Agenda Item 11

Sheffield City Council

Report of:	Simon Green, Executive Director, Place
Date:	19 March 2014
Subject:	Implementing the Community Infrastructure Levy (CIL) – in Sheffield
Author of Report:	Richard Holmes (205 3387)

Summary:

The CIL is a new way of seeking contributions from developers towards essential infrastructure that is required to support new development. This report seeks Cabinet approval to undertake statutory public consultation on the proposed CIL charges in the CIL Draft Charging Schedule.

This will be the second round of public consultation on the CIL, the first took place from January to February 2013 on the Preliminary Draft Charging Schedule (PDCS). CIL charges should be based solely on the ability to pay and the need for a charge to deliver necessary infrastructure. Taking account of comments received, it is proposed that some of the charges be reduced from those in the PDCS in the light of further work on viability to ensure that levels of development in Sheffield are not significantly adversely affected by the charge.

Reasons for Recommendations:

The CIL will help to deliver the City's strategic priorities for infrastructure provision, will be generated by economic growth and reinvested into economic growth and infrastructure. Successful implementation and investment of CIL funds will make the city more competitive.

The next stage in adopting a CIL is to produce the Draft Charging Schedule setting out the proposed rates that will be charged on new development, and this will be subject to a period of public consultation.

The recommended CIL rates are based on the ability of development to pay. A Viability Study has provided evidence that some development in the city can afford to pay a CIL charge to help meet identified needs for infrastructure.

The CIL rates proposed represent a cautious approach to viability through the assumptions used and the inclusion of a minimum 40% margin below the potential maximum affordable charge.

Recommendations:

That Cabinet:

- Agrees to publish a Draft Charging Schedule for public consultation, including some rates that are lower than proposed in the Preliminary Draft Charging Schedule, published in January 2013, as set out in Table 1

- Agree that these proposed CIL rates will have implications for assumptions on realistic affordable housing requirements, as set out in Table 2 above. These will influence negotiations on planning applications that include an element of affordable housing;

- Agrees to the publication of a number of draft documents as evidence to support the proposed CIL charges, including an 'Interim Regulation 123 List' setting out current potential CIL funding priority projects.

Background Papers:	Draft CIL Charging Schedule CIL Draft Charging Schedule Background Report Updated CIL Viability Study Report on Consultation Draft of a Phase 1 Infrastructure Delivery Plan Draft Interim 'Regulation 123 List' of Priority CIL-Funded Projects Draft Section 106 / CIL Statement
Category of Report:	OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by Paul Schofield
Legal Implications
YES Cleared by Paul Bellingham
Equality of Opportunity Implications
YES Cleared by Ian Oldershaw
Tackling Health Inequalities Implications
YES
Human rights Implications
NO
Environmental and Sustainability implications
YES
Economic impact
YES
Community safety implications
YES
Human resources implications
YES
Property implications
YES Cleared by Nalin Seneviratne
Area(s) affected
All
Relevant Cabinet Portfolio Leader
Leigh Bramall
Relevant Scrutiny Committee if decision called in
Economic and Environmental Well-being
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

REPORT OF THE EXECUTIVE DIRECTOR OF PLACE

REPORT TO CABINET
19 MARCH 2014

IMPLEMENTING THE COMMUNITY INFRASTRUCTURE LEVY IN SHEFFIELD

1. SUMMARY

1.1 The Community Infrastructure Levy (CIL) is a new way of securing contributions from developers towards infrastructure provision through the planning system. It is a national scheme that the Government is promoting as a better way for new development to contribute towards new infrastructure, and will largely replace individually negotiated planning agreements (known as Section 106 agreements). The CIL is a tariff system that local authorities can choose to charge on new developments in their area by adopting a Charging Schedule. The CIL is levied on new buildings and extensions to buildings according to their floor area. In this way money is raised from developments to help the Council pay for essential infrastructure to support these new developments. This infrastructure will include schools, transport improvements, open space and public spaces, plus any other community facilities required to ensure sustainable growth. It can only be spent on new infrastructure needed as a result of new development and will be a mandatory charge. The levy will be paid by most new development, although it will only be charged on new net additional floorspace and on larger schemes (100 square metres of net non-residential additional floorspace or single individual dwellings).

