sports Clubs

90.4. Risk of Not Having CIL

The Council could only seek Section 106 planning obligations from developments to make them acceptable in planning terms and Section 106 must be spent on specified infrastructure types/projects.

The Council could no longer use Section 106 to fund wider strategic infrastructure improvements i.e. A1(M), A414, green infrastructure as this could only be CIL which could be spent on whatever infrastructure the Council judged to be the greatest priority.

The recommended CIL rates would generate about £30M over the Plan period.

90.5. Discussion by Members

Members expressed concern that comparative information had not been provided for other Districts in the County which appeared to be charging higher

rates than those proposed for this Borough and it was important that rates were competitive.

It was noted that the Council had carried out research based on local viability and the Officers had spent time looking at this to ensure that the rates would not adversely affect viability.

It was agreed that comparative information would be reported back for information after the consultation on the Preliminary Draft Charging Schedule when it is reported back to the Panel.

The consultation would set out the type of development which would be liable for the levy, the proposed charging rates and the types of infrastructure that the levy would contribute to.

90.6. Recommendation

Following discussion it was:-

**RESOLVED:
(9 voting FOR with 1 Abstention)**

That the Panel recommends to the Cabinet that the Community Infrastructure Levy Preliminary Draft Charging Schedule and Initial Draft Regulation 123 List be agreed for six weeks of public consultation.