

EAST CAMBRIDGESHIRE DISTRICT COUNCIL

COMMUNITY INFRASTRUCTURE LEVY

Preliminary Draft Charging Schedule

December 2011

Contact:

Forward Planning Team
East Cambridgeshire District Council
The Grange
Nutholt Lane
Ely
Cambs CB6 3BY

Email: ldf@eastcambs.gov.uk
Tel: 01353 665555

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1. Introduction

- 1.1 East Cambridgeshire District Council has set a timetable to introduce a Community Infrastructure Levy (CIL) by the end of 2012. When it is adopted, CIL will be the primary means of securing developer contributions towards the delivery of infrastructure and services required as a result of growth.
- 1.2 This document is the 'Preliminary Draft Charging Schedule' for CIL. It identifies the level at which CIL may be set, and how CIL might be implemented. It also sets out the background to the charging schedule, including the methodology and assumptions made, and the evidence base used to inform the proposed draft levy.

What is the Community Infrastructure Levy?

- 1.3 The Community Infrastructure Levy (CIL) is a new charge which local authorities can place on developers, to help fund infrastructure needed to accommodate development in their area. It will supplement/partially replace the current system of securing developer contributions or planning obligations via Section 106 agreements (see section 1.8 below for further details). Section 106 agreements will still be sought, but mainly to secure on-site infrastructure necessary to enable development to come forward.
- 1.4 The CIL levy is a fixed rate charge, based on per m² of net additional floorspace. It is set by the local authority in a Charging Schedule, and is based on evidence of infrastructure needs, and the level of development viability across the district. It is not intended to cover all the costs of providing infrastructure – but will be an important funding source to help deliver growth in the district. The CIL Charging Schedule will eventually be accompanied by an 'infrastructure projects list'¹ which identifies infrastructure projects in an area on which CIL is likely to be spent. This list can be updated at any time by a local authority, to reflect changing needs and circumstances.

Who pays CIL?

- 1.5 According to the Government Regulations, CIL will be charged on most new development, but there are some exemptions. A summary is set out in the table below².

Development liable to CIL	Exemptions
New dwellings	Affordable housing
Other new build (new building or extension) which is at least 100 m ²	<ul style="list-style-type: none">New build less than 100m²Development for charitable purposesBuildings which people do not normally go into

- 1.6 When setting the CIL charge, the District Council can decide to set the rate at £zero for certain uses or areas, based on viability considerations. Specified uses/areas would then be exempt from charges. Further details are set out in Chapter 4.

What are the benefits of CIL?

- 1.7 New development has an impact on the demand for infrastructure and facilities in a local area. CIL is one way of securing contributions from new development schemes, to ensure this impact is partly mitigated. A CIL tariff provides a simple process which is fair and transparent. It also has benefits for a local authority as it provides flexibility on pooling contributions and spending on infrastructure projects. The main advantages of CIL are set out below:

¹ Known as the Regulation 123 list

² See CIL Regulations for further details

- CIL is a standard fixed charge, so developers will be clear about how much they will need to pay, and can factor this in to their development calculations.
- CIL is non-negotiable, so should save time compared to Section 106 agreements, which can be time-consuming in terms of negotiations and procedure.
- The CIL system is fairer as it takes account of the specific size of a scheme, as it is based on £ per m².
- CIL will provide local communities with some direct control over infrastructure delivery, as a ‘meaningful proportion’ of CIL will in the future be passed back to local communities to spend on improvements in their area³.
- The CIL system will provide flexibility in pooling and spending CIL monies. From April 2014 local authorities will be unable to pool contributions from more than five planning obligations secured via Section 106 agreements, for each infrastructure project. CIL monies can also be spent on any identified infrastructure need (unlike Section 106 agreements which require a direct link between the development and any infrastructure project). A CIL levy is therefore essential if the District Council is to be able to deliver necessary infrastructure to support growth in East Cambridgeshire.

The relationship between CIL and Section 106 agreements

- 1.8 The CIL system will result in the scaling back in the use of Section 106 agreements, but will not replace them entirely. It is expected that the number of developments subject to Section 106 will fall significantly. The District Council’s SPD on Developer Contributions will be revised in 2012 to reflect these changes, and set out details of the streamlined Section 106 system. Section 106 agreements (and Section 278 Highways agreements and planning conditions) will still be used by the District Council in 3 main ways, to secure:
- 1. Site-specific mitigation** - e.g. local improvements/infrastructure necessary to enable the grant of planning permission. For example, access roads, on-site open space, archaeology, and some off-site requirements directly related to support individual sites.
 - 2. Affordable housing** - Under the current Regulations, Section 106 agreements will also continue to be used to secure affordable housing. However, the Government recently published a consultation document asking whether it should allow local authorities to deliver affordable housing through CIL, or through a combination of Section 106 and CIL. We will keep the options under close review as we move forward with CIL, and reflect any changes in future drafts of the CIL Charging Schedule. Nevertheless, at this stage, the District Council expects to still use Section 106 agreements to deliver affordable housing in the future.
 - 3. Development-specific infrastructure on large-scale major development sites** (of 200 or more dwellings) – Large sites often necessitate the provision of their own development-specific infrastructure, such as primary schools, which are dealt with more suitably through a Section 106 agreement. Using Section 106 agreements will help to ensure the timely delivery of key bits of infrastructure on large schemes – and viability evidence indicates that it will not prevent development coming forward (see Chapter 3 for further details). The large-scale major developments identified so far are listed

³ The Regulations are not yet clear what proportion this will be. Government recently published a consultation paper seeking people’s views on this matter, and will be revising the Regulations in early 2012.

below⁴. This is not an exhaustive list and may change as new large-scale major developments come forward:

- Ely North (approximately 500 houses – as identified in the Core Strategy)
- Brook Street, Soham (approximately 300 houses – as identified in the Core Strategy)
- Eastern Gateway, Soham (approximately 550 houses – as identified in the Eastern Gateway Masterplan)

1.9 The table below provides an indication of the main categories of infrastructure currently intended to be funded by CIL – and by Section 106 agreements. This is the current proposed split, but may change as infrastructure requirements alter over time. It should also be noted that this is not necessarily a definitive list of infrastructure types.

