

OFFICER DELEGATED POWER REPORT

APPENDIX 1: Schedule of Proposed Modifications to the Community Infrastructure Levy Draft Charging Schedule

DECISION MAKER: Phil Scott, Head of Environment, Housing and Leisure

TITLE: Submission of Draft Community Infrastructure Levy Charging Schedule and proposed modifications for examination

DATE: 23 February 2018

North Tyneside Council

Community Infrastructure Levy Draft Charging Schedule **Proposed Modifications**

January 2018



Introduction

This schedule contains the proposed modifications to the Community Infrastructure Levy Draft Charging Schedule following representations to the last stage of public consultation.

The modifications are submitted along with the schedule of responses to the Community Infrastructure Levy Draft Charging Schedule consultation and the updated Charging Schedule for examination.

All paragraph numbers and map/figure numbers in the Schedule of modifications are taken from the North Tyneside Community Infrastructure Levy Draft Charging Schedule published in August 2017.

Where new wording is proposed it has been underlined. Where it is proposed to delete wording this is shown as ~~struck through~~.

Each modification has been given a reference number beginning 'Mxxx'. For each modification, information on the proposed change and the reason for that change is given.

Further information:

All information about the Community Infrastructure Levy for North Tyneside is available online at:

<http://www.northtyneside.gov.uk/planning>

Email: planning.policy@northtyneside.gov.uk

Post: Planning Policy, 1st Floor Left, Quadrant East, The Silverlink North, Cobalt Business Park, NE27 0BY

Summary of Changes to the Community Infrastructure Levy Draft Charging Schedule

- 1) Change:** Reduce the charge per square metre from £80 per square metre to £65 for the higher value R2 charging zone, and from £55 to £47 per square metre for the lower value R1 charging zone.

Reason: To agree with comments received that likely average floor area of homes at greenfield locations such as Murton Gap and Killingworth Moor would be about 105 square metres rather than the Borough wide average of 90 square metres.

Impact: Because the total estimated floor area of development increases, the reduction in the charging rate does not impact the estimated revenue from CIL.

- 2) Change:** Reduce charge for supermarkets in town centre locations from £10 per square metre to £0.

Reason: To agree with comments that argue the viability of supermarket development in town centres is affected to the same extent as other retail stores in terms of costs and deliverability.

Impact: There are few known opportunities for further development of supermarkets in town centres meaning no reliable forecast of CIL revenue from this source had been identified. As such, whilst potential CIL revenue from supermarket development in town centres would be lost, this does not impact upon the minimum return calculated for CIL.

Mod Ref	Page No.	Para /Fig	Text with Proposed Modification								Reason for change																																																																																	
M1	5	Table 1	<table><tr><th></th><th>Zero Rate Area</th><th colspan="2">Built Up Area Zones</th><th colspan="2">Remaining Area Zones</th><th colspan="3">Commercial Zones</th></tr><tr><th></th><th>U0</th><th>U1</th><th>U2</th><th>R1</th><th>R2</th><th>A</th><th>B</th><th>C</th></tr><tr><td>Dwellings (C3)</td><td>£0</td><td>£19</td><td>£24</td><td>£55 47.1</td><td>£80 68.6</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Hotel (C1)</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>£0</td><td>£30</td><td>£0</td></tr><tr><td>Small retail units (A1 <280sqm net)</td><td></td><td></td><td></td><td></td><td></td><td>£0</td><td>£10</td><td>£5</td></tr><tr><td>Retail warehouse (A1 >280sqm net)</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>£0</td><td>£20</td><td>£15</td></tr><tr><td>Supermarket1 (>280sqm net)</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>£10 0</td><td>£10</td><td>£10</td></tr><tr><td>Office (B1a, B1b)</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>£0</td><td>£5</td><td>£0</td></tr><tr><td>All Other Development2</td><td>£0</td><td>£0</td><td>£0</td><td>£0</td><td>£0</td><td>£0</td><td>£0</td><td>£0</td></tr></table>									Zero Rate Area	Built Up Area Zones		Remaining Area Zones		Commercial Zones				U0	U1	U2	R1	R2	A	B	C	Dwellings (C3)	£0	£19	£24	£55 47.1	£80 68.6	-	-	-	Hotel (C1)	-	-	-	-	-	£0	£30	£0	Small retail units (A1 <280sqm net)						£0	£10	£5	Retail warehouse (A1 >280sqm net)	-	-	-	-	-	£0	£20	£15	Supermarket1 (>280sqm net)	-	-	-	-	-	£10 0	£10	£10	Office (B1a, B1b)	-	-	-	-	-	£0	£5	£0	All Other Development2	£0	£0	£0	£0	£0	£0	£0	£0	<p>a. Column two of the table – addition of U0 in the heading for the Zero Rated Column to clarify link to the charging map</p> <p>b. Amend charging rate for dwellings in charging zone R1 and R2 to reflect an increase in estimated floor area of homes.</p> <p>c. Commercial zone A charge set at £0 for Supermarkets (>280sqm net) to reflect consultation responses and viability considerations.</p>
	Zero Rate Area	Built Up Area Zones		Remaining Area Zones		Commercial Zones																																																																																						
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Summary of Changes to the Proposed Instalments Policy (Detailed on page 7)

