

Local Plan for the Bradford District

Bradford District Community Infrastructure Levy (CIL)

Preliminary Draft Charging Schedule

Background Report

July 2015



City of Bradford MDC

www.bradford.gov.uk

Contents

1. Introduction
2. Statement of Statutory Compliance
3. What is CIL?
 - What are the benefits of CIL for Bradford District?
 - What forms of development will be charged?
 - Who will pay CIL and how will it be collected?
 - What will CIL be spent on and where
 - CIL Rates
 - Process for Rate Setting
4. Justification for Proposed CIL Rates
 - Infrastructure Evidence
 - Economic Viability Evidence
 - Further Considerations
 - Impact of CIL
 - Proposed CIL Rates
5. CIL Implementation
 - Section 106 Planning Obligations and relationship with CIL charge
 - Discretionary Relief and Payments in Kind
 - Monitoring and Review
6. Next Steps

1. Introduction

- 1.1 This document is the background report to the first stage in the process of introducing a Community Infrastructure Levy (CIL) which is known as the Preliminary Draft Charging Schedule (PDCS). The purpose of this document is to explain the general principles CIL; including the benefits of CIL for the Bradford District, how a CIL will work and what CIL money can be spent on. It summarises the background work undertaken and the evidence base used to justify introducing a CIL charge in the Bradford District.
- 1.2 The report also covers the relationship between existing funding from planning obligations and the proposed CIL charge and sets out the next stages of adopting a CIL charge. The PDCS details the proposed CIL rates for development and includes a residential charging zone map for the District.
- 1.3 The final approved CIL Charging Schedule will sit alongside the Bradford District Local Plan, but will not form part of the statutory development plan. To view the evidence documents supporting the introduction of a CIL or make comment as part of consultation on the PDCS please visit: www.bradford.gov.uk/planningpolicy
- 1.4 The Council will consider the responses received to the consultation on the PDCS and produce a “Draft Charging Schedule”. This will be subject to further public consultation before being examined through an independent examination as required by the Community Infrastructure Levy Regulations 2010 (as amended). Following the examination, the examiner’s recommendations will be published and the Council will consider any recommendations before the Charging Schedule is formally approved by the Council.

2. Statement of Statutory Compliance

- 2.1 The Preliminary Draft Charging Schedule (PDCS) for the Bradford District has been prepared in accordance with the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (as amended 2011, 2012, 2013, 2014 and 2015) and associated Government Guidance as set out in the National Planning Practice Guidance (NPPG) on CIL.
- 2.2 The PDCS will be published in accordance with the Community Infrastructure Levy Regulations 2010 (as amended) and Part 11 of the Planning Act 2008 (as amended).
- 2.3 In setting the proposed CIL rates, the Council considers that it has struck an appropriate balance between;
- (a) the desirability of funding from CIL (in whole or in 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
 - (b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area
- 2.4 A full Statement of Statutory Compliance will be included within the Draft Charging Schedule and submitted for Examination.

3. What is CIL?

- 3.1 The Community Infrastructure Levy (CIL) is a tool for local authorities to help deliver infrastructure to support the development of the area. The CIL is a discretionary tariff introduced by the 2008 Planning Act which local authorities can charge on each net additional square metre of development.
- 3.2 The CIL allows local authorities to raise funds from development to help pay for the infrastructure needs arising from the anticipated development of their areas.
- 3.3 It is a 'charge' or 'levy' on new buildings and extensions based on net additional development. The levy may be payable on development which creates net additional floor space, where the gross internal area of new build exceeds 100 square metres. The limit does not apply to new houses or flats, and a charge can be levied on a single house or flat of any size, unless it is built by a 'self builder'.
- 3.4 The levy came into force in April 2010 and local authorities wishing to utilise CIL to raise funds for infrastructure are required to develop a charging schedule. CIL is not obligatory (i.e. Councils can decide not to implement CIL), but from April 2015 the use of Section 106 (S106) planning obligations are restricted for pooled contributions meaning that CIL will be the principal means of securing pooled developer contributions for infrastructure projects.
- 3.5 The CIL regulations state that in developing the CIL charging schedule, the Council should strike an appropriate balance between the desirability of funding infrastructure and the viability of development and that CIL should not put at risk the development within their areas.

What are the benefits of the CIL for Bradford District?

