

North Tyneside Community Infrastructure Levy Charging Schedule



Working in partnership with
CAPITA

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1. Introduction and Background

- 1.1. The Community Infrastructure Levy (CIL) is a charge that allows funds to be raised from land owners/developers undertaking new building projects. A CIL charging schedule sets out the CIL rates that would be applied to new development in an area.
- 1.2. CIL is a discretionary tariff introduced by the 2008 Planning Act and brought into effect by the CIL regulations (2010) as amended. CIL receipts will help to pay for infrastructure needed as a result of new development within North Tyneside. The infrastructure needed to facilitate the scale and location of new development proposed through the North Tyneside Local Plan is set out in the Borough wide Infrastructure Delivery Plan (updated January 2018) and additionally within the site specific Strategic Sites Infrastructure Delivery Plan for Murton Gap and Killingworth Moor (2016).
- 1.3. Policy S7.1 within the North Tyneside Local Plan provides for the Council to seek developer contributions from new development to meet the need for new and/or improved infrastructure and facilities. In parallel with use of CIL funds to meet wider and strategic infrastructure needs the Council will seek agreement of s106 funds towards infrastructure not identified in a Regulation 123 list to meet the specific impacts of development. The Regulation 123 List establishes infrastructure projects that the Authority intends to be funded by the CIL. Infrastructure included in the Regulation 123 List cannot also be funded by s106 contributions.
- 1.4. National Planning Practice Guidance¹ sets out more detail as to what CIL is and how it is introduced and implemented and provide a range of cross references to the CIL regulations that govern application and use of CIL and s106. For further information please refer to the contact details below:

Contact details

- Phone: 0191 643 2310
- Email: planning.policy@northtyneside.gov.uk
- Online: http://northtyneside-consult.limehouse.co.uk/portal/cil_dcs

¹ [Community Infrastructure Levy Planning Guidance \(http://www.gov.uk\)](http://www.gov.uk)

2. Introducing a Community Infrastructure Levy Charge

- 2.1. To set a CIL charge in its area, the Council must:
 - i. identify the total cost of infrastructure it wishes to fund wholly or partly through the levy. In doing so, it must consider what additional infrastructure is needed to support new development in its area, and what other sources of funding are available, based on appropriate evidence. This is set out in the Infrastructure Delivery Plan.
 - ii. produce and summarise economic viability evidence that shows the potential effects of the proposed CIL rates on the economic viability of development across its area. This is set out in a separate document- 'Community Infrastructure Levy Viability Study (2017)' available alongside this document.
- 2.2. The draft CIL Charging Schedule was considered by an independent Examiner between May and October 2018. The final report identifying that the CIL was suitable for approval was received on 16 October 2018.
- 2.3. North Tyneside's Full Council as the Charging Authority for the area approved the proposed CIL Draft Charging Schedule on 22 November 2018.
- 2.4. The Charging Authority additionally agreed that the CIL Charging Schedule would be implemented from Monday 14th January 2019.

