



# **Community Infrastructure Levy (CIL) Charging Schedule**

**April 2017**

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# 1. Introduction

## **What is the Community Infrastructure Levy?**

- 1.1 The Community Infrastructure Levy (CIL) is a charge placed on new development. The funds raised help to pay for a wide range of infrastructure to support development across Horsham District. CIL is intended to supplement rather than replace other infrastructure funding streams and to help ensure that new development is supported by the infrastructure it requires, which in turn helps to ensure that the Horsham District Planning Framework (HDPF) can be implemented effectively. CIL funds are meant to help fund new, or upgrade existing infrastructure to support growth, rather than being used simply in order to cover the cost of existing deficiencies.
- 1.2 The powers for Councils to introduce CIL were provided by Part 11 of the Planning Act 2008 and by the CIL Regulations 2010, which came into force in May 2010 and have since been amended by the CIL Amendment Regulations 2011, 2012, 2013 and 2014.

## **What is the purpose of this document?**

- 1.3 This document sets out the CIL rates for relevant development in Horsham.
- 1.4 It has been amended in order to take account of the consultation responses received on the 'Preliminary Draft Charging Schedule' and 'Draft Charging Schedule', in addition to the updated evidence base that was prepared between summer 2014 and summer 2016.

## **What area is covered by this document?**

- 1.5 The CIL Charging Area covered by this document comprises the area of Horsham District, except those parts in the south of the District that fall within the boundaries of the South Downs National Park.
- 1.6 The South Downs National Park Authority (SDNPA) is a CIL Charging Authority in its own right. It implemented its CIL Charging Schedule on 1 April 2017.
- 1.7 The Charging Area relevant to this document is shown on **Map 1** (see below).

## **Which types of new development need to pay CIL?**

- 1.8 The charge is levied on new building developments that create net additional floorspace, where the gross internal area of the new build will be more than 100 sq.m. The charge is also levied on those developments creating one or more new dwellings, even where the gross internal floorspace of the new build is less than 100 sq.m (but see exemptions below).
- 1.9 Where CIL is chargeable there will be a legal obligation to pay it and it will not be negotiable. Anybody involved in a new development can take on the liability to pay the CIL charge but ultimately, if nobody else takes on this liability, it will fall to the landowner to pay the CIL. In order to benefit from the Council's proposed payment instalments policy, somebody must let the Council know that they will be liable for the CIL charges.

## **Which types of development are exempt or gain relief from paying CIL?**

- 1.10 The levy will not be charged on redevelopment or changes of use that do not involve a net increase in floorspace. Sub-divisions of existing dwellings to form other dwellings will also not be charged. Structures which are not buildings, or which people do not normally go into will not be liable, in accordance with the CIL regulations. The CIL Regulations make a range of exemptions, in addition to providing relief from CIL in some circumstances. These are set out in the National Planning Guidance and, at the time of preparing this document, include:
- Development of less than 100 square metres (see Regulation 42 on Minor Development Exemptions) – 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’ (see Regulations 42A, 42B, 54A and 54B, inserted by the 2014 Regulations);
  - Social housing that meets the relief criteria set out in Regulation 49 or 49A (as amended by the 2014 Regulations);
  - Charitable development that meets the relief criteria set out in Regulations 43 to 48;
  - Buildings into which people do not normally go (see Regulation 6(2));
  - Buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery (see Regulation 6(2));
  - Structures which are not buildings, such as pylons and wind turbines;
  - Vacant buildings brought back into the same use (see Regulation 40 as amended by the 2014 Regulations);
  - Mezzanine floors of less than 200 square metres, inserted into an existing building, unless they form part of a wider planning permission that seeks to provide other works as well; and
  - Any total levy liability calculated to be less than £50 is deemed to be zero, so no levy is due.

## **What will CIL be spent on?**

- 1.11 There is a wide range of infrastructure that CIL can be used to fund, as long as everything funded helps to support the development of the area. The intention is that the infrastructure funded through the levy will help to deliver the development proposed within the Horsham District Planning Framework (HDPF), which was adopted in November 2015. The focus of infrastructure spending from the levy should be on the provision of new infrastructure required to support growth and it should only be used to improve existing deficiencies where these will be made worse by proposed new development.
- 1.12 The Council’s immediate priorities for spending CIL receipts are set out in a document known as a ‘Regulation 123 List’. Horsham District Council’s Regulation 123 List is included as Annex 1 of this document. In addition to providing some clarity about what the Council intends to spend CIL receipts on, the Regulation 123 List provides payers of CIL with the information they need to ensure that the Council is not seeking to ‘double charge’ for infrastructure items through both CIL and through the residual Section 106 contributions that may still be required in certain circumstances, once CIL is introduced. Therefore, the Council generally will not require S106 contributions for infrastructure projects or types included on it R123 list, apart from the identified exclusions and other Planning Obligations allowed under Regulation 122.