- 3.6 The Council are producing a new Local Plan for the Bradford District. The Bradford District Core Strategy is a key Development Plan Document (DPD) which sets out the broad aims and objectives for sustainable development within the Bradford District for the next 15-20 years until 2030. The Core Strategy sets out ambitious plans for transformational growth and a significant increase in the delivery of new homes and jobs across the District. The District's aspirations for growth will need to be supported with the provision of sufficient physical, social and environmental infrastructure.
- 3.7 The CIL is intended as a means of contributing to the funding of infrastructure required to deliver the policies and proposals in Local Plan, including the Core Strategy and other DPDs. The Government's aim for CIL is to promote a fairer, faster and more transparent system for funding new infrastructure.
- 3.8 The Government has set out that the CIL:
- gives local authorities the freedom to set their own priorities for what the money should be spent on
 - gives local authorities a predictable funding stream that allows them to plan ahead more effectively
 - gives developers much more certainty about how much money they will be expected to contribute
 - makes the system more transparent for local people, as local authorities have to report what they have spent the CIL on each year
 - rewards communities receiving new development through the direct allocation of a proportion (15% or 25% depending on whether a Neighbourhood Plan is in place) of levy funds collected in their area

- 3.9 Most developments have an impact on the need for infrastructure, or benefit from existing infrastructure. It is considered that developments that benefit from planning permission should share some of that gain with the community, to help fund the infrastructure needed. The introduction of CIL seeks to spread this burden more evenly than current arrangements which rely upon the use of S106 Agreements.
- 3.10 Planning Obligations are recognised as an effective mechanism for addressing certain planning related matters and will be retained as a modified tool, alongside CIL. However, beyond the 6th April 2015 the use of S106 Agreements is restricted to cover only infrastructure required to mitigate the immediate impact of development in the locality where it is taking place and to deliver affordable housing.
- 3.11 The Government sees that together with New Home Bonus Scheme, CIL is a key financial incentive to both local authorities and communities to support sustainable development. To this end the CIL Regulations provide that a 'meaningful portion' of CIL will also have to be passed to neighbourhoods to contribute to the infrastructure needs identified within the area.
- 3.12 There is a statutory requirement for CIL to be spent on infrastructure. The Planning Act 2008 provides a wide definition of the infrastructure which can be funded by the levy, including transport, flood defences, schools, hospitals, and other health and social care facilities. This relatively wide definition allows the levy to be used to fund a very broad range of infrastructure and gives the Council and local communities' flexibility to choose what infrastructure is needed.
- 3.13 In summary, it is considered that the CIL is appropriate and will bring benefits to the Bradford District because:

- it will help fund and generate additional income for essential infrastructure.
- it will provide greater certainty and transparency for developers and the community.
- development will fund new infrastructure in a more equitable way as CIL requires contributions from a broader range of developments.
- without a CIL, the opportunity for income for local and strategic infrastructure needs will be greatly reduced; the current system for collecting contributions via S106 agreements has been scaled back since April 2015.
- a meaningful proportion of CIL would be under direct local control over spending, with a percentage of CIL in the control of Parish and Town Councils and Neighbourhoods.
- other local authorities in West Yorkshire and the wider Leeds City Region have adopted or are close to adopting a CIL, including Leeds and Wakefield.

What forms of development will be charged?

3.14 The levy is generally payable on development which creates net additional floor space, where the gross internal area of new build exceeds 100 square metres or involves the creation of one or more dwellings.

3.15 However, there are some kinds of development which do not pay the levy. This includes (but is not exclusive to) development of less than 100 sq m; houses, flats, residential annexes and residential extensions which are built by “self builders”, vacant buildings brought back into the same use and social housing.

3.16 The following kinds of development do not pay the levy:

- development of less than 100 square metres– unless this is a whole house, in which case the levy is payable
- houses, flats, residential annexes and residential extensions which are built by ‘self builders’ (this can include home owners extending their own house)
- social housing that meets the relief criteria
- charitable development that meets the relief criteria
- 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 and specified as such in their charging schedules
- vacant buildings brought back into the same use

3.17 Where the levy liability is calculated to be less than £50, the chargeable amount is deemed to be zero so no levy is due.

3.18 Mezzanine floors of less than 200 square metres, inserted into an existing building, are not liable for the levy unless they form part of a wider planning permission that seeks to provide other works as well.

Who will pay CIL and how will it be collected?

3.19 ‘Charging authorities’ are district and metropolitan district councils who are responsible for determining the charging levels and collecting the levy. Liability for payment is generally triggered by the grant of planning permission (although some forms of development not requiring planning permission such as Permitted Development or Local Development Orders are also required to pay the levy). Payment is due at the point of commencement of development although charging

authorities are able to establish policies for payment by instalments and also where planning applications are phased each phase can be treated as a separate chargeable development.

- 3.20 The owner of the land is ultimately liable to pay the CIL, but anyone involved in a development may take on the liability to pay i.e. a developer or planning applicant. Where no one has assumed liability to pay the levy, the liability will automatically default to the landowners and payment becomes due as soon as development commences.
- 3.21 The amount of CIL charge ('the chargeable amount') will depend on the size, type and land use(s) of a development. CIL is levied as a charge per square metre measured as the gross internal area (GIA) The CIL charge formula is set out within the appendix to the PDCS document.
- 3.22 The levy will be applied to all new planning consents granted after the date that the charging schedule comes into effect. There is no CIL liability for a planning permission if that planning permission was granted before the CIL charging schedule comes into effect.

