



**NEWARK &
SHERWOOD**
DISTRICT COUNCIL

**Newark and Sherwood
District Council**

**Community Infrastructure Levy
Preliminary Draft Charging
Schedule**

October 2016

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1 Introduction

1.1 Overview and Links to Evidence Base Documents

Newark and Sherwood District Council adopted a Community Infrastructure Levy (CIL) Charging Schedule in September 2011, which came into force in December 2011. The existing Charging Schedule and Infrastructure requirements are currently being reviewed a timetable has been set to adopt a revised Charging Schedule by spring 2017.

CIL will continue to be the primary means by which the District Council secures developer contributions towards specific highway improvements and secondary education provision to mitigate the impact of strategic growth on the District Councils infrastructure. The existing Newark and Sherwood Charging Schedule will remain in operation until a revised one is adopted by Council.

This document is the Preliminary Draft Charging Schedule (PDCS). It identifies the current thinking on the level at which Newark and Sherwood District's CIL might be revised and set. Alongside this PDCS we have published evidence (that can be viewed at <http://www.newark-sherwooddc.gov.uk/cil/>) which has led us to identify the proposed amendments to the existing Charging Schedule as set out in this document. This is your opportunity to inform the debate and influence how the Charging Schedule is amended in Newark and Sherwood District.

Newark and Sherwood CIL: Supporting evidence base documents

Whole Plan & CIL Viability Assessment (and Viability Appraisal Results) –June 2016 Valuation Report (Appendix 1) Construction Cost Study (Appendix 2) Draft Infrastructure Delivery Plan –October 2016

The information contained in the PDCS and supporting documentation should be read alongside the associated regulations and advice contained in the Government Legislation and Departments of Communities Websites:

[Community Infrastructure Levy Planning Practice Guidance](#)

[Community Infrastructure Levy Regulations 2010](#)

[Community Infrastructure Levy \(Amendment\) Regulations 2011](#)

[Community Infrastructure Levy \(Amendment\) Regulations 2012](#)

[Community Infrastructure Levy \(Amendment\) Regulations 2013](#)

[Community Infrastructure Levy \(Amendment\) Regulations 2014](#)

[Community Infrastructure Levy \(Amendment\) Regulations 2015](#)

[Policy Paper 2010 to 2015 Government Policy: Planning Reform](#)

1.2 Local Context and Overarching Objectives

The District Council has a fully adopted Local Plan, the Core Strategy was adopted in March 2011 and the Allocations and Development Management DPD was adopted in July 2013. Through the development of planning policy and the decision making on individual planning applications the aim is to promote sustainable development. To ensure that this continues planning policy is regularly reviewed.

Spatial Policy 6 of the Core Strategy (Adopted March 2011) sought to introduce a CIL to ensure the delivery of strategic infrastructure in the District. As required by Policy DM3 of the Allocations and Development Management DPD the Council has produced a Developer Contributions and Planning Obligations SPD (Adopted December 2013) that provides the methodology for the delivery of appropriate infrastructure and sets out the method by which financial contributions are calculated. This document will be updated once the revised CIL Charging Schedule and Local Plan documents are adopted.

A review of the Local Plan is in progress, the main aim is to ensure that the allocation policies contained within the two DPDs continue to be up to date and effective. The first stage of consultation in the Plan Review process the Issues Paper was carried out in autumn 2015. Through comments received and the necessary evidence base consultation on the second stage of the process through the Councils Preferred Approach to Strategy was undertaken for an 8 week period that ended on 23 September 2016.

The Preferred Approach Strategy sets out new development targets, based on the latest evidence, a refined spatial strategy (i.e. where future development should be located), new affordable housing policies and a range of other minor change to current planning policy. Preferred Approach Strategy document and its supporting documents can be viewed by clicking on the [link](#)

It was initially intended that CIL would be reviewed as far as practical alongside Plan Review however due to some delays with Plan Review and suggestion in the initial viability work that industrial development can no longer bear a charge the Council does not want to create a situation where development is delayed further than necessary while the Charging Schedule is amended. As such it has been decided to progress the review of the CIL Charging Schedule ahead of Plan Review.

1.3 What is the Community Infrastructure Levy (CIL)?

The CIL is a planning charge introduced on 6 April 2010 through the CIL Regulations 2010, several amendments have been made to the Regulations the most recent in 2015. Further reforms are expected following Government consultation that concluded earlier this year.

