

# Community Infrastructure Levy Charging Schedule



January 2016

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Test Valley Borough Council received the Community Infrastructure Levy (CIL) Inspector's report on 21 December 2015. In accordance with section 212 of the Planning Act (2008), the Inspector concluded that the Test Valley CIL Draft Charging Schedule provides an appropriate basis for the collection of the levy in the charging area and that the Council has sufficient evidence to support the schedule. The levies in the Charging Schedule are set at a level that will not put the overall development of the area at risk.

### Supporting documents

The Charging Schedule is supported by the following documents:

- 1.** CIL Viability Study
- 2.** Draft Regulation 123 List
- 3.** Infrastructure Delivery Plan February 2014
- 4.** Draft Instalment Policy
- 5.** Infrastructure Funding Gap
- 6.** DCS Summary of Representations and Responses
- 7.** Statement of Modifications
- 8.** Infrastructure Statement

These documents are available on the Council's website.

<http://www.testvalley.gov.uk/resident/planningandbuildingcontrol/cil/>

Advice on the CIL Charging Schedule can be obtained from the Council's Planning and Building Service via email to [planning@testvalley.gov.uk](mailto:planning@testvalley.gov.uk) or calling **01264 368000**.

# 1 Introduction

- 1.1** The Community Infrastructure Levy (CIL) is a new levy that local authorities can choose to charge on new development in their area. The funding will be used to support the development of infrastructure that the Council, local communities and neighbourhoods deem necessary.
- 1.2** Test Valley Borough Council is the Charging Authority under the CIL Legislation. The Council received the CIL Inspector's report on 21 December 2015. The Inspector concluded, subject to modifications, that the Test Valley CIL Charging Schedule provides an appropriate basis for the collection of the levy in the charging area. The Inspector also concluded that the Council has sufficient evidence to support the schedule and can show that the levy is set at a level that will not put the overall development of the area at risk. The Council formally adopted the CIL Charging Schedule on 27 January 2016 and intends to commence charging CIL on all CIL liable development on 1 July 2016.
- 1.3** The southernmost parts of Melchet Park and Plaitford Parish Council and Wellow Parish Council in the south west corner of the Borough fall within the New Forest National Park. The National Park Authority is the CIL Charging Authority for this area. The Charging Schedule applies to that part of the Borough that is outside of the National Park boundary.

# 2 Background

- 2.1** CIL was introduced by the 2008 Planning Act. The process for setting and implementing the Levy is set out in the CIL Regulations 2010, together with subsequent Amended Regulations in 2011, 2012, 2013 and 2014. Changes for the use of S106 Planning Obligations will come into force from 6 April 2015. This will significantly restrict current infrastructure funding practices whether the Council has adopted a CIL Charging Schedule or not.
- 2.2** The government has identified a number of key features of CIL and intends that CIL will:
- deliver additional funding to carry out a wide range of infrastructure projects that support growth and benefit local communities;
  - allow the Council the flexibility and freedom to set their own priorities for what the money should be spent on – as well as a more predictable funding stream that allows the Council to plan ahead;
  - provide developers with much more certainty about how much CIL they will

have to pay, which in turn encourages greater confidence and higher levels of inward investment;

- enable the Council to allocate a share of the levy raised to communities to deliver local infrastructure projects

**2.3** CIL is fixed, non-negotiable and enforceable. The CIL Regulations exempt the following types of development from paying a CIL charge (subject to submission of sufficient evidence to demonstrate an exemption consistent with the requirements of the CIL Regulations):

- Buildings where people do not normally go (e.g. electricity substations)
- Development that does not increase existing floor space
- Affordable (social) housing
- Self-build housing
- Development by charities
- Any development under 100 sqm (except for a new house irrespective of size)
- Self-build extensions and residential annexes within the curtilage of the property
- Non self-build residential extensions under 100 sqm

**2.4** CIL is charged per square metre on the gross internal floorspace of the net additional floorspace of development. Notwithstanding the above exceptions, CIL applies to all development of 100 square metres or over. It also applies to all new residential dwellings, even if the total floor space of the new dwellings is less than 100 square metres.

**2.5** The Council does not have the discretion to exempt different types of residential dwellings from CIL including agricultural dwellings and rural worker dwellings unless they are self-build. In accordance with Regulation 69B, the Council has introduced a CIL Instalment Policy which provides the opportunity for CIL to be paid in instalments. More information about the CIL Instalment Policy can be found at <http://www.testvalley.gov.uk/resident/planningandbuildingcontrol/cil/>

## 3 Rate Setting

- 3.1** In order to charge a Levy on development within Test Valley, the Council must set the rate(s) and any other criteria in a ‘Charging Schedule’<sup>1</sup>. The Council may determine the format and content of the Charging Schedule in accordance with Part 3 of the CIL Regulations 2010 (as amended).
- 3.2** When setting rates for CIL in the Charging Schedule, the Council has struck an appropriate balance between the desirability of funding the infrastructure required to support development of its area and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development<sup>2</sup>. In considering the cost of infrastructure, other actual and expected sources of funding must be taken into account, leaving a ‘funding gap’ which could be filled or part filled by CIL revenues.
- 3.3** Regulation 13 of the CIL Regulations (2010 as amended) makes provision for charging authorities to set differential rates by reference to geography, use and scale of development across their charging area. The definition of ‘use’ does not follow the formal definition of classes of land use as set out within the Town and Country Planning Act (Use Classes) Order 1987 (as amended).
- 3.4** Nil rates, special rates and supplementary rates can also be set. The National Planning Policy Guidance (NPPG)<sup>3</sup> for CIL advises that where charging authorities can set differential rates that “fine-grained sampling is also likely to be necessary where they wish to differentiate between categories or scales of intended use”. The Guidance also recognises that major strategic allocations can be treated as separate zones and a different rate applied provided there is the economic viability evidence to do so.
- 3.5** Section 5 sets out the proposed rates of CIL for specific land uses and the geographical areas in which they apply across Test Valley.