Type of infrastructure	Section 106 development specific infrastructure ⁵	CIL funded infrastructure
Education	Development specific school provision on large-scale major development sites	Schools and other educational facilities not on major development sites
Community facilities	Development specific community halls on large-scale major development sites	Libraries, arts facilities, museums and community buildings not on major development sites
Health	Development specific health provision on large-scale major development sites	Other health provision
Transport	Local site-related road / transport requirements and conditions	Other road and transport infrastructure projects
Economic regeneration	Local site-related economic requirements	Other economic regeneration measures
Environment	Local site-related habitat/nature/heritage requirements	Other environmental/heritage provisions and infrastructure
Open space	Development specific provision of informal open space and land for play areas (usually provided on-site)	Play facilities and other recreational equipment, strategic green infrastructure
Sports facilities	-	Formal sports land and facilities
Emergency services	-	Emergency services
Affordable housing	Affordable housing	-

1.10 This proposed split has helped to inform the District Council's estimates of future infrastructure needs and the amount of funding gap which could be plugged by CIL. Further details on this are set out in Chapter 3 below. Where Section 106 infrastructure projects are identifiable at this stage (for example, in relation to large-scale major sites), they have been deducted from the list of infrastructure projects likely to be funded through CIL. This is to avoid 'double-counting' and developers effectively being 'charged twice' by seeking contributions towards the same infrastructure from both CIL and Section 106 agreements. As set out in Chapter 3, the District Council needs to be clear about the scale of infrastructure likely to be wholly or partly funded through CIL – although it involves making a number of assumptions and estimates at this stage which may change over time.

Q1. What are your views on the split between CIL and Section 106 agreements? What should be left to Section 106 agreements and what should be covered by CIL?

⁴ The large-scale major development sites are drawn from the East Cambridgeshire Core Strategy (2009). However, the District Council has recently commenced production of a new Local Plan which is likely to identify additional areas of growth. The Charging Schedule is likely to be reviewed once the Local Plan has been adopted.

⁵ This could be either through Section 106, or via S278 of the Highways Act, or through planning conditions

2. Producing a CIL Charging Schedule

How to comment on this document

- 2.1 This document is the District Council's first step in preparing in preparing a CIL Charging Schedule. Your comments and views are welcomed on the proposed CIL rate and other elements of the proposed approach. The District Council is keen to set the CIL at a level which allows for the continued growth of East Cambridgeshire, whilst delivering necessary infrastructure and facilities.

Comments should be made through our on-line questionnaire at:

www.surveymonkey.com/s/cil-pdcs-eastcambs

- 2.2 Alternatively, comments can be made in writing to the Forward Planning Team, East Cambs District Council, The Grange, Nutholt Lane, Ely, Cambs, CB7 4EE, or via email at ldf@eastcambs.gov.uk. Print versions of the questionnaire can be found on the Council's website at www.eastcambs.gov.uk/community-infrastructure-levy. If you have any questions, please call Katie Child or Brendan Troy on 01353 665555.

Comments should be submitted by 2nd February 2012.

- 2.3 Any comments/information that you provide will be used for the purpose of CIL production, and processed in accordance with the Data Protection Act.

CIL timetable

- 2.4 After this consultation, the District Council will consider comments and other evidence, and produce a revised Charging Schedule. The Draft Charging Schedule will be published for consultation in Spring 2012. The table below outlines the future key stages and timetable for the adoption of CIL by East Cambridgeshire District Council. These stages are set by Government Regulations.

Step	Timescale
Consult on Preliminary Draft Charging Schedule	(Current) 21 st Dec. 2011 - 2 nd Feb. 2012
Consult on Draft Charging Schedule	March/April 2012
Examination (by independent Inspector)	July/August 2012
Inspector's Report	Autumn 2012
Adoption of Charging Schedule	October 2012

3. Evidence for CIL

- 3.1 This section sets out the evidence the District Council has used to inform the Preliminary Draft Charging Schedule and the proposed CIL rates in Chapter 4.
- 3.2 Local authorities need to ensure that the CIL rate does not put at serious risk the overall development of their area. The CIL Regulations are clear that in setting rates, the charging authority must aim to strike an appropriate balance between:
- the desirability of funding from CIL (in whole or part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and*
 - the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.*
- 3.3 Therefore, the District Council has relied on two main sources of evidence to produce its Charging Schedule:
- **infrastructure requirements** and analysis of the funding gap – to show there is sufficient deficiency in infrastructure funding to justify the proposed CIL rate
 - **viability assessment** of development – to show what level of CIL could be introduced without putting the overall development of the area at serious risk.
- 3.4 Following a description of the evidence, this section also sets out how the District Council selected the final CIL rates (e.g. what factors were influential and why).