CIL allows local authorities to raise funds from developers undertaking new building projects in their area, which can be used to fund a wide range of infrastructure that is needed as a result of development. This may include schools, road schemes, health facilities, flood defences, parks and open spaces and leisure centres. The existing Newark and Sherwood CIL collects funds for secondary education provision and specific highway improvements as detailed on the [Regulation 123 List](#) of projects to be funded by CIL (July 2016).

1.4 Who will pay Community Infrastructure Levy?

The charge will be levied on development of more than 100 square metres of new floorspace and those creating 1 or more dwellings even where the floor space is less than 100 square metres. In some circumstances CIL is also charged on the conversion and change of use of existing buildings.

In principle, this affects all types of development that involve buildings 'into which people normally go.' The existing Newark and Sherwood CIL charges for residential, 'B' use commercial and 'A' use retail development, (some parts of the district are zero rated for residential and 'B' use commercial)

1.5 Relationship between Section 106 Agreements and Community Infrastructure Levy

CIL provides a more consistent, certain and transparent mechanism to raise financial contributions currently sought under Section 106 of the Town and Country Planning Act 1990. Since adoption of the Newark and Sherwood CIL in September 2011, in compliance with Regulation 122 Section 106 obligations are no longer sought for secondary education provision and specific highway improvements.

Under CIL developers are still required to directly provide 'on-site' infrastructure through Section 106 contributions to mitigate the direct impact of the development proposed. In addition a standard fee calculated on floorspace created is then charged through CIL to enable the delivery of the infrastructure requirements detailed on the Regulation 123 list.

1.6 Community Infrastructure Levy Exemptions and Relief

CIL will generally not be charged on developments that do not involve a net increase in floor space, for existing buildings that are to be demolished or converted to residential use there is a requirement to provide evidence that the building has been in lawful use for a continuous period of 6 months within the past 3 years to enable the floor space to be discounted or off-set from the CIL.

In accordance with CIL Regulations structures which are not buildings, or which people do not regularly go into to use will not be liable. Affordable housing, development for charitable purposes and self-build will be exempt from CIL where criteria is met. Exemption/relief is not automatic it must be applied for and approved by the Council prior to commencement of works.

Some areas of the District are currently zero rated for residential and commercial development (within the 'B' use class used by the Planning System). This was based on the findings of the viability work completed for the original CIL in 2011.

2 Purpose of the Preliminary Draft Charging Schedule and Outlining the Community Infrastructure Levy Adoption Process

2.1 Key Principles of Community infrastructure Levy Rate Setting

Section 173 of the National Planning Policy Framework requires that plans should be deliverable ensuring that obligations and policy burdens do not threaten the viability of the developments identified in the plan. An assessment of the costs and values of each category of development is therefore required to consider whether they will yield competitive returns to a willing land owner and willing developer thus enabling the identified development to proceed.

Regulation 14 of the CIL Regulations requires that in setting the Levy rates as part of the Charging Schedule, a charging authority must strike an appropriate balance between the desirability of CIL funding the total costs of infrastructure, and the potential effects of a CIL on the economic viability of a development.

As part of the review of the CIL Charging Schedule consultants National CIL Service (NCS) have completed an assessment of the ability of different categories of development within the Local Plan area to make infrastructure contributions via a CIL (having taken account of the cost impacts of Affordable Housing delivery and other relevant policies). The assessment identifies additional return beyond reasonable allowances this is then the margin available to make CIL contributions.

This information has enabled the Council to make informed decisions to review its existing CIL Charging Schedule and produce the Preliminary Draft Charging Schedule that will ensure the continued provision of strategic infrastructure requirements in accordance with projects on the Regulation 123 List.

2.2 Stages of Consultation and the Examination Process

This document is the first formal step required to adopt a revised CIL Charging Schedule. We have already employed consultants to provide preliminary viability and infrastructure advice to help inform our assumptions and now we wish to seek wider views. We are keen to ensure that any revisions to the existing CIL is set at an appropriate rate having regard to evidence of development viability and the funding gap we have for delivering the infrastructure needed to accommodate growth in the District.

Once we have considered all of the representations received we will produce a Draft Charging Schedule which will be subject to a further consultation period. This will be

followed by an independent examination to ensure our approach is sound and that any unresolved representations receive a fair hearing.

