



North Tyneside Council

Cabinet

(Extraordinary Meeting)

9 November 2018

Monday, 19 November 2018 Room 0.02, Ground Floor, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside **commencing at 6.00pm**

Agenda Item

Page(s)

1. **Apologies for Absence**

To receive apologies for absence from the meeting.

2. **To Receive any Declarations of Interest and Notification of any Dispensations Granted**

You are invited to declare any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest.

You are also invited to disclose any dispensation in relation to any registerable and/or non-registerable interests that have been granted to you in respect of any matters appearing on the agenda.

Please complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.

Continued overleaf

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3. **Key (and non-key) Decisions**

(a) **North Tyneside Community Infrastructure Levy Charging Schedule (All Wards)**

3 - 61

To consider (a) the proposed Community Infrastructure Levy (CIL) Charging Schedule prior to consideration by Full Council on 22 November 2018; and (b) a policy to allow payment by instalment for larger CIL charges and the CIL Infrastructure List (the Regulation 123 List).

4. **Date and Time of Next Meeting(s)**

Monday 26 November 2018 at 6.00pm (Ordinary Meeting)

Circulated to Members of Cabinet: -

N Redfearn (Elected Mayor)
Councillor G Bell
Councillor C Burdis
Councillor S Cox
Councillor S Day
Councillor P Earley
Councillor R Glindon
Councillor M Hall
Councillor C Johnson
Councillor B Pickard (Deputy Mayor)

Young and Older People's Representatives and Partners of North Tyneside Council:

Poppy Arnold, Young Mayor
Alma Caldwell, Age UK
Mark Adams, North Tyneside Clinical Commissioning Group
Janice Hutton, Northern Area Commander, Northumbria Police
Roger Layton, North Tyneside Joint Trade Union Committee
Voluntary and Community Sector Representative
David Bavaird, Business Representative

North Tyneside Council

Report to Cabinet

Date: 19 November 2018

ITEM 3(a)

Title: Approval of the North Tyneside Community Infrastructure Levy Charging Schedule, Infrastructure List and Instalments Policy

Portfolio: Deputy Mayor

Cabinet Member: Councillor Bruce Pickard

Report from Service Area: Environment, Housing and Leisure

Responsible Officer: Phil Scott – Head of Environment, Housing and Leisure **Tel:** (0191) 643 7295

Wards affected: All Wards

PART 1

1.1 Executive Summary:

In August 2017 Cabinet approved the publication of a Community Infrastructure Levy (CIL) Draft Charging Schedule, including a Draft Regulation 123 List and Instalments Policy and provided delegated authority to the Head of Environment, Housing and Leisure to make modifications to the draft documents and to submit them for examination.

Consultation on the draft document was undertaken in September and October 2017 and the Draft CIL with modifications was submitted to the Planning Inspectorate in May 2018.

The examination that followed included a formal hearing session on 1 August 2018, before a final report was received from the Independent Examiner on 16 October 2018. The final Report of the Examiner advises that, with recommended modifications, the proposed CIL is suitable for approval.

The purpose of this report is to consult with Cabinet on the final proposed Community Infrastructure Levy Charging Schedule and to consider recommending it to Full Council for adoption.

The report also seeks Cabinet approval for a policy to allow payment by instalments for larger CIL charges and a list of infrastructure, known as a Regulation 123 List, which identifies projects that the Authority will no longer seek to fund through planning obligations secured by s106 agreements.

1.2 Recommendations:

It is recommended that Cabinet:

- (1) note that the Independent Examiner's report to the Authority concludes that the Community Infrastructure Levy Charging Schedule, with modifications, provides an appropriate basis for collection of the levy;
- (2) refer the Community Infrastructure Levy Charging Schedule with modifications to Full Council:
 - a. for approval, adoption and subsequent publication; and, if approved
 - b. that the charges identified in the Charging Schedule should be levied against liable development from 14 January 2019;
- (3) approve the Community Infrastructure Levy Infrastructure List (the Regulation 123 List) and the Instalments Policy (under Regulation 69B) to take effect upon approval and implementation of the Community Infrastructure Levy Charging Schedule;
- (4) authorise the relevant Head of Service in consultation with the Head of Environment, Housing and Leisure, the Head of Resources, the Cabinet Member for Finance and Resources, the Deputy Mayor and other relevant Cabinet Members to implement the Community Infrastructure Levy to deliver the proposed infrastructure projects.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 19 October 2018.

1.4 Council Plan and Policy Framework

The Local Development Scheme sets out the timetable for the production of the Authority's Local Plan and supporting documents including the Community Infrastructure Levy. Collectively, these are key mechanisms to delivering a number of the objectives of the "Our North Tyneside Plan", including:

- Our people will be listened to, ready for work and life be ready for school, be health and well;
- Our places will be great places to live, offer a good choice of quality housing, provide a clean, green, healthy, attractive, safe and sustainable; and,
- Our economy will grow by supporting new businesses and building on our strengths, continue to support investment in our business parks, units and town centres, be business friendly, ensuring the right skills and conditions are in place to support investment.

A further range of adopted policy documents and strategies highlight key principles that should drive the Authority's approach to infrastructure delivery. The strategic context establishes in particular commitment to sustainable growth to meet the needs of the Borough and region; enhancement of our environment; support for active lifestyles, health and wellbeing; and delivery of high quality and affordable housing. This strategic context includes:

- The North Tyneside Local Plan 2017
- Housing Strategy 2016 to 2021 'A Great Place to Live'
- Transport Strategy 2017 to 2032 'North Tyneside on the Move'
- The Joint Strategic Needs Assessment
- Joint Health and Wellbeing Strategy
- The North East Strategic Economic Plan (SEP)

- The Authority's Investment Plan

1.5 Information:

Background

- 1.5.1 The Community Infrastructure Levy (CIL) is a form of developer contribution that was introduced by the Planning Act 2008 and came into force through the Community Infrastructure Levy Regulations 2010 (the Regulations). Following implementation of CIL in North Tyneside, for infrastructure that is not intended to be funded through the charge, the Authority would continue to seek planning obligations secured through s106 agreements, in accordance with the Planning Obligations Supplementary Planning Document dated March 2018.
- 1.5.2 Restrictions introduced by the Regulations on the use of planning obligations included limiting the pooling of more than five s106 agreements to fund a single infrastructure project or type of infrastructure and requiring each planning obligation to be directly related to each planning application. This means the Authority cannot rely on the use of s106 agreements alone to support its infrastructure requirements.
- 1.5.3 In contrast to planning obligations, CIL is charged as a flat rate financial charge per square metre. Local Authorities may choose to levy this charge on a range of developments, as set out within an approved CIL Charging Schedule from a single home for residential schemes, excluding affordable housing, and any other development that results in an internal gross floor area of over 100m².
- 1.5.4 The funding collected through CIL from new development can help pay for strategic and local infrastructure such as highways improvements, schools, flood mitigation, leisure facilities and other community facilities that support the requirements for growth identified within an area's Local Plan. CIL is not subject to any of the limitations that are in place for use of planning obligations, in that there is no restriction on the number of CIL payments which can fund a particular infrastructure project.
- 1.5.5 To avoid charging development and the associated necessary infrastructure twice through CIL and s106 for the same infrastructure, the Regulations set out that an Authority with an adopted CIL cannot seek planning obligations for any development that is prescribed in a list of infrastructure known as a Regulation 123 List. If an Authority that has implemented CIL has not also published a Regulation 123 List it would not be able to seek any planning obligations from development in addition to the CIL charge.
- 1.5.6 Once implemented the CIL is applied to all liable development and it must be paid in order for such development to progress lawfully. Reflecting this, its preparation and the evidence necessary to inform CIL is governed by a statutory process in accordance with the Planning Act 2008 and the Regulations as amended. In particular this aims to ensure that the proposed CIL would be necessary to meet a defined infrastructure funding gap in the area, and that the level of charge proposed would strike an appropriate balance between closing that funding gap and allowing otherwise viable development to continue to proceed.

The Infrastructure List (Regulation 123)

- 1.5.7 The supporting evidence to the Local Plan included an Infrastructure Delivery Plan (IDP) for the Borough and proposed Strategic Allocations at Murton Gap and Killingworth Moor. The IDP Update 2018 considers the future infrastructure

requirements arising from anticipated growth and proposed development and has informed the assessment of potential funding requirements that informs CIL.

1.5.8 Preparation of the IDP included consultation with internal and external consultees involved in the delivery and management of local infrastructure. Potential infrastructure projects are identified across a broad range of infrastructure / service areas that include:

- Affordable homes
- Biodiversity
- Health and Sports
- Roads and Sustainable Transport
- Digital Connectivity
- Waste Collection and Disposal
- Parks, Equipped Play, Allotments
- Education, Employment and Training
- Flooding and Sea Defence
- Street Cleaning
- Culture, Art, Public Realm and Regeneration
- Community Services & Facilities

1.5.9 The IDP update 2018 identifies over 98 potential infrastructure projects across the above service areas that would support the overall growth of the Borough. Some projects are considered to be critical to ensuring sustainable growth whilst others are identified as important or desirable. This list of projects demonstrated the total funding gap that funding secured through CIL would assist in meeting but does not represent an Authority commitment to secure their delivery. As proposals for development come forward, funding towards the projects within the IDP may be secured through a combination of CIL, site specific planning obligations or external public and private funding opportunities that may arise.

1.5.10 In accordance with Regulation 123 of the Regulations, Authorities may publish a list of the infrastructure it may fund through the CIL known as a "Regulation 123 List". A Regulation 123 list can be approved by the Authority after consultation and it may be amended at any time following appropriate local consultation.

1.5.11 A draft Regulation 123 List for North Tyneside was considered by Cabinet at its meeting of 14 August alongside the CIL Draft Charging Schedule and published for consultation in September 2017. The proposed list was subsequently submitted to the Planning Inspectorate to inform examination of the Draft Charging Schedule. The CIL Regulation 123 List proposed for approval is included at Appendix 1.

1.5.12 The infrastructure identified includes use of CIL to support delivery of the Authority's key priorities around education, health and wellbeing, and sustainable travel. The Area Wide Viability Assessment 2018 provides an assessment of the implications of funding infrastructure through a CIL charge rather than the use of planning obligations. This demonstrated the CIL charge with continued use of planning obligations for other forms of infrastructure could be applied without harming the ability of viable development to proceed.

The CIL Instalments Policy

1.5.13 Where development is liable to make a CIL payment the Regulations set out standard periods in days, within which payments must be made, based upon the level of the charge. The greatest standard charge identified relates to payments of over £40,000 that must be made in four equal instalments within 60, 120, 180 and 240 days from the commencement of development. For larger developments subject to CIL charges that may be hundreds of thousands or millions of pounds. This standard period for making payments can have serious implications for cashflow and consequently the viability of development.

- 1.5.14 In recognition of this the Regulations as amended make additional provision for Authorities to introduce a local instalments policy specific to the proposed CIL charge and economic viability of development in the area. Reflecting this, for North Tyneside the proposed CIL charging rates for the Authority have been subject to a revised instalments policy that creates additional payment thresholds allowing charges above £1.5m to be paid over a period of 1,260 days (approximately 3.5 years) from commencement.
- 1.5.15 CIL payments are index linked from the year that CIL is introduced to the year that planning permissions are granted. The index used is the national All-in Tender Price Index published by the Build Cost Information Service (BCIS). Thus demonstrating the Authority will not be at a disadvantage for allowing increased instalment dates.
- 1.5.16 The instalments policy set out at Appendix 2 has been identified with reference to the implications of the proposed charging schedule upon the viability of development. It has consequently been integral to demonstrating that the identified CIL charging rates are capable of being introduced without harming the delivery of viable development within the area.

The Community Infrastructure Levy Draft Charging Schedule

- 1.5.17 The proposed charging schedule for North Tyneside has now been subject to two rounds of consultation in February 2017 and in September 2018. Finally it has been scrutinised through a formal examination process.
- 1.5.18 The proposed CIL Charging Schedule is included at Table 1 of Appendix 5 to this report, which identifies development types that would be liable for a CIL charge. The North Tyneside CIL includes a range of charging zones across the Borough to reflect the economic viability of development. For residential development this includes a substantial area that is zero rated. Within the urban area two rates of £19 and £24 per square metre are identified whilst for the remaining area of the Borough two rates of £47 and £68.60 are identified.
- 1.5.19 The Final Report of the Independent Examiner is included at Appendix 3 of this Report. Following his appraisal of the available evidence and having listened to the views of participants from the development industry during the examination the Examiner recommended a number of modifications that should be considered to the Draft Charging Schedule. The examiner modifications identified include:
- Removal of the Regulation 123 List and Instalments Policy from the main CIL Draft Charging Schedule document to create three separate documents capable of being approved independently; and,
 - Removal of supermarkets from the final Charging Schedule, reflecting submissions identifying lower than previously assessed rents for this form of development. Based upon this revised evidence the Examiner concluded that retention of a charge for supermarkets might inhibit economic growth in this sector and therefore should not be pursued.
- 1.5.20 With these modifications the Examiner noted the following conclusions:
- The Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in North Tyneside Borough;
 - The Council has, on the whole, tried to be realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure

funding, while ensuring that a range of development remains viable across the Borough; and,

- An appropriate balance would be achieved between the desirability of funding the costs of new infrastructure and the potential effects on the economic viability of development across the charging area.