What will CIL be spent on and where?

- 3.23 CIL can be used to fund a wide range of infrastructure including transport, schools, flood defences, health facilities, play areas, parks, recreation and other community facilities. It should be used on new infrastructure and not to remedy pre-existing deficiencies unless those deficiencies will be made more severe by development. The CIL Regulations specify that CIL cannot be spent on affordable housing, and must only be spent on infrastructure required as a result of new growth.

- 3.24 Charging Authorities are required to allocate at least 15% of the levy to spend on priorities agreed with the local community in areas where the development is taking place. This percentage increases to 25% in instances where communities have produced a Neighbourhood Plan.
- 3.25 Charging Authorities may also pass money to bodies outside their area to deliver infrastructure that will benefit the development of the area. For Bradford, this could enable an arrangement with Leeds City Region authorities to pool a portion of levy receipts to pay for strategic cross border infrastructure.
- 3.26 Regulation 123 of the CIL Regulations 2010 (as amended) provides for charging authorities to set out a list of those projects or types of infrastructure that it intends to fund through the levy. This list should be based on the draft list that the charging authority prepared for the examination of their draft charging schedule
- 3.27 The PDCS is primarily concerned with the rates the CIL is to be set at, rather than the specific infrastructure items it will contribute towards or how CIL revenue will be distributed. In terms of distributing the spending of the CIL, the Council will need to work closely with its key partners, local communities and infrastructure providers to determine local infrastructure priorities, and balance local infrastructure needs against strategic infrastructure needs.
- 3.28 The Council's Local Infrastructure Plan sets out the infrastructure requirements in relation to delivering growth in the District. This has informed the Preliminary Draft Regulation 123 list which the Council has published alongside the Preliminary Draft Charging Schedule.

CIL Rates

- 3.29 CIL should be set based on a 'Relevant Plan' and with regard to the infrastructure requirements of the growth proposed within that Plan. Further, Charging Authorities are required to demonstrate that there is a funding gap (between the total anticipated costs of infrastructure and funding sources available) that necessitates CIL.
- 3.30 A charging authority must set out its proposed levy rate(s) in a charging schedule. Charging Authorities can set their own charging rates however they are required to do so with regard to viability. The regulations state that rates should be at a level which does not threaten the ability to develop viably the sites and scale of development identified in their Local Plan and should strike an appropriate 'balance' between the desirability of funding infrastructure from the levy and the potential impact on viability.
- 3.31 The CIL Regulations enable differential rates to be set in relation to:
- Geographical zones within the charging authority's boundaries
 - Types of development; and / or
 - Scales of development.
- 3.32 However, any such differentials must be justified according to viability evidence (and not, for instance, based on assisting planning policy objectives).

Process for Rate Setting

- 3.33 The general process for adopting a CIL Charging Schedule is as follows:
- the charging authority prepares its evidence base in order to determine its draft levy rates

- the charging authority prepares a Preliminary Draft Charging Schedule and publishes this for consultation
- the charging authority prepares and publishes a draft charging schedule
- an independent person (the “examiner”) examines the charging schedule in public
- the examiner’s recommendations are published
- the charging authority considers the examiner’s recommendations
- the charging authority approves the charging schedule

4.0 Evidence for the Preliminary Draft Charging Schedule

4.1 In order to set CIL rates in the PDCS the Council has considered evidence on the infrastructure requirements and viability of development across the District.

4.2 The key evidence base documents include:

- Bradford Community Infrastructure Levy Viability Evidence (2015)
- Local Infrastructure Plan (2013 Updated)

4.3 This evidence has been used to strike an appropriate balance between the need for additional investment to support development and the potential effect on the viability of developments. The CIL rates proposed in the PDCS are considered to be economically viable as demonstrated in the Bradford CIL Viability Evidence. The evidence base used to set the proposed CIL charge rates is available to view on the Council's website.

4.4 The proposed CIL rates and the residential charging zone map are set out in the PDCS. In summary, CIL charges are proposed for residential development which varies across the District and charges for retail

warehousing and large supermarkets. These uses represent the only property classifications on which CIL is considered to be feasible in the District at the current time. This is set out in more detail in the following section.

5. Justification for Proposed CIL Rates

- 5.1 CIL Regulations require a charging authority to use appropriate available evidence to 'inform the draft charging schedule'.
- 5.2 Initial work on introducing a CIL for the District commenced in 2012, when the Council commissioned consultants DTZ and Arup to prepare a Local Infrastructure Plan (to evidence the infrastructure funding gap) and CIL Economic Viability Assessment (EVA) to determine possible CIL rates for the District.
- 5.3 The PDCS has been informed by the Local Infrastructure Plan (LIP) and EVA. These supporting background documents comprise the evidence base for introducing a CIL charge for the District.