- 1) Change:** Amendment to the instalments policy in the draft charging schedule to allow payments of over £500,000 to be paid in three instalments within 3 years of development commencing; and payments of more than £1.5m to be paid within 3½ years of development commencing.

Reason: To manage the impact of larger CIL charges upon the cashflow of schemes that might otherwise unnecessarily harm the viability and future delivery of development.

Impact: The payment profile of CIL funds will be longer for larger schemes but the total revenue will be unaffected. As CIL is index linked and in future may be tied to house price inflation, the total CIL return for the Authority could increase under this updated instalments policy.

Mod Ref	Page Number	Para /Fig	Text with Proposed Modification	Reason for change																								
			<table><tr><th>Chargeable Amount</th><th>Number of Instalments</th><th>Payment Due</th></tr><tr><td>Less than £10,000</td><td>0</td><td>Required in full within 60 days of the commencement date.</td></tr><tr><td>£10,000 to £50,000</td><td>2</td><td>Two equal instalments 60 and 180 days after the commencement date.</td></tr><tr><td>£50,000 to £100,000</td><td>3</td><td>Three instalments* 60, 180 and 360 days after the commencement date.</td></tr><tr><td>£100,000 to £250,000</td><td>3</td><td>Three instalments* 60, 360 and 540 720 days after the commencement date.</td></tr><tr><td>£250,000 and above to <u>£500,000</u></td><td>3</td><td>Three instalments* 60, 360 720 and 720 900 days after the commencement date.</td></tr><tr><td>£500,000 to £1,500,000</td><td><u>3</u></td><td><u>Three instalments* 360, 720 and 1080 days after the commencement date.</u></td></tr><tr><td><u>£1,500,000 to £2,500,000</u></td><td><u>3</u></td><td><u>Three instalments* 360, 900 and 1260 days after the commencement date.</u></td></tr></table> <p>*These will be 3325%, <u>25</u>% and 3450% respectively.</p>	Chargeable Amount	Number of Instalments	Payment Due	Less than £10,000	0	Required in full within 60 days of the commencement date.	£10,000 to £50,000	2	Two equal instalments 60 and 180 days after the commencement date.	£50,000 to £100,000	3	Three instalments* 60, 180 and 360 days after the commencement date.	£100,000 to £250,000	3	Three instalments* 60, 360 and 540 720 days after the commencement date.	£250,000 and above to <u>£500,000</u>	3	Three instalments* 60, 360 720 and 720 900 days after the commencement date.	£500,000 to £1,500,000	<u>3</u>	<u>Three instalments* 360, 720 and 1080 days after the commencement date.</u>	<u>£1,500,000 to £2,500,000</u>	<u>3</u>	<u>Three instalments* 360, 900 and 1260 days after the commencement date.</u>	The addition of higher thresholds have been included to provide a greater amount of time for payments to be made. The instalments of the payments have also been weighted towards the later instalments to allow greater certainty of payments within the development of a project.
Chargeable Amount	Number of Instalments	Payment Due																										
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Summary of Changes to the Regulation 123 List of Infrastructure funded through CIL (Detailed on page 6)

1) Change: Add the potential cost of purchasing land for delivery of secondary education school spaces to the list of infrastructure funded by CIL.

