BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

то:	Council	REPORT NUMBER: XXXX
FROM:	Clive Arthey- Cabinet Member for Planning David Burn – Cabinet Member for Planning	DATE OF MEETING: 10 th November 2020 (Babergh) and 11 th November 2020 (Mid Suffolk)
OFFICER:	Tom Barker Assistant Director Sustainable Communities	KEY DECISION REF NO.

COMMUNITY INFRASTRUCTURE LEVY (CIL) – PROPOSED REVISED CIL CHARGING RATES (FOR CONSULTATION PURPOSES) FOR BABERGH DISTRICT COUNCIL AND MID SUFFOLK DISTRICT COUNCIL (AS CIL CHARGING AUTHORITIES FOR THEIR ADMINISTRATIVE AREAS)

1. PURPOSE OF REPORT

- 1.1 Babergh and Mid Suffolk are separate CIL Charging Authorities for their administrative areas. This was formally agreed by Babergh at their Council meeting on the 20th January 2016 and by Mid Suffolk at their Council meeting on the 21st January 2016 when the scheme of charging for CIL was adopted by both Councils. Both Councils agreed CIL charging rates (following viability testing) at those meetings and the scheme of CIL charging started on the 11th April 2016. These CIL rates (see Section 4 below) have remained in force and are unchanged (see Appendices I (Babergh) and J (Mid Suffolk).
- 1.2 An Instalments policy for collection was also adopted and given effect on that date; (see Appendices C and D to this report). Under Regulation 69B of the Community Infrastructure Levy (Amendment) Regulations 2010 (as amended), CIL charging authorities are allowed to adopt a policy for deferring CIL payments through payment plans. This policy was adopted by both Councils in January 2016 and given effect on the 11th April 2016. It was set up for 2,3,4,or 5 identical CIL payments (under a payment plan) dependant on the amount of CIL to be collected in total. This policy and collection of CIL through deferred CIL payments has remained in force and unchanged since that time with one exception. This exception being the CIL and Coronavirus arrangements which both Councils put in place between 1st April 2020 to 30th June 2020 given that most housebuilding stopped on construction sites in both Districts given lock down restrictions. During this period housebuilders were offered the opportunity to defer and make no payments between 1st April 2020 to the 30th June 2020. In almost all cases this offer was accepted and taken up by large and small housebuilders. This CIL and Coronavirus scheme was reviewed by both Councils and ended on the 30th June 2020 with a reversion to normal payment plan arrangements thereafter.
- 1.3 Also on the 11th April 2016, Regulation 123 Lists (relating to expenditure of CIL on certain types of expenditure) were also adopted for both Councils. The two Regulation 123 Lists were largely similar for Babergh and Mid Suffolk but not identical. They also

contained a small list of Strategic sites for development (see paragraph 4.4) where no CIL would be payable due to high infrastructure costs for development of those particular sites. (The infrastructure costs and delivery on these sites were expected to be achieved through s106 Obligations instead). This list of those Strategic development sites is set out for both Councils in the current CIL Charging Schedule – (see Appendices I and J) and referred to in Section 4 below.

- 1.4 However on the 1st September 2019 new amendment CIL Regulations were introduced which abolished the CIL 123 Lists. Both Councils decided voluntarily to produce and adopt a separate CIL Position Statement for each Council (albeit identical) to provide clarity for all on which types of infrastructure district CIL would be spent on. These CIL Position statements are identical for both Councils and remain in force until the 11th December 2020 whereupon both Councils will publish their Infrastructure Funding Statements.(see paragraphs 1.5 and 1.6 below). The CIL position Statements constitute Appendices E and F to this report.
- 1.5 However the CIL Regulations also brought in another new provision on the 1st September 2019 which requires each Council to produce and publish (on the Councils web site) an Annual Infrastructure Funding Statement (IFS) by the 31st December 2020. The IFS for each Council is being presented to both Councils Cabinets on the 9th and 12th November 2020. The IFS for each Council is different but contains:-
 - Collection and expenditure of monies under the Community Infrastructure Levy (CIL),
 - Collection and expenditure of monies through s106 Obligations from developers,
 - CIL monies that are paid to and spent by Parishes under Neighbourhood CIL (through annual returns made to both Councils by the Parishes)
 - A list of Infrastructure projects which the Council is supporting financially together with Infrastructure projects which are expected to come forward (to support growth in the future which are largely taken from the current iteration of the Infrastructure Delivery Plan (IDP). This List will be known as the "Infrastructure List" for both Councils (as required by Regulation 121 of the CIL Regulations 2019). (see Appendices K and L to this report)
- 1.6 The impact of this legislative change is that both Council's CIL Position Statement are the documents that both Councils CIL Expenditure Framework relies on for expenditure. These CIL Position Statements will be obsolete and incapable of use after the 31st December 2020 or as soon as each Councils Infrastructure List is published on the web site. The date nominated for publication by both Councils on the web site will be the 11th December 2020.
- 1.7 The adoption of the CIL rates documentation in 2016 contained a statement which made clear that the 2016 CIL rates would not be reviewed within a three year period following their implementation. This three year period expired (for both Councils) on the 11th April 2019.
- 1.8 As part of the emerging Joint Local Plan, viability testing has been carried out to test whole plan viability including whether the allocated sites for development are

deliverable given the infrastructure requirements (contained in the Infrastructure Delivery Plan – IDP) taking into account all relevant development costs. This viability testing has also considered what level of new rates of CIL would be both viable and appropriate given all these financial considerations.

- 1.9 The new proposed rates of CIL which are proposed in this report are therefore informed by this viability testing which demonstrates that the amended rates are viable and would not render any development sites as undeliverable. In view of this and given the rising costs of infrastructure and the yearly increase of cost multipliers by Infrastructure providers for infrastructure projects, it is essential to revise CIL rates at this time and at this stage in the Joint Local Plan process.
- 1.10 The purpose of this report is therefore to seek agreement from both Councils to new proposed revised CIL rates (as set out in Section 4 below) and for these to be the subject of a consultation exercise for a period of six weeks to run parallel with the timescales allowed for the consultation of the next stage of Joint Local Plan.(12th November 24th December 2020)
- 1.11 Both Councils agreement is also sought for the continuation of a policy for the deferment of CIL payments (albeit different from the current policy) so as to strike a balance between supporting housing delivery by house builders (both major and minor developments) and the delivery of infrastructure projects to support growth so that development is sustainable and communities benefit.