Infrastructure requirements and funding gap

- 3.5 The 'CIL Infrastructure Study' (December 2011) sets out details of what infrastructure will be needed to support the future growth of the district⁶. It is based on the levels of growth set out in the adopted East Cambridgeshire Core Strategy (2009), up to the year 2025⁷. It identifies the need for a range of new infrastructure and services, including schools, community facilities, road improvements, open space and sports facilities. The CIL Infrastructure Framework has been subject to consultation with the relevant infrastructure providers, and can be viewed on the Council's website at www.eastcambs.gov.uk/content/community-infrastructure-levy.
- 3.6 The Core Strategy is currently being reviewed, and will eventually be replaced with a new East Cambridgeshire Local Plan which will set a strategic framework for the growth of the district up to 2031. It is anticipated that the new Local Plan will identify higher levels of growth than currently identified in the Core Strategy – requiring additional infrastructure and services. A separate assessment of Local Plan infrastructure requirements will be produced to support the production of the Local Plan in 2012.
- 3.7 The 'CIL Infrastructure Study' (2011) provides an overview of infrastructure projects required to support growth up to 2025. It sets out how much the projects are expected to cost, and identifies any known or expected sources of funding. This includes funding from the Government, and future funding which could be secured via Section 106 agreements. This involves making a number of assumptions, as there is no guarantee that these specific amounts of funding will be secured. It is an estimate, based on the best information available at this time. Circumstances may change, and the District Council will continue to identify other sources of funding to ensure that projects are bought forward. After taking

⁶ The CIL Infrastructure Framework (2011) provides an update of the East Cambridgeshire Infrastructure Investment Framework (2010), and is focused on Core Strategy levels of growth only. The 2010 document looked at infrastructure needs arising from Core Strategy levels of growth, plus potential scenarios for higher growth in the future.

⁷ The CIL Investment Framework focuses on infrastructure needs arising from projected additional dwellings over the remainder of the Plan period - discounting dwellings which have already gained planning permission.

account of known and expected sources of funding, the Study identifies that there is a considerable aggregate funding gap of **£168,088,134**. This is the shortfall in identified monies available to fund infrastructure needed to support planned development in the district. A breakdown in terms of infrastructure types is shown in the table below. As set out in the Regulations, the existence of this considerable funding gap is therefore justification for the introduction of CIL in East Cambridgeshire. CIL will be an appropriate tool and an important source of funding to help plug this gap.

Table 1 – Infrastructure costs and funding gaps

	Infrastructure costs	Expected funding	Funding gap
Education	£46,362,021	£5,475,000	£40,887,021
Healthcare	£7,050,000	£0	£7,050,000
Emergency services	£230,000	£0	£230,000
Community facilities	£3,736,772	£0	£3,736,772
Open space	£6,623,500	£5,773,500	£850,000
Sport and recreation	£15,658,340	£0	£15,658,340
Transport	£105,676,001	£6,000,000	£99,676,001
Utilities	£8,450,000	£8,450,000	£0
TOTAL	£193,786,634	£25,698,500	£168,088,134

- 3.8 The CIL charge may not necessarily cover the whole of the funding gap, as the District Council needs to ensure CIL is set at a reasonable rate which does not put the overall development of East Cambridgeshire at serious risk. Viability testing will help inform identification of a suitable charge – and further details are set out in the section below. However, if CIL covered all of the funding gap, a rate of £61,661 per dwelling and £649 per m² would need to be charged on residential development. This is based on a projected future supply of 2726 dwellings between now and 2025 (excluding sites with planning permission, and an estimated supply of 30% affordable housing), and an average floorspace of 95 m² (for a 3 bed house). A summary is set out in the table below. The calculation is a crude one, but provides a useful starting point to begin further work on viability.

Table 2 – Maximum theoretical CIL level

Charge per unit	£61,661
Charge per square metre	£649

Q2. Do you agree that the CIL Infrastructure Study and funding gap analysis demonstrates there is justification for introducing CIL?

CIL viability assessment

- 3.9 East Cambridgeshire District Council commissioned Dixon Searle LLP to undertake viability testing work, to show what level of CIL charge could be introduced without putting the overall development of the area at serious risk. The Dixon Searle CIL Viability Assessment Report accompanies this consultation document, and can be viewed on the District Council's website at www.eastcambs.gov.uk/content/community-infrastructure-levy.
- 3.10 The viability assessment is based on well-established development appraisal techniques which involve looking at the impact of potential CIL rates on residual land values. The appraisals take account of other costs such as affordable housing and other site-specific Section 106 agreements, and use assumptions which reflect the particular local market and

planning policy circumstances in East Cambridgeshire. The assessment looked at the viability of a range of sites across the district, of varying size, and different land uses. The key results are summarised in the table below.