- 1.13 In accordance with the Localism Act 2011 and the CIL Regulations, a portion equalling 15% of CIL receipts (known as the 'neighbourhood share') will be passed directly to those Parish Councils where development has taken place (see Regulation 59A for details). Where chargeable development takes place, within the Parish up to £100 per existing council tax dwelling can be passed to the Parish, each year, to be spent on local priorities (see Regulation 59C for details). The spending priorities for the 'neighbourhood share' are determined locally and are not included within Horsham District Council's Regulation 123 List. Local areas could choose to use some of the 'neighbourhood share' to develop a neighbourhood plan where it would support development by addressing the demands that development places on the area.
- 1.14 Normally the 'neighbourhood share' will amount to 15% of the relevant CIL receipts (subject to the annual limit referred to above). However, parishes that draw up 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 the development that takes place in their area. This amount will not be subject to an annual limit. For this to apply, the neighbourhood plan must have been 'made' before a relevant planning permission first permits development. It should be noted that whilst Horsham's Neighbourhood Councils may still benefit from the 15% or 25% 'neighbourhood share', as appropriate, they will not receive the funding directly but it will be spent on their behalf by Horsham District Council, in consultation with the local community.
- 1.15 The CIL Regulations provide for Charging Authorities to apply up to 5% of CIL receipts to fund the administrative costs incurred in the introduction and operation of CIL. The Council proposes to make use of these powers, although the amount that will be spent on CIL administration will reflect the costs incurred, the extent of which are not yet known.

#### **How does CIL relate to Section 106?**

- 1.16 Horsham District Council currently collect financial contributions from new development through legal agreements signed under Section 106 of the Town and Country Planning Act 1990 (as amended). These contributions are also known as 'planning obligations'.
- 1.17 Through the introduction of the CIL legislation, the Government has 'scaled back' the use of planning obligations as CIL is viewed as a replacement for the use of planning obligations in many, but not all, circumstances. With the introduction of CIL the use of planning obligations is restricted to site-specific impacts of new development, necessary on-site infrastructure and the provision of affordable housing.
- 1.18 Since April 2015, Regulation 123 of the CIL Regulations has placed a national restriction on the traditional approach of 'pooling' Section 106 contributions from numerous developments towards the provision of infrastructure, such as schools or roads. Such pooling is now only permissible for up to five separate planning obligations, for any given infrastructure project or type, that have been secured since April 2010.
- 1.19 Once CIL is introduced across Horsham District, the Council intends that the levy receipts will be used to fund much of the necessary infrastructure that was previously funded through the pooling of Section 106 contributions. However, the use of Section 106 contributions will continue in certain circumstances as is permitted under the new legislation. Therefore, both CIL and a scaled-back use of planning obligations will operate side by side in Horsham, as is the case in many parts of the country. The Council proposes to continue the use of planning obligations for the following main purposes:

- The provision of affordable housing (which falls outside of the CIL regime);
- Securing delivery of key on-site infrastructure that is required to mitigate the impact of larger developments;
- The provision of other site-specific measures, either on or off-site, which are necessary to make any given development acceptable in planning terms; and
- For other purposes which do not require developer contributions, such as regulating the use of land (which falls outside of the CIL regime).

1.20 Further detail on the purposes for which the Council will continue to seek planning obligations can be found in the Regulation 123 List attached as Annex 1 of this document. In addition, a revised Planning Obligations and Affordable Housing Supplementary Planning Document will be used in conjunction with the CIL Charging Schedule to determine relevant infrastructure contributions for planning applications.

### **How will CIL be calculated and collected?**

1.21 The CIL liability for any development is calculated at the point at which it is first permitted, usually by the granting of planning permission. The 'chargeable amount' will be calculated in accordance with Regulation 40 of the CIL Regulations 2010 (as amended) and this will involve multiplying the net additional 'gross internal area'<sup>1</sup> of the development by the relevant charge rate (or rates) in £ per square metre, taking any relevant demolitions into account.

1.22 For the majority of chargeable development, Horsham District Council will be the 'Collecting Authority' and once a development has been first permitted, the Council will issue a 'liability notice' setting out the amount of CIL due for payment once the development commences. The liability notice will also provide details of the procedure for paying CIL and indicate the likely consequences of any non-payment of CIL liability. The CIL Regulations provide powers for Collecting Authorities to take enforcement action, which may include financial penalties or the stopping of development.

1.23 Although CIL charges will become liable on commencement of that development, the Council is proposing to provide an 'instalments policy' which will set out the circumstances in which CIL liability may be paid in instalments over a period of time, following commencement of the development (see Section 4 below). It should be noted that CIL payers would need to undertake certain steps in order to benefit from the instalments policy, such as assuming liability to pay CIL and issuing a 'commencement notice' to the Council, prior to the commencement of development.

1.24 The CIL Regulations provide the Council with the discretion to accept CIL payments 'in kind', such as through the transfer of land or the completion of infrastructure works on or off the development site. The Council is proposing to allow payments in kind in line with the CIL Regulations.<sup>2</sup> It will remain in the Council's discretion whether to accept payments in kind.