1 Section 211 (1) of the Planning Act 2008  
2 Regulation 14 of the CIL Regulations 2010 (as amended)  
3 Paragraph 019 NPPG 12 June 2014

## 4 S106 and CIL

- 4.1** From 6 April 2015 the Council will be limited in the use of S106 obligations. The Council will only be able to pool a maximum of 5 planning obligations for an infrastructure project or type of infrastructure. The CIL Regulations limit the use of planning obligations to ensure that developments are not charged for the same item of infrastructure through both S106 Agreements and CIL.
- 4.2** Amendments to the CIL Regulations in 2014 restrict the way S278 Highway Agreements (under the Highways Act 1980) can be used. The purpose of the restriction is to ensure that S278 Agreements cannot be required for works that are intended to be funded through the Levy. There is no pooling restriction on S278 Agreements.
- 4.3** CIL will be the main mechanism for delivering off-site community infrastructure. S106 obligations will continue to be used to secure infrastructure on site for individual sites to mitigate the direct impact of a proposed development. In exceptional circumstances, S106 agreements will be used to secure off-site infrastructure in compliance with Regulation 122.
- 4.4** The Council has also compiled a Regulation 123 List, of infrastructure types and projects that it intends to fund through CIL.
- 4.5** Affordable Housing and self-build housing is exempt from being charged CIL, provided the criteria in the relevant CIL Regulations are met. Affordable Housing will continue to be delivered through S106 Agreements consistent with the NPPG published in November 2014.

## 5 Proposed CIL charging rates

- 5.1** The Government's Guidance<sup>4</sup> advises that differential rates for geographical zones, the intended uses or scale of development must be justified by reference to economic viability evidence. To inform the decision on the introduction of CIL, the Council commissioned a Viability Study. The Viability Study found that the economic viability of development, and therefore the ability to afford a CIL charge, varied across the Borough both by the type of development, and for residential development only, varied geographically.
- 5.2** The Council has set differential rates<sup>5</sup> of CIL for different intended uses of development based on the economic viability evidence in the CIL Viability Study.
- 5.3** For residential development, it is proposed to charge separate rates of CIL for four geographical zones. The four proposed zones are shown on the CIL Residential Charging Zones in Appendix 2. The proposed rate for each zone is shown in Table 1.
- 5.4** The Revised Local Plan allocates the strategic residential allocations<sup>6</sup> of Whitenap, Hoe Lane, Park Farm, George Yard/Black Swan Yard, Picket Piece and the Picket Twenty extension land for residential development. The allocations above were tested in the Viability Study as they do not have planning permission and would be liable for CIL in the future. The economic viability evidence resulting from separate appraisals of these allocations demonstrates that they are not able to support a CIL rate in addition to meeting the necessary on-site infrastructure requirements. Based on the economic viability evidence, a nil rate of CIL will apply. The strategic sites are shown on the CIL Strategic Sites Map in Appendix 3.
- 5.5** The Draft Charging Schedule has been prepared in the context of the CIL Regulations 2010 (as amended).
- 5.6** The Council has set differential rates<sup>7</sup> of CIL for residential development based on the economic viability evidence which has emerged from the Viability Study as shown in Table 1.

4 Paragraph 019 NPPG 12 June 2014

5 Regulation 13 of the CIL Regulations 2010 (as amended)

6 Strategic allocations refer to allocated residential development sites in the revised Local Plan Regulation 22 Submission July 2014. These sites do not have planning permission.

7 Regulation 13 of the CIL Regulations 2010 (as amended)



**Table 1**

Zone	Town/Parish	Proposed CIL (£ per sq m)
1	Ashley Awbridge Bossington Broughton Buckholt East Dean East Tytherley Frenchmoor Houghton Kings Somborne Leckford Little Somborne Lockerley Longstock Michelmersh & Timsbury Mottisfont Nether Wallop Sherfield English Stockbridge West Tytherley	175
2	Abbots Ann Ampfield Amport Appleshaw Braishfield Chilbolton Chilworth Goodworth Clatford Grateley Longparish Melchet Park and Plaitford (with exception of area covered by New Forest National Park) Monxton North Baddesley Nursling and Rownhams Over Wallop Quarley Romsey Romsey Extra Upper Clatford Valley Park Wellow (with exception of area covered by New Forest National Park) Wherwell	140

Zone	Town/Parish	Proposed CIL (£ per sq m)
3	Barton Stacey Bullington Faccombe Fyfield Hurstbourne Tarrant Kimpton Linkenholt Penton Grafton Penton Mewsey Shipton Bellinger Tangley Thrupton Vernham Dean	105
4	Andover Charlton Enham Alamein Smannell	70

**5.7** The Government's Guidance<sup>8</sup> advises that differential rates for geographical zones, the intended uses or scale of development must be justified by reference to economic viability evidence. Table 2 sets out the rates for various uses across the Borough.

**5.8** The Viability Assessment recommended that retail supermarket/superstore development and retail warehouse development could support a charge of up to £209 per square metre. The DCS proposes a Borough-wide CIL rate of £180 per square metre for this type of development which is approximately 14% below the maximum recommended rate. The rate of £180 per square metre follows a similar approach to the residential rates in that a buffer of 20% below the maximum recommended rate is proposed.

**5.9** Retail warehouse and supermarket/superstore development over 280 square metres tends to be on land that has a lower existing use value than smaller supermarkets. Coupled with the greater covenant strength that occupiers of retail supermarkets/superstores and retail warehouses hold and buoyant rents of around £17.50 per square metre which is demonstrated by the viability evidence, this type of retail development can generate sufficient surplus to support a CIL rate of £180 per square metre.

**5.10** The Test Valley Borough Council CIL rates:

8 Paragraph 019 NPPG 12 June 2014

**Table 2**

Development Type	Zone 1	Zone 2	Zone 3	Zone 4	Strategic sites <sup>9</sup>
Residential	£175	£140	£105	£70	£0
Extra Care accommodation <sup>10</sup>	£0	£0	£0	£0	£0
Retail supermarkets and superstores <sup>11</sup> and retail warehouses <sup>12</sup>	£180	£180	£180	£180	£0
Retail excluding supermarkets, superstores and retail warehouses	£0	£0	£0	£0	£0
Office, Industrial and Distribution	£0	£0	£0	£0	£0
Hotel	£0	£0	£0	£0	£0
Community use including non-residential institution	£0	£0	£0	£0	£0
Retirement living housing	£0	£0	£0	£0	£0
All other uses	£0	£0	£0	£0	£0

## 6 Exemptions and payment terms

**6.1** CIL payments are due from the date a chargeable development is commenced. The CIL Regulations allow Councils the discretion of introducing an Instalment Policy<sup>13</sup> to allow a flexible approach in taking development viability into account. In recognition of the impact of up-front CIL payments and the effect this has on development finances the Council has published an Instalment Policy. Due to the discretionary nature of an Instalment Policy, the Council can withdraw or amend this policy at any time.