Table 3 – Overview of the findings of the CIL Viability Assessment

Land use	Summary of key findings
Residential	Viability testing shows mixed levels of viability in different areas – weaker in parts of the north, and fairly strong in the south. The report advises that 2 geographical charging zones may be needed, as a single CIL rate across the district would have to be set low, at about £60-£80 per m ² (and would therefore fail to deliver necessary infrastructure). The report proposes that a lower rate for Littleport and Soham should be set – no higher than £50 per m ² – and that a higher rate up to £100 per m ² should be set across the rest of the district.
Business development	Viability work shows that viability is marginal in all locations across the district, for all types of industrial and office development (B1/B2/B8). Current economic conditions mean that risks are high, whilst viability and demand are low. The report recommends that a zero (£0) charging rate is set for business development.
Retail	Viability work shows scope to levy a CIL charge, but a notable difference in viability levels between sizes/types of schemes. For large retail development (such as supermarkets and retail warehousing) there is scope for a CIL charge up to £140 per m ² . However, this is at the margins of viability, and the report recommends that a lower rate of £120 per m ² could be more appropriate. For smaller schemes the report proposes a lower CIL rate up to £60 per m ² . The report proposes that the Sunday Trading sales floorspace cut-off of 280m ² may be an appropriate threshold for differentiation between CIL charging rates. The report suggests the Council could also consider levying a charge on other retail-related forms of development such as motor sales units.
Hotels	The report concludes that viability may be marginal or finely balanced, and introducing a CIL charge could add significant risk to delivery. It is therefore recommended that at the current time a zero (£0) CIL charge should be considered for this type of use – but that this should be kept under review.
Care homes	The report concludes that viability may be marginal or finely balanced, and introducing a CIL charge could add significant risk to delivery. It is therefore recommended that at the current time a zero (£0) CIL charge should be considered for this type of use – but that this should be kept under review.
Equestrian-related development	Viability work indicates there is little development viability associated with equine hospitals/clinics – but there could be some scope for a modest CIL charge on other forms of equestrian development; for example, commercial stables, riding schools, studs and associated development. The report indicates that a rate of £30 per m ² could be appropriate. Some of this type of development may well fall below 100m ² and not be liable to the CIL charge.
Agriculture	Little scope for CIL charge, as this type of use does not generally see value levels which are able to support additional costs. The report recommends that agricultural development should be subject to a zero (£0) CIL charge.
Other uses	The report looks at a range of community and other types of development, including community halls/centres/clubs, garages/depots, GP surgeries, day nurseries, and leisure development (e.g. cinemas, bowling alleys and health and fitness clubs). The report concludes there is little scope for a CIL charge on ‘other uses’, and recommends a zero (£0) CIL rate. The community types of development have little/no commercial value, whilst other uses appear to have marginal viability. The report also highlights the fact that the frequency of these other new build scenarios that could support meaningful CIL scope is likely to be very limited – partly as many of these uses would often occupy existing/refurbished premises.

Q3. Do you agree with the methodology and key assumptions used in the Viability Assessment? If not, what alternative methods/assumptions would you suggest, and why?

Setting the CIL rates

- 3.11 The viability work provides clear evidence of scope to set CIL charges for certain types of uses across the district. However, in deciding on what exact level of charge to set, regard has also been had to the planning principles and development priorities for East Cambridgeshire, market conditions, and other sources of information on viability (including house prices, retail vacancy rates, and details of recent planning obligations and development completions). The District Council has also had regard to the need for CIL to be robust and flexible. Setting CIL at the maximum possible level could have a serious effect on viability in the district if there is a future market or policy change which tips viability over this point.
- 3.12 For residential development, the viability evidence indicates there is mixed viability across the district, and therefore 2 geographical zones should be considered – one covering Littleport and Soham, and the other covering the rest of the district. This is a pragmatic approach, which also has regard to the Council's development strategy. For example, the viability evidence indicates that levels of viability are highest in the south and a higher CIL charge could be tolerated. However, analysis of likely future development patterns suggests that levels of completions will be low in the south of the district – whilst the District Council's strategic priority is for the continued expansion of the Market Towns (Ely, Soham and Littleport). A separate higher level CIL charging zone in the south therefore may not necessary, as it will bring in little additional contributions. However, it is considered vital to have a separate CIL charge rate for the Littleport/Soham area, as the District Council has growth aspirations for these areas. There are also benefits to having 2 zones only, as it keeps the charging schedule as simple as possible, and aids understanding, collection and monitoring.
- 3.13 In terms of the CIL rate for residential development, the viability assessment indicates that rates up to £50 per m² in Littleport/Soham could be appropriate, and up to £100 per m² in the rest of the district. Given current uncertain market conditions (with little signs of recovery yet), and the fact that small changes in land prices and build costs can alter viability results, it is proposed that slightly lower rates should be selected. As set out in Chapter 4 below, it is proposed that CIL rates should be set at £40 per m² in Littleport/Soham, and £90 per m² in the rest of the district. It is considered that these are fair rates which are not up to the margins of viability, whilst allowing reasonable sums to be collected to help meet part of the substantial infrastructure funding gap which exists. The process of setting these rates was also informed by viability testing on an 'assumed large scale urban extension', which took account of the potential CIL charges plus potential Section 106 contributions which may be sought – and demonstrated that such schemes will still viable at the proposed CIL rate. As set out in Appendix 1, these rates broadly reflect sums which have successfully been secured from recent developments in the district via Section 106 agreements. Given that recent rates of dwelling completions are healthy (368 completions in 2010/11 against a cumulative target of 333⁸) there is therefore some confidence that the proposed CIL rates are appropriate and will not prevent development coming forward.
- 3.14 For business development (B1/B2/B8), the viability testing suggests there is little scope for CIL contributions based on viability considerations. However, evidence from recent Section 106 agreements indicates that nominal amounts of contributions are currently being secured from employment development – ranging from £6 to £12 per m² during 2011 – indicating that there could be potential for some sort of charge. Whilst charges at this level are unlikely to generate significant amounts of money, it could at least make some contribution to mitigate the impact that business schemes have on local and strategic infrastructure – particularly roads and the transport system. Some sort of nominal charge could also be justified in light of the fact that most (if not all) business development in the

⁸ ECDC Annual Monitoring Report 2011

next few years is likely to involve the expansion/re-location of existing businesses in the district, rather than speculative development (reflecting trends over the last few years, during poor market conditions). There is more likely to be scope for a CIL charge from non-speculative development, which has lower risks and rates of return. On the basis of this evidence it is therefore suggested that a nominal CIL charge of £10 per m² should be introduced. As indicated in the Viability Report, this low rate represents a very small proportion of overall development costs compared to other assumptions, so should not be the difference between viability/non-viability.