1.2 CIL charges can vary by type and location of development, but must be based on viability. So some developments will pay more than others and some with limited viability, such as offices and industry, will pay no CIL.

1.3 A CIL represents a great opportunity to focus on city-wide priorities and provide new infrastructure that is of strategic, city-wide importance. CIL funding is not restricted to individual developments or local areas, so can be targeted where it is most needed. Setting CIL infrastructure priorities can be matched with a wider Infrastructure Delivery Plan that will enable the city to focus on priorities for growth and the strategic outcomes set out in the Corporate Plan.

1.4 Cabinet agreed in September 2011 that the Council should work towards implementing a CIL, to ensure that major new development contributes to the provision of infrastructure improvements where viable. The CIL will largely replace Section 106 developer contributions (commuted sums), which are currently used for this purpose. These will usually no longer be available due to changes in national planning legislation. S ection106 will continue to be used for affordable housing and anything required for a specific development site to make it acceptable in planning terms. The CIL will relate to strategic priorities in the Sheffield Local Plan and the rate will be based on what is affordable, and not set at such a level that it risks the delivery of the local plan or significantly threatens the levels of development in the city.

1.5 The CIL will help to deliver the city’s strategic priorities for infrastructure provision, will be generated by economic growth and reinvested into economic growth and infrastructure. Successful implementation and investment of CIL funds will make the city more competitive and it will be a key funding element of the Sheffield City Region Investment Fund. While CIL funds collected within Sheffield could be spend outside of the city, the Council is under no obligation to do this. CIL monies will reside with the Council and how they are spent will be locally determined, in consultation with Sheffield people and businesses. The focus is likely to be on strategic outcomes, particularly Great Places to Live, Competitive City and Successful Young People.

1.6 National legislation governs the process for setting up a CIL. The first stage was to produce a *CIL Preliminary Draft Charging Schedule* setting out the proposed rates that would be charged on new development. This was subject to a period of public consultation from January to February 2013. The Council has considered issues raised by respondents to inform the next stage of the process, a *Draft Charging Schedule*. A stakeholder workshop was held with members and representatives of the Chamber of Commerce and the Local Enterprise Partnership to focus on viability to ensure their concerns were addressed and the specific issues taken into account. The Draft Charging Schedule will be subject to a further public consultation with an opportunity for the Council to consider further any additional matters raised, including further direct engagement with the Chamber of Commerce and the Local Enterprise Partnership. Further changes and consultation may be appropriate before the Charging Schedule is then submitted for Examination by a Planning Inspector. The CIL rates proposed in the Draft Charging Schedule have been revised following public consultation on the Preliminary Draft Charging Schedule last year. Many of the proposed charges have been reduced, some are the same and none have increased.

1.7 The CIL rates must be based on the ability of development to pay. A Viability Study by independent consultants has provided evidence that some, but not all, development in the city can afford to pay a CIL charge to help meet identified needs for infrastructure.

1.8 The CIL rates proposed represent a cautious approach to viability through the assumptions used and by setting rates at 60% (or less in most cases) of the potential maximum affordable charge. Affordable housing is the one major element of developer contributions that will continue to be delivered by individual legal agreements (Section106), so there will be a trade-off between the delivery of affordable housing that is not included in the CIL charge and raising income through CIL. The higher the rate of CIL, the less the potential for affordable housing, and vice versa. Agreeing these proposed CIL rates will have implications for assumptions on realistic affordable housing requirements that will influence negotiations on planning applications that include an element of affordable housing.

1.9 Cabinet is asked to agree that these potential CIL rates are reasonable as a basis for the consultation exercise. It is also asked to agree to the publication of a number of draft documents that are required as evidence to support the CIL. This includes an 'Interim Regulation 123 List' – a list of potential CIL funding priority projects that is required to support the Draft Charging Schedule.

2. WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

2.1 The Community infrastructure Levy (CIL):

> *"allows local authorities in England and Wales to 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"[1]

The Current Position – Section 106 Agreements

2.2 Contributions from developers towards new and improved infrastructure are currently delivered through negotiated legal agreements (Section 106) that form part of the planning application process. The Government has restricted the scope of these agreements as part of the CIL process, so that they must now focus only on what is needed to make the individual development acceptable, such as a specific access road. The CIL is now the mechanism for delivering the wider infrastructure demand that new development creates, such as additional school places or open space. Section 106 will be further limited in April 2015, when a restriction on pooling financial contributions from developers towards infrastructure will be imposed. For these reasons CIL will be the only way of securing any significant financial contributions for infrastructure from new development.

2.3 In the medium to long term, CIL is anticipated to generate significantly more funds for infrastructure compared to Section 106, as it is more efficient than the current situation where contributions are negotiated on an individual basis as developments come forward. If the Council does not adopt a CIL, the projects that can be secured through Section 106 will become much more limited. This would affect the city's ability to raise money for essential infrastructure to support growth and to help deliver the infrastructure required to achieve our Great Places to Live, Competitive City and Successful Young People strategic outcomes. As the Government is promoting CIL, a decision not to adopt one could make it more difficult for the city to secure other funding from the Government towards infrastructure. A CIL could also contribute to education provision but would not replace specific funding for school places from the Government as these are awarded to address existing identified shortages in provision, whereas CIL will be used to meet future requirements resulting from new development.

2.4 The money can be spent wherever it is most needed though some will be allocated directly to the neighbourhoods where the new development takes place. If the money is not raised it will mean gaps in infrastructure provision that could cause delays in providing for new homes and jobs. CIL is fairer because all viable developments will contribute and there is more scope to use the money for strategic schemes, or where it will have the biggest impact.

2.5 CIL is fairer, faster and more transparent than Section106 and will give CIL charging areas the freedom to set their own priorities for what the money should be spent on. Also it makes the system more transparent for local people, as local authorities have to report what they have spent the levy on.

2.6 An amount of CIL will also be required to deliver a 'Neighbourhood Proportion' of infrastructure improvements locally. This will be 15% of the CIL received in the area or 25% where there is a Neighbourhood Plan in place.

3. OUTCOME AND SUSTAINABILITY

[1] CIL Overview – Communities and Local Government, 2011.
http://www.communities.gov.uk/publications/planningandbuilding/communityinfrastructurelevymay11

3.1 Government guidance explains that the purpose of the CIL is to support growth and the money raised can be used to fund the infrastructure needed to serve new development. The CIL will provide funds that will be used to help deliver priority infrastructure projects that will be selected on the basis that that they will support strategic development priorities. The CIL will be particularly important in achieving Corporate Priorities to support and protect communities, focussing on jobs and being business-friendly. It will assist in delivering the Council's Values of working better together, taking a long-term view and enabling. In this way it will help to deliver many of the city's Outcomes, particularly a strong and competitive economy and help make Sheffield a great place to live. But infrastructure cuts across many other areas, so can also assist in delivering better health and well-being, supporting young people, creating a safe and secure environment, being environmentally responsible and helping to create a vibrant city. The CIL will ensure the major infrastructure investment needed is sustainable by addressing the additional demand that new development places on infrastructure.

3.2 The National Planning Policy Framework (NPPF) recognises that a lack of infrastructure can be a significant barrier to investment, and that priorities for infrastructure provision should be identified. More specifically, local planning authorities should set out the strategic priorities for the area in the Local Plan, including strategic policies to deliver the provision of infrastructure and to plan positively for infrastructure required to meet the objectives, principles and policies of the NPPF.

3.3 We are required to publish a list of CIL priorities for spending in draft form (the 'Regulation 123 List'). CIL should focus on delivering local plan priorities, so projects have been chosen based on those identified Core Strategy priorities for infrastructure. Because of the focus on the local plan it is inevitable that these priorities will be narrower to some degree to priorities set out in the Corporate Plan and other priorities being delivered through Outcome Boards as referred to in paragraph 3.1 above.