3. CIL Charging Rates

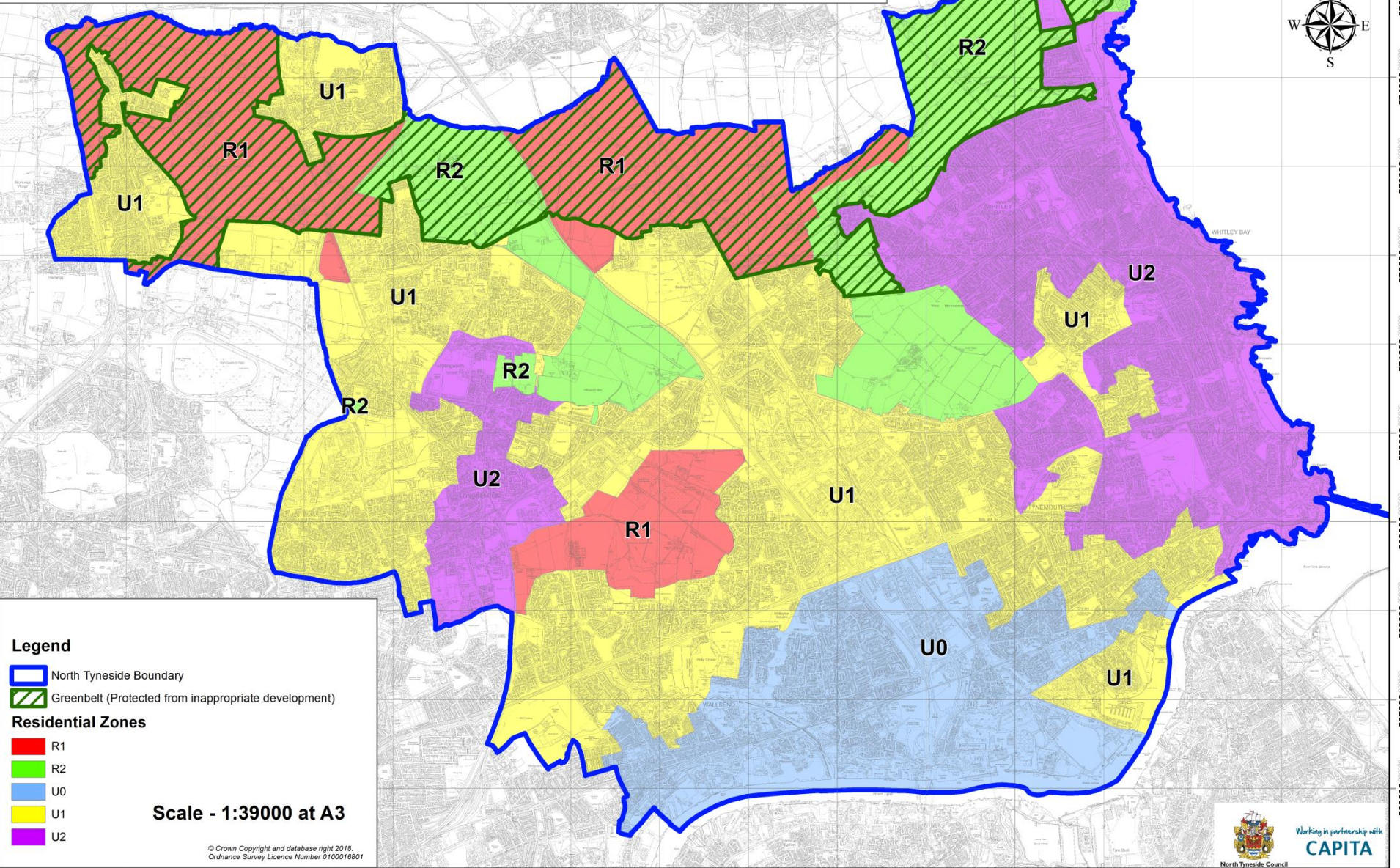
- 3.1. The Council's CIL Charging Schedule rates are set out in Table 1.
- 3.2. The geographical areas covered by the different residential (use class C3) CIL charging zones and commercial CIL charging zones are identified in maps on the following pages.
- 3.3. CIL payments must be index linked from the year that the CIL was introduced to the year that planning permissions are granted. The index used is the national All-in-Tender Price Index published by the Building Cost Information Service (BCIS).

Table 1: North Tyneside Charging Schedule Rates (£ per square metre (sqm))

	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	£47	£68.60	-	-	-
Hotel (C1)	-	-	-	-	-	£0	£30	£0
Small retail units (A1 <280sqm net)						£0	£10	£5
Retail warehouse (A1 >280sqm net)	-	-	-	-	-	£0	£20	£15
Office (B1a, B1b)	-	-	-	-	-	£0	£5	£0
All Other Development ²	£0	£0	£0	£0	£0	£0	£0	£0

² Including, supermarkets (A1), Manufacturing / Industrial (B1c, B2, B8)

Community Infrastructure Levy Charging Schedule - Residential Zones



Legend

- North Tyneside Boundary
- Greenbelt (Protected from inappropriate development)