2. OPTIONS CONSIDERED

2.1 The CIL Regulations 2010 (as amended) are prescriptive and set out the process to be followed with any CIL charging review. It is expected that evidence around viability testing should inform any amended rates. The amendments to the CIL Regulations of 2019 (introduced on the 1st September) revised the amount of consultation required within this revision to the CIL charges process and has streamlined this from two rounds of consultation into one only. This report takes those legislative provisions fully into account.

3. **RECOMMENDATIONS**

- 3.1 That both Councils approve the content of this report (and all Appendices) with a view to agreeing that this material be the subject of a formal consultation for a period of six weeks between the 12th November and the 24th December 2020. (This would be a separate consultation but run in parallel with the consultation exercise for the emerging Joint Local Plan).
- 3.2 Both Councils agree that all responses to the consultation relating to revisions to the rates of CIL charging will be considered, analysed by the Councils Viability Consultants, and taken into account and fed into an Examination in public to be held by an Inspector.

Both Councils also agree to fully consider the Inspectors report when the Examination in public is concluded together with any consequent Inspectors report issued with his/her findings to both Councils. This would allow both Councils to consider outcomes together with any revision and subsequent adoption of any new revised CIL charging rates for both Councils together with an implementation date.

REASON FOR DECISION

3.3 There are a number of different ways which Infrastructure is delivered following growth within both Districts. Community Infrastructure Levy (CIL) monies have been collected since the implementation of CIL on the 11th April 2016 with a range of charges which have remained unaltered and are still in force since that time. At the time of adoption both Councils stated that these rates would not be reviewed within a three year period following implementation of CIL. This period expired on the 11th April 2019. As part of the emerging Joint Local Plan, viability testing has been carried out to test whole plan viability including whether the allocated sites for development are deliverable given the infrastructure requirements (contained in the Infrastructure Delivery Plan - IDP) and development costs. This viability testing has also considered what new rates of CIL would be both viable and appropriate given all these financial considerations going forward. The new proposed rates of CIL which are proposed in this report are therefore informed by this viability testing. In view of this and given the rising costs of infrastructure and the yearly increase of cost multipliers by Infrastructure providers for their infrastructure projects (as updated in the IDP) it is essential to revise CIL rates at this time and at this stage in the Joint Local Plan process. All of these measures and where appropriate, decisions form ways in which necessary infrastructure supporting growth in the Districts are delivered /or prioritised for the benefit of our communities.

4. KEY INFORMATION

- 4.1 This part of the report is split into five main parts as set out below:-
 - Background and Existing CIL Rates
 - > Proposed new CIL Charging Rates, Consultation and Future Review
 - > Instalments Policy
 - > Strategic Sites
 - Loss of the Regulation 123 Lists and their replacement of the CIL Position Statements for both Councils and their replacement by the Infrastructure Funding Statement for both Councils (Infrastructure List)

Background and Existing CIL Rates

4.2 As stated in paragraph 1.1 above, the existing CIL charging rates were adopted on the 20th January 2016 by Council at Babergh and on the 21st January 2016 at Council by Mid Suffolk. The date of implementation of the CIL scheme was the 11th April 2016 (for both Councils). The CIL rates that were agreed were made under the Planning Act 2008 and the Community Infrastructure Regulations 2010. Prior to their adoption the 2016 CIL charging rates were considered and informed by the Viability Consultant working on behalf of both Councils. The Viability Consultant carried out a full viability exercise in the knowledge of infrastructure needs. The Consultant gave evidence at the Examination in public on both Councils behalf. At that time infrastructure costs were considered and s106 was expected to raise £0.8 million per year. However in 2016 CIL was expected to generate £1 million per year for the next 15 years. There was also an expectation that Neighbourhood CIL

would also generate income for Parishes which they could use to spend on infrastructure.

- 4.3 However the above projections of income were also balanced against viability of development sites, industry profit levels and costs of infrastructure and the methods which could be used to provide and pay for infrastructure. It was also balanced against a funding gap which the Inspector concluded CIL could be used for in order to collect monies to provide infrastructure. A detailed viability assessment was carried out and was taken into account by the Inspector together with all the representations that were raised through the Examination in public and the infrastructure needs that the development was expected to necessitate.
- 4.4 The Inspector concluded (following the Examination in public) in 2016:-

"The draft Charging Schedule is supported by detailed evidence of community infrastructure needs and economic viability. On this basis, the evidence which has been used to inform the Charging Schedule is robust, proportionate, and appropriate. I recognise that there are different opinions on individual cost elements and that small variations in some could cumulatively have an impact on viability. However there are no definitive right or wrong figures to be applied and the assumptions made by the Council in the main reflect appropriate industry costs and are not set too low. The existence of contingency costs and the use of significant viability buffers reinforces the Council's approach and provides reasonable margins for any additional costs".

4.5 These CIL charges were based on defined high and low zone areas of each District (which are mapped and are part of the existing CIL charging rates schedule). They are also influenced by the scale of housing development. A flat rate charge for convenience retail was also proposed at that time. Subject to some minor modifications by the Inspector the following rates were proposed to both Councils in January 2016 and were adopted by each Council. They remain the current CIL charging rates. They have not altered since adoption and implementation although the rates set out below do contain the current BCIS Indexation rates as follows:-

Existing CIL Rates

Development Type	Zone	Current CIL rate (per sqm) Charge Includes BCIS Index rate
Residential Development (1-2	Low	£110
Dwellings)		
(Use Class C3, Excluding Specialist		
older persons housing)		
Residential Development (3+	Low	£86
Dwellings)		
(Use Class C3, Excluding Specialist		
older persons housing)		
Residential Development	High	£135
(Use Class C3, Excluding Specialist		
older persons housing)		
Strategic Sites (zero rated and not	N/A	£0
CIL Liable) – (listed for both Councils		
(see paragraph 4.17 and Appendices		
l and J)		

Specialist	older	persons	N/A	03
accommodation				
(zero rated and not CIL liable)				
Wholly or mainly Convenience retail			District	£123
All other uses			District	£0

4.6 Other elements of the CIL scheme in 2016 considered by the Inspector included the Instalments policy for collection of CIL and the Regulation 123 Lists (which have since been abolished and replaced by the CIL Position Statement for both Councils). The latter are now in turn shortly to be replaced by the Infrastructure Funding Statement for each Council (when it is published on both Council's web site on the 11th December 2020. The other matter considered by the Inspector in 2016 was both Council's approach towards Strategic sites in both Districts. These matters are considered further in section 4 below.