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<sup>1</sup> The Council will use the definition of 'gross internal area' set out by the Valuation Office Agency which can be found on their website: <https://www.gov.uk/government/publications/measuring-practice-for-voa-property-valuations#a2>

<sup>2</sup> See Regulations 73 and 74 (as amended) and 73A and 73B, which were inserted by the CIL (Amendment) Regulations 2014.

### **When will the charge rates change or be reviewed?**

- 1.25 The 'indexation' of levy charge rates is provided for to ensure that rates continue to reflect the costs of infrastructure provision that the levy will be used to fund. An annual index-linked adjustment to rates is set out in CIL Regulation 40 (as amended). This will involve the use of the 'All-in Tender Price Index', published by the Building Cost Information Service (BCIS). The adjustment to charge rates will be applied from 1<sup>st</sup> January each year, using the index figure published by the BCIS for the previous 1<sup>st</sup> November.
- 1.26 In addition to annual indexation, the Council will have a duty to keep its adopted levy rates under review to ensure that they remain appropriate over time. The Council will need to consider both the planning policy context within which the levy operates as well as wider economic and market-related changes over time, which may indicate the need to adjust rates to ensure that they do not adversely impact on the overall viability of development across the District.
- 1.27 If evidence emerges to indicate that the adopted charge rates are no longer appropriate, the Council will commence the process of a formal review of the Charging Schedule. This will involve the same evidence requirements, consultation opportunities and examination that were required to introduce the initial Charging Schedule.

## 2. EVIDENCE BASE

- 2.1 The CIL legislation requires charge rates set out within a charging schedule to be informed by the 'appropriate available evidence'. In summary, this will include:
- Evidence of the need to introduce CIL, in terms of the need for infrastructure to support the growth of the area and the anticipated costs of providing the necessary infrastructure;
  - Evidence of the anticipated revenue CIL could generate for funding infrastructure, relating to the amount of new development that is planned; and
  - Evidence of the potential impact of the proposed CIL charge rates on the economic viability of development across the area.
- 2.2 Having prepared an evidence base, the CIL Regulations then require the Charging Authority to strike an appropriate balance between the desirability of funding infrastructure from CIL, taking account of other anticipated funding sources, and the potential effects that the introduction of CIL could have on the economic viability of development across the Charging Authority's area.

### **The Horsham District Planning Framework**

- 2.3 The Horsham District Planning Framework (HDPF) is the District's 'Local Plan' and was adopted by the Council in November 2015. This document sets out how much development will take place in the period to 2031 and indicates, for strategic development, where that development will be located. The HDPF also identifies the level of development that is anticipated to come forward through Neighbourhood Development Plans and through 'windfalls'.
- 2.4 Policy 15 of the HDPF indicates that a total of 16,000 dwellings are planned for, although some have already been permitted or completed, or are likely to have been permitted when CIL is introduced. These new homes will not be liable to pay CIL. This means that it is likely that only one third of the planned homes have the potential to contribute to CIL over the remainder of the plan period.
- 2.5 In terms of non-residential development, Policy SD2 anticipates a new business park will be developed as part of the strategic development at North Horsham, with an indicative employment floorspace of 46,450 sq.m. Policy SD3 includes the potential for the development of up to 6,000 sq.m in retail floorspace at the new North Horsham local centre. Further retail and leisure development is anticipated to come forward as part of the redevelopment within the Broadbridge Heath Quadrant Opportunity Area, although no floorspace targets are set out within the policy.

### **Anticipated CIL Revenue**

- 2.6 Based on the anticipated level of development within the HDPF, summarised above, the proposed CIL rates (see Table 1) have been used to produce an indicative projection of CIL revenue. The total below is for the remaining plan period to 2031 and takes account of the likely impact of CIL relief for social housing and for self-build dwellings, but disregards the effect of annual indexation and any future review of CIL rates, which cannot be known at this stage. Using the above assumptions, the projected revenue from CIL would be **£24,122,875**.

## Infrastructure Funding Gap

- 2.7 In order to establish the need to charge CIL, the Council must draw on its infrastructure planning work undertaken to support the HDPF. In essence, this needs to demonstrate that the gap in funding, between the total cost of infrastructure required to deliver development proposed in the HDPF and the known sources of funding, is sufficient to justify the need for CIL and the rates proposed.
- 2.8 The Horsham District Infrastructure Delivery Plan (IDP) was prepared in 2014 to support the Examination of the HDPF, and was published for consultation alongside the Preliminary Draft Charging Schedule. The IDP identified infrastructure schemes proposed to be funded, in whole or in part, through CIL and these amounted to £37,333,174.
- 2.9 Since the publication of the IDP in May 2014 the HDPF has successfully passed through its Examination and has been adopted. Consequently, there have been a number of changes in the nature and level of infrastructure requirements needed to support the development now set out within the adopted HDPF. Reflecting this, the Council has undertaken a thorough review of the infrastructure schedule, which was set out in Appendix A of the IDP, in order to bring it up-to-date for the purposes of the CIL evidence base.
- 2.10 The review did not include a comprehensive revision of the whole IDP, but focussed on the main infrastructure schedule, which lists the individual requirements, the likely costs, funding sources and the bodies responsible for delivery. The review included extensive engagement during the second half of 2015, with infrastructure and service providers. This included: West Sussex County Council; neighbouring local authorities; all of Horsham's parish and neighbourhood councils; statutory agencies; utility companies; the emergency services and other service providers.
- 2.11 The outcome of the review and engagement process is that the infrastructure, which is required to support the implementation of the HDPF, and which is identified for funding through CIL, now amounts to an anticipated cost of £38,181,985<sup>3</sup>. Therefore, the overall 'funding gap' is **£14,059,110**. In reality the gap is anticipated to be somewhat larger as, under the CIL Regulations, a portion of the total CIL revenue must be passed to local communities to spend on their own local priorities, which may not be the same as those in the Regulation 123 list. Whilst the updated infrastructure schedule takes account of these priorities, where they have been identified to the Council, these are not included within the updated total infrastructure cost figure set out above.
- 2.12 Given the substantial overall funding gap, evidenced through the revised infrastructure schedule and referred to above, the Council considers that there is clear justification for the need to introduce CIL across Horsham District.