Residential Zones

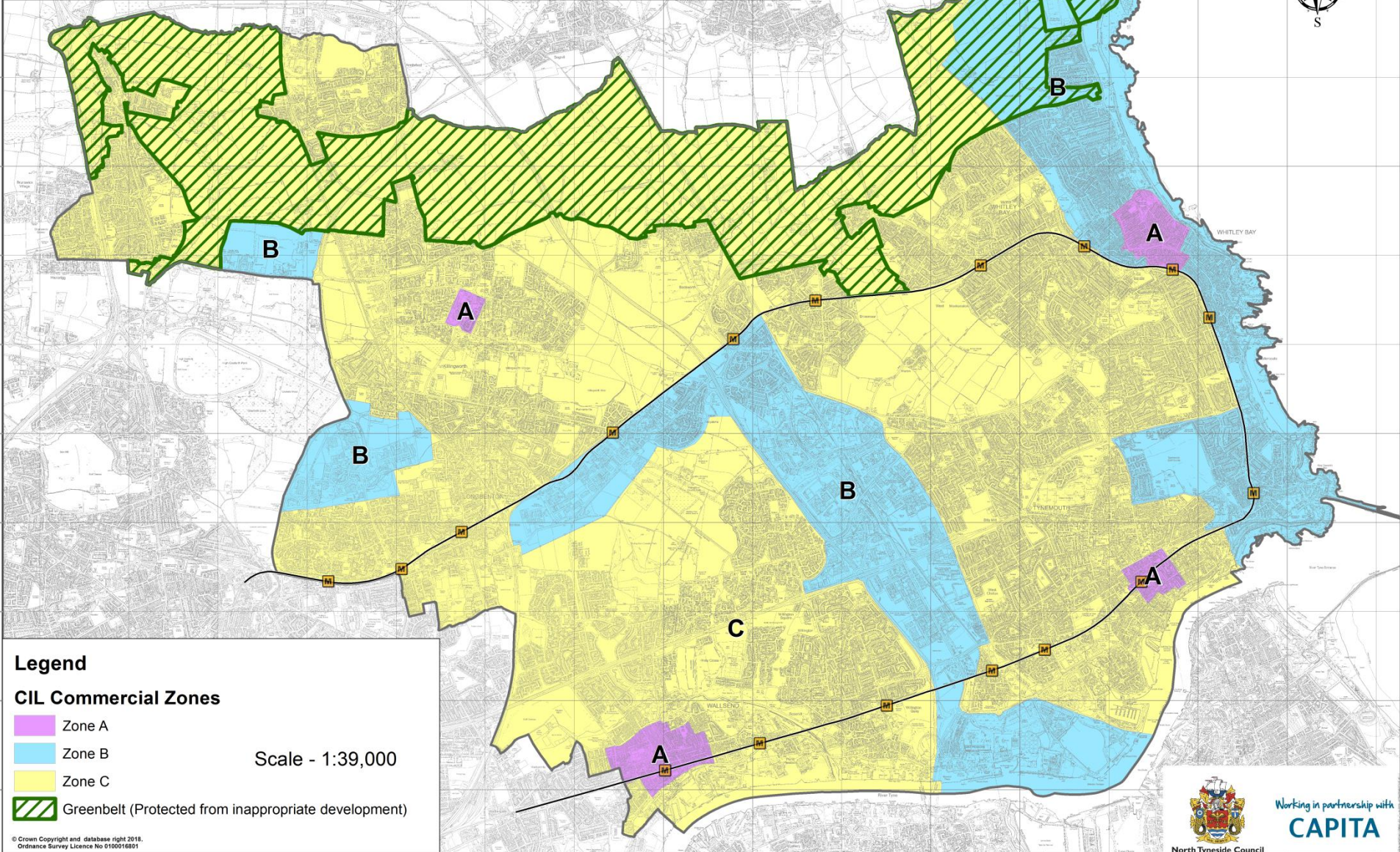
- R1
- R2
- U0
- U1
- U2

Scale - 1:39000 at A3

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Community Infrastructure Levy Charging Schedule - Commercial Zones



Legend

CIL Commercial Zones

- Zone A
- Zone B
- Zone C
- Greenbelt (Protected from inappropriate development)

Scale - 1:39,000

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4. Rationale for Proposing the Charging Rates

- 4.1. A separate document, 'Area Wide Viability Assessment – CIL Appraisal (2017)', is available alongside this document and sets out the methodology and assumptions for assessing the viability of new development. The Council has used this evidence to test and refine the impact of the proposed CIL rates set out in section 3 upon the economic viability of development.

