



South Lakeland District Council

Preliminary Draft Charging Schedule

in support of the introduction of a

Community Infrastructure Levy for South Lakeland outside the National Parks



March 2014

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1. Introduction

- 1.1 South Lakeland District Council (SLDC) adopted its Core Strategy in October 2010 and has adopted its Land Allocations Development Plan Document (the DPD) in December 2013¹.
- 1.2 The purpose of this document is to set out the Preliminary Draft Charging Schedule (PDCS) for South Lakeland District Council's Community Infrastructure Levy (CIL). The PDCS and the proposed rates are published for a six week consultation under Regulation 15 of the CIL Regulations 2010 (as amended). The PDCS is accompanied by the Draft Infrastructure Delivery Plan (update January 2014) and CIL Viability Study (January 2014). Comments are welcomed on these documents from everyone. The deadline for comments is **Thursday 17th April 2014**.

Consultation

- 1.3 These documents can be viewed at www.southlakeland.gov.uk/CIL and at the following locations during normal opening hours at South Lakeland House, Kendal, Ulverston Town Hall and libraries in Arnside, Grange over Sands, Kendal, Kirkby Lonsdale, Milnthorpe and Ulverston.
- 1.4 You can respond to the consultation using our online response facility <http://applications.southlakeland.gov.uk/ldfconsultation>. Alternatively, please complete a consultation response form; this is available on the Council's website www.southlakeland.gov.uk/CIL as well as at local libraries and Council Offices. You can also get in touch with us to request a form. Completed forms can be returned either via email to developmentplans@southlakeland.gov.uk, by writing to Development Plans Manager, South Lakeland House, Lowther Street, Kendal, LA9 4DL or they can be dropped off at Council Offices.
- 1.5 According to Government guidance, two pieces of evidence are required to justify the CIL:
- Evidence of an infrastructure funding gap, that is to say that there is a shortfall of funding sources for the infrastructure required to support development, and:
 - Evidence of the effect the proposed CIL rates will have to the overall viability of development in the area in which they operate.
- 1.6 The infrastructure funding gap has been identified by the Council based on an appropriate process of infrastructure planning and costing. This funding gap could at least partly be met through CIL. The detailed infrastructure evidence is contained within the Council's Draft Infrastructure Delivery Plan Update January 2014 (IDP)². The IDP sets out the total infrastructure requirements to support the Council's Development Plan that can potentially be funded by CIL.

¹ The SLDC administrative area includes parts of the Lake District National Park and the Yorkshire Dales National Park. The National Parks are subject to separate planning regimes.

² Draft Infrastructure Delivery Plan Update January 2014

- 1.7 The proposed CIL schedule of rates set out in this report have been subject to a rigorous process of viability testing to ensure that the rates would not prejudice the viability of development in the District to such an extent that the Plan, as a whole, is threatened. The detailed viability evidence is contained within the ‘South Lakeland CIL Viability Study January 2014’ (being an annex to the South Lakeland Land Allocations DPD Viability Study) undertaken by HDH Planning and Development Ltd.
- 1.8 This paper includes an explanation of the basic principles and benefits of the CIL, a summary of the Council’s key development and growth priorities and how CIL could help achieve them, a summary of the evidence used to justify the CIL, the proposed CIL rates, basic CIL forecasts and next steps. It should be noted that there is limited specific guidance on the correct or ideal structure of the PDCS. The CIL guidance at paragraph 45 states the following :

‘Charging authorities must consult on their proposed CIL rates in a preliminary draft charging schedule. This should go beyond broad proposals for CIL and the Government encourages authorities to prepare a draft charging schedule that is evidence based and that will reduce the need for subsequent modifications, so speeding up the process of introducing CIL.’

- 1.9 Also, CIL regulation 12 states the following regarding the format and content of a charging schedule:

A draft charging schedule submitted for examination in accordance with section 212 of PA 2008 must contain—

(a) the name of the charging authority;

(b) the rates (set at pounds per square metre) at which CIL is to be chargeable in the authority’s area;

Early engagement with developers and landowners – late 2013

- 1.10 In December 2013 developers and landowners of all the Adopted site allocations contained in the Adopted Local Plan Land Allocations DPD as well as registered social landlords and other housing providers and the retail industry were consulted informally on a draft CIL Viability Study. This included an informal engagement meeting on 18 December 2013.

2. What is the Community Infrastructure Levy?

- 2.1 The Community Infrastructure Levy (CIL) is a 'new' levy that local authorities in England and Wales can choose to charge on new developments in their area. The money is intended to provide funding towards infrastructure that the Council, local community and neighbourhoods need to support new development. For example, this infrastructure could include new or safer road schemes, park improvements or a new health centre or school. The CIL is designed to be simple. It applies to most new buildings and charges are based on the size and type of the new development.
- 2.2 To charge CIL, the Council must produce and adopt a Charging Schedule. This is subject to inspection by an independent CIL Examiner. The Charging Schedule sets out the CIL rates that will be applicable to new development in the SLDC planning area³. This document is the District Council's Preliminary Draft Charging Schedule. It is issued for consultation so that the comments received will help the CIL charge to be tailored to the Council's specific circumstances.

CIL Legislation

- 2.3 This PCDS conforms to regulations set out by the Government in the following legislation:
- *Part 11 of the Planning Act 2008 provided powers for local authorities to introduce the CIL in their areas. The CIL Regulations 2010 ("the Regulations") came into force on the 6th April 2010 and set out how CIL is to be introduced. Amendment Regulations came into force on 6th April 2011, 7th December 2011, 29th November 2012, 25th April 2013 and further amendments are expected to come into force at the end of January 2014.*
 - *The PCDS is published under regulation 15 of the Community Infrastructure Levy Regulations 2010. It has been specifically prepared in accordance with Regulation 12.*
 - *Regulation 14 of the Regulations (and Government guidance) states that 'In setting rates (including differential rates) in a charging schedule, a charging authority must aim to strike what appears to the charging authority to be an appropriate balance between—*
 - (a) the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and*
 - (b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.*
 - *The guidance at paragraph 9 states that the examiner should not use the CIL examination to question a charging authority's choice in terms of the appropriate balance, unless the evidence available to the examination shows that the proposed rate (or rates) will put the overall development of the area at serious risk⁴.*
 - *Regulation 40 sets out the method for calculating the chargeable amount including detailed formula. Paragraph 55 of the Regulations states that the charging authority can offer discretionary relief in exceptional circumstances.*

³ Note that parts of SLDC administrative areas lie within the Lake District National Park and the Yorkshire Dales National Park and, as such, are subject to separate planning regimes. Neither the LDNPA nor the YDNPA have decided to introduce CIL yet. If they do they will be separate Charging Authorities and subject to separate Charging Schedules.

⁴ DCLG CIL Guidance, April 2013, paragraph 9

2.4 CIL is at early stage, with fewer than 30 Charging Authorities having an adopted CIL Charging Schedule. To date there has been no litigation and case law on CIL and there are relatively few CIL Examiners' reports providing detailed interpretation and insight into the meaning of the CIL Regulations and CIL Guidance. The Council will continue to monitor such reports and ensure that this Charging Schedule is consistent with them.

Key Features and Benefits of the CIL

2.5 CIL has the following key features that will benefit the implementation of infrastructure necessary to meet the needs of South Lakeland District Council's growing population over the planning period (2014-2026).

