

Stroud District Local Plan: Preliminary Draft Charging Schedule

February 2014

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Index

1. Introduction	Page 1
2. Background	Page 2
3. Relationship to S106 agreements	Page 3
4. The Stroud District Council Approach to CIL	Page 4
5. Financial Evidence <i>Q1. Do you think the evidence for the suggested rates is justified and robust?</i> <i>Q2. Do you agree with the different approaches for commercial development, compared to housing development?</i> <i>Q3. Is CIL set at the right level, bearing in mind the economic viability of developments as set out in the CIL Viability Study?</i>	Page 5 <i>Page 6</i> <i>Page 6</i> <i>Page 6</i>
6. Infrastructure need <i>Q4. Can more detail be provided on the infrastructure funding deficit?</i> <i>Q5. Do you have any comments on the Indicative S106 list and the proposed split between infrastructure to be provided through CIL and S106?</i>	Page 6 <i>Page 7</i> <i>Page 7</i>
7. Instalment Policy <i>Q6. Do you agree with the suggested approach to introduce an instalments Policy?</i>	Page 7 <i>Page 9</i>
8. Payment of the Levy	Page 10
9. Exemptions and Relief <i>Q7. Do you believe that Stroud District Council should implement a discretionary relief policy?</i>	Page 10 <i>Page 10</i>
10. Review and Monitoring <i>Q8: Do you agree that Stroud District Council should review CIL: every three years; or if there is evidence to suggest that house prices have changed by more than 10%; or if there is an increase in building requirements past Part L of the current Building Regulations and Code for Sustainable Homes Level 4?</i>	Page 10 <i>Page 10</i>
Annex 1 Stroud Valleys Charging Zone	Page 12
Annex 2 Indicative Draft 123 list	Page 13

1. Introduction

The Council is an advanced stage of producing the Stroud District Local Plan. This will identify the growth required within the District to meet needs up to 2031. In order to plan positively for future growth, a level of infrastructure is needed to support development. This document sets out the Council's current position regarding the Community Infrastructure Levy (CIL) as one of the mechanisms to facilitate and pay for necessary infrastructure provision.

Consultation

This consultation is the first formal stage of the Council's preparation of a CIL Charging Schedule. Once adopted, the Schedule will set a standardised rate which varies only by types of development or geographical location within the District. Funds collected through CIL must be spent on infrastructure required to support development in the area. The rates proposed may change as a result of this consultation. We therefore welcome your views on the proposed rates and the evidence that supports them.

The consultation is carried out in accordance with Regulation 15 of the Community Infrastructure Levy Regulations 2010, as amended.

Comments should be submitted by **9 April 2014** via the Council's online consultation portal www.stroud.gov.uk/consult, or by returning the comments form by email to local.plan@stroud.gov.uk or in writing to:

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Comments are welcomed on all aspects of this document whether we have specifically set out a question relating to the point or not.

This document is supported by the **CIL Viability Study: An Annex to Stroud Local Plan Viability Study (Jan 2014)** and **Infrastructure Delivery Plan, Consultation Draft (July 2013)**. Comments received in this period will be taken into account in preparing subsequent versions of the CIL Charging Schedule for consultation, examination by an independent examiner and adoption.

Future Timetable

The Council's timetable for producing an adopted CIL Charging Schedule is:

Stage	Date
1. Consultation on the Local Plan Viability Study including a detailed briefing on the CIL Regulations (and NPPF)	September – October 2013
2. Consultation on Preliminary Draft Charging Schedule.	February - March 2014 6 Weeks
3. Consultation on Draft Charging Schedule	May 2014
4. Examination in Public	Summer-Autumn 2014 (subject to Local Plan Timetable)
5. Full Council to agree its adoption	Winter 2014 (subject to Local Plan Timetable)
6. Adoption and Implementation	Spring 2015 (subject to Local Plan Timetable)

2. Background

CIL is a charge levied on buildings and extensions to buildings according to their floor area. Money raised from development will help the Council pay towards district wide infrastructure priorities to ensure the District grows sustainably. Section 106 legal agreements will not be completely replaced however and will continue to be used for affordable housing and anything required to make specific developments acceptable in planning terms.

