

Report of the Director of Department of Place to the meeting of the Executive to be held on 7th March 2017

Subject: The approval and implementation of the Bradford District Community Infrastructure Levy (CIL) Charging Schedule.

BN

Summary statement:

The Community Infrastructure Levy (CIL) is intended as a means of contributing to the funding of infrastructure required to support growth in the District and deliver the policies and proposals in the Local Plan, including the Core Strategy and other Development Plan Documents. It replaces part of the system of Planning Obligations (Section 106 Agreements), the scope of which has been restricted since 6 April 2015 with regard to pooling of developer contributions. The CIL will help to meet the District's priorities by generating funding to provide infrastructure while being set at appropriate rates that will continue to attract investment, create jobs, and deliver new housing.

The purpose of this report is for members to note the recommendations of the CIL Examination Report and to seek the formal approval of the CIL Charging Schedule (as set out in Appendix 2 of this report) by a resolution of the Full Council on 21 March 2017 with a commencement date of 1 July 2017. Members are also requested to note and approve the associated policies and documents alongside the CIL Charging Schedule. Appendices to this report contain the Regulation 123 List (Appendix 3), Instalments Policy (Appendix 4) and Exceptional Circumstances Policy (Appendix 5).

Leading up to the anticipated approval and commencement of the CIL, work will be progressed in relation to the roll out of the levy. This work relates to two broad areas, namely, the introduction of appropriate procedural measures for the day-to-day operation of the levy, and the establishment of governance arrangements for the subsequent spend of CIL monies collected. In relation to this matter Members are requested to note that a CIL Governance Report was taken to the Council's Governance and Audit Committee on 28 February 2017.

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Overview & Scrutiny Area:
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1. SUMMARY

- 1.1 The Community Infrastructure Levy (CIL) is intended as a means of contributing to the funding of infrastructure required to support growth in the District and deliver the policies and proposals in the Local Plan, including the Core Strategy and other Development Plan Documents. It replaces part of the system of Planning Obligations (Section 106 Agreements), the scope of which has been restricted since 6 April 2015 with regard to pooling of developer contributions. It should be noted that under the new system S106 planning obligations will still remain for site specific infrastructure provision required to make a development acceptable in planning terms, for example affordable housing and highway safety. The CIL will help to meet the District's priorities by generating funding to provide infrastructure while being set at appropriate rates that will continue to attract investment, create jobs, and deliver new housing.
- 1.2 The Council has previously agreed to progress setting a CIL charge on new development to help fund infrastructure needed to support growth in the District. There have been various stages of formal consultation on the Bradford District CIL as required by the CIL Regulations, followed by a public examination in October 2016. The Council has received the CIL Examination Report in December 2016. The Examination Report (Appendix 1 of this Report) recommends that the Bradford District CIL charging Schedule may be approved subject to two modifications necessary to meet statutory requirements
- 1.3 The purpose of this report is for members to note the recommendations of the CIL Examination Report and to seek the formal approval of the CIL Charging Schedule (as set out in Appendix 2 of this report) by a resolution of the Full Council on 21 March 2017 with a commencement date of 1 July 2017. Members are also requested to note and approve the associated policies and documents alongside the CIL Charging Schedule. Appendices to this report contain the Regulation 123 List (Appendix 3), Instalments Policy (Appendix 4) Exceptional Circumstances Policy (Appendix 5).
- 1.4 Leading up to the anticipated approval and commencement of the CIL, work will be progressed in relation to the roll out of the levy. This work relates to two broad areas, namely, the introduction of appropriate procedural measures for the day-to-day operation of the levy, and the establishment of governance arrangements for the subsequent spend of CIL monies collected. In relation to this matter Members are requested to note the contents of the CIL Governance Report that was taken to the Council's Governance and Audit Committee on 28 February 2017.
- 1.5 This report does not make any recommendations on spending priorities or local apportionment of CIL monies, as these are separate matters and not directly concerned with the approval of the Charging Schedule itself. The Council will continue to work in partnership with parish councils and local communities to explore the opportunities for maximising the available resources to best meet needs, including through neighbourhood planning.



