

**CABINET**

**20th October 2021**

**Subject: PLANNING POLICY UPDATE - Regulation 16  
consultation on the Draft Castle Point Borough  
Community Infrastructure Levy Charging Schedule**

**Cabinet Member: Leader of the Council – Councillor Sheldon**

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**1. Purpose of Report**

The purpose of this report is to seek Cabinet approval to undertake Regulation 16 consultation on the draft Castle Point Borough Community Infrastructure Levy (CIL) Charging Schedule.

**2. Links to Council's priorities and objectives**

- 2.1 CIL provides a source of funding for the Council and its partners to deliver infrastructure projects in Castle Point. Such projects could deliver against the Council's priorities of Economy and Growth, People, Place and Environment**
- 2.2 In bringing forward a CIL, the Council will be securing infrastructure contributions from development, and doing so in a transparent and accountable manner. This aligns with the Council as being Enablers – Leadership, Democracy, Partnerships and Resources.**

**3. Recommendations**

- 3.1 Pursuant to Regulation 16 the Community Infrastructure Levy Regulations 2010 (as amended) the draft Castle Point Borough Community Infrastructure Levy Charging Schedule is published for consultation in accordance with Regulation 16 of the Community Infrastructure Levy Regulations (as amended) 2010.**
- 3.2 In consultation with the Leader and Deputy Leader of the Council, the Chief Executive and the Head of Place and Policy are authorised to make any final amendments to the draft CIL Charging Schedule and the consultation materials prior to consultation, and to agree the consultation strategy for the Regulation 16 CIL consultation.**
- 3.3 The outcomes of the consultation and any resultant updates to the draft Castle Point Borough Community Infrastructure Levy Charging Schedule**

**are reported to Council. The Council will be asked at that time to approve the Charging Schedule for submission to the Planning Inspectorate for examination in accordance with the Community Infrastructure Levy Regulations 2010 (as amended).**

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#### **4. Background**

4.1 The Community Infrastructure Levy (CIL) was first introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. For the purposes of CIL, infrastructure is defined at section 216 of the Planning Act 2008 to include:

- Roads and other transport facilities
- Flood defences
- Schools and other education facilities
- Medical facilities
- Sporting and recreation facilities
- Open spaces

4.2 The CIL is a charge which can be levied by local authorities on new development in their area. The levy rates are set out within a CIL Charging Schedule, where the local authority can set various rates for a range of different development types and locations.

4.3 Local authorities can choose to introduce a CIL depending on the local circumstances of the area. At its meeting on the [20<sup>th</sup> November 2019](#), Cabinet resolved:

- 1) That the Cabinet confirms the process to introduce CIL
- 2) That further reports are made to Cabinet on progress, and to Council to approve the draft Charging Schedule and Section 123(Planning Act 2008) Schedule prior to public consultation.

4.4 The regulatory process for producing a CIL Charging Schedule is set out within the CIL Regulations (as amended) 2010, which came into force on 6<sup>th</sup> April 2010, requiring public consultation and an independent examination of the Schedule to be undertaken before it can be adopted. Regulation 16 of the CIL Regulations requires public consultation to be undertaken on the draft CIL Charging Schedule. This is the only public consultation required prior to its submission for independent examination.

4.5 The CIL rates should be set at a level which ensures that they will not render new development in the area financially unviable, and once adopted the rates set are non-negotiable. Exemptions and discretionary relief can be applied in certain circumstances. Funding obtained through the Levy should be used to deliver infrastructure needed to support development in the area.