Only the net additional floorspace on a development site will be expected to pay CIL if an existing building, or part of it, has been in use for 6 out of the last 12 months¹. Therefore the CIL receipts generated on a brownfield site with existing buildings in use will be lower than those generated on greenfield sites.

This document sets out what certain forms of development will pay and the expected rates of each development. However, the following types of development are considered to be exempt for paying CIL:

¹ The January 2014 amendments will extend this requirement to 3 years if they come into force as currently drafted.

- Changes of use (where the building has been occupied for at least 6 out of the last 12 months);
- New buildings or extensions of less than 100 sqm gross internal area unless they result in the development of one or more new dwellings. Within Stroud therefore, the majority of residential extensions will not be required to pay CIL but some larger extensions may;
- Affordable housing, subject to the developer applying for relief in the manner set out in the regulations;
- Development by a charity where the development will be used wholly or mainly for charitable purposes;
- Buildings into which people do not normally go, or go only intermittently for the purpose of inspecting and maintaining fixed plant or machinery;
- It is the government intention to lay regulations in Parliament that will allow self builders relief subject to the Parliamentary process.

3. Relationship to Section 106 Agreements

The CIL Regulations introduced in April 2010 and amended in April 2011 contain measures to reduce the use of Section 106 agreements to fund infrastructure. The CIL Regulations require that from April 2015 Section 106 agreements must meet 3 criteria:

- necessary to make the development acceptable in planning terms;
- directly related to the development;
- fairly and reasonably related in scale and kind to the development.

A second measure restricts the use of planning obligations for pooling contributions towards infrastructure. The CIL Regulations only allow for a maximum of five obligations to contribute to a certain infrastructure project or type of infrastructure. Where a charging schedule is in place, a planning obligation cannot be used to require funding for a piece of infrastructure that is listed as being funded by CIL.

Once a CIL is in place Section 106 contributions will no longer be pooled for generic payments towards infrastructure providers, except for affordable housing. CIL will be the main source of funding for these types of infrastructure.

It is the intention of Stroud District Council to continue to use Section 106 agreements to fund infrastructure projects needed to mitigate those matters directly related to site specific issues.

The CIL Regulations require an authority to set out a list of projects or types of infrastructure which they intend to fund through the Levy. This will be achieved

through Stroud District Council's Regulation 123 List which will set out a list of infrastructure projects or types of infrastructure projects which may be wholly or partly funded by CIL.

To produce the Regulation 123 List, Stroud District Council must first identify the infrastructure requirements of the area and must understand how they relate to the pattern of development across the wider area. The Council is working towards this through the Stroud Infrastructure Delivery Plan (IDP). Stroud District Council will continue to work with infrastructure providers and site promoters (where appropriate) to identify where specific infrastructure should be funded through Section 106 agreements or through CIL.

In Appendix 2 of this report the Council has set out a current position for the relationship between the two collection methods. Work on this is on-going and at this stage the split is a working assumption which is subject to change. The Council will also move towards adding further clarity on the approach to collecting monies from Section 106 agreements post adoption of CIL. A Supplementary Planning Document (SPD) will be produced to provide guidance for developers.

4. The Stroud District Council approach to CIL

The future of the economy is uncertain in 2014 and, whilst the general fall in house prices seems to have stopped and there have been positive messages about increases in prices, fluctuations remain and confidence has not fully returned to the market.

Setting a CIL rate close to the limits of viability could therefore have an adverse impact on development coming forward. Our consultants recommend that Stroud District Council should adopt a cautious approach when setting the level.

Producing a CIL rate well within the limits of viability alongside a limited list of infrastructure to be paid for via CIL will reflect the uncertain market and ensure that no sites are threatened to become unviable.

A nil rate for residential sites within a defined Stroud Valleys area (see Annex 1 map) reflects the current constraints associated with brownfield sites located within the valley bottoms and more generally sites within the canal and river corridor. In addition, setting a nil rate for strategic housing sites set out in the Local Plan will allow the developers of these sites to deliver the infrastructure required for these sites through Section 106 agreements.