Residential Development Viability Assessments

- 4.2. For residential development, the viability assessment tests a range of hypothetical development typologies across a range of three value areas reflecting the variations in market conditions that exist within the Borough. The assessment of these areas is informed by earlier Area Wide Viability Assessments prepared during 2015 and 2016 and the North Tyneside Strategic Housing Market Assessment. The potential boundaries for charging zones within North Tyneside have been further refined by a postcode level analysis of residential sales data for 2016. The appraisals undertaken include variation in the size and density of development and consider the viability implications of developing greenfield and brownfield land.
- 4.3. In general terms the overall viability of development and effective land value uplift as a result of a residential planning permission is greater on agricultural land than existing brownfield sites. In addition the scale and nature of development within greenfield locations further supports economic viability relative to brownfield development. Finally the majority of brownfield development opportunities within North Tyneside are in locations that coincide with lower sales values relative to other locations whilst most greenfield opportunities are located in stronger market areas. As a result there is a marked difference in the economic viability of development, and consequently the capacity and potential level of CIL that could be charged between the urban area of North Tyneside and remaining, predominantly agricultural, areas to the north of the Borough and within the Green Belt.

- 4.4. In setting a CIL rate policy considerations such as the Green Belt are relevant in considering the potential funding that will be secured from development over the life of the Plan and infrastructure costs that will arise. North Tyneside's Local Plan has retained the Green Belt providing protection from inappropriate development in that area assessed in accordance with the policy of the Local Plan and National Planning Policy Framework. However, based upon the viability assessments undertaken and within a CIL charging schedule that is set for the entire Local Authority area it is appropriate and necessary for a CIL rate to be identified.
- 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 have been established using average house price 'heat' maps. The viability results for each of these value areas have then been applied accordingly.

Site Specific Viability Evidence

- 4.6. Regard has additionally been given to site specific appraisals undertaken to inform the Local Plan and revised to inform the Charging Schedule for the Strategic Sites of Murton Gap and Killingworth Moor. These key strategic development allocations will provide approximately 5,000 dwellings and are consequently significant proportion of total allocated housing delivery in North Tyneside. The nature of these sites means they have the ability to provide and meet most of the infrastructure requirements generated on site making appropriate contributions to the infrastructure needs that arise through planning conditions and via s106 agreements.
- 4.7. However, elements of the infrastructure requirements arising from the sites have been identified to require pooling from a significant number of schemes. This therefore poses risks to the Council should it be necessary to secure multiple s106 agreements from each site and then subsequently pool the funds secured from those schemes to infrastructure delivery. Under such

circumstances the possible risk of breaching CIL regulations with respect to the use of s106 agreements to fund infrastructure projects is significant.

- 4.8. The Site Specific viability evidence submitted alongside the Local Plan in 2016 included all the infrastructure costs and additional s106 contributions that had been sought from the development. The total cost of this infrastructure, including highways, both on site and off site exceeds £200 per square metre. It would not be effective to secure many of these costs through developer contributions and CIL but in testing alternative CIL rates a charge capable of meeting the costs of off-site infrastructure and key single items such as education and public transport provision were considered.
- 4.9. Within this Charging Schedule the area of land included within the proposed strategic allocations fall within the identified charging Zone R2.

Commercial Development Viability Assessment

- 4.10. An assessment of the viability of a range of commercial developments has also been undertaken through the Area Wide Viability Assessment – CIL Appraisal. The following uses are considered through commercial viability assessments:
- Hotel (C1)
 - Small retail units (A1 <280sqm)
 - Retail warehouse (A1 >280sqm)
 - Supermarket (A1 >280sqm)
 - Office (B1a, B1b)
 - All Other Development (including Manufacturing / Industrial (B1c, B2, B8))
- 4.11. In making the appraisals, analysis of the overall distribution of past development of each commercial type informed assessment of the proposed boundaries. The overall rates identified reflect maximum viable charging rate.
- 4.12. For Hotels (C1) the analysis undertaken revealed clear associations with the Coast as a tourist destination and the A19 corridor associated with business investment and the connections afforded to the regional and national road

network. Supported by the viability analysis a charging rate in these zones is considered justified. In other locations there is limited evidence of market attractiveness that would enable viable developments and justify applying a CIL charge.

- 4.13. For small Shops 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.
- 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 across the Borough demonstrates clear economic drivers making the delivery of such schemes most viable in locations where road access and parking provision can be provided with relative ease.
- 4.15. The conclusions from the viability assessment 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 the assessment concludes that an appropriate CIL charge can be applied.
- 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, with knowledge of a future occupier and the development effectively undertaken on a contract basis. Viability evidence is mixed such that when applying latest regional evidence and emerging trends for longer rent free periods viability of supermarkets becomes marginal such that this type of development cannot support a CIL rate without harming deliverability.

