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1 Introduction

1.1 Scope

1.1.1 This consultation document represents the first formal stage in the preparation of a Community Infrastructure Levy (CIL) Charging Schedule for Bournemouth Borough Council. Once adopted, the Charging Schedule will set out a standard rate (£/sq.m) that will be payable by developers when they carry out specific types of development within the Borough. The money collected will then be used by the Council to pay for a range of infrastructure throughout the Borough. This infrastructure will support the growth that arises from the implementation of the Council’s adopted Core Strategy (CS).

1.1.2 The purpose of this document is to explain the background to CIL, its main features and how it will substantially replace the existing system of planning obligations. The document also summarises the key elements of the CS, the infrastructure required to support the forecasted growth and how the Council has assessed the viability of various types of development across the Borough in order to establish appropriate CIL charging rates. How the money collected through CIL will be spent will also be given consideration.

1.1.3 The consultation is being carried out in accordance with Regulation 15 of the Community Infrastructure Regulations 2010 (as amended). Comments are invited on any points raised by this consultation document and its supporting evidence, and in particular the assumptions applied and the proposed rates set out in the Preliminary Draft Charging Schedule (PDCS).

1.1.4 The Council will consider all responses to the consultation, make changes as necessary and then publish its Draft Charging Schedule for further public consultation. Following this second consultation the Draft Charging Schedule and all supporting evidence will be submitted to the Planning Inspectorate to allow for an Examination in Public to take place which will be overseen by an Independent Examiner.

1.1.5 The appointed examiner will consider any representations submitted. Anyone who makes a representation will have the right to be heard by the examiner. The examiner may recommend approval of the Charging Schedule with or without modifications. The Charging Schedule may only come into effect on a date to be specified once it has been approved by a resolution of Full Council. Only then will the charge be levied on new relevant development applied for after the commencement date.

1.1.6 At the current time, the timetable of preparation prior to CIL adoption is anticipated to be:

- Preliminary Draft Charging Schedule-Public Consultation - August to September 2014
- Submission of charging schedule for independent examination – December 2014
- Examination in Public – February 2015
- Adoption of CIL charging schedule – April 2015
1.2 Consultation

1.2.1 Comments should be submitted by 5pm on Monday 15th September 2014 via

- email to planning.policy@bournemouth.gov.uk
- or in writing to:
  Planning Policy Team
  Planning, Transport and Regulation
  Bournemouth Borough Council
  Town Hall Annexe
  St Stephen’s Road
  Bournemouth
  BH2 6EA

1.2.2 Consultation questions are set out on page 9. Comments are welcomed on all aspects of this document whether we have specifically set out a question relating to the point or not.

1.2.3 This document is supported by the Bournemouth CIL – Economic Viability Study produced by Peter Brett Associates on behalf of the Council which can be viewed at:

1.2.4 Comments received in this period will be taken into account in preparing subsequent versions of the CIL Charging Schedule for consultation, examination by an independent examiner and adoption.

1.2.5 If you have any questions on the content of the CIL Preliminary Draft Charging Schedule please contact the Planning Policy team on 01202 451446
2 Context

2.1.1 CIL came into force in April 2010, through the Community Infrastructure Levy Regulations 2010. Since this time, there have been a number of amendments to the regulations, the latest of which at the beginning of 2014. Statutory guidance has also been revised with the latest version published in February 2014. This PDCS consultation document has been prepared having regard to the latest guidance.

2.1.2 CIL is a mechanism for collecting and pooling contributions from developers for the purpose of providing new/improved infrastructure. Under current CIL regulations, on 6th April 2015, the circumstances in which the Council shall be able to rely on section 106 contributions for this purpose will be severely limited. In view of this, if the Council wishes to fund infrastructure improvements in the Borough through developer contributions after this date, it will need to implement a CIL charging regime, as it will no longer be able to pool S106 contributions.

2.1.3 An authority wishing to implement CIL must produce a charging schedule setting out the levy's rates in its area. A key requirement of CIL and setting the charging rates is that an appropriate balance is struck between the desirability of funding infrastructure from the levy and the potential effects that imposing the levy may have upon the economic viability of development. The chosen CIL rates should be set at a level that ensures development within the authority’s area as a whole, based on the plan provision, is not put at serious risk.