Reason: To agree with comments from both developers and landowners that, if CIL is to be introduced, inclusion of the value of the land that would be required for a potential new school would be important to secure certainty of delivery.

Impact: At this time the need for additional secondary school spaces is highlighted as requiring a potential new secondary school at Killingworth Moor. The value of land required at this site for development is estimated at £6m. This consequently increases the total cost of infrastructure in the R123 list requiring either an increase in the CIL charge or removal of another item from the R123 list.

2) Change: On-site pedestrian and cycle connections will be delivered through section 106 and planning conditions rather than CIL. Desirable off-site pedestrian and cycle connections added to the Regulation 123 list.

Reason: This change is in response to the increased costs for secondary education to maintain overall cost of infrastructure to be met by CIL.

Impact: On-site pedestrian and cycle infrastructure will continue to be a requirement of any development proposals at Murton Gap and Killingworth Moor but will not be funded through CIL.

Mod Ref	Page Number	Para /Fig	Text with Proposed Modification		Reason for change				
M14	15 and 16	Table 2	<table><tr><th>Infrastructure Types</th><th>List of Exclusions</th></tr><tr><td>Secondary School Age Education To support additional secondary education capacity across North Tyneside new secondary school provision and capacity improvements to existing schools. <u>Including costs of design, construction and purchase of land for building and site curtilage including site</u></td><td><u>None</u> Provision and procurement of land required for new secondary school age provision (land for building and site curtilage including site access, hard and soft landscaping, playing fields)</td></tr></table>	Infrastructure Types	List of Exclusions	Secondary School Age Education To support additional secondary education capacity across North Tyneside new secondary school provision and capacity improvements to existing schools. <u>Including costs of design, construction and purchase of land for building and site curtilage including site</u>	<u>None</u> Provision and procurement of land required for new secondary school age provision (land for building and site curtilage including site access, hard and soft landscaping, playing fields)		The addition of the land cost for the secondary school has been included in the viability work for the updated charging schedule (see Table 1). The walking and cycling infrastructure has been amended so that walking and cycling provision will be delivered on site at Killingworth Moor and Murton
Infrastructure Types	List of Exclusions								
Secondary School Age Education To support additional secondary education capacity across North Tyneside new secondary school provision and capacity improvements to existing schools. <u>Including costs of design, construction and purchase of land for building and site curtilage including site</u>	<u>None</u> Provision and procurement of land required for new secondary school age provision (land for building and site curtilage including site access, hard and soft landscaping, playing fields)								

Mod Ref	Page Number	Para /Fig	Text with Proposed Modification		Reason for change
			<u>access, hard and soft landscaping and playing fields.</u>		Gap and therefore considered through S106 agreements, if necessary, and the offsite walking and cycling infrastructure that connects to the strategic sites will be delivered with CIL.
			Health facilities Support for the potential delivery of new premises for use as a general practice and as appropriate schemes to improve local resilience where patient list sizes demonstrate a requirement for investment.	None	
			Suitable Alternative Natural Greenspace (SANGS) – Off site provision To create and enhance areas for recreational use providing mitigation in accordance with the Local Plan Appropriate Assessment for potential impacts of growth upon the Northumbria Coast Special Protection Area	Specific on site provision at Murton Gap Strategic Allocation.	
			Community Facilities Multiple projects to support local resilience in community facilities and services that might support the wellbeing of a growing and aging population.	None	
			Walking and Cycling Connections – Critical, and important and desirable on and off site connections associated with growth at Murton Gap and Killingworth Moor strategic allocations connecting to key locations and providing accessibility through each site for <u>to</u> existing communities.	<u>For Clarification: Necessary walking and cycling infrastructure to be sought from all other development sites. Necessary site specific measures to ensure the appropriate connectivity via walking and cycling of key schemes.</u>	