<sup>9</sup> Refers to allocated residential development sites in the revised Local Plan of Whitenap (COM3), Hoe Lane (COM4), Park Farm (COM5), George Yard/Black Swan Yard (LE14), Picket Piece (COM6) and Picket Twenty extension land (COM6A).

<sup>10</sup> A development of one and two bed apartments, for rent and/or for sale, grouped together with communal facilities, that through the provision of on site care and support services 24 hours a day and 7 days a week offers a viable alternative to a residential care home for many vulnerable older people and vulnerable adults with particular care needs, enabling them to remain a part of and active within the wider community.

<sup>11</sup> For the purposes of this Charging Schedule, retail superstores/supermarkets over 280 square metres are shopping destinations in their own right meeting weekly food shopping needs and often includes non-food floor space as part of the overall mix of the unit.

<sup>12</sup> For the purposes of this Charging Schedule retail warehouses are large stores over 280 square metres specialising in the sale of household goods (such as carpets, furniture and electrical items), DIY items and other range of goods catering mainly for car-borne customers.

<sup>13</sup> CIL Regulation 69B of the CIL Regulations 2010 (as amended)

- 6.2** The Council is not intending to introduce an Exceptional Circumstances Relief policy as decided at a meeting of the Cabinet on 26 November 2014. However, the Council will keep this situation under review and has the discretion to introduce this policy at any time.
- 6.3** Part 9 of the CIL Regulations 2010 (as amended) allow Charging Authorities to impose surcharges for failure to assume liability, apportioning liability, failure to submit a notice of chargeable development and failure to submit a commencement notice. It is the Council's intention to impose surcharges consistent with the amounts set out in the relevant regulations of the CIL Regulations 2010 (as amended).