2.3 Spending of Community Infrastructure Levy Receipts

The CIL Regulations provide local authorities with flexibility when it comes to determine the expenditure of CIL receipts, the District Council currently collect CIL receipts to be spent on specific highway improvements and secondary education as itemised on the Regulation 123 List.

On 23 April 2013 the Government introduced legislation that enables a meaningful proportion of CIL receipts to be transferred to the Parish, Town Council or Neighbourhood Plan area where the development has taken place. The proportion is set at 15% and capped at £100 per dwelling unless there is a Neighbourhood Plan in place in this instance the meaningful proportion increases to 25% and is uncapped. There is more flexibility with the spending of the meaningful proportion and it is up to Parishes, Town Council and Neighbourhood Plan Areas to decide which infrastructure requirements the funds should be spent on.

A revised Regulation 123 List will be produced utilising the evidence prepared by WYG who are the infrastructure consultants employed by the District Council, and will be consulted on as part of the consultation process at Draft Charging Schedule stage.

3 Newark and Sherwood Districts Community Infrastructure Levy Evidence Findings

3.1 Infrastructure Funding Gaps

3.1.1 The Framework for Identifying Infrastructure Requirements

Local authorities are required by Government to spend CIL funds on the infrastructure needed to support the development of their area and to decide what infrastructure is needed. CIL is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure delivery unless those deficiencies will be made more severe by new development. CIL can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support development.

WYG have produced a draft Infrastructure Delivery Plan (IDP) in support of the District Council's Local Plan Review 2016. The purpose of the draft IDP is to identify the new/improved infrastructure required to facilitate planned growth within the District to the end of the plan period (2033).

The draft IDP has been prepared in consultation with the relevant infrastructure providers and adjacent local authorities. It will update the Council's 2010 IDP and identifies:

- Existing provision and its capacity
- The additional demands that planned growth will place on existing infrastructure
- The new/improved infrastructure that will be required to facilitate planned growth
- Infrastructure delivery costs, responsibilities and priorities
- Potential funding opportunities

3.1.2 Current Funding Gaps

The District Council currently collects CIL receipts for specific highway junction improvements and secondary education provision. The draft IDP has assessed whether there remains a requirement for the existing highway improvement projects to remain on the Regulation 123 List and suggested additional key junctions to be considered for inclusion on a revised list of projects to be funded by CIL. The proposed amendments will be consulted on at Draft Charging Schedule stage, at this time the findings are for information purpose only.

The IDP has also provided an assessment of other types of infrastructure that will be required to support the growth of the District for the remainder of the plan period to 2033. It is however it is currently proposed that the Newark and Sherwood District Council CIL will continue to be collected specifically for highway improvements and secondary education as itemised on the Regulation 123 list of projects to be funded by CIL.

It should be noted that whilst projects on the Regulation 123 list cannot be funded by Section 106 monies, they can be built in partnership with other public sector funding including that available from the Local Enterprise Partnership and . It should also be noted that some projects on the Regulation 123 list can also be delivered directly by government including from Highways England on the strategic road network and the Education Funding Agency in the case of Free Schools.

3.1.4 Secondary Education Provision

Nottinghamshire County Council Education Department allows for secondary school places on the basis of 16 places per 100 dwellings ratio. Using this assumption it is estimated that an additional 2,163 school places would be required to 2033. Newark and Sherwood District currently demonstrates an excess capacity of 694 secondary school places (based upon the present number of students, as recorded in January 2016 and excluding the planned Newark Toot Hill Free School) This leaves a residual figure of 1,469 secondary school places to be found across the District. Table 1 indicates the current estimate of additional secondary education demand for the remainder of the plan period. However it should be noted that this figure is regularly reviewed as school roles change regularly and are also influenced by wider demographic change.

Table 1: Current Estimate of Additional Secondary Education Demand

Sub-Regional Centre / Service Centre / Principal Villages	Secondary School Places Required
Newark, Balderton & Fernwood	1,499
Ollerton & Boughton	150
Clipstone	128
Rainworth	59
Southwell	54
Bilthorpe	48
Blidworth	32
Collingham	30
Edwinstowe	118
Farnsfield	33
Lowdham	2
Sutton-on-Trent	9
Total	2,163

3.1.5 Highways

Included in the update and review of the Infrastructure Delivery Plan highways modelling work has been used to assess the traffic effects of the revised Local Plan growth on the urban and rural highways network. At this stage WYG have suggested additions and deletions to the list of highways projects to be funded by CIL. The Draft Infrastructure Delivery Plan can be viewed at <http://www.newark-sherwooddc.gov.uk/cil/> where further explanation can be found.