Proposed typographical amendments

Mod Ref	Page Number	Para /Fig	Text with Proposed Modification	Reason for change
M2	6		TITLE MAP 1 – <u>North Tyneside Council</u> Community Infrastructure Levy Draft Preliminary Charging Schedule - Residential Zones	Clarity over the title of the map
M3	7		TITLE MAP 2 – <u>North Tyneside Council</u> Community Infrastructure Levy Draft Preliminary Charging Schedule - <u>Commercial Zones</u>	Clarity over the title of the map
M4	9	4.5	The CIL rates have been set having regard to higher, medium, and lower value areas. As noted above the boundary between these areas has have been established using average house price ‘heat’ maps. The viability results for each of these value areas have then been applied accordingly.	Minor wording amendment to aid clarity
M5	10 and 11	4.13	For Small Shops or less than 280 square metres the viability assessments indicate that their development is at the margins of viability across much of the Borough. Viability for such schemes is strongest within established commercial locations that benefit from good access to the road network.	Minor wording amendment to aid clarity
M6	11	4.14	For Retail development over 280 square metres and schemes such as large shopping parades and large floorplate developments the distribution of development and nature of historic schemes <u>across the Borough</u> demonstrates clear economic drivers making the delivery of such schemes most viable in a range of locations such as across the Borough particularly where road access and parking provision can be provided with relative ease.	Minor wording amendment to aid clarity
M7	11	4.15	The conclusions from the viability assessment meanwhile demonstrates that in town centre locations where the baseline costs for space are greater, the capacity to attract large floorplate occupiers and developers is reduced and the economic viability of such schemes is consequently lessened. As such a CIL charge for such development in the Borough’s town centres would harm the delivery of potential developments. Across the remainder of the Borough an assessment the assessment concludes that an appropriate CIL charge can be applied has been reached .	Minor wording amendments to aid clarity
M8	11	4.16	Supermarket developments have been identified across a range of locations in North Tyneside with expansion particularly amongst relatively lower cost or discount stores particularly noticeable. Typically supermarkets are brought forward as applications by the ultimate occupier or as a minimum or subject to a <u>with known knowledge of a future</u> occupier with and the development effectively undertaken on a contract basis. The conclusions of the analysis of historic development and viability assessments indicate that a CIL rate can be justified for such schemes across the Borough.	Minor wording amendments to aid clarity
M9	11 and 12	4.18	These schemes have generated a significant volume of supply but over the <u>Local</u> Plan period the Employment Land Review identifies a need and likely supply of additional office floorspace in the Borough. Based upon the current rents achieved within locations such as Cobalt and Quorum Business Park a small CIL rate is identified as justifiable within certain prime locations in the Borough.	Minor wording amendments to aid clarity
M10	12	4.19	For all other commercial development such as warehousing (B8) and manufacturing facilities (B2) the development activity that has occurred can be clearly identified as focused across the employment areas of the Borough at the Riverside, A19 Corridor and in the North West. The evidence demonstrated through the viability assessments is that whilst a small amount of speculative development comes forward the viability of such schemes is limited whilst and could not support a CIL rate without harming deliverability.	Minor wording amendments to aid clarity
M11	14	6.3	Developer contributions through CIL and s106 will not be expected to fill the entire funding gap identified. A range of funding sources including central government and other public services such as Environment Agency, Natural England and Highways England may provide additional funding. Securing other regional and local funding from the North East Local Enterprise Partnership and the Combined Authority will also be an additional area to consider for the Council. <u>In December 2017 North Tyneside Council along with its</u>	Reflect evolving context related to devolution.

Mod Ref	Page Number	Para /Fig	Text with Proposed Modification	Reason for change
			<u>partners at Newcastle City Council and Northumberland County Council agreed in principle to a North of Tyne Devolution deal. This development will result in a new North of Tyne Combined Authority overseen by a directly elected Mayor responsible for an investment budget of approximately £600 million.</u> Finally the opportunity for partnership working with organisations such as Northumbrian Water Ltd, Northumberland Wildlife Trust and a wide range of groups and organisations will make important contributions to meeting the infrastructure needs of the area.	
M12	15	7.1	<u>The</u> Regulation 123 list sets out a list of those projects or types of infrastructure that it <u>the Authority</u> intends to fund, or may fund, through the levy.	Minor wording amendments to aid clarity
M13	15	7.3	This list will be kept up to date to take into account any changes in circumstances and / or infrastructure needs identified in the future and will be reviewed at least every year. The Council can revise their <u>its</u> regulation 123 list without revising the Charging Schedule, but this would need to be explained and <u>supported by</u> a review of the <u>relevant</u> viability evidence as part of the appropriate local consultation.	Minor wording amendments to aid clarity