Proposed new CIL Charging Rates, Consultation and Future Review

- 4.7 Viability Consultants Aspinall Verdi are acting for both Councils both in respect of whole plan viability for the emerging Joint Local Plan but also in relation to consideration of revised CIL charging rates going forward. A report on both has been submitted which forms Appendix G to this report. The following points are important and must be taken into account in relation to any revisions to the CIL charging rates:
 - ➤ The Viability exercise in relation to the Infrastructure Delivery Plan for both Councils (IDP) The infrastructure needs have been identified through collaborative work with all the infrastructure providers and the evidence collected through this exercise is contained in the Infrastructure Delivery Plan (IDP). This was published for the first time as part of the Regulation 18 Consultation exercise for the emerging Joint Local Plan in July 2019. Since July 2019, the IDP has been updated alongside the next stage of the Joint local Plan and the latest version is dated September 2020. This was shared with the Viability Consultant together with the content of the Joint Local Plan in terms of site allocations and planning policy requirements. He undertook a viability exercise and the outcome of this is contained in Appendix G.
 - ➤ Current areas of high and low zones for charging were reviewed (as they apply currently for existing CIL charges). The Viability Consultant considers there is not enough market differentiation between the two Districts based on a thorough assessment of development typologies (i.e. Greenfield / Brownfield land) together with Developer costs, Industry "norm" profits and sales values within the Districts. The outcome of the viability assessment was that there should be flat rate District wide CIL charges only with no low or high rate zones but that the rate of charges should have differentials where green field and brownfield land are concerned. The suggested rate of charges also reflects whether affordable housing provision would be expected to be provided on these sites according to planning policy requirements.
- 4.8 Given all the considerations raised above the following proposed revised charges are those which will form the subject of the formal consultation exercise required by the CIL Regulations 2010 (as amended) for both Councils. They are identical flat rates charges for use across both Babergh and Mid Suffolk.

4.9 This table is taken from Appendix A and B to this report:-

Proposed Revised CIL rates

Development Type / Use	Proposed CIL Rate (per square metre)
Residential development – Greenfield – 10 dwellings and above (Use Class C3*, excluding 'specialist older persons housing'**)	£200
Residential development Greenfield ***(Use Class C3*, excluding 'specialist older persons housing'**) - 9 dwellings or below which trigger affordable housing	£80
Residential development Greenfield *** (Use Class C3*, excluding 'specialist older persons housing'**) - 9 dwellings or below which do not trigger affordable housing	£200
Residential development (Use Class C3*, excluding 'specialist older persons housing'**) Brownfield Housing Development****10 dwellings	£10 at 20% affordable housing level provision £45 at 15% affordable housing level
and above	provision
Residential development (use Class C3* Brownfield Housing development flats development and smaller housing sites (9 dwellings or fewer) which trigger affordable housing development	£0
Residential development (Use Class C3* Brownfield Housing development flats development and smaller housing sites (9 dwellings or fewer) which do not trigger affordable housing development	£90
Elderly accommodation - Specialist older persons accommodation**	£0
All other uses	£0

Key

^{*} Class C3 - As defined by the Use Classes Order 1987 (as amended).

^{** &#}x27;Elderly accommodation - Specialist older persons accommodation' is used to describe developments that comprise self-contained homes with design features and support services available to enable self- care and independent living. Sometimes also known as sheltered/retirement housing and extra care accommodation

^{***&}quot;Greenfield - 'Land (or a defined site) usually farmland, that has not previously been developed

^{****} **Brownfield.** - Previously developed land which is or was previously occupied.

- 4.10 As Members will be aware from the content of this report, CIL charges are established through evidence collected through viability testing and knowledge of infrastructure needs and housing market conditions. However Appendix M contains information collected from other CIL charging authorities around their rate of CIL charges. Appendix M also contains information on when these CIL charges were first brought in and whether they are currently the subject of revision. This information is not complete as some authorities were not able to put this information into the public domain. It is provided to Members for comparison purposes only.
- 4.11 It is therefore proposed that this range of charges be the subject of the necessary formal consultation. It is recommended that this consultation exercise be separate to but run alongside the Joint local Plan consultation exercise for a six week period starting 12th November 2020 and ending on the 24th December 2020.

Future review

- 4.12 When the current range of CIL charges was adopted the Councils gave a commitment in its CIL charging schedule that it would that it would not expect to revise these CIL charges before the expiry of a period of three years. This three year period expired on the 11th April 2019.
- 4.13 In respect of this CIL charges review, it is recommended that any range of revised CIL charges be held for a similar three year period. However as Members will be aware Government has recently issued a White Paper called Planning for the Future. This contains a number of suggestions for change around CIL by the introduction of a new Infrastructure Levy. Should new national legislation be brought forward this position on any review of CIL would alter to conform with legislation.
- 4.14 To accompany these draft changes the following matters are key to the Consultation; the Instalments policy, the existence of Strategic Sites, and the replacement of the CIL Position Statement with the Infrastructure Funding Statement the Infrastructure List for both Babergh and Mid Suffolk. These are dealt with below.

Instalments Policy

4.15 The CIL Regulations set a default requiring full payment of the Levy charge within 60 days of the commencement of the chargeable development. However, under Regulation 69B of the Community Infrastructure Levy (Amendment) Regulations 2010 (as amended) it is permissible for a Charging Authority to establish an Instalments Policy, thus offering developers more flexible payment arrangements. The Inspector made no comments in his report about the Instalments Policy in 2016. Both Councils ultimately decided to introduce a policy allowing deferred payments which still remains in force. (see paragraph 1.2 above and Appendices C and D).