- a) CIL will help fund the infrastructure needed to achieve the objectives of the Council's adopted Core Strategy.
- b) CIL will help fund the infrastructure needed to bring forward the sites included within the South Lakeland Land Allocations DPD – in particular the employment sites that are not viable thus ensuring delivery of the Plan as a whole.
- c) CIL is justified because most development puts an additional strain on the community infrastructure. Infrastructure includes physical infrastructure such as roads, schools and hospitals, but also local services and amenities. The CIL ensures that developments make some financial contribution towards the costs of the additional infrastructure for which their development creates the need.
- d) CIL is intended to be affordable. It is a simple fixed charge and the process used to set and administer the charge is transparent and guided by Government regulations. This means that developers have certainty regarding what their CIL contributions will be from the start of the development process, and the public understand how the development will contribute to their local community.
- e) CIL gives the Council a degree of flexibility to set priorities for what the money should be spent on. It is a reasonably predictable funding stream that allows the Council (and infrastructure providers) to plan ahead more effectively to deliver the infrastructure that is required in the local community.
- f) Some of the CIL will also be passed directly to local neighbourhoods to address local needs arising as a consequence of development. The exact proportion of CIL that will be passed directly to neighbourhood forums and parish councils will depend on whether or not there is a Neighbourhood Plan. Where is a Neighbourhood Plan, the local community (in most cases the Parish Council) will receive 25% and, where there is not, they will receive 15%⁵. At present there are no adopted neighbourhood plans in the SLDC Planning Area.

⁵ Note that the amount is subject to a cap of £100 per dwelling in that community.

Deciding the CIL Rate

2.6 The CIL will be set at a rate that does not ‘threaten delivery of the Plan as a whole’. To achieve this, an appropriate balance will be made between what CIL charge will best enable the necessary infrastructure for the local area, and the potential effects the CIL charge will have on the viability of development.

Who will pay CIL?

- 2.7 The CIL rate will be expressed as a £ per m² charge. CIL will be applied to:
- most buildings that people normally use
 - where more than 100 m² of floorspace (net) or a new dwelling is created (even if it is less than 100 m²)⁶
 - residential and non-residential uses.
- 2.8 The liability to pay CIL will be crystallised on the commencement of development, or for larger developments, over an agreed phased period. The tariff for each type of development will be set out in the CIL Charging Schedule.
- 2.9 There will be no charge for change of use applications unless additional floorspace is created, as well as no charge for the sub-division of existing dwellings. The CIL regulations also make other exemptions and CIL is not payable on the following:
- structures into which people do not go
 - all affordable housing
 - redevelopments that do not result in a net increase in floorspace (subject to caveats); and
 - development for charitable purposes.
- 2.10 The Council can also choose to adopt a zero rate if viability testing shows that a particular use or area cannot bear the charge.

How will CIL be collected?

- 2.11 In most cases, SLDC will collect the levy as the ‘Collecting Authority’. The levy’s charges will become due from the date that a chargeable development is commenced in accordance with the terms of the relevant planning consent.
- 2.12 When planning permission is granted, the Council will issue a liability notice setting out the amount of the levy that will be due for payment when the development is commenced, the payment procedure and the possible consequences of not following this procedure.
- 2.13 The responsibility to pay the levy runs with the ownership of land on which the liable development will be situated. That liability is transferred when the land is sold (with planning consent, which also runs with the land). Although ultimate liability rests with the landowner, the regulations recognise that others involved in a development may wish to pay. To allow this, anyone can come forward and assume liability for the development.

⁶ Department for Communities and Local Government, Community Infrastructure Levy Guidance: An Overview (May 2011), para 40 page 11.

- 2.14 There may be circumstances where it will be more desirable for a charging authority to receive land instead of monies. The regulations provide for charging authorities to accept transfers of land as a payment in kind for the whole or part of the levy. This will be subject to the strict rules set out in the CIL Regulations⁷.

What will CIL be spent on?

- 2.15 CIL will be spent on infrastructure. The definition of infrastructure is set out in the adopted Core Strategy and includes transport, education, health, flood defences and green infrastructure. The Council can choose to publish a Regulation 123 List, which lists infrastructure projects or types of infrastructure that it intends to fund through CIL. If a Regulation 123 List is not published, it is assumed that the authority intends to use CIL funds for any type of infrastructure capable of being funded by the levy. In this instance, the Council cannot seek a planning obligation contribution towards infrastructure. S106 contributions can still be sought for infrastructure directly related to a development, provided that the infrastructure is not part of the Regulation 123 List and does not contravene requirements of Regulation 122 and Regulation 123.
- 2.16 SLDC have drafted a regulation 123 List as set out in Appendix 1. SLDC have prepared this to ensure that the infrastructure required to facilitate development is delivered early in the plan process. The Council has prioritised the following items because they will directly facilitate the delivery of the Plan.
- 2.17 **Kendal Highways Improvements Package of Measures** as identified in the Kendal Highways Improvements Study September 2012; supporting the delivery of the site allocations identified in Kendal and immediate surrounding villages in terms of providing the necessary funding to enable the delivery of highways infrastructure to manage the cumulative impacts of development for the highways network in Kendal.
- 2.18 The delivery of this infrastructure type will aid the delivery of Core Strategy Policy CS1.1, CS2, CS9.2, CS10.1 and CS10.2. It also supports the delivery of the land allocations in Kendal, Burneside, Natland and Oxenholme. It supports targets set out in the SLDC Air Quality Action Plan and wider Council Plan targets associated with housing, economic, environment and well-being priorities.
- 2.19 **Primary School Places in Kendal and Ulverston, and Secondary School Places in Kendal, Ulverston and Cartmel**; supporting the delivery of essential education infrastructure associated with the cumulative impact of housing site allocations in Kendal, Natland, Oxenholme, Burneside, Ulverston, Swarthmoor, Kirkby-in-Furness, Greenodd/Penny Bridge, Little/Great Urswick and within Cartmel Peninsula through provision of necessary funds to provide additional school places to support the needs of any new resident population.
- 2.20 The delivery of this infrastructure type will aid the delivery of Core Strategy Policy CS1.1, CS2, CS3, CS4, CS7.3, CS9.1 and CS9.2. It also supports the delivery of necessary infrastructure associated with the housing allocations within the locations

⁷ UK Government, CIL Regulations 2010 No. 948 – paragraph 73.

referenced above. It supports wider Council Plan targets associated with housing priorities.

- 2.21 **Highways Infrastructure** (provision of necessary access arrangements) to support delivery of significant employment allocations at the following sites:
- Land at Scroggs Wood, Milnthorpe Road, Kendal
 - Land East of Burton Road, Kendal
 - Land at Lightburn Road, Ulverston
 - Land adjacent to Mainline Business Park, Milnthorpe
 - Land North of Gatebeck Lane, Endmoor
 - Land at Ulverston Canal Head (Strategic Employment Site/Regeneration Opportunity Area)
- 2.22 Supporting the delivery of economic growth across the District, through helping to aid the delivery of key employment land allocations through provision of necessary funds to support at least in part highways infrastructure relating to required access arrangements.
- 2.23 The delivery of this infrastructure type will aid the delivery of Core Strategy Policy CS1.1, CS2, CS4, CS5, CS7.1, CS9.2, CS10.1 and CS10.2. It will also aid the delivery of the specific employment site allocations referenced above – policy LA1.7 and LA1.8. It will also support wider Council Plan targets associated with economy priorities i.e. deliver development, economic growth and local employment.
- 2.24 **Regeneration/Historic Environment/Public Realm**, supporting; the delivery of regeneration objectives at Ulverston and Kendal Canal Head Areas; the protection and enhancement of the District’s historic environment and; the protection and enhancement of the District’s general environmental quality and appearance, thus enhancing its environmental well-being and supporting its economy and overall attractiveness as a place to live, work and explore.
- 2.25 The delivery of infrastructure to support regeneration objectives and enhancement of the District’s built, natural and historic environment will aid the delivery of Core Strategy Policy CS1.1, CS2-CS5, CS8.1, CS8.2, CS8.3, CS8.4, CS8.6 and CS9.1. It will also support Land Allocations policies LA5.3 and LA5.4 – Ulverston Canal Head. It will support wider Council Plan targets associated with economy, environment and culture and well-being priorities, notably ‘enhancing and safeguarding environment’.
- 2.26 **Open Space Improvements** to strategic publicly accessible areas at the following locations:
- Lightburn Park, Ulverston
 - Abbott Hall Park, Castle Hill, Bowling Fell and Nobles Rest, Kendal
 - P’s in Grange-over-Sands Promenade, Park Road Gardens and Ornamental Gardens
 - Supporting the delivery of open space improvements at the strategic locations referenced above which provide wide benefits/value to resident’s, visitors, and people working within Kendal, Ulverston and Kendal. They perform a wider strategic role within the District by virtue of their close town centre location and contribute significantly to the cultural, economic and historic value of the District.