## Assessing the potential viability impacts of CIL

- 2.13 The CIL guidance states that charging authorities should use an area-based approach, involving a broad test of viability across their area. The emphasis, drawing on recent changes to the CIL legislation, is for the authority to demonstrate how the proposed CIL charge rates strike an appropriate balance between securing additional investment to support new development and the impact this may have on the economic viability of development across the area.

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<sup>3</sup> The revised Infrastructure Schedule shows the projected costs as a range and the figure indicated here is the mean point in that range.

- 2.14 As part of seeking to show that this balance has been achieved, the Council needed to undertake viability assessments on a sample of sites across the area covering a range of development types drawn from those proposed within the HDPF. In addition, where it is proposed to set differential rates of CIL, a more fine-grained sampling, on a higher proportion of total sites is required in order to set the boundaries between the different geographical zones or categories of use or scale of development that will be subject to differential rates.
- 2.15 The Council previously undertook full viability assessment work to inform the public consultation on the Preliminary Draft Charging Schedule (PDCS). That consultation took place in May and June 2014, with the viability and other evidence pre-dating that. Given the finalisation of the HDPF, the passing of time and associated market movements since the PDCS stage, the Council sought to fully update its viability evidence work, which has been undertaken by consultants at Dixon Searle Partnership (DSP) who are highly experienced in CIL viability evidence work. Further updating of the viability evidence was undertaken to consider Strategic Sites in the district.
- 2.16 Approach taken within the viability evidence  
The DSP viability update assessment employed 'residual valuation principles' as a well-established and robust approach, consistent with most other CIL and Local Plan viability assessments. This approach involves deducting the all development costs (including build costs, finance, professional fees, sales costs and HDPF policy costs) from the estimated completed development (sales) value. This provides the ability to explore whether there is a viability scope to support a CIL charge. This is considered by reviewing whether a surplus exists from which CIL may be paid, and if so how much, after realistic land value and developer's profit expectations have been taken into account.
- 2.17 A large number of viability appraisals (several thousand all together) were run, so that the potential surplus to support CIL payments could be considered across an appropriate range of development scenario types and new-build property sales values – all representative of the variety of development expected to come forward through the HDPF. For this strategic overview, suitable for informing CIL rate setting, it was not necessary or appropriate to appraise and review all conceivable development types and variations.
- 2.18 Viability evidence outcomes: Residential development  
The evidence in the viability update assessment related to a range of residential development scenarios, which included retirement residential homes, throughout the District. The outcomes pointed to generally high residential property values and a high level of consistency between the residential land values across the area, when looking at the overview level appropriate to setting CIL rates. This was particularly the case when new-build housing, of the type most relevant to the HDPF delivery, was considered. Based on this evidence, and additional evidence work undertaken since the previous consultation on the Draft Charging Schedule, DSP recommended a simple approach to CIL rates for residential development. This would involve a single residential charge rate being applied across the District, but with the exception of the two key strategic sites, where particular circumstances indicated the need for a separate rate (see below).