1.5.21 The final proposed CIL Charging Schedule includes a number of additional modifications to the supporting text included within the Charging Schedule submitted for examination in May 2018 and the modifications identified by the Examiner. These additional modifications do not amend any aspect of the proposed CIL Charging Schedule itself, included at Table 1 of the schedule or the geographic zones that it relates to. They are proposed to ensure the final CIL Charging Schedule document is suitable for publication and on-going use in future years. A schedule of all the additional modifications made to the submitted CIL Draft Charging Schedule is included at Appendix 4.

1.5.22 The proposed North Tyneside CIL Charging Schedule included at Appendix 5 of this report incorporates all the identified modifications, including the recommended changes advised by the Examiner.

The next steps

1.5.23 The CIL is a charge levied by the Authority as Local Planning Authority. As such authority for approval of CIL within North Tyneside lies with the Authority's Full Council. Following the Full Council's approval the Authority must also identify within the published CIL Charging Schedule when the charge would be implemented.

1.5.24 This implementation can be no sooner than one day after the formal approval and publication of the CIL Charging Schedule. To provide a reasonable notification period for applicants in the Borough it is proposed that Full Council should agree an implementation date of Monday 14 January 2019. This would provide a period of approximately seven weeks following the Council meeting on 22 November 2018, including the Christmas period. This period provides a reasonable period in which to advise potential applicants that a formal resolution has been reached to implement CIL and enable final procedural arrangements for the monitoring of CIL liable development, and collection of payments to be resolved. As soon as practical following approval by the Authority of the levy, Regulations require to the Authority to give notice by local advertisement of the approval of the charging schedule, that a copy of the charging schedule is available for inspection, and of the places at which it can be inspected. The proposed statement to this effect is included at Appendix 6.

1.5.25 The governance of CIL and the funds collected will fall under the provisions of the wider governance arrangement for collection and spending of planning obligations agreed by Cabinet on 14 May 2018. This assigns oversight of the planning obligations process to the Authority's Investment Programme Board (IPB).

1.5.26 It is proposed that in addition to this, on a regular basis IPB would be updated on the value of future CIL contributions, and CIL payments received to date. In accordance with the Authority's strategic priorities for infrastructure investment, the IPB would be invited to implement delivery of specific projects identified on the Regulation 123 List as sufficient funding is collected and becomes available.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Agree with the recommendations as set out at paragraph 1.2 of this report.

Option 2

Decline to approve the recommendations in paragraph 1.2 of this Report and request the Head of Environment, Housing and Leisure in consultation with the Deputy Mayor and the Senior Manager: Legal Services and Information Governance to review the proposed Regulation 123 List, Instalments Policy and CIL Charging Schedule.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

The development of a CIL Charging Schedule enables the Authority to ensure that new development contributes proportionately to strategic infrastructure provision. The charging schedule set out is set at a level that reflects the priority infrastructure the Authority can best deliver via the mechanism of CIL payments and has been tested as economically viable.

Changes to the role of s106s now limit the pooling of contributions for the infrastructure needed to support new development making introduction of a suitable CIL Charging Schedule vital to infrastructure delivery.

Without the introduction of CIL it will only be possible to pool a maximum of five s106 planning contributions for an item or type of infrastructure, thus reducing the Authority's ability to ensure that new development contributes proportionately to infrastructure provision and would present a missed opportunity to collect contributions and provide benefits to these areas.

1.8 Appendices:

Appendix 1: The CIL Regulation 123 List November 2018

Appendix 2: The CIL Instalments Policy, November 2018

Appendix 3: Report on the Examination of the Draft North Tyneside Community Infrastructure Levy Charging Schedule, October 2018

Appendix 4: Modifications to the CIL Draft Charging Schedule

Appendix 5: North Tyneside CIL Charging Schedule, November 2018

Appendix 6: Notice of approval of the CIL Charging Schedule

1.9 Contact officers:

Jackie Palmer, Planning Manager (0191 643 6336)

Martin Craddock, Principal Planning Officer (0191 643 6329)

Peter Slegg, Senior Planning Officer (0191 643 6308)

Colin MacDonald, Senior Manager, Technical & Regulatory Services (0191 643 6620)

Alison Campbell, Senior Business Partner (0191 643 7038)

1.10 Background information:

The following background information has been used in the compilation of this report and is available at the office of the author:

1. [The Town and Country Planning Act, 1990](#)
2. [Planning and Compulsory Purchase Act 2004.](#)
3. [Planning Act 2008.](#)
4. [Localism Act 2011](#)
5. [Town & Country Planning \(Local Planning\)\(England\) Regulations 2012.](#)
6. [The Community Infrastructure Levy Regulations 2010 \(as amended\)](#)
7. [The North Tyneside Local Development Scheme Cabinet Report \(October 2016\)](#)
8. [North Tyneside Local Plan Pre-Submission Draft \(2015\)](#)
9. [Community Infrastructure Levy: Preliminary Draft Charging Schedule Cabinet \(February 2017\)](#)
10. [North Tyneside Preliminary Draft Charging Schedule, February 2017](#)
11. [North Tyneside Council Infrastructure Delivery Plan 2018 - Part 1](#) and [Infrastructure Schedule - Part 2](#)
12. [Area Wide Viability Assessment Update 2018 Community Infrastructure Levy](#)
13. [Report to Cabinet, 14 May 2018, Planning Obligations](#)
14. [Delegated Decision, April 2018, Submission of Draft Community Infrastructure Levy Charging Schedule and proposed modifications for examination](#)
15. [Report to Cabinet, 14 August 2018, Publication of Draft Community Infrastructure Levy Charging Schedule and Draft Planning Obligations Supplementary Planning Document](#)
16. [Report to Cabinet, 13 February 2017, Community Infrastructure Levy: Preliminary Draft Charging Schedule](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Introduction of CIL is not expected to have an impact upon the overall financial position of the Authority as the primary outcome is expected to be an adjustment in the collection of planning gain in terms of use of s106 and CIL in parallel. The volume of receipts collected through CIL is estimated at circa £30m up to 2032. However, as the funding secured is naturally dependent upon the scale of development that takes place in the Borough in future years, a lower or higher level of growth than anticipated could substantially alter this figure.

The collection of CIL funds and the Regulation 123 List does not specifically commit the Authority to the delivery of a given infrastructure project. However, the Authority will be required to publicise on an annual basis the amount of CIL money collected and the projects funded through CIL. As identified within the report it is anticipated that the Authority's Investment Programme Board (IPB) will be responsible for managing delivery infrastructure projects in accordance with the authority delegated to the relevant Head of Service and identified consultees.

The administration of the CIL will additionally bring about additional resource implications for officers in the Council, specifically within the planning, finance and legal services. The arrangements for notifying developers of liability, monitoring CIL development and invoicing will represent an additional workload over and above existing processes in place for the administration of planning applications and s106 agreements. CIL Regulation 61, as amended, allows the Authority to recover expenses incurred by the Charging Authority up to a maximum of 5% of total CIL collected. The amount of CIL applied to administrative purposes must be reported publically on an annual basis and expressed as a percentage of CIL collected.

2.2 Legal

The power to charge the CIL is contained within Part 11 (Section 205-225) of the Planning Act 2008 (“the Act”) and the Community Infrastructure Levy Regulations 2010 (as amended) (“the CIL Regulations”). The power to approve a CIL is afforded to the Authority through Section 213 of the Act, defined at Section 206 as the Local Planning Authority for the area. As a result, approval of a CIL is a matter for the Local Planning Authority and therefore a Full Council decision is required to approve and implement a CIL Charging Schedule.

The CIL is defined as an imposition of a charge, with the aim that the CIL is to ensure costs incurred supporting the development of an area can be funded (wholly or partly) by owners or developers of land in a way that does not make development of the area economically unviable (Section 205(1) and (2) of the Act). Subject to certain exceptions, the CIL must be applied to supporting the development of the Authority’s area by funding the provision, improvement, replacement, operation or maintenance of infrastructure (which may include infrastructure outside its area).

Responsibility to approve the Community Infrastructure Levy Infrastructure List (the Regulation 123 List) and the Instalments Policy (under Regulation 69B) fall to Cabinet rather than the Full Council Meeting in accordance with the requirements of the Local Government Act 2000 and the Regulations made under that Act.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Policy direction has been taken from the Elected Mayor and Cabinet on the preparation of CIL and the Infrastructure Schedule. Engagement has been undertaken with the Local Plan Steering Group (which includes the Deputy Mayor) for both the need for the CIL and the proposed timetable for its implementation. The Planning Team have also held internal consultation with a range of officers currently engaged in collecting and spending s106 monies within the Authority such as in the Education and Highways teams to obtain views on the impact of collecting funds via s106 and the CIL.

2.3.2 External Consultation/Engagement

At this time only Newcastle City Council and Gateshead Council have an adopted CIL (November 2016) in the North East. Through the on-going duty to cooperate requirements, this Authority has and will continue to liaise with these authorities to ensure consistency in approach and implementation. Overall the highest proposed CIL charge for residential development in North Tyneside is identified at a level broadly equivalent to the proposed charge for similar development to the north and west of Newcastle.

Consultation pursuant to Regulation 15 of the CIL Regulations 2010 was undertaken between February and April 2017 on the CIL Preliminary Draft Charging Schedule (PDCS) and September and October 2017 on pursuant to Regulation 16 on the CIL Draft Charging Schedule (DCS). Under these Regulations, the Authority must send a copy of the Charging Schedule for consultation and invite representations from each of the consultation bodies (local planning authorities whose area is in or adjoins the Authority area and Parish Councils in the Authority’s area). The Authority must also invite representations on the PDCS from persons who are resident or carrying on business in its area and as the Authority considers appropriate from voluntary bodies (some or all of whose activities benefit the Authority’s area) and bodies which represent the interests of persons carrying on business in the Authority’s area.

The Authority received 9 responses to the PDCS that were presented to Cabinet in August 2017 to inform consideration of the Preliminary Draft Charging Schedule (DCS). Following publication of the DCS the Authority received 11 responses that were considered in preparing the DCS for submission to the Planning Inspectorate for examination and presented within the Delegated Decision Report of the Head of Environment, Housing and Leisure in April 2018.

Following submission of the DCS to the Planning Inspector an Independent Examiner held an examination into the CIL, seeking further evidence and written statements from participants who had responded to the CIL in relation to the proposals. The final report of the Examiner included as an appendix to this report outlines the Examiner's conclusions in relation to his consideration of all the evidence submitted as part of preparation of the CIL and its examination.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

There are no direct implications arising from this report.

2.6 Risk management

Failure to implement a CIL Charging Schedule would reduce the Authority's ability to ensure that new development contributes proportionately to infrastructure provision. Failure to adopt a CIL would mean that the Borough would be missing the opportunity to collect contributions and provide benefits to these areas. This would be further curtailed by the limitations associated with the pooling of s106s for the infrastructure needed to support new development.