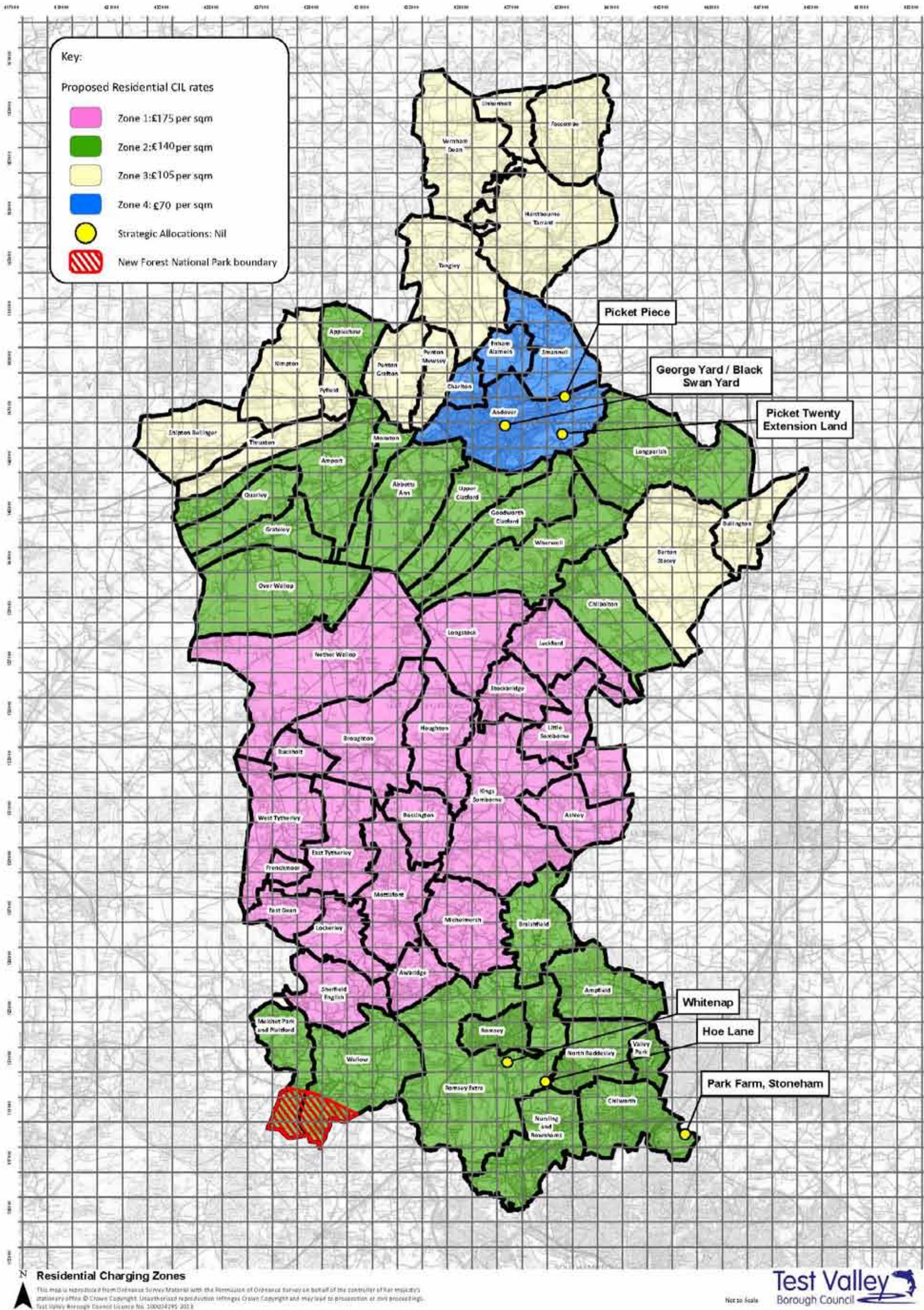
## 7 Collecting the levy

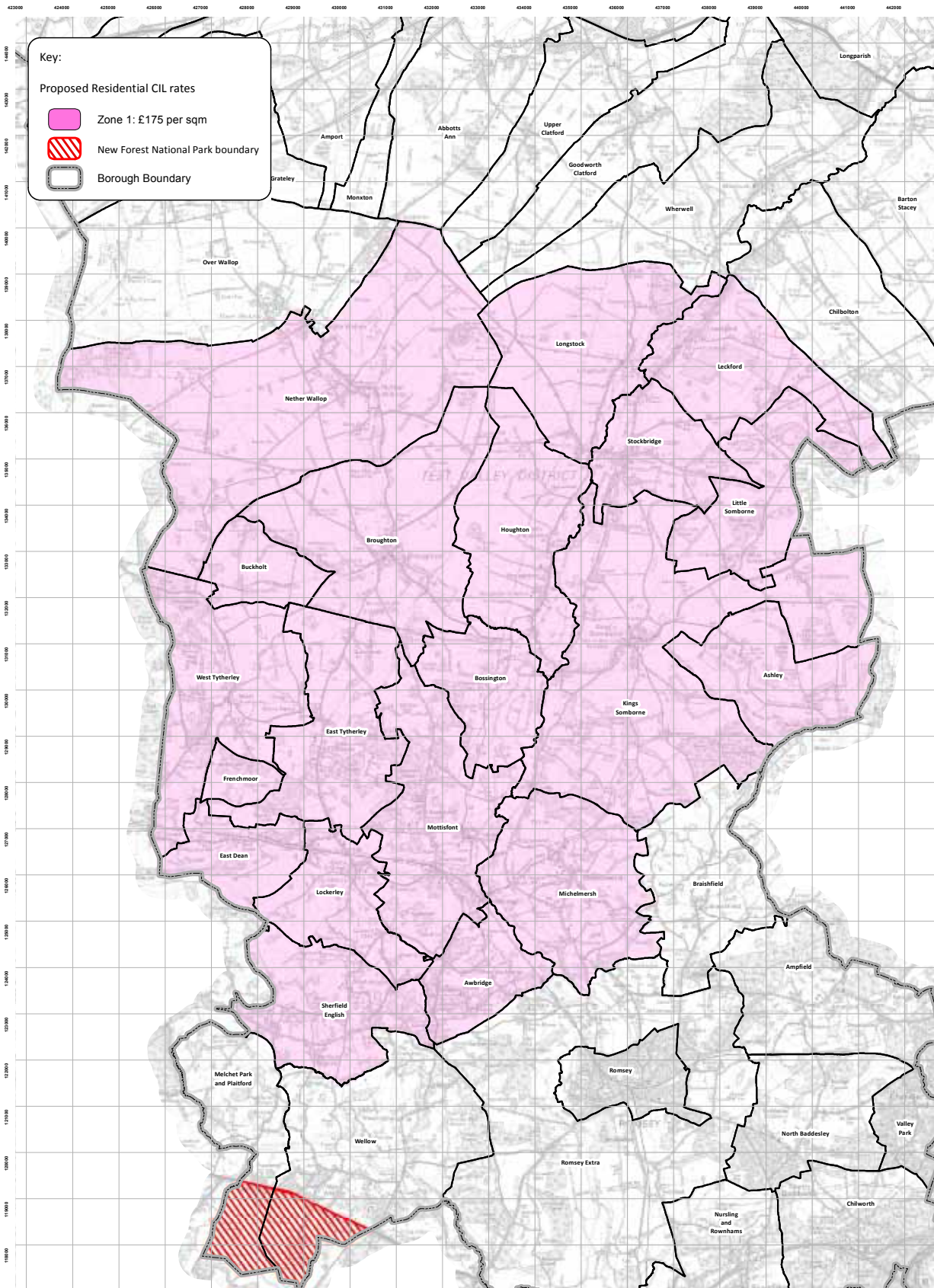
- 7.1** The Council will collect CIL as the 'Collecting Authority'. A CIL charge in the form of a Liability Notice is issued to CIL liable development the day after planning permission is granted. The CIL charge must be paid upon commencement, unless the person or persons liable for the CIL charge opts to pay in accordance with the Council's Instalment Policy. Regulation 8 defines the time at which a planning permission is treated as first permitting development. The definition of commencement for the purposes of CIL is the same as that used in planning legislation<sup>14</sup>.
- 7.2** When planning permission is granted to CIL liable development, a CIL Liability Notice will be sent which will contain the amount of CIL that is due for the development including when the total amount is due. The CIL Liability Notice is registered as a Land Charge. For development that does not require planning permission but is liable for CIL, the onus is on the person responsible for that development to submit a Commencement Notice after which a Demand Notice will be issued. All liabilities on CIL Demand Notices will be indexed using the All-in Tender Price Index. Template Commencement Notices are available on the Planning Portal website <http://www.planningportal.gov.uk/planning/applications/howtoapply/whattosubmit/cil>
- 7.3** The CIL liability runs with the land therefore ultimate responsibility for paying the levy rests with the landowner. However, anyone can come forward and assume liability for the charge.

## 8 Calculating the Levy

- 8.1** The Council will calculate the amount of CIL payable (chargeable amount) in respect of a chargeable development in accordance with the relevant formulae in Regulation 40 in the Community Infrastructure Regulations 2010 (as amended).
- 8.2** Please note that the CIL Regulations include indexation to update the CIL Rate annually using the All In Tender price index. Please use the CIL calculator on [www.testvalley.gov.uk/cil](http://www.testvalley.gov.uk/cil) to estimate the CIL charge for the development.