The April 2014 amendments to the regulations as published will extend the provision whereby charging authorities can accept payments in kind through provision of both land and Infrastructure either on-site or off-site for the whole or part of the requirement. This will be subject to conditions being met.

Strategic sites

Charging authorities are permitted to treat major sites as a separate geographical zone, where this can be supported by robust economic viability.

Such sites result in substantial infrastructure requirements in their own right which the Council considers can be provided most efficiently by allowing developers to deliver through Section 106 agreements. At the current time, therefore, a nil rate of CIL for strategic housing sites is envisaged. Going forward, further work will need to be carried out in consultation with the developers to identify actual costs of delivering the infrastructure and identify a clear delivery strategy. Should robust evidence become available to suggest a different CIL rate, justified by reference to the economic viability of development, then the planning authority will make an informed decision on the most appropriate rate to deliver the infrastructure required.

5. Financial evidence

CIL charging schedules must set out the charge(s) in £ per sqm that development will be expected to pay to support the provision of infrastructure. The charge can be varied by area and type of development on the basis of viability evidence.

In August 2012 the Council published a Community Infrastructure Levy Development Appraisal Study, prepared for the Council by consultants. The report made several initial recommendations, based on viability, about the rate of CIL which could be accommodated by development within the District, the types of developments which could accommodate it and geographical market differences. In August 2013 the Council published a Local Plan Viability Study, prepared by HDH Planning and Development to further build on the viability evidence base and to further support a tariff in the District. A CIL Viability Study has now been produced with the following recommended CIL rates for different land uses and for different areas:

Type of Development	CIL Rates £ per square metre New additional floorspace
Residential (including older peoples housing) <ul style="list-style-type: none"> • Sites within the Stroud Valley area (see Annex 1 map) • Strategic sites identified in the Local Plan • All other sites 	£0/m ² £0/m ² on the basis that developers are required to meet their own site infrastructure costs and these costs are as set out in the Local Plan Viability Study £80/m ²
Supermarkets and Retail Warehouses	£150/m ²
All other development (i.e. that is not mentioned above)	£10/m ²

In the 2013 Autumn Statement, the Chancellor announced that there would be a consultation on 'a new 10-unit threshold for section 106 affordable housing contributions'. Should such a provision be introduced it will be necessary to consider introducing a different rate of CIL for developments below the 10 unit threshold.

1. **Do you think the evidence for the suggested rates is justified and robust?**
2. **Do you agree with the different approaches for commercial development, compared to housing development?**
3. **Is CIL set at the right level, bearing in mind the economic viability of development as set out in the CIL Viability Study?**

6. Infrastructure need

A Stroud IDP has been prepared for the Council by consultants Arups. This report identifies the costs of infrastructure needed to support development planned in Stroud District as set out in the draft Local Plan. The report also examines whether there are any existing or future funding streams for infrastructure and calculates an aggregate funding gap that CIL will need to help address. Further work is being carried out to establishing the requirement for infrastructure to support new development and the costs of providing this and consider the amounts of funding that may or may not be available from other sources such as the Local Enterprise Partnership (LEP), New Homes Bonus, through the County Council, from Central Government and the Homes and Communities Agency (HCA), and through their own resources.

When the Council has adopted the CIL, the amount of funding required will be a material consideration as it may be that the delivery of the Local Plan is threatened in the absence of CIL to pay for infrastructure. However, it should be stressed that CIL should only be set with regard to the effect of CIL on development viability.

There is no expectation that CIL should pay for all of the infrastructure requirements in an area. There are a range of other sources, as set out above, that are taken into account. The Council will need to consider the total amount of money that may be received through the consequence of development; from CIL, from s106 payments, and from the New Homes Bonus, when striking the balance as to their level of CIL.

- 4. Can more detail be provided on the infrastructure funding deficit?**
- 5. Do you have any comments on the Indicative 106 list and the proposed split between infrastructure to be provided through CIL and S106?**

7. Instalment policy

The CIL Regulations provide for an authority to set an instalment policy that allows payments to be spread over longer periods. The Council’s intention is to introduce an instalment policy. Not to do so could put the development set out in the Local Plan at serious risk.

