



rhondda cynon taf
community infrastructure levy
ardoll seilwaith cymunedol

Preliminary Draft Charging Schedule

November 2012



STRONG HERITAGE | STRONG FUTURE
RHONDDA CYNON TAF
TREFTADAETH GADARN | DYFODOL SICR



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1. Introduction

- 1.1 The purpose of this document is to set out the Rhondda Cynon Taf Preliminary Draft Charging Schedule for the Community Infrastructure Levy (CIL). Rhondda Cynon Taf CBC is the charging authority and collecting authority for CIL in its area. The finance generated from CIL will be used to fund infrastructure which is required to support new development. This Charging Schedule has been prepared in accordance with the requirements of the Community Infrastructure Levy Regulations 2010 (as amended).
- 1.2 The CIL Regulations came into force on 6th April 2010. Local Authorities have until 6th April 2014 to decide if they wish to implement CIL or continue to operate a reduced planning obligations (Section 106) process. The introduction of the Community Infrastructure Levy represents a major change to the UK planning system and will have significant implications for new development in Rhondda Cynon Taf. CIL is not an issue devolved to Wales and responsibility for the introduction and development of the CIL process remains with the UK Government.



2. Context

What is CIL?

- 2.1 CIL will be a charge on new residential development and other development over 100 square metres (m²) in floorspace. The Levy will be charged per square metre on net additional floorspace of development. It will be imposed at the time planning permission is granted and paid at the commencement of development or (for larger amounts) by instalments over fixed time periods. Once set, CIL will be non-negotiable and must be paid. Only in limited circumstances will exemptions to CIL apply.
- 2.2 CIL is not chargeable on developments where the gross internal area of the new building or extension will be less than 100 square metres unless the development will comprise one or more dwellings. CIL is not chargeable against buildings such as those which house telecommunications equipment and which are not normally visited by the public.
- 2.3 CIL will be used to fund the provision of new or improved infrastructure. It will support rather than replace other funding streams and is intended to promote development rather than hinder it.



Development potentially eligible for CIL

2.4 The following table is a summary of the types of development which will be eligible for CIL and those developments which will not be subject to the Levy. Section 5 provides more detailed information on exemptions. The following table is intended to be a guide and reference should be made to the original Regulations and Central Government guidance for a full explanation.

TABLE 1 - Eligibility for CIL	
Development eligible to be charged CIL	
• New buildings with a floorspace of more than 100m ²	
• New build extensions to existing buildings over 100m ²	
• All new build residential dwellings	
Development where CIL is not eligible	
• Changes of use *, conversions* and or subdivisions*	
• Mezzanine floors	
• Structures which are not buildings (e.g. pylons and wind turbines)	
• Development by charities for charitable purposes	
• Affordable Housing	
• Buildings for which planning permission is granted for a limited period	
• Buildings into which people go only intermittently for the purpose of maintaining or inspecting machinery	

* where a building has been in lawful use for at least six months in the 12 months prior to the development being permitted and does not create any new build floorspace

How will CIL be applied to different types of development?

2.5 Some uses are more viable than others. In order to consider how CIL could be applied to different types of development, only some of which may be viable to pay a CIL charge, the Council has considered the viability of different uses. Both the evidence base for the development of the Preliminary Draft Charging Schedule and the Schedule itself refer to 'use classes'.

2.6 The Town and Country Planning (Use Classes) Order 1987 (as amended) puts uses of land and buildings into various categories known as 'use classes'. Uses fall within four main categories:

Use Class A - covers shops and other retail premises such as restaurants and banks

Use Class B - covers offices, workshops, factories and warehouses

Use Class C - covers residential uses

Use Class D - covers non-residential institutions and assembly and leisure uses.

2.7 There are subsets within each class. For example, shops are grouped as class A1, restaurants and cafés as A3, hotels as C1, schools as D1 and so forth. Some uses, such as petrol stations and casinos, fall outside of the above use classes and are considered to be sui generis i.e. in a use class of their own.





What infrastructure will CIL support?

- 2.8 Infrastructure includes transport, schools, libraries, flood defences, hospitals, other health care and social facilities, police stations, community safety facilities, public parks and public open space, cultural and sports facilities. It is for the Council to determine what infrastructure will be funded through CIL and to prioritise infrastructure delivery.
- 2.9 In addition to funding infrastructure at County Borough level, the CIL regulations require that a ‘meaningful’ proportion of CIL revenue is spent on community level infrastructure projects. The definition of ‘meaningful’ or the manner in which this element of the process will work has yet to be defined by the UK Government.
- 2.10 Currently affordable housing is not included as a type of infrastructure that CIL can be used to provide. This position however is currently under review and in order to avoid delay should this position change, the Council’s evidence base considers how CIL rates could be set with affordable housing both included and excluded from CIL.

