Leeds
CITY COUNCIL

Report author:
Lora Hughes 50714

Report of: Director of City Development

Report to: Executive Board

Date: 15th February 2012

Subject: The Community Infrastructure Levy – Preliminary Draft Charging Schedule

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	☒ Yes All Wards	☐ No
Are there implications for equality and diversity and cohesion and integration?	☒ Yes	☐ No
Is the decision eligible for Call-In?	☒ Yes	☐ No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐ Yes	☒ No

Summary of Main Issues

1. This report recommends the rates to be set in the Community Infrastructure Levy Preliminary Draft Charging Schedule, for public consultation. It outlines why these rates have been chosen including the supporting evidence and the requirements of the CIL Regulations. The Community Infrastructure Levy (CIL) is a tariff that the Council can choose to charge on the owners or developers of land when it is developed, so that they contribute to the costs of providing the necessary supporting infrastructure for the area. Executive Board agreed in December 2011 to develop a CIL in Leeds.

2. The Council recognises that the economy and market conditions have deteriorated since the CIL was first brought forwards by the Government, and is very aware that there is a need to encourage rather than inhibit growth at such a crucial time. However, the CIL Regulations have also changed the use of S106 planning obligations. S106s for site specific infrastructure and affordable housing can still be required but from April 2014 it will no longer be possible to use S106s for District wide requirements such as greenspace, transport schemes and education facilities. This is a key reason for progressing with the CIL. The other key reason is the need to help fund infrastructure which is needed as a result of growth, which includes the benefit that providing such infrastructure in itself helps to attract development.

3. The Regulations state that the Council must aim to strike what appears be an appropriate balance between the desirability of gaining funding from the CIL to support the development of the District, and the potential effects of the CIL rates on the economic viability of development. All the evidence must be weighed up in determining at what levels the CIL rates are set. It is therefore considered that the proposed CIL rates for public consultation support the Leeds Core Strategy and are intended not to put at risk the overall viability of development. Further evidence is also expected to be

collected as a result of any representations received, which may result in adjustment of the rates accordingly.

4. CIL rates must be based on viability evidence, and consultancy GVA was commissioned to provide a CIL Economic Viability Study. The Study suggests the maximum viable rates at which the CIL could be charged for a range of uses across the District. In line with the CIL Regulations and guidance it is acknowledged that a Study for an area the size of Leeds is inevitably strategic. Therefore other evidence has been used to justify some variation from the Viability Study's maximum suggested rates. This is focused on historic Section 106 data, and the infrastructure funding gap.

5. Development Plan Panel (DPP) (19th December 2012) agreed broad parameters to inform the development of the Preliminary Draft Charging Schedule. The draft Preliminary Draft Charging Schedule was presented to DPP (14th January) alongside its full supporting evidence base. Subsequent to publication of the agenda, officers considered that some further detail was necessary relating to the balance in where to set the CIL charge for City Centre offices. DPP therefore did not consider the office rate and agreed that the CIL proposals would be subject to a further report to the next meeting on 29th January. Due to this extra meeting being scheduled, and in particular some changes requested to the draft charging zones map, DPP determined to review all the recommendations again on that date.

6. At the meeting on 29th January the Development Plan Panel resolved to recommend the following proposed rates to Executive Board:
    a. Residential development in five zones: City Centre (£5 per sqm), Inner Areas (£5 per sqm), Outer Central (£24 per sqm), Outer Southern (£45 per sqm), and Outer Northern (£90 per sqm).
    b. Retail above 500 sqm: £158 per sqm in the City Centre, £248 per sqm outside it.
    c. Offices in the City Centre £40 per sqm.
    d. No charge for development by a predominantly publicly funded or not for profit organisation, including sports and leisure centres, medical or health services, community and cultural facilities, and education.
    e. A rate of £5 per sqm for all other uses.

Recommendations

Executive Board is requested to:

i) Agree the CIL rates in the Preliminary Draft Charging Schedule, including the charging zone boundaries.

ii) Agree the scope of the evidence base and associated documents supporting the setting of the CIL rates.

iii) Agree to proceed with 6 weeks of formal public consultation on the Preliminary Draft Charging Schedule.