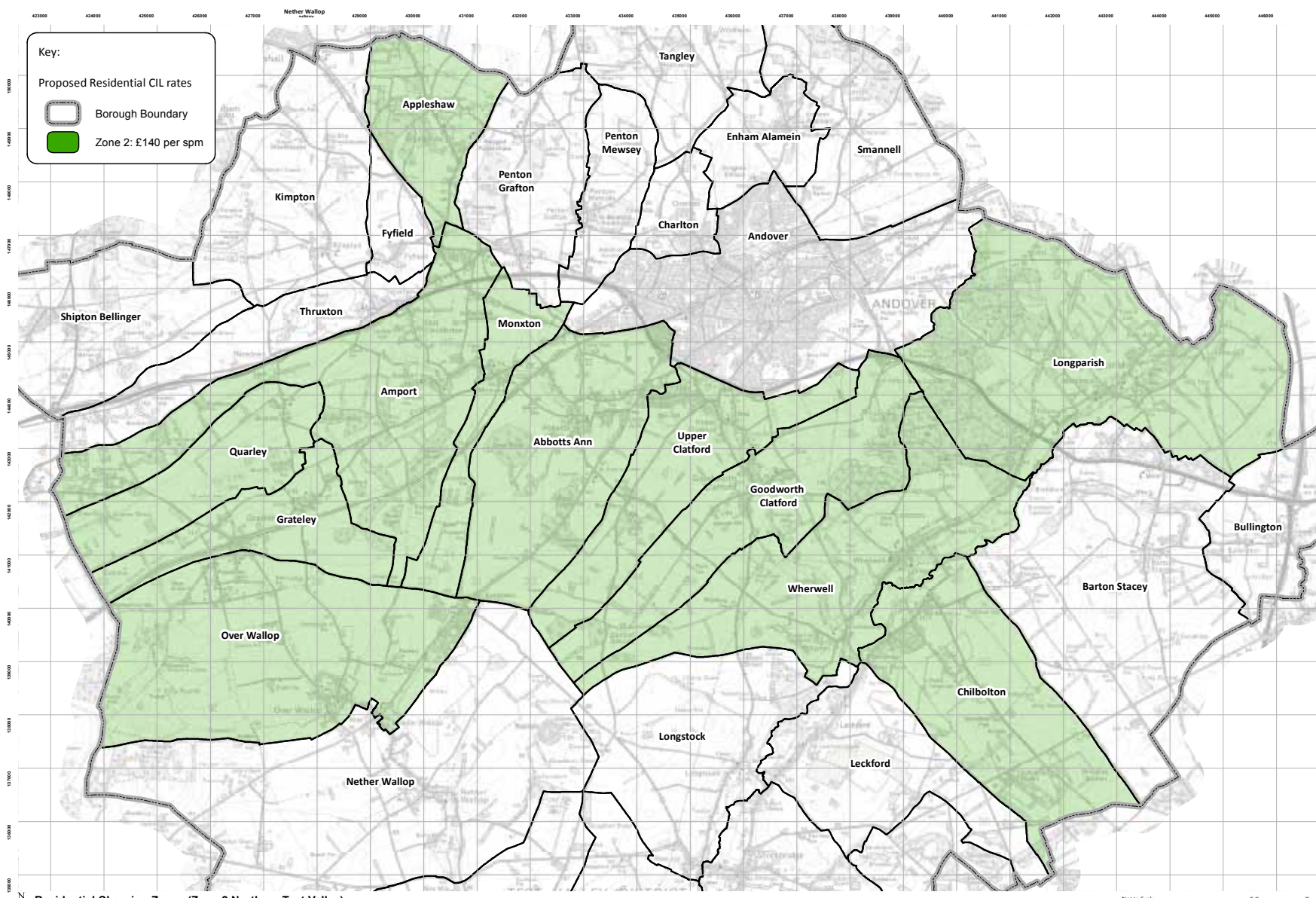
## Appendix One – Map showing residential charging zones