The Regulation 123 List of projects to be funded by CIL will be consulted on at Draft Charging Schedule Stage. At this point in the consultation findings set out in the Draft IDP are for information purpose only and indicate that planned growth will result in 29 highway junctions being close to or at capacity and therefore in need of improvement. CIL will be considered as a funding mechanism along with other potential resources as explained at 3.1.2.

3.2 Viability Evidence Summary

To inform the viability evidence whole plan and generic CIL tests have been completed, the purpose of the tests is two-fold firstly to assess cumulative impact of the policies proposed by the Local Plan to determine whether the overall development strategy is deliverable. Secondly the viability model identifies the level of additional margin, beyond a reasonable return for the landowner and developer which may be available to inform the revision of the existing CIL.

The Consultants (NCS) viability assessment model is based on standard development appraisal methodology, comparing development value to development cost. The model factors in a reasonable return for the landowner with the established threshold value, a

reasonable profit return to the developer and the assessed cost impacts of proposed planning policies to determine if there is a positive or negative residual output.

The sales value of the development category is determined by the market at any particular time and is influenced by a variety of locational, supply and demand factors as well as the availability of finance. The consultant's (NCS) study used up to date comparable evidence to give an accurate representation of market circumstances.

In order to ensure that the study was sufficiently comprehensive to inform a Differential Rate CIL system, all categories of development in the Use Class Order were considered, including a relevant sample of Sui Generis uses to reflect typical developments in the Newark and Sherwood District Local Plan Area. This evidence has been used to revise the existing Charging Zones for residential and commercial development and to assess whether other forms of development could be CIL viable. The proposed revised Charging Zone areas can be seen at Section 3.3

Residential

Based on varying residential development scenarios and factoring in the affordable housing requirements of the District, land values assessed were based on house type plots, sales values were assessed on per Sqm rates.

Commercial

The CIL appraisal tested all forms of commercial development broken down into use class order categories. For completeness a sample of sui generis uses were included. A typical form of development that might emerge during the plan period was tested within each use class. The viability model made allowance for net: gross floorspace, this is due to some areas of some types of commercial development not being lettable. The net: gross floorspace ratio enables this adjustment to be taken into account.

3.3 Evaluation of Key Issues: Affordable Housing Geographical Differentiation

Provision for Affordable Housing Contributions

Under the existing CIL Regulations contributions to affordable housing provision are specifically excluded from being delivered through CIL receipts and Section 106 planning obligations remain the method of securing affordable housing through the planning process.

Social housing relief is however not automatically exempt from CIL once permission is granted it must be applied for and approved by the Collecting Authority prior to any commencement of works.

Core Policy 1 of the Core Strategy (Adopted March 2011) sets a 30% target for new housing development to be affordable. The District Council is currently reviewing affordable housing policy as part of the Local Plan Review given the variable viability of development in the

District the Preferred Approach (that was out for consultation until 23 September 2016) is to have variable targets for affordable housing based on the results of the Whole Plan Viability Assessment (WPVA) that would result in targets as shown in Table 2. The affordable assumptions were applied to all residential scenario testing and relate to the overall proportion of subsidised housing including affordable housing and starter homes.

Table 2 Affordable Housing Policy Preferred Approach

Area	Overall %	Starter Homes %	Other Tenure Types
Area 1 – Sherwood and Mansfield Fringe	30%	20%	6% Affordable Rent 4% Intermediate
Area 2 – Central Newark and Sherwood	40%		12% Affordable Rent 8% Intermediate
Area 3 – Newark and South District	30%		6% Affordable Rent 4% Intermediate

The Preferred Approach Strategy including a Map of the Affordable Housing areas can be viewed by clicking on the [link](#)