Assessing Economic Viability

- 2.11 In setting its CIL rates, the Council is required to have regard to the potential effects of the imposition of CIL on the economic viability of development across its area. CIL should not result in the majority of development across the County Borough becoming unviable. Where the evidence shows that parts of the County Borough are more economically viable than others, the Council can set different CIL rates. Different rates can however only be set on the basis of economic viability and cannot be set to support other objectives such as regeneration or planning policy.
- 2.12 In order to establish economic viability across the County Borough, the Council commissioned a viability study to provide detailed evidence and to test and formulate suitable CIL rates. The overarching aim of CIL is to enable the delivery of growth. The Council has therefore sought to set its CIL rates within the levels of what could be charged. This will ensure that CIL rates do not put the overall viability of development in the County Borough at risk.



Section 106 Agreements and CIL

2.13 One of the key differences between CIL and traditional developer contributions secured through Section 106 agreements, is the greater flexibility in how CIL can be used. CIL can be spent on a wide range of infrastructure that supports the development of the area. Unlike Section 106 funds there does not need to be a direct geographical or functional relationship between the development site and where the infrastructure funded through CIL is provided. CIL monies secured in one part of the County Borough can be used to support delivery of infrastructure in another.

2.14 Planning obligations / Section 106 Agreements will still be secured, but in a much more restricted way. The three main areas where they will still play a role are:-

Site-Specific Mitigation – On-site infrastructure (and infrastructure within the immediate vicinity of the site) is often necessary to make the development of a site acceptable. Examples include access roads, utilities and play space provision.

Affordable Housing – This is currently subject to review by Central Government. On the basis of the current regulations, affordable housing will be secured on a site by site basis.

Restricting the use of land or buildings - Typically this would include the use of restrictive clauses relating to agricultural or tourism related occupancy.

It is anticipated that CIL will be used, at least in part, to secure improvements in the provision of education, transportation and highways infrastructure.

Planning Obligations SPG

2.15 The Council will revise its current Planning Obligations SPG to ensure compatibility with CIL. From the date that CIL commences, planning obligations will be sought in a manner that is fully compatible with the CIL framework. The Council will ensure that funding towards infrastructure is not collected twice via both CIL and planning obligations and will ensure there is full transparency in the collection and spending of CIL.



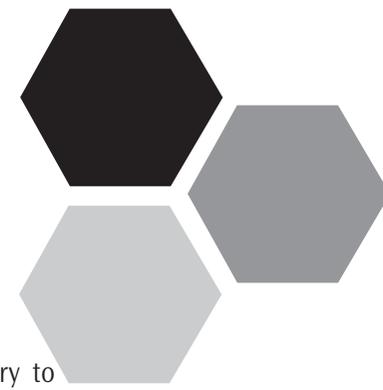


3. Key Findings From Evidence Base

- 3.1 The evidence base has three main roles in the context of establishing a CIL charge. The evidence base:-
1. identifies the range and scale of infrastructure that is required to deliver the development set out in the Local Development Plan;
 2. establishes that there is a funding gap between the cost of the delivery of the required infrastructure and the money available to deliver this infrastructure, and
 3. establishes the type and location of development and the rate at which CIL can be set, in order to fund necessary infrastructure but not threaten the viability of development across the County Borough.

Study into the Economic Viability of Charging CIL (2012)

- 3.2 Based on the findings of this study (and as set out in Section 4) the Council considers that residential development (C3) in parts of the County Borough, retail development (A1), food and drink development (A3) and primary healthcare development (D1) are all able to meet a CIL charge. It is important to remember that the District Valuer's recommendations are based on viability and do not seek to reflect planning or other policy objectives.
- 3.3 The District Valuer (DV) tested an extensive range of uses across the County Borough in order to establish the economic viability of development that is likely to come forward in the current development plan period (which runs until 2021). Developments tested include residential, retail, health and leisure uses. In addition



Infrastructure Assessment Background Paper (2012)

to testing the viability of development and how this varies geographically, the DV also tested different market conditions in order to understand what can happen to viability when economic conditions change.