If the Authority sought to approve a CIL but did not also approve a Regulation 123 list the Authority would no longer be able to seek Planning Obligations towards infrastructure needs arising from development. The CIL charge alone would be insufficient to meet all the Borough's needs and consequently the sustainable development of the Borough would be harmed. Meanwhile, implementation of an Instalments Policy is integral to ensuring a CIL charge does not negatively impact the viable economic development. The effectiveness and approach towards the Draft Charging Schedule, Regulation 123 list and Instalments Policy will be monitored annually and kept under review through the governance arrangements in place to oversee planning obligations and CIL.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are no environment and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

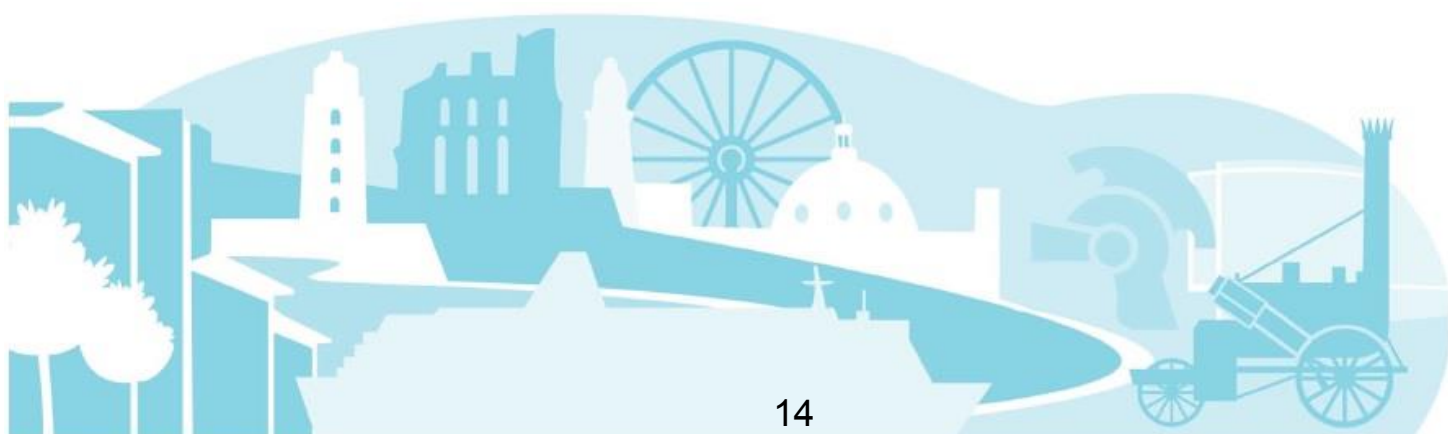
- Acting Chief Executive X
- Head(s) of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Head of Corporate Strategy X

North Tyneside Community Infrastructure Levy

Regulation 123 List



January 2019



1. Regulation 123 List

- 1.1. The Regulation 123 list sets out a list of those projects or types of infrastructure that the Authority intends to fund, or may fund, through the levy.
- 1.2. The generic and project specific infrastructure types included on the Regulation 123 list will result in no s106 contributions being sought on any specific projects in that category.
- 1.3. This list will be kept up to date to take into account any changes in circumstances and / or infrastructure needs identified in the future and will be reviewed at least every year. The Council can revise its regulation 123 list without revising the Charging Schedule, but this would need to be explained and supported by a review of the relevant viability evidence as part of the appropriate local consultation.

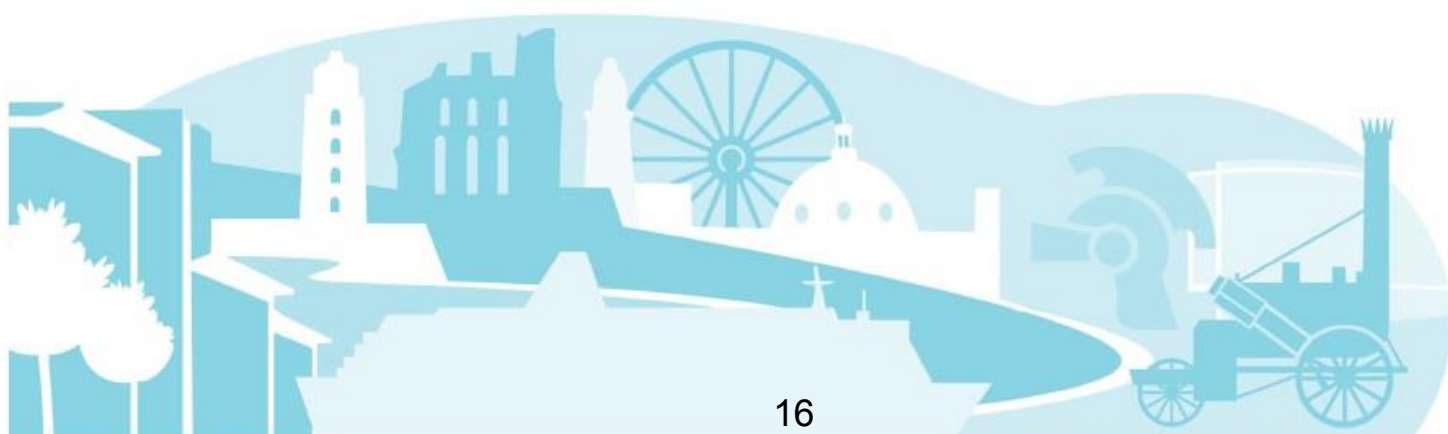
North Tyneside Council Community Infrastructure Levy Regulation 123 List

Infrastructure Types	List of Exclusions
Secondary School Age Education To support additional secondary education capacity across North Tyneside new secondary school provision and capacity improvements to existing schools. Including costs of design, construction and purchase of land for building and site curtilage including site access, hard and soft landscaping and playing fields.	None
Health facilities Support for the potential delivery of new premises for use as a general practice and as appropriate schemes to improve local resilience where patient list sizes demonstrate a requirement for investment.	None
Suitable Alternative Natural Greenspace (SANGS) – Off site provision To create and enhance areas for recreational use providing mitigation in accordance with the Local Plan Appropriate Assessment for potential impacts of growth upon the Northumbria Coast Special Protection Area	Specific on site provision at Murton Gap Strategic Allocation.
Community Facilities Multiple projects to support local resilience in community facilities and services that might support the wellbeing of a growing and aging population.	None
Walking and Cycling Connections – Critical, important and desirable off site connections associated with growth at Murton Gap and Killingworth Moor strategic allocations connecting to key locations and providing accessibility to existing communities. **	For Clarification: Necessary walking and cycling infrastructure to be sought from all other development sites.

North Tyneside Community Infrastructure Levy Instalments Policy



January 2019



1. Instalments Policy

- 1.1. For development liable to the North Tyneside Community Infrastructure Levy (CIL) and each phase of any larger development, CIL will be levied in instalments. In accordance with Regulation 69b of the CIL Regulations (as amended), North Tyneside Council (the charging authority) will allow the payment of CIL by instalments, as set out in the North Tyneside Council Community Infrastructure Levy Instalments Policy.
- 1.2. The North Tyneside Council Community Infrastructure Levy Instalment Policy will only apply in cases where the persons liable for paying CIL have complied with all the relevant regulations and requirements

North Tyneside Council Community Infrastructure Levy Instalments Policy

Chargeable Amount	Number of Instalments	Payment Due
Less than £10,000	0	Required in full within 60 days of the commencement date.
£10,001 to £50,000	2	Two equal instalments 60 and 180 days after the commencement date.
£50,001 to £100,000	3	Three instalments* 60, 180 and 360 days after the commencement date.
£100,001 to £250,000	3	Three instalments* 60, 360 and 720 days after the commencement date.
£250,001 to £500,000	3	Three instalments* 60, 720 and 900 days after the commencement date.
£500,001 to £1,500,000	3	Three instalments* 360, 720 and 1080 days after the commencement date.
£1,500,001 and above	3	Three instalments* 360, 900 and 1260 days after the commencement date.

Report to North Tyneside Council

by David Spencer BA(Hons) DipTP MRTPI

an Examiner appointed by the Council

Date: 16 October 2018

PLANNING ACT 2008 (AS AMENDED)

SECTION 212(2)

REPORT ON THE EXAMINATION OF THE DRAFT NORTH TYNESIDE COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE

Charging Schedule submitted for examination on 1 May 2018

Examination hearing held on 1 August 2018

File Ref: PINS/W4515/429/8

Non-Technical Summary

This report concludes that the North Tyneside Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the area.

The following modification is needed to meet the statutory requirements. It can be summarised as follows:

- The rate for supermarkets in Commercial Zones B and C should be reduced to zero.

Subject to this modification, the Council has sufficient evidence to support the Schedule and, in general terms, can show that the levy rates are set at a level that will not put the overall development of the area at risk.

The specified modifications recommended in this report are based on matters discussed during the hearing and do not alter the basis of the Council's overall approach or the appropriate balance achieved.

Introduction

1. This report contains my assessment of the North Tyneside Community Infrastructure Levy (CIL) Charging Schedule in terms of Section 212 of the Planning Act 2008. It considers whether the schedule is compliant in legal terms and whether it is economically viable as well as reasonable, realistic and consistent with national guidance.
2. To comply with the relevant legislation the local charging authority has to submit a charging schedule which sets an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across the district. The basis for the examination, on which a hearing session was held on 1 August 2018, is the submitted schedule of 1 May 2018, together with a Statement of Modifications. The Modifications relate to changes to the Draft Charging Schedule published in August 2017 and have been consulted on for a period of four weeks in accordance with the requirements of the Community Infrastructure Levy Regulations 2010 (as amended).
3. The Council propose a matrix approach including rates for residential, retail, office, hotel and all other development types. Residential development rates are differentiated between five zones ranging from nil to £68.60 per square metre (sqm). Commercial developments including retail are demarcated on three zones ranging from nil to £30 per sqm. All other development would be nil rated. These zones are based on viability alone and are defined on an Ordnance Survey map base as required by the CIL Regulations.
4. The examination hearing was held shortly after the revised National Planning Policy Framework (NPPF) was published on 24 July 2018. The transitional

arrangements at paragraph 214 of the revised NPPF do not apply to CIL examinations. As such the content of the revised NPPF and the updated chapter of the Planning Practice Guidance (PPG) on viability apply to this examination. This was broached at the hearing, without objection, and I am satisfied that neither the revised NPPF nor the updated PPG chapter fundamentally change the general parameters of assessing CIL viability.

Is the charging schedule supported by background documents containing appropriate available evidence?

Infrastructure planning evidence

5. The North Tyneside Local Plan (NTLP) was adopted in July 2017. This sets out the main elements of growth that will need to be supported by further infrastructure investment in the Borough over the plan period 2011 to 2032. The NTLP was informed by an Infrastructure Delivery Plan (IDP) prepared in May 2016 based on information from partners and infrastructure providers. The IDP includes the Infrastructure Delivery Schedule (IDS) which is a database of infrastructure projects, estimated costs, the delivery mechanisms and its relevance (critical/important/desirable) to supporting sustainable growth.
6. The NTLP sets out the main elements of growth, including the provision for a minimum of 16,593 homes, a minimum of 150 hectares (ha) of employment land and 15,249 sqm of comparison and 6,378 sqm of convenience retail floorspace within the Borough. The growth strategy directs this development to two strategic greenfield urban extension sites at Killingworth Moor and Murton Gap (approximately 2,000 and 3,000 homes respectively), sites at Wallsend and Longbenton, as well as regeneration through area specific strategies and employment areas.
7. The IDP recognises that investment will be needed to support planned growth particularly in relation to transport, green infrastructure and secondary education. The IDP/IDS evidence has subsequently been updated as of January 2018 to provide latest costs. Additionally, progress is being made on preparing the detailed framework to guide delivery of the two strategic development sites central to securing a sustainable pattern of growth in the Borough. This includes approved masterplans for both sites and accompanying detail on infrastructure requirements, delivery and costs. Overall, the evidence provides an informed picture of the infrastructure needed to support development, including that which could be funded through CIL. In accordance with the Planning Practice Guidance (PPG) it is not for the CIL examination to re-appraise the infrastructure planning work that underpins the NTLP.
8. The latest estimate for total known infrastructure costs is £386.8 million of which approximately £258 million is identified in the IDS as being either critical or important to the delivery of sustainable growth. The Council

submits that the infrastructure identified in the IDS is not supported yet by any actual funding such that the overall funding gap remains at £386 million with a total funding gap of some £130million which CIL and planning obligations would be expected to plug¹.

9. I was advised that applications to the Housing Infrastructure Fund (HIF) have been made in respect of both the Killingworth Moor and Murton Gap strategic sites but even if successful they would not remove the need to consider additional sources of funding. Similarly, reference has also been made to emerging 'North of Tyne' devolution deal and a headline figure of £600 million. Whilst I understand that the Government is minded to approve the deal, this still requires parliamentary approval. Whilst broad funding streams are outlined, there is little detail on how the £600million would be allocated by either investment type and/or location by a devolved North of Tyne Combined Authority. Again, there is little to assert that the devolution deal would close or significantly reduce the identified funding gap for growth related infrastructure in North Tyneside.
10. Accordingly, additional funding from other sources will be required including planning obligations under Section 106 (S106) arrangements, potential national and regional sources of funding, direct provision (for example Section 278 highway works), investment from utility companies and CIL. The Council estimates that CIL revenue, based on the submitted Schedule, could generate approximately £31 million. This is to be treated as a maximum figure given my findings elsewhere. As such, and in broad terms, CIL would make a modest but significant contribution towards closing the identified funding gap for infrastructure required to support development proposed in the NTLP.
11. The CIL Schedule as submitted includes a draft Regulation 123 list which was modified on submission. The list includes secondary school provision (including the procurement of land), health care facilities, Suitable Alternative Natural Green Spaces (SANGS), community facilities and wider walking and cycling connectivity. The list identifies a number of site specific exceptions, mainly for the strategic sites. I am satisfied that the Council's infrastructure planning evidence supports the Schedule.