1.0 Purpose of this Report

1.1 This report recommends the rates to be set in the Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule, for public consultation. It outlines how these rates have been determined including the range of supporting evidence and the requirements of the CIL Regulations.

2.0 Background information

2.1 The Community Infrastructure Levy Regulations 2010 (as amended by the CIL (Amendment) Regulations 2011 and 2012 and final Regulations expected Spring 2013) set out that the Council can choose to levy a charge on the owners or developers of land that is developed, so that they contribute to the costs of providing the infrastructure needed to support the development of the area.

2.2 Authorities wishing to charge the levy must produce a Charging Schedule setting out the levy's rates in their area. Charging Schedules are a new type of document within the folder of documents making up the Local Development Framework, and must be based on viability evidence. The CIL Regulations have also changed the use of S106 planning obligations. S106s for site specific infrastructure and affordable housing can still be required but from April 2014 it will no longer be possible to use S106s for District wide requirements such as greenspace, transport schemes and education facilities. This is a key reason for progressing with the CIL. The other key reason is the need to help fund infrastructure which is needed as a result of growth, which includes the benefit that providing such infrastructure in itself helps to attract development.

2.3 The Council recognises that the economy and market conditions have deteriorated since the CIL was first proposed by the Government, and is very aware that there is a need to encourage rather than inhibit growth at such a crucial time. Some forms of development are particularly based on market choice and CIL rates need to also reflect this element of competition if the growth ambitions set out in the Core Strategy are not to be compromised. This is all part of the balancing exercise that the Council must undertake. The Regulations require the Council to strike what appears be an appropriate balance between the desirability of gaining funding from the CIL to support the development of the District, and the potential effects of the CIL rates on the economic viability of development. All the evidence must be weighed up in determining at what levels the CIL rates are set. It is considered that the proposed CIL rates for public consultation support the Leeds Core Strategy and are not at a level that would put at risk the overall viability of development. However, it is recognised that further evidence is likely to emerge as a result of representations received, which may result in adjustment of the proposed rates.

2.4 In December 2011 Executive Board agreed to progress work on developing a CIL for Leeds. Development Plan Panel (DPP) (19th December 2012) agreed broad parameters to inform its development, and met again on 14th January to consider the draft Preliminary Draft Charging Schedule and the range of evidence as outlined in the rest of this report. However, it was considered that some further detail was necessary relating to the proposed City Centre office rate. DPP did not therefore consider the office rate and agreed that the CIL proposals would be subject to a further report to the next meeting on 29th January. Due to this extra meeting, and in particular some changes requested to the draft charging zones map, DPP determined to review all the recommendations again on that date.

2.5 A very separate but essential aspect of the CIL workstream is to set up and maintain ongoing spending, administration, and monitoring. The CIL can be spent on a very wide interpretation of infrastructure, including maintenance, as long as it is required as a result of new growth. The Council will need to work closely with communities through neighbourhood planning, the Site Allocations Development Plan Document, and other mechanisms to determine local infrastructure priorities, and balance neighbourhood funding with funding of strategic infrastructure.

3.0 Main issues

Economic Viability Study

3.1 Consultancy GVA was appointed to undertake an Economic Viability Study as the key piece of evidence to inform the CIL. GVA attended various Development Plan Panels to present the methodology and recommendations and also presented at Scrutiny Board (Housing and Regeneration) (25th September). Council officers agreed the various assumptions and inputs to be used, and also held a stakeholder workshop to gain industry agreement. The methodology was in line with Government CIL guidance and Royal Institute of Chartered Surveyors guidance on viability appraisals. A range of uses across the District were tested using a residual appraisals methodology of sites based on appropriate sample sizes and typologies. This took into account the Council's current and potential future policy requirements including affordable housing, greenspace, and Code for Sustainable Homes.

3.2 It is the Study's view that provided the effects of introducing design standards and policy requirements, including CIL, do not result in a reduction in land values of more than 25%, landowners will not ultimately withhold their land from the market on the introduction of the CIL.

3.3 The Economic Viability Study (EVS) was published as a background document to DPP 14th January 2013 (and is therefore not included as an appendix to this report). Its key findings are the suggested maximum CIL rates which could be set across a range of development types based on this 25% 'cut off' for a reduction in land value. The CIL guidance is clear that the viability evidence is important, but that it is for the Council to decide where the balance lies in setting the final rates which should be set in the Preliminary Draft Charging Schedule. For clarity the EVS maximum CIL rates are set out below, followed by the reasons why the final proposed rates for the Preliminary Draft Charging Schedule have been recommended.