The default instalment pattern set out in the Regulations is set out below:

Equal to or greater than £40,000	Four equal instalments at the end of the periods of 60, 120, 180 and 240 days from commencement
£20,000 and less than £40,000	Three equal instalments at the end of the periods of 60, 120 and 180 days from commencement
£10,000 and less than £20,000	Two equal instalments at the end of the periods of 60 and 120 days from commencement
less than £10,000	In full at the end of the period of 60 days from commencement

The Council recognises that, particularly on large sites, such a pattern could have an adverse impact on developers’ cash flow and therefore put development at risk. The Council is therefore proposing the following instalment policy:

Number of dwellings	Number of Instalments	Total Timescale for Instalments	Payment Amounts	Payment Periods
0-1	2	270 days (9 months)	10% 90%	60 days from commencement. 270 days from commencement
2-5	3	365 days (1 year)	10% 45% 45%	60 days from commencement. 270 days from commencement. 365 days from commencement.
6-25	3	548 days (18 months)	10% 45% 45%	60 days from commencement. 365 days from commencement. 548 days from commencement.
26-50	4	730 days (2 years)	10% 30% 30% 30%	60 days from commencement. 365 days from commencement. 548 days from commencement. 730 days from commencement.
51-100	5	1095 days (3 years)	10% 22.5% 22.5% 22.5% 22.5%	60 days from commencement. 365 days from commencement. 548 days from commencement. 730 days from commencement. 1095 days from commencement.
101-200	6	1460 days (4 years)	10% 18% 18% 18% 18% 18%	60 days from commencement. 365 days from commencement. 548 days from commencement. 730 days from commencement. 1095 days from commencement. 1460 days from commencement.
201-300	7	1825 days (5 years)	10% 15% 15% 15% 15% 15% 15%	60 days from commencement. 365 days from commencement. 548 days from commencement. 730 days from commencement. 1095 days from commencement. 1460 days from commencement. 1825 days from commencement.
301+	8	2190 days (5 years)	10% 13% 13% 13% 13% 13% 13% 12%	60 days from commencement. 365 days from commencement. 548 days from commencement. 730 days from commencement. 1095 days from commencement. 1460 days from commencement. 1825 days from commencement. 2190 days from commencement.

In accordance with Regulation 69B of the Community Infrastructure Levy Regulations 2010 (as amended), the Council will automatically allow the payment of CIL by instalments. The instalments permitted will be linked to the amount payable (the chargeable amount) as recorded on the Demand Notice.

As permitted under Regulation 9 (4) of the Community Infrastructure Regulations 2010 (as amended), where outline planning permission which permits development to be implemented in phases has been granted, each phase of the development as agreed by the Council is a separate chargeable development and the instalment policy will, therefore, apply to each separate chargeable development and associated separate liable amount chargeable.

This policy will not apply if any one or more of the following applies:

- a) A commencement notice has not been submitted prior to commencement of the chargeable development, as required by Regulation 67 of the Community Infrastructure Regulations 2010 (as amended);
- b) On the intended date of commencement
 - i. Nobody has assumed liability to pay CIL in respect of the chargeable development;
 - ii. A commencement notice has been received by the Council in respect of the chargeable development; and
 - iii. The Council has not determined a deemed commencement date for the chargeable development and, therefore, payment is required in full, as required by Regulation 71 of the Community Infrastructure Regulations 2010 (as amended);
- c) A person has failed to notify the Council of a disqualifying event before the end of 14 days beginning with the day on which the disqualifying event occurs, as per the Community Infrastructure Regulations 2010 (as amended);
- d) An instalment payment has not been made in full after the end of the period of 30 days beginning with the day on which the instalment payment was due, as per the Community Infrastructure Regulations 2010 (as amended).

Where the instalment policy is not applicable, the amount must be paid in full at the end of the period of 60 days beginning with the notified or deemed commencement date of the chargeable development or the date of the disqualifying event, whichever is the earliest, unless specified otherwise within the Community Infrastructure Levy Regulations 2010 (as amended).

6. Do you agree with the suggested approach to introduce an instalments Policy?

8. Payment of the Levy

The CIL rate will be expressed as a £ per m² (gross internal area) charge within a Charging Schedule. The following development is subject to a charge:

- Most buildings that people normally use.
- Where more than 100m² of floorspace (net) or a new dwelling is created (even if it is less than 100m²).
- Residential and non-residential uses.

