



PRESTON CITY COUNCIL

COMMUNITY INFRASTRUCTURE LEVY

ANNUAL REPORT 2015-16

DECEMBER 2016

1. INTRODUCTION

- 1.1 This is the third annual report prepared by Preston City Council in relation to the Community Infrastructure Levy. The levy came into effect on 30th September 2013 and this report covers the period from 1st April 2015 until the end of March 2016.
- 1.2 The levy is chargeable on any development liable for the charge that is granted planning permission on or after the date that the charging schedule first comes into effect. The levy is calculated at the point where permission first permits development. In the case of an outline planning permission this is when the last of the reserved matters has been approved. The regulations in force during most of the period covered by this report allow for phasing in relation to outline permissions and each phase covered by a reserved matters application is treated as separate for the purposes of calculating the CIL charge. Under the 2014 amendment regulations that came into force in February 2014 this has been extended to phased full permissions i.e. each phase can be treated separately for the purposes of calculating CIL. The levy becomes payable on commencement of development. For most chargeable development, therefore, there is a time lag between granting planning permission and levy income being received. In the early years of CIL it is not unusual for there to be relatively small amounts of CIL collected and spent.
- 1.3 Systems have been put in place to ensure the recording of CIL receipts and expenditure. A Section 106 and CIL Monitoring Officer was appointed in July 2015 to monitor CIL receipts and expenditure. The process also involves staff from a wide range of Council departments in addition to planning department staff. In particular staff from Revenues and Benefits, in connection with billing, and Finance, in connection with receipt and expenditure of CIL, are heavily involved in the process.
- 1.4 This report complies with the requirements of Regulation 62 of the Community Infrastructure Levy Regulations 2010 (as amended) and contains the following information:

- a) Total CIL receipts during the year
- b) Total CIL expenditure during the year including a summary of:
- Items of infrastructure to which CIL has been applied
 - The amount of CIL expenditure applied to each one
 - The amount of CIL applied to repay any borrowed money including interest and details of the infrastructure projects to which that borrowed money has been applied
 - The amount of CIL receipts applied to administrative expenses
- c) Total amount of CIL receipts retained at the end of the financial year.

2. BACKGROUND TO THE CIL CHARGES

2.1 The Community Infrastructure Levy was introduced in the Planning Act 2008 with amendments in the Localism Act 2011. Operation of the levy is covered by Community Infrastructure Levy Regulations, which were published in 2010. There have been a series of amendment regulations in 2011, 2012, 2013 and 2014. In addition the Government has produced guidance, set out in the National Planning Practice Guidance:

<http://planningguidance.planningportal.gov.uk/>

2.2 The levy is a means by which local authorities in England and Wales can raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development. This includes new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces and leisure centres.

2.3 The levy charging schedule is subject to consultation at preliminary draft stage. Following that consultation and any amendments made as a result the draft charging schedule is subject to independent examination before it can be adopted. The purpose of the examination is firstly to confirm that preparation of the charging schedule has been carried out in accordance with the legislation and, secondly, to test the viability of the charges. Although in setting the charges, the charging authority must strike an appropriate balance between the need to fund infrastructure and the effect on the viability of development, viability is the only criterion assessed at examination.

2.4 The Preston charging schedule was subject to examination in April 2013 in a joint examination with the schedules prepared by Chorley and South Ribble Councils. The independent examiner's report was received in June 2013 and the charging schedule was adopted by the Council in August 2013. CIL came into effect on 30th September 2013. All chargeable development granted planning permission on or after that date is liable for a CIL charge.

2.5 Following examination, the charges set out in the charging schedule are:

Residential:	£65 per sq. metre (psm)
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except

Inner Preston Zone Residential:	£35 psm
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Apartments:	£0 psm
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Convenience Retail Stores:	£160 psm
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(except neighbourhood convenience stores)

Retail warehouses, retail parks and neighbourhood convenience stores:	£40 psm
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Community uses:	£0 psm
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All other uses:	£0 psm
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- 2.6 Details of the charges, definitions of uses and the delineation of the Inner Preston zone for residential purposes are set out in the charging schedule on the Council's website:

<http://www.preston.gov.uk/yourservices/planning/planning-policy/community-infrastructure-levy/>

- 2.7 The CIL regulations require the CIL charge to be index linked from the year that the CIL charging schedule was introduced to the year that planning permission is granted. CIL is indexed from 1st April in each year and the index figure is the national All-in Tender Price Index figure for the 1st November in the preceding year published by the Building Cost Information Service (BCIS).

A summary of how the amount of CIL chargeable will be calculated is as follows:

$$\frac{\text{CIL Rate (R)} \times \text{Chargeable Floor Area (A)} \times \text{BCIS Tender Price Index (Ip)}}{\text{BCIS Tender Price Index (Ic)}}$$

A = The deemed net area chargeable at rate R, detailed within the charging schedule

Ip = The BCIS All-in Tender Price Index for the year in which planning permission was granted (published on 1st November of the preceding year).

The Ip figure from 1st April 2015 to 31st March 2016 was 259.

Ic = The BCIS All-in Tender Price Index for the year in which the charging schedule containing rate R took effect. **The figure from September 2013, when the charging schedule was adopted, was 234.**

3. EXEMPTIONS AND RELIEFS

- 3.1 The Council has not introduced the discretionary relief for exceptional circumstances available under Regulation 55 of the 2010 Regulations (as amended). The reliefs and exemptions applied during the main period covered by this report were (apart from the de minimis exemption for minor development under 100 sq. metres) exemptions for charities and social housing relief.