- 4.6 The Council consulted on a CIL Preliminary Draft Charging Schedule in 2014, which was not subsequently progressed. Following the examination of the Castle Point Borough Local Plan, the Council is now in a position to progress the production of a CIL Charging Schedule. To support the production of the Local Plan the Council produced the Castle Point Infrastructure Delivery Plan (IDP), which sets out the key infrastructure projects required in the Borough, and identified how developer contributions and other funding sources could be used to support the delivery of new infrastructure projects in the area. The IDP highlights the need for additional sources of funding to support the delivery of new infrastructure in the area. The CIL provides a mechanism to obtain additional infrastructure funding alongside other traditional funding such as S106.
- 4.7 The use of Section 106 agreements and CIL can operate together. The Council must outline how developer contributions and CIL fund are proposed to be used in its annual Infrastructure Funding Statement. A new development, for example, may trigger the need for a new school and a planning obligation may apply to the development to provide the school. CIL could also then be applied to other development in the area to also contribute towards the delivery of the school.
- 4.8 The production of a CIL Charging Schedule requires a viability study to be undertaken to determine the impact of the imposition of a levy on the financial viability of new development in the area. A CIL Viability Study has been produced by Porter PE and the outcomes of the Study are summarised in section 7 below.
- 4.9 Since 2019 the Council has been working closely with infrastructure providers to support the production of the IDP and the Viability Study, and to ensure that these documents appropriately supported the production of the draft Local Plan and the emerging draft Castle Point CIL Charging Schedule.

## **5. The need for the introduction of the Community Infrastructure Levy in the Borough**

- 5.1 In comparison to the current approach of collecting developer contributions towards new infrastructure through Section 106 agreements, the CIL provides a simpler, complementary and more transparent process to collect funds. There are a range of benefits to an area provided by the introduction of a levy, which are summarised below:
- The CIL collects contributions from a wide range of developments, including smaller developments which may not ordinarily provide any contributions towards new infrastructure. This provides additional funding towards infrastructure projects that support growth and benefit the local community.
  - The CIL gives local authorities greater flexibility to set their own priorities on projects benefitting the wider community affected by development, unlike Section 106 funds which require a direct link between a contributing development and an infrastructure project.
  - The CIL provides developers with clarity about the level of contributions which are required from any development and provides transparency for local people.

- The CIL is non-negotiable and therefore does not require the production of complex agreements.
  - The CIL is fair, as it relates the contribution required to the size of the development in terms of new floorspace.
- 5.2 While there are many benefits provided by the introduction of a CIL, a Levy may not be needed or appropriate in all areas of the country. The introduction of a levy should therefore be evidenced by the identification of an aggregate infrastructure funding gap that demonstrates a need for the Levy. The Planning Practice Guidance (PPG) outlines<sup>1</sup> that any significant funding gap identified should be considered sufficient evidence of a need for the introduction of a CIL.
- 5.3 The Infrastructure Delivery Plan (IDP) identified infrastructure requirements costing £96 million in the area which do not currently have funding to support the delivery of the infrastructure. The IDP refers to this as the minimum<sup>2</sup> funding gap for the provision of infrastructure to support existing and future needs in the Borough. Section 106 contributions associated with strategic allocations in the draft Local Plan are estimated to provide around £58 million of infrastructure funding. There is therefore around £38 million of infrastructure requirements in the area which do not have any current or future funding. The need for the introduction of a CIL in Borough can therefore clearly be demonstrated through this identified infrastructure funding gap.

## **6. The implementation of the Community Infrastructure Levy**

### a) What development will be liable to pay the levy?

- 6.1 Most buildings that people normally use are liable to pay the levy. The development of a new building or an extension which results in 100 sqm or more of net increase in gross internal floor space would be liable to pay the levy. Development which is less than 100 sqm but which involves the creation of an additional dwelling will also be liable. The conversion of a building that has not been in use for some time will also be liable for the levy.
- 6.2 The following types of development are not required to pay the levy:
- development of less than 100 square metres, unless this consists of one or more dwellings and does not meet the Governments self-build criteria<sup>3</sup>;
  - buildings into which people do not normally go;
  - buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery;
  - structures which are not buildings, such as pylons and wind turbines;
  - specified types of development which local authorities have decided should be subject to a 'zero' rate as outlined in the Draft Charging Schedule.

### b) How the levy works alongside Section 106 contributions

<sup>1</sup> PPG Paragraph: 017 Reference ID: 25-017-20190901

<sup>2</sup> The overarching figures from the IDP are considered minimum estimates, as there are some infrastructure projects listed within the IDP which are not yet costed.