Economic viability evidence

12. For the NTLP examination the Council produced an Area Wide Viability Assessment (AWVA) in 2016 supported by an Addendum document in January 2017 which considered the implications of the proposed optional technical standards. The AWVA document was updated in 2017 and then updated again in 2018. These updates have consolidated the understanding of viability in a North Tyneside context, enabled up-to-date information to be considered and have tested the impacts of a CIL in the Borough.
13. The AWVA uses a residual valuation approach, which assumes that the

¹ Paragraph 4.9, 2018 AWVA

residual land value is the value left once the total costs (including construction costs, fees, planning and finance charges, payments under S106, S278 and CIL and developer's profit) have been subtracted from the Gross Development Value (GDV) of a scheme. Benchmark Land Values (BLV) were used as a guide to the price a landowner would be likely to accept in order to release land for development.

14. The viability assessment work has looked at a number of hypothetical development scenarios for the Borough for residential and commercial schemes. For example the residential typologies reflect the diverse range of sites that will come forward through the NTLF ranging from strategic sites through to more modest sites and applies an appropriate housing mix². As is required for CIL, the viability testing is not site specific and is testing what would be viable on a Borough basis. However, as part of the modifications the 2018 AWVA has tested a further strategic site typology reflective of the units and average floor area emerging through the detailed delivery work on the two NTLF strategic sites. Accordingly, I find the scope of the modelling to be reasonable and reflective, at a broad level, of local circumstances.
15. The AWVA applies recognisable assumptions for a range of factors such as building costs (including NTLF policy requirements relating to optional technical standards³), developer return (20% for market housing and 6% for affordable housing), site infrastructure costs, contingencies and fees. The modelling was adapted to reflect relevant local data including rebasing NCIS construction costs to the local dataset, housing densities and gross to net ratios reflective of local development plan policy requirements. There is negligible comment on the principal costs inputs which I find to be reasonable.
16. The Council has assumed for the purposes of CIL that residual S106 costs (excluding affordable housing) would be scaled, so for strategic sites the value would be £6,138 per dwelling reducing to £2,907 per dwelling on smaller schemes. As described above the draft Regulation 123 list is relatively limited. In this context the residual costs for planning obligations for the various types of development modelled are reasonable and reflect a comprehensive understanding of what has been secured to date through S106 mechanisms⁴. I also see no reason why the imposition of CIL would lead to any double charging for infrastructure.
17. Turning to the matter of sales values this is a critical element in any viability assessment with only modest adjustments yielding meaningful changes. In general terms I am satisfied that the evidence in the AWVA, including the 2017 price paid heat map and other transactional data correlates appropriately to the residential zones identified.
18. At present there is relatively little development within Zone R2 (the highest

² Figure 29 2018 AWVA

³ See Figure 16 and detail at paragraphs 6.6-6.8 of 2018 AWVA

⁴ Figure 26, 2018 AWVA

value residential zone containing the two strategic sites) and my attention has been drawn to the proximity of adjacent established residential areas which are generally within the lower charging rates. The inference is that site context should point to a moderating (lowering) of sales values.

19. I accept that as large greenfield sites adjoining established residential areas of varying values, there is relatively little comparable or empirical data on which to draw sales values. However, there are some initial schemes coming into the pipeline (for example the former REME depot site at Killingworth Moor) which generally support the Council's valuations including the overview data presented at Figure 15 of the 2018 AWWA. Furthermore, I am persuaded that the quality and standard of housing and emphasis on place-making required by the NTLF and associated masterplanning would create desirable new communities in North Tyneside with a commensurate value.
20. I am not persuaded that the values assumed in Zone R2 would be out of kilter with other good quality modern urban development coming forward north of the Tyne. Additionally, I am doubtful that the values of adjoining areas would appreciably depress or influence what is likely to be achieved on a very different product and character at the Killingworth Moor and Murton Gap sites. Overall, I find the sales values in Zone R2 to be reasonable and justified.
21. Benchmark land values have been based on existing use value (EUV), plus a premium necessary to bring the land forward. One of the critical EUVs is agricultural land which is modelled at £20,000 per hectare. I am satisfied this is an appropriate value. The benchmark or threshold land value applied is some 30 times existing use value (EUV) on greenfield sites (recognising the range is 20-30 times) and three times EUV on brownfield sites. I see little persuasive evidence that these judgements are unreasonable. They should be subject to some flexibility on larger sites, given the NTLF policy requirements and scale of land releases. The benchmark value should not be based on unrealistic expectations of future development possibilities. I address the issue of benchmark/threshold land values in respect of residential development further below.
22. The assessments of commercial development, on the whole, appear to be robust although I deal with specific up-dated evidence on supermarkets below. The broad-brush approach towards the testing of a range of other development types that are much less likely to be able to support CIL was also realistic.

Conclusions

23. There is a significant gap in funding infrastructure needed to support the sustainable growth of the Borough such that CIL revenue would make a modest but important contribution towards closing the funding gap. The figures demonstrate the need to levy CIL.
24. The economic viability evidence in the AWWA has been prepared in accordance with standard practice applying well researched inputs for a range of factors, including local costs and values. On this basis, the evidence which has been used to inform the Charging Schedule is robust, proportionate and appropriate.

Is the charging rate informed by and consistent with the evidence?

CIL rates for residential development

25. The housing implementation strategy in the NTLTP seeks to focus about half of the the Borough's remaining housing requirement at two large greenfield urban extensions at Killingworth Moor and Murton Gap. These sites do not yet have permission and as such would be liable for CIL if implemented. The balance of housing delivery mainly comes from sites within or at the edge of the North Tyneside conurbation in areas that are either zero CIL rated or only attract relatively modest CIL rates. An appreciable amount of housing development in these areas already has planning permission such that the impact of the proposed CIL rates, particularly on the ability of these sites to contribute to the five year deliverable supply, would be negligible.
26. The submitted Schedule contains five proposed zones applicable to residential development. This includes three zones for the existing urban conurbation including a notable zero rate area for parts of Wallsend and North Shields. Elsewhere within the urban area, the two remaining zones are £19 per sqm across most central and western parts of the Borough and a slightly higher £25 per sqm zone for the higher value coastal area and parts of Longbenton. I am satisfied this approach reflects viability considerations alone. In both the £19 per sqm and £25per sqm zones, the 2018 AWVA shows a reasonable viability buffer. Based on the evidence before me, the proposed charges in the urban zones are therefore appropriate.
27. The principal issue is the impact of the proposed CIL on the delivery of the strategic urban extension sites central to the sustainable growth strategy of the NTLTP. As discussed above, the cost assumptions, including the consideration of the NTLTP policy requirements, including 25% affordable housing on qualifying sites are reasonable. I have also found the evidence on sales values to also be realistic in the host Zone R2 such that the proposed CIL rate would account for less than 3% of the sales value⁵.
28. The strategic sites will require a very considerable amount of new infrastructure, particularly transport and education. However, CIL viability testing is required to be broad-brush. The general modelling for strategic sites assumes a S106 contribution of £6,138. Various CIL rates have been tested and the evidence shows that even at the highest tested point of £130 per sqm and applying the higher sales values in Zone R2 the residual value would represent a 32 times uplift on EUV. The proposed rate of £68.60 would equate to a residual amount broadly a 36 times uplift on EUV. This indicates, in broad terms, an appreciable buffer or margin for the CIL rate proposed.
29. Further sensitivity testing of the viability of the strategic allocations is presented in the 2018 AWVA which factors in slightly higher S106 costs (reflective of the developing detailed picture of site specific costs) and CIL at a

⁵ NTC response to Examiner Question 23.

rate of £68.60 per sqm (reducing the previously modelled £80per sqm to reflect revised average floor areas). On a gross developable area basis, there remains a clear and positive residual land value. It ranges from 25 times EUV to 29 times EUV. The situation significantly improves on a net developable area basis. Overall, the values are within the range of 20-30 times uplift of agricultural land EUV viewed as providing a deliverable site⁶. Furthermore, whilst CIL would take the first slice out of development value, individual viability assessments would be able to take account of the expected CIL contribution before identifying the impact of S106 requirements on the overall viability of the development. The Council's updated Supplementary Planning Document on Planning Obligations recognises that S106 mechanisms will be used to mitigate site specific impacts.

30. Two areas of particular viability contention in North Tyneside in relation to residential development are identified as: (1) the likely point at which a landowner would release a site for development; and (2) the extent to which development land in the Borough is affected by previous mining activity.
31. On the first point, the PPG advises at paragraph 10-016-20180724 that establishing the 'premium' (the uplift to the EUV) is an iterative process, informed by professional judgement, applying local market evidence and values from other viability assessments. In this regard, I consider the Council's approach to the threshold land value to be consistent with the latest guidance and to have arrived at a reasonable position. I am satisfied that residual land values considerably in excess of £500,000 per ha on greenfield agricultural land would be sufficient to release strategic land to the market and support the proposed CIL rate of £68.60 per sqm in the higher value zone and the more moderate CIL rates elsewhere. It would not be appropriate to cater for overbids or site specific circumstances bearing in mind the charging rates are intended to be applied Borough-wide in normal circumstances.
32. The modelling also factors in an allowance for 'abnormal' costs on previously-developed land at £100,000 per hectare. For greenfield land I note the 2018 AWVA (paragraph 6.11) states that such sites can also require significant additional funding to make them appropriate for development, however the risk is reduced. It is put to me that land stability from former mining is a common matter for development in North Tyneside however it is acknowledged that not every plot or parcel of land requires remedial treatment. As such particular costs on some parts of a site can be borne by the wider site, although I note the specific viability modelling for the strategic sites makes a £3000 per unit allowance. Additionally, given the history of the area the risk should have a bearing on the BLV. This, in part, informs my judgement that the approach taken in the North Tyneside CIL of a greenfield premium of up to 30 times EUV to be a reasonable approach in contrast to those submissions which assert the premium should be higher. I therefore find the approach to abnormal costs to be reasonable.

⁶ Paragraph 6.17 2018 AWVA.

33. The Council has carefully considered the risks to specific infrastructure delivery from the restrictions on the ability to pool contributions under Regulation 122 of the 2010 CIL Regulations (as amended). These are infrastructure projects that will support development wider than the strategic urban extensions. It is suggested that the issue could be de-risked through a more sophisticated approach to S106 but I am not persuaded. Conversely, there is no persuasive evidence that pooling restrictions would prevent infrastructure not identified on the Regulation 123 list or that there would be duplication between planning obligations and CIL for the same infrastructure projects
34. I have also been invited to make comparison with Newcastle-upon-Tyne's CIL rates in considering the viability of the CIL rates in Zone R2. Newcastle's CIL was examined in April 2016 and implemented in November 2016. The greenfield areas closest to North Tyneside were examined on a residential rate of £60per sqm. I have little detail on the precise viability evidence in Newcastle, including the assumptions applied. Notwithstanding the proximity it does not follow that rates in North Tyneside should precisely mirror Newcastle. I accept the Council's submission that North Tyneside does not share all of the varied characteristics of the Newcastle housing market. Instead my focus is to examine what is viable in North Tyneside and on this basis I find the specific viability evidence presented would support the residential rates proposed in Zone R2. In any event, Newcastle's £60per sqm rate established in 2016 is index linked. On the evidence before me I am satisfied that matters have moved on such that any difference between Newcastle's 2016 £60per sqm figure and North Tyneside's 2018 £68.60 per sqm figure would be only marginal.
35. The evidence is clear that the proposed CIL rate of £68.60 per sqm would be economically viable. Therefore, the suggestion that the strategic sites should be nil rated for CIL would introduce an unjustified inconsistency and unnecessary complexity to the prospective charging regime. It would also potentially risk conferring direct financial advantage on a few particular schemes, as well as setting a form of precedent for the expected treatment of future strategic projects in the area.
36. Again, whilst it is not directly for me to examine, the Council has modified its instalment policy to assist with the strategic scale of some developments such that there are higher thresholds for payments and weighted towards later instalments. I am satisfied that the proposed instalments policy would not be overly restrictive as to jeopardise delivery of development and infrastructure under CIL.
37. Overall, I find the proposed residential rates are consistent with the evidence and incorporate a sufficient buffer to allow housing development to come forward. The proposed residential rates strike an appropriate balance between the need to fund infrastructure from CIL and the effect of CIL on viability. Accordingly, the proposed residential rates would be justified.