- 4.17. Office (B1a, B1b) developments have seen a clear focus upon the A19 corridor over the last ten years with particularly large scale office schemes coming forward as a result of the Enterprise Zone status of Cobalt Business Park and Quorum Business Park.
- 4.18. These schemes have generated a significant volume of supply but over the Local 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.
- 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 and could not support a CIL rate without harming deliverability.

5. Infrastructure Needs Evidence

- 5.1. Balanced against these viability considerations are North Tyneside's infrastructure needs set out within the Borough Wide Infrastructure Delivery Plan and Site Specific Infrastructure Delivery Plan for Murton Gap and Killingworth Moor.
- 5.2. The Infrastructure Delivery Plan Update 2018 provides an overview of the infrastructure identified for North Tyneside. It includes a summary of the costs involved and provides the relevant evidence of the infrastructure need and the estimated financial requirements to support sustainable growth in the Borough.

- 5.3. The IDP Update 2018 outlines further details of the Borough's infrastructure needs and categorises each project as either:
- Critical projects that must be delivered for development to avoid substantial harm.
 - Important projects that would have a significant role in ensuring sustainability.
 - Desirable projects that could benefit the Borough's overall resilience to growth.

- 5.4. Potential infrastructure projects are identified across a broad range of infrastructure / service areas that include:

- | | |
|-----------------------------------|---|
| • Affordable homes | • Parks, Equipped Play, Allotments |
| • Biodiversity | • Education, Employment and Training |
| • Health and Sports | • Flooding and Sea Defence |
| • Roads and Sustainable Transport | • Street Cleaning |
| • Digital Connectivity | • Culture, Art, Public Realm and Regeneration |
| • Waste Collection and Disposal | • Community Services & Facilities |

- 5.5. The infrastructure proposed within the IDP may be delivered via CIL, site specific planning obligations or external public and private funding opportunities that may arise and deliver specific projects in full or supplement any developer contributions that are secured.

Fees

- 5.6. The CIL regulations permit Charging Authorities to support the administrative expenses of the CIL at a rate up to 5% of the monies collected in a 12 month period.

6. CIL Revenue Projections

- 6.1. Using the CIL charging rates and charging zones set out in Section 3 above, the Council has established the indicative amount of CIL it is likely to raise over the Local Plan period to 2032. This takes account of:
- Those dwellings that have already gained planning permission.
 - Developments currently without planning permission but expected to commence in 2018/19 and therefore likely to have gained planning approval prior to adoption of CIL.
 - An assumption that affordable housing will not pay CIL as it would benefit from social housing relief.
- 6.2. Based upon the rates within the Charging Schedule, the indicative amount of CIL the Council might raise over the plan period to 2032 is approximately £30 million from potential adoption of the CIL in early 2018.
- 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. In December 2017 North Tyneside Council along with its 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. 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.
- 6.4. The Council believes its proposed CIL charges and charging zones strike an appropriate balance. This recognises the significant need for additional

investment in infrastructure to support new development, alongside the potential effect a charge could have on the viability of development.

7. Establishing CIL Liability

7.1. CIL liability is calculated based on the CIL charging rates and zones set out in section 3 above. However, a range of exemptions are included within the CIL regulations, whilst the Council is also free to include certain discretionary reliefs and policy that might affect CIL liability.

7.2. Calculating the charge

7.3. [Part 8 of the Community Infrastructure Levy Regulations](#), as amended, sets the legal framework for calculating and collecting CIL. CIL planning guidance provides a detailed outline of the process³. In general terms the following provides an overview of the key steps for liable development:

- Applicants provide appropriate information to the Council about the development to enable the chargeable amount to be calculated.
- The Council calculate the chargeable amount and notify the applicant of the amount and any other details of making payment – such as payment in instalments.
- The applicant or other relevant person liable for the CIL payment must submit a notice to the Council when development is due to commence. This must be received at least one day before the start of development.
- The Council will then issue a demand notice and funds must be transferred to the Council following commencement in accordance with the payment procedure. A receipt will be issued by the Council for each payment received.

7.4. To aid potential applicants, landowners, developers and other potentially liable parties upon adoption of the CIL the Council will make available on its website a CIL Calculator to enable estimates of potential CIL chargeable amounts to be made.