Infrastructure Evidence

- 5.4 In order to introduce the CIL, the Council must demonstrate there is a shortfall in funding between the expected cost of infrastructure needed to support development over the plan period and the level of funding likely to be forthcoming from mainstream funding sources.
- 5.5 The key infrastructure requirements needed to support the level of planned growth (as set out in the Bradford District Core Strategy) have been identified through the Local infrastructure Plan (LIP).

- 5.6 The LIP provides an infrastructure capacity assessment for the District in support of the Core Strategy. The LIP has involved working with infrastructure delivery partners to assess and update key infrastructure information (e.g. transport and education). The resulting Infrastructure Schedule sets out the list of infrastructure, anticipated costs and how it could be delivered. The Infrastructure Schedule will help inform the Draft Regulation 123 List, which will set out a list of those projects or types of infrastructure that the Council intends to fund, or may fund, through the levy.
- 5.7 The LIP confirms that there is an identified infrastructure funding gap in the District required to underpin the introduction of CIL.

Economic Viability Evidence

- 5.8 Under CIL Regulations that Council must ensure that proposed levy rates are set at a level which would not threaten the ability to develop viably the sites and the scale of development identified in the Council's Local Plan and the Council must strike an appropriate 'balance' between the desirability of funding infrastructure from the levy and the potential impact on viability. A CIL Economic Viability Assessment report has been prepared to evaluate the viability of introducing a CIL tariff for the Bradford District.
- 5.9 In 2012 the Council commissioned DTZ to prepare a CIL Economic Viability Assessment (EVA) to determine possible CIL rates for the District. A Stakeholder Workshop consultation event was held in July 2012 to engage with developers and house builders on the approach and assumptions for the CIL EVA. Consultation was undertaken on the assumptions used to inform the area wide viability testing through a survey of developers, house-builders, retail operators and property and

planning agents. The consultation was used to test and refine the approach and assumptions behind the viability modelling.

- 5.10 In early 2014, the Government introduced amended CIL Regulations (February 2014) and there has been recent case law with regard to CIL charging schedules introduced by local authorities across England. In May 2014, the Council re-appointed DTZ to undertake further CIL EVA work within the context of the amended regulations and recent case law. In September/October 2014 stakeholders were invited to engage in a further consultation survey which included updated development assumptions, in line with current market conditions.
- 5.11 A comprehensive District wide CIL EVA has been undertaken to examine the capacity of different types of development to withstand a CIL tariff. The methodology used in the CIL EVA accords with the latest national planning practice guidance (NPPG) as well as best practice as laid down by the Royal Institute of Chartered Surveyors (RICS) Financial Viability in Planning (2012).
- 5.12 The approach has tested development viability at two levels:
1. Area wide viability testing – using hypothetical development typologies tested in different value area locations of the District
 2. Site specific viability testing – detailed analysis of a sample of strategic ‘real world’ development sites from the various locations.
- 5.13 Both levels of analysis used a standard residual development appraisal where the total costs of a development project are deducted from its sale value to determine a residual land value. The residual land value was then benchmarked against a threshold site value to determine the level of ‘headroom’ for CIL. The analysis factors-in the affordable housing policies of the Bradford Core Strategy DPD Publication Draft

and also examines the sensitivities associated with abnormal development costs and future uplifts in build costs.

- 5.14 The 'headroom' figures have then been adjusted to allow a 'viability buffer' in accordance with Government Planning Practice Guidance. This provides additional insulation to safeguard the impact of CIL on development delivery and demonstrates that a reasonable 'balance' has been struck between the viability of development and the desirability of maximising funds to pay for infrastructure.

Residential Viability

- 5.15 For residential uses the EVA used average house prices between April 2011 to March 2014 by post code sector and takes into account site size, sales values, density, house size, affordable housing, build costs, other fees and contingency costs, land values, and profits. The results were sensitivity tested against an uplift in build cost assumptions, based on housing quality standards for sustainable and accessible homes.
- 5.16 For the residential sector, the area wide viability testing demonstrates that there is headroom for CIL in the high and mid value parts of the District, but that in the lower value areas i.e. Inner Bradford and Keighley, CIL is not considered viable due to low sales values and other obligations particularly affordable housing. The range of CIL headroom indicated for the residential sector across the District is £0 to £500 per sq. m.
- 5.17 Further to the area wide viability work, site specific work has been undertaken for residential development considering a number of strategic development sites across the District and the potential impact of CIL. The results of the site specific viability testing mirror those of the

area wide viability appraisal in that there is headroom for CIL for residential development in higher value areas but not in the lower value areas.