**Residential Charging Zones (Zone 1)**  
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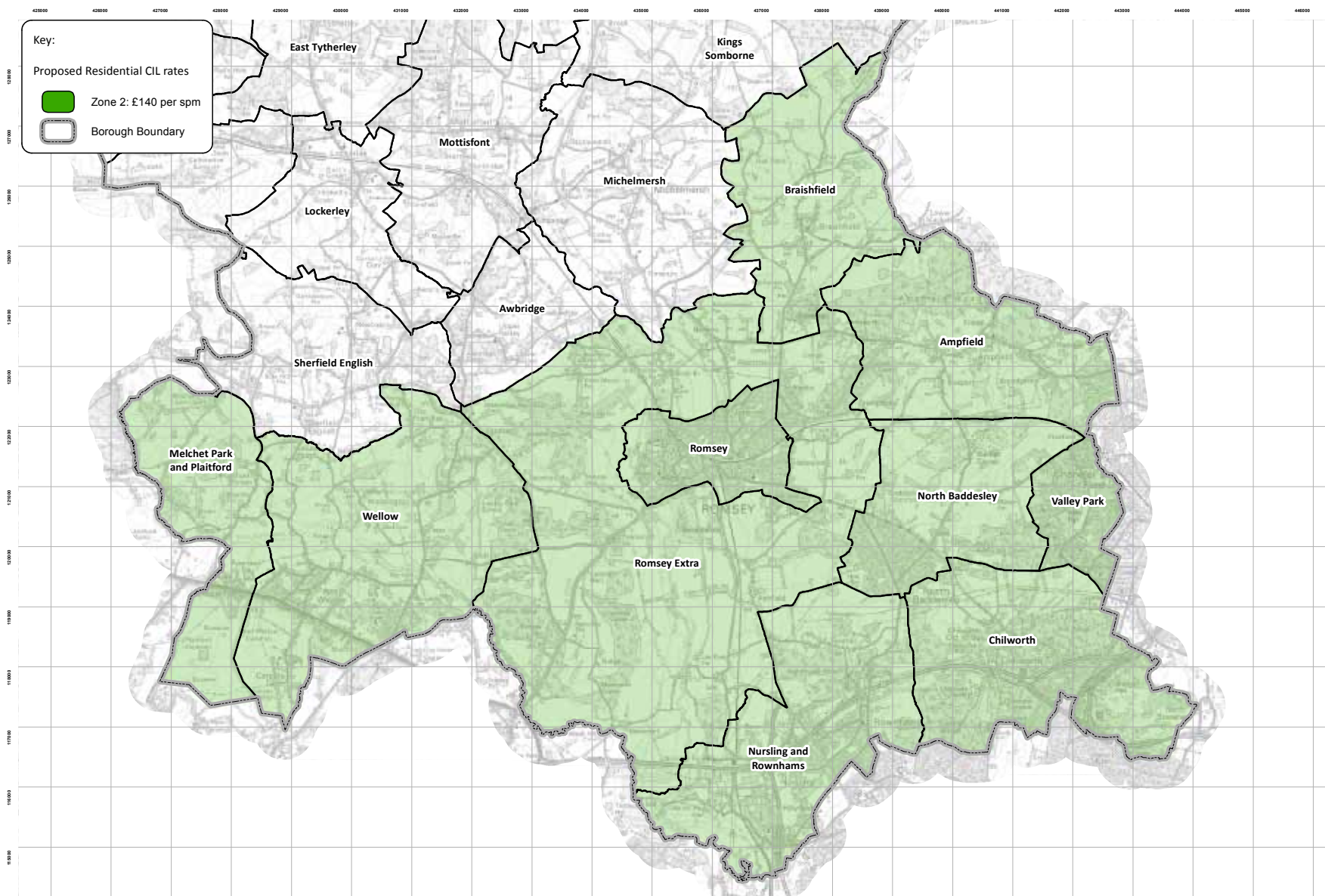
Not to Scale  
 February 2015  
 Test Valley Borough Council  
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**Residential Charging Zones (Zone 2 Northern Test Valley)**  
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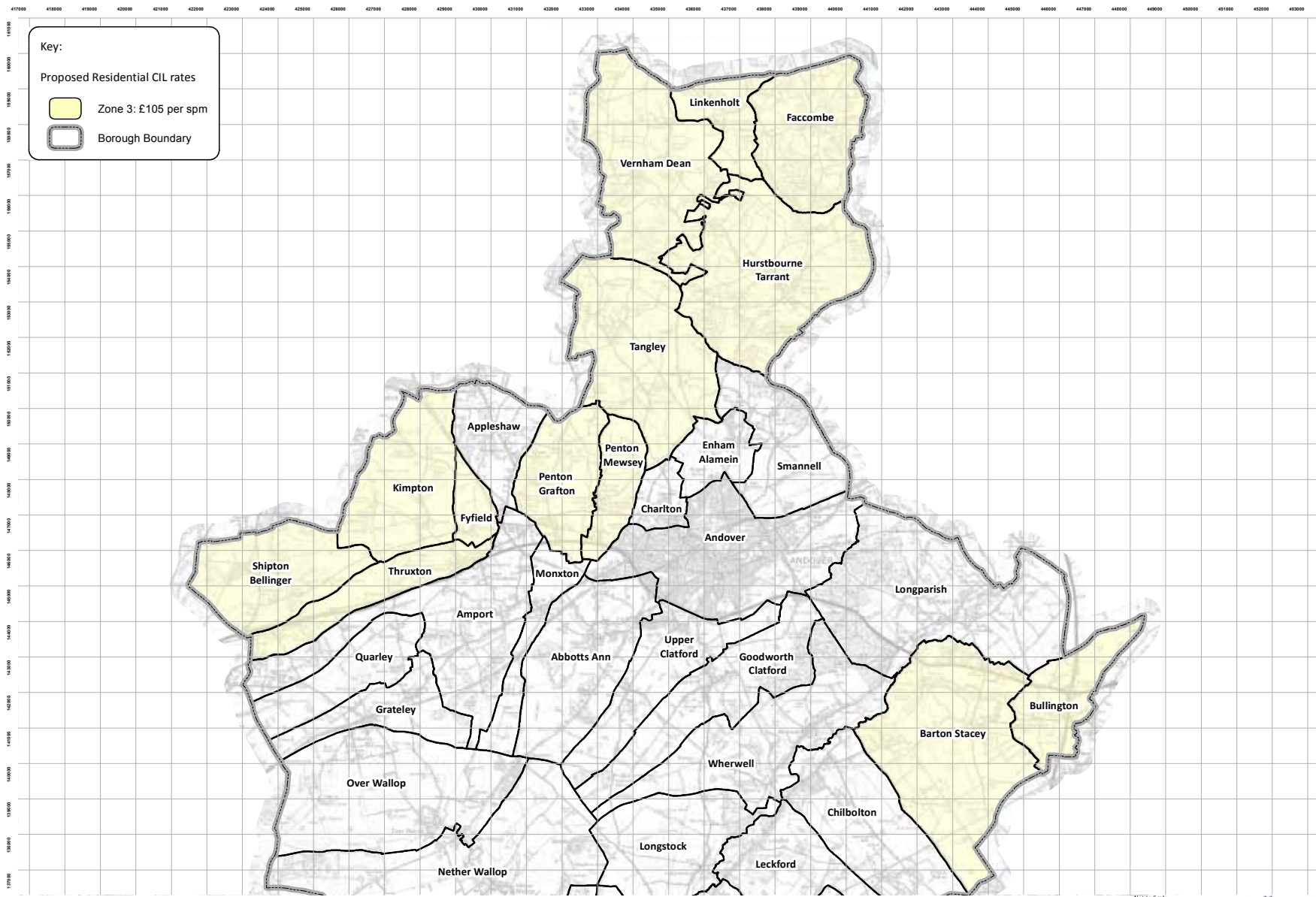
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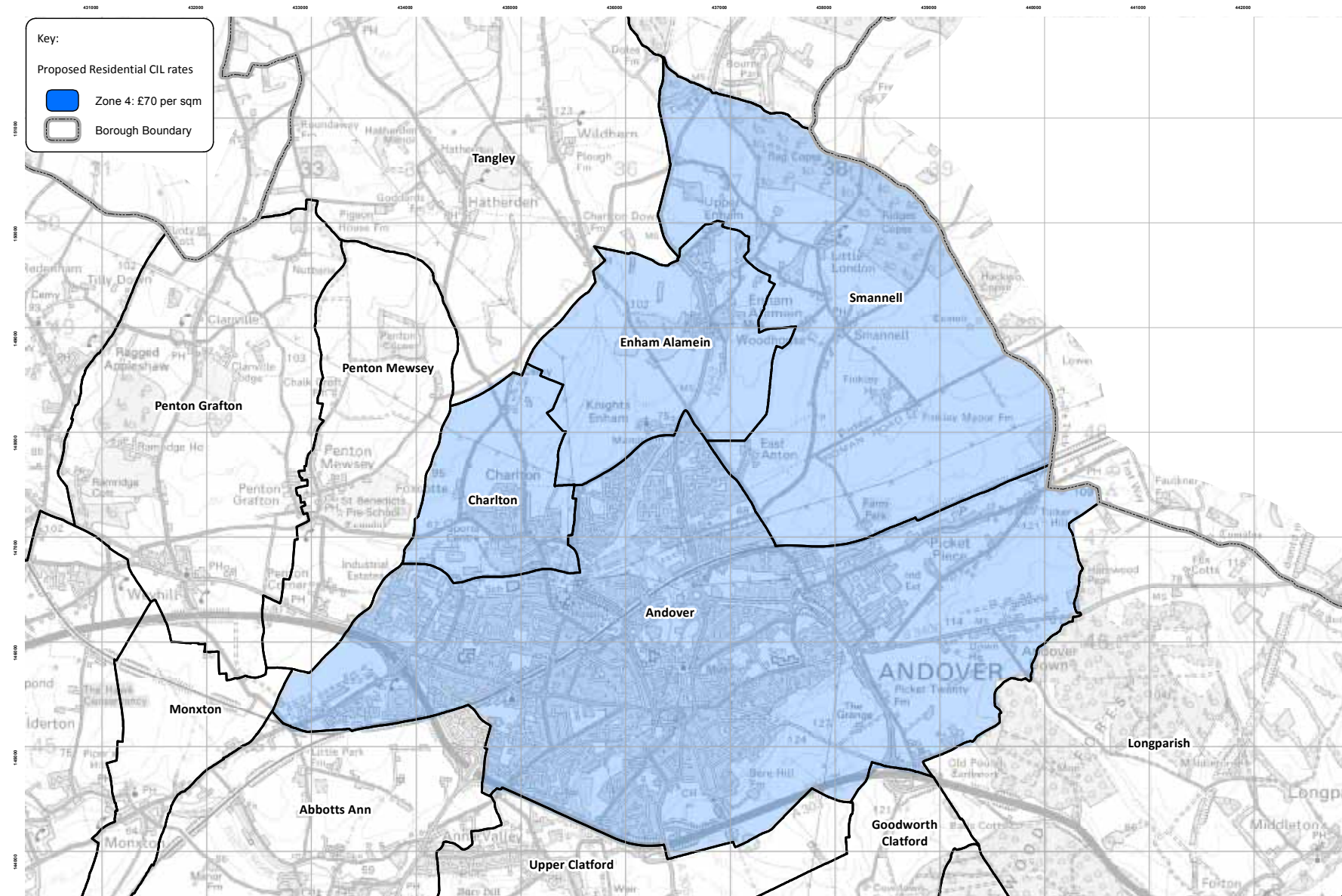