3.4 The proposed CIL charging zones are: City Centre, Inner Areas, Outer Northern, Outer Central, and Outer Southern. For consistency the EVS undertook the modelling using the same zones as in the previous Economic Viability Assessment for affordable housing and the Strategic Housing Market Assessment update 2010. This consistency was essential in being able to withstand future Examination, and was more important than aligning with the market areas used to determine the amount of housing in the Core Strategy and the Site Allocations DPD.

3.5 For the commercial uses GVA advised that markets and values are broadly the same across the District, other than for offices and retailing in the City Centre. Greenfield sites allow a higher CIL charge than brownfield sites across all the development types, but due to the fact that new commercial development will be primarily only on brownfield land, brownfield rates have been recommended.

3.6 Within the Outer Northern area the residential rates have been set at a rate which is viable on greenfield land. The EVS advised that generally residential development is not viable in the inner area and city centre, and that only retail above 500 sqm and offices are viable. Hotels, residential care homes, employment, and student accommodation were specifically modelled but show that a CIL rate would not be viable. It is not anticipated that there will be a significant provision in the market for new build of other uses not discussed previously and there are no requirements set for these uses in the Core Strategy. Therefore they were not modelled and the Study recommends they should be subject to a zero CIL charge. The EVS also recommends that there is an early review of potential charges in 2016/2017 when there will be evidence as to how the local market, landowners and developers have responded to the charges.

Type of development in Leeds	***Economic Viability Study Recommended Maximum CIL Charge***
Residential – Outer Northern	*£100 /sqm*
Residential – Outer Southern	*£50 /sqm*
Residential – Outer Area Central	*£25 /sqm*
Residential – Inner Area	*£0 /sqm*
Residential – City Centre	*£0 /sqm*
Retail: < 500 sqm	*£0 /sqm*
Retail: City Centre ≥ 500 sqm	*£175 /sqm*
Retail: Outside City Centre ≥ 500 sqm	*£275 /sqm*
Offices: City Centre	*£100 /sqm*
All other uses	*£0 /sqm*

Other Evidence to Balance against the Viability Study Recommendations

3.7 The key intention of the CIL Regulations is to achieve a balance in gaining a reasonable contribution for infrastructure from new development, against the need to continue to encourage the overall growth of the District. The rates have to be set at a level which is not expected to harm the overall viability of development in the City in this current difficult economic period. Critically, new Government CIL guidance was published in mid December 2012, with contains a greater emphasis that the CIL rates have to support the implementation of the development plan, and specifically that they should not threaten the scale of development identified in the Core Strategy. The relevant sections of the guidance are set out below for clarity:

> "Charging authorities will need to be able to show why they consider that the proposed levy rate(s) sets an appropriate balance between the need to fund infrastructure, and the potential implications for the economic viability of development across their area" (Paragraph 23). "A charging authority's proposed levy rate (or rates) should be reasonable given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence... There is room for some pragmatism" (Paragraph 28). "In proposing a levy rate(s) charging authorities should show that the proposed rate (or rates) would not threaten delivery of the relevant Plan as a whole" (Paragraph 29). "<u>Charging authorities should avoid setting a charge right up to the margin of economic viability across the vast majority of sites in their area</u>. Charging authorities should show, using appropriate available evidence… that their

proposed charging rates will contribute positively towards and not threaten delivery of the relevant Plan" (Paragraph 30).

3.8 The impact on affordable housing also needs to be considered, as once adopted the CIL will not be negotiable, whereas affordable housing will remain negotiable. Therefore although the current affordable housing policy requirements have been taken into account in the EVS, there will be pressure to reduce provision where individual schemes may not be viable. Reducing the CIL rate from the potential maximum will help to alleviate this pressure. In addition, retail development often acts as enabling development, and therefore it is again recommended that rates be set so as not to frustrate this enabling potential.