2.2 What development will be subject to a CIL charge?

2.2.1 In general terms, CIL will be payable on most buildings that people normally use, and will be levied on the net additional new build floorspace created by any given development scheme. But the following will not pay CIL:

- New build that replaces demolished existing floorspace which has been in use for six months in the last three years on the same site, even if the new floorspace belongs to a higher-value use than the old;
- Retained parts of buildings on the site that will not change their use, or have otherwise been in use for six months in the last three years;
- Changes of use
- Development of buildings:
  - with floorspace less than 100 sqm (if not a new dwelling),
  - by charities for charitable use,
  - homes by self-builders’ and
  - social housing as defined in the regulations.

1 Ibid (Sections 2:1:1, 2:1:2 and 2:3:12)
2.3 How will the charge be levied?

2.3.1 The CIL Charging Schedule will set out which forms of development will be liable to pay CIL and what the charges will be. Charges must be levied in £s per square metre of gross internal floorspace arising from any chargeable development. Only the net additional floorspace on a development site will be liable for CIL, so that existing floorspace on a site will be discounted against any new floorspace for the purposes of calculating CIL liability.

2.4 How will CIL be spent?

2.4.1 CIL will deliver additional funding for the local authority (and other infrastructure providers) to carry out a wide range of projects that support growth and benefit the local community. However, the levy is intended only to contribute part of the total cost of infrastructure.

2.4.2 It is also the intention of Government that a 'significant proportion' of the collected monies (15% in non-parished Boroughs with no Neighbourhood Plans, as is the case in Bournemouth) must be spent by the local authority in the areas affected by development. Allocation of funds will be subject to appropriate local consultations. In addition, the Regulations permit up to 5% of CIL revenue per annum to be collected by the charging authority for administrative purposes.

2.4.3 The remaining proportion of CIL must be spent by the charging authority in accordance with its stated priorities. Authorities must produce and publish for consultation a list of spending priorities in accordance with Regulation 123 of the Community Infrastructure (2010) (as amended) regulations. This list must relate to the infrastructure requirements identified by the local authority. The Regulation 123 list will be examined and agreed at the same time as the Draft Charging Schedule. Any subsequent changes to the list will require appropriate consultation and approval by the charging authority.

2.5 What are the benefits of a CIL charge?

2.5.1 The introduction of CIL is intended to:

- provide a clearer mechanism for funding infrastructure in a given area, and give developers more certainty from the outset (when they are formulating a development proposal) about how much money they will be expected to contribute towards infrastructure provision;
- give local planning authorities a predictable funding stream that allows them to plan for the future more effectively;
- give local authorities as charging authorities the freedom to set their own priorities for what infrastructure the money raised through CIL should be spent on;
- benefit local communities who agree to development in their area by securing funding to be spent on a wide range of infrastructure; and
- make the system more transparent for local people, as local planning authorities are required to report each year on how CIL money generated in their area has been spent.
2.6 How will the role of Section 106 agreements change when a CIL charging regime is adopted?

2.6.1 Currently Section 106 of the Town and Country Planning Act 1990 provides the main mechanism that local planning authorities use to secure developer contributions for infrastructure to support development. From April 2015, or when the Council adopts its CIL charging schedule (whichever occurs sooner), planning obligations will only be able to be used to secure contributions towards infrastructure, or its provision, where there are site specific implications of development. Planning obligations will only be taken into account in determining planning applications where they meet the following tests from Regulation 122 of the CIL Regulations 2010 (as amended):

- Necessary to make the development acceptable in planning terms. -Directly related to the development.
- Fairly and reasonably related in scale and kind to the development.

2.6.2 In addition, Regulation 123 of the Community Infrastructure Levy Regulations (2010) as amended will limit the use of planning obligations where there have been five or more obligations in respect of a specific infrastructure project or type of infrastructure. This is intended to ensure that local planning authorities use CIL instead of planning obligations to secure contributions for infrastructure that serves a wider area. CIL will not replace Section 106 agreements altogether but it will become the main mechanism for funding the provision of general infrastructure. Affordable housing, however, will still be secured through S106 agreements as well as Strategic Access Management and Monitoring (SAMM) payments and site specific infrastructure that is required to make a development acceptable in planning terms (and which is not contained in the Council's regulation 123 list).