Commercial rates

38. As submitted, and subsequently modified, all forms of retail (small retail units, retail warehouses and supermarkets) attract a positive rate of between £5 and £30 per sqm outside of commercial zone A (the four town centres). The rates

are generally very modest, particularly within Zone C which covers most of the Borough away from the coast and established trading areas. The difference in the three retail rates (supermarkets, retail warehouses and small retail) between Zones B and C is nominal at just £5per sqm in most cases. The proposed zones are not overly complex and there is no evidence before me that the rates within the zones should, for viability reasons, be equalized at the lower rates.

39. In respect of supermarkets, the modification to make supermarkets zero CIL rated in town centres has not satisfied those concerns that the viability of this sector elsewhere in the Borough is not as strong as the Council's appraisal assesses. In responding to the key areas of concern, and following the examination hearing, the Council undertook additional sensitivity testing in respect of latest build costs, different rent levels and scenarios of extending a rent free period to 12 months together with an option to look at the impact of a small reduction in yields from 6% to 5.75%. On receiving the Council's updated analysis I invited comment on its implications for proposed CIL charging rates for supermarkets and have taken into account the responses received.
40. In considering the latest data, a build cost for supermarkets of £1,304 per sqm and 20% uplift for external works would be reasonable. In light of the evidence before me I also consider it pragmatic to apply a rent free period of 12 months. From the Council's evidence there would appear to be significant variation in rent levels such that I find the initially modelled rent level of £200 per sqm to be on the high side, particularly in light of the alternative local evidence presented. This evidence generally points to rental levels in the region at or below £150per sqm for small and medium format stores. Given that the demand for additional food retailing over the plan is modest and likely to be met by small/medium scale formats I therefore find the local and regional figures more attuned to the circumstances of the NTLP rather than the Council's August 2018 evidence, based on the national CoStar market analysis.
41. I note the Council's submission that a number of deals are generally coalescing around a figure of £175per sqm but I am cautious that £175 per sqm remains too expectant a figure contrary to the £150.80 per sqm achieved at a recent supermarket development in North Tyneside. I note that the Council has submitted that yields have dipped but there is very little before me to substantiate the 5.75% figure suggested. Accordingly, I consider a 6% yield to be robust.
42. Bringing this together, the combination of build costs, an increased rent free period of 12 months and a more reasonable rent of level of £150 per sqm I find that the proposed CIL rates for supermarket development in commercial zones B and C would put the viability of such development at risk. Accordingly, I therefore recommend that the rate for supermarket development be reduced to £0 per sqm across all commercial zones so that economic growth in this sector would not be inhibited (**EM1**). Paragraph 4.16 of the Draft Charging Schedule would also need to be amended for consistency and clarity (**EM2**).
43. The differentiation based on the scale of retail development (small retail units

<280sqm net and retail warehouse (>280 sqm net) is supported by appropriate viability evidence. There is a functional difference between the various scales which I consider is in conformity with the CIL Regulations. I note the wider point about what is on the Regulation 123 list but there is no requirement for a direct link between the charges for a particular development and the infrastructure to support it.

44. The other commercial types of development in the draft Charging Schedule are office and hotel with a proposed charge of £5per sqm and £30 per sqm respectively in Zone B only. There have been no representations relating to this part of the Schedule and my examination of the AWVA leads me to conclude that this part of the Schedule would be justified.

All Other Development

45. A nil charge is proposed for a variety of uses that do not come within those specifically identified in the Schedule, as the AWVA concludes that such development would be at significant risk of not being viable across the District if a CIL charge were levied.

Does the evidence demonstrate that the proposed charge rate would not put the overall development of the area at serious risk?

46. The Council's decision to adopt a matrix approach is based on reasonable assumptions about development values, likely costs and BLVs. The evidence suggests that residential and commercial development will remain viable across most of the area if the CIL charge is applied, subject to making the modifications set out in Appendix A.

Other Matters

47. Several representations have commented on the draft Regulation 123 list at Section 7 of the Schedule. The PPG advises that it is for the Charging Authority to compile the list and to ensure they are clear on those elements of infrastructure to be secured through either Section 106 agreements or CIL. It is not for me to examine the draft Regulation 123 list, which can be updated at any time. As the list should not form part of the charging schedule, for reasons of clarity and to assist the Council should updates of the list be necessary, its removal from the Schedule is recommended (**EM3**).
48. Similarly, the Schedule at paragraphs 8.12 and 8.13 sets out an instalment policy which should not form part of the Schedule. Accordingly, for reasons of clarity and to assist the Council should it wish to review the instalment policy, I would advise its removal from the Schedule (**EM4**).
49. This CIL examination coincides at a time when the Government has consulted on the future of CIL including the potential to lift pooling restrictions on developer contributions. Consequently, some representations have submitted that the examination is paused to await the outcome of the Government's review or that the pursuance of CIL in North Tyneside is aborted.
50. The Government's consultation on reforming developer contributions to affordable housing and infrastructure ended in early May 2018. At the time of

writing this report there is no indication as to when the outcome of the consultation will be known and the next steps in any reform process including any flexibility on lifting pooling restrictions (which is envisaged, amongst various scenarios, for areas that have a CIL in place). As such it remains valid and appropriate to progress a CIL for North Tyneside. Were matters to change prior to the Council adopting CIL it would be for Council to determine whether or not to proceed with implementation.

Conclusion

51. In setting the CIL charging rate the Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in North Tyneside Borough. The Council has, on the whole, tried to be realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure funding, while ensuring that a range of development remains viable across the Borough.
52. Overall, and subject to the recommended modifications, an appropriate balance would be achieved between the desirability of funding the costs of new infrastructure and the potential effects on the economic viability of development across the charging area.

LEGAL REQUIREMENTS	
National Policy/Guidance	The Charging Schedule complies with national policy/guidance.
2008 Planning Act and 2010 Regulations (as amended)	The Charging Schedule complies with the Act and the Regulations, including in respect of the statutory processes and public consultation, consistency with the adopted North Tyneside Local Plan and Infrastructure Delivery Plan and is supported by an adequate financial appraisal.

53. I conclude that subject to the modifications set out in Appendix A the North Tyneside Community Infrastructure Levy Charging Schedule satisfies the requirements of Section 212 of the 2008 Act and meets the criteria for viability in the 2010 Regulations (as amended). I therefore recommend that the Charging Schedule be approved.

David Spencer

Examiner

This report is accompanied by Appendix A (attached) – Modifications that the examiner specifies so that the Charging Schedule may be approved.

Appendix A

Modifications recommended by the Examiner so that the Charging Schedule may be approved. New text is **bold and underlined**.

Examiner Modification (EM) Number	Reference	Modification
EM1	Table 1	Delete the row for supermarket and associated foot-note. Update the footnote for 'All other development' to include Supermarkets (A1).
EM2	Paragraph 4.16	Delete last sentence and replace with <u>Viability evidence is mixed such that when applying latest regional evidence and emerging trends for longer rent free periods viability of supermarkets becomes marginal such that this type of development cannot support a CIL rate without harming deliverability.</u>
EM3	Section 7 – Regulation 123 List	Remove Section.
EM4	Paragraphs 8.12 & 8.13	Remove Instalments Policy.

North Tyneside Community Infrastructure Levy Charging Schedule

Modifications following Draft Charging Schedule

November 2018



Paragraph / Section	Proposed modification	Reason
Paragraph 1.1 to 1.13	<p>The Community Infrastructure Levy (CIL) is a charge that allows funds to be raised from land owners/developers undertaking new building projects. A CIL charging schedule sets out the CIL rates that would be applied to new development in an area. The Draft Charging Schedule (DCS) is the consultation in establishing a CIL for North Tyneside.</p> <p>CIL is a discretionary tariff introduced by the 2008 Planning Act and brought into effect by the CIL regulations (2010) as amended. CIL receipts will help to pay for infrastructure needed as a result of new development within North Tyneside. The infrastructure needed to facilitate the scale and location of new development proposed through the North Tyneside Local Plan is set out in the Borough wide Infrastructure Delivery Plan (updated August 2017 <u>January 2018</u>) and additionally within the site specific Strategic Sites Infrastructure Delivery Plan for Murton Gap and Killingworth Moor (2016).</p> <p>Policy S7.1 within the North Tyneside Local Plan provides for the Council to seek developer contributions from new development to meet the need for new and/or improved infrastructure and facilities. One of the mechanisms for doing this is via <u>In parallel with use of CIL</u>. The existing mechanism by which the Council seeks developer contributions for funds to meet wider and strategic infrastructure is via site specific legal agreements known as Section 106 agreements. <u>needs</u> The total cost of infrastructure identified by the Council is likely to be funded by a range of sources of private and public sector investment; not just developer contributions. There are now limitations on the use of Section 106 agreements (s106) – No such restrictions apply to the number of CIL contributions that can be used to pay for an infrastructure project. CIL is charged in pounds per square metre on the gross internal floorspace of additional liable development on a site. If a proposal involves the re-use or redevelopment of an existing building, the charge would be based on the floorspace of any new buildings less the existing floorspace. It is anticipated that following adoption of the CIL the Council will continue to seek agreement of s106 funds towards infrastructure not identified in a Regulation 123 list to meet the specific impacts of development in parallel with use of CIL funds to meet wider and strategic infrastructure needs. The Regulation 123 List will establish <u>establishes</u> infrastructure projects that the Authority intends to be funded by the CIL. Infrastructure included in the Regulation 123 List cannot also be funded by</p>	<p>To update text to reflect its status as published document rather than draft for consultation.</p>

Paragraph / Section	Proposed modification	Reason
	<p>s106 contributions.</p> <p>National Planning Practice Guidance sets out more detail as to what CIL is and how it is introduced and implemented and provide a range of cross references to the CIL regulations that govern application and use of CIL and s106. <u>For further information please refer to the contact details below:</u></p> <p>North Tyneside Council is defined under the relevant legislation as the CIL charging authority for the area. The purpose of this consultation document is to set out and seek views on the Council's Draft Charging Schedule and proposed charging zones. This consultation also allows representations to be made for someone to request the right to be heard by the examiner and to be notified of when the that the Draft CIL Charging Schedule has been submitted to the examiner, the publication of the recommendations of the examiner and the reasons for those recommendations, and the approval of the CIL Charging Schedule by the Council.</p> <p><i>How to respond</i></p> <p>The Council would like as many people as possible to have their say on this document. You can read it at the Council's Quadrant Offices, in the main Libraries of Wallsend, North Shields, Whitley Bay and Killingworth, and on the Council website.</p> <p>You can complete our questionnaire which is available at these same locations, online, or on request from us. We would encourage you to respond online via our Consultation Portal but also accept written responses via email and post.</p> <p>The consultation period on the CIL Draft Charging Schedule opens on 29 August 2017 and will close on 26 September 2017.</p> <p>For further information and to respond please refer to the contact details below:</p> <p>Contact details</p>	

Paragraph / Section	Proposed modification	Reason
	<ul style="list-style-type: none"> • Phone: 0191 643 2310 • Email: planning.policy@northtyneside.gov.uk • Online: http://northtyneside-consult.limehouse.co.uk/portal/cil_dcs <p><i>Next steps</i></p> <p>Following the end of the consultation period, responses will be considered and if necessary those responses that require a modification of the DCS will be consulted on again. The draft charging schedule will then be submitted to the Secretary of State for examination along with the other documents required by the Community Infrastructure Levy Regulations (2010) as amended. If the Inspector concludes the submitted charging schedule can be approved, it can then be adopted by the Council. On adoption, the Council would then be able to start charging CIL on new developments.</p>	
Paragraph 2.2 to 2.4	<p>The draft CIL Charging Schedule was considered by an independent Examiner between May and October 2018. The final report identifying that the CIL was suitable for approval was received on 16 October 2018.</p> <p>North Tyneside’s Full Council as the Charging Authority for the area approved the proposed CIL Draft Charging Schedule on 22 November 2018 [pending the outcome of a prior meeting of Cabinet and approval on this date].</p> <p>To inform the Draft Charging Schedule the Council has drawn on its viability evidence prepared to accompany preparation of the Local Plan. This is to ensure that the draft charges do not threaten the ability to viably deliver the scale of development identified in the North Tyneside Local Plan. Furthermore, this evidence has been re-appraised and updated to specifically test the implications of the draft CIL charges identified. The evidence of infrastructure needs that underpin the Local Plan, have been used to inform the rates for this consultation. The range of draft CIL rates and charging zones are set out within section 3 of this document. These seek to strike an appropriate balance between securing investment in infrastructure to support new development and the potential effect a charge would have on the viability of new development.</p>	To update text to reflect its status as published document rather than draft for consultation.