3.9 It is therefore recommended that in line with the guidance and to create an appropriate balance a rate of at least 10% below the maximum rates in the EVS should be used (where the EVS value is higher than zero). Development Plan Panel were generally happy with this proposal. However, the following should be noted:

- based on the additional evidence provided on 29th January Panel endorsed a rate for City Centre Offices of £40 per sqm – although some members took the view that this was too much of a reduction on the GVA maximum;
- some members considered that nature of the market and infrastructure needs meant that residential developers in the Outer North zone should pay the maximum rate and that no reduction is warranted; and
- that as a matter of principle as all developments place some pressure on infrastructure all should make some contribution via CIL.

Infrastructure Funding Gap

3.10 The Council published its draft Infrastructure Delivery Plan (IDP) in March 2012 which identifies the City's social, physical and green infrastructure needs. It was put together in partnership with external infrastructure providers, and has a focus on the infrastructure needed to support the new development planned for through the Core Strategy. The IDP is intended to be a 'living' document which will be updated as necessary and particularly to support the key stages of the draft Core Strategy, and the progression of the CIL.

3.11 To develop the CIL the IDP was updated with amendments and refinements to each infrastructure item to determine whether CIL was an appropriate tool for plugging any gaps, with projects removed where full funding is already identified, or the where the item is not within the Regulations' definition for CIL spending (i.e. to meet new growth). This review resulted in a much shorter list of infrastructure items set out in the separate paper 'Leeds Infrastructure Funding Gap: Justification for the Leeds CIL.' That paper provides the best available information at this time on the funding gap for the infrastructure needed to support planned development in the city, and for which CIL is a suitable mechanism for contributing to filling that gap.

3.12 The CIL guidance recognises that it is inevitable that predicting future infrastructure funding sources for the longer term contains uncertainties, and the Funding Gap paper sets out these caveats and assumptions. Infrastructure requirements and costs may change over the plan period and will be updated accordingly in future revisions of the IDP. In summary, an overall 'funding gap' of £1.3 billion has been identified for the Leeds District up to 2028. It is important to note that the CIL is meant to be supplementary funding and is not to replace mainstream funding sources which the Council will continue to use to fill this gap.

Historic S106 data

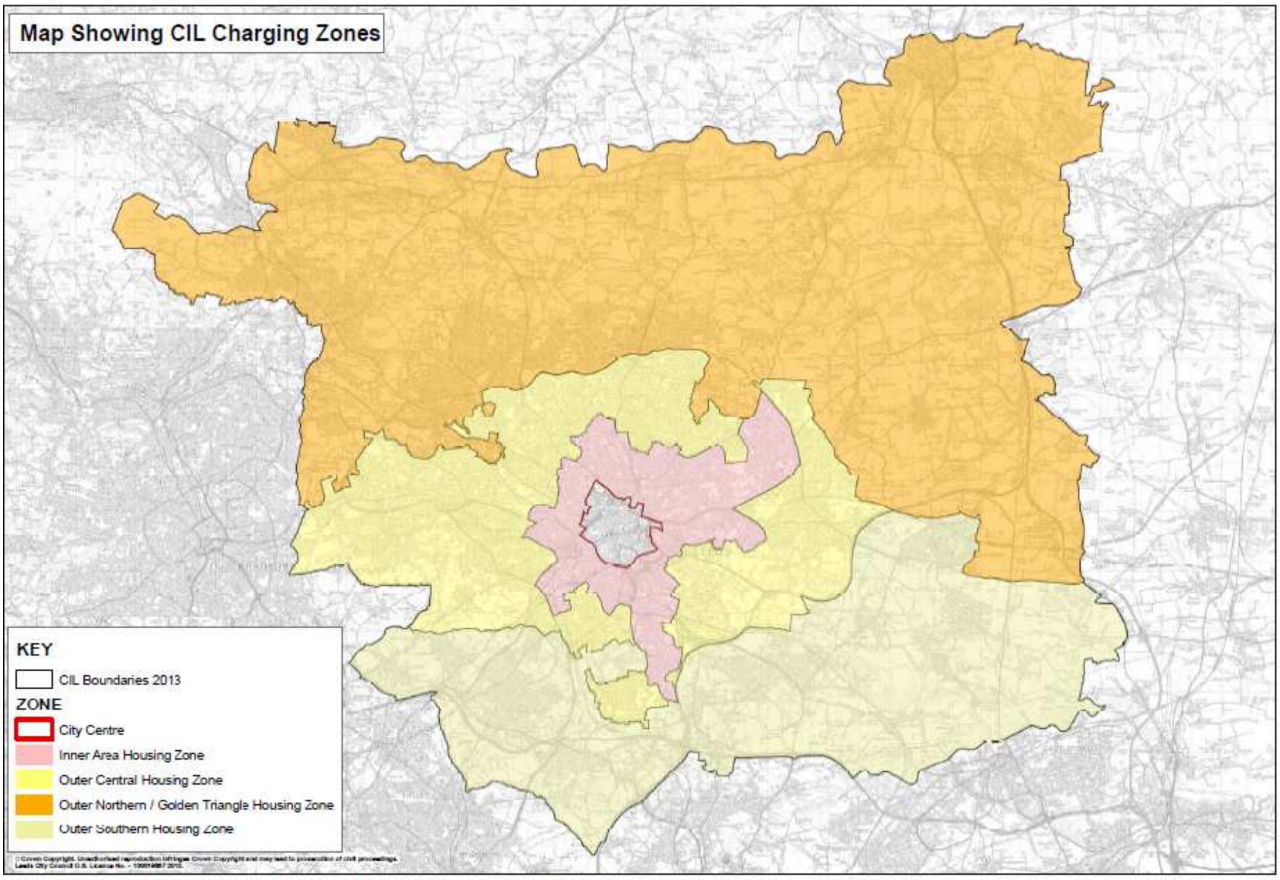
3.13 The background paper 'Historic S106 Data' has been prepared to outline that even in areas or for types of development where the Viability Study shows schemes are generally unviable, some schemes have come forward with signed S106s. DPP therefore recommended that a nominal charge should be set in those instances which the Study shows as zero charge, and Members agreed that £5 is appropriate.