<sup>3</sup> See CIL Regulation 42 for further details.

- 6.3 In September 2019, the restrictions on using five or more section 106 contributions to fund a single infrastructure project was lifted, and greater flexibility was provided in relation to how CIL funding could be used alongside S106 contributions. Charging authorities can now use both CIL and S106 contributions to fund the same infrastructure item.
- 6.4 The IDP sets out the key infrastructure projects required in the Borough, and identified the use S106 funding sources to assist in the delivery of a large proportion of identified new infrastructure projects. It is likely that essential infrastructure items which are directly related to supporting the delivery of new development proposals will continue to be funded through S106 agreements. The use of this approach has been assessed within the Viability Study to ensure that strategic sites remain viable with the imposition of both S106 requirements and a CIL charge.

#### c) Infrastructure projects which could be funded through CIL

- 6.5 The CIL will be used in combination with S106 agreements to obtain additional funds for a wide range of community infrastructure projects throughout the Borough, and to obtain infrastructure funding from smaller developments where S106 agreements may not usually be produced.
- 6.6 The IDP identified a minimum infrastructure funding gap of around £38 million which could potentially be funded through the CIL. Infrastructure projects identified within the IDP which are not expected to be funded through S106 contributions<sup>4</sup>, and could therefore be funded through the CIL, include green infrastructure, open space, sports facilities, and transport improvement projects where the needs for the infrastructure are not directly attributable to specific new developments.

#### d) How the levy will be collected

- 6.7 Liability to pay the CIL is triggered by commencement of the development. Following the adoption of a CIL Charging Schedule, planning applications in the area will be expected to include a completed CIL Information and Liability Form, which will help the Council calculate the CIL liability associated with the development and issue a CIL Demand Notice. The notice will be issued upon the commencement of development.
- 6.8 The levy should usually be paid within 60 days of the commencement of development, however to support the financial viability of new development in the area an instalments policy is proposed within the CIL Charging Schedule. An instalments policy allows levy charges over an identified amount to be paid in instalments over a set period of time. The Council will be seeking views on the proposed instalments policy through the Regulation 16 consultation.

#### e) Potential infrastructure funding which could be obtained through the CIL

- 6.9 Based on the CIL rates and approach to charging CIL as recommended in the CIL Viability Study (see section 7 below), around £35 million of infrastructure

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<sup>4</sup> In accordance with the requirements of CIL Regulation 122 (Community Infrastructure Levy Regulations 2010 (as amended))

funding could be obtained through the levy from residential strategic site allocations within the submitted draft Local Plan. Appendix C presents the potential CIL contributions arising from each strategic allocation in the draft Local Plan. Any further residential development in addition to the allocations in the Plan, and specific types of retail development (see proposed rates below), would also be subject to a CIL charge, and would provide further CIL funding towards new and improved infrastructure in the Borough.

f) The use of variable CIL rates

- 6.10 The proposed CIL rates for an area are based on the conclusions of the CIL Viability Study (see section 7 below). The setting of CIL rates in an area should be based on the ability of new development to pay a set levy and remain financially viable. Rates will therefore be different in areas where there are significant variations in components which inform the calculation of a CIL rate, such as land prices, house prices, development costs, and the costs of materials. In Castle Point Borough there are significant differences in development costs, land and house prices, between the mainland (Thundersley, Hadleigh, Benfleet) and Canvey Island. The Viability Study has therefore recommended the use of variable CIL rates within the Borough.