5.18 The modelling indicates that there is headroom for CIL from residential developments in higher and mid value areas of the District. However, in the short term, caution is required to ensure that the CIL rates are not set at a level that would undermine the delivery of development. As CIL is not easy to vary on a case by case basis once set, there is a risk that if rates are not set at an appropriate level that the effect could be either to reduce other planning obligation requirements or prevent land from coming forward for development.

5.19 The EVA has therefore taken a cautious approach to ensure that CIL rates are within following ranges as a further test for safeguarding viability:

- 5% of total development costs
- 5% of Gross Development Value
- 10-20% of residual land value

5.20 Taking into account this additional analysis, the EVA has made recommendations on “proposed CIL rates” which include an appropriate discount from the maximum CIL headroom and also comply with the additional benchmarks for safeguarding viability. The recommended CIL rates, range of £0 to £100 per sq m on residential development depending on location

5.21 For residential development the evidence indicates that viability broadly falls into five distinct value areas. These areas are considered to be broadly representative of different housing value areas within the District. The evidence, therefore, suggests that charge rates should be

different for each zone rather than the Council adopting a District wide charge rate for residential development.

Residential Value Zone	Proposed CIL rate (per sq m)
Value Area 1	£100
Value Area 2	£50
Value Area 3	£20
Value Area 4	£0
Value Area 5	£0

Commercial Viability

5.22 Hypothetical schemes ('archetypes') for retail, office and industrial uses were tested in the EVA based development which may come forward across the District. In addition archetype schemes for other commercial development including cinema, restaurant, care home, student accommodation and hotel uses were also tested.

5.23 The results indicate that for commercial uses, CIL headroom is limited to certain types of retail uses, namely retail warehousing and large supermarkets. After taking into an appropriate discount from the maximum CIL headroom and the additional benchmarks for safeguarding viability, the EVA recommends proposed CIL rates of £100 per sq m on retail warehousing and £50 per sq m on large supermarkets.

5.24 For retail development, realistic land values have been used and the evidence suggests that viability is broadly similar across the whole district and therefore a District wide charge rate for certain retail land

uses should be adopted. The charge is considered to be 'viable' for retail warehouses and large supermarkets.

- 5.25 The results demonstrate that there is no headroom for CIL on new office, industrial and other commercial developments in the District. The site specific viability testing results mirror the area wide testing, showing that the commercial sites do not have capacity for CIL. It is therefore proposed that there will be no charge for these types of new development.

Further Considerations

- 5.26 As illustrated in the viability results set out in the EVA, there remain certain locations which CIL is not considered to be realistically viable in typical circumstances. Therefore it follows that a zero tariff should be set to reflect these results. However, the EVA indicates that there maybe a case for introducing a nominal charge rate in low value areas.
- 5.27 In view of the very small proportion of development costs, Gross Development Value and Residual Land Value that such a tariff would represent, the EVA indicates that a nominal charge would be unlikely to put delivery at risk. However, the report notes that it is not possible to substantiate this in economic viability terms.
- 5.28 As set out in the CIL Regulations the Council must ensure that proposed levy rates are set at a level which would not threaten the ability to viably deliver development and the Council must strike an appropriate 'balance' between the desirability of funding infrastructure from the levy and the potential impact on viability. The key intention is to achieve a balance in gaining a reasonable contribution for infrastructure from new development, against the need to continue to encourage the overall growth of the District.

- 5.29 The LIP indicates that there is a large infrastructure funding gap in the District. This is particularly the case for education provision which is one of the most critical infrastructure issues in Bradford, with a large shortfall in funding for primary and secondary school places. As future housing growth will increase demand for education provision there is a clear need to secure funding towards infrastructure provision to support future housing growth within these areas.
- 5.30 It is therefore considered that there is justification to state that in balancing this information against the EVA results, a nominal charge for residential uses should be set for the locations the report suggests as zero charge. This would not only bring in more CIL revenue overall to help meet infrastructure needs, but would mean that all housing development would contribute to meeting infrastructure requirements and provide local benefits through providing a meaningful proportion to all local communities.
- 5.31 Given that the EVA indicates that a nominal charge would be unlikely to put delivery at risk, the Council considers that on balance a nominal CIL charge of £5 for residential development is justified in the lower value zones.
- 5.32 As commercial uses will not generate the same infrastructure requirements as residential uses (i.e they will not generate increased demand for education provision), there is less need for commercial uses to fund infrastructure through CIL. On balance the Council therefore considers that a nominal CIL charge for commercial uses is not justified given the impact on viability identified in the CIL EVA.