3.14 This would not only bring in more revenue overall, but would mean that local development would bring local benefits through providing a meaningful proportion to all local communities. However, the Charging Schedule needs to be as simple as possible. The Preliminary Draft Charging Schedule sets out that all other uses will be subject to this £5 charge "except for development by a predominantly publicly funded or not for profit organisation, including sports and leisure centres, medical or health services, community and cultural facilities, and education."

Preliminary Draft Charging Schedule Rates

3.15 The proposed Preliminary Draft Charging Schedule is included as a separate document which aims to be a comprehensive introduction to the CIL and to bring together a summary of all the background evidence. Following the Development Plan Panel meeting on 29th January the following rates are recommended.

Type of development in Leeds	**CIL Charge per square metre**
Residential – Outer Northern	**£90 per sqm**
Residential – Outer Southern	**£45 per sqm**
Residential – Outer Central	**£24 per sqm**
Residential – Inner Area	**£5 per sqm**
Residential – City Centre	**£5 per sqm**
Retail: < 500 sqm	**£5 per sqm**
Retail: City Centre ≥ 500 sqm	**£158 per sqm**
Retail: Outside of City Centre ≥ 500 sqm	**£248 per sqm**
Offices: City Centre	**£40 per sqm**
All other uses, except for development by a predominantly publicly funded or not for profit organisation, including sports and leisure centres, medical or health services, community and cultural facilities, and education.	**£5 per sqm**



L:\CGM\GIS Projects\CIL Boundaries\CIL Boundaries@50k A1 2012.mxd Scale 1: 55,000 @ A1 January 2013 last updated 21/01/2013

3.16 Development Plan Panel accepted the principle of the five residential zones and their general extent in the map above, but considered that some adjustment was needed to the exact boundaries to better reflect recognisable housing market areas and follow clear physical features. The map above reflects the outcome of these discussions and in particular the changes agreed by Panel to the boundary between the Outer Central and Golden Triangle zones along the ring road through Cookridge and Alwoodley. This map is presented on a larger scale within Appendix 1 as part of the Preliminary Draft Charging Schedule, and on a more detailed map base in Appendix 2 (as a separate PDF document).

3.17 In earlier discussions Members suggested that a more fine grained approach might be appropriate. However, the CIL guidance is clear that the zones should be as simple as possible. Splitting the District into smaller areas would be vastly complex, require a much more time intensive and expensive viability study, and would be very liable to challenge at Examination. Although there will be individual differences within each of the zones, the proposed rates take the range of these factors into account and are based on allowing the majority of development to come forwards. It is intended that the affordable housing zones would be realigned to match the CIL zone boundaries on adoption of the CIL.