The levy is non-negotiable and will be payable (to the charging authority) over the agreed phased period set out in the instalments policy above.

9. Exemptions and Relief

Certain types of development are exempt from paying the CIL levy. The CIL Regulations state that affordable housing and charitable developments (development by a registered charity for charitable purposes) must be exempt from paying the levy.

The CIL Regulations also allow a charging authority to introduce a discretionary relief policy if exceptional circumstances are satisfied.

7. Do you believe that Stroud District Council should implement a discretionary relief policy?

10. Review and Monitoring

Due to the uncertain market it is recommended that CIL rates are reviewed every three years or if there is evidence to suggest that local house prices have changed by more than 10% from the date of implementation of CIL.

The viability evidence which has been created to inform the CIL rates has been carried out on the basis that housing units will be built to Part L of the current Building Regulations and to Code for Sustainable Homes Level 4. There is uncertainty about future changes to these levels. Should these standards be changed it will be necessary to review the CIL rates.

8. Do you agree that Stroud District Council should review CIL: every three years; or if there is evidence to suggest that house prices have changed by more than 10%; or if there is an increase in building requirements past Part L of the current Building Regulations and Code for Sustainable Homes Level 4?

Annex 1: Stroud Valleys Charging Zone



Annex 2 Indicative Draft 123 list

Infrastructure funded by CIL	Funded by S.106 Agreement
<p><u>Transport</u></p> <p>Transport and Public Realm Infrastructure apart from S.106 items, including</p> <ul style="list-style-type: none"> • Gloucester to Stroud Strategic Bus Routes (Stroud / Stonehouse / Dursley),. • A419 Major Scheme for improvements between M5 Junction 13 and Stroud Town Centre. • Completion of Cam and Dursley Greenway cycle and pedestrian link apart from S.106 items. • Improvements to Stroud, Stonehouse and Cam railway stations, apart from S.106 items. • Improvements to Stonehouse Ocean Railway Bridge and Saul to Chalford Towpath Upgrade. • Reopening of Stonehouse (Bristol line) railway station. • Improvements to bus services between Dursley, Berkeley and Sharpness. 	<p><u>Transport</u></p> <p>Site specific transport mitigation and access, including:</p> <p><u>North East Cam</u></p> <ul style="list-style-type: none"> • Completion of Cam and Dursley Greenway cycle and pedestrian link through North East Cam site. • Provision of infrastructure to enable local bus services to efficiently access the site. • Improvements to Box Road, including the provision of a lit cycleway and footpath between the A4315 and Cam and Dursley railway station. • Traffic Calming measures within the development and locality, as approved by the Highways Authority. • Improvements to passenger facilities at Cam and Dursley railway station. • Vehicular access from A4135 south of Draycott Industrial Estate, and additional vehicular access from Box Road.

Stroud Valleys

- Cycle and pedestrian routes through the development linking to the River Frome and Cotswold Canal Network.
- Improvements to or restoration of the Cotswold Canal and towpath within the development site.

North of Stroudwater Industrial Estate.

- Provision of suitable access including bridge across watercourse.

Hunts Grove Extension

- Cycle and pedestrian routes through the development, connecting with Oldminster Road and the Severn Way.
- Vehicle access from the principal A38 junction serving Hunts Grove new community, with secondary access from Waterwells Drive.
- Provision of infrastructure to enable local bus services to effectively access the site.

Sharpness Docks

- Cycle and Pedestrian routes through the development linking to the River Frome and Cotswold Canal Network.
- Vehicular Access from Oldminster Road.
- Provision of infrastructure to enable local bus services to effectively access the site.