**Residential Charging Zones (Zone 2 Southern Test Valley)**  
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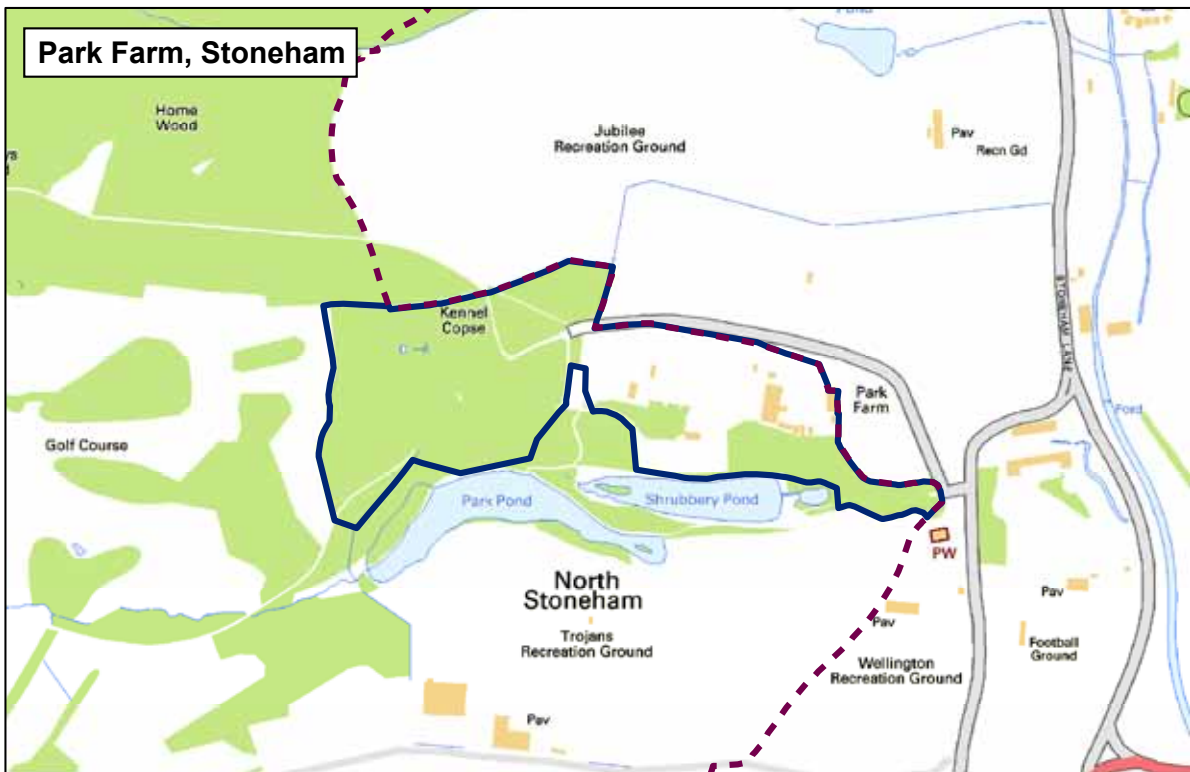
**Residential Charging Zones (Zone 3)**  
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**Residential Charging Zones (Zone 4)**  
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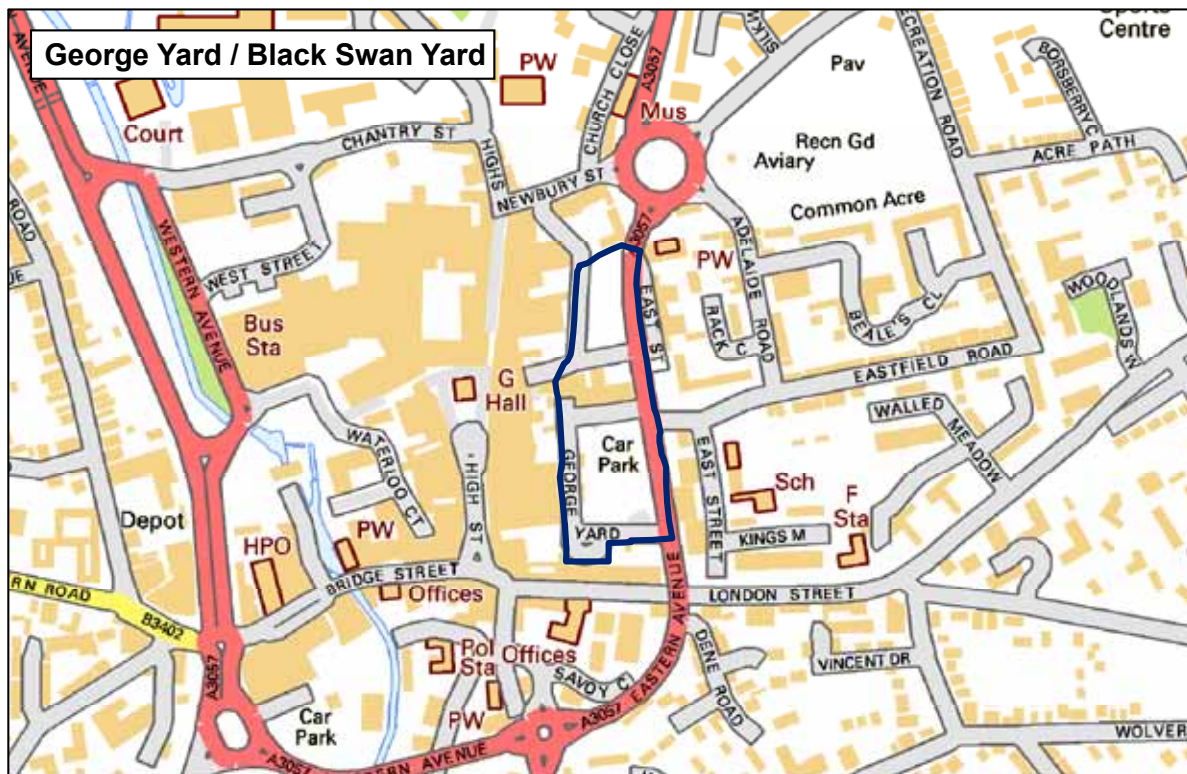
## Appendix Two – Map showing strategic allocations