<u>Instalments Policy</u>

3.18 Development Plan Panel indicated that it intended to recommend adopting an instalments policy to allow developers to pay their CIL charges in phased stages, to therefore support and enable development and economic growth. Without such a policy, the whole of the CIL charge is liable within 60 days of the commencement of development. This policy is similar to that adopted or proposed by other authorities, and also similar to that originally set out in the CIL Regulations (subsequently removed by Amendment to enable authorities to set their own local policy).

INSTALMENTS POLICY	
< £9,999	Due in full within 60 days of commencement
≥ £10,000 - £59,999	Due in 3 equal instalments within: 60 days of commencement 120 days of commencement 180 days of commencement
≥ £60,000 - £499,999	Due in 4 equal instalments within: 60 days of commencement 120 days of commencement 180 days of commencement 240 days of commencement
≥ £500,000	Due in 4 equal instalments within: 90 days of commencement 180 days of commencement 360 days of commencement 720 days of commencement

Exceptional Circumstances Policy

3.19 The Council can also choose to adopt an Exceptional Circumstances Policy, whereby developers can request through a viability appraisal for some or all of the CIL charge to be waived. This is intended to be for very exceptional circumstances only, and has very narrow criteria as set out in national Regulations. These criteria are that the development would pay a higher S106 charge than the total CIL charge, and that the relief would not constitute State Aid. It cannot be used to appeal against a CIL charge if a S106 has not been signed.

3.20 As part of the broader Preliminary Draft Charging Schedule, Development Plan Panel has indicated support for the proposition that the Council adopt an Exceptional Circumstances Policy. Members of the Panel were concerned that the exceptions policy should be truly exceptional and were also of the view that the determination of whether an exception should be agreed should be a matter for the relevant Plans Panel. It is important to note that the Council retains discretion over its use and does not have to give the relief in specific instances of development where it is applied for if the Council does not agree that to pay it would have an unacceptable impact on the economic viability of the scheme. The Council is also only required to give two weeks notice before being able to remove the policy, so its use could be monitored.

Revised CIL Guidance – December 2012

3.21 Revised Government CIL Guidance was published on December 14th and while overall it is consistent with earlier guidance and the approach taken in Leeds, there are a few key differences. There is the need to be a lot clearer at an early stage as to what infrastructure items will be funded through the CIL and which will be funded through S106s. This will be done through the Council preparing a ‘Regulation 123 List’. Previously this List was not subject to examination and was able to be changed by the Council at any time. The new guidance requires the List to be a statutory consideration at the CIL Examination, to be consulted upon at Draft Charging Schedule stage, and not to be changed after the CIL is adopted until the authority has consulted on the proposed changes.

Spending and Governance

3.22 The CIL Regulations state that there is a duty to pass on a ‘meaningful proportion’ of the funds raised through the levy to a parish or town council for the area where the development that gave rise to the payment takes place. Where there is no town or parish council the City Council has to spend it in the local area in consultation with the community. This aims to ensure that where a neighbourhood accepts new development, it receives money for infrastructure to help it manage those impacts. The local community has control over identifying their infrastructure priorities and spending. Where development crosses more than one parish council’s boundary, each receives a proportionate amount of the payment based on how much development is in their area.

3.23 On 10th January the Government announced its proposal for the meaningful proportion (to become statutory via revised Regulations in Spring 2013), although without further clarity on how some elements will work. Neighbourhoods that have an adopted neighbourhood plan will receive 25% of the CIL revenue from that area. Areas without a neighbourhood plan will receive 15% of the revenue, and this will be capped at £100 per existing dwelling in that area (the detail of how such boundaries will be drawn in non-parished areas has yet to be released). This has clear implications as an incentive for communities to adopt neighbourhood plans, with more pressure on LCC resources to provide the necessary support.