2. BACKGROUND

- 2.1 Section 206 of the Planning Act 2008 confers the non-mandatory power on Local Authorities to introduce a new charge on different types of new development in their area, known as 'Community Infrastructure Levy' (CIL). The proceeds of this charge will be spent on infrastructure needed to support growth in the District, a proportion of which must be passed to local communities where development has taken place.
- 2.2 The Council has progressed work towards adoption of a CIL charging schedule for the Bradford District. The CIL Charging Schedule has been prepared in accordance with the Planning Act 2008 and the CIL Regulations 2010 (as amended). The CIL Draft Charging Schedule (DCS) was approved by a meeting of the Council's Executive on 3 November 2015 and approved by meeting of Full Council on 8 December 2015. Following a public consultation period, the Council submitted the CIL DCS to the Secretary of State on 11 May 2016 for independent examination.
- 2.3 The CIL examination hearing was held on 4 October 2016. Following the examination, the Council received the Examiner's Report on the Examination of the Draft CIL Charging Schedule for the Bradford District in December 2016. This report recommends that the Bradford CIL Charging Schedule be approved, subject to two modifications considered necessary to meet statutory requirements. The Examiner's modifications are set out in Appendix 1 of this report. These modifications have been made to the final CIL Charging Schedule (as set out in Appendix 2 of this report).

3. KEY CONSIDERATIONS

CIL Examination Report

- 3.1 The CIL Examination Report concludes that the Draft Bradford District CIL Charging Schedule provides an appropriate basis for the collection of the levy in the area and is recommended for approval, subject to two modifications considered necessary to meet statutory requirements. These modifications have been recommended by the CIL Examiner to satisfy the requirements of Section 212 of the 2008 Act and meet the criteria for viability in the CIL Regulations 2010 (as amended). The CIL Examination Report including a non-technical summary is set out in Appendix 1 of this report.
- 3.2 The two modifications necessary to meet statutory requirements are summarised as follows:
- That the CIL charge for residential development in Zone 4 (main urban areas around Bradford and Keighley) is reduced from £5 to £0 per square metre
 - That the CIL charge for residential development (zones 1-3) excludes specialist older persons' housing

A map showing the CIL Charging Zones is provided on page 11 of the CIL Charging Schedule (Appendix 2 of this Report). The following is the Bradford District CIL



Charging Schedule proposed in response to the CIL Examination Report issued by The Planning Inspectorate.

Type of Development	Charging Schedule CIL Charging Rates (per sq. m)
Residential- Zone 1 (C3) ¹	£100
Residential - Zone 2 (C3) ¹	£50
Residential - Zone 3 (C3) ¹	£20
Residential - Zone 4 (C3)	£0
Retail warehousing ² - Central Bradford	£85
Large Supermarket (>2000 sq m)	£50
All other uses not cited above	£0
<p>¹ Excludes specialist older persons' housing (also known as Sheltered/Retirement/Extra Care) defined as residential units which are sold with an age restriction typically to the over 50s/55s with design features, communal facilities and support available to enable self-care and independent living.</p> <p>² Retail warehouses are usually large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods. They can be stand-alone units, but are also often developed as part of retail parks. In either case, they are usually located outside of existing town centres and cater mainly for car-borne customers. As such, they usually have large adjacent, dedicated surface parking.</p>	

CIL is forecast to generate £24.4million over the 15 year plan period based on the Bradford CIL Charging Schedule rates above. However, this is dependent on commencement of developments on sites in the emerging Bradford District Local Plan.

- 3.3 An impact of the Examiner's modifications will be to reduce the potential amount CIL income that the District could collect, as any residential development occurring in zone 4 (main urban areas of Bradford and Keighley and surrounding areas) and



specialist older person housing across the rest of the District will be excluded from paying a CIL charge. Based on the assumption that the total number of new homes as set out in the Council's emerging Core Strategy will be delivered over the next 15 years, it is estimated that reducing the £5 per square metre charge in zone 4 to zero could result in a loss of approximately £10.6 million in CIL receipts over the next 15 years. However, the CIL Examiner's view is that the proposed £5 residential CIL charge in zone 4 is likely to impact significantly on the delivery of sites in this area. Consequently, setting the CIL charge at zero in zone 4 is unlikely to significantly reduce CIL income.

- 3.4 A further impact of a zero residential charge in zone 4 will be that residential developments in zone 4 will not directly contribute to the neighbourhood proportion of CIL monies collected that must be allocated to local communities in areas where a development takes place (15% or 25% depending on whether a Neighbourhood Plan is in place). However, it should be noted that the overall pooled CIL pot collected from new development across the rest of the District will be available to be spend on infrastructure to support growth (including in areas with a zero CIL rate) alongside a variety of other infrastructure funding sources. Following the implementation of CIL the Council will still be able to secure planning obligations for site specific matters required to make a development acceptable in planning terms and for affordable housing, where viable. Also it should be noted that the delivery of new housing will generate future funding for the Council in the form of the New Homes Bonus, which may be used to fund infrastructure or other appropriate projects, as considered necessary.
- 3.5 Charging zone 4 includes the main urban areas of Bradford and Keighley and the Council's two priority regeneration and housing growth areas of Bradford City Centre and the Shipley and Canal Road Corridor. A zero residential CIL charge in zone 4 will ensure that the viability and delivery of residential development in these areas will not be threatened by the introduction of a CIL charge and will therefore support the regeneration and t delivery of new residential development in these areas, in line with the Council's ambitions and policies.