- 3.15 For retail development, the viability evidence indicates that a CIL charge could be levied – but there is a difference between large and small-scale schemes. It is therefore proposed that a rate of £120 per m² will be charged on large-scale schemes, and a lower rate of £60 per m² on small-scale schemes. The proposed definition of small-scale is 280m² or less of sales floorspace. This scale is derived from the Sunday trading laws, and reflects the standard operating models applied by many operators. Supermarkets and retail warehouses would fall under the ‘larger’ category. Other new build development in town centres, villages and neighbourhood centres may well fall in the ‘smaller’ category, given that most of the current shops in the district’s town and village centres have less than 280m² sales floorspace. It is proposed that the CIL rate will be charged on standard retail development, including convenience and comparison shops, food outlets and restaurants (A1, A2, A3, A4 and A5) – but that the lower rate will also apply to motor-sales units (of all scales). In the case of petrol stations and fast-food outlets which are provided as part of retail developments (for example, supermarket schemes), these will be treated as part of the retail scheme and charged at the higher rate.
- 3.16 For equestrian related development, the viability evidence indicates there is scope to introduce a CIL charge, and that £30 per m² would be appropriate. This excludes equine hospitals and clinics, but relates to all other types of equestrian-related development – for example, buildings such as stable blocks, tack rooms, food stores, offices, and others connected with the equine business, provided at riding schools, stables, stud farms and similar operations. It is concluded that the rate of £30 per m² appears to be appropriate, and is therefore included in the Schedule in Chapter 4. The CIL charge will only apply to new build schemes of 100m²+ , and therefore many small-scale developments are likely to fall below this level.
- 3.17 For other types of non-residential development, the viability assessment indicated that there is little scope for CIL charge. On the basis of this evidence, it is proposed to set a zero (£0) charge for these uses, which includes hotels, leisure, care homes, agriculture, community uses and other types of development. Other reasons to justify a nil charge include:
- It is considered inappropriate to charge community uses such as Doctors surgeries or community halls, as these can in themselves be considered to be community infrastructure.
 - The frequency of these development types coming forward as new build schemes is likely to be low, and a nil charge will therefore not represent significant losses in CIL monies.

4. Preliminary Draft Charging Schedule

CIL charging rates

- 4.1 The proposed CIL charging rates are set out in the table below. The rates will be levied in pounds per square metre of net additional floorspace of qualifying development, unless exemptions apply (see section 1.5 above). The geographical charging zones for residential development are shown in the maps below. For Zone A, a buffer has been included around the existing built-up part of the settlements, to allow for future allocations of land. However, it should be noted that the Levy Charging zones are without prejudice to future decisions on land allocations through the Local Plan. Charging for other land uses will apply across the whole geographic district of East Cambridgeshire.

Table 4 – CIL charging rates

Development type	CIL rate (per square metre)
Residential Zone A – Littleport and Soham (C3)	£40
Residential Zone B – Rest of the district (C3)	£90
Business development (B1, B2 and B8)	£10
Retail development (A1/A2/A3/A4/A5) – large scale (more than 280m ² sales floorspace)	£120
Retail development (A1/A2/A3/A4/A5) – small scale (up to 280m ² sales floorspace) + motor-sales units	£60
Equestrian-related development (excluding equine hospitals and clinics)	£30
All other uses (unless stated otherwise in this table)	£0

Calculating the chargeable amount

- 4.2 The District Council will calculate the amount of CIL payable by a development (the ‘chargeable amount’) in accordance with Regulation 40 of the CIL Regulations 2010. The method involves multiplying the net area and the CIL charge – and factoring in an index figure. The index figure allows for inflation, as the charge is based on the CIL rate at the time of planning permission, but payment occurs at commencement. The index used in the calculation is the national ‘All-in Tender Price Index’ published by the Building Cost Information Service of Royal Institution of Chartered Surveyors⁹.
- 4.3 The CIL Regulations also specify that where the overall chargeable amount on a scheme is less than £50, it is deemed to be zero.

Q4. Do you agree with the proposed CIL rates and geographical charging zones for residential development?

Q5. Do you agree with the proposed CIL rates for business development?

