



Reigate & Banstead
BOROUGH COUNCIL
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REPORT OF:	CORPORATE POLICY AND GOVERNANCE MANAGER
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TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	22 January 2015

WARD(S) AFFECTED:	N/A
SUBJECT:	LOCAL DEVELOPMENT FRAMEWORK PANEL REPORT
RECOMMENDATION: The Overview and Scrutiny Committee is requested to consider the report of the Local Development Framework (LDF) Scrutiny Review Panel (Annex 1) and to approve the Panel's conclusions for referral to the Executive on 26 March 2015.	
SUMMARY: The Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS) was approved by the Executive on 13 November 2014 for consultation as part of the Council's Budget and Policy Framework. The LDF Scrutiny Review Panel met on 6 January 2015 to consider the PDCS proposals. The Committee is asked to approve the Panel's conclusions for referral to the Executive as its response to the consultation. The comments of the Overview and Scrutiny Committee will be considered by the Executive when it receives the overall responses to the consultation on 26 March 2015.	

Background papers:

- Executive report 13 November 2014 – Community Infrastructure Levy: Preliminary Draft Charging Schedule

REIGATE AND BANSTEAD BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

LOCAL DEVELOPMENT FRAMEWORK SCRUTINY REVIEW PANEL

6 January 2015

Held at 7:00 p.m. in the Front Committee Room at the Town Hall, Reigate

Present: Councillor M.A. Brunt (Chairman)
Councillors M. Blacker, K. Foreman, G.L. Norman and M.J. Selby.

Also present: Councillor T. Schofield, Executive Member for Planning and Development.

Officers: Luci Mould, Planning Policy & Economic Prosperity Manager;
Billy Clements, Senior Policy Development Officer
Cath Rose, Senior Policy Development Officer

1. APOLOGIES FOR ABSENCE

None.

2. COMMUNITY INFRASTRUCTURE LEVY – PRELIMINARY DRAFT CHARGING SCHEDULE

1. The Panel received a presentation on the proposals for the Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS), which had been approved for consultation by the Executive on 13 November 2014.
2. Prior to the meeting the Panel had received the Executive report from 13 November which had contained the PDCS itself, the CIL Draft Infrastructure List, and the position statement on the use of CIL and Section 106 agreements. The Panel had also received explanatory material that had been produced to support the public consultation.
3. The Panel noted that a PDCS had previously been consulted on in November 2012, but that the proposals were being revisited following the adoption of the Core Strategy in 2014. This was primarily due to the availability of new viability evidence, and in order to ensure compliance with new Government issued regulations. The revised PDCS was being consulted on so as to reduce the risk of any objection at a later stage.
4. It was noted that in order to justify introducing a CIL, the Council needed to establish that there was an infrastructure funding gap, and that introducing the scheme would not prejudice the delivery of development within the Borough.
5. The key pieces of evidence used to demonstrate these facts were the Infrastructure Delivery Plan completed in September 2012, and the CIL

Viability Assessment completed in November 2014. The Panel noted that the Infrastructure Delivery Plan would be updated to support the Draft Charging Schedule.

6. The Panel noted that the next steps for the introduction of CIL would be:
 - The Draft Charging Schedule, along with the response of the Overview and Scrutiny Committee on the PDCS, would be reported to the Executive on 26 March 2015 seeking agreement for consultation and submission;
 - A further period of public consultation would take place on the Draft Charging Schedule in April/May 2015;
 - An Examination in Public would be undertaken by an Independent Inspector during summer/autumn 2015;
 - Adoption and implementation were anticipated in early 2016.

7. The Panel noted the variations from the PDCS that had been consulted on in 2012, which included:
 - The introduction of a three tier charge for residential development rather than a flat rate. This comprises a charge for urban areas, and introduces:
 - a new charge for Sustainable Urban Extensions and non-urban parts of the borough; and
 - a new separate charge covering the Horley North West Sector;
 - The reduction of the main urban residential charge from £125 to £120 per square metre);
 - The restriction of retail charging to convenience (supermarket) development only.

