



PRESTON CITY COUNCIL

COMMUNITY INFRASTRUCTURE LEVY

ANNUAL REPORT 2013-14

DECEMBER 2014

1. INTRODUCTION

- 1.1 This is the first 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 then until the end of March 2014.
- 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. This 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

Community uses:

£0 psm

All other uses:

£0 psm

- 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/>

3. JUDICIAL REVIEW

- 3.1 Immediately following the adoption of the CIL charge by the three Central Lancashire authorities, a Judicial Review of the decision to bring them into effect was sought by Fox Strategic Land and Property Ltd. Action was commenced against Chorley Borough Council as the first to adopt the charging schedule but both Preston and South Ribble Councils were named as interested parties.

- 3.2 The grounds for Judicial Review, which were in relation to the residential charges only, were based on the Examiner's report. The claimant was permitted to pursue three of the four grounds.

- 3.3 The grounds permitted were:

(1) whether the examiner's approach to the evidence before him on the likely value of residential development land and, in particular, the data in reports produced by the Valuation Office Agency and the information he was given about individual transactions, was irrational (ground 1 of the claim);

(2) whether the examiner failed to understand the evidence on the size of dwellings, density, and the cost of development, and took into account an immaterial consideration – the mistaken idea that cost was directly proportionate to the size of a dwelling (ground 2); and

(3) whether it was unlawful to adopt the charging schedule for dwelling-houses without allowing for the potential effects of a requirement in development plan policy, due to come into effect in January 2016, that new housing must meet Level 6 of the Code for Sustainable Homes (ground 4).

3.4 The claim was heard in court in March 2014 and was dismissed on all grounds.

4. EXEMPTIONS AND RELIEFS

4.1 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.

4.2 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.

5. PAYMENT BY INSTALMENTS

5.1 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.

6. TOTAL RECEIPTS RECEIVED BETWEEN 30 SEPTEMBER 2013 AND 31 MARCH 2014

6.1 The total amount of CIL received between 30th September 2013 and 31st March 2104 was Nil.

6.2 As CIL is chargeable on any relevant development granted planning permission on or after the date when the charging schedule first comes into effect but is not due until after the commencement of development it is not unusual for this situation to occur in the early months of charging.

6.3 This has an effect on the amount of expenditure and amount passed to local councils, which are also, therefore, nil.

7. TOTAL EXPENDITURE 30.9.2013 TO 31.3.2014

Nil

8. AMOUNT OF CIL PASSED TO LOCAL COUNCILS 30.9.2013 TO 31.3.2014

Nil

9. AMOUNT OF CIL RETAINED AT 31.3.2014

Nil