Impact of CIL

- 5.33 In summary the work conducted to date on CIL EVA does demonstrate the ability to generate some CIL income in the District, which would assist in securing contributions towards infrastructure provision.
- 5.34 The findings of the viability testing in the CIL EVA demonstrate that in current market conditions it is feasible to introduce CIL in Bradford District, however viability is restricted to certain property types and locations and is highly sensitive to key variables such as development revenues and build costs. This illustrates that development viability for some sectors remains at best marginal and that care is required in the introduction of a CIL tariff so as not to undermine delivery objectives.
- 5.35 The findings demonstrate that there is significant diversity across the District in terms of the ability of residential and commercial development to withstand CIL tariffs. Residential development, retail warehouses and large supermarkets represent the only property classifications on which CIL is considered viable at the current time. The CIL levels indicated in the EVA report have been robustly tested and are considered to represent a pragmatic level that will not compromise the delivery of development in the District.
- 5.36 CIL is forecast to generate approximately £36million over the 15 year plan period based on the Bradford CIL Preliminary Draft Charging Schedule rates. It should be noted that 15% of CIL charging authority receipts will be passed directly onto Town and Parish Councils where development has taken place. Communities that have a Neighbourhood Plan or Neighbourhood Development Order (including a Community Right to Build Order) and secure the consent of local people in a referendum will benefit from 25% of the levy revenues arising from development that takes places in their area.

- 5.37 The Council has considered the option of not introducing a CIL at this current time. However this is not considered to be appropriate, particularly given the need to maximise contributions towards infrastructure delivery in support of the anticipated housing and economic growth in the Local Plan over the next 15 years. The Council has also considered the option of implementing a nominal fixed CIL across all property classifications and across the whole District. This option has not been progressed as it may detrimentally affect viability and put delivery of certain development types at risk in certain parts of the District.
- 5.38 The Council is considering adopting an Instalments Policy which allows developers to pay tier CIL charge in phased stages. Without such a policy, the whole of the CIL charge is liable on the commencement of development. Instalment policies can assist with development viability and delivery by improving the cash flow of a development (as the CIL payment is not paid upfront). The implementation of an instalment policy and payments in kind provisions will further support the viability and delivery of development. A Draft Instalments Policy is set out in the Appendix of the PDCS.
- 5.39 It should be noted that the CIL Charging Schedule can be reviewed at any point in time, especially if there are changes in economic viability. Any future review of the CIL Charging Schedule will be subject to the formal stages processes of adopting a CIL charging schedule.

Proposed CIL Rates

- 5.40 Taking all the above into consideration, the following rates are considered justified and will allow the Council to strike the appropriate balance between funding infrastructure required to support development of the area, and the effects on the economic viability of

development across the District, taking into account all the appropriate available evidence.

5.41 The detailed EVA report and LIP are available to view on the Council's website.

Table 1: The Preliminary Draft Charging Schedule

Type of Development	Proposed CIL Charging Rates (per sq. m)
Residential- Zone 1(C3)	£100
Residential Zone- Zone 2 (C3)	£50
Residential Zone- Zone 3 (C3)	£20
Residential Zone- Zone 4 (C3)	£5
Retail warehousing (open A1 consent)	£100
Large Supermarket (>2000 sq m)	£50
All other uses not cited above	£0

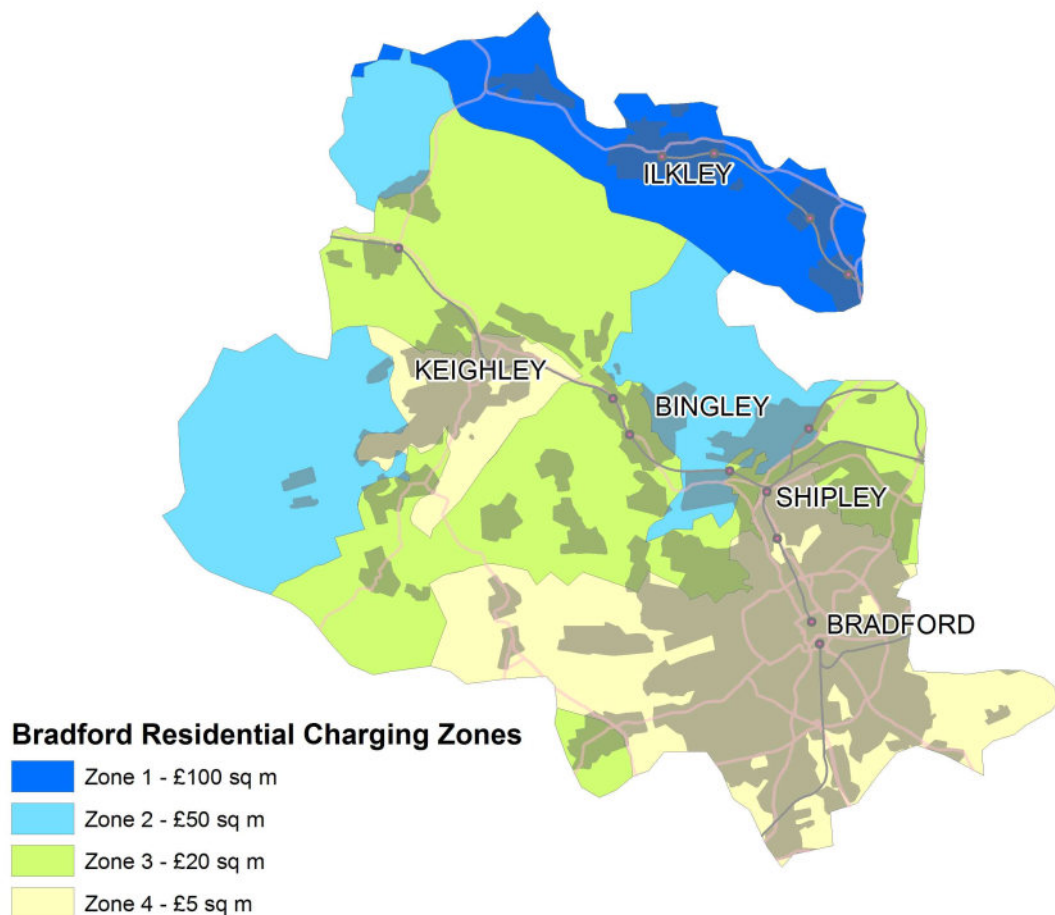
5.42 The broad residential zone boundaries used in the EVA have been mapped to produce the following plan. A map showing the residential charging areas of CIL is available in the main PDCS report.