	<ul style="list-style-type: none"> • Traffic Calming measures within the development and locality, as approved by the Highways Authority. <p><u>Severn Distribution Park</u></p> <ul style="list-style-type: none"> • Improvements to the existing access from the B4066. • Contribution to improving the connectivity of the site to the wider area. • Provision of infrastructure to enable local bus services to effectively access the site. • Cycle and pedestrian links to the existing network. <p>S.106 contributions do not negate the requirement for developers to comply with The Local Transport Plan for Gloucestershire (LTP3).</p>
<p><u>Education</u></p> <p>Contributions for upgrades to existing schools (except for those sites listed under s.106 column) to address shortfalls in capacity.</p>	<p><u>Education</u></p> <p>On site or nearby provision of educational facilities where required to address shortfalls in capacity. Including:</p> <p><u>North East Cam</u></p> <ul style="list-style-type: none"> • Contributions towards education provision to meet the needs of the development <p><u>Stroud Valleys</u></p> <ul style="list-style-type: none"> • Contributions to education to meet the needs of the development

	<p><u>Hunts Grove Extension</u></p> <ul style="list-style-type: none"> • A new primary school of sufficient scale to meet the needs of the development.
	<p><u>Affordable Housing</u></p> <p>Affordable Housing will continue to be handled through S106 agreements.</p>
<p><u>Flooding</u></p> <p>Strategic flood defences / mitigation required to support development across the area.</p>	<p><u>Flooding</u></p> <p>On-site or localised off-site flood defences if necessary to ensure a development is adequately protected.</p> <p>The acceptable management and disposal of surface water including sustainable urban drainage systems (SuDs) to meet the requirements of the Environment Agency identified on a site-specific Flood Risk Assessment.</p>
<p><u>Community Services</u></p> <p>Area wide facilities such as libraries, art centres, health centres, community centres, apart from S.106 items.</p>	<p><u>Community Services</u></p> <p>On site community and cultural facilities, including:</p> <p><u>North East Cam</u></p> <ul style="list-style-type: none"> • Changing rooms/community building <p><u>Hunts Grove Extension</u></p> <ul style="list-style-type: none"> • Community centre to meet the needs of the development • Site for a doctor's surgery

	<p><u>Sharpness Docks</u></p> <ul style="list-style-type: none"> Community uses on the site of the original Sharpness Pleasure Ground
<p><u>Emergency Services</u></p> <p>Upgrades and extensions and new facilities except those listed under s.106 section, including</p> <ul style="list-style-type: none"> Potential for a new Police Central Custody Suite to be located in Gloucester Fringe which has been designed to provide additional capacity for growth across the County 	<p><u>Emergency Services</u></p> <p>On site Emergency Services facilities, including:</p> <p><u>North East Cam</u></p> <ul style="list-style-type: none"> Investment in a Dursley Co-Responder scheme <p><u>Sharpness and Severn Distribution Park</u></p> <ul style="list-style-type: none"> Setting up of a community responder unit in the area. <p><u>Stroud Valleys</u></p> <ul style="list-style-type: none"> Ham Mills, Brimscombe Port, Brimscombe Mills sites to contribute to facilitated ambulance Standby Points.
<p><u>Green Infrastructure</u></p> <p>Strategic improvements to sport and recreation provision, including:</p> <ul style="list-style-type: none"> New sports hall and swimming pool in Gloucester urban fringe location <p>Strategic improvements to green infrastructure, including:</p> <ul style="list-style-type: none"> Delivery of Rodborough Common/Minchinhampton Common management plan 	<p><u>Green Infrastructure</u></p> <p>On site or nearby provision of green infrastructure, informal open space and outdoor playing space (multiuse games area/playing pitches/equipped play space/local areas of play), including:</p> <p><u>Stroud Valleys</u></p> <ul style="list-style-type: none"> Accessible natural greenspace, public outdoor playing space and/or appropriately landscaped canal public realm space

North East Cam

- Landscaped linear park, including footpath along the River Cam
- Accessible natural greenspace and public outdoor playing space, including changing rooms/community building
- Structural landscaping buffer to the south east of the development below the 50m contour, including existing hedgerows and trees

Hunts Grove Extension

- Accessible natural greenspace and publicly accessible outdoor playing space, with appropriately scaled changing facilities
- Structural landscaping buffer around the southern and western boundaries of the development, incorporating existing hedgerows and trees, as appropriate

Sharpness Docks

- Recreational related facilities including community football pitch, community gardens and informal green space
- Landscaping incorporating existing hedgerows and trees