- 3.4 The District Valuer's findings identify clearly how economic viability for residential development varies across the County Borough, with relatively strong viability in the south and weaker levels of economic viability in the north. Whilst hotspots can exist and strong market areas can be seen in the north and weaker market areas in the south, at the strategic level the pattern of viability is clear. In accordance with the CIL Regulations, the District Valuer has not sought to recommend an overly complicated charging framework which seeks to differentiate viability at a localised level.
- 3.5 With regard to commercial development, the District Valuer has found that viability varies significantly less in geographical terms in comparison to residential development. The recommended charging for retail development (A1), food and drink development (A3) and primary healthcare development (D1) will apply on a Borough-wide level.
- 3.6 The District Valuer also found that many types of development could not realistically support a CIL charge and accordingly recommended a £0 CIL rate be set. Uses deemed unable to support a CIL charge included employment uses (B1, B2 and B8), nursing homes (C2) hotel and cinema developments (D2).
- 3.7 In order for the Council to implement CIL it is necessary to demonstrate that a gap exists in the funding of infrastructure projects necessary to support future development in Rhondda Cynon Taf.
- 3.8 As part of the Local Development Plan process, the Council developed an evidence base that looked specifically at the infrastructure requirements of the County Borough up to 2021. The infrastructure requirements identified in the Local Development Plan include the provision of new schools, roads, cycle routes, public transport, open space, public realm improvements and utilities.
- 3.9 The Infrastructure Assessment Background Paper (2012) builds on the information already contained in the Local Development Plan evidence base. In doing so the assessment provides detailed information in respect of the cost of new infrastructure; the phasing of development; funding sources; and responsibility for delivery.
- 3.10 The assessment identifies an estimated shortfall in the funding for infrastructure of £263m for the remainder of the period. CIL funding is not intended to fill the funding gap in its entirety but is one of a number of possible funding sources.
- 3.11 Whilst the infrastructure assessment provides a comprehensive list of schemes, it does not provide a definitive, prioritised list of infrastructure that will be funded by CIL. A list of infrastructure to be funded through CIL will be included with the adopted version of the charging schedule.



4. What Rates of CIL will be Charged in Rhondda Cynon Taf?

4.1 Rhondda Cynon Taf CBC is the charging authority for the purpose of charging the Community Infrastructure Levy. The geographical area excludes that part of Rhondda Cynon Taf within the boundary of the Brecon Beacons National Park. The responsibility for setting and collecting CIL in this area will rest with the National Park Authority.

Proposed CIL Rates and Zones

- 4.2 The Council intends to charge CIL at the rates (expressed as pounds per square metre) set out in Table 2.
- 4.3 The CIL rate for **residential development** will be charged at different rates across the County Borough. Map 1 shows the Residential Charging Zones.
- 4.4 The CIL rate for **A1 Retail, A3 Food & Drink and D1 Primary Healthcare** uses will be charged at a single rate across the County Borough. Map 2 shows the charging zone for A1 Retail, A3 Food & Drink and D1 Primary Healthcare developments.

4.5 In accordance with the findings of the viability study, the Council intends to charge CIL against **D1 Primary Healthcare Developments**. The Council does not intend to charge CIL against any other use that falls within the D1 Non-Residential Use Class.

TABLE 2 - RESIDENTIAL & COMMERCIAL RATES	
Zone	CIL Rate per m ² *
1	£0
2	£40
3	£100
Type of Development	CIL Rate per m ² *
Retail (A1)	£100
Retail (A3)	£25
Primary Healthcare Development (D1)	£60

* Chargeable amount based on measurement to Gross Internal Area (GIA), as per Royal Institution of Chartered Surveyors (RICS)



Calculating CIL

4.6 The chargeable amount will be calculated at the time planning permission is first granted. The Levy will be charged in accordance with the formula set out in Table 3.

TABLE 3: CIL Calculation	
$\frac{R \times A \times I_p}{I_c}$	
<p>R = the CIL Rate set out in Table 2 A = the deemed net area chargeable at rate R I_p = the index figure for the year in which planning permission was granted I_c = the index figure for the year in which the charging schedule took effect</p>	

4.7 The following table gives examples of CIL charges that types of development will have to pay based on the current CIL rate and typical development sizes.