- 4.16 On the whole this current scheme has worked well with developers generally adhering to the payment plans. It gives some degree of confidence about when payments will be received and allows planning around infrastructure delivery. It is recommended that this principle of having an Instalments policy for both Councils be continued alongside this range of revised CIL charges but with the following revisions for the following reasons:-
 - ➤ The Joint Member Panel have reviewed the current Instalments policy for both Councils as part of the CIL Expenditure Framework third review (which started in October 2020 and is likely to be completed Winter 2020). With CIL rates proposed to increase, the Joint Member Panel considered that the band widths of each category of payment should alter together with the frequency and timing of payments to be made under the payment plan. By making these changes this would simplify the process and allow small housebuilders paying CIL in the first band width the opportunity to spread their two equal payments out over a slightly increased amount of time.
 - ➤ The alterations to the second and third band width retain the opportunity for a payment plan with 4 and 5 equal payments respectively albeit the second band width does require payment over an 18 month period.
 - ➤ In reaching these conclusions .the Joint Member Panel took into account some analysis of CIL payment activity for the year 19/20 as part of this review. On this basis they concluded that these changes were reasonable and would assist with housing delivery and strike a reasonable balance for communities through collection and payment of their Neighbourhood CIL.
 - The Joint Member Panel recommend that the proposed Instalments Policy contained in Appendices N and O be agreed and form part of the formal consultation exercise which is the subject of this report.

Strategic Sites

4.17 These are a list of development sites in both Babergh and Mid Suffolk that were considered Strategic sites in 2016 which because of the size/scale of development would carry high infrastructure costs. They were included on the Regulation 123 Lists and currently form part of the Councils adopted CIL Charging Schedule for each District. They are zero rated for CIL and do not therefore pay CIL. (See Appendices I - Babergh and J - Mid Suffolk).

For Babergh these Strategic sites are identified as:-

- Chilton Woods, Sudbury
- Strategic broad location for growth East of Sudbury / Gt Cornard
- Lady Lane, Hadleigh
- Babergh Ipswich Fringe
- Brantham Regeneration Area

For Mid Suffolk, these Strategic sites are identified as:-

- Chilton Leys, Stowmarket
- Ashes Farm, Stowmarket
- Farriers Road, Stowmarket
- Union Road, Stowmarket
- Lake Park, Needham Market
- Eye Airfield

The Inspector made the following comments in his report about Strategic Sites in 2016:-

"For Strategic sites the Section 106/Section 278 requirements assumed in the Revised Draft CIL Charging Schedule, Examiners Report December 2015 8VS (Viability Study) are much larger and are more bespoke, in recognition of the additional infrastructure needed to develop these sites. This approach is also reasonable."

I have received no objections to these (Viability/site) appraisals or the proposed nil charge for these sites. Based on the evidence before me I consider that a CIL charge could hinder the (Councils) delivery of these strategic sites. The proposed nil rate is therefore consistent with the evidence and is justified".

4.18 Since 2016 some of these sites have received the benefit of outline planning permission as set out below where a legal agreement under s106 has been achieved with an acceptance that no CIL would be payable. Some sites have received both outline and detailed permissions and some have commenced on site again with no CIL payable. However there are a few sites where nothing has come forward or where applications are submitted but no decisions has yet been made or issued. These are as follows:-

Strategic Sites update for Babergh (October2020)

Strategic Sites of January 2016 CIL Charging Schedule		Current position as proposed in emerging Joint Local Plan (JLP) / current planning status and conclusion about need for continued Strategic Site status
Chilton Woods, Sudbury		Outline permission (B/15/01718) granted 29/03/2018. No new land allocation in the emerging Joint Local Plan (JLP), but included within the settlement boundary as granted planning permission before the Joint Local Plan baseline of 1 st April 2018 – (emerging JLP July 2019).
		Conclusion – S106 and no CIL payable (upon submission of a reserved matters application) given the existence of the outline planning permission). There is no need to continue this site as a Strategic site

Strategic broad location for growth – East of Sudbury / Great Cornard

If the area of land mapped for the strategic site in 2016 is compared with the area of land of the land allocation in the Joint local Plan, they are different. The site allocation **LA042**, is for 500 dwellings. No activity is occurring with Development Management for progression of this site as a planning application at this time.

Conclusion - Although part of the current CIL charging schedule as a Strategic site, the viability exercise carried out by the Councils Viability Consultant (as part of the Emerging Joint Local Plan and CIL charging rate review process) has not identified the need for any strategic sites going forward (i.e. s106 only without payment of CIL).

There is no activity from developers to take this site forward at this time in the form of a planning application from a development management perspective. On this basis there is an expectation that this site will pay CIL following adoption of the new revised CIL rates / schedule.

There is no need to continue this site as a Strategic site.

Lady Lane, Hadleigh

Area of land has changed since 2016. Land is proposed as an allocation **LA028**, for 500 dwellings. Eastern section of the site is under Hybrid application (DC/19/05419) for 250 dwellings which is awaiting formal consideration by the Council and a decision.

Conclusion - Although part of the current CIL charging schedule as a Strategic site, the viability exercise carried out by the Councils Viability Consultant (as part of the Emerging Joint Local Plan and CIL charging rate review process) has not identified the need for any Strategic sites going forward (i.e. s106 only without payment of CIL).

On this basis there is an expectation that this site will pay CIL going forward. However it will enjoy the opportunity to be s106 (without CIL) until any new revised CIL charging schedule is adopted.

There is no need to continue this site as a Strategic site.

Babergh Ipswich Fringe

Site called 'Wolsey Grange Phase 1', with residential to the north (under construction) and employment to the south. Wolsey Grange Phase 1 benefits from Hybrid permission (B/15/00993) granted 29/08/2018, and Reserved Matters (DC/20/01058) granted 10/07/2020. (145 dwellings under construction from Full permission, 305 dwellings under RM).

The first phase has a completed s106 and would not pay CIL under the current CIL charging schedule.

Conclusion - There is a further phase of development in the Wolsey Grange area on the Babergh Ipswich Fringe. The residential area proposed as an allocation LA014, in the emerging Joint Local Plan (JLP) for 475 dwellings is land outside the Ipswich Fringe originally mapped area forming part of the current CIL charging schedule.

	The viability exercise carried out by the Councils Viability Consultant (as part of the Joint local Plan and CIL charging rate review process has not identified the need for any Strategic sites going forward (i.e. s106 only without payment of CIL). On this basis there is an expectation that this site will pay CIL (together with a s106 if deemed appropriate) There is no need to continue this site as a Strategic site.
Brantham Regeneration Area	This was Adopted Policy CS10: Brantham Regeneration Area Allocation in the Babergh Core Strategy. This site received the benefit of outline planning permission under B/15/00263 granted 18/11/2016 for 320 dwellings.
	Conclusion – No new land allocation, but included within the settlement boundary as granted planning permission before baseline of 1 st April 2018 (emerging Joint Local Plan - July 2019).
	A S106 has been completed as part of the outline planning permission and no CIL is payable (upon submission of a reserved matters application) given the existence of the outline planning permission).
	There is no need to continue this site as a Strategic site.