- 2.27 The delivery of this infrastructure type will aid the delivery of Core Strategy Policy CS1.1, CS2-CS5, CS8.1, CS8.2, CS8.3, CS8.4, CS8.6 and CS9.1. It will also support land allocations policy LA1.10 and LA1.11. It will also support wider Council Plan targets associated with economy, environment and culture and well-being priorities.
- 2.28 **Strategic Green Infrastructure** e.g. green corridor improvements and connections not associated with site specific requirements relating to individual developments; supporting the delivery of improvements to strategic green infrastructure for example green corridors, wildlife corridor links etc., improving the District's biodiversity value and safeguarding and enhancing the District's environment.
- 2.29 The delivery of this infrastructure type will aid the delivery of Core Strategy Policy CS1.1, CS2-CS5, CS8.1, CS8.2, CS8.3, CS8.4, CS8.5, CS9.2, CS10.1 and CS10.2. It will also support land allocations policy LA1.10 and LA1.11. It will also support wider Council Plan targets associated with economy, environment and culture and well-being priorities.
- 2.30 **Transport Infrastructure with strategic benefits** (in addition to those identified in the Kendal Transport Package of Measures and those associated with the employment sites listed above and those which are not site specific) e.g. public transport, walking and cycling improvements; supporting the delivery of improvements to public transport, strategic walking and cycle links across the District.
- 2.31 The delivery of this infrastructure type will aid the delivery of Core Strategy Policy CS1.1, CS2-CS5, CS9.2, CS10.1 and CS10.2. It will also support wider Council Plan targets associated with environment and culture and well-being priorities for example 'options for sustainable transport schemes including walking and cycling'.
- 2.32 **Community, cultural and leisure facilities**; supporting the delivery of community infrastructure such as improvements to village halls, and cemeteries to meet future needs arising from population demands by providing funding.
- 2.33 The delivery of this infrastructure type will aid the delivery of Core Strategy policy CS1.1, CS2-CS5, CS8.3 and CS9.1. It will also support wider Council Plan targets associated with culture and well-being priorities.

3. The evidence base

3.1 The starting point for the PDCS is the SLDC adopted Core Strategy. The Core Strategy was adopted in October 2010, and contains the overall vision (see Appendix 1) for the area and explains broadly how much development is proposed and where it will be built. The ambition is to deliver 400 dwellings and 4 hectares of employment land each year until 2025;

3.2 The Core Strategy (Policy CS1.2) explains in broad terms how much new housing will be built and where. The ambition is to deliver 400 dwellings per year between 2003 and 2025 divided thus:

- 35% (140 dwellings p.a.) in Kendal;
- 20% (80 dwellings p.a.) in Ulverston;
- 13% (52 dwellings p.a.) in Grange, Milnthorpe and Kirkby Lonsdale;
- 21% (84 dwellings p.a.) in Local Service Centres;
- 11% (44 dwellings p.a.) in smaller villages and hamlets.

3.3 These homes and employment opportunities will help to meet the future needs of SLDC's population and will also help to boost local economic development. To support this growth, certain infrastructure is anticipated to be required. This infrastructure is outlined in the SLDC Infrastructure Project List (IPL) which is a key piece of supporting evidence required by Government guidance to support the PDCS. It includes the following:

- **Evidence of an infrastructure funding gap** - Evidence of the total infrastructure funding gap that the CIL is intended to support, having taken account of the other sources of available funding.
- **Viability assessment** - Evidence regarding the effect the CIL will have on the economic viability of development in SLDC area. This will demonstrate to an independent examiner that the proposed CIL rate strikes an appropriate balance between helping to meet the infrastructure funding gap identified, and the potential effects on the economic viability of development in the local area.

3.4 These two essential pieces of evidence are summarised below.

Assessment of SLDC's Infrastructure Needs

3.5 The primary evidence and starting point to establish whether there is a funding gap that could be partly met by CIL is the IPL. The Provisional Draft IPL (PDIPL) assesses SLDC's infrastructure needs to 2025 and is based on the Draft Infrastructure Delivery Plan Update January 2014. The PDIPL is focused only on the provision of new infrastructure that is required in whole, or in part to meet the needs generated by the development growth being planned for over the remaining plan period to 2025.

3.6 Once the total infrastructure requirement was established, the next step involved working out whether there was sufficient funding to meet that need. If a funding gap

was established, CIL could potentially be charged to help address the gap. SLDC's infrastructure need was established by consulting in detail with infrastructure providers, and through performing modelling of infrastructure need alongside providers such as Cumbria County Council as Education Authority and Highways Authority.

- 3.7 In order to correspond to the principles of Government guidance on developer contributions, it is important that developments focus on paying to mitigate infrastructure need arising as a result of new development. They should not be liable for any existing un-met need, and any projected spare capacity within existing infrastructure should be taken into account. In establishing SLDC's future infrastructure needs, the PDIPL has taken account of these factors. The table below shows the infrastructure requirements to meet SLDC's needs to 2028 as established within the PDIPL.
- 3.8 The full breakdown is shown in Appendix 1 of the Draft Infrastructure Delivery Plan Update January 2014 Draft Updated version January 2014. This is broken down as follows (all costs are approximations/estimates):
- Critical CIL (CC) - critical infrastructure which it is considered should be funded through CIL or part funded
 - Important but non-critical (IC) infrastructure which is considered could be funded through CIL or part funded.

Notes (re. table below):

PDCS – Preliminary Draft Charging Schedule

PDIPL – Preliminary Draft Infrastructure Project List

DCS – Draft Charging Schedule

DIPL – Draft Infrastructure Project List

CS – Charging Schedule

IPL – Infrastructure Project List

CIL – Community Infrastructure Levy

Preliminary Draft Infrastructure Project List					
Infrastructure Element	Categorisation	Required Infrastructure (Summary)	Known Cost (£m)	Committed Funding (£m)	Funding Gap (£M)
Transport	CC	Approx. 29 x essential highways, walking and cycling schemes in the District comprising of:	£11.139,279.80	None	£11,039,279.80
		Approx. 22 x essential Highways schemes Kendal, including Kendal Highways Improvements Package	Rounded up to £2.3 million	None	£2.3 million
		2 site specific schemes – Kendal	£765,388.60	None LEP/ CCC support funding bid	£765,388.60
		2 Site specific schemes Ulverston	£4,079,971.20	LEP/ CCC support funding bid.	£4,079,971.20
		2 Site specific Milnthorpe	£3,547,024	LEP/ CCC support funding bid.	£3,547,024
		1 x site specific Endmoor / Gatebeck	£346,896	None	£346,896
		Other infrastructure Schemes for example, Arnside/Grange Viaduct cycle/pedestrian link	£2 million + estimate	None	£2 million +
	IC	Total Infrastructure	£13,039,279.80	None	£13,039,279.80