TABLE 4: Examples of CIL Charges			
Type of Development	Typical Size (m ²)	CIL Rate per (m ²)	CIL Charge to Pay
2 Bed Flat – Zone 3	60	£100	£6,000
2 Bed Flat – Zone 2	60	£40	£2,400
2 Bed Flat – Zone 1	60	£0	£0
3 Bed House – Zone 3	90	£100	£9,000
3 Bed House – Zone 2	90	£40	£3,600
3 Bed House – Zone 1	90	£0	£0
Small Shop	100	£100	£10,000
Food Superstore	2,500	£100	£250,000
Public House	500	£25	£12,500





- 4.8 CIL will be charged on the net additional gross internal floor area of a development. Where buildings are demolished, the total of the demolished floor space will be off-set against the floor space of the new buildings, providing the buildings were in lawful use prior to demolition.
- 4.9 A building is considered to be in lawful use if a part of that building has been in use for a continuous period of at least six months within the period of 12 months ending on the day planning permission first permits the chargeable development.
- 4.10 Where there is more than one use class in a development, the chargeable development in each use class is calculated separately and then added together to provide the total chargeable amount.
- 4.11 Where an outline planning permission permits development to be implemented in phases, each phase of the development is a separate chargeable development. In the case of outline planning applications where the floorspace of the development is not specified, the amount will be calculated at the submission of reserved matters.



5. Exemptions From CIL

- 5.1 The CIL Regulations 2010 (as amended) set out in detail where exemptions will apply and the procedures for seeking relief. In considering whether to offer relief and applications seeking relief, the Council will accord fully with the statutory requirements.
- 5.2 Affordable housing and development by charitable institutions for charitable purposes are exempt from CIL. In exceptional circumstances, the CIL Regulations set out how discretionary relief from CIL could be granted. The majority of development will not be eligible for exceptional circumstances relief and the fact that a development might be unviable at the time a planning application is made is unlikely to constitute an 'exceptional circumstance' in relation to the CIL Regulations.
- 5.3 Further information in relation to exemptions from CIL is contained in the Community Infrastructure Levy Relief information document (DCLG May 2011).



6. How Will CIL be Collected?

- 6.1 CIL will become payable from the date that a chargeable development is commenced. The definition of commencement is the same as used in planning legislation, unless planning permission has been granted after commencement. When planning permission is granted the Council will issue a liability notice setting out the amount that will be due for payment when the development is commenced; the payment procedure; and the possible consequences of failure to comply with the requirements.
- 6.2 Where planning permission is granted retrospectively for development that has already been carried out, the commencement date for the purposes of CIL will be the day on which planning permission is granted.
- 6.3 The responsibility to pay CIL runs with the ownership of the land to which the development relates and is transferred when ownership is transferred. The liable party must submit a commencement notice to the Council prior to commencement of

development. The Council, as charging authority, will serve a demand notice on each person liable to pay CIL in respect of the chargeable development.

Instalment Policy

- 6.4 The Council intends to introduce an Instalment Policy, which would be offered in all cases where the total CIL liability is greater than £25,000. In such cases CIL payments would be accepted in line with the requirements outlined in Table 5 of this document.
- 6.5 Where it can be demonstrated that the individual circumstances of a site justify an alternative payment structure, the Council will consider alternative arrangements. It should be noted that in some circumstances the Council may require more funding to come forward at an earlier stage in the development.



TABLE 5: Instalments Policy

Amount of CIL Liability	No of Instalments	Payment Periods and Amounts
Any amount less than £25,000	1	<ul style="list-style-type: none"> 100% within 90 days of the commencement date.
Amounts between £25,001 and £50,000	2	<ul style="list-style-type: none"> 50% within 90 days of the commencement date. 50% within 180 days of the commencement date.
Amounts between £50,001 and £100,000	3	<ul style="list-style-type: none"> 30% within 90 days of the commencement date. 30% within 180 days of the commencement date. 40% within 270 days of the commencement date.
Amounts between £100,001 and £200,000	4	<ul style="list-style-type: none"> 25% within 90 days of the commencement date. 25% within 180 days of the commencement date. 25% within 270 days of the commencement date. 25% within 360 days of the commencement date.
Any amount in excess of £200,001	5	<ul style="list-style-type: none"> 20% within 90 days of the commencement date. 20% within 180 days of the commencement date. 20% within 360 days of the commencement date. 20% within 540 days of the commencement date. 20% within 720 days of the commencement date.