g) How the CIL funds are distributed

- 6.11 Castle Point Borough Council is the relevant 'charging authority', and it is the responsibility of the charging authority to collect and distribute all CIL funds. The Council may retain up to 5% of CIL receipts to cover the costs of administering CIL.
- 6.12 In the first instance, the Council must pass up to 15% of receipts arising in an area to the relevant Parish Council i.e. Canvey Town Council for any homes built on Canvey. This 15% is capped. The cap was set at £100 per dwelling in 2013 and now sits at around £118 per dwelling due to indexation. In those areas where there is no Parish Council, then the same level of funding per dwelling should be spent specifically on projects in the area local to sites e.g. at the ward level (this is referred to as the 'neighbourhood portion').
- 6.13 Having set aside any administrative costs and the local element of the receipt, the Council can determine how funds are distributed between organisations and projects. Funding obtained through the levy must be used towards infrastructure which supports growth in the area and should be used based on the needs for new and improved infrastructure in the Borough.
- 6.14 An Infrastructure Funding Statement will be produced by the Council annually to outline the extent of CIL funds which have been received, how received CIL funds are being used, and how future CIL funds are proposed to be used in the future.
- 6.15 Beyond the minimum provision of funds which would be provided through the 'neighbourhood portion' for chargeable development within that area, there is no further regulatory requirement to correlate the location of CIL funding received to the spending of the funds. CIL rates are calculated based on the financial viability of new development, and not based on the geographical needs for new

infrastructure. While the Council could consider an area based approach to distributing CIL funds based on the location where funds were obtained, it cannot be guaranteed that the Borough-wide infrastructure needs will correlate with areas where the majority of CIL funding has been obtained. It is likely therefore that the most effective approach for the distribution of CIL funds would be based on an assessment of the overall Borough-wide infrastructure needs and priorities. The approach to spending CIL funds is determined by the Council as the charging authority, and can be amended at any time depending on the particular needs of the area at the time.

## **7. The CIL Viability Study**

- 7.1 The rates outlined within a CIL Charging Schedule are informed by the production of a viability study. A CIL Viability Study has been produced by Porter PE to determine the impact of a CIL charge, in addition to normal development costs and policy and infrastructure requirements outlined within the draft Local Plan, on the financial viability of new development in the area. The PPG<sup>5</sup> states that 'when deciding the levy rates, an authority must strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments'. The CIL Viability Study should therefore seek to maximise the potential for CIL funding to be obtained from all types of development, whilst also ensuring that the proposed Levy rates will not render new development financially unviable.
- 7.2 The CIL Viability Study has researched the potential for CIL rates to be applied to all types of new development in the Borough. In doing so, Porter PE has consulted with the development industry to test the assumptions included in the Study through both a questionnaire distributed in July 2020 and a workshop undertaken in May 2021. The Study has researched development costs, land prices and the developed value of a range of uses throughout the Borough in order to identify any local variations which should be addressed through the proposed rates. In particular, the Study considered variations in costs and values of development on the Mainland and on Canvey Island.
- 7.3 To test potential CIL rates, the Study has reviewed a range of new residential development types, proposed residential strategic allocations in the draft Local Plan, and a range of commercial / non residential developments including large retail (supermarkets / larger foodstores / retail warehousing), small shops (local shops / convenience stores), offices (both in-town and out of town centre locations), industrial / warehousing (smaller and larger, including a larger distribution typology), hotels and care homes.
- 7.4 The Study used sales data at March 2020. For residential development 155 new build residential sales transactions and 5,318 existing property transactions that occurred between January 2016 and March 2020 were considered, with each transaction value indexed to March 2020 values (the latest information available at the time of preparing the report) using the Land Registry House Price Index.
- 7.5 The Study however notes the current economic circumstances regarding the Covid-19 pandemic, and determines that the long term implications of the pandemic are uncertain at this time. While the viability testing identified the

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<sup>5</sup> PPG Paragraph 010 Reference ID: 25-010-20190901

potential to charge substantial CIL rates per sqm for residential development on the Mainland, the Study recommends setting the charge lower to account for uncertainty resulting from the Covid-19 pandemic and the normal fluctuation of costs and values over time.