3.4 No decisions are being made on CIL spending at this stage, as CIL money is not expected in significant amounts until 2017, and the list can be easily changed as new development pressures emerge. For this reason the current draft List will be referred to as an 'Interim Regulation 123 List', as it is just an illustration of what CIL receipts would be spent on now if we had them. It should give reassurance to developers that CIL money will be targeted at suitable strategically important infrastructure projects.

3.5 The **priority projects** that could be CIL priorities if CIL funds were to be spent at the present time are:

- Bus **Rapid Transit** North (scheme already committed and in progress) and South;
- Additional **Primary and Secondary school places** in regeneration areas and **Secondary school places** in non-regeneration areas;
- New **public parks** around the ruins of Sheffield Castle, at Parkwood Springs and Abbeydale Grange and **public realm improvements** at Moorfoot linked to The Moor;

3.6 As some of these projects are either underway or will have progressed by the time CIL funding is collected, they will almost certainly change as the Council progresses the implementation of CIL.

4. BACKGROUND

4.1 The Government is promoting the introduction of CILs – the Government's website[2] states:

> *"The levy is designed to be fairer, faster and more transparent than the previous system of agreeing planning obligations between local councils and developers under section 106 of the Town and Country Planning Act 1990….*
>
> *…The money raised from the community infrastructure levy can be used to support development by funding infrastructure that the council, local community and neighbourhoods want, like new or safer road schemes, park improvements or a new health centre.*
>
> *The community infrastructure levy:*
>
> - *gives local authorities the freedom to set their own priorities for what the money should be spent on*
> - *gives local authorities a predictable funding stream that allows them to plan ahead more effectively*
> - *gives developers much more certainty from the start about how much money they will be expected to contribute*
> - *makes the system more transparent for local people, as local authorities have to report what they have spent the levy on each year*
> - *rewards communities receiving new development through the direct allocation of a proportion (15% or 25% depending on whether a Neighbourhood Plan is in place) of levy funds collected in their area"*

4.2 To summarise, the benefits of CIL are:

- **Certainty –** the contribution required will be known to developers in advance and can be planned for and built in to development appraisals;

- **Transparency –** priorities and projects that will be the recipients of funding will be clearly set out and justified and can be easily scrutinised;

- **Efficiency –** infrastructure provision can be better co-ordinated and complementary funding sources can be identified more easily;

- **Focus –** the priorities for receiving funding will be clearly set out and will have been justified;

- **Better Value –** the Government has estimated that extra revenue for infrastructure could be achieved by the introduction of CIL.[3] Estimates of future CIL receipts in Sheffield using the charges proposed suggest around £4 million / year could be raised from 2017, compared with S.106 receipts that have averaged around £1 million a year since 1994. The annual receipts rose steadily to a peak of £3m in 2006, so that over the last 10 years the average has been £1.5m/year.

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[2] https://www.gov.uk/government/policies/giving-communities-more-power-in-planning-local-development/supporting-pages/community-infrastructure-levy

[3] *Localism Bill: Community Infrastructure Levy - Impact Assessment.* https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6037/1829714.pdf

4.3 The Government has recently emphasised its commitment to the CIL. The April 2013 consultation on CIL proposes further reforms. In paragraph 9 it states that:

> *"The Government is committed to the levy and to ensuring that it is workable and effective."*

4.4 Cabinet have previously agreed in principle to the setting of a CIL.[4] In December 2012 Cabinet agreed to publish a Preliminary Draft Charging Schedule[5]:

Viability and the Proposed CIL Charges

4.5 The key to deciding the level of CIL is the overall impact on the viability of development, i.e. what can reasonably be afforded without making most sites unviable. A report by independent consultants indicates that development on certain types of sites and in certain parts of the city would be sufficiently viable to justify a CIL charge for some uses. Government Guidance requires that charging authorities do not set their CIL at the margins of viability, so a 40 to 80% buffer was recommended below the maximum potential rates to give the rates that we are proposing.

