

DECISION ITEM



REPORT OF		MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	DEVELOPMENT MANAGEMENT COMMITTEE		15 JUNE 2016	5
A COMMUNITY INFRASTRUCTURE LEVY - PRELIMINARY DRAFT CHARGING SCHEDULE (PDCS)				

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

To facilitate gap funding and delivery of future infrastructure in Fylde, to overcome existing shortfalls in provision and to accommodate the quantum of development identified in the emerging Local Plan, the council approved the principle of adopting a community infrastructure levy (CIL) in February 2015.

The CIL when / if implemented will be a new charge on some forms of built development; it allows the Charging Authority (i.e. Fylde Council) to levy a charge on owners or developers carrying out built development so that they contribute to the costs of providing the infrastructure needed to support development of the area. It will fund infrastructure projects such as transport, education, leisure and health which will need to be set out in a list known as a Regulation 123 list. The levy will be charged at a rate of pounds per square metre, based on the net additional internal floor-space of any given development for uses identified in a charging schedule.

Fylde Council commissioned consultants, Keppie Massie to carry out a Viability Assessment of the Revised Preferred Option (RPO) version of the Local Plan and the second part of the brief was to prepare a CIL Preliminary Draft Charging Schedule. Building on the work undertaken by consultants Keppie Massie in the Part 1 Study: the Economic Viability Assessment of the RPO version of the Local Plan, issued in October 2015, the Part 2 Study considers the extent to which a CIL could be introduced in Fylde to ensure that the necessary infrastructure is in place to support future new development without prejudicing the economic viability of such development. The Part 2 Study should be read alongside the Part 1 Study titled: 'Fylde Local Plan Economic Viability Assessment and Preparation of a Community Infrastructure Levy Preliminary Draft Charging Schedule for the council', October 2015. A copy of the **Part 2 Study**, prepared by consultants Keppie Massie is available as an appendix to this Committee Report.

The emerging Local Plan (2011 to 2032) recognises that the introduction of a CIL charging schedule will not always remove the requirement for Section 106 planning obligations, which will remain to be used in accordance with the tests set out within the CIL regulations. Planning obligations are a key delivery tool, providing the opportunity to secure financial contributions which mitigate against the localised impacts of development which would otherwise render the proposal unacceptable in planning terms. The CIL and Section 106 agreements, along with other funding streams will be vital in supporting the delivery of infrastructure in Fylde borough.

RECOMMENDATIONS

1. Further scenario testing be undertaken to demonstrate the effects of a CIL charge on development viability and also to consider the effect of an instalments policy on viability.
2. Undertake further work to allow an informed decision to be made about the benefits of the introduction of a CIL charging schedule in the Borough.
3. Following on from recommendations 1) and 2) above, issue the Preliminary Draft Charging Schedule (PDCS) for public consultation for six weeks, alongside the Publication version of the Local Plan and the Infrastructure Delivery Plan, and report the results of the consultation to the Development Management Committee.

SUMMARY OF PREVIOUS DECISIONS

Cabinet 11 February 2015 - Community Infrastructure Levy (CIL); The preparation of a draft charging schedule and a regulation 123 (infrastructure) list

1. Cabinet RESOLVED to approve the preparation and progression of a Community Infrastructure Levy (CIL) through the prescribed consultation stages to adoption by the Council.
4. Cabinet RESOLVED to approve the preparation of a Charging Schedule, which will set out the charging rates. The proposed charging rates will be subject to an independent examination, by an examiner from the Planning Inspectorate.
5. Cabinet RESOLVED to approve the drafting of a Regulation 123 list of all of the infrastructure types and projects that it is intended will be or may be, wholly or partly funded by CIL.
6. Cabinet RESOLVED that a further report be prepared and presented to members once the above recommendations are achieved to approve the final proposals.

CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	√
Working with all partners (Vibrant Economy)	√
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	√
Promoting Fylde as a great destination to visit (A Great Place to Visit)	√

THE PREPARATION OF A COMMUNITY INFRASTRUCTURE LEVY - PRELIMINARY DRAFT CHARGING SCHEDULE

1. In July 2015, Fylde Council commissioned consultants Keppie Massie, in conjunction with the White Young Green Group ('WYG'), to prepare a two part study. The **Part 1 Study** comprised an Economic Viability Assessment of the Revised Preferred Option version of the Fylde Local Plan to 2032. The Study considered the sites and scale of development together with the cumulative impact of the proposed Local Plan Policy requirements on viability and deliverability. Based on the outcome of the viability testing that was undertaken, the Study drew conclusions about the overall viability and deliverability of the Local Plan and its policies. The aim of the Study was to satisfy the tests of viability and deliverability laid down in the National Planning Policy Framework (i.e. the Framework). The Viability Study forms part of the Local Plan Evidence Base.

2. In addition, with reference to the results of the viability testing, the **Part 2 Study** assessed the extent to which a Community Infrastructure Levy (CIL) could be introduced in Fylde without prejudicing future development. Based on this analysis the **Part 2 Study** drew conclusions about the types of development that could support a CIL charge and any variations in viability that arose due to the location or scale of development.