Infrastructure Element	Categorisation	Required Infrastructure (Summary)	Known Cost (£m)	Committed Funding (£m)	Funding Gap (£M)
Education	CC	127 x 4-11 age places In Kendal	£1,549,400	None	
		126 – 4-11 age places Ulverston	£1,537,200		
		52 x secondary age places Kendal	£936,000		
		209 secondary age places Ulverston	£3,762,000		
		41 secondary age places Cartmel	£738,000		
		Total Education	£8,522,600	None	£8,522,600
Regeneration/ Public Realm/Historic Environment	IC	Various public realm improvements and conservation enhancements	£10 million approx.	None	£10 million approx.
		Regeneration projects – Kendal and Ulverston Canal Head	£2 million + estimate	None	£2 million + estimate
		Total Regeneration/Public Realm/Historic Environment	£12 million	None	£12 million
Green Infrastructure	IC	Open Space Improvements at: Lightburn Park, Ulverston Abbott Hall Park, Kendal Castle Hill, Kendal Bowling Fell, Kendal Nobles Rest, Kendal Promenade, Park Road Gardens and Ornamental Gardens, Grange-over-Sands	£921,000	None	£921,000
		Other strategic green infrastructure e.g. green corridors	£ 1 million +		
		Total Open Space	£1, 921,000		£1, 921,000
Other Community Infrastructure	IC	3 cemetery schemes	£110,000	None	£110,000
	IC	Various community schemes e.g. village hall improvements	£4,600,000		£4,600,000
		Total Community Infrastructure	£4,710,000		£4,710,000
Total Infrastructure	CC		£19,661,879.80		£19,561,879.80
	IC		£20,631,000		£20,631,000
TOTAL*			Approx. £40, 292, 879	None	Approx. £40,192,879

*Figure excludes requirements from broad locations and Kendal Canal Head for Transport and Education

Funding Gap

3.9 The total cost of identified infrastructure need, based on consultation with infrastructure providers and modelling, is approximately £40m. We have taken into account anticipated existing funding before establishing the total infrastructure funding gap that CIL could at least partly help to meet. Other sources of funding are being sought (from sources referenced below), but at this point in time there remains a substantial funding gap. This means that the CIL is justified and will be an important funding source to help ensure that there is sufficient infrastructure to meet the needs generated by future housing and development growth.

Other Sources of potential Funding

3.10 There are potential other sources of funding to be used to help fund infrastructure. The Draft Infrastructure Delivery Plan Update, Jan 2014 identifies a number of such sources which include:

- New Homes Bonus – to fund locally important projects meeting community needs and aspirations which may include community infrastructure assets, such as improvements to walking and cycle access within a village.
- Growing Places Fund – Community Infrastructure Fund – such monies from this source can be used to unlock development which generates economic activity and creates homes and jobs. Infrastructure associated with unlocking the employment site allocations would in particular be an appropriate candidate for this source of funding.
- Regional Growth Fund – this source of funding can be used to support sustainable private sector growth, thus it could be used to help deliver infrastructure associated with the employment site allocations.
- Local Pinch Point Highways Infrastructure Funding – this source of funding can be used to support economic growth by tackling barriers on the local highway network that may be restricting the movement of goods and people.
- Local Transport Plan Funding – highways schemes of £1 million are eligible for such funds. The Cumbria Local Transport Body comprising membership from Cumbria County Council and Cumbria Local Enterprise Partnership will need to assess, prioritise and agree programme of priorities as decisions on how funds are spent is decided on by the body.

Economic Viability

3.11 As per Government guidance, a key element of the evidence base is an assessment of the *effect* of CIL on the viability of development. It is important to note that viability evidence does not determine CIL rates, but it does inform them. The Council has drawn on a range of existing available evidence. This includes existing studies such as the South Lakeland Land Allocations DPD Viability Study, development appraisals submitted by developers, and the Council's good track record in collecting contributions (including affordable housing) from developers under the existing s106 system. Additionally, the Council commissioned a CIL Viability Study as an annex and additional work to the Land Allocations DPD Viability Study. A key focus of the CIL Viability Study was to assess the level of CIL that can be supported without making schemes economically unviable across a range of uses and locations in the study area.

- 3.12 In order to assess whether or not a contribution to CIL can be made, a calculation needs to be undertaken to establish the ‘*additional profit*’. *Additional Profit* a concept that we have developed and it is the amount of profit over and above the *normal profit* made by the developers having purchased the land (alternative land value plus uplift), developed the site and sold the units (including providing any affordable housing that is required and complied with the requirements of the Core Strategy). The *normal profit* is the factor included within the appraisals to reflect the risk of development and to provide the developer with a competitive return as required by Paragraph 173 of the NPPF⁸.
- 3.13 The ‘*normal profit*’ is the 20% of Gross Development Value used in the appraisals as agreed through the consultation process. The approach to calculating Additional Profit was to complete the appraisals using the same cost and price figures and other financial assumptions, as used to establish the Residual Value in the DPD Viability Study, but instead, the cost of the land (alternative use value plus uplift) has been incorporated into the cost side of the appraisal to show the resulting profit (or loss) over and above the allowance for developers’ profit (or competitive return).
- 3.14 The amount by which the resulting profit exceeds the target level of profit represents the *Additional Profit* and provides a measure of the scope for contributing to CIL without impairing development viability. CIL contributions can viably be paid out of this additional profit.
- 3.15 These calculations are based on the Council’s current affordable housing target and the full requirements of the adopted Core Strategy. The following formula was used:

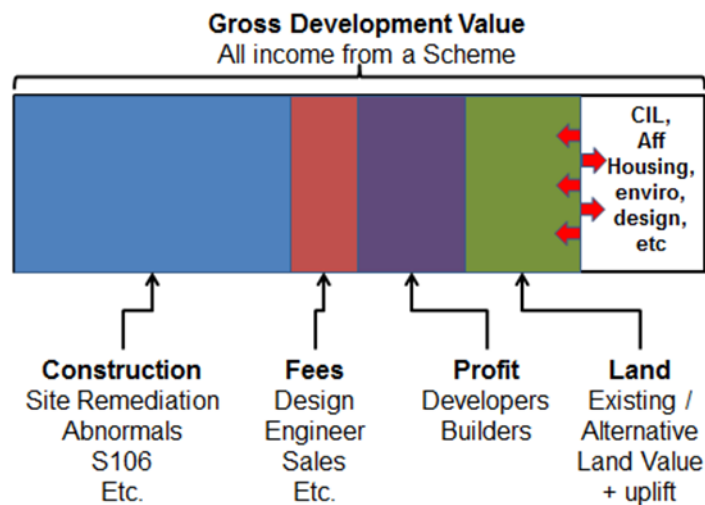
$$\begin{array}{c}
 \textbf{Gross Development Value} \\
 \text{(The combined value of the complete development} \\
 \text{Including 35\% affordable housing)} \\
 \\
 \text{LESS} \\
 \\
 \textbf{Cost of creating the asset, including a profit margin} \\
 \text{(land* + construction + fees + finance charges + developers’ profit)} \\
 \\
 = \\
 \\
 \textbf{Additional Profit}
 \end{array}$$

* Where ‘land’ is the Alternative Use Value and uplift’

- 3.16 The Additional Profit is not the amount of CIL – it is the amount out of which CIL could be paid whilst still providing the landowner and developer with a competitive return as required by paragraph 173 of the NPPF.