³ CIL Collecting the Levy <https://www.gov.uk/guidance/community-infrastructure-levy#collecting-the-levy>

- 7.5. **Mandatory Exemptions** The regulations governing CIL exempt the following from paying the levy, with further information regarding relief and exemptions from CIL available on the governments planning guidance, which is available to view online⁴:
- Development by registered charities for the delivery of their charitable purposes;
 - Those parts of a development which are to be used as social housing;
 - The conversion of any building previously used as a dwelling house to two or more dwellings;
 - Development of less than 100 square metres of new build floorspace, provided that it does not result in the creation of a new dwelling;
 - The conversion of, or works to, a building in lawful use that affects only the interior of the building;
 - Development of buildings and structures into which people do not normally go (e.g. pylons, wind turbines, electricity sub stations);
 - Residential annexes and extensions (where the person who would normally be liable for the charge owns a material interest in the main dwelling and occupies the main dwelling as the sole or main residence); and
 - Self-build housing where a dwelling is built by the person who would normally be liable for the charge (including where built following a commission by that person) and occupied by that person as their sole or main residence.
- 7.6. **Potential Discretionary Relief** - In addition to the exemptions above, the CIL Regulations allow for the Council to provide further relief, at their discretion through a discretionary relief policy. North Tyneside is not offering Discretionary Charitable or Social Housing Relief or Exceptional Circumstances Relief, but this will be kept under review on an annual basis

⁴ CIL Relief and Exemptions <https://www.gov.uk/guidance/community-infrastructure-levy#relief-and-exemptions>

and will be introduced, subject to CIL regulations, if there is a clear case for doing so.

- 7.7. **Payment in kind** - The CIL planning guidance outlines that there may be circumstances where the charging authority and the person liable for CIL will wish land and/or infrastructure to be provided, instead of money, to satisfy a charge arising from CIL. There may be time, cost and efficiency benefits in accepting completed infrastructure from the party liable for payment of CIL. Payment in kind can also enable developers, users and authorities to have more certainty about the timescale over which certain infrastructure items will be delivered.
- 7.8. Subject to relevant conditions, and at its discretion, a Council may enter into an agreement for a land payment to discharge part or all of a levy liability. Charging authorities may also enter into agreements to receive infrastructure as payment.
- 7.9. In appropriate circumstances it would accept and be prepared to enter into agreements with liable individuals to make payments in kind for infrastructure identified within its Borough Wide and Site Specific Infrastructure Delivery Plans where included on the Regulation 123 list.
- 7.10. The Council would advise pre-application discussions to determine whether such payment in kind might be acceptable. Independent valuation (at the developers expense), and legal contractual processes would need to be followed, if such payment in kind was to be acceptable.

Payment Procedure

- 7.11. **Phased payments** - CIL charges will become due from the date that a chargeable development is commenced. The CIL Regulations allow for the Council to make provision for phased payments. In the case of a grant of phased planning permission, each phase of the development is a separate chargeable development. A phased payment approach helps developers with

cash flow and can assist development viability. This is a particular issue for very large schemes where the CIL liability may be substantial and against a scheme that may take a number of years to complete.

- 7.12. **Instalments policy** – The Council has approved a local instalments policy in accordance with Regulation 69B. The policy and any subsequent amendments to the policy is published alongside the CIL charging schedule.

Appendix 1 – Key supporting information and evidence

The consultation of the charging schedule has been prepared with reference to a wide range of supporting information and evidence. Government planning guidance provides a key resource for understanding the preparation, role and operation of CIL. Meanwhile, the North Tyneside Local Plan 2017 (adopted 20 July 2017) and supporting infrastructure and viability evidence provide the core evidence that has informed the charging schedule. The following references some of these documents, but the most recent evidence and documents can be viewed by visiting the Council's website www.northtyneside.gov.uk and following links to Planning.

Key supporting information and evidence

- a. Community Infrastructure Levy Planning Guidance (<http://www.gov.uk>)
- b. North Tyneside Local Plan 2017
- c. North Tyneside Borough Wide Infrastructure Delivery Plan, Updated 2018
- d. Murton Gap and Killingworth Moor Infrastructure Delivery Plan, 2016
- e. North Tyneside Area Wide and Site Specific Viability Assessments
 - i. Draft Initial AWVA 2015
 - ii. AWVA Residential Update, 2016
 - iii. AWVA Commercial Update, 2016
 - iv. AWVA – CIL Appraisal, February and August 2017
 - v. AWVA – CIL Appraisal, 2018
 - vi. Murton Gap and Killingworth Moor - Project Viability and Delivery Report, 2016