5.43 The dark blue area (Charging Zone 1) corresponds with the high value areas of Bradford including Addingham, Ilkley, Burley in Wharfedale and Menston.. Charging Zone 2 (£50 per sq. m for residential development) is indicated by the light blue area on the plan which includes the

settlements of Eldwick and Baildon. Charging Zone 3 (£20 per sq. m) comprises mid value settlements including Bingley, Silsden, Steeton, Haworth, Oxenhope and parts of Queensbury and Shipley. Charging Zone 4 (£5 per sq. m) captures lower value areas including inner Bradford, Keighley, Buttershaw and Wyke.

Map 1. Residential Charging Zone Map

CIL Residential Charging Zone Map



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Note: This map is based on the CIL Viability Evidence (2015) residential charging zones for the Bradford District mapped against postcode areas

6. CIL Implementation

Section 106 Planning Obligations and relationship with CIL charge

- 6.1 Planning obligations will continue to be the primary tool for securing affordable housing through the planning system and to mitigate the direct impact of a development covering site specific works. The CIL Regulations restrict the use of planning obligations to ensure that developments are not charged twice for the same infrastructure type or project (i.e. through both a planning obligation and a CIL charge).
- 6.2 The Council is therefore required to publish a list of infrastructure it intends to fund via CIL. It will not be possible to seek planning obligations towards items on the infrastructure list (Regulations 123 list). When a CIL charge is introduced Section 106 requirements will only be used for those matters directly related to a specific site and which are not set out in the Regulation 123 list.
- 6.3 Local Authorities will have to ensure that the combined impact of a S106, CIL charge and planning conditions attached to a planning application do not threaten the viability of sites and the scale of development identified in the development plan.
- 6.4 The Council intend produce a Draft Regulation 123 Infrastructure List based on the infrastructure requirements of the District as set out in the Local Plan and the Council's infrastructure planning evidence. The list will form part of the evidence for the preparation of the Draft Charging Schedule.
- 6.5 It is optional for the Council to introduce CIL however the implications for not doing so is a reduced income from developments in the District towards infrastructure requirements. The majority of an individual CIL

payment can be spent in any location and on any scheme that is a priority, so it can be pooled without restriction and investment targeted on strategic priorities and outcomes. However the CIL charge will only make a contribution to the cost of the Districts infrastructure requirements and will not pay for all of it. Other funding sources will still be required.

Discretionary Relief and Payments in Kind

- 6.6 The CIL regulations also allow the above to increase flexibility in the charging regime to ensure proposed CIL charges do not constitute an unreasonable financial burden on developers or put development at significant risk.
- 6.7 Payments in kind can be in the form of land or infrastructure payments in whole or part following the 2014 amendments to the Regulations subject to the criteria set. This allows Councils to accept levy payments in kind from developers providing infrastructure or land instead of cash to ensure timely delivery of infrastructure.
- 6.8 A charging authority which wishes to allow infrastructure payments in its area must issue a document which gives notice that it is willing to accept infrastructure payments in its area.
- 6.9 To introduce a phased payment, an instalment policy would be required. A phased payment approach helps developers with cash flow and can assist in making more development viable therefore also helping the charging system to be flexible. An authority can introduce a new instalment policy at any time subject to meeting all the requirements of the regulations. Also where the planning authority is willing to accept it, a planning application can be subdivided into 'phases', especially applicable for large scale applications. This can

apply to full, outline and hybrid permissions. Each phase would be a separate chargeable development and therefore liable for payment in line with any instatement policy that may be in force.