Strategic Sites update for Mid Suffolk

Strategic Sites of January 2016 CIL Charging Schedule	Current position as proposed in emerging Joint Local Plan (JLP) / current planning status and conclusion about need for continued Strategic Site status		
Chilton Leys, Stowmarket	LA034 – Outline planning permission (5007/16) grante 05/07/2018, therefore remains a proposed allocation (LA034 Total of 600 under outline, RM for 175 (under construction). Conclusion – S106 completed at outline stage and no Cl payable (given the existence of the outline plannin permission). The development is commenced and is bein		
	built out. There is no need to continue this site as a Strategic site.		
Ashes Farm Stowmarket	This is a site carried forward into the emerging Joint Local Plan. The proposed new allocation is LA035. The proposed allocation is for 575 for the whole site. An Outline application (DC/20/01036) for 300 dwellings has been submitted for part of the site which represents the Eastern section of LA035. This is awaiting a decision. No planning application has been submitted todate for the western part of the site Conclusion - The viability exercise carried out by the Councils Viability Consultant as part of the Joint Local Plan		
	and CIL charging rate review process has not identified the		

need for any Strategic sites going forward (i.e. s106 only without payment of CIL).

On this basis there is an expectation that this site will pay CIL going forward. However it will enjoy the opportunity to be s106 (without CIL) until any new revised CIL charging schedule is adopted.

In this respect, there is the opportunity for the eastern side of the site to be progressed on a s106 basis only (with no CIL payable) as it is a current undetermined application and can come forward under cover of the current CIL charging rates until any new revised CIL rates/schedule is adopted.

There is also a similar time period opportunity for the western side of the site to come forward as a planning application and be considered on that basis until any new revised CIL rates/schedule is adopted.

There is no need to continue this site as a Strategic site.

Farriers Road, Stowmarket

Site is not allocated in the emerging Joint Local Plan (JLP) as granted planning permission before JLP baseline of 1st April 2018. (Hybrid application refers (1492/15) granted on 06/07/2016. Phase 1 for 75 dwellings under construction. Details (DC/18/05397) for Phase 2, (110 dwellings) and sheltered housing scheme of up to 60 units, granted permission on the 13/06/2019.)

Conclusion – S106 completed at outline stage and no CIL payable given the existence of the outline planning permission). Development has commenced on site and the site has started to be built out.

There is no need to continue this site as a Strategic site.

Union Road, Onehouse

This site is included as a land allocation in the emerging Joint Local Plan - LA036 – Outline application (DC/20/01110) submitted for 146 dwellings or 129 dwellings plus care home but is as yet undetermined and is currently awaiting a decision.4455/16 – Full application for 300 dwellings granted 17.08.2018. Works on site started Autumn 2019 (sewers and roads)

Conclusion - The viability exercise carried out by the Councils Viability Consultant (as part of the Joint local Plan and CIL charging rate review process has not identified the need for any Strategic sites going forward (i.e. s106 only without payment of CIL). On this basis there is an expectation that this site will pay CIL going forward.

Works have started on site in 2019 in respect of the full planning permission. However any undetermined planning applications enjoy the opportunity to be s106 (without CIL) until any new revised CIL charging rates/schedule is adopted.

There is no need to continue this site as a Strategic site.

Lake Park, Needham Market	Site included within the settlement boundary as granted planning permission before baseline of 1 st April 2018 (emerging Joint Local Plan - July 2019). Not allocated as granted planning permission before Joint Local Plan baseline. (3153/14 for 266 dwellings granted 14/12/2015 - under construction).					
	Conclusion – S106 completed at outline stage and no CIL payable given the existence of the outline planning permission).					
	Development has commenced on site and the site has started to be built out.					
	There is no need to continue this site as a Strategic site.					
Eye Airfield	Outline permission (3563/15) granted 27/03/2018 for 280 dwellings. No new land allocation included within the emerging Joint Local Plan given existence of the outline planning permission. Site included within the settlement boundary as granted planning permission before baseline of 1st April 2018. (emerging Joint Local Plan - July 2019).					
	Conclusion – S106 and no CIL payable (upon submission of a reserved matters application) given the existence of the outline planning permission). No reserved matters application has been submitted to date					
	There is no need to continue this site as a Strategic site.					

Conclusion - Strategic Sites

4.19 The conclusions reached in respect of the current Strategic Sites under cover of the current CIL charging schedule are set out above in relation to each listed site. These conclusions have been reached in the full knowledge that the Viability Consultant has evidentially tested all of the land allocations and concluded that there was no need to designate/re designate any strategic sites as part of this CIL charges/schedule revision/infrastructure needs. On this basis there is an expectation that all sites with the exception of those already being built out or those with the benefit of an outline planning permission and a s106 to address infrastructure needs would pay CIL under this revision to the CIL rate charges/schedule for both Councils. On that basis there are no Strategic Sites included within the proposed revised CIL charging schedule.

Loss of the Regulation 123 Lists, their replacement of the CIL Position Statements for both Councils together with their replacement by the Infrastructure Funding Statement for both Councils - (Infrastructure List)

4.20. As stated above, the Regulation 123 Lists specifying the type of infrastructure District CIL would be spent on were replaced by the amendments to the CIL Regulations of 2019. These amendments abolished the Regulation 123 Lists. Both Councils decided that it would provide clarity for all for expenditure purposes by adopting replacement documents called the CIL Position Statement (for Babergh and Mid Suffolk). These are separate documents but identical and are currently relied on (under both Councils CIL Expenditure Framework) to specify which types of infrastructure District CIL will

- be spent on. (They constitute Appendices E and F to this report). However as stated above these documents become obsolete on the 31st December 2020 or upon the publication of the Infrastructure Funding Statement (Infrastructure List) for each Council (see Appendices K and L to this report).
- 4.21 The Infrastructure Funding Statements (IFS) for both Babergh and Mid Suffolk are being considered by Cabinet for both Councils in November 2020 with a publication date on the Council's web site of the 11th December 2020. In order to address the loss of the CIL Position Statements and their replacement by each Councils Infrastructure Funding Statement (Infrastructure List), the Councils CIL Expenditure Framework (the way both Councils carry out CIL expenditure) is currently being reviewed. The outcome of this current third review will be presented to Members at Council for Babergh and Mid Suffolk before the next Bid round window for CIL Bids to be submitted for allocation of expenditure. This seventh Bid round opens between the 1st May 31st May 2021.