⁸ 173 of the NPPF says: ...*To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.*

- 3.17 The Additional Profit is calculated for the modelled and actual sites appraised in the DPD Viability Study so as to be representative of the anticipated development assessed in the Core Strategy and Land Allocations DPD. In that piece of work, a comprehensive consultation process was undertaken, and the methodology and main assumptions were agreed with the development industry and a group of stakeholders. There was a consensus on almost all matters, other than as to what constituted a 'competitive return' for the land owner. In this CIL Viability Assessment, the Additional Profit was assessed for a range of assumptions in this regard.
- 3.18 It is well recognised in viability testing that the developer should be rewarded for taking the risks of development. The NPPF terms this the 'competitive return'. The essential balance in viability testing is around the land value, and when land will and will not come forward for development. The more policy requirements and developer contributions the planning authority asks for, the less the developer can afford to pay for the land. The purpose of the viability testing is to quantify the costs of the Council's various policies on development and then make a judgement as to whether or not land prices are 'squeezed' to such an extent that, in context of the NPPF, the development plan is put at 'serious risk', or in the context of CIL whether the development plan as a whole is 'threatened'.



- 3.19 It is important to note that in this study we are not trying to exactly mirror any particular developer's business model – rather a broad assessment of viability is being made in the context of plan making and the requirements of the NPPF.
- 3.20 The viability analysis is based on assumptions of costs, such as professional fees and marketing costs, and draws on representative industry examples within SLDC and the surrounding areas. It allows for 20% developers' profit and a competitive return for landowners. This approach meets the requirements of paragraph 173 of the National Planning Policy Framework (NPPF) that requires work such as this project, to reflect 'competitive returns' for landowner and developer.

- 3.21 The approach to these appraisals is at a high level. The CIL Viability Study sets out the assumptions, and then the results, of the development financial appraisals for a range of development sites that are representative of the type of development that is likely to come forward in the future and should therefore be assessed for their ability to pay CIL.
- 3.22 The Viability Study was prepared using a methodology agreed with stakeholders, and was based on assumptions over the value and costs of development that were also agreed with stakeholders. Three consultation events were held. There was a broad consensus with stakeholders on all matters other than the 'competitive return' for the willing landowner as required by paragraph 173 of the NPPF. The disagreement was not a simple disagreement between the development industry, land owners and the Council; there were significant levels of disagreement amongst members of each group.

Maximum Potential for CIL

- 3.23 Based on the financial appraisals for a range of development sites that are representative of the types of development that are likely to come forward in the future, the following additional profit was calculated based on the current affordable housing targets. These tables are taken directly from the South Lakeland CIL Viability Study January 2014.

Table 5.3 Additional Profit (*1)– Base Assumptions

Land value = EUV + 20% over the gross area + £400,000/ha on the net area of greenfield sites

				Additional Profit	
				£ site	£/m ²
Site 1	Urban Edge 1	Kendal	Green	3,359,921	340
Site 2	Urban Edge 2	Kendal	Green	3,514,198	280
Site 3	Office re-development*	Kendal	Brown	-66,423	-101
Site 4	Estate Infill	Kendal	Green	251,630	370
Site 5	LSC Infill	Arnside	Green	319,354	165
Site 6	LSC Infill	Grange	Green	671,669	267
Site 7	Cleared Urban*	Ulverston	Brown	-82,152	-116
Site 8	KSC Urban Edge	Milnthorpe	Green	1,289,036	259
Site 9	LSC Edge	Allithwaite	Green	680,567	419
Site 10	LSC Edge	Endmoor	Green	220,671	249
Site 11	LSC Paddock	Penny Bridge	Green	530,057	394
Site 12	Small Village	Lune Valley	Green	239,268	716
Site 13	Ex Garage Site*	Central SLDC	Brown	-78,722	-257
Site 14	Village Infill	Cartmel Peninsula	Green	232,988	334
Site 15	Village Infill	Eastern Area	Green	29,522	119
Site 16	Rural House	Rural West	Green	-246,418	-1,896
Castle Green Road		Kendal		1,148,147	318
Quarry Lane		Storth		151,738	60
South Ulverston		Ulverston		5,043,951	111

Source: SLDC CIL Viability Study (HDH 2013) Table 5.3 *Brownfield site

*1 – for definition of additional profit see paragraph 3.12 above and following.

Housing for Older People, Additional Profit

	Sheltered	Extra Care
m ²	3,450	3,834
Additional Profit	2,674,412	3,399,282
Residual Land Worth	2,969,412	3,694,282
Residual Land Worth	5,938,825	7,388,564
£/m ²	775	887

Source: SLDC Viability Study (HDH 2013) Table 5.6 Housing for Older People, Additional Profit

Table 6.2 Appraisal Results showing Additional Profit and Approximate Residual Value - Greenfield

		Industrial East		Industrial West		Offices East		Offices West		Distribution	Supermarkets	Retail Warehouse	Shops	Hotel
m2		1500	200	1500	200	500	150	500	150	5000	4000	4000	150	1620
Additional Profit		-121,433	-135,128	-193,547	-144,745	-195,960	-117,215	-292,111	-146,062	-462,274	3,672,077	4,196,036	-83,381	376,213
Residual Land Worth (APPROX)	Site	-2,033	-70,888	-74,147	-80,505	-112,960	-53,815	-209,111	-82,662	92,726	4,455,077	4,755,036	-23,621	585,213
Residual Land Worth (APPROX)	£/ha	-8,841	-2,148,109	-322,378	-2,439,545	-1,129,600	-1,793,830	-2,091,106	-2,755,395	92,726	1,713,491	2,641,687	-1,389,459	1,463,032
£/m2		-81	-676	-129	-724	-392	-781	-584	-974	-92	918	1,049	-556	232

Table 6.3 Appraisal Results showing Additional Profit and Approximate Residual Value - Brownfield

		Industrial East		Industrial West		Offices East		Offices West		Distribution	Supermarkets	Retail Warehouse	Shops	Hotel
m2		1,500	200	1,500	200	500	150	500	150	5,000	4,000	4,000	150	1,620
Additional Profit		-283,779	-161,931	-320,454	-166,464	-301,088	-148,753	-381,830	-172,978	-591,476	2,398,991	3,458,378	-347,816	59,339
Residual Land Worth (APPROX)	Site	-118,379	-91,091	-182,654	-99,584	-198,088	-79,353	-290,830	-107,178	-176,476	3,701,991	4,377,378	-92,816	306,339
Residual Land Worth (APPROX)	£/ha	-514,692	-2,760,337	-794,149	-3,017,692	-1,980,875	-2,645,105	-2,908,301	-3,572,590	-176,476	1,423,843	2,431,877	-5,459,752	765,848
£/m2		-189	-810	-214	-832	-602	-992	-764	-1,153	-118	600	865	-2,319	37

Table 6.4 Appraisal Results showing Additional Profit and Approximate Residual Value – Actual Sites

		Land at Scroggs Wood, Kendal		Land East of Burton Road		Gatebeck Lane, Endmoor	Mainline Business Park	Lightburn Road
		Offices	Industrial	Offices	Industrial	Industrial	Industrial	Offices
m2		15,000	30,000	7,000	14,000	15,000	40,000	15,000
Additional Profit		-3,345,957	-988,661	-1,904,275	-288,463	-764,608	-2,009,350	-6,785,085
Residual Land Worth (APPROX.)	Site	-2,330,957	1,111,339	-1,449,275	551,537	143,992	285,250	-5,882,085
Residual Land Worth (APPROX.)	£/ha	-665,988	148,178	-966,183	183,846	46,151	35,347	-1,897,447
£/m2		-223	-33	-272	-21	-51	-50	-452

4. Proposed CIL Rates

Striking an 'Appropriate Balance' – Factors to Consider

4.1 In setting CIL the Council has weighed up various policy priorities, particularly those that are paid for and delivered by the development industry. The payment of CIL, the delivery of affordable housing, the potential for additional s106 payments and the construction of development to improved environmental standards are all costs to a developer. If a council wishes to introduce a new charge such as CIL, or to increase an existing requirement on developers there will be a corresponding knock-on effect on the other requirements. A council that puts different weight and importance on one requirement – say the delivery of affordable housing – is likely to set CIL at a different rate to one that puts less weight on that requirement.