- 7.6 The determination of appropriate CIL rates in an area includes a 'buffer' to ensure that rates are not set on the edge of viability for new development, allowing for changes to the economy to occur without rendering new development in the Borough financially unviable. The CIL rates proposed within the Study include buffers of between 30% and 50% which is higher than has been allowed in other areas of the country.
- 7.7 The Study recommends the inclusion of a substantial buffer for the introduction of a CIL in the area, to ensure that there is not a 'market shock' as a result of the imposition of a levy. This cautious approach therefore acknowledges that many future potential developments in the area may not have considered costs associated with a levy in addition to the usual development costs.
- 7.8 In addition, paragraph 5.14 of the Viability Study also notes that the inclusion of a substantial buffer at this stage allows for:
- Any uncertainties within the Viability Study to be reviewed and considered over time.
  - New development to remain financially viable even where abnormal development costs are identified.
  - The fluctuation of costs and values over time, providing contingency where costs may rise.
  - A degree of uncertainty associated with the impacts of the Covid-19 pandemic on the economy and future development values.
- 7.9 Recent changes to the CIL Regulations have made the update and review process for the CIL Charging Schedule simpler and quicker. CIL rates can be more easily amended to take account of any significant future economic changes. Therefore, the introductory CIL rates set by the Council can be reviewed and updated accordingly in the future following a review of the performance of the CIL Charging Schedule.
- 7.10 In relation to the identification of appropriate CIL rates in the Borough, the CIL Viability Study concluded that:
- For residential development, including strategic residential allocations in the emerging Local Plan, sites on the Mainland would be able to accommodate a high CIL rate and remain financially viable. On Canvey Island, taking into account increased development costs and lower land and development values, sites would remain financially viable at a lower levy rate. It would therefore be appropriate to set variable levy rates for Mainland and Canvey Island sites.
  - On both the Mainland and Canvey Island the development costs associated with flats resulted in a reduced ability for this type of residential development to accommodate a CIL rate and remain financially viable. The proposed rates therefore recommend a lower rate for flats in all areas of the Borough.



- Based on current market conditions, the viability for non-residential sites is weak. The Study notes that while developments might be built for subsequent sale or rent to a commercial tenant, there will also be development that is undertaken for specific commercial operators either as owners or pre-lets. The Study therefore recommends a £0 rate per sqm for town centre office, business park, and industrial / warehouse developments.
- There is scope for introducing a modest CIL charge on convenience and comparison retail uses<sup>6</sup>, with variable rates recommended depending on the size and location of the proposed retail store.
- Viability testing indicated that other types of development including comparison retail inside the town centre, hotels, and care homes would not be capable of accommodating a levy and remaining financially viable.

## 8. The Draft Castle Point Borough Community Infrastructure Levy Charging Schedule

- 8.1 A CIL Charging Schedule sets out the levy rates for a charging authority area<sup>7</sup>. The CIL Regulations (as amended) 2010 and the PPG requires the production of a CIL Charging Schedule to include the completion of the following tasks prior to examination:

**Table 1: Key tasks in the preparation of the submission of a CIL Charging Schedule as outlined in the CIL Regulations**

Relevant CIL Regulation	Task
Regulation 14	The preparation of an evidence base to inform the production and publication of a draft Charging Schedule. This has been undertaken through the production of the CIL Viability Study.
Regulation 16	Publication of the draft Charging Schedule for public consultation. This report is seeking approval for the undertaking of this task.
Regulation 17	Review and assess consultation representations and amend the draft Schedule to take account of comments as necessary.
Regulation 19	Submission of the draft Charging Schedule for independent examination. Submission documents include the draft Charging Schedule, a consultation statement, and a statement of modifications setting out changes made since the Regulation 16 consultation.

- 8.2 The draft Castle Point Borough CIL Charging Schedule proposed for Regulation 16 consultation is presented in Appendix A. The Schedule is designed to be a simple document which clearly outlines the proposed CIL rates for each type of development. Any background information on CIL and the administration of CIL within the Borough is proposed to be provided in supporting informative documents published on the Council's website.

<sup>6</sup> Convenience retail provides lower value good purchased regularly to meet day to day needs such as food, newspapers, petrol etc. Comparison retail provides higher value goods purchased less often, such as household items, electrical goods, clothes, shoes etc.