- 2.19 In terms of the level of the District-wide residential rate, it will be noted that £125 per sq.m rate was previously proposed in the PDCS. However, DSP tested a wide range of potential CIL rates in the residential appraisals, both lower and higher than the previously proposed rate. This involved a fresh look at the values and development costs and, whilst increases were noted in both values and costs, the evidence points clearly to the improvement in values more than compensating for the observed build costs increases. This means that, in general, the underlying viability positions have consolidated and viability has improved to some degree. This can be seen, for example, by the strong rate of housing delivery in recent years, including a positive track record on securing affordable housing as part of that.
- 2.20 The viability evidence concludes that a residential CIL rate of up to £200 per sq.m would be realistic, without significantly harming viability when considered across the District as whole. However, such a rate could be considered to be at the margins of what residential development in some parts of the District could withstand. The National Planning Guidance on CIL is clear that charging authorities should avoid setting rates to the margins of viability. For this reason, and to ensure sufficient viability for continued delivery of affordable housing across the District at the appropriate HDPF policy target rates, the Council considers that such a level of rates would be too high.
- 2.21 Overall, when the updated viability evidence is considered alongside the most recent evidence of infrastructure needs to support the delivery of the level of residential development set out in the HDPF, it is clear that a modest increase, over the charge rate originally proposed within the Preliminary Draft Charging Schedule, can be justified. Based on the recommended range set out in the updated viability evidence, the Council is therefore proposing a District-wide residential rate of £135 per sq.m.
- 2.22 Viability evidence outcomes: Key Strategic Sites (North of Horsham and Kilnwood Vale)  
As referred to above, land values were found to be broadly consistent across the District, when considered at the strategic level, which is appropriate for CIL purposes. However, it is important to keep in mind that other factors also influence the outcomes of viability appraisals. Large strategic-scale development involves considerable additional costs relating to site-specific infrastructure and other requirements necessary to make large-scale development acceptable in planning terms. Consistent with findings on similar strategic development elsewhere across the country, the evidence suggests that Section 106 (planning obligations) would prove a more adaptable and appropriate mechanism than CIL for addressing such site-specific costs with the certainty and flexibility required to ensure the strategic development remained deliverable.
- 2.23 Based on the viability evidence, as well as on the representations made by promoters of strategic sites within the District, the Council considers that two strategic sites could be 'caught' by CIL, once introduced across Horsham District: The North of Horsham Strategic Development Area and Kilnwood Vale.
- 2.24 In the case of the North of Horsham, there is currently no clear or detailed picture of the overall infrastructure and development requirements for that particular scheme, so DSP applied typical cost assumptions for similar strategic sites. The resulting appraisal outcomes indicate clearly that such schemes have no viability headroom for the application of a fixed CIL charge in addition to the typical Section 106 costs assumed.

- 2.25 The latest viability evidence indicates that Kilnwood Vale shares many of the attributes of the North of Horsham site. Planning obligations have already been agreed for this development to fund the delivery of key infrastructure and there is clear evidence that, taking these existing commitments into account, the development would also be made undeliverable if it were subject to CIL at the standard residential rate. Although the main Kilnwood Vale development has already been granted planning permission, there may need to be some revision to the development that would require additional planning applications that would attract CIL liability following the introduction of CIL across Horsham District.
- 2.26 Reflecting the outcomes of the viability evidence, DSP have recommended that a differential charge zone be created to include both the North of Horsham Strategic Development Area and Kilnwood Vale. It has been recommended that a £0 per sq.m CIL rate be applied within this 'strategic sites' charge zone for residential development.
- 2.27 Viability evidence outcomes: Retail Development  
Following a similar approach to that used for residential development, the viability update assessment tested a range of retail development scenarios that could typically be expected to come forward within Horsham District. Each of these included the application of CIL rates both above and below the £100 per sq.m that was previously proposed for all retail development (Use Classes A1 – A5) in the PDCS.
- 2.28 The outcomes of the updated viability evidence indicate that 'larger format' retail development, such as supermarkets and retail warehouses, could be demonstrated to be generally viable with a levy rate set at £100 per sq.m. For smaller retail development however, the evidence indicated that even at lower levy rates, viability was seen to be more marginal. Therefore, the evidence suggests that a differential rate for retail development would be appropriate with 'large format' retail charged at £100 per sq.m and other types of retail development included within a £0 per sq.m rate to reduce the risk of contributing to the viability pressure on smaller retail development across the District.
- 2.29 Viability evidence outcomes: Other forms of development  
The updated viability assessment also considered other types of development, which fall outside of the categories referred to above. This would include business and employment development (within the 'B' Use Class) in addition to care homes/nursing homes (in Use Class C2, which are not regarded as retirement homes), leisure development, community facilities and the sorts of development for which the public sector is typically responsible, such as schools and health clinics. A number of such uses were tested by DSP and they were each found to have insufficient viability to support any level of CIL other than a 'zero rate'.
- 2.30 It is also important to note that, with the exception of 'employment floorspace', such uses are not forms of development proposed within the HDPF and very little additional floorspace in these sorts of uses is anticipated over the plan period. Therefore, the Council is proposing to set a 'standard CIL charge rate' of £0 per sq.m for these types of development.

### 3. CIL RATES

- 3.1 Horsham District Council is a Charging Authority according to Part 11 of the Planning Act 2008. Horsham District Council is proposing to charge the Community Infrastructure Levy at the following rates (see Table 1), relative to the proposed use of development (expressed as pounds per square metre). The Charging Area is the District of Horsham, excluding those areas within the boundaries of the South Downs National Park.