4.2 Regulation 14 sets out the context for setting the rates of CIL – the relevant parts say:

1) In setting rates (including differential rates) in a charging schedule, a charging authority must aim to strike what appears to the charging authority to be an appropriate balance between—

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

Proposed CIL Rates for Consultation

4.3 The Council's vision that SLDC is 'the best possible place to live, work and explore' is underpinned by strategic aims set out in the Core Strategy – see **Appendix 3**. Within each are strategic objectives that relate to the quality of infrastructure in South Lakeland to meet the vision. Building the infrastructure is one of the strategic aims, but delivery of the vision requires meeting all of the objectives relating to a wider view on infrastructure provision as follows:

4.4 Supporting the economic strategic objectives through:

- Enabling the provision of a range of types and sizes of employment land and promotion of new business creation across the plan area.
- Enabling opportunities for economic development and regeneration to be brought forward in the Furness Peninsula and develop the area's potential for tourism
- Promoting the vitality and viability of town and local centres through addressing obstacles to growth (such as town centre congestion in Kendal)

- 4.5 Supporting the housing strategic objectives through:
- Enabling the delivery of a range of housing types and sizes to meet the needs of all sectors of the community.
- 4.6 Supporting the environment objectives through:
- Helping to provide a coordinated network of green infrastructure
 - Protecting and enhancing the historic environment
 - Supporting the enhancement and creation of ecologically-diverse habitats in all locations
 - Protecting the unique character of the District
- 4.7 Supporting the accessibility objectives through:
- Helping to improve access across the District by supporting the development and enhancement of an integrated transport network, including footpaths and cycleway
 - Supporting essential road infrastructure improvements to accommodate development
- 4.8 Supporting Health and Wellbeing through:
- Protecting and enhancing existing social and community infrastructure such as education, culture and leisure facilities
 - Supporting the delivery of sport and recreation schemes and developing community facilities
 - Enhancing green infrastructure through provision of a comprehensive network of high quality open spaces such as parks and gardens.
- 4.9 The spatial strategy associated with the vision is set out within the SLDC adopted Core Strategy. A key part of this is the delivery of new housing and the required infrastructure to support this.
- 4.10 CIL will be an important mechanism for helping fund the infrastructure needed to support the Council's vision and associated growth plans in the District, and a number of factors and considerations have been taken into account in determining the proposed CIL rates. It is not envisaged nor expected, that CIL should be the only funding mechanism – but that it should be one of a number of potential funding streams that will be used to help fund infrastructure.
- 4.11 CIL rate setting is not an exact science, but a qualitative judgement based on appropriate and available evidence. The specific considerations and processes that the Council has gone through to determine the proposed rates are described below. Rates are set in the context of CIL Regulations 13 and 14 (of the CIL Regulations 2010) plus the specific evidence as summarised in Sections 3 of this report.
- 4.12 In setting the proposed rates, the Council has taken a cautious approach, having regard to the results of the viability testing as summarised in Section 3 of this report as well as other factors described below. Caution is also taken since, at the time of writing, there is continuing uncertainty in the development industry and wider economy.

Residential rate setting

- 4.13 In setting residential rates, which will form the majority of development within SLDC over the Plan period, three principle steps were taken. Consideration was taken of the viability results as summarised in Section 3.2 of this report (which are taken from the CIL Viability Study). The Council looked to see what the viable sites could afford in terms of additional profit. The intention in setting CIL rates is to ensure that the majority of developments being planned for in the Council's local Plan still remain viable.
- 4.14 The Council has made significant progress in delivering the policies and proposals of the adopted Core Strategy, evidenced by its annual monitoring work. The Council has also adopted its Land Allocations DPD. The Land Allocations DPD provides further policy guidance on where and when the Council proposes to manage the remaining development growth required to deliver the Core Strategy.
- 4.15 **Appendix 4** sets out the Council's s106 track record showing the amount of affordable housing achieved and amounts of s106 contributions agreed. The Council puts great importance on achieving its affordable housing targets, and this is well reflected in its track record. In the CIL Viability Study, it was assumed that it would be prudent to allow for all units (market and affordable) to bear a s106 financial contribution of £1,500. This amount does not relate to any particular type of infrastructure but was agreed amongst consultees.
- 4.16 The Council has considered what other authorities are charging, particularly those close by and/or within similar property market areas. The intention, in setting CIL, is not to go too far out of line in terms of what others are charging (while taking account of viability and different strategies for using s106 in the context of CIL). So the Council considered what other comparable authorities that have adopted CIL were charging.
- 4.17 Taking account of these key factors, the Council proposes to set the following rates for residential CIL:

Residential rates of CIL	
Development Type	Maximum Rate of CIL
Residential excluding Kendal and Ulverston Canal Head regeneration areas	£60/m ²
Large Strategic Housing Sites	As for residential – unless alternative case made by relevant site promoters
Sheltered/Retirement Housing	£150/m ²
Extra Care Housing	£150/m ²

Non-Residential rate setting

- 4.18 For non-residential commercial rates, the CIL Viability Study finds that, for the viable development types, viability does not change geographically across the South Lakeland area. Therefore one rate could be set for the District for each development type. A cautious approach has been taken, and the proposed rates set out in the table below, are well within the limits of viability. In setting the specific rates, account was taken of adopted commercial rates for similar uses in comparable councils, as well as recent comments from Planning Minister Nick Bowles who has advised that councils should start with modest rates given current conditions in the development sector.
- 4.19 In light of the above, the striking of an appropriate balance and the evidence presented in Section 3, the Council proposes the following CIL rate(s) for consultation within its Preliminary Draft Charging Schedule:

Proposed Rates for CIL – Preliminary Draft Charging Schedule	
Development Type	Maximum Rate of CIL Proposed Levy Rate £ / m ²
Kendal and Ulverston Canal Head regeneration areas – all development types. (Appendix 2 identifies the boundaries of the Kendal and Ulverston Canal Head regeneration areas)	£0/m ²
Residential	£60/m ²
Large Strategic Sites	As above, unless alternative case made by relevant site promoters
Super Markets and Retail Warehouse	£150/m ²
Hotels	£35/m ²
Sheltered/Retirement Housing	£150/m ²
Extra Care Housing	£150/m ²

- 4.20 The definitions of uses set out by Geoff Salter in his report following his examination of the Wycombe DC CIL Charging Schedule (September 2012) are considered appropriate and are therefore applied to the uses in Table 4.1. These are:
- **Retail** – Convenience (Supermarkets) are shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit;
 - **Retail warehouses** are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods) DIY items and other ranges of goods catering for mainly car-borne customers;
 - **Residential** relates to C3 use as per the Use Classes Order;
 - **Hotels** relate to C1 use as per the Use Classes Order.

- 4.21 Uses not included in Table 4.1 are not proposed for a CIL levy charge.