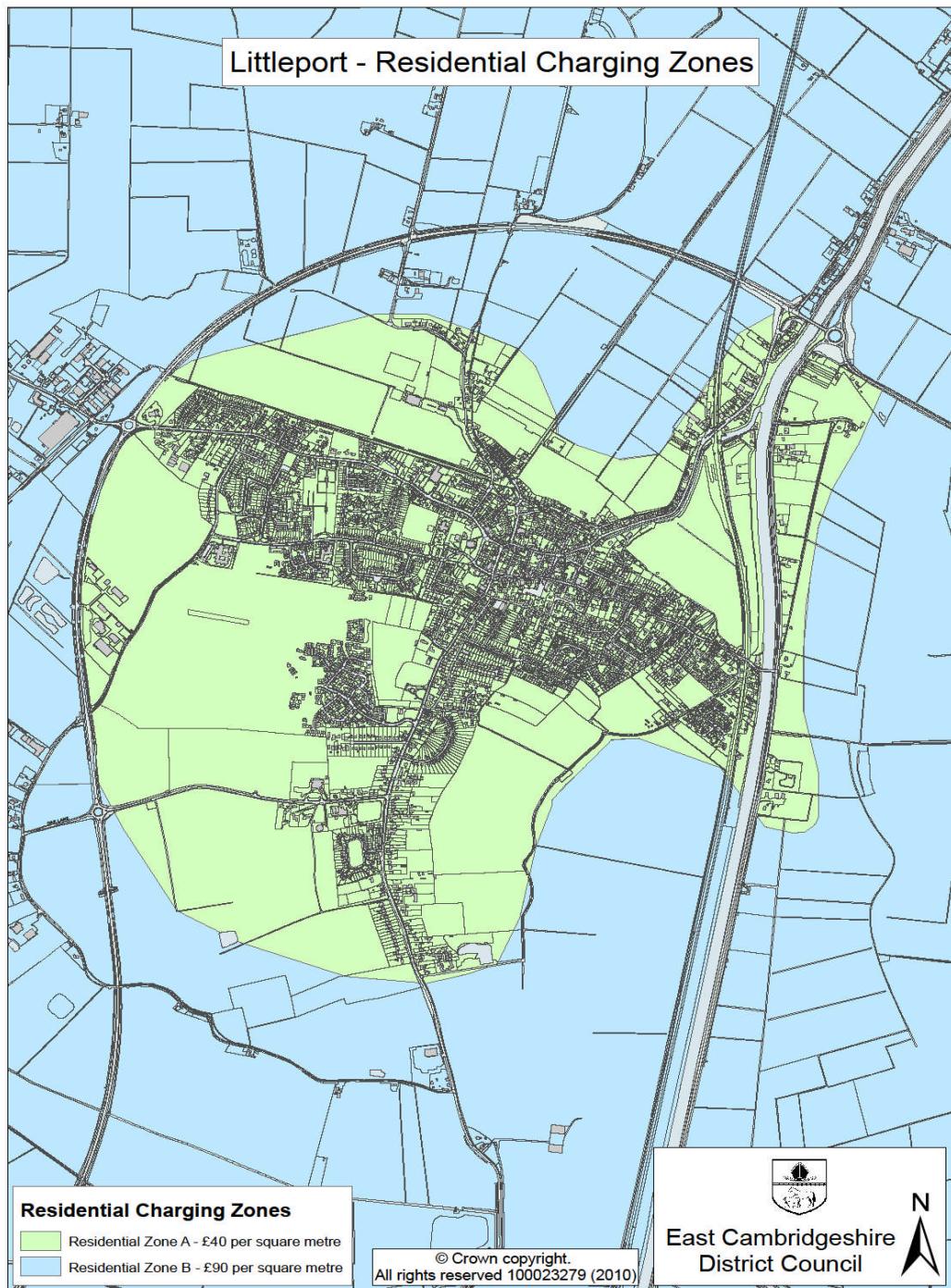
Q6. Do you agree with the proposed CIL rates for retail development?

Q7. Do you agree with the proposed CIL rates for equestrian related development?

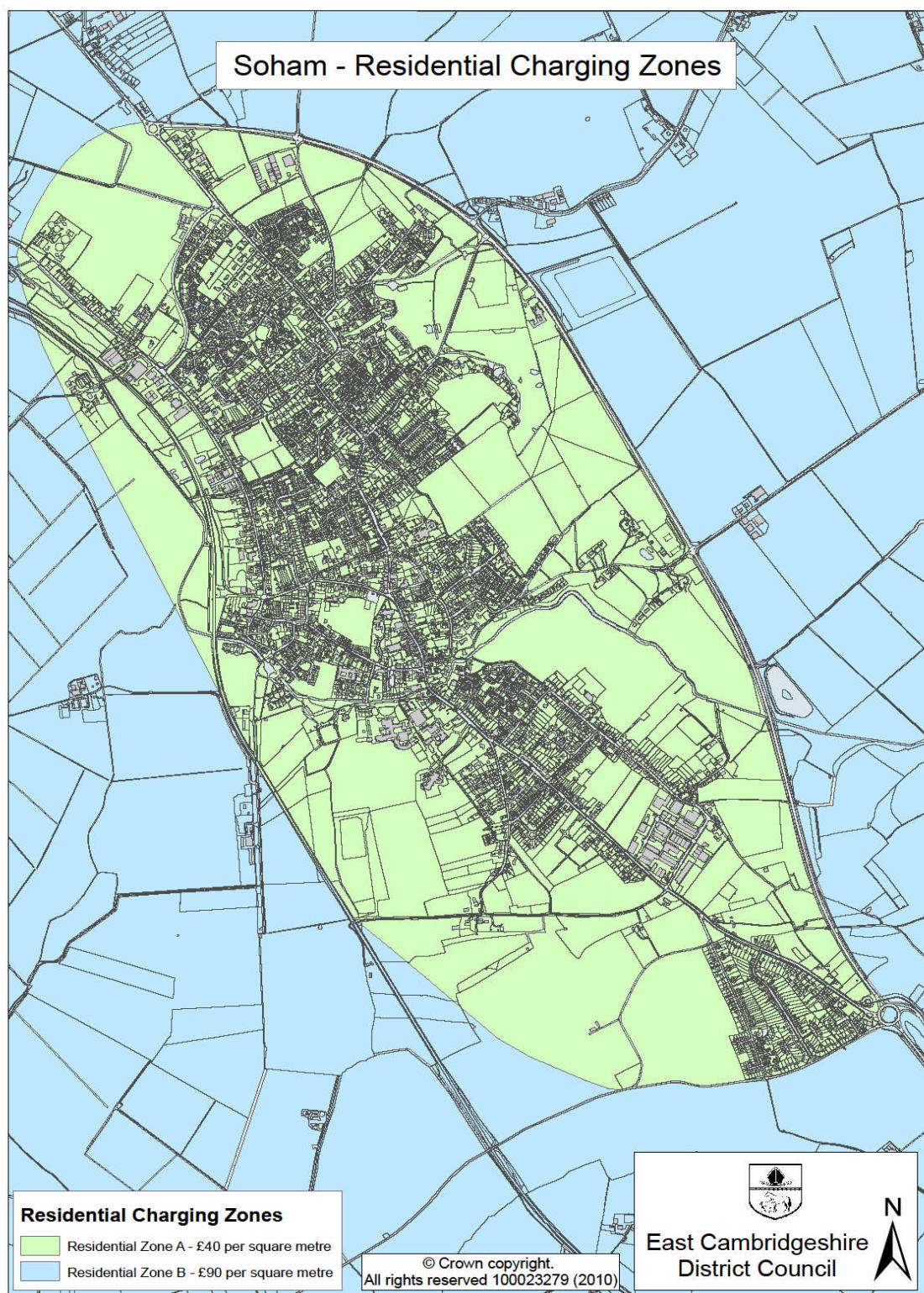
⁹ In the event that the All-in Tender Price Index ceases to be published, the index referred to is the retail prices index. The figure for a given year is the figure for November of the preceding year.