Conclusion

4.22 To conclude it is recommended that this proposed range of revised CIL charges alongside the position taken on the Instalments policy and in respect of Strategic sites (above) for both Councils together with the Councils Infrastructure Lists (under the IFS for each Council) be the subject of a consultation exercise for a six week period starting 12th November and ending on the 24th December 2020.

5. LINKS TO JOINT CORPORATE PLAN

5.1 The effective spending of CIL will contribute to all three priority areas that Councillors identified in the Joint Corporate Plan. Economy and Environment Housing and Strong and Healthy Communities.

6. FINANCIAL IMPLICATIONS

- 6.1 The adopted CIL Expenditure Framework and the collection of s106 monies and expenditure of CIL (including Neighbourhood CIL) and s106 are critical to the funding of infrastructure to support inclusive growth and sustainable development.
- 6.2 The CIL Regulations stipulate that CIL monies which are collected must be spent on Infrastructure. Before 1st September 2019, each Council was required to publish a list of infrastructure that they will put the CIL monies towards. These lists were known as the "Regulation 123 Lists". However, on the 1st September 2019, new CIL Regulations were enacted, with the Regulation 123 Lists being abolished. In order to provide clarity given this changing situation, each Council adopted a CIL Position Statement containing a list of type of infrastructure that it would spend its CIL monies on (see Appendices E and F to this report). The authority for this was provided by a Council decision in March 2019 when the first review of the CIL Expenditure Framework was undertaken. These replacement documents make each Councils position clear on the expenditure of CIL in each District. The production of an Infrastructure Funding Statement (IFS) for both Councils required by the new CIL Regulations in 2019 will replace both Councils CIL Position Statement on its date of publication which will be on the 11th December 2020. The third review of the CIL Expenditure Framework (both Councils policy on expenditure) is currently taking place through the work of the Joint Member Panel. This work started in October 2020 with

- the intention that any amendments to the CIL Expenditure Framework being in place before Bid round seven opens in May 2021.
- 6.3 Delivery of infrastructure projects and those which are likely to emerge in the future in order to support the growth contained in the emerging Joint Local Plan is contained in the recently updated version of the Infrastructure Delivery Plan (IDP) September 2020. This updated version of the IDP is part of the evidence supporting the emerging Joint Local Plan.

7. LEGAL IMPLICATIONS

- 7.1 This report and appendices are legally sound and robust having been scrutinised by a legal representative from the Councils Shared Legal Service in accordance with the CIL Regulations 2010 (as amended) including the amendments contained in the CIL Regulations brought into effect on the 1st September 2019.
- 7.2 The process to be followed for the adoption of revised CIL charging rates is as set out below in section 9 below. This report is the first step towards the achievement and adoption of new CIL charging rates/schedules for both Councils by signalling that they agree that these rates should be the subject of a formal consultation exercise before being examined in public by an Inspector.

8. RISK MANAGEMENT

- 8.1 The following have been identified as key risks pertaining to this report.
- 8.2 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Failure to allocate expenditure such that if we do not secure investment in infrastructure (schools, health, public transport improvements etc.), then development is stifled and/or unsustainable. Current Risk Score: 6	Unlikely (2)	Bad (3)	Adopted Community Infrastructure Levy (CIL), secures investment on infrastructure via the planning process (which includes S106). Creating the Infrastructure Delivery Plan as part of the Strategic Plan, Joint Local Plan with associated Infrastructure Strategy and Infrastructure Delivery Plan will ensure that infrastructure across both Councils is addressed.
Failure to regularly review the CIL Charging rates would be likely to result in inappropriate rates of CIL being collected by both Councils which would not address rising infrastructure costs and	Unlikely (2)	Bad (3)	CIL was adopted by Babergh and Mid Suffolk District Councils in January 2016. It was given effect on the 11 th April 2016 with the expressed indication that it would be unlikely to be reviewed again for the

yearly increases in the cost multipliers used by Infrastructure providers to signal the likely costs of infrastructure provision relating to their sector of infrastructure provision. In addition it would be likely to result in insufficient infrastructure projects being provided and delivered in order to mitigate the impacts of the growth contained in the emerging Joint Local Plan			forthcoming three years. This report seeks both Council's authority to carry out a consultation exercise on proposed revised new CIL in order to address the risks set out in this report and to ensure that CIL rates derive an acceptable financial return which have been scrutinised through viability testing. Following the consultation exercise the proposed rates would be subject to examination in public by an Inspector. The Inspectors findings would then be presented to both Councils for agreement and adoption if appropriate.
Failure to produce a yearly Infrastructure Funding Statement (IFS) report and make a return to Government would result in non-compliance with the CIL Regulations 2010 (as amended). It would mean that Government Members and the public are not aware of \$106 income and expenditure, CIL income and expenditure including Neighbourhood CIL allocation and expenditure all of which are critical for the provision and delivery of infrastructure.	Highly Unlikely (1)	Noticeable /Minor (2)	The Infrastructure Team produces the required report which is checked and verified by Financial services/open to review by External Audit. Reminders are sent to parishes to secure their yearly return figures and to ensure the report is published by the statutory date. The format of the Monitoring report which in future will be known as the annual Infrastructure Funding Statement (IFS) is laid out in the CIL Regulations, so there is no risk in relation to the way the information is presented
Failure to adequately monitor s106, CIL and Neighbourhood CIL expenditure such that infrastructure expenditure is not effective.	Unlikely (2)	Bad (3)	The software (Exacom) which supports CIL collection and expenditure will also be used to support s106 collection and expenditure. In addition, Neighbourhood CIL allocation and expenditure will also be recorded in Exacom. In addition, it is