Paragraph / Section	Proposed modification	Reason								
	<p>Under the current s106 developer contributions — funds are currently secured across a wide range of infrastructure types. The introduction of a CIL charge is not expected to increase the overall the burden of planning contributions sought from development above current collection of s106 and the costs estimated within the Area Wide Viability Assessment supporting the Local Plan.</p> <p>Ensuring an appropriate balance between infrastructure needs and viability is at the centre of the CIL charge setting process and meeting regulatory requirements. Through this evidence, the Council can show how its proposed levy rates will contribute towards the implementation of its Local Plan and support development across its area.</p> <p>Proposed The Charging Authority additionally agreed that the CIL Charging Schedule would be implemented from Monday 14th January 2019.</p>									
<p>Section 3, Paragraph 3.1</p>	<p>CIL Draft Charging Rates</p> <p>The Council's proposed Draft CIL Charging Schedule rates are set out in Table 1. The geographical areas covered by the different residential (use class C3) CIL charging zones and commercial CIL charging zones are identified in maps on the following pages.</p> <p>CIL payments must be index linked from the year that the CIL was introduced to the year that planning permissions are granted. The index used is the national All-in-Tender Price Index published by the Building Cost Information Service (BCIS).</p> <p>Table 1: North Tyneside Draft Charging Schedule Rates (£ per square metre (sqm))</p> <table border="1" data-bbox="394 1235 1776 1342"> <thead> <tr> <th data-bbox="394 1235 860 1342"></th> <th data-bbox="860 1235 1182 1342">Zero Built Up Area Rate Zones</th> <th data-bbox="1182 1235 1451 1342">Remaining Area Zones</th> <th data-bbox="1451 1235 1776 1342">Commercial Zones</th> </tr> </thead> <tbody> <tr> <td data-bbox="394 1342 860 1374"></td> <td data-bbox="860 1342 1182 1374"></td> <td data-bbox="1182 1342 1451 1374"></td> <td data-bbox="1451 1342 1776 1374"></td> </tr> </tbody> </table>		Zero Built Up Area Rate Zones	Remaining Area Zones	Commercial Zones					<p>To update text to reflect its status as published document rather than draft for consultation.</p> <p>To respond to Examiner's recommended modification to delete Supermarket</p>
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Paragraph 4.9	Within this Draft Charging Schedule the area of land included within the proposed strategic allocations fall within the identified charging Zone R2.	To reflect final published Charging Schedule
Parargaph 4.13 to 4.16	<p>For Small <u>small</u> Shops or less than 280 square metres the viability assessments indicate that their development is at the margins of viability across much of the Borough. Viability for such schemes is strongest within established commercial locations that benefit from good access to the road network.</p> <p>For Retail <u>retail</u> development over 280 square metres and schemes such as large shopping parades and large floorplate developments the distribution of development and nature of historic schemes across the Borough demonstrates clear economic drivers making the delivery of such schemes most viable in a range of locations such as across the Borough particularly where road access and parking provision can be provided with relative ease.</p> <p>The conclusions from the viability assessment meanwhile demonstrates that in town centre locations where the baseline costs for space are greater, the capacity to attract large floorplate occupiers and developers is reduced and the economic viability of such schemes is consequently lessened. As such a CIL charge for such development in the Borough's town centres would harm the delivery of potential developments. Across the remainder of the Borough an assessment the assessment concludes that an appropriate CIL charge can be applied has been reached.</p> <p>Supermarket developments have been identified across a range of locations in North Tyneside with</p>	To respond to Examiner's recommended modification to delete Supermarket development from the charging schedule.

Paragraph / Section	Proposed modification	Reason
	<p>expansion particularly amongst relatively lower cost or discount stores particularly noticeable. Typically supermarkets are brought forward as applications by the ultimate occupier, or as a minimum or subject to a with known knowledge of a future occupier with and the development effectively undertaken on a contract basis. The conclusions <u>Viability evidence is mixed such that when applying latest regional evidence and emerging trends for longer rent free periods viability of the analysis</u> supermarkets becomes marginal such that this type of historic development and viability assessments indicate that cannot support a CIL rate can be justified for such schemes across the Borough without harming deliverability.</p>	
Paragraph 5.5 and 5.6	<p>The infrastructure proposed within the IDP may be delivered via CIL, site specific planning obligations or external public and private funding opportunities that may arise and deliver specific projects in full or supplement any developer contributions that are secured.</p> <p>The Council monitors planning obligations secured through section 106 agreements and this analysis is included in the 'North Tyneside Local Plan Area Wide Viability Assessment – CIL Sensitivity, Addendum 2017'</p>	<p>Monitoring and reporting of CIL collection and spending governed by regulation and published on an annual basis. Paragraph deleted as would quickly become out of date.</p>
Section 7	<p>Regulation 123 List – section deleted from CIL Charging Schedule and published as separate document.</p>	<p>To respond to Examiner's recommendation to remove Reg. 123 list from the Charging</p>

Paragraph / Section	Proposed modification	Reason																								
		Schedule document.																								
Paragraph 8.11	<p>Instalments Policy – For liable development and each phase of any larger development CIL will be levied in policy – The Council has approved a local instalments. In policy in accordance with Regulation 69B of 69B. The policy and any subsequent amendments to the CIL Regulations (as amended), North Tyneside Council (policy is published alongside the CIL charging authority) will allow the payment of CIL by instalments, as set out in the table 3.</p> <p>Table 2: North Tyneside Council Community Infrastructure Levy Instalments Policy</p> <table border="1" data-bbox="405 619 1552 1262"> <thead> <tr> <th>Chargeable Amount</th> <th>Number of Instalments</th> <th>Payment Due</th> </tr> </thead> <tbody> <tr> <td>Less than £10,000</td> <td>0</td> <td>Required in full within 60 days of the commencement date.</td> </tr> <tr> <td>£10,000 to £50,000</td> <td>2</td> <td>Two equal instalments 60 and 180 days after the commencement date.</td> </tr> <tr> <td>£50,000 to £100,000</td> <td>3</td> <td>Three instalments* 60, 180 and 360 days after the commencement date.</td> </tr> <tr> <td>£100,000 to £250,000</td> <td>3</td> <td>Three instalments* 60, 360 and 540 720 days after the commencement date.</td> </tr> <tr> <td>£250,000 and above to £500,000</td> <td>3</td> <td>Three instalments* 60, 360 720 and 720 900 days after the commencement date.</td> </tr> <tr> <td>£500,000 to £1,500,000</td> <td>3</td> <td>Three instalments* 360, 720 and 1080 days after the commencement date.</td> </tr> <tr> <td>£1,500,000 to £2,500,000</td> <td>3</td> <td>Three instalments* 360, 900 and 1260 days after the commencement date.</td> </tr> </tbody> </table> <p>*These will be 3325%, 25% and 3450% respectively.</p> <p>The Instalment Policy only applies in cases where the persons liable for paying CIL have complied</p>	Chargeable Amount	Number of Instalments	Payment Due	Less than £10,000	0	Required in full within 60 days of the commencement date.	£10,000 to £50,000	2	Two equal instalments 60 and 180 days after the commencement date.	£50,000 to £100,000	3	Three instalments* 60, 180 and 360 days after the commencement date.	£100,000 to £250,000	3	Three instalments* 60, 360 and 540 720 days after the commencement date.	£250,000 and above to £500,000	3	Three instalments* 60, 360 720 and 720 900 days after the commencement date.	£500,000 to £1,500,000	3	Three instalments* 360, 720 and 1080 days after the commencement date.	£1,500,000 to £2,500,000	3	Three instalments* 360, 900 and 1260 days after the commencement date.	To respond to Examiner's recommendation to remove Instalments Policy from the Charging Schedule document.
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	with all the relevant regulations and requirements. schedule.	
Appendix 1	<p>The draft consultation on the charging schedule consultation has been prepared with reference to a wide range of supporting information and evidence. Government planning guidance provides a key resource for understanding the preparation, role and operation of CIL. Meanwhile, the North Tyneside Local Plan 2017 (adopted 20 July 2017) and supporting infrastructure and viability evidence provide the core evidence that has informed the draft charging schedule. The following references some of these documents. All local, <u>but the most recent</u> evidence and documents can be viewed by visiting the Council's website www.northtyneside.gov.uk and following links to Planning.</p> <p>Key supporting information and evidence</p> <ol style="list-style-type: none"> a. Community Infrastructure Levy Planning Guidance (http://www.gov.uk) b. North Tyneside Local Plan 2017 c. North Tyneside Borough Wide Infrastructure Delivery Plan, Updated 2017<u>2018</u> d. Murton Gap and Killingworth Moor Infrastructure Delivery Plan, 2016 e. North Tyneside Area Wide and Site Specific Viability Assessments <ol style="list-style-type: none"> i. Draft Initial AWVA 2015 ii. AWVA Residential Update, 2016 iii. AWVA Commercial Update, 2016 iv. AWVA – CIL Appraisal, February and August 2017 v. <u>AWVA – CIL Appraisal, 2018</u> vi. Murton Gap and Killingworth Moor - Project Viability and Delivery Report, 2016 	To reflect final published Charging Schedule and additional AWVA evidence.

1.1.

North Tyneside Community Infrastructure Levy Charging Schedule



January 2019



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1. Introduction and Background

- 1.1. The Community Infrastructure Levy (CIL) is a charge that allows funds to be raised from land owners/developers undertaking new building projects. A CIL charging schedule sets out the CIL rates that would be applied to new development in an area.
- 1.2. CIL is a discretionary tariff introduced by the 2008 Planning Act and brought into effect by the CIL regulations (2010) as amended. CIL receipts will help to pay for infrastructure needed as a result of new development within North Tyneside. The infrastructure needed to facilitate the scale and location of new development proposed through the North Tyneside Local Plan is set out in the Borough wide Infrastructure Delivery Plan (updated January 2018) and additionally within the site specific Strategic Sites Infrastructure Delivery Plan for Murton Gap and Killingworth Moor (2016).
- 1.3. Policy S7.1 within the North Tyneside Local Plan provides for the Council to seek developer contributions from new development to meet the need for new and/or improved infrastructure and facilities. In parallel with use of CIL funds to meet wider and strategic infrastructure needs the Council will seek agreement of s106 funds towards infrastructure not identified in a Regulation 123 list to meet the specific impacts of development. The Regulation 123 List establishes infrastructure projects that the Authority intends to be funded by the CIL. Infrastructure included in the Regulation 123 List cannot also be funded by s106 contributions.
- 1.4. National Planning Practice Guidance¹ sets out more detail as to what CIL is and how it is introduced and implemented and provide a range of cross references to the CIL regulations that govern application and use of CIL and s106. For further information please refer to the contact details below:

Contact details

- Phone: 0191 643 2310
- Email: planning.policy@northtyneside.gov.uk
- Online: http://northtyneside-consult.limehouse.co.uk/portal/cil_dcs

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¹ [Community Infrastructure Levy Planning Guidance \(http://www.gov.uk\)](http://www.gov.uk)

2. Introducing a Community Infrastructure Levy Charge

- 2.1. To set a CIL charge in its area, the Council must:
 - i. identify the total cost of infrastructure it wishes to fund wholly or partly through the levy. In doing so, it must consider what additional infrastructure is needed to support new development in its area, and what other sources of funding are available, based on appropriate evidence. This is set out in the Infrastructure Delivery Plan.
 - ii. produce and summarise economic viability evidence that shows the potential effects of the proposed CIL rates on the economic viability of development across its area. This is set out in a separate document- 'Community Infrastructure Levy Viability Study (2017)' available alongside this document.
- 2.2. The draft CIL Charging Schedule was considered by an independent Examiner between May and October 2018. The final report identifying that the CIL was suitable for approval was received on 16 October 2018.
- 2.3. North Tyneside's Full Council as the Charging Authority for the area approved the proposed CIL Draft Charging Schedule on 22 November 2018 [pending the outcome of a prior meeting of Cabinet and approval on this date].
- 2.4. The Charging Authority additionally agreed that the CIL Charging Schedule would be implemented from Monday 14th January 2019.

3. CIL Charging Rates

- 3.1. The Council's CIL Charging Schedule rates are set out in Table 1.
- 3.2. The geographical areas covered by the different residential (use class C3) CIL charging zones and commercial CIL charging zones are identified in maps on the following pages.
- 3.3. CIL payments must be index linked from the year that the CIL was introduced to the year that planning permissions are granted. The index used is the national All-in-Tender Price Index published by the Building Cost Information Service (BCIS).