Q8. Do you agree with the proposed zero CIL rates for all other types of development?

Map 1 - Residential Zone A: Littleport



Map 2 – Residential Zone A: Soham



5. Implementing the charging schedule

Collection of CIL

- 5.1 A notice of liability will be issued by the District Council as soon as practicable after planning permission is granted, stating the chargeable amount on the development. The responsibility to pay the levy runs with the ownership of the land on which the liable development will be situated, and is a local land charge. However, liability can be transferred and assumed by others (for example, developers).
- 5.2 Payment of CIL is due from the date the chargeable development commences. Where outline planning permission is granted for a large-scale development which will take place in phases, CIL will be levied on each agreed phase, rather than the whole site in its entirety.
- 5.3 The Regulations also permit a charging authority to allow payment to be made by instalments (providing the charge is £10,000 or more, and that liability to pay has been assumed before development commences). The District Council is supportive of this approach in principle, as it may aid viability and deliverability. The details of how any phase payment mechanism may work have yet to be determined. It is intended to publish an indicative draft Instalments Policy alongside the draft CIL Charging Schedule, and a final version on adoption of the Charging Schedule.

Payment in kind

- 5.4 The Regulations provide the potential for a charging authority to accept payments in kind for CIL, in the form of a transfer of land to be used for infrastructure provision. The value of the land needs to be equal to the amount of CIL that would have been paid – with the land value being assessed by an independent valuer. The District Council considers that this may take place in exceptional circumstances. It is in lieu of CIL, and is in addition to any transfer of land which may be required via Section 106 agreements.

Discretionary relief

- 5.5 The Regulations allow charging authorities to permit discretionary relief from CIL, where exceptional circumstances can be demonstrated. The key requirements are that the site must also have a Section 106 agreement relating to it which is greater than the value of the CIL charge, and that the combined cost of the Section 106 agreement and CIL charge would have an unacceptable impact on the viability of the development. In such cases the developer would be expected to demonstrate this via an open book approach with an independent valuer. Relief can also only be granted if it does not constitute notifiable state aid.
- 5.6 Given these requirements, most development will not be eligible for exceptional circumstances relief. However, the District Council may be prepared to consider applications for relief, and will confirm this on adoption of the charging schedule.

Using CIL monies

- 5.7 CIL monies will be spent on infrastructure needed to support new development across the district. This may be new infrastructure, or may involve repairing, expanding or enhancing existing infrastructure, if that is necessary to support development. It may also be spent on the on-going costs of providing infrastructure, which could include maintenance, operational and promotional activities. The Regulations also allow CIL to be used to pay for administrative expenses incurred by the charging authority. The District Council anticipates that it is likely to seek an element of reimbursement, to cover costs associated with collection, implementation and monitoring of CIL.

- 5.8 As referred to in paragraph 1.7, the District Council will be required to allocate a ‘meaningful proportion’ of CIL revenue directly to Parish Councils where development has taken place. The level of this funding has yet to be determined by Government. This ‘Neighbourhood Fund’ will be passed directly to Parish Councils where development occurs, and Parish Councils will be directly accountable for expenditure and reporting.
- 5.9 Initially, it is anticipated that the CIL funds collected will go towards paying for the infrastructure projects listed in the CIL Infrastructure Study (2011). However, infrastructure needs, priorities and costs are likely to change over time. The Regulations allow the District Council to update the infrastructure list at any point in time – therefore providing flexibility to respond to changing local circumstances. An infrastructure projects list will be published alongside the Charging Schedule and will be updated as required on the District Council’s website. This will show what types of infrastructure CIL will be spent on, and also make it clear what items fall under CIL rather than Section 106 agreements.
- 5.10 East Cambridgeshire District Council, as the ‘charging authority’, will be responsible for collecting CIL revenue – and will also need to report on expenditure. However, in order to facilitate the delivery of infrastructure, the District Council will need to work in close partnership with other infrastructure and service providers. Mechanisms for distributing and dividing revenues will need to be agreed – and infrastructure priorities identified. This is likely to require the establishment of new partnership groups/arrangements, and the production of an Annual Business Plan which outlines infrastructure priorities for the coming year. The District Council is in the process of looking at implementation issues and identifying appropriate governance arrangements. This may also involve collaboration between other Cambridgeshire and/or neighbouring authorities.

Q9. Do you have a view on how the District Council should co-ordinate and work with infrastructure and service providers to ensure the delivery of infrastructure projects funded through CIL?

Appendix 1

Impact of CIL

CIL charge per dwelling

The introduction of CIL will result in a fixed charge being placed on residential development schemes. The estimated charges per dwelling, on a range of different sizes of development scheme, are set out in Table A below. The assumptions used to calculate the estimated charges are set out in Tables B and C. It should be noted that site-specific mitigation measures and affordable housing provided through Section 106 agreements will be in addition to this charge.