3.24 No decisions have yet been made on the spending or governance mechanisms of the CIL in Leeds. It has not been appropriate to make recommendations until there is a greater clarity on the amount of CIL which can be charged, which locations this will generally be in, and the amounts which will be collected overall. This work will commence in early 2013, while waiting on the Government’s final Regulations. The Council will need to work closely with neighbourhoods to help decide what infrastructure they require, and balance the local neighbourhood funding with wider infrastructure funding to support growth. As part of this there is also a clear link to the forthcoming Site Allocations Development Plan Document, which will set out the infrastructure requirements in relation to newly proposed sites, and will be subject to various stages of formal public consultation. The Council will identify infrastructure priorities, informed by its Infrastructure Delivery Plan.

3.25 The White Paper motion to the last Council meeting raised concerns about future infrastructure funding, particularly for schools. It should be noted that the intention of CIL is that it contributes to the funding gap and must be based on viability so that it is set at a level that does not deter development. As explained earlier there are some parts of the district where viability means that there is little scope for CIL with the consequence that only limited funds will be raised. The requirement to give a meaningful proportion of the CIL pot to local communities will further reduce the funding under LCC control. It will nevertheless be for the Council to determine priorities for CIL spending and how much of the total receipts are devoted to school provision.

3.26 The Regulation 123 List is key to the operation of CIL and S106s as S106s will continue in order to mitigate site-specific requirements to make an individual scheme acceptable in planning terms. Over the next few months the Council will carefully consider which sites and what infrastructure could best be dealt with through the different mechanisms. In particular the Site Allocations preparation work will consider which large sites may require significant on site facilities and be of sufficient scale to fund these through S106 obligations, as well as paying the CIL.

Next Steps

3.27 Subject to approval by Executive Board the intention is to commence the formal public consultation period in March 2013. This will be a 6 week period of publication of all the relevant documents and background evidence, and will include stakeholder events as appropriate. Following any amendments as a result of the Preliminary Draft consultation, there will be an opportunity for public representations on the Draft Charging Schedule currently anticipated in mid 2013, followed by Examination in late 2013 or early 2014. It is intended to adopt the CIL by April 2014 following resolution by Full Council. The CIL can only be adopted if there is an up to date development plan.

4.0 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Executive Board agreed to implement a CIL for Leeds in December 2011, and Members have been kept aware of ongoing work since then, particularly through Development Plan Panels in September and December 2012 and January 2013.

4.1.2 The initial findings of the Viability Study were also presented to Scrutiny Board on 25th September 2012. Briefings have been given in December 2012 which were available to all Members, to give a broad overview of the CIL, how the CIL rates are a separate decision making process from the spending mechanisms for the CIL receipts, and to outline the draft Study results.

4.1.3 The first formal consultation will be on the Preliminary Draft Charging Schedule, anticipated in March 2013 subject to approval by Executive Board. The Economic Viability Study as the key piece of evidence to inform the CIL has included informal consultation with the development industry through a stakeholder workshop in September, and with neighbouring authorities through ongoing meetings.

4.1.4 Evidence of public consultation is not required at this stage as this report seeks approval to the draft preliminary charging schedule for the purpose of formal consultation (see 3.27).

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 An Equality Impact Assessment Screening was undertaken for the Executive Board report in December 2011 although it was too early to be able to have any meaningful consideration of specific effects. An Equality Impact Assessment Screening was undertaken to help work up the recommendations for the CIL rates to be set in the Preliminary Draft Charging Schedule. This is an Appendix to this report to assist with Members' decision making and to give due regard to equality, diversity, cohesion and integration implications in this key decision.

4.2.3 The Screening sets out that there are three elements in considering equality in the Community Infrastructure Levy (CIL) charge setting process; 1) Equal and fair consultation throughout the charge setting process; 2) Equality for those who will have to pay the charge, and 3) Equality as a result of decisions on spending the CIL and subsequent service and infrastructure delivery.

4.2.4 The consideration of most relevance to equality, diversity, cohesion, and integration will relate to the choices to be made in spending the CIL, based to a large extent on geographical differences including infrastructure needs. This includes the meaningful proportion to the community. The impacts would arise at the point at which money has been secured through CIL and new or improved infrastructure is actually delivered; they would not arise directly as a result of the Charging Schedule itself. Such matters will also involve extensive consultation and agreement with a wide range of stakeholders, and equality and cohesion will need to be fully integrated into decision making as there will likely be disproportionate impacts and mitigation. Therefore as the decisions to be taken on governance, spending, and service delivery cannot be fully considered until after the initial rates have been set and an estimate of potential revenues can be determined the Screening is primarily concerned with the first two elements set out above.