<sup>7</sup> [PPG Paragraph: 011 Reference ID: 25-011-20190901](#)

- 8.3 The proposed CIL rates presented in the draft Charging Schedule are based on the conclusions from the CIL Viability Study, and include variable rates which take account of significant differences in development costs, land and house prices, between the mainland (Thundersley, Hadleigh, Benfleet) and Canvey Island. The differing rates between these areas therefore ensures that new development throughout the Borough will remain financially viable with the imposition of a levy. The proposed rates are outlined in Table 2 below.

**Table 2: Proposed CIL Rates**

<b>Development type</b>	<b>CIL rate per sqm</b>
Residential housing within the Mainland (including Benfleet, Thundersley and Hadleigh)	£250
Residential housing within Canvey Island	£120
Residential flat within the Mainland (including Benfleet, Thundersley and Hadleigh)	£90
Residential flat within Canvey Island	£30
Sheltered / Retirement and extra care housing	£0
Convenience <sup>8</sup> retail for the first 800 sqm gross internal area	£200
Convenience retail for each sqm metre over 800 sqm gross internal area	£50
Comparison <sup>9</sup> retail outside of the town centre boundaries	£200
All other development	£0

- 8.4 In addition to CIL rates for all residential development, the CIL Viability Study also recommended a levy on new convenience and comparison retail development within the Borough. In September 2020 Government introduced changes to the Town and Country Planning (Use Classes) Order 1987 (as amended) to create a Class E, which includes a wide range of uses such as retail, financial services, indoor sports, medical or health services, creche, offices, and uses associated with research and industrial processes. The CIL applies to permitted development, as well as development permitted through planning applications and appeals.
- 8.5 The recent changes to the Use Classes Order will allow more retail related permitted development from existing uses contained within Class E, however this will not affect the Council's ability to charge a levy on retail uses. Where a Class E(a) use is created through permitted development, there is an obligation placed upon the site owner to submit to the Council a 'notice of chargeable development' form, and failure to submit the form can result in the Council imposing penalty charges through enforcement action.
- 8.6 For development proposals relating to residential, comparison and/or convenience retail uses which require planning approval, appropriate CIL charges relating to the development will be established through forms included within the planning application process.

<sup>8</sup> Convenience retail provides lower value good purchased regularly to meet day to day needs such as food, newspapers, petrol etc.

<sup>9</sup> Comparison retail provides higher value goods purchased less often, such as household items, electrical goods, clothes, shoes etc.

- 8.7 The CIL Regulations state that a charging authority can implement and amend an instalments policy at any time following appropriate consultation, allowing CIL payments to be made by instalments often based on the progression of development and /or the time since the approval of the development. An instalments policy allows CIL payments to be spread out throughout the life of a project and can therefore assist the financial viability of the development. An instalments policy can be included within a draft Charging Schedule to be considered during consultation and examination. The draft CIL Charging Schedule therefore includes a proposed instalments policy.
- 8.8 The PPG details that the Levy may be payable on development which creates new or additional internal area, and where the gross internal area of new build is 100 sqm or more. This limit does not apply to new houses or flats, and a charge can be levied on a single house or flat of any size<sup>10</sup>. The CIL Regulations allow charging authorities to provide relief or exemptions from the levy to specified types of development. The PPG outlines that this can include exemptions and relief to minor development, residential annexes, self-build, social housing, and charitable development.
- 8.9 Through the consideration of appropriate CIL rates for the area, no types of development have been identified which are proposed to be provided specific relief or exemptions in the Borough beyond nationally recommended exemptions. No Borough specific relief or exemptions have therefore been identified within the draft Charging Schedule.
- 8.10 Relief and exemptions policies are not required to form part of the CIL Charging Schedule, and can therefore be produced and amended at any time by the Council following appropriate consultation.