Table A – Potential CIL charge per private dwelling, for different types of schemes

Charge per private dwelling	CIL £40/m2	CIL £90/m2 (south of district where 40% affordable housing is sought)	CIL £90/m2 (north of district where 30% affordable housing is sought)
Geographic zone	Littleport and Soham	Rest of district	Rest of district
1 house	£3,800	£8,550	£8,550
3 houses	£3,800	£8,550	£8,550
15 houses	£3,582	£8,150	£8,059
100 dwellings	£4,249	£9,675	£9,559

Table B – Dwelling size assumptions used to calculate potential CIL charge per dwelling¹⁰

Unit sizes (per m2)	Private dwellings
1 bed flat	45
2 bed flat	60
2 bed house	75
3 bed house	95
4 bed flat	125

Table C – Scheme mix assumptions used to calculate potential CIL charge per dwelling¹¹

Scheme type	Scheme mix	30% affordable housing		40% affordable housing	
		Private	Affordable	Private	Affordable
1 house	1 x 3 bed	1 x 3 bed	0	1 x 3 bed	0
3 houses	3 x 3 bed	2 x 3 bed	1 x 3 bed	2 x 3 bed	1 x 3 bed
15 houses	5 x 2 bed 10 x 3 bed	3 x 2 bed 8 x 3 bed	2 x 2 bed 2 x 2 bed	2 x 2 bed 7 x 3 bed	3 x 2 bed 3 x 3 bed
100 dwellings	4 x 1 bed 9 x 2 bed flat 9 x 2 bed house 31 x 3 bed 47 x 4 bed	2 x 1 bed 4 x 2 bed flat 5 x 2 bed h 20 x 3 bed 39 x 4 bed	2 x 1 bed 4 x 2 bed flat 5 x 2 bed h 11 x 3 bed 8 x 4 bed	2 x 1 bed 4 x 2 bed flat 3 x 2 bed h 16 x 3 bed 35 x 4 bed	2 x 1 bed 5 x 2 bed flat 6 x 2 bed h 15 x 3 bed 12 x 4 bed

¹⁰ Average dwelling sizes, as identified in the CIL Viability Assessment (2011)

¹¹ Based on scheme size assumptions, as set out in the CIL Infrastructure Study (informed by work undertaken by the County Council Research Group)

Comparison between the CIL/S.106 system and current Section 106 system

It is difficult to accurately compare the CIL charges to the Council's current system of Section 106 agreements. Some types of infrastructure will continue to be secured on-site via Section 106 agreements, so this needs to be taken into account. It is also complicated by the fact that, in practice, the amount of contributions currently secured by Section 106 agreements varies considerably between different development schemes, as it is based on local capacity, site-specific factors, and negotiations between the Council and developers. The Council's SPD on 'Developer Contributions and Planning Obligations' sets out standard type charges which the District Council may seek to secure from development schemes – but these are just a starting point for negotiation. The standard rates need to be considered alongside the actual levels of contributions secured from recent Section 106 agreements, to provide a more accurate comparison with the potential future CIL monies. Table D below sets out a broad comparisons/estimates of the charges which will fall on developers under the new CIL/S.106 system, versus the current Section 106 system.

Table D – Contributions which may be secured per dwelling via the new CIL/S106 system compared to the current Section 106 agreements

Charge per dwelling	Proposed CIL rate (£40/m ²)	Nominal additional S.106 charge	Estimated total CIL/S.106 charge	Current maximum rate S.106 contribution ¹²	Recent actual S.106 contributions ¹³
Littleport and Soham - 15 dwellings	£3,582	£1,000	£4,582	£7,258	£4,972
Rest of district - 15 dwellings	£8,059	£1,000	£9,059	£11,278	£6,487

¹² As set out in the Council's Supplementary Planning Document on Developer Contributions and Planning Obligations – based on the average standard charge for a 3 bed house in Littleport/Soham.

¹³ Based on actual Section 106 agreements which have been secured/negotiated since October 2009 for residential development in Littleport and Soham.

Appendix 2

Potential level of future CIL income

This section sets out the amount of CIL funding which could potentially be secured through residential development over the next 5 years – assuming that the proposed CIL rates in this document are applied over this period. It is based on the amount of housing likely to come forward over the next five years, as set out in the Council's Core Strategy realistic housing trajectory - discounting schemes which already have planning permission, and discounting an estimated 30% of future supply on large sites which may be secured as affordable housing (on which CIL is not chargeable). In the first few years the level of CIL monies collected is likely to be low, as outstanding schemes with Section 106 agreements are built out. However, by 2015/16 it can be seen that the level of CIL contributions is a significant fund of money. The calculations are based on an average dwelling size of 95m² (3 bed dwelling)¹⁴.

Section 106 agreements will continue to be sought to deal with site-specific issues, such as open space, access, habitat creation – and the on-site provision of facilities such as primary schools on large-scale major schemes. They will also be used to secure affordable housing. This will be in addition to the CIL funds outlined in the table below.

Other types of development on which CIL may be charged have been excluded (e.g. business, retail and equine), as it is difficult to quantify the future levels of new build development which are likely to come from this source.

Year	Littleport/Soham			Rest of district			Total district-wide CIL income
	Number of private dwellings	Chargeable m ²	Estimated CIL income	Number of private dwellings	Chargeable m ²	Estimated CIL income	
2012/13	0	0	0	9	855	£76,950	£76,950
2013/14	10	950	£38,000	8	760	£68,400	£106,400
2014/15	66	6,270	£250,800	103	9,785	£880,650	£1,131,450
2015/16	220	20,900	£836,000	207	19,665	£1,769,850	£2,605,850
2016/17	261	24,795	£991,800	310	29,450	£2,650,500	£3,642,300
TOTAL							£7,022,950

¹⁴ As set out in the CIL Viability Assessment