			envisaged that a twice yearly (at least) CIL Expenditure Programme will be produced which will include details of all allocated and proposed CIL expenditure and this together with the software will be used for effective monitoring.
If too high a value is allocated into the Strategic Infrastructure Fund, there is a risk that there would be insufficient Ringfenced Infrastructure Funding and Local Infrastructure Funding available to deliver the infrastructure required to mitigate the harm, thereby resulting in unsustainable development.	Unlikely (2)	Bad (3)	The Infrastructure Team will continue to monitor all allocations of CIL. The CIL Expenditure Framework review will include this risk as a key element of current or future reviews of the CIL Expenditure Framework to ensure the level set remains appropriate.
If 25% Neighbourhood CIL is automatically allocated to any Parish/Town councils where there is no Neighbourhood Plan in place, there is a risk that there would be insufficient CIL Funding to allocate to the Strategic, Ringfenced and Local Infrastructure Funds. This would impact on the funds available to deliver the infrastructure required to mitigate any harm from development, thereby resulting in unsustainable development.	Unlikely (2)	Bad (3)	The Infrastructure Team will continue to monitor all allocations of CIL and Neighbourhood CIL. The annual Infrastructure Funding Statement for each Council required under the CIL Regulations of 2019. will include this risk as a key element of future productions of the IFS to ensure allocations of Neighbourhood CIL are made in accordance with the CIL Regulations 2010 as amended (including those in the 2019 amendments)

If commencements of major housing developments were not correctly monitored or the incorrect apportionment of CIL monies were to occur such that monies could not be allocated towards major housing developments, inadequate infrastructure provision would result.	Unlikely (2)	Disaster (4)	The Infrastructure Team will continue to monitor all commencements of development through the service of the required Commencement Notice by developers such that correct apportionment of CIL funds can be undertaken. The Infrastructure Team will also continue to monitor collection and expenditure of s106 monies together with the allocation and expenditure of Neighbourhood CIL by Parishes through yearly returns and publication on Parish web sites for inclusion in both Councils annual Infrastructure Funding Statement. The CIL Expenditure Framework review will include this risk as a key element of the review to ensure allocations of CIL remain appropriate and infrastructure projects to make development sustainable are able to be delivered.
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Assurances (for collection of CIL of monies)

8.3 In September 2016 Internal Audit issued a report in relation to CIL governance processes. The Audit Opinion was High Standard and no recommendations for improvement to systems and processes were made. Table 5 provides a definition of this opinion:

Table 5

	Operation of controls	Recommended action
High standard	Systems described offer all necessary controls. Audit tests showed controls examined operating very effectively and where appropriate, in line with best practice.	Further improvement may not be cost effective.
Effective	Systems described offer most necessary controls. Audit tests showed controls examined operating effectively, with some improvements required.	Implementation of recommendations will further improve systems in line with best practice.
Ineffective	Systems described do not offer necessary controls. Audit tests showed key controls examined were operating ineffectively, with a number of improvements required.	Remedial action is required immediately to implement the recommendations made.
Poor	Systems described are largely uncontrolled, with complete absence of important controls. Most controls examined operate ineffectively with a large number of non-compliances and key improvements required.	A total review is urgently required .

- 8.4 On the 18th December 2017 Joint Overview and Scrutiny received a fact sheet on collection and current thinking on CIL expenditure and questions were answered in relation to it. Members of that Committee were advised of the route map towards getting a framework for CIL expenditure formally considered. Members were advised that this would be a key decision for both Councils and would need to go to Cabinet and then full Council. The resulting joint CIL Expenditure Framework, the CIL Expenditure Communications Strategy and the Timeline for the Expenditure of CIL and its Review were adopted by both Councils on the 24th April 2018 (Babergh) and 26th April 2018 (Mid Suffolk).
- 8.5 In May 2018, the results of an investigation by Internal Audit on behalf of the Assistant Director Planning and Communities were produced following complaints regarding the CIL process in place for Babergh and Mid Suffolk. The investigation concluded: -
 - "The information provided to the public in relation to the CIL process is superior to that found for some other Councils and the team go over and above the requirements when supporting applicants where resources allow them to do so. It is Internal Audit's opinion that the Infrastructure team, even though working under challenging conditions with increasing numbers of applications, are providing a good service to customers and also pro-actively looking for ways to improve where possible."
 - "The audit opinion is therefore high standard" (paragraph 8.3 Table 5 defines high standard classification).
- 8.6 In September 2018 Internal Audit conducted a review of CIL Expenditure processes and released a written report. It contains a Substantial Assurance audit opinion (with two good practice points needing to be addressed relating to further clarification of "best value" (one of the criteria for assessing CIL Bids) and storage of all electronic communication.

8.7 On the 19th September 2019, a report was prepared for consideration by Joint Overview and Scrutiny on CIL expenditure with five witnesses including Infrastructure Providers, Cockfield Parish Council, and a member of the Joint Member Panel; the latter of which informed the second review of the CIL Expenditure Framework. The changes agreed under this second review process were adopted by both Councils on the 20th April 2020. Members agreed the need for a third review of the CIL Expenditure Framework to take place at the same time as Bid round six (October 2020) so that any changes could be agreed and put in place before Bid round 7 (May 2021). This review is underway.

Assurances (for collection and expenditure of CIL Monies)

- 8.8 It is expected that Internal Audit will continue to regularly audit s106 and CIL collection allocation and expenditure processes and actual expenditure once any schemes are developed and implemented.
- 8.9 As Members will recall there is a timeline for implementation of CIL and its review which contains key dates for the remainder of the CIL expenditure year cycle (Background papers refer.)
- 8.10 The first review of the CIL Expenditure Framework took place in 2018 following consideration by Joint Overview and Scrutiny in November 2018. The Joint Member Panel also informed the review and the conclusions were presented to both Councils and adopted in March 2019. This decision by both Councils planned for a further review of the CIL Expenditure Framework to occur at the same time as the Bid round four so that any revised scheme would be in place before Bid round five (in May 2020). This second review of the CIL Expenditure Framework was adopted by both Council in April 2020. In making this decision Members agreed that a further third review would take place at the same time as Bid round six so that it is in place before Bid round seven starts (in May 2021). As stated in paragraph 8.7 above this third review is currently taking place.
- 8.11 The amendments to the CIL Regulations (September 2019) included a new provision for each Council to produce an annual Infrastructure Funding Statement (IFS) with a government return of the information by the 31st December 2020. This document (with Appendices) is being presented to each Councils Cabinet on the 9th November 2020 (Babergh) and on the 12th November 2020 (Mid Suffolk). (see Appendices I and J for the "infrastructure List"). It is intended that the IFS will be published for both Councils on the web site on the 12th December 2020.