4.2.5 The conclusions in relation to the screening for the current stage are that overall the CIL will be a benefit for the people of the District, and that no impacts are identified that cannot be mitigated against. The key mitigation is in considering whether to set a nominal CIL charge against all types of development in all locations to ensure that every community can benefit from local growth. The public consultation stages will ensure that interested parties will have an opportunity to comment and to influence the rates and zones. Zone boundaries need to be considered in order to ensure equality alongside the need for development viability.

4.3.4 It will be necessary to continue to have regard to equality and diversity issues as part of the ongoing process of developing a CIL for Leeds, including arranging and responding to appropriate consultation stages, and in particular in the governance and spending arrangements which are still to be set up across the Council. Another formal Screening will be required at the point of decision making on such aspects.

4.3 Council Policies and City Priorities

4.3.1 The CIL is supported by the CIL Regulations 2010 (and Amendment Regulations 2011 and 2012). The CIL Charging Schedule will be a document within the Local Development Framework. The intention to develop the CIL broadly reflects Council policies and city priorities in that it emphasises incentivising growth, both to the development industry and local communities.

4.4 Resources and Value for Money

4.4.1 Executive Board gave agreement in December 2011 to progress work on the CIL, including the release of the necessary funds. The Government recognises that costs will be incurred and so the Regulations allow set up and administration costs to be reclaimed from future CIL receipts. The implementation of the CIL in Leeds should result in increased funding for infrastructure across the District. Delivering the CIL as early as possible would therefore provide the most value for money.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The Community Infrastructure Levy Regulations 2010 (as amended 2011 and 2012, final Regulations expected early 2013) set out that a charging authority can choose to charge the CIL on new development in its area. The charges must be set out in a Charging Schedule, and must be based on viability evidence. The CIL Regulations have also changed the use of S106 planning obligations. From April

2014 it will no longer be possible to secure S106s for District wide requirements such as greenspace, transport schemes and education facilities.

4.5.2 This report is subject to call-in due to the Preliminary Draft Charging Schedule being a Key Decision, although it should be noted that the Charging Schedule at this stage is a draft for public consultation and will be subject to change depending on the representations received.

4.6 Risk Management

4.6.1 If the Community Infrastructure Levy is not brought forward in Leeds, then the Council is at risk of losing out on monies which under the present system are gained through the S106 mechanism. In order to manage this risk it is recommended that Officers continue to work on the development of the CIL as outlined in this report. The preparation of the CIL is a challenging process, involving ongoing changes to the Regulations, and responding to local issues and priorities including the difficult economic situation. Consequently at the appropriate time advice is sought from a number of sources, including legal and from the Planning Advisory Service, Planning Officers Society, and neighbouring authorities as a method to help manage risk and to keep the process moving forward.

5.0 Conclusion

5.1 This report and supporting appendices provides the background evidence for the rates recommended in the associated CIL Preliminary Draft Charging Schedule. The proposed rates, zones boundaries, policy on phased payments and exceptional circumstances policy are recommended to Executive Board following detailed debate through the Development Plan Panel. As noted elsewhere in this report some members of the Panel expressed reservations about some aspects of these proposals. However, it is recognised that this only the first stage in setting a CIL charge and there will be an opportunity for review following public consultation.

6.0 Recommendations

6.1 Executive Board is requested to:

i) Agree the CIL rates in the Preliminary Draft Charging Schedule, including the charging zone boundaries.
ii) Agree the scope of the evidence base and associated documents supporting the setting of the CIL rates.
iii) Agree to proceed with 6 weeks of formal public consultation on the Preliminary Draft Charging Schedule.

7.0 Background documents[1]

7.1 None.

[1] The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

8.0 Appendices

8.1 Preliminary Draft Charging Schedule (Draft 15th January 2013)

8.2 Map of Proposed CIL Charging Zones (detailed) (Separate document)

8.3 Infrastructure Funding Gap: Justification for the Leeds CIL (January 2013)

8.4 Historic Section 106 Data: Justification for the Leeds CIL (January 2013)

8.5 Equality Screening Executive Board 15th February 2013

8.6 Further Evidence Regarding City Centre Office Rate