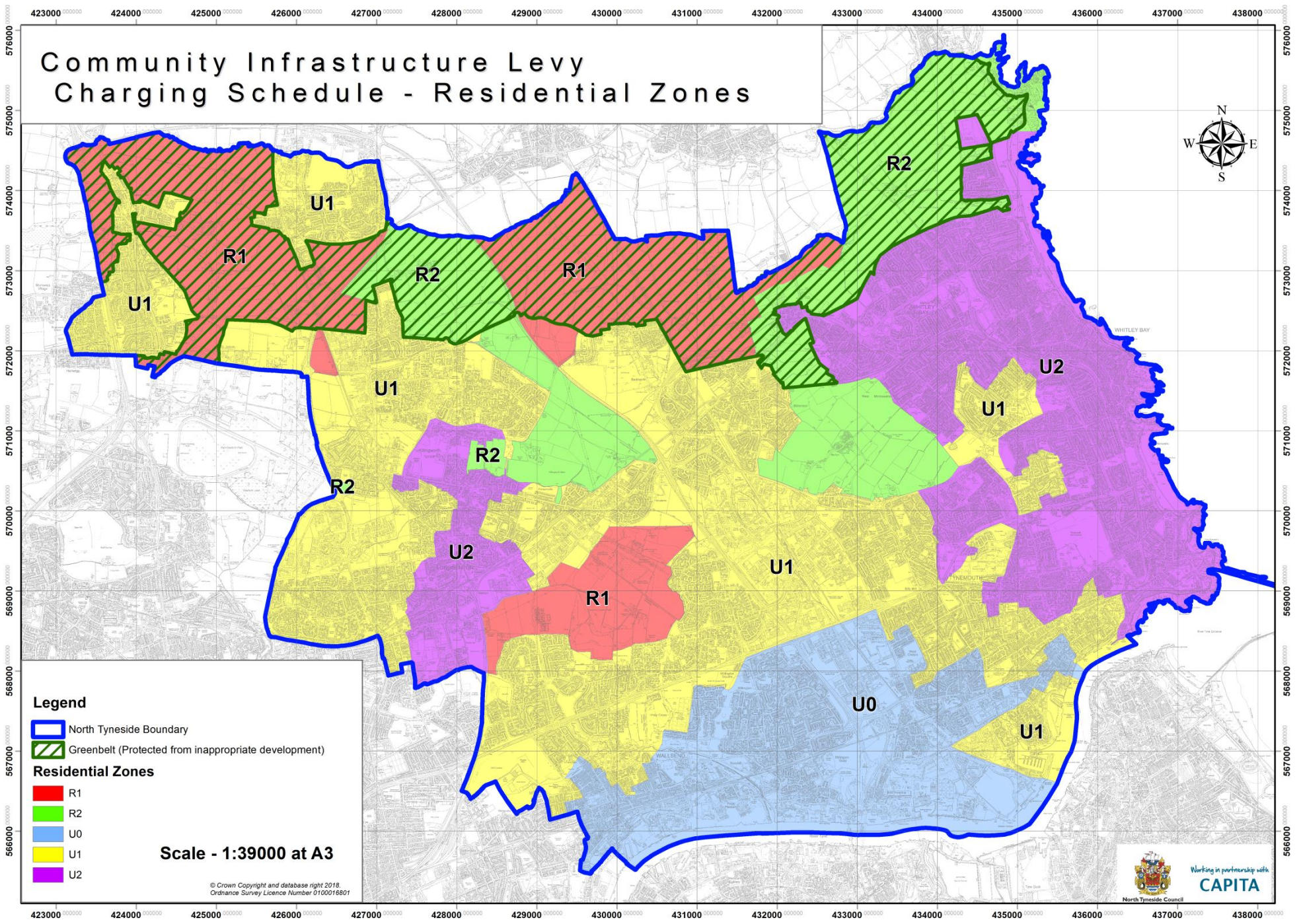
Table 1: North Tyneside Charging Schedule Rates (£ per square metre (sqm))

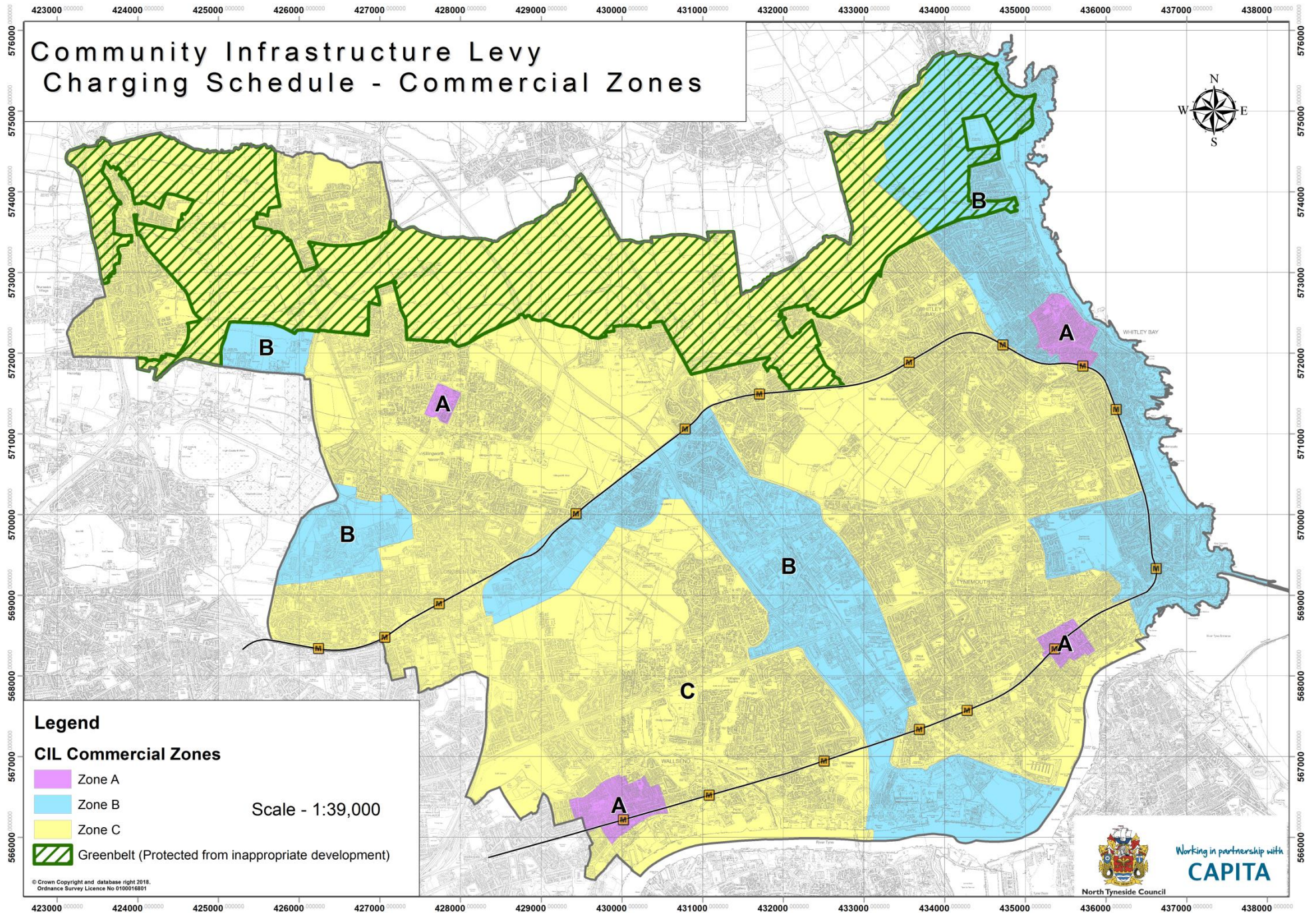
	Zero Rate Area	Built Up Area Zones		Remaining Area Zones		Commercial Zones		
	U0	U1	U2	R1	R2	A	B	C
Dwellings (C3)	£0	£19	£24	£47	£68.60	-	-	-
Hotel (C1)	-	-	-	-	-	£0	£30	£0
Small retail units (A1 <280sqm net)						£0	£10	£5
Retail warehouse (A1 >280sqm net)	-	-	-	-	-	£0	£20	£15
Office (B1a, B1b)	-	-	-	-	-	£0	£5	£0
All Other Development ²	£0	£0	£0	£0	£0	£0	£0	£0

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² Including, supermarkets (A1), Manufacturing / Industrial (B1c, B2, B8)

Community Infrastructure Levy Charging Schedule - Residential Zones





4. Rationale for Proposing the Charging Rates

- 4.1. A separate document, 'Area Wide Viability Assessment – CIL Appraisal (2017)', is available alongside this document and sets out the methodology and assumptions for assessing the viability of new development. The Council has used this evidence to test and refine the impact of the proposed CIL rates set out in section 3 upon the economic viability of development.

Residential Development Viability Assessments

- 4.2. For residential development, the viability assessment tests a range of hypothetical development typologies across a range of three value areas reflecting the variations in market conditions that exist within the Borough. The assessment of these areas is informed by earlier Area Wide Viability Assessments prepared during 2015 and 2016 and the North Tyneside Strategic Housing Market Assessment. The potential boundaries for charging zones within North Tyneside have been further refined by a postcode level analysis of residential sales data for 2016. The appraisals undertaken include variation in the size and density of development and consider the viability implications of developing greenfield and brownfield land.
- 4.3. In general terms the overall viability of development and effective land value uplift as a result of a residential planning permission is greater on agricultural land than existing brownfield sites. In addition the scale and nature of development within greenfield locations further supports economic viability relative to brownfield development. Finally the majority of brownfield development opportunities within North Tyneside are in locations that coincide with lower sales values relative to other locations whilst most greenfield opportunities are located in stronger market areas. As a result there is a marked difference in the economic viability of development, and consequently the capacity and potential level of CIL that could be charged between the urban area of North Tyneside and remaining, predominantly agricultural, areas to the north of the Borough and within the Green Belt.

- 4.4. In setting a CIL rate policy considerations such as the Green Belt are relevant in considering the potential funding that will be secured from development over the life of the Plan and infrastructure costs that will arise. North Tyneside's Local Plan has retained the Green Belt providing protection from inappropriate development in that area assessed in accordance with the policy of the Local Plan and National Planning Policy Framework. However, based upon the viability assessments undertaken and within a CIL charging schedule that is set for the entire Local Authority area it is appropriate and necessary for a CIL rate to be identified.
- 4.5. The CIL rates have been set having regard to higher, medium, and lower value areas. As noted above the boundary between these areas have been established using average house price 'heat' maps. The viability results for each of these value areas have then been applied accordingly.

Site Specific Viability Evidence

- 4.6. Regard has additionally been given to site specific appraisals undertaken to inform the Local Plan and revised to inform the Charging Schedule for the Strategic Sites of Murton Gap and Killingworth Moor. These key strategic development allocations will provide approximately 5,000 dwellings and are consequently significant proportion of total allocated housing delivery in North Tyneside. The nature of these sites means they have the ability to provide and meet most of the infrastructure requirements generated on site making appropriate contributions to the infrastructure needs that arise through planning conditions and via s106 agreements.
- 4.7. However, elements of the infrastructure requirements arising from the sites have been identified to require pooling from a significant number of schemes. This therefore poses risks to the Council should it be necessary to secure multiple s106 agreements from each site and then subsequently pool the funds secured from those schemes to infrastructure delivery. Under such

circumstances the possible risk of breaching CIL regulations with respect to the use of s106 agreements to fund infrastructure projects is significant.

- 4.8. The Site Specific viability evidence submitted alongside the Local Plan in 2016 included all the infrastructure costs and additional s106 contributions that had been sought from the development. The total cost of this infrastructure, including highways, both on site and off site exceeds £200 per square metre. It would not be effective to secure many of these costs through developer contributions and CIL but in testing alternative CIL rates a charge capable of meeting the costs of off-site infrastructure and key single items such as education and public transport provision were considered.
- 4.9. Within this Charging Schedule the area of land included within the proposed strategic allocations fall within the identified charging Zone R2.

Commercial Development Viability Assessment

- 4.10. An assessment of the viability of a range of commercial developments has also been undertaken through the Area Wide Viability Assessment – CIL Appraisal. The following uses are considered through commercial viability assessments:
- Hotel (C1)
 - Small retail units (A1 <280sqm)
 - Retail warehouse (A1 >280sqm)
 - Supermarket (A1 >280sqm)
 - Office (B1a, B1b)
 - All Other Development (including Manufacturing / Industrial (B1c, B2, B8))
- 4.11. In making the appraisals, analysis of the overall distribution of past development of each commercial type informed assessment of the proposed boundaries. The overall rates identified reflect maximum viable charging rate.
- 4.12. For Hotels (C1) the analysis undertaken revealed clear associations with the Coast as a tourist destination and the A19 corridor associated with business investment and the connections afforded to the regional and national road

network. Supported by the viability analysis a charging rate in these zones is considered justified. In other locations there is limited evidence of market attractiveness that would enable viable developments and justify applying a CIL charge.