Formula for Calculating the Chargeable Amount

- 4.22 The formula for calculating the chargeable amount is set out in full in Part 5 of the Community Infrastructure Regulations 2010 (The Regulations).

5. Chargeable Development, Exemptions and Relief

- 5.1 The Regulations exempt all development under 100 m² (unless it is a new dwelling house, in other words a house or flat) as well as development for charitable purposes.
- 5.2 The Regulations allow relief for parts of a development to be used for social housing (in proportion to the amount of social housing provided). The formula for calculating relief is set out in full in Part 6 of the Regulations.

6. CIL projections

- 6.1 To provide an indication of the potential receipt the District Council could receive from CIL, a high level financial assessment is performed below. Using residential growth figures only (which account for the majority of the District's growth) and proposed CIL rate/s per sq. m, the approximate total potential CIL receipt has been calculated in accordance with the recommended rates above.
- 6.2 The potential CIL rates are then applied to the Council's housing target, which is 5,592 units (as end of March 2013 – see Table 1A and 1B Adopted Land Allocations DPD) including windfall and identified small sites but excluding the Kendal Canal Head Area and the Broad Locations, which will be the subject of a future DPD and further assessment of infrastructure needs. Of these, 35% will be affordable units, to which CIL would not apply.
- 6.3 The average floor space for new build market residential in SLDC is assumed to be a 100 m² unit. This is applied to the above housing target to give an indicative figure of 363, 500m² of new residential development floor space that could be liable to pay CIL.
- 6.4 Over the plan-period the potential CIL receipts based on the un-consented housing target equate to approximately £21.8 million (discounting affordable units, and making no assumptions over extra care/sheltered retirement units). Some additional future CIL income will also be derived from other commercial uses.
- 6.5 If this is compared to the total estimated infrastructure funding gap of approximately £40million as shown in Section 3, it demonstrates that there is likely to remain a funding gap of at least £18.2m million depending on the availability of other sources of funding.
- 6.6 To help meet the funding gap, and to deliver the infrastructure required as a result of growth, the Council may decide to seek a combination of S106 contributions for some site specific infrastructure, as well as CIL payments. Councils that have adopted CIL will still be able to raise additional S106 funds for infrastructure, provided this is not for infrastructure specifically identified to be funded by CIL (through the 'Regulation 123 List') and which does not contravene other relevant requirements. The Regulation 123 List evolved from the PDIPL, and it identified specific items from that list that the Council plans to fund through CIL.

Instalments Policy

- 6.7 The 2011 amendment to the CIL Regulations introduced at 69B, the ability for Charging Authorities to adopt an instalment policy. Regulation 69 sets out when CIL is payable. This is summarised in the table below. If an instalment policy is not adopted then payment is due as set out in the table below.

Equal to or greater than £40,000	4 equal instalments at the end of the periods 60, 120, 180 and 240 days from commencement
£20,000 and less than £40,000	3 equal instalments at the end of the periods of 60, 120 and 180 days from commencement
£10,000 and less than £20,000	2 equal instalments at the end of the periods of 60 and 120 days from commencement
Less than £10,000	In full at the end of the period of 60 days from commencement

6.8 To require payment, particularly on large schemes in line with the above, could have a dramatic and serious impact on the delivery of projects. The Council proposes the following instalment policy:

In accordance with Regulation 69B of the Community Infrastructure Levy Regulations 2010 (as amended), SLDC will automatically allow the payment of CIL by instalments. The instalments permitted will be linked to the amount payable (the chargeable amount) as recorded on the Demand Notice.

As permitted under Regulation 9 (4) of the Community Infrastructure Regulations 2010 (as amended), where outline planning permission which permits development to be implemented in phases has been granted, each phase of the development as agreed by SLDC is a separate chargeable development and the instalment policy will, therefore, apply to each separate chargeable development and associated separate liable amount chargeable.

*This policy will **not apply** if any one or more of the following applies:*

- a) *A commencement notice has not been submitted prior to commencement of the chargeable development, as required by Regulation 67 of the Community Infrastructure Regulations 2010 (as amended);*
- b) *On the intended date of commencement*
 - i. *Nobody has assumed liability to pay CIL in respect of the chargeable development;*
 - ii. *A commencement notice has been received by SLDC in respect of the chargeable development; and*
 - iii. *SLDC has not determined a deemed commencement date for the chargeable development and, therefore, payment is required in full, as required by Regulation 71 of the Community Infrastructure Regulations 2010 (as amended);*
- c) *A person has failed to notify South Lakeland District Council of a disqualifying event before the end of 14 days beginning with the day on which the disqualifying event occurs, as per the Community Infrastructure Regulations 2010 (as amended)*
- d) *An instalment payment has not been made in full after the end of the period of 30 days beginning with the day on which the instalment payment was due, as per the Community Infrastructure Regulations 2010 (as amended)*

Where the instalment policy is not applicable, the amount must be paid in full at the end of the period of 60 days beginning with the notified or deemed commencement date of the chargeable development or the date of the disqualifying event, whichever is the earliest, unless specified otherwise within the Community Infrastructure Levy Regulations 2010 (as amended).

Number of dwellings	Number of Instalments	Total Timescale for Instalments	Payment Amounts	Payment Periods
0-1	2	270 days (9 months)	10%	60 days from commencement.
			90%	270 days from commencement.
2-5	3	365 days (1 year)	10%	60 days from commencement.
			45%	270 days from commencement.
			45%	365 days from commencement.
6-25	3	548 days (18 months)	10%	60 days from commencement.
			45%	365 days from commencement.
			45%	548 days from commencement.
26-50	4	730 days (2 years)	10%	60 days from commencement.
			30%	365 days from commencement.
			30%	548 days from commencement.
			30%	730 days from commencement.
51-100	5	1095 days (3 years)	10%	60 days from commencement.
			22.5%	365 days from commencement.
			22.5%	548 days from commencement.
			22.5%	730 days from commencement.
			22.5%	1095 days from commencement.
101-200	6	1460 days (4 years)	10%	60 days from commencement.
			18%	365 days from commencement.
			18%	548 days from commencement.
			18%	730 days from commencement.
			18%	1095 days from commencement.
			18%	1460 days from commencement.
201-300	7	1825 days (5 years)	10%	60 days from commencement.
			15%	365 days from commencement.
			15%	548 days from commencement.
			15%	730 days from commencement.
			15%	1095 days from commencement.
			15%	1460 days from commencement.
301+	8	2190 days (6 years)	10%	60 days from commencement.
			13%	365 days from commencement.
			13%	548 days from commencement.
			13%	730 days from commencement.
			13%	1095 days from commencement.
			13%	1460 days from commencement.
			13%	1825 days from commencement.
			12%	1826 days from commencement.

In all cases the full balance is payable on occupation/opening of the development if this is earlier than the due instalment dates set out above.