3.2 Amendment regulations, published in February 2014, allowed relief to be claimed for housing extensions and annexes and for self-build housing. This led to one appeal by a householder who had commenced development on an extension caught by CIL in January 2014. The appeal was lodged with the Planning Inspectorate on 19th February 2014. It was dismissed on 5th June 2014.

4. PAYMENT BY INSTALMENTS

4.1 The Council has introduced an instalments policy for payment of a CIL charge over £10,000 or in respect of a single dwelling. Details are set out on the Council's website.

<http://www.preston.gov.uk/yourservices/planning/planning-policy/community-infrastructure-levy/>

5. RECEIPT AND APPLICATION OF COMMUNITY INFRASTRUCTURE LEVY 2015/2016

5.1 The requirements of this annual report make reference to the CIL regulation 62A – Reporting by Local Councils. For detailed guidance, always refer to the CIL Regulations 2010 (as amended)

a) Total CIL receipts for the reported year

Total CIL receipts for the reported year	£898,033.45
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The above figure relates to the value of CIL received during 2015/16. The actual value invoiced by the Council during the period was £3,073,094.70. However, due to the Councils CIL instalment policy the difference will only be received in the following years.

b) Total CIL expenditure for the reported year

Total CIL expenditure for the reported year	£416,732.49 (monies transferred to Lancashire County Council (City Deal) to be spent on items on the 123 list)
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The above figure relates to the value of CIL transferred to Lancashire County Council during 2015/16. However, £357,477.20 collected in 2015/16 is only payable in 2016/17 due to the City Deal CIL payment policy.

c) Summary details of CIL expenditure during the reported year (other than in relation to CIL to which regulation 59E or 59F applied) including-

i) items of infrastructure to which CIL (including land payments) has been applied	Nil
ii) the amount of CIL expenditure on each item	Not applicable

iii) the amount of CIL applied to repay money borrowed, including any interest, with details of the infrastructure items which that money was used to provide (wholly or in part)	Nil
iv) the amount of CIL applied to administrative expenses pursuant to regulation 61, and that amount expressed as a percentage of CIL collected in that year in accordance with that regulation	£44,901.67 (5%)

The amount of CIL applied to administrative expenses (in part iv above) is 5% of the Total CIL receipts for the reported year (£898,033.45).

c-i) The amount of CIL passed to -

i) any local council under regulation 59A or 59B	£70,976.39 See (b) in table below.
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The figure reported above relates to 2015/16 CIL receipts collected and passed to Parishes in 2015/16. In line with the CIL Payment Policy receipts collected in 2014/15 totalling £99,124.31 were also paid to Parishes in 2015/16 (see (a) in table below). Therefore the total paid to Parishes in 2015/16 is £170,100.70 (see (d) in table below).

The total Parish element of the CIL collected in 2015/16 was £121,530.70 ((b + c) in table below). However £50,544.31 (see (c) in table below) relates to CIL collected in the period 1st October 2014 to 31st March 2015 and in line with the CIL Payment Policy is only required to be transferred to parishes in the following financial year 2016/17.

Parish	PREVIOUS YEAR	2015/16 CIL COLLECTED		(d) Passed to Parish in 2015/16 (a + b)
	(a) CIL COLLECTED PREVIOUS YEAR PAID TO PARISH IN 2015/16	(b) CIL COLLECTED 2015/16 PAYMENT MADE IN YEAR	(c) CIL COLLECTED 2015/16 DUE NEXT FINANCIAL YEAR	
Barton	2,906.53	0.00	635.12	2,906.53
Broughton	0.00	0.00	0.00	0.00
Goosnargh	592.80	90.48	0.00	683.28
Grimsargh	4,395.30	0.00	24,406.82	4,395.30
Lea & Cottam	0.00	0.00	0.00	0.00
Whittingham	86,467.68	2,840.96	0.00	89,308.64
Woodplumpton	4,762.00	68,044.95	25,512.37	72,806.95
	<u>99,124.31</u>	<u>70,976.39</u>	<u>50,554.31</u>	<u>170,100.70</u>
		<u>121,530.70</u>		

ii) any person under regulation 59(4)	Nil
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Note: Under regulation 62A, a local council must prepare a report for any financial in which it receives CIL receipts. The report must include; the total CIL receipts for the reported year, the total CIL expenditure for the reported year and a summary of CIL expenditure during the reported year. The local council must publish the report on its website or on the website of the charging authority for the area if the local council does not have a website. The local council must publish the report no later than 31st December following the reported year.

c-ii) Summary details of the receipt and expenditure of CIL to which regulation 59E or 59F applied during the reported year including-

i)	the total CIL receipts that regulations 59E and 59F applied to	Nil
ii)	the items to which the CIL receipts to which regulations 59E and 59F applied have been applied	Not applicable

iii) the amount of expenditure on each item	Not applicable
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c-iii) Summary details of any notices served in accordance with regulation 59E, including-

i) the total value of CIL receipts requested from each local council; and	Nil
ii) any funds not yet recovered from each local council at the end of the reported year	Nil

d) the total amount of-

i) CIL receipts for the reported year retained at the end of the reported year other than those to which regulation 59E or 59F applied	£365,422.90 Receipts retained at year end to be paid to Parishes and Lancashire County Council in 2016/17.
ii) CIL receipts from previous years retained at the end of the reported year other than those to which regulation 59E or 59F applied	Not applicable
iii) CIL receipts for the reported year to which regulation 59E or 59F applied retained at the end of the reported year; and	Nil
iv) CIL receipts from previous years to which regulation 59E or 59F applied retained at the end of the reported year regulation 59E or 59F applied retained at the end of the reported year	Not applicable

e) in relation to any infrastructure payments accepted by the charging authority -

i)	the items of infrastructure to which the infrastructure payments relate	Nil
ii)	the amount of CIL to which each item of infrastructure relates	Nil