- 4.13. For small Shops less than 280 square metres the viability assessments indicate that their development is at the margins of viability across much of the Borough. Viability for such schemes is strongest within established commercial locations that benefit from good access to the road network.
- 4.14. For retail development over 280 square metres and schemes such as large shopping parades and large floorplate developments the distribution of development and nature of historic schemes across the Borough demonstrates clear economic drivers making the delivery of such schemes most viable in locations where road access and parking provision can be provided with relative ease.
- 4.15. The conclusions from the viability assessment demonstrates that in town centre locations where the baseline costs for space are greater, the capacity to attract large floorplate occupiers and developers is reduced and the economic viability of such schemes is consequently lessened. As such a CIL charge for such development in the Borough's town centres would harm the delivery of potential developments. Across the remainder of the Borough the assessment concludes that an appropriate CIL charge can be applied.
- 4.16. Supermarket developments have been identified across a range of locations in North Tyneside with expansion particularly amongst relatively lower cost or discount stores particularly noticeable. Typically supermarkets are brought forward as applications by the ultimate occupier, with knowledge of a future occupier and the development effectively undertaken on a contract basis. Viability evidence is mixed such that when applying latest regional evidence and emerging trends for longer rent free periods viability of supermarkets becomes marginal such that this type of development cannot support a CIL rate without harming deliverability.

- 4.17. Office (B1a, B1b) developments have seen a clear focus upon the A19 corridor over the last ten years with particularly large scale office schemes coming forward as a result of the Enterprise Zone status of Cobalt Business Park and Quorum Business Park.
- 4.18. These schemes have generated a significant volume of supply but over the Local Plan period the Employment Land Review identifies a need and likely supply of additional office floorspace in the Borough. Based upon the current rents achieved within locations such as Cobalt and Quorum Business Park a small CIL rate is identified as justifiable within certain prime locations in the Borough.
- 4.19. For all other commercial development such as warehousing (B8) and manufacturing facilities (B2) the development activity that has occurred can be clearly identified as focused across the employment areas of the Borough at the Riverside, A19 Corridor and in the North West. The evidence demonstrated through the viability assessments is that whilst a small amount of speculative development comes forward the viability of such schemes is limited and could not support a CIL rate without harming deliverability.

5. Infrastructure Needs Evidence

- 5.1. Balanced against these viability considerations are North Tyneside's infrastructure needs set out within the Borough Wide Infrastructure Delivery Plan and Site Specific Infrastructure Delivery Plan for Murton Gap and Killingworth Moor.
- 5.2. The Infrastructure Delivery Plan Update 2018 provides an overview of the infrastructure identified for North Tyneside. It includes a summary of the costs involved and provides the relevant evidence of the infrastructure need and the estimated financial requirements to support sustainable growth in the Borough.

- 5.3. The IDP Update 2018 outlines further details of the Borough's infrastructure needs and categorises each project as either:
- Critical projects that must be delivered for development to avoid substantial harm.
 - Important projects that would have a significant role in ensuring sustainability.
 - Desirable projects that could benefit the Borough's overall resilience to growth.

- 5.4. Potential infrastructure projects are identified across a broad range of infrastructure / service areas that include:

- | | |
|-----------------------------------|---|
| • Affordable homes | • Parks, Equipped Play, Allotments |
| • Biodiversity | • Education, Employment and Training |
| • Health and Sports | • Flooding and Sea Defence |
| • Roads and Sustainable Transport | • Street Cleaning |
| • Digital Connectivity | • Culture, Art, Public Realm and Regeneration |
| • Waste Collection and Disposal | • Community Services & Facilities |

- 5.5. The infrastructure proposed within the IDP may be delivered via CIL, site specific planning obligations or external public and private funding opportunities that may arise and deliver specific projects in full or supplement any developer contributions that are secured.

Fees

- 5.6. The CIL regulations permit Charging Authorities to support the administrative expenses of the CIL at a rate up to 5% of the monies collected in a 12 month period.

6. CIL Revenue Projections

- 6.1. Using the CIL charging rates and charging zones set out in Section 3 above, the Council has established the indicative amount of CIL it is likely to raise over the Local Plan period to 2032. This takes account of:
- Those dwellings that have already gained planning permission.
 - Developments currently without planning permission but expected to commence in 2018/19 and therefore likely to have gained planning approval prior to adoption of CIL.
 - An assumption that affordable housing will not pay CIL as it would benefit from social housing relief.
- 6.2. Based upon the rates within the Charging Schedule, the indicative amount of CIL the Council might raise over the plan period to 2032 is approximately £30 million from potential adoption of the CIL in early 2018.
- 6.3. Developer contributions through CIL and s106 will not be expected to fill the entire funding gap identified. A range of funding sources including central government and other public services such as Environment Agency, Natural England and Highways England may provide additional funding. Securing other regional and local funding from the North East Local Enterprise Partnership and the Combined Authority will also be an additional area to consider for the Council. In December 2017 North Tyneside Council along with its partners at Newcastle City Council and Northumberland County Council agreed in principle to a North of Tyne Devolution deal. This development will result in a new North of Tyne Combined Authority overseen by a directly elected Mayor responsible for an investment budget of approximately £600 million. Finally the opportunity for partnership working with organisations such as Northumbrian Water Ltd, Northumberland Wildlife Trust and a wide range of groups and organisations will make important contributions to meeting the infrastructure needs of the area.
- 6.4. The Council believes its proposed CIL charges and charging zones strike an appropriate balance. This recognises the significant need for additional

investment in infrastructure to support new development, alongside the potential effect a charge could have on the viability of development.

7. Establishing CIL Liability

7.1. CIL liability is calculated based on the CIL charging rates and zones set out in section 3 above. However, a range of exemptions are included within the CIL regulations, whilst the Council is also free to include certain discretionary reliefs and policy that might affect CIL liability.

7.2. Calculating the charge

7.3. [Part 8 of the Community Infrastructure Levy Regulations](#), as amended, sets the legal framework for calculating and collecting CIL. CIL planning guidance provides a detailed outline of the process³. In general terms the following provides an overview of the key steps for liable development:

- Applicants provide appropriate information to the Council about the development to enable the chargeable amount to be calculated.
- The Council calculate the chargeable amount and notify the applicant of the amount and any other details of making payment – such as payment in instalments.
- The applicant or other relevant person liable for the CIL payment must submit a notice to the Council when development is due to commence. This must be received at least one day before the start of development.
- The Council will then issue a demand notice and funds must be transferred to the Council following commencement in accordance with the payment procedure. A receipt will be issued by the Council for each payment received.

7.4. To aid potential applicants, landowners, developers and other potentially liable parties upon adoption of the CIL the Council will make available on its website a CIL Calculator to enable estimates of potential CIL chargeable amounts to be made.

1.1. _____

³ CIL Collecting the Levy <https://www.gov.uk/guidance/community-infrastructure-levy#collecting-the-levy>

- 7.5. **Mandatory Exemptions** The regulations governing CIL exempt the following from paying the levy, with further information regarding relief and exemptions from CIL available on the governments planning guidance, which is available to view online⁴:
- Development by registered charities for the delivery of their charitable purposes;
 - Those parts of a development which are to be used as social housing;
 - The conversion of any building previously used as a dwelling house to two or more dwellings;
 - Development of less than 100 square metres of new build floorspace, provided that it does not result in the creation of a new dwelling;
 - The conversion of, or works to, a building in lawful use that affects only the interior of the building;
 - Development of buildings and structures into which people do not normally go (e.g. pylons, wind turbines, electricity sub stations);
 - Residential annexes and extensions (where the person who would normally be liable for the charge owns a material interest in the main dwelling and occupies the main dwelling as the sole or main residence); and
 - Self-build housing where a dwelling is built by the person who would normally be liable for the charge (including where built following a commission by that person) and occupied by that person as their sole or main residence.
- 7.6. **Potential Discretionary Relief** - In addition to the exemptions above, the CIL Regulations allow for the Council to provide further relief, at their discretion through a discretionary relief policy. North Tyneside is not offering Discretionary Charitable or Social Housing Relief or Exceptional Circumstances Relief, but this will be kept under review on an annual basis

1.1. _____

⁴ CIL Relief and Exemptions <https://www.gov.uk/guidance/community-infrastructure-levy#relief-and-exemptions>

and will be introduced, subject to CIL regulations, if there is a clear case for doing so.

- 7.7. **Payment in kind** - The CIL planning guidance outlines that there may be circumstances where the charging authority and the person liable for CIL will wish land and/or infrastructure to be provided, instead of money, to satisfy a charge arising from CIL. There may be time, cost and efficiency benefits in accepting completed infrastructure from the party liable for payment of CIL. Payment in kind can also enable developers, users and authorities to have more certainty about the timescale over which certain infrastructure items will be delivered.
- 7.8. Subject to relevant conditions, and at its discretion, a Council may enter into an agreement for a land payment to discharge part or all of a levy liability. Charging authorities may also enter into agreements to receive infrastructure as payment.
- 7.9. In appropriate circumstances it would accept and be prepared to enter into agreements with liable individuals to make payments in kind for infrastructure identified within its Borough Wide and Site Specific Infrastructure Delivery Plans where included on the Regulation 123 list.
- 7.10. The Council would advise pre-application discussions to determine whether such payment in kind might be acceptable. Independent valuation (at the developers expense), and legal contractual processes would need to be followed, if such payment in kind was to be acceptable.

Payment Procedure

- 7.11. **Phased payments** - CIL charges will become due from the date that a chargeable development is commenced. The CIL Regulations allow for the Council to make provision for phased payments. In the case of a grant of phased planning permission, each phase of the development is a separate chargeable development. A phased payment approach helps developers with

cash flow and can assist development viability. This is a particular issue for very large schemes where the CIL liability may be substantial and against a scheme that may take a number of years to complete.

- 7.12. Instalments policy** – The Council has approved a local instalments policy in accordance with Regulation 69B. The policy and any subsequent amendments to the policy is published alongside the CIL charging schedule.

Appendix 1 – Key supporting information and evidence

The consultation of the charging schedule has been prepared with reference to a wide range of supporting information and evidence. Government planning guidance provides a key resource for understanding the preparation, role and operation of CIL. Meanwhile, the North Tyneside Local Plan 2017 (adopted 20 July 2017) and supporting infrastructure and viability evidence provide the core evidence that has informed the charging schedule. The following references some of these documents, but the most recent evidence and documents can be viewed by visiting the Council's website www.northtyneside.gov.uk and following links to Planning.

Key supporting information and evidence

- a. Community Infrastructure Levy Planning Guidance (<http://www.gov.uk>)
- b. North Tyneside Local Plan 2017
- c. North Tyneside Borough Wide Infrastructure Delivery Plan, Updated 2018
- d. Murton Gap and Killingworth Moor Infrastructure Delivery Plan, 2016
- e. North Tyneside Area Wide and Site Specific Viability Assessments
 - i. Draft Initial AWVA 2015
 - ii. AWVA Residential Update, 2016
 - iii. AWVA Commercial Update, 2016
 - iv. AWVA – CIL Appraisal, February and August 2017
 - v. AWVA – CIL Appraisal, 2018
 - vi. Murton Gap and Killingworth Moor - Project Viability and Delivery Report, 2016



**PLANNING ACT 2008
NOTICE OF APPROVAL OF
THE COMMUNITY INFRASTRUCTURE LEVY
CHARGING SCHEDULE
UNDER THE CIL REGULATIONS 2010 (AMENDED)**

This notice is made under Regulation 25 of The Community Infrastructure Levy Regulations 2010 (as amended). North Tyneside Council approved the Community Infrastructure Levy Charging Schedule on 22 November 2018 to take effect from 14 January 2019.

In addition Cabinet approved a local Instalments Policy for payment of the Levy at its meeting of 19 November 2018, to take effect from implementation of the approved Charging Schedule.

These documents can be viewed at : Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY (Planning reception hours Monday: 08:30 until 13:00, Wednesday: 13:00 until 17:00, Friday: 08:30 until 13:00). Copies are also available at Wallsend Library, North Shields Central Library, Whitley Bay Library and Killingworth White Swan Centre (See <http://my.northtyneside.gov.uk/category/151/find-library> for opening times).