**Table 1: Proposed CIL Rates (£ per square metre)**

<b>Residential Development <sup>(1)</sup></b>	<b>CIL charge per m<sup>2</sup></b>
District-wide ( <b>Zone 1</b> – See Map 1)	£135
Strategic Sites ( <b>Zone 2</b> – See Map 1)	£0
<b>Other Development (Across the Charging Area)</b>	<b>CIL charge per m<sup>2</sup></b>
'Large format' Retail Development (A1 to A5) including supermarkets <sup>(2)</sup> and retail warehousing <sup>(3)</sup>	£100
'Standard Charge' applies to all development not separately defined above, including, smaller retail <u>development (A1 to A5)</u> <sup>(4)</sup> , offices, warehouses, leisure, education and health facilities (including B, C1, C2 excluding purpose built student accommodation, & D)	£0

**Notes:**

All class references are to the Use Classes as set out in the Town and Country Planning (Use Classes) Order 1987 (as amended).

<sup>(1)</sup> This includes dwelling houses (C3), retirement homes falling within C3, houses in multiple occupation (C4), and purpose-built student accommodation (C2), but excludes all other forms of 'residential institution' in C2. For Zone 2 Strategic sites a £0 per sq. m CIL charge will also apply to all 'A, B, C & D' uses.

<sup>(2)</sup> Supermarkets (or superstores) are shopping destinations in their own right where weekly convenience shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit.

<sup>(3)</sup> Retail warehouses are large stores specialising in the sale of: household goods (such as carpets, furniture and electrical goods); DIY items; and other ranges of goods, catering mainly for car-borne customers.

<sup>(4)</sup> 'Smaller retail development' will exclude developments falling within the definitions of supermarkets and retail warehouses (see above). For the avoidance of doubt, 'smaller retail development' will have a floor area for serving customers measuring up to and including 280 sq. m. (Sunday Trading Act 1994).

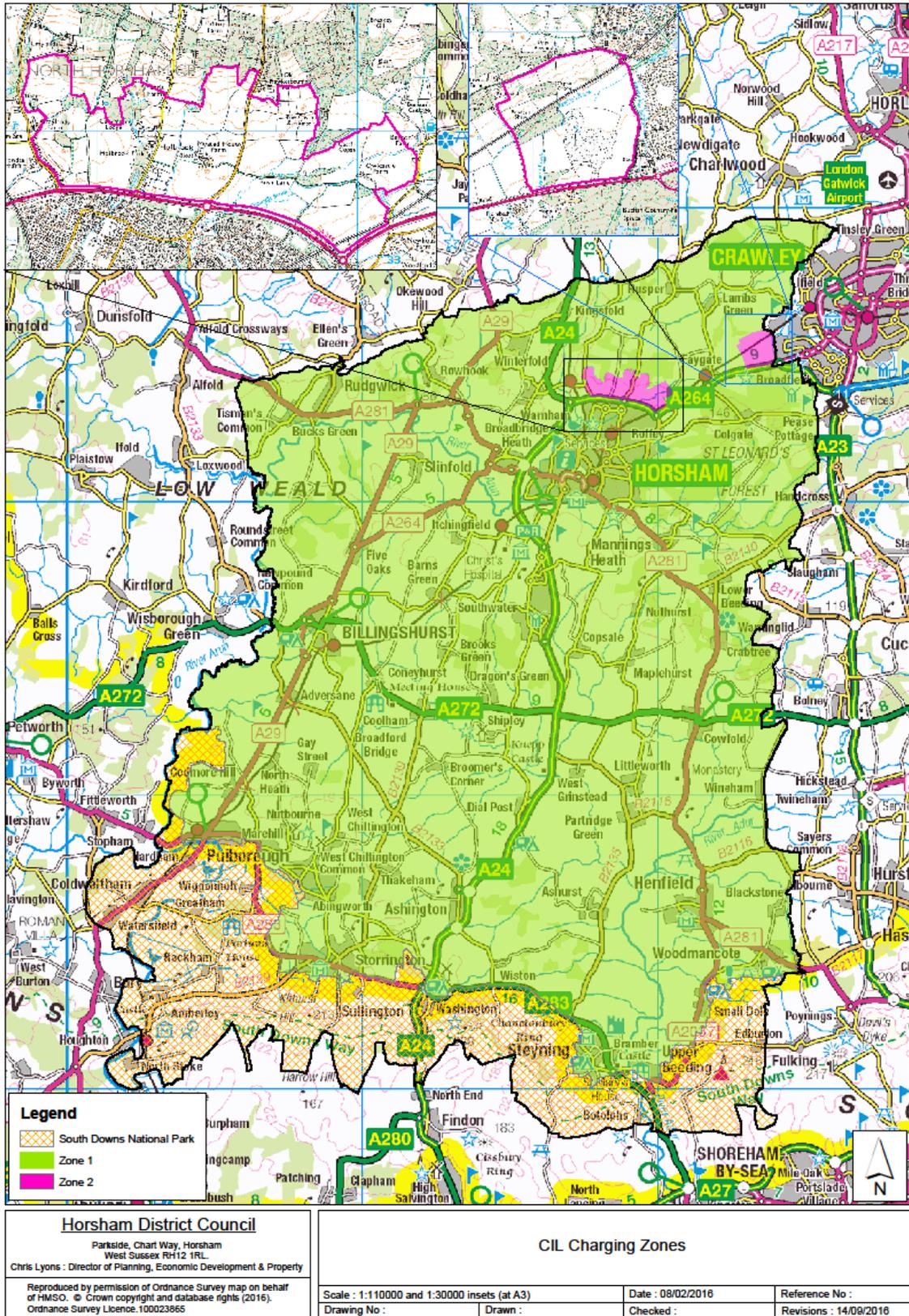
### **Calculating the Chargeable Amount of CIL**

- 3.2 The Council will calculate the amount of CIL payable (the 'chargeable amount') in respect of a chargeable development in accordance with Regulation 40 of the Community Infrastructure Levy Regulations 2010 (as amended).