## **9 Proposed approach to undertaking the Regulation 16 consultation on the draft Charging Schedule**

- 9.1 Before the submission of a draft Charging Schedule for independent examination, the CIL Regulations require a draft Schedule to be published for consultation to invite representations to be made. The Regulations do not specify a required consultation time period, or how the consultation should be undertaken. The approach to consultation can therefore be determined by the Council, in accordance with the Councils Statement of Community Involvement.
- 9.2 The PPG notes that there is an expectation that consultation on a new Charging Schedule will take place for a minimum of 4 weeks<sup>11</sup>. It is therefore proposed that consultation on the draft Charging Schedule will take place for 4 weeks, starting in early November 2021.
- 9.3 Additional information has been produced to support the CIL Charging Schedule consultation including an information sheet, booklet, and response form. These documents are presented within Appendix B. Consultation representation are requested to be provided by completing the questions within the response form.

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<sup>10</sup> PPG Paragraph: 004 Reference ID: 25-004-20190901

<sup>11</sup> [PPG Paragraph: 032 Reference ID: 25-032-20190901](#)

Completed form can be posted to the Council Officer or emailed to the Council. leaflet.

- 9.4 In order to promote the consultation a latest news article will be placed on the Council website, and messages placed on the Council's social media platforms (Facebook, Twitter, Instagram, LinkedIn) informing residents and other stakeholders that the consultation is taking place and how to obtain further information.
- 9.5 To broaden participation to the digitally excluded, a press release will be issued, and an advert placed in the local press. A deposit copy of the draft Charging Schedule will be made available at the Council Offices for members of the public without access to the internet to review the consultation documents and supporting material.
- 9.6 As required within the CIL Regulations, the Council will consult directly with neighbouring local authorities and the County Council on the draft Charging Schedule. Other infrastructure/service providers such as the NHS, Essex Police and the Environment Agency will also be directly notified.
- 9.6 It is recognised that the proposal to introduce CIL, and the rates to be charged will have a direct impact on businesses in the construction sector, including local building companies. Planning and Building Control records will therefore be used to write directly to those businesses that are involved in the construction sector in Castle Point to notify them of the proposals.

## **10 Potential changes to the Community Infrastructure Levy as a result of the Government White Paper, Planning for the Future**

- 10.1 In August 2020 the Government published for consultation the 'Planning for the Future' White Paper, which proposed reforms of the planning system in England. The consultation document proposed a mandatory nationally set charge to be placed on development as a fixed proportion of the development value above a threshold, which could replace the current CIL process and S106 planning obligations. The proposed 'national infrastructure levy' may also seek to go further than existing CIL requirements to capture changes of use, to support the delivery of affordable housing, and to provide more freedom to local authorities in how the levy is spent.
- 10.2 The proposed reforms relate to long term proposals which are currently subject to a first stage of consultation. Any potential changes to the existing CIL process are therefore at an early stage of consideration, and where taken forward following consultation, are unlikely to impact how local authorities obtain infrastructure funding in the short term.
- 10.3 The CIL rates recommended within the CIL Viability Study include rates for strategic sites proposed for allocation in the draft Local Plan. Given the amount of CIL revenue potentially available through strategic sites proposed for allocation in the draft Local Plan, and the long-term nature of the proposals in the White Paper, it is recommended that the Council progress with the production of a CIL Charging Schedule. This will enable the Council to obtain additional infrastructure funding while any future changes to the CIL process, and the wider planning system, are considered, agreed, and implemented accordingly.

## **11 Conclusion**

- 11.1 The draft Castle Point Borough Community Infrastructure Levy (CIL) Charging Schedule proposes CIL rates for the Borough which will maximise the potential for new development to generate income for the delivery of new infrastructure, while also ensuring that proposed rates do not render new development in the Borough financially unviable. The draft CIL Charging Schedule is therefore recommended to be published for consultation in accordance with Regulation 16 of the Community Infrastructure Levy Regulations (as amended) 2010.