4.6 The rates recommended in the Preliminary Draft Charging Schedule have been reduced in many cases as a result of revised viability assessments, comments received in consultation (including those from the Chamber of Commerce and Local Enterprise Partnership in stakeholder sessions) and revised statutory Government Guidance. The proposal is to adopt multiple rates that vary by housing market area and end use, rather than a single rate across all development in all areas. There would be nil rates for some commercial uses and some housing areas where a charge would not be viable. This multiple rates approach is consistent with that adopted by other local authorities implementing CIL.

4.7 Statutory Government Guidance issued since the Preliminary Draft Charging Schedule (PDCS) encourages us to identify major strategic sites that can be treated as a separate geographical zone for CIL charging purposes, if robust evidence on economic viability supports it. We have evidence that viability in the New Retail Quarter and The Moor may differ from the rest of the City Centre Prime Retail Area, so have proposed to investigate different rates for those sites. Evidence is not available for the other City Centre retail areas (Fargate / High Street and Devonshire Street / Division Street), as these are not identified development sites. In any case, redevelopment for retail uses here is not likely to include significant new floorspace, so would not be eligible for a significant CIL charge.

4.8 The rates proposed are set out in the right hand column of the table below.

[4] Sheffield City Council Cabinet Meeting 28 September 2011 - http://meetings.sheffield.gov.uk/council-meetings/cabinet/agendas-2011/agenda-28th-september-2011

[5] http://meetings.sheffield.gov.uk/council-meetings/cabinet/cabinet-decisions/12-december-2012 and http://meetings.sheffield.gov.uk/council-meetings/cabinet/agendas-2012/agenda-12th-december-2012

Table 1 – Proposed CIL Rates for the Draft Charging Schedule

Use	Rate originally Proposed in the PDCS	**Proposed Rate (per sq.m.)**
RESIDENTIAL (Use Classes C3 and C4)		
Zone 1 - North East	£20	**£0**
Zone 2 - East	£20	**£10**
Zone 3 - Stocksbridge & Deepcar, North West and South East	£30	**£30**
Zone 3 - City Centre West, Manor / Arbourthorne / Gleadless, Chapeltown / Ecclesfield and Rural Upper Don Valley	£50	**£30**
Zone 4 - City Centre, South	£50	**£50**
Zone 5 - South West	£100	**£80**
RETAIL (Use Class A1)		
City Centre Prime Retail Area	£60	**£30**
Meadowhall Prime Retail Area	£60	**£60**
Major Retail Schemes (including superstores and retail warehouses)	£60	**£60**
Strategic Site - New Retail Quarter	£60	**£30***
Strategic Site – The Moor	£60	**30***
Car Showrooms	£60	**£0**
HOTELS (Use Class C1)	£45	**£40**
LEISURE (Specifically D2 out-of-town health and fitness centres)	£60	**£30**
STUDENT ACCOMMODATION	£50	**£30**
ALL OTHER USES (including offices, industrial and warehousing)	£0	**£0**

* Subject to further work on viability.

Note: Detailed definitions for the uses and plans of the different areas referred to are set out in the Draft Charging Schedule, a Background Paper to the Cabinet Report

5. FINANCIAL IMPLICATIONS

5.1 As explained in paragraph 4.2 it is expected that, once established, there will be income from a CIL around £4 million per year once the system is effectively up and running and CIL income is routinely collected (probably from 2017 onwards). Given the restrictions on Section 106 detailed earlier, this income would not be otherwise achieved without a CIL in place. This projected income assumes that the property market recovers and most development sites identified do come forward. The impact of the reduced proposed rates compared with those previously proposed in the Preliminary Draft Charging Schedule, could be a reduction of up to £1 million, based on current planning projections in the Local Plan.

5.2 The Viability Study suggests that the proposed CIL rates would typically amount to between one and two and a half per cent of the total costs of any new development, and our own research supports this conclusion. CIL will be paid by more developments so the cost will be spread around (smaller schemes below the affordable housing and open space contribution thresholds do not normally make any financial contribution at all, due to the cost and time involved in drafting a Section 106 agreement). Currently, less than 2% of planning applications involve a Section 106 payment – this proportion will be many times higher under CIL.

5.3 The rates represent a cautious approach to ensuring the right balance between achieving a reasonable CIL income and not putting overall viability at risk. Setting rates at 60% or less of the maximum potential rates, plus a cautious approach to assumptions will ensure this is the case.