Overview of CIL Recommendations

3. The **Part 2 Study** concluded that the evidence of the research and the results of the viability appraisals identified significant differences in the values, costs and therefore viability, between residential and non-residential developments.
4. The **Part 2 Study** recommended that Fylde Council, as Charging Authority, should consider introducing CIL on the basis of varying its charge by use, as a minimum between the broad categories of residential and non-residential development.
5. The **Part 2 Study** research identified some differences in value by location for residential development, meaning that Fylde, could consider a variable charging schedule with respect to location for residential development. Overall, however, residential values were broadly consistent across many areas of the Borough and to avoid undue complexity it was suggested by the consultants, Keppie Massie that the council may wish to consider introducing a single charge for new residential development.
6. The Study conclusions included the options for charging in relation to residential and non-residential development, which are detailed below.

Residential

7. Based on the Study evidence, it was noted that values were generally in a narrow range across the Borough with areas of higher values in Lytham, parts of St Annes, Wrea Green and some of the rural areas.
8. The viability testing results also indicated differences in viability between developments on previously developed land generally within the existing settlement boundaries, and on greenfield sites beyond the main settlement boundaries.
9. The Study noted the impact on viability of requirements for 30% affordable homes and suggested that it may not be possible in certain instances, specifically on some previously developed land in the lower value areas to achieve the 30% affordable homes target and CIL, and that flexibility may be required.
10. For a CIL charge to be introduced on these previously developed sites, the Study suggested that there would need to be a relaxation in the council's policy requirements to ensure that the introduction of a CIL charge did not put future development at risk.
11. Notwithstanding this, a significant amount of new development within the Local Plan is likely to take place on greenfield sites on the edge of settlement boundaries where development viability is greater and sufficient to support a CIL tariff without prejudicing the delivery of either new market houses or affordable homes.
12. Overall, the Study concluded that a CIL charge for new homes development could be supported in Fylde without prejudicing development.
13. The Study also considered the prospects for introducing CIL for developments comprising entirely apartments and also in respect of 'Independent Living Accommodation' type developments for the over 55s. It was concluded that, for these two forms of development, the introduction of a CIL charge may prejudice future development in all but the highest value areas.

Non-Residential

14. In terms of the prospects for introducing CIL for non-residential forms of development, the Study reached a number of conclusions. In relation to Use Classes B1 (Business), B2 (General Industrial) and B8 (Storage or Distribution), the Study did not recommend introducing a charge. For retail development it suggested that convenience retail was viable and based on the viability evidence, prospects existed for introducing a CIL charge. The results for comparison retail (bulky goods) were less viable and the Study concluded that for comparison retail a CIL charge was not appropriate. Food and drink uses were viable on greenfield sites but not on previously developed sites; but this does not however make its way into the proposed tariffs.
15. For all of the other forms of non-residential development tested on a speculative basis (i.e. including a developer's profit return), the results of the Study demonstrated that the form of development was either marginal or unviable and therefore was unable to support a CIL charge.

Summary

16. Based on the results of the viability testing, the Study concluded that prospects do exist in Fylde to introduce a CIL tariff for new residential and convenience retail development. Prior to the introduction of a CIL charging schedule it was recommended that:
- Further scenario testing be undertaken to demonstrate the effects of a CIL charge on development viability and also to consider the effect of an instalments policy on viability.
 - It was also suggested that Fylde Council would, in addition, need to undertake further work to allow an informed decision to be made about the benefits of the introduction of a CIL charging schedule in the Borough.
17. Following on from the recommendations of the Economic Viability Assessment of the Revised Preferred Option version of the Local Plan, the **Part 2 Study** builds on this body of evidence to allow fully informed decisions to be made about the introduction of CIL in Fylde and a possible Preliminary Draft Charging Schedule (PDCS). The Study recommended the following CIL Tariffs:

Recommended CIL Tariffs

Use	CIL Charge (£/m ²)
Housing All Locations	£70
Apartments	Nil
Convenience Retail (i.e. day-to-day shopping facilities)	£60
All other uses	Nil

IMPLICATIONS	
Finance	The council's approved Revenue Budget contains provision for the resources required to ensure delivery of the Local Plan, the Infrastructure Delivery Plan and the Community Infrastructure Levy (the CIL) in accordance with the decision made by Cabinet on 26 November 2014 and the delivery timescale contained therein. There are no additional finance resource implications arising from this report.
Legal	None
Community Safety	None
Human Rights and Equalities	A Health Impact Assessment (HIA) was undertaken into the Revised Preferred Option version of the Local Plan. The results of the assessment were issued for consultation for 7 weeks alongside the Revised Preferred Option version of the Local Plan and the Infrastructure Delivery Plan (IDP) from 15 October to 3 December 2015. A further HIA will be undertaken on the Publication version of the Local Plan in June and July 2016, which will be issued for consultation alongside the Local Plan in August this year.
Sustainability and Environmental Impact	A Sustainability Appraisal was undertaken on the Revised Preferred Option version of the Local Plan, which was issued for consultation for 6 weeks from 23 November 2015 to 5 January 2016. A further Sustainability Appraisal will be undertaken on the Publication version of the Local Plan in June and July 2016, which will be issued for consultation alongside the Local Plan in August this year.
Health & Safety and Risk Management	None

LEAD AUTHOR	TEL	DATE	DOC ID
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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Fylde Local Plan Evidence Base		http://www.fylde.gov.uk/council/planning-policy--local-plan-/local-development-framework/evidence-base/economic-viability-assessment-emerging-fylde-local/

Attached document

1. Part 2 of the Keppie Massie Study into the viability of the Revised Preferred Option version of the Fylde Local Plan to 2032 – The Preparation of a Community Infrastructure Levy Preliminary Draft Charging Schedule.