CIL Approval and Implementation

- 3.6 To meet statutory requirements, the Bradford District CIL Charging Schedule must include the two specified modifications in the CIL Examination Report (set out Appendix 1 of this report) in order to be formally approved and implemented. If these modifications are not made in accordance with the Examiner's recommendations then the Charging Schedule submitted by the Council for independent Examination cannot be approved and implemented. The Council is under no statutory obligation to adopt the charging schedule at this time.
- 3.7 For the CIL to come into effect in the District the CIL Charging Schedule must be formally approved by a resolution of the Full Council and include an appropriate commencement date, following approval. It is intended that a report will be taken to the meeting of the Full Council on 21 March 2017 recommending that the final CIL Charging Schedule (including the modifications made in line with the Examiner's Report) be formally approved by a resolution of the Full Council with a



commencement date of the 1 July 2017.

- 3.8 Upon commencement the CIL must be collected, administered and spent in accordance with the statutory requirements. Leading up to the anticipated adoption of the CIL Charging Schedule, work will be progressed in relation to the roll out of the levy. This work relates to two broad areas, namely, the introduction of appropriate procedural measures for the day-to-day operation of the levy, and the establishment of governance arrangements for the subsequent spend of CIL monies collected. In relation to this matter Members are requested to note the contents of the CIL Governance Report that was taken to the Council's Governance and Audit Committee on 28 February 2017.
- 3.9 This report does not make any recommendations on spending priorities or local apportionment, as these are separate matters and not directly concerned with the approval of the Charging Schedule itself. Officers will continue to work in partnership with parish councils and local communities to explore the opportunities for maximising the available resources to best meet needs, including through neighbourhood planning.

4. OTHER CONSIDERATIONS

- 4.1 The CIL Examination Report recommends an early review of the Charging Schedule should take place due to particular circumstances including changing market conditions, possible increases in the viability of developments within the Residential Charging Zones and further progress on the emerging Local Plan to ensure that CIL charges remain appropriate over time. Following commencement of the CIL the Council will monitor and keep the charging schedule under review to ensure that levy charges remain appropriate over time.
- 4.2 The charging schedule may be revised in whole or in part at any time. However, any revisions must follow the same processes as the preparation, examination, approval and publication of a charging schedule (as specified under the Planning Act 2008, as amended by the Localism Act 2011, and the CIL Regulations). If following approval and implementation of the CIL Charging Schedule the Council wishes to stop charging the levy it may do so at any time by making a formal resolution to do so.

5. FINANCIAL & RESOURCE APPRAISAL

- 5.1 There will be accounting and financial implication with regard to implementing, administering and collecting of CIL as outlined in the report to Governance & Audit Committee on 28 February 2017. The accounting and financial mechanisms required to administer CIL will be in place fully in advance of the 1 July 2017 implementation date for CIL. The Council, as the charging authority will be able to use funds from the levy to recover the costs of administering the levy, with the regulations permitting them to use up to 5 per cent of their total receipts on administrative expenses to ensure that the overwhelming majority of revenue from the levy is directed towards infrastructure provision.



- 5.2 To ensure that the levy is open and transparent, charging authorities must prepare short reports on the levy. Charging authorities must publish a report on their website by 31 December each year, for the previous financial year. Parish, town and community councils must also report on their levy income and spending. The CIL Regulation set out what charging authorities must include in this report.

6. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 6.1 The continued delivery of new development including additional housing is recognised as a critical factor to the future regeneration of the District and to meet demands for an increased population and address the need for new housing in all areas of the Bradford district. There is a risk that as a result of the Council not having an adopted CIL Charging schedule that the District does not maximise contributions towards infrastructure provision.
- 6.2 The Bradford District CIL has considered by the Governance and Audit Committee before the adoption of a CIL Charging Schedule to fully consider risk management and governance issues.

7. LEGAL APPRAISAL

- 7.1 The Bradford District CIL Charging Schedule has been prepared in line with the appropriate, legislation (UK and EU), regulations and guidance.
- 7.2 In accordance with the CIL Regulations 2010 (as amended) the CIL charging schedule must be formally approved by a resolution of the full council of the charging authority. The resolution should include an appropriate commencement date, following or on approval.
- 7.3 The CIL charging schedule takes effect at the beginning of the day specified for that purpose in the charging schedule. The charging schedule may not take effect any earlier than the day after the day on which it is published. A charging schedule issued by a charging authority has effect until—
(a) the beginning of the day on which that charging authority determines that it should cease to have effect; or
(b) the end of the day before the day a revised charging schedule issued by that charging authority takes effect.