Geographical Differentiation

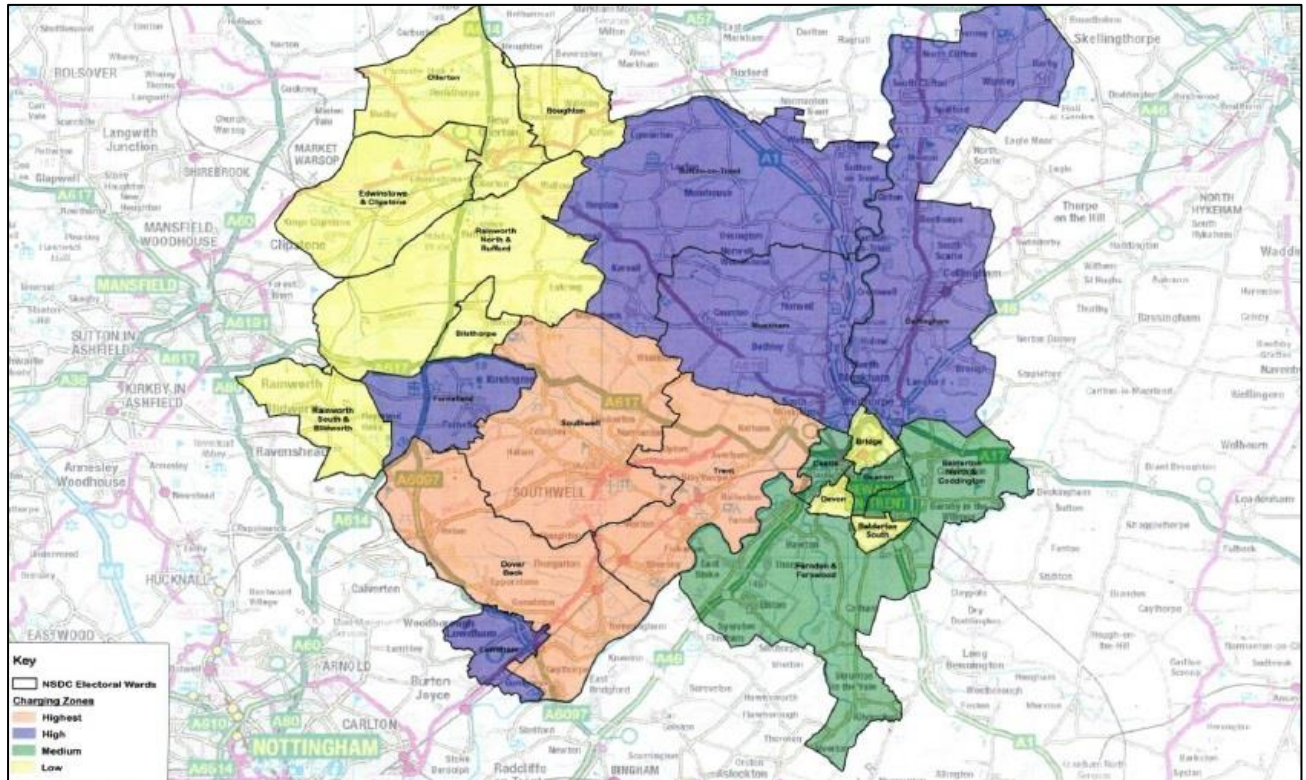
Regulation 13 of the CIL Regulations 2010 allows the Council to set differential rates of CIL for different geographical zones as well as for ‘different intended use of development’. Government Guidance advises that differential rates, for both geographical zones and/or the intended uses of development, must be justified by reference to economic viability evidence. If different geographical zones are set, they must be clearly identified on a map within the charging schedule. Differential rates should not be related to the costs of infrastructure in different areas nor used to encourage or discourage development in particular locations.

The existing Newark and Sherwood Charging Schedule has 6 residential zones and 7 commercial zones as part of the review it is intended to reduce and simplify the zones for both residential and commercial use.

The Preliminary Draft Residential Charging Schedule Map is shown as Map 1 and identifies the location and boundaries of the proposed revised charging zones for new residential development for the purpose of CIL.

4 charging zones are proposed for residential development Zones 1, 2, 3 and 4 apartments are proposed to be £0 rated across all zones. Zone 1 represents the lowest value area and Zone 4 the highest value area in the District. For Commercial development it is proposed to remove the CIL charge for all Non-residential uses with the exception of retail uses classes A1 to A5 where a single districtwide zone is proposed.