### **Statement of Conformity**

- 3.3 This Charging Schedule has been prepared in accordance with the requirements of Part 11 of the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 as amended by the Community Infrastructure Levy (Amendment) Regulations 2011, 2012, 2013 and 2014. The charging schedule has also been prepared having regard to the CIL Guidance, published within the National Planning Guidance.

**Map 1: The Charging Area and the Differential Rate Charge Zones for the purposes of residential development**



## 4. OTHER MATTERS

- 4.1 The following matters are related to the introduction of CIL across Horsham District. The Council has included these to ensure transparency in its approach and compliance with the National Planning Guidance.

### CIL Instalments Policy

- 4.2 In accordance with Regulation 69B of the CIL Regulations 2010 (as amended), the Council proposes to apply an Instalment Policy to all development liable to pay CIL. The discretionary payment of CIL by instalments will help to provide greater flexibility in dealing with certain larger development. The CIL legislation limits the payment of CIL by instalments to give proportions of the total CIL liability that may be paid at 'x' number of days following the commencement of development.
- 4.3 It should be noted that where an outline planning permission permits the development to be implemented in phases, each phase of the development will be a separate chargeable development for CIL purposes and so the Instalment Policy will apply to each separate phase. The Council's Instalment Policy is set out below:

Total CIL Liability	Proportion of CIL liability to be paid within the given period
Up to £20,000	100% within 60 days of commencement
£20,001 to £50,000	50% within 60 days of commencement
	50% within 90 days of commencement
£50,001 to £250,000	50% within 90 days of commencement
	50% within 180 days of commencement
£250,001 to £500,000	25% within 90 days of commencement
	25% within 180 days of commencement
	25% within 360 days of commencement
	25% within 540 days of commencement
£500,001 or more	25% within 180 days of commencement
	25% within 360 days of commencement
	25% within 540 days of commencement
	25% within 720 days of commencement

### Regulation 123 List

- 4.4 The Council has prepared a list in accordance with CIL Regulation 123 (as amended) and this can be found in **Annex 1** below. The intention is that the Regulation 123 List will become effective on the same day that the Horsham District CIL Charging Schedule is implemented.
- 4.5 Where items are excluded from the list in **Annex 1**, the intention is that Section 106 (planning obligations) would continue to be used for those purposes. Further details about these 'exclusions' and the uses for which the Council will continue to rely on Section 106 will be published within a Planning Obligations and Affordable Housing Supplementary Planning Document (SPD), which will also become effective on the same day that the Horsham District CIL Charging Schedule is implemented.

## **Payments in Kind**

- 4.6 The CIL Regulations provide the Council with the discretion to accept CIL payments ‘in kind’, such as through the transfer of land or the completion of infrastructure works on or off the development site. The Council is proposing to allow payments in kind in line with the CIL Regulations.<sup>4</sup> It will remain in the Council’s discretion whether to accept payments in kind.

## **Discretionary Relief from CIL**

- 4.7 The CIL Regulations allow charging authorities to permit discretionary relief from CIL in certain circumstances, which would result in a reduced, or nil CIL payment being accepted. The discretionary forms of relief available to charging authorities include:
- Development by charities for their own investment activities (as defined by Regulation 44);
  - Development by charities where the mandatory charitable relief would normally constitute State Aid (as defined in Regulation 45); and,
  - Where the District Council considers that there are exceptional circumstances to justify relief (as defined in Regulations 55 to 57).

### 4.8 Discretionary Charitable Relief

In accordance with Regulations 44 to 48 of the CIL Regulations 2010 (as amended) the Council proposes to offer discretionary charitable relief from CIL. There is already a mandatory relief from CIL for charitable development, which will be used mainly for charitable purposes. The additional discretionary relief the Council proposes to offer would come into effect for development where a charity has a material interest and where the purposes of the development are to generate profits that will be applied to charitable purposes.

- 4.9 The other form of discretionary charitable relief applies only in the circumstances in which the mandatory relief from CIL, for development to be used for charitable purposes, would constitute ‘State aid’ under EU law. In such cases, the charitable development may still benefit from the relief from CIL if the Council has satisfied itself that the offering of relief in that case would not need to be notified to and approved by the European Commission.

