



ADUR & WORTHING
COUNCILS

Executive Members for Regeneration
21 December 2017

Decision to be taken on or after
3 January 2017

Key Decision - No
Ward(s) Affected: All

Worthing Community Infrastructure Levy - Instalment Policy

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1 In 2015 Worthing Borough Council introduced a Community Infrastructure Levy (CIL) to allow funds to be raised from developers to pay for infrastructure that is needed to support growth. At the same time the Charging Schedule was put in place the Council also adopted an Instalment Policy which allows developers to make phased payments in proportion to the scale of development proposed.
- 1.2 Whilst there is no need to revise that approach set out in the Instalment Policy it is felt that a minor change is required to provide a degree of flexibility in exceptional circumstances. This report explains the reason for this and recommends some additional wording to be added to the policy.

2. Recommendation

- 2.1 It is recommended that the Executive Members approve adding the following wording to the end of the Council's Instalment Policy for CIL:

The Council accepts that for some larger schemes (particularly apartment developments) a degree of flexibility may be required to ensure that the phasing of CIL payments is reasonable and that timings for payments reflect the forecast rates of delivery. However, any variation to the policy set out above will only be

agreed in exceptional circumstance and will need to be confirmed in writing with the Head of Planning and Development

3. Context

3.1 The Community Infrastructure Levy (CIL) is a mechanism, introduced by Government in 2010, to allow local planning authorities to raise funds from some forms of development in order to pay for the infrastructure that is, or will be, needed as a result of that new development. Worthing Borough Council adopted its Charging Schedule for CIL in February 2015 and implementation of the levy commenced in October 2015.

3.2 As CIL was being advanced for Worthing a view had to be taken on a number of discretionary matters. One of these related to the need for an Instalment Policy. In this regard, of Planning Practice Guidance for CIL (Para 55) states:

Where a charging authority wishes to allow payment by instalments, they must have published an instalment policy on their website (under [CIL] regulation 69B). An instalment policy can assist the viability and delivery of development by taking account of financial restrictions, for example in areas such as development of homes within the buy to let sector. Few if any developments generate value until they are complete either in whole or in phases. Willingness to allow an instalments policy can be a material consideration in assessing the viability of proposed levy rates. The authority has freedom to decide the number of payments, the amount and the time due. The authority may revise or withdraw the policy when appropriate.

3.3 The Council considered it reasonable that payment instalments for CIL are scheduled in proportion to the scale of development that is proposed. As a consequence the Council published an Instalment Policy (Appendix 1) which came into force alongside the Charging Schedule in October 2015. This establishes an approach whereby payments are phased across different time periods depending on the scale of the charge due.

4. Issues for consideration

4.1 Most authorities that have adopted a CIL Charging Schedule have also adopted an Instalment Policy. Examples from elsewhere are, in the main, very similar to the policy adopted for Worthing. It is considered that there

is no reason to revise the general approach set out in the Council's policy. However, for the reasons set out below it is considered that in exceptional circumstances some additional flexibility is required.

- 4.2 Government guidance acknowledges that large scale developments which are delivered over a number of years face particular issues in relation to cash flow and the delivery of on-site infrastructure. For most housing schemes the Council's current Instalment Policy would help to mitigate this as early phases of the development could be released for sale before the CIL liability is paid in full.
- 4.3 However, it is now acknowledged that for some large developments in Worthing the current phasing of payments would not assist. In particular, this relates to large apartment developments when it is unusual for any early phases to be released before the development is fully completed.
- 4.4 The Council chose to adopt an Instalment Policy as it was considered reasonable to agree an approach that allowed for a phasing of payments that reflects the scale of development. This measure would help to ensure that schemes remained viable and that, as a consequence, the benefits of economic growth were delivered. As the current policy does not help to mitigate cash flow concerns for some large schemes (particularly the development of apartments) it is now proposed that wording that provides some flexibility is added to the end of the Council's Instalment Policy (see recommendation - Section 2).

5. Engagement and Communication

- 5.1 The Council's existing Instalment Policy was published for consultation alongside the Draft Charging Schedule. No comments were received on the Instalment policy. There is no reason to think that any concerns would be raised in regards to the proposed revised to the policy.
- 5.2 The amendment outlined in this report has been discussed and agreed internally by senior officers within the Planning and Development Team. In addition, the Council's Local Plan Working Group supported this revision when discussed at a meeting held on 30th November 2017.

6. Financial Implications

- 6.1 The additional flexibility provided for some schemes through the additional wording will, in effect, delay some of the CIL payment for some schemes.

However, it should be noted that the level of CIL due will not change and all payments will be Index linked.

- 6.2 Any variation to the existing approach will only be agreed in exceptional circumstances. Arguably, the ability to agree a more reasonable phasing of payments for some scheme will help to ensure that they remain viable and that the benefits of development are delivered.

7. Legal Implications

- 7.1 The legal framework for CIL can be found in Part 11 of the Planning Act 2008 and the Community Infrastructure Regulations 2010 (as amended). The Council must also have regard to the statutory guidance on CIL titled, Planning Practice Guidance, Community Infrastructure Levy.
- 7.2 Provided that certain steps are followed, under regulation 69B (4) of CIL Regulations 2010, the Council can bring into effect a new Instalment Policy at any time.

Background Papers

- Appendix A - Instalment Policy
- Worthing BC - Charging Schedule for CIL - Feb 2015
- Worthing BC - CIL Process Guide - July 2015

Officer Contact Details:-

Ian Moody

Planning Policy Manager (Worthing)

01273 263009

ian.moody@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

The Council choose to adopt an instalment policy to ensure that the application of the levy was reasonable and that the phasing of payments reflected that level of development and sum due. The minor change to the policy being proposed will provide a level of flexibility for some schemes that would not have otherwise benefited from the phasing of payments. This in turn may ensure that schemes remain viable and that the economic benefits arising from new development are not lost. This will help to contribute towards meeting many of the Council priorities.

2. Social

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Issues relating to race, disability, gender and other equality have been considered and it is not felt that CIL or revisions made to the Instalment Policy will have an adverse impact on any social group. In reality, CIL will help to facilitate economic growth and deliver improved services. The infrastructure and services that CIL can help to fund could enhance livability for all sectors of society.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

Matter considered and no issues identified.

4. Governance

The minor change proposed will ensure that all large schemes (including apartment developments) will benefit from the 'reasonable' approach that the Council advanced when adopting the original instalment policy. A more consistent approach will enhance the Council's reputation. An approach that helps to support the delivery of sustainable development will help to meet the aspiration for economic development established in other Council strategies.