5.4 The Council has already incurred costs relating to CIL through officer time and commissioning the independent Viability Study. These operating costs will continue to be incurred as we work towards implementation of the CIL and we will also be likely to incur operational costs once CIL is adopted. However, the CIL regulations allow for up to 5% of CIL revenue to be claimed by the Council to cover these costs. We will seek to reduce the amount of CIL revenue used to cover the administration costs as far as possible in order to direct funding at infrastructure provision. Allocation of funding, and prioritisation of schemes will be undertaken through the Council's capital approval governance arrangements.

5.5 The Council has already committed some £2.2m of anticipated funds to the construction of Bus Rapid Transit North / Tinsley North Link and further sums may be needed to fund the commuted sum on the future maintenance obligations.

5.6 The collection of CIL will be undertaken through the Council's standard financial administration processes. Officers are currently reviewing how management information requirements can be met.

6. LEGAL IMPLICATIONS

6.1 CIL collection is governed by the Legislation produced in 2010 and amended every year since (the Community Infrastructure Levy Regulations 2010 (as amended)). The Council will need to ensure that all the legal processes required to adopt and operate a CIL are built in to corporate procedures. The Corporate Officer Group is also working to ensure this takes place.

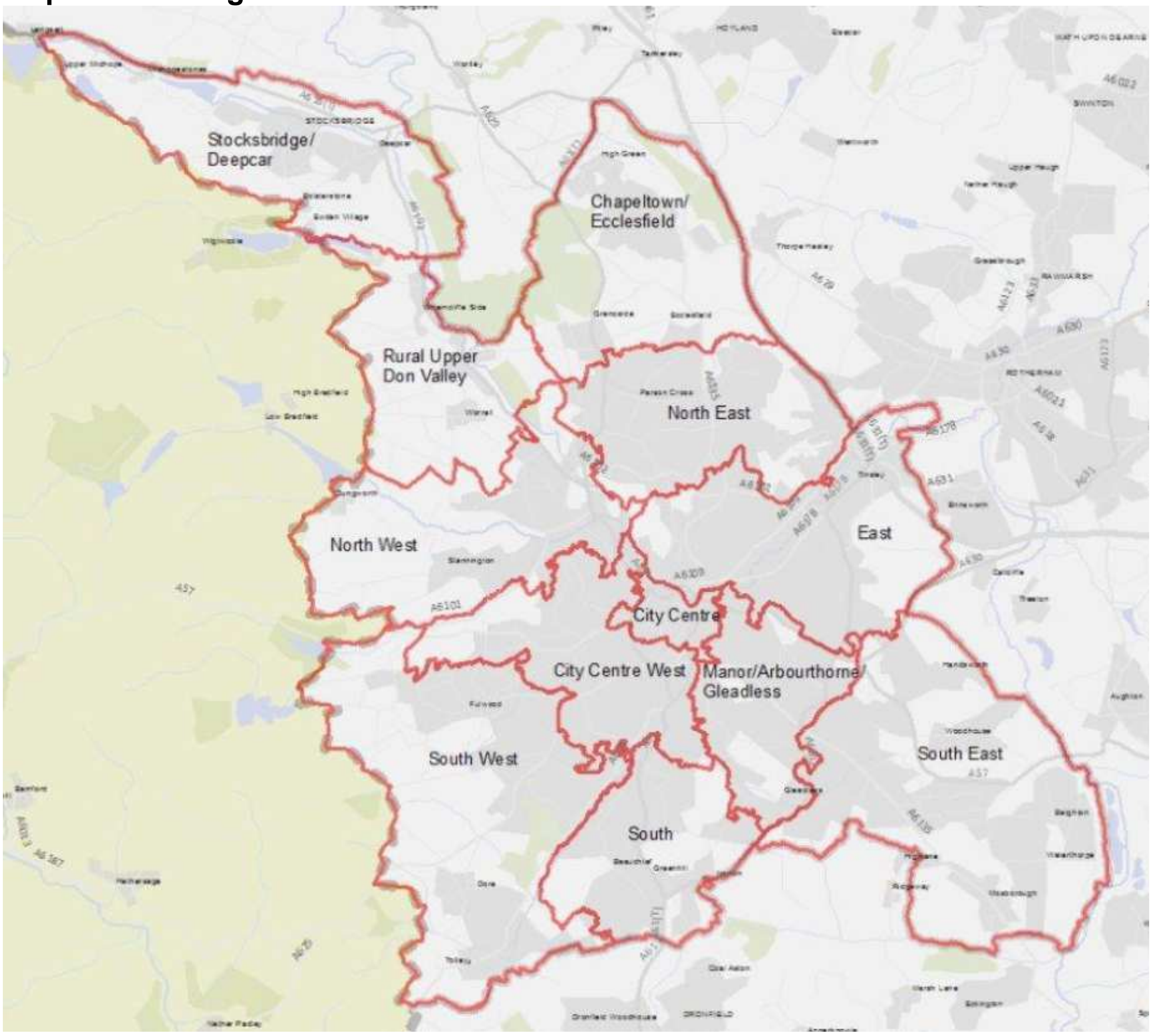
7. EQUALITY OF OPPORTUNITY IMPLICATIONS

7.1 The main benefits of CIL have been set out previously in Sections 2 to 4. As the CIL is largely replacing the previous Section 106 system of achieving developer contributions, in itself it is equality neutral. However, when considering the benefits of a CIL that there should be more funding available and it is more flexible in what the funds can be spent on, it has the potential for positive equality impacts. Many of the infrastructure projects that a CIL would help to deliver would benefit those reliant on public services such as state schools and public transport, as well as those living in areas where air quality is poor, for example. For this reason, CIL is considered to offer potential benefits to poorer residents and communities in Sheffield, so could have a positive equality impact.