- 6.10 In terms of discretionary relief / exceptions policy, this enables the charging authority to avoid rendering sites with specific and exceptional costs burdens unviable should exceptional circumstances arise. The Council would be required to give notice that relief for exceptional circumstances is available in its area. The Government has made it clear that such circumstances will be rare and the Council would need to be satisfied that the relief would not constitute state aid.
- 6.11 The decision whether to include these measures does not need to be made at this stage, however consultees may want comment on whether Bradford should include them in the CIL charging regime and the reasons why during consultation on the PDCS document.

Monitoring and Review

- 6.12 Charging authorities must keep their charging schedules under review and should ensure that levy charges remain appropriate. For instance, charging schedules should take account of changes in market conditions, and remain relevant to the funding gap for the infrastructure needed to support the development of the area. The variation or introduction of Government or Local Policy may also impact on the deliverability and viability of development.
- 6.13 To ensure that the levy is open and transparent, the CIL regulations require the Council to prepare a report on the levy for each financial year in which it collects the levy. The Council must publish the report on its website no later than 31st December following the end of the reported year.

- 6.14 The report must include the total amount of CIL receipts for that year; the total CIL expenditure for that year and summary details of CIL expenditure during that year. Town and Community Councils must also report on their levy income and spending
- 6.14 The monitoring of CIL will ensure accountability and enable the local community to see what infrastructure is being funded by the levy.
- 6.15 The Council can monitor CIL through the Local Plan Annual Monitoring Report. The infrastructure regulation 123 list also will be reviewed regularly as part of the monitoring of CIL collection and spend.
- 6.16 Charging authorities may revise their charging schedule in whole or in part. Any revisions must follow the same processes as the preparation, examination, approval and publication of a charging schedule. The Council may amend the regulation 123 list at any time without revising the CIL charging schedule, subject to appropriate consultation.

7. Next Steps

- 7.1 The introduction of a CIL charging regime is subject to consultation and public examination as set out in the Regulations.
- 7.2 The formal stages of preparing a CIL Charging Schedule are as follows:-
- Preliminary Draft Charging Schedule Consultation
 - Draft Charging Schedule consultation
 - Independent Examination in Public of the Charging Schedule before it is adopted
 - Adoption of Community Infrastructure Levy

- 7.3 The first stage in the process for adopting a CIL is to produce a Preliminary Draft Charging Schedule (PDCS) setting out the proposed rates that will be charged on new development, and this is subject to a period of public consultation, which this background report supports.
- 7.4 The Council will consultation the PDCS for 6 weeks from Friday 31 July 2015 to 11 September 2015 and will consider all comments received and any updated evidence where applicable before issuing a Draft Charging Schedule (DCS), for further public consultation for a minimum of 6 weeks.
- 7.5 There is an opportunity for the Council to consider any additional matters raised before the Draft Charging Schedule is submitted for independent Examination.
- 7.6 The charging schedule must be examined in public by an independent person appointed by the charging authority. The examiner must report their recommendations to the charging authority in writing. The examiner may recommend that the draft charging schedule should be approved, rejected, or approved with specified modifications.
- 7.7 The charging schedule must be formally approved by a resolution of the full council of the charging authority. The resolution should include an appropriate commencement date, following or on approval

The indicative timetable for implementing CIL in Bradford District as follows:-

Stage	Date
Public Consultation on Preliminary Draft Charging Schedule	July – September 2015
Public Consultation on Draft CIL:	October-November 2015
Draft Charging Schedule submitted for Examination	December 2015
Independent Examination	Late 2015/Early 2016
Approval of CIL Charging Schedule by Full Council:	March 2016
Adoption of CIL Charging Schedule:	April 2016

7.8 For the first stage of CIL, the PDCS will be available online with this background report and the supporting evidence. A hard copy of the PDCS will be available at the Bradford Planning Offices and at main libraries across the District. The Council must consult on the PDSC with the consultation bodies listed in the CIL Regulations and also invite comments from local residents, businesses and voluntary organisations.

7.9 Consultation on the PDCS will take place with the following groups:

- Neighbouring Local Planning Authorities,
- Town, Parish and Community Councils,
- District Councillors and MP's,
- Planning Agents
- Voluntary Bodies',
- Residents,

- Businesses (including major house builders, retail operators and developers),
- Internal stakeholders.

7.10 A notification letter/email to the above groups who are registered with an interest to be involved in the Local Plan will take place, as well as the use of other appropriate media sources.

7.11 The Council will consider any comments received and any updated evidence in preparing the Draft Charging Schedule.

Produced by the
City of Bradford Metropolitan
District Council



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