## **12 Appendices**

Appendix A – Draft Castle Point Borough Community Infrastructure Levy Charging Schedule

Appendix B – Draft Castle Point Borough Community Infrastructure Levy Charging Schedule supporting consultation material

i. Consultation Booklet

ii. Information Sheet

iii. Response Form

Appendix C – Calculation of potential CIL contributions from Draft Local Plan strategic site allocations

## **13. Corporate Implications**

### **a. Financial implications**

The Council has an agreement with Essex County Council to fund £60,000 towards the cost of preparing the Community Infrastructure Levy in return for them being able to access the first £60,000 worth of CIL receipts for a county led project/projects in Castle Point.

The CIL Regulations allow for the remaining costs for preparing the CIL, of the order of £50,000, to be recovered from CIL income in later years. Therefore, whilst the preparation of CIL carries an in-year cost, it will be cost neutral to the Council overall if it chooses to recover the investment.

Separately, there is a cost associated with implementing and managing CIL. Experience from elsewhere indicates that this requires at least one CIL Officer and a computer system/data base.

It is estimated that the cost of the officer will be of the order of £40k per annum, whilst the cost of the computer system, based on the one used in around 150 Council's across the Country already, is around £30k for set up and around £15k per annum thereafter. It is estimated that the total annual cost for implementing the CIL will be of the order of £55k per annum at current costs.

The Council can use up to 5% of its CIL income to administer CIL. Over the period 2022-2033 the cost of administering CIL will be of the order of £605k at current costs. Over the same period, 5% of the projected income would amount to £1.75m at current rates meaning that there will be sufficient resources to implement CIL to the extent that it may not be necessary to take the full 5%.

Meanwhile, the CIL will raise around £33.25m to be spent on Local Infrastructure projects. Around £400k of this will need to be assigned to local spend at the ward level, based on current costs. The remainder will be available for infrastructure projects across the borough.

**b. Legal implications**

The Council must ensure that the approach to progressing the CIL Charging Schedule is in accordance with the CIL Regulations and guidance in the PPG, otherwise there could be a risk of legal challenge.

Following the adoption of a CIL in an area, there would be a legal requirement on a developer to pay the levy for liable development. The adoption of a CIL could reduce the use of Section 106 agreements in the area.

**c. Human resources and equality implications**

**Human resources**

Experience from other authorities who have implemented CIL indicates that its administration whilst generating a great source of funding for infrastructure projects is administratively burdensome. It requires the monitoring, enforcement and the constant tracking of the numerous development projects that may be underway across the area to know when to issue notices and expect (or otherwise chase) receipts.

It also requires the preparation of a statement setting out how CIL, alongside S106 receipts have been spent in any given year, meaning that there is an imperative to be pushing funds out to those services within the organisation or other organisations such as Essex County Council or the NHS to deliver projects, and ensuring that those projects are being delivered.

A CIL Officer will therefore be required to implement CIL, alongside an appropriate computer system. Indicatively, this will cost of the order of £55k per annum total, at current costs. This is set out under the financial resources section.

**Equality implications**

There are no identified negative equality implications.

CIL provides the opportunity for the Council and its partners to deliver the infrastructure needed to support the community in Castle Point, including those with protected characteristics.

Except for the more limited Local element of CIL (£118 per dwelling), it is not ringfenced to be spent in specific areas, although it must be used to support growth and to mitigate the impacts of growth. The Council is responsible for how CIL is spent and could choose, when making year-on-year decisions on how to spend CIL receipts, that it wishes to invest in those infrastructure projects which help best to level up the borough.

**d. Timescale for implementation and risk factors**

Delays in progressing a Community Infrastructure Levy could result in a lack of funding, and therefore a failure to deliver, new infrastructure projects in the

Borough. Ideally, the Council would seek to get a CIL in place before the adoption of the Local Plan to maximise the receipt from allocated sites.

**14. Background Papers:**

- [Pre-Submission Castle Point Borough Local Plan \(December 2019\)](#)
- [Infrastructure Delivery Plan \(2020\)](#)
- [Castle Point CIL Viability Report \(2021\)](#)
- [Community Infrastructure Levy Regulations 2010](#) (see amendment regulations also)
- [Cabinet Meeting Agenda 20<sup>th</sup> November 2019](#) (resolution to prepare a CIL)

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