8. OTHER IMPLICATIONS

8.1 EQUALITY & DIVERSITY

- 8.1.1 In writing this report due regard has been taken of the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity between different groups and foster good relations between different groups. It is not however considered that any issues with regard thereto are raised by approval of the charging schedule as set out in the recommendations of this report. The provision of new funding within the district benefits all sectors of the community and meets objectives to promote equality and diversity.



8.1.2 The CIL charging schedule was subject to an initial Equalities Impact Assessment (EqIA) during its production.

8.2 SUSTAINABILITY IMPLICATIONS

8.2.1 There are no direct sustainability implications arising from this report. The provision of infrastructure projects funded by the CIL will support the delivery of necessary local and District wide infrastructure and would be likely to help mitigate the impact of development on the environment and potentially lead to opportunities for delivering improved sustainability outcomes through the delivery of new and improved infrastructure.

8.3 GREENHOUSE GAS EMISSIONS IMPACTS

8.3.1 At this stage there are no expected impacts on the Council's own and the wider District's carbon footprint and emissions from other greenhouse gasses.

8.4 COMMUNITY SAFETY IMPLICATIONS

8.4.1 There are no direct community safety implications arising from this report.

8.5 HUMAN RIGHTS ACT

8.5.1 There are no direct human rights implications arising from this report.

8.6 TRADE UNION

8.6.1 There are no trade union implications arising from this report.

8.7 WARD IMPLICATIONS

8.7.1 The allocation of CIL money will be spent on infrastructure provision on a planned basis benefitting individual Wards and through the allocation of the neighbourhood proportion of CIL monies (15% or 25% if an area has an adopted neighbourhood plan) where development has taken place.

8.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

8.8.1 None

9. NOT FOR PUBLICATION DOCUMENTS

9. None

10. OPTIONS

10.1 Option 1 –the Bradford District CIL Charging Schedule (as set out in



Appendix 2 of this Report) is recommended to be formally approved by a resolution of the Full Council with a commencement date of 1 July 2017

For the Bradford District CIL Charging Schedule to come into effect it must be formally approved by a resolution of the Full Council, and include an appropriate commencement date following, or on, approval. The CIL Examination Report recommends the CIL Charging Schedule be approved subject to two modifications necessary to meet statutory requirements.

10.2 Option 2 – The CIL Charging Schedule in Appendix 1 is not recommended for approval by Full Council and will not be commenced in the District in its current form.

The Council are under no statutory obligation to approve the final CIL charging schedule (Appendix 2 of this Report), however it is considered that not implementing CIL is not a sensible scenario, particularly given the need to maximise contributions towards infrastructure delivery. It should be noted that there is no option 3 for any further changes to the CIL Charging Schedule outside a formal review and revision of the CIL Charging Schedule which must follow the formal process in line with the CIL Regulations.

The Executive and Full Council are recommended to approve the CIL Charging Schedule (as set out in Appendix 2 of this Report) in line with Option 1 above as it is considered the most expedient way of implementing CIL and securing CIL revenues, whilst minimizing harm that could be caused in undermining the property market where development viability is marginal.

11. RECOMMENDATIONS

11.1 That the Executive, having considered the recommendations in the CIL Examination Report approve Option 1 as set out in this report, and recommend to Council the formal approval and implementation of the Bradford District Community Infrastructure Levy Charging Schedule (as set out in Appendix 2 of this Report) with a commencement date of 1 July 2017

11.2 That the Executive note and approve the content of the CIL Regulation 123 List, Exceptional Circumstances Policy and Instalments Policy and the Assistant Director (Planning, Transportation and Highways) in consultation with the relevant portfolio holder be authorised to revise any of these policies and as required in line with the relevant regulations.

11.3 That the Executive note that a CIL Governance Report was taken to the Council's Governance and Audit Committee on 28 February 2017.

12. APPENDICES

Appendix 1– CIL Examination Report
Appendix 2- Bradford District CIL Charging Schedule
Appendix 3- Regulation 123 List



Appendix 4 - Instalments Policy
Appendix 5 - Exceptional Circumstances Policy

13. BACKGROUND DOCUMENTS

Report of the Executive 3 November 2015 entitled “Bradford District Community Infrastructure Levy (CIL) – Draft Charging Schedule”.

Report to Governance & Audit Committee on 28 February 2017 entitled “Bradford District Governance Arrangements for the Bradford District Community Infrastructure Levy (CIL) charging schedule”.