Map 1 Newark and Sherwood Proposed CIL Residential Charging Zones



4 Preliminary Draft Charging Schedule

4.1 CIL Rates

Having examined the findings of the evidence base, Newark and Sherwood District Council considers that the most appropriate approach is to amend the existing CIL Charging Schedule taking account of the outcomes of the updated viability assessments. It is proposed to reduce the residential zones from 6 to 4, zero rate apartments across the District and remove the CIL charge for commercial development with the exception of retail use classes A1 to A5 where a single Districtwide zone is proposed. At this time it is not considered viable to introduce CIL for any additional development type. The proposed areas and charges per square metre are set out in Tables 3 and 4.

Table 3 Proposed Residential CIL

Residential CIL	
Apartments (All Zones)	£0sqm
Housing Low Zone 1	£0sqm
Housing Medium Zone 2	£45sqm
Housing High Zone 3	£70sqm
Housing Very High Zone 4	£100sqm

Table 4 Proposed Non-Residential CIL Districtwide

Non-Residential CIL	
Districtwide	
All Non-residential uses (excepting Retail)	£0sqm
Districtwide	
Retail A1-A5	£100sqm

5 Further Matters

5.1 Phased Payments and Instalments

The 2011 Amendments to the 2010 CIL Regulations provide for CIL Charging Authorities to determine their own instalments policy. The trigger for payment of the levy is commencement of works. In 2013 the District Council reviewed its instalment policy to provide greater flexibility and to give developers longer to pay CIL. The policy was amended by increasing each of the instalment periods and can be viewed by following the [link](#) at this time it is not intended to amend the instalment policy further.

5.2 Payment in Kind

There may be circumstances where it will be more desirable for a charging authority to receive land instead of monies. The Regulations provide for charging authorities to accept transfers of land as payment in kind for the whole or part of the levy, subject to the District Council's agreement.

6 Contact Details and Next Steps

6.1 Contact Details

This consultation is the District Council's first step in preparing a revised CIL Charging Schedule. All responses will be fully considered before a Draft Charging Schedule is prepared for independent examination. There are two ways in which you can submit your completed representation on the Preliminary Draft Charging Schedule:

- Email response
- Postal response

Response forms are available from Kelham Hall reception and all District libraries or can be printed from the District Council's website <http://www.newark-sherwooddc.gov.uk/> and should be returned by email to planningpolicy@nsdc.info or by post to Infrastructure/S106 Officer Newark and Sherwood District Council, Development Management, Kelham Hall, Newark, NG23 5QX

Your comments should arrive no later than 4.45pm on Friday 9th December 2016. Please also note that your comments will be made available as public information.

6.2 Next Steps

Once the District Council considers that the Draft Charging Schedule is ready for independent examination, it will be published together with available evidence on infrastructure, economic viability and the responses received during this consultation. The District Council will then call for representations to be made with a period of 6 weeks. Any person may make representations about a Draft Charging Schedule and that person must be heard before the examiner at the CIL examination if they have requested to do so. The six week examination on the Draft Charging Schedule is anticipated to take place in January/February 2017 prior to independent examination in Spring/Summer 2017

Questions and Feedback (Please complete the Preliminary Draft Charging Schedule Consultation Questionnaire)

1.	Do you agree that the infrastructure funding assessment shows that there is sufficient justification for the proposed revisions to be made to the existing Newark and Sherwood Charging Schedule?
2.	Bearing in mind that CIL cannot be negotiated do you have any views on whether CIL receipts should continue to only be collected for specific highway improvements and secondary education and whether you consider funding for any additional infrastructure types should be collected from CIL receipts. Should Section 106 planning obligations be scaled back further?
3.	Do you consider that the key assumptions that underlie the viability evidence are appropriate? If not what alternative assumptions would you suggest and why?
4.	Do you agree that differential residential rates across the District are beneficial? If you disagree please give reasons?
5.	Do you agree with the removal of a CIL charge for commercial development with the exception of retail (A1 to A5 use) and a single Districtwide rate for retail, if you disagree please give reasons?
6.	Do you support the proposed rates in the PDCS Tables? Please explain your reasoning
7.	Do you agree that the existing Phased Payments Policy is suitable and if not what amendments would you suggest?
8.	Additional Comments: Do you have any additional comments to make about the contents of the Preliminary Draft Charging Schedule (PDCS)