9. CONSULTATION

9.1 The CIL Regulations of 2019 (1st September) amended the CIL Regulations of 2010 (as amended) and brought in a new requirement for consultation arrangements in the revision of CIL charges to be the subject of one consultation exercise rather than two. This was undertaken to make the process more efficient. It is proposed to run this consultation alongside but separate to that of the Joint Local Plan. On this basis the consultation exercise will run for six weeks and start on the 12th November 2020 and end on the 24th December 2020. Those to be consulted are as follows:-

- Major development Housebuilders (10 dwellings and above)
- Minor development Housebuilders (9 dwellings and below)
- Planning Consultants (including those for the above developments)
- Local agents involved in development within Babergh and Mid Suffolk
- All Parish and Town Councils and any Neighbourhood Forums within the two Districts
- Persons who are resident or carrying on a business in the area
- Voluntary bodies some or all of whose activities benefit the charging authority's area.
- Bodies which represent the interests of persons carrying on business in the charging authority's area
- Suffolk County Council, Essex County Council and Norfolk County Council
- West Suffolk, East Suffolk, and Ipswich Borough Council
- Breckland, South Norfolk, Tendring, and Braintree District Councils and Colchester Borough Council

All the responses to the consultation exercise will be collected analysed and considered. Following the consultation exercise the proposed rates would be subject to Examination in public by an Inspector. The Inspectors findings would then be presented to both Councils for agreement and adoption if appropriate.

10. EQUALITY ANALYSIS

10.1 Please see attached Screening report.

11. ENVIRONMENTAL IMPLICATIONS

11.1 It is important that appropriate infrastructure mitigates harm which could be caused by new development without its provision. Collection of s106 monies and their expenditure, collection, and expenditure of CIL and allocation of neighbourhood CIL to Parishes together with reporting on their spend are ways in which infrastructure is provided. These collection and expenditure arrangements are now reported through the Infrastructure Funding Statement. The range of existing CIL charging rates were adopted by both Councils in January 2016 and have not altered and currently remain in force. This report seeks approval to revise these rates and put them out for consultation before Examination in public through an Inspector. The expectation being that upon receipt of the Inspectors findings they would be referred back to both Councils for consideration and agreement if appropriate. There is no EIA Assessment required.

12. APPENDICES

Title	Location
A. Appendix A – Proposed Revised CIL Charging Rates for Babergh District Council	ATTACHED
B. Appendix B – Proposed Revised CIL Charging Rates for Mid Suffolk District Council	ATTACHED
C. Appendix C – Existing Instalments Policy for Babergh District Council	ATTACHED
D. Appendix D – Existing Instalments Policy for Mid Suffolk District Council	ATTACHED
E. Appendix E – CIL Position Statement for Babergh District Council	ATTACHED
F. Appendix F – CIL Position Statement for Mid Suffolk District Council	ATTACHED
G. Appendix G – Viability report by Aspinall Verdi – Viability Consultants for the Proposed Revised CIL Charging Rates for CIL for Babergh and Mid Suffolk	ATTACHED
H. Appendix H – Screening report for Equality Analysis	ATTACHED
I. Appendix I - Existing CIL Charging Schedule adopted January 2016 (Babergh)	ATTACHED
J. Appendix J – Existing CIL Charging Schedule Adopted January 2016 (Mid Suffolk)	ATTACHED
K. Appendix K – Infrastructure Funding Statement Infrastructure List – (Babergh)	ATTACHED
L. Appendix L - Infrastructure Funding Statement Infrastructure List – (Mid Suffolk)	ATTACHED
M. Appendix M - Comparison CIL Rate Charges	ATTACHED
N. Appendix N – Proposed Instalments Policy for Babergh District Council	ATTACHED
O. Appendix O - Proposed Instalments Policy for Mid Suffolk District Council	ATTACHED

13. BACKGROUND DOCUMENTS

- 13.1 The agreement to adopt a range of CIL charges for the Community Infrastructure Levy in both Districts was made by Council at Babergh on the 20th January 2016 (for its own administrative area) and by Council at Mid Suffolk on the 21st January 2016 (for its own administrative area)..These existing CIL charging rates currently remain in force. At these meetings both Councils agreed to also adopt an Instalments policy for CIL collection (identical for both Councils) which currently remains in force. In addition a Regulation 123 List for Babergh and Mid Suffolk (slightly different in both Districts) was also adopted. Since that time, the Regulation 123 Lists were abolished by new legislation; this being the amendments contained in the CIL Regulations 2019 which came into force on the 1st September 2019. These Regulation 123 Lists were replaced by CIL Position Statements for both Councils and give a range of types of infrastructure that District CIL will be spent on. These replacement documents (which are identical for both Councils) currently remain in force but will be replaced by both Councils Infrastructure Funding Statement - known as the Infrastructure List. The latter documents for both Councils will be published on the Councils web site on the 11th December 2020 at which point the CIL Position Statements for both Councils (Appendices E and F) will then become obsolete.
- 13.2 The original adoption of CIL by Babergh District Council and by Mid Suffolk District Council with all the Appendices are background documents as follows: -
 - The adoption of CIL charging rates by Babergh District Council together with the Instalments policy and the Regulation 123 Lists were agreed by Council at Babergh District Council on the 20th January 2016

https://baberghmidsuffolk.moderngov.co.uk/documents/s2001/200116-CIL%20Adoption.pdf

Appendices to that Adoption document on the 20th January 2016

https://baberghmidsuffolk.moderngov.co.uk/ieListDocuments.aspx?Cld=153&Mld =445&Ver=4

 The adoption of CIL charging rates by Mid Suffolk District Council together with the Instalments policy and the Regulation 123 Lists were agreed by Council at Mid Suffolk on the 21st January 2016

https://baberghmidsuffolk.moderngov.co.uk/documents/s940/C-03-16%20-

%20FINAL%20-%20CIL%20Adoption%20-

%20Mid%20Suffolk%20Full%20Council%20Report%20-

%20Jan%202016V3PQV.pdf

Appendices to that Adoption document on the 21st January 2016

https://baberghmidsuffolk.moderngov.co.uk/ieListDocuments.aspx?Cld=154&Mld =541&Ver=4

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