Affordable Housing Requirements

7.2 Affordable housing is a cost to development that has been specifically accounted for in the CIL viability assessments. There is a need to be specific about realistic affordable housing assumptions, based on variations in viability across the different Housing Market Areas, shown below in Map 1.

Map 1 – Housing Market Areas



7.3 The findings of the viability studies on affordable housing and CIL have recently been combined to determine viable CIL rates and affordable housing targets, as follows:

Table 2 - Proposed CIL Rates and Affordable Housing (AH) Assumptions

Housing Market Area	Proposed CIL Rate (£ per sq.m.)	Proposed AH Requirement (%)
Chapeltown / Ecclesfield, Rural Upper Don Valley	30	10
City Centre	50	0
City Centre West, North West, South East, Stocksbridge & Deepcar	30	10
Manor / Arbourthorne / Gleadless	30	0
East	10	0
North East	0	0
South	50	30
South West	80	30

7.4 We will need to refer to this in applying affordable housing planning policies. Accordingly, it is proposed that an updated Interim Planning Guidance Note on the approach to affordable housing will be produced in advance of a Supplementary Planning Document that will deal with CIL, affordable housing and all developer contributions.

8. HEALTH INEQUALITY IMPLICATIONS

8.1 CIL funds could be used to deliver health services where they are classed as infrastructure, such as health centres and doctors' surgeries. This would be dependent on such infrastructure projects being prioritised, either city-wide or by the local communities using the Neighbourhood Proportion.

9. HUMAN RIGHTS IMPLICATIONS

9.1 The process for implementing a CIL including public consultation conforms to national legislation that takes due account of human rights.

10. ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

10.1 The National Planning Policy Framework[6] promotes sustainable development through three key dimensions, where the planning system has an economic, social and environmental role. Infrastructure cuts across all three of these roles and the CIL will assist in the delivery of infrastructure to aid sustainable development.