### **N** Strategic Sites

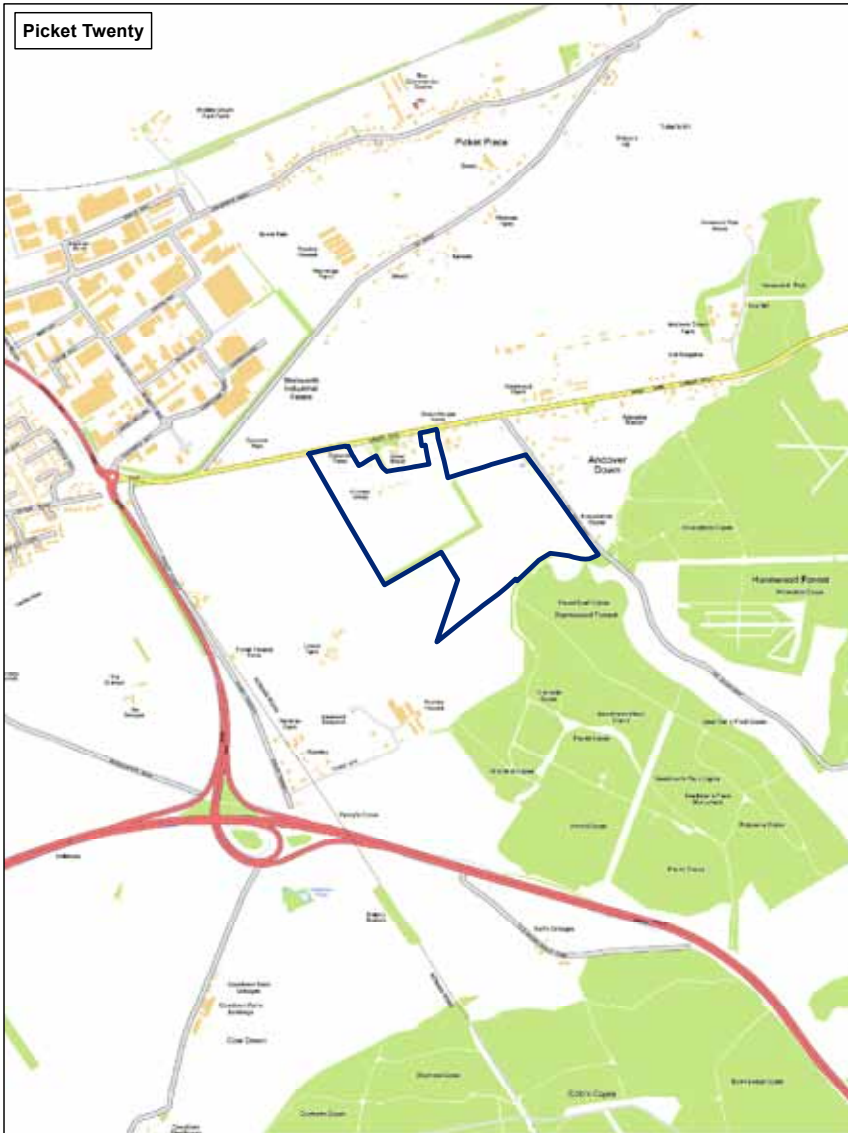


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**Strategic Sites**

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