2.7 Setting the charge

2.7.1 The regulations require two distinct aspects to be considered before setting any charges. Firstly, Regulation 14 of the CIL regulations states that, ‘in setting rates (including differential rates) in a charging schedule, a charging authority must strike an appropriate balance between the:

- desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and
- potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

2.7.2 Both of these aspects of setting charges will be explored in more detail in this section.

2.8 Infrastructure requirements in Bournemouth Borough

2.8.1 The CIL charging schedule has to be underpinned by an Infrastructure Delivery Plan which supports an up-to-date development plan and which provides evidence of a ‘funding gap’. As part of the development of its Core Strategy, officers have been working with infrastructure providers and agencies in considering and estimating the costs of the local infrastructure requirements associated with supporting the emerging Core Strategy and have produced an Infrastructure Delivery Plan (IDP) which identifies both the essential and desirable infrastructure required to support forecasted development identified in the Core Strategy with estimated costs, potential
and known funding sources and timescales for delivery. The IDP identifies that there will be a significant shortfall in funding essential infrastructure alone in the Borough over the plan period.

2.8.2 The Bournemouth IDP is a key part of the evidence base supporting this charging schedule and shows that the essential infrastructure needed to meet the demands of a growing population are:

- Education: provision of additional capacity for schools across the Borough;
- Green Infrastructure: leisure, sports and open space provision;
- Transport: improvements to strategic and local road network, key junction improvements, public transport network improvements, public rights of way and cycle improvements; and
- Suitable Alternative Natural Green Space (SANGS): the Council is required under the Habitats Regulations to mitigate the impacts of all residential development within 5 km of the Dorset Heathlands by providing and maintaining areas of SANGS. Since SANGS constitute infrastructure, funding will need to be collected through CIL once the Council has a charging schedule in place to ensure their continued provision and maintenance.

2.8.3 The total cost of providing the essential infrastructure to address the impacts of development is set out in the table below.

<table>
<thead>
<tr>
<th>Type of Infrastructure</th>
<th>Estimated cost</th>
<th>Estimated Funding already secured</th>
<th>Estimated funding gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heathlands mitigation</td>
<td>£11,315,000</td>
<td>£1,700,000</td>
<td>£9,615,000</td>
</tr>
<tr>
<td>Green infrastructure (open space, sport and recreation)</td>
<td>£20,000,000</td>
<td>£5,100,000</td>
<td>£14,900,000</td>
</tr>
<tr>
<td>Transport</td>
<td>£52,818,000</td>
<td>£14,074,500</td>
<td>£38,743,500</td>
</tr>
<tr>
<td>Education</td>
<td>£24,000,000</td>
<td>£0</td>
<td>£24,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>£108,133,000</td>
<td>£20,874,500</td>
<td>£87,258,500</td>
</tr>
</tbody>
</table>

2.8.4 It should be noted that CIL is not intended to replace mainstream funding for services. CIL will be an additional funding stream which will be used to reduce the gap between the cost of providing the required infrastructure to support a growing population and the amount of money available from other mainstream sources such as from central government and the local authority’s own capital receipts. The Council will be required, in consultation with partners and the community, to prioritise the delivery of infrastructure, ensuring that essential infrastructure is delivered in the first instance.

2.8.5 It is recognised that infrastructure providers may be able to provide better and more robust information as time goes by on the cost of infrastructure, and timescales for delivery, and future costs and funding sources are likely to change depending on the exact timeframes in which individual elements are delivered. This may affect the overall size of the funding gap. However, it is not anticipated that the size of the funding gap will decrease significantly.
2.9 Economic Viability

2.9.1 The Council has commissioned independent consultants to undertake work to assess the economic viability of development in the Borough with a view to setting an appropriate CIL charging schedule, taking account of a range of financial costs and other variables, including different levels of affordable housing, and other policy requirements in the Core Strategy in accordance with the CIL Regulations. The consultant's report can be read in full at www.bournemouth.gov.uk/PlanningBuildings/Planning/Policy/Local-Plan/CIL/20140710Bournemouth-CIL---Economic-Viability-Final-Report.pdf

2.10 The Proposed CIL Charges

2.10.1 Based on the viability work undertaken, the Preliminary Draft Charging Schedule has been devised and approved for consultation by the Council. The proposed charges are summarised in the table below. The boundary of the Town Centre AAP area is shown in Appendix 1.