11. ECONOMIC IMPACT

11.1 The CIL will help to deliver the city's strategic priorities for infrastructure provision, will be generated by economic growth and reinvested into economic growth and infrastructure. It will be a key funding element of the Sheffield City Region Investment Fund and the City Region Growth Plan. While CIL funds collected within Sheffield could be spend outside of the city, the Council is under no obligation to do this. CIL monies

[6] *National Planning Policy Framework*. Communities and Local Government, March 2012 - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

will reside with the Council and how they are spent will be locally determined. The focus is likely to be on strategic outcomes, particularly Great Places to Live and Competitive City. Successful implementation and investment of CIL funds will make the city more competitive. Effective and full economic regeneration through the provision of new homes, businesses, services and leisure cannot be achieved without adequate supporting facilities. Infrastructure connects people with these jobs and services and provides the means for these to be delivered effectively. The city's aspirations for economic growth, as set out in strategies such as the Corporate Plan, City Strategy, Economic Masterplan, City Centre Masterplan and Don Valley Masterplan can only be achieved with the provision of adequate physical, social and green infrastructure. Infrastructure provision is also a critical issue on the national policy agenda and local plans are now expected to include policies that actively seek to deliver infrastructure improvements. We have worked closely with the Chamber of Commerce Property and Regeneration Committee and the Local Enterprise Partnership Property and Construction Group to ensure we have fully understood the key economic, regeneration and viability issues and have proposed CIL levels that will not undermine development and growth in the city.

12. COMMUNITY SAFETY IMPLICATIONS

12.1 Transport improvements are expected to be a significant item of infrastructure that will be delivered through CIL, and road and pedestrian safety is a key element of transport improvements.

13. HUMAN RESOURCES IMPLICATIONS

13.1 Putting the CIL in place will require significant input from Council staff in Planning, Legal and Finance, as well as others. However, this should lead to improved funding for infrastructure in the future, and CIL receipts can be used to cover some or all of the cost of its implementation.

14. PROPERTY IMPLICATIONS

14.1 The CIL would be chargeable on all new development, including buildings funded or constructed by or on behalf of the Council.

14.2 CIL receipts could be eligible to be spent by the Council on new buildings or structures where they are defined as infrastructure and are identified as a priority for CIL spending.

15. ALTERNATIVE OPTIONS

15.1 One option is not to implement a CIL, as it is not compulsory. Some local authorities have decided not to implement a CIL at the present time, where there are no infrastructure requirements or viability is marginal, but most councils are working on a CIL because funding for essential infrastructure is not otherwise available (currently 155 authorities have already published a Preliminary Draft Charging Schedule). Most core cities are also at various stages in the process of adopting a CIL. Most local authorities who have decided not to implement CIL at the present time have done so on the basis of either no infrastructure need or non-viability from their studies. Our viability study shows charges are viable on certain types of development in certain locations.

16. CONCLUSIONS ON REASONS FOR RECOMMENDATION

16.1 The CIL will help to deliver the city's strategic priorities for infrastructure provision, will be generated by economic growth and reinvested into economic growth and infrastructure. It will be a key funding element of the Sheffield City Region Investment Fund. Successful implementation and investment of CIL funds will make the city more competitive. However, CIL monies will reside with the Council and how they are spent will be locally determined. The focus is likely to be on strategic outcomes, particularly Great Places to Live and Competitive City.

16.2 The next stage in adopting a CIL is to produce a Draft Charging Schedule setting out the proposed rates that will be charged on new development, and this will be subject to a period of public consultation.

16.3 The recommended CIL rates are based on the ability of development to pay. Viability assessments have provided evidence that some development in the city can afford to pay a CIL charge to help meet identified needs for infrastructure.

16.4 The CIL rates proposed represent a cautious approach to viability through the assumptions used and the inclusion of a minimum 40% margin below the potential maximum affordable charge.

17. RECOMMENDATION

That Cabinet:

17.1 Agrees to publish a Draft Charging Schedule for public consultation, including some rates that are lower than proposed in the Preliminary Draft Charging Schedule, published in January 2013, as set out in Table 1 above;

17.2 Agree that these proposed CIL rates will have implications for assumptions on realistic affordable housing requirements, as set out in Table 2 above. These will influence negotiations on planning applications that include an element of affordable housing;

17.3 Agrees to the publication of a number of draft documents as evidence to support the proposed CIL charges, including an 'Interim Regulation 123 List' setting out current potential CIL funding priority projects.

Simon Green

Executive Director, Place March 2014

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