8. The Panel considered in more detail the following points arising from the proposals:
 - The differential between the three charging rates for residential development. It was noted that these were based on robust viability evidence and reflected the priorities contained in the Core Strategy;
 - The zero charge for office development. This approach was compared with that of other Surrey authorities and considered by the Panel to be very similar, and justified;
 - The exemptions for self-build residential extensions and self-build new dwellings. These were set by Government regulations, which it was noted prescribed a 3-year mandatory self-occupation period. CIL would become payable where this was not fulfilled;

- That CIL was payable on net additional internal floor space and therefore would not be chargeable on conversions (eg a single dwelling to several flats);
 - That, in the vast majority of cases, CIL would not be applicable on changes of use class within existing buildings, for example from commercial to residential as this would not give rise to any additional floorspace. Any new housing arising from such changes would however continue to be counted against the housing target set out in the Core Strategy;
 - The discretionary elements of relief to be introduced, and the need to exercise tight control over these;
 - The Draft Infrastructure List and arrangements for spending CIL funds. The Panel noted that the Council would be in the advantageous position of becoming a commissioning authority for infrastructure. This would give a higher level of control over spending, particularly in relation to education and highways, greater transparency, and would ensure that money was spent locally;
 - The Panel recognised the significant infrastructure funding gap and noted that there were no restrictions on the Council using CIL to leverage in complimentary external funding streams where possible.
9. The Panel considered the relationship between CIL and Section 106 agreements and noted the following advantages of CIL:
- It would be a fixed and mandatory levy based on viability that was not negotiable or avoidable;
 - The financial receipts for the Council from CIL would not be tied to a specific infrastructure scheme;
 - CIL would be better placed to address the infrastructure needs arising from an accumulation of single or small developments in an area;
 - The fixed nature of CIL charges meant that these would be clear to developers at an early stage and should therefore be worked into their own viability assessments when purchasing sites
10. The panel noted that Section 106 agreements would not be completely replaced by CIL and the Council could continue to use them to secure site-specific infrastructure needed to make a particular development acceptable in planning terms.
11. The Panel noted that the Charging Schedule could be reviewed at any time if it was felt that this would be beneficial, for example if changing economic circumstances made commercial development more viable.

12. The Panel made the following comments:

- That there was a need to provide more clarity in the consultation material about the 100sqm minimum threshold for charging, and specifically that this would not apply to residential development;
- That a possible alternative approach to the urban residential zone would be to separate this into two charges. This could allow for a specific (potentially lower) charge for the strategic regeneration areas set out in the Council's Core Strategy and a different charge for the remainder of the borough's urban areas, reflecting viability and the importance of delivering development in these locations. The Panel noted that £125 was more closely comparable with the approach being taken by other Surrey authorities. It was also noted, however, that Government guidance encouraged against unnecessary complexity in any PDCS;
- The Panel suggested that 'voluntary sector meeting places' be considered for inclusion on the Draft Infrastructure List (it was currently listed as an exclusion from the 'Community facilities and community safety' category). It was noted that the 15% of CIL income to be spent on "neighbourhood projects" did not have to comply with the Council's Infrastructure List and could be utilised in part to fund infrastructure of this kind;
- The Panel considered that the introduction of an 'exceptional circumstances' discretionary relief element could potentially be misused by developers and thus incur significant administration costs. It was recognised, however, that the viability evidence to support the charges was based on 'typical' developments. As a result there could be isolated circumstances where an individual development was genuinely not viable where it would be beneficial for relief to be granted (for example regeneration schemes). It was noted that in cases where relief was granted CIL would only be reduced to the point of viability.
- The Panel considered that the suggested instalments policy was reasonable and would encourage developers to complete developments promptly.

CONCLUSIONS:

13. The Panel thanked the Officers and the Executive Member for Planning and Development, Councillor T. Schofield, for the presentation, and for responding to their questions.
14. The Panel requested that the above comments be referred to the Overview and Scrutiny Committee for consideration in its response to the PDCS consultation; this response would be considered by the Executive at its meeting on 26 March 2015.

3. ANY OTHER BUSINESS

There was no other business.

4. DATE OF THE NEXT MEETING

It was noted that the outcomes of the consultation on the Draft Charging Schedule would be provided directly to the Independent Inspector without further consideration by the Executive. It was not therefore feasible for any formal scrutiny to take place at this stage, but the the documents would be available to the Panel.

It was agreed that subsequent meetings would be arranged to consider Development Management Plan documents as they emerged. It was envisaged that the next meeting would be arranged for autumn 2015.

The meeting closed at 8:25 p.m.