### 4.10 Exceptional Circumstances Relief

Regulation 55 of the CIL Regulations 2010 (as amended) permits a charging authority to grant relief from liability to pay CIL in ‘exceptional circumstances’. This may only happen if a planning obligation (Section 106 agreement) has been entered into in respect of the planning permission that permits the chargeable development and the Council considers that payment of the levy would have an unacceptable impact on the economic viability of development. In such cases, a developer would be expected to demonstrate this (as set out in Regulation 57) via an ‘open book’ approach with an agreed independent valuer (paid for by the developer). Relief in exceptional circumstances can also only be granted if it does not constitute ‘notifiable State aid’ (as defined in European Law).

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<sup>4</sup> See Regulations 73 and 74 (as amended) and 73A and 73B, which were inserted by the CIL (Amendment) Regulations 2014.

4.11 It is not the intention of the Council to offer this type of relief at present. The circumstances in which a policy of this nature would be likely to be used would be rare, given that the proposed CIL rates are based on up-to-date viability evidence. Moreover, it would impose an additional layer of complexity in the administration and management of the CIL charge and increase overall costs of CIL administration. A policy to offer 'exceptional circumstances relief' could be introduced at any stage however, and so the Council will keep this under review.

## **ANNEX 1:**

### **Regulation 123 List**

The Regulation 123 List below sets out those infrastructure projects or types of infrastructure that Horsham District Council, as the CIL charging authority, may wholly or partly fund by the levy.

Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended) provides that planning obligations for infrastructure that will otherwise be funded by CIL cannot be taken into account as a reason for granting planning permission. Infrastructure types or projects that are listed below (in the left-hand column) will not be secured through planning obligations. This is to ensure there is no duplication between the funding of infrastructure through CIL and planning obligations secured through s106 agreements.

This list should be read in conjunction with the Planning Obligations and Affordable Housing Supplementary Planning Document (SPD), which will set out the District Council's approach towards seeking planning obligations.

In accordance with CIL Regulation 59 (as amended) Horsham District Council will spend CIL funds on "the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area." The inclusion of a project or type of infrastructure on the list below does not signify a commitment from the District Council to fund (either in whole or in part) the listed project or type of infrastructure through CIL. Nor does the order of infrastructure items within the list imply or signify any order of preference or priority for CIL funding. The Council will review this list annually, as part of its monitoring of CIL collection and spending.

## Regulation 123 List

Infrastructure Projects or Types to be funded at least in part by the CIL (provision, improvement, replacement, operation or maintenance)	Exclusions – To be funded by Planning Obligations, Section 278 Agreements or other sources of funding
Transport infrastructure	<ul style="list-style-type: none"> <li>• Specific on or off-site improvements or infrastructure required to make a development acceptable in planning terms.</li> <li>• All transport infrastructure required due to the strategic development at Zone 2 including: on-site infrastructure; all pedestrian and cycle linkages and crossings; off-site improvements and alterations to the highway network (including to the Strategic Road Network); and public transport infrastructure.</li> </ul>
Education	<ul style="list-style-type: none"> <li>• On or off-site education infrastructure required specifically meet the needs of the strategic development at Zone 2, including: Early years provision; SEN - provision; two primary schools; one secondary school; and Post 16 provision.</li> </ul>
Leisure, sport and open space infrastructure and infrastructure relating to 'green links' and Public Rights of Way	<ul style="list-style-type: none"> <li>• Specific on or off-site improvements or infrastructure required to make a development acceptable in planning terms.</li> <li>• All sport, recreation and open space infrastructure and facilities required due to the strategic development at Zone 2 including: on-site formal and informal open space, sport and leisure facilities; all facilities required within the 'Landscape Buffer'; and off-site facilities necessary to mitigate the impact of the development on neighbouring communities.</li> </ul>
Community facilities infrastructure, including: <ul style="list-style-type: none"> <li>• Libraries</li> <li>• Health care facilities</li> <li>• Community buildings</li> </ul>	<ul style="list-style-type: none"> <li>• All community facilities provision required to meet the needs of the strategic development at the Zone 2, including; community buildings; healthcare facilities; and library provision.</li> </ul>

<p>Public Services infrastructure, including:</p> <ul style="list-style-type: none"> <li>• Strategic recycling and waste facilities</li> <li>• Emergency services infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Specific on or off-site improvements or infrastructure required to make a development acceptable in planning terms, including: CCTV; fire hydrants; and small-scale communal recycling facilities.</li> </ul>
<p>Flood Management Infrastructure, including:</p> <ul style="list-style-type: none"> <li>• Strategic flood management infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Specific on or off-site Sustainable Drainage Systems (SuDS) or flood management infrastructure that is required to make a specific development acceptable in planning terms.</li> </ul>
<p>Strategic nature conservation Infrastructure, including:</p> <ul style="list-style-type: none"> <li>• New nature reserves or improvements to existing nature reserves.</li> </ul>	<ul style="list-style-type: none"> <li>• Specific on or off-site improvements and mitigation measures required to make a development acceptable in planning terms, including.</li> <li>• All mitigation or avoidance measures (including financial contributions) required specifically to address the impact of a development on protected 'European sites' in accordance with the Habitat Regulations Assessment.</li> </ul>