30 days	1 Month	270 days	9 Months
60 days	2 Months	300 days	10 Months
90 days	3 Months	330 days	11 Months
120 days	4 Months	360 days	12 Months
150 days	5 Months	480 days	16 Months
180 days	6 Months	540 days	18 Months
210 days	7 Months	600 days	20 Months
240 days	8 Months	720 days	24 Months



7. How Will CIL be Spent?

- 7.1 In accordance with the CIL Regulations, the Council must apply CIL receipts to funding infrastructure to support the development of its area. CIL is intended to fund the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision (unless those deficiencies will be made more severe by the new development). CIL can be used to increase the capacity of existing infrastructure or support existing infrastructure if it is necessary to support development.
- 7.2 The Local Development Plan identifies a comprehensive range of infrastructure that is required to deliver the growth set out in the plan. The Infrastructure Requirements Paper considers in more detail the available funding to deliver this infrastructure and identifies a funding gap. CIL monies will be used to support the delivery of this infrastructure.
- 7.3 The Preliminary Draft Charging Schedule is not required to set out the Council's infrastructure spending priorities. The Council will publish a 'Regulation 123' list in due course setting out the infrastructure that it intends will benefit from CIL.
- 7.4 Central Government wish to ensure that communities that experience new development directly share the benefits and require that a meaningful proportion of CIL be shared with local communities. Guidance in relation to how this will operate in practice is still being prepared by Central Government. It is anticipated that they will require parish and town councils to play a role and receive an element of CIL monies. However, as community and town councils only cover part of the County Borough, the Council will need to consider how CIL funds can be spent and managed at the community level.



8. How will CIL be Monitored and Reviewed?

Reporting

- 8.1 The Council will publish an Annual CIL Report (for the financial year), which details:
- How much CIL monies have been collected.
 - How much of that money has been spent.
 - Information on how CIL monies have been spent (including specific infrastructure projects and how much has been used to cover administrative costs).
 - The amount of CIL retained at the end of the reporting year.

Monitoring and Review

- 8.2 The Council recognises the need to monitor the rates at which CIL is charged, given that changes in the residential/commercial market and construction costs can impact on development viability over time. The proposed CIL rates in Table 2 have not been set at the ceiling of viability and there is some headroom to deal with fluctuations in the economic cycle.
- 8.3 Unless economic or development delivery conditions change significantly in the intervening period, it is not considered necessary to review the CIL Charging Schedule until 2017.



9. What Happens Next?

- 9.1 The Council will undertake two rounds of consultation on the proposed charging schedule, the first being this Preliminary Draft Charging Schedule. Having considered the comments made on the preliminary draft the Council will consult again on a Draft Charging Schedule.
- 9.2 Following all consultations and any amendments as appropriate, the Draft Charging Schedule will be subject to an independent examination. The Examiner will consider whether the Charging Schedule meets the requirements of the Planning Act and the CIL Regulations, whether it is supported by appropriate evidence, and whether the rates would put at serious risk economic viability across the area as a whole. The Examiner will then issue a report to the Council and, subject to this, it is expected that Council will adopt the Charging Schedule in Spring 2014.

TABLE 6: CIL Delivery Timetable

Stage	Timescale
Consultation on Preliminary Charging Schedule	November - December 2012
Prepare Draft Charging Schedule Revise SPG	January - April 2013
Consultation on Draft Charging Schedule and revised SPG	July - August 2013
Submission for Examination	December 2013
Examination	January / February 2014
Inspectors Report	March 2014
Implementation of CIL	April 2014
Annual Monitoring Report	31st December 2015



Appendix A – RCT CIL Evidence Base

The following documents support the Preliminary Draft Charging Schedule. They are all available on the Council's Website and can be viewed at the One for All Centre, Sardis House, Pontypridd.

1. **Rhondda Cynon Taf Local Development Plan 2006-2021**
This is the adopted development plan for Rhondda Cynon Taf, setting out the development framework for the County Borough until 2021.
2. **Study into the Economic Viability of Charging Community Infrastructure Levy in Caerphilly, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils (District Valuer Services, July 2012)**
The study is a comprehensive viability appraisal that assesses a range of development across the three local authority areas. It sets out the key viability recommendations upon which this Preliminary Draft Charging Schedule is based.

3. **Rhondda Cynon Taf LDP Infrastructure Assessment Background Paper (July 2012)**

This paper sets out the infrastructure required to support the delivery of the LDP, the costs of the identified infrastructure and the funding gap.

Additional information in relation to the CIL Regulations and Guidance and LDP Evidence Base can be viewed on the Council's website.



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