<table>
<thead>
<tr>
<th>Development Type</th>
<th>CIL Charge per sqm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential development outside the Town Centre AAP area</td>
<td>£70</td>
</tr>
<tr>
<td>Residential development inside the Town Centre AAP area</td>
<td>£0</td>
</tr>
<tr>
<td>Offices</td>
<td>£0</td>
</tr>
<tr>
<td>Light Industrial/warehousing</td>
<td>£0</td>
</tr>
<tr>
<td>Student accommodation</td>
<td>£50</td>
</tr>
<tr>
<td>Comparison Retail inside the Town Centre AAP area</td>
<td>£0</td>
</tr>
<tr>
<td>Comparison Retail outside the Town Centre AAP area</td>
<td>£400</td>
</tr>
<tr>
<td>Convenience Retail inside the Town Centre AAP area</td>
<td>£400</td>
</tr>
<tr>
<td>Convenience Retail outside the Town Centre AAP area</td>
<td>£400</td>
</tr>
<tr>
<td>Hotel</td>
<td>£0</td>
</tr>
<tr>
<td>Mixed leisure</td>
<td>£0</td>
</tr>
<tr>
<td>Public service and community facilities</td>
<td>£0</td>
</tr>
<tr>
<td>Other (standard charge) uses</td>
<td>£0</td>
</tr>
</tbody>
</table>

2.11 Exemptions and Relief from CIL

2.11.1 Bournemouth Council do not consider it is necessary at this time to offer any discretionary relief, however if circumstances change in the future then they will consider each circumstance on its merits and put into place an appropriate policy at that time.

2.12 Payment in Kind

2.12.1 The 2010 CIL Regulations (as amended) allow charging authorities to accept one or more land or infrastructure payments in satisfaction of the whole or part of the CIL
due in respect of a chargeable development. Regulations 73 and 73A (inserted by the 2014 Regulations) set out the circumstances in which this may occur and how it can be done. The Council may accept payment “in kind” in lieu of CIL where the Council considers this to be appropriate.

2.13 Instalments Policy

2.13.1 Regulation 70 (7) of the CIL Regulations (as amended) allows Charging Authorities to impose an instalments policy at their discretion. The Council will therefore consider whether it is appropriate to impose an instalments policy to allow for the phasing of CIL payments over the construction period of a CIL liable development. The intention of such a policy is to assist with the delivery of larger developments. As part of this current consultation, views are sought from the public, development industry and other interested parties on the desirability of introducing such a policy.

2.14 Implementation, Monitoring and Review

2.14.1 Under the CIL Regulations, Districts and Boroughs are the charging and collecting authorities and have the final decision on how to spend money raised through CIL. All CIL money collected and spent each year must be monitored and reported on.

2.14.2 There is a need to ensure that comprehensive administration and governance arrangements have been put in place before the Charging Schedule comes into effect so that CIL can be collected efficiently and effectively.

2.14.3 The Council will review the CIL charging schedule to ensure changing market conditions are fully taken account of over time. The Council will therefore have regard to information arising from its annual monitoring and formally review its charging schedule periodically to ensure that it remains up-to-date and relevant.
Consultation Questions

1. Do you agree with the proposed CIL rates? If not, what do you think the rates should be?

2. Do you agree with the assumptions and methodology used in the CIL Economic Viability Study? If not, please provide evidence to support your view.

3. Do you have any comments on the draft Regulation 123 list, which sets out the infrastructure to be funded by CIL and where the Council will continue to seek S106/S278 contributions?

4. Do you agree with the Council’s proposal to not offer discretionary relief for CIL at this time?

5. Do you think the Council should introduce an instalments policy for the payment of CIL? If so, do you have any suggestions for such a policy?

6. Do you have any other comments on the Preliminary Draft Charging Schedule?

Comments should be submitted by 5pm on Monday 15th September 2014 via:-

- Email to planning.policy@bournemouth.gov.uk
- Or in writing to Planning Policy Team. Planning Transport and Regulation, Bournemouth Borough Council, Town Hall Annexe, St Stephen’s Road, Bournemouth BH2 6EA
Appendix 1: Town Centre AAP Area Boundary