7. Next Steps

- 7.1 In accordance with the Government's CIL Regulations, the Council will undertake two rounds of consultation on the proposed charging schedule. The first stage of consultation is on this document, the Preliminary Draft Charging Schedule. Secondly, once the public comments on the Preliminary Draft Charging Schedule are considered, the Council will update the document as necessary and consult again on a Draft Charging Schedule. The Council has a further opportunity to modify the Draft Schedule (which would lead to a further four weeks of consultation) if necessary before then having it considered by the CIL examiner at Public Examination.
- 7.2 The full proposed programme, including target consultation dates is shown in the table below:

NEXT STEPS		
Step	Date	Action
Step 1	December 2013 – January 2014	Informal consultation / engagement with developers and landowners and Initial Briefing of Members
Step 2	March/April 2014	Community and stakeholder consultation on PDCS
Step 3	May 2014	Preparing DCS and DIPL
Step 4	June 2014	Member engagement and approval of DCS and DIPL
Step 5	June/July 2014	Formal consultation on DCS and DIPL
Step 6	July 2014 / Aug 2014	Consideration of responses and submission of CS
Step 7	Autumn 2014	Public Examination
Step 8	End 2014	Inspectors Report
Step 9	End 2014	Adoption of CIL

Appendix 1: Draft Regulation 123 List Document

The Community Infrastructure Levy Regulations 2010 (as amended) restrict the use of planning obligation where there have been five or more obligations in respect of a specific infrastructure project or type of infrastructure entered into on or after 6 April 2010. The regulations (paragraph 123) provide for a charging authority to set out a list of projects or types of infrastructure that the levy is intended to fund, and this is referred to as the 'regulation 123 list'.

The table below details the infrastructure projects that South Lakeland District Council intends to be funded or part funded by monies raised through the Community Infrastructure Levy, and is drawn from the information detailed in the draft Infrastructure Delivery Plan Update January 2014– Appendix 1 Infrastructure Schedule.

Infrastructure projects to be wholly or part-funded by CIL
Kendal Highways Improvements Package of Measures as identified in the <i>Kendal Highways Improvements Study September 2012</i>
Primary School Places in Kendal and Ulverston, and Secondary School Places in Kendal, Ulverston and Cartmel to serve impacts from housing site allocations (excludes Kendal Canal Head and broad locations)
Highways infrastructure (provision of necessary access arrangements) to support delivery of significant employment allocations at the following sites: <ul style="list-style-type: none"> • <i>Land at Scroggs Wood Milnthorpe Road, Kendal</i> • <i>Land East of Burton Road, Kendal</i> • <i>Land at Lightburn Road, Ulverston</i> • <i>Land adjacent to Mainline Business Park, Milnthorpe</i> • <i>Land North of Gatebeck Lane, Endmoor</i> • <i>Land at Ulverston Canal Head (Mixed-use regeneration opportunity area, Ulverston and Ulverston Canal Head Business Park employment area).</i>
Regeneration including Public Realm/Environmental/Historic Environment Projects
Open Space Improvements to strategic publicly accessible areas at following locations: <ul style="list-style-type: none"> • <i>Lightburn Park Ulverston,</i> • <i>Abbott Hall Park, Castle Hill, Bowling Fell and Nobles Rest, Kendal</i> • <i>3 P's in Grange Over Sands – Promenade, Park Road Gardens and Ornamental Gardens</i>
Strategic Green Infrastructure e.g. <i>green corridor improvements</i>
Community, cultural and leisure facilities
Transport infrastructure with strategic benefits (<i>in addition to those identified in the Kendal Transport Package and those associated with the employment sites listed above and those which are not site specific</i>) i.e. public transport improvements, cycle and walking improvements.

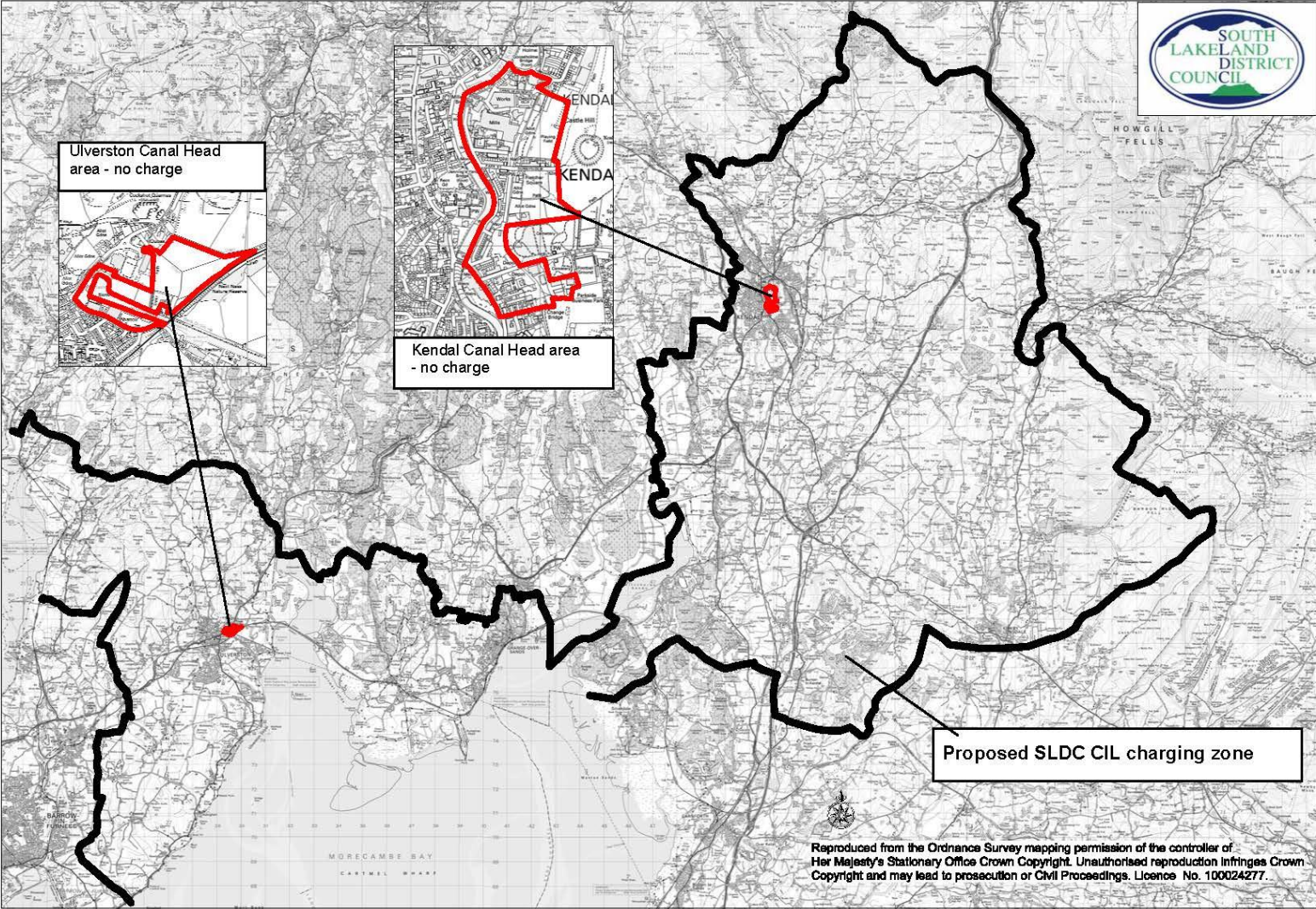
Other sources of payment – S106 agreements and S278 agreements

Payment of CIL does not remove the need for S278 agreements, as S278s are not planning obligations. A S278 Agreement (under Section 278 of the Highways Act 1980) is made between a developer and a Highways Authority to enable works to be carried out on the public highway to facilitate development. The need to enter into a S278 usually arises as a result of a planning application and will be a condition of the planning consent. Examples of works delivered through a S278 agreement include construction of a new access junction, improvement of an existing junction or safety related works. Authorities can use monies from both sources to fund improvements to the highway network.

For avoidance of doubt, Section 106 Agreements will be used to secure the delivery of –

- Affordable housing.
- New open space provision associated with site specific requirements.
- Off-site Open Space improvements to play areas and other public open space on sites not listed in the regulation 123 list.(may be up to 5 pooled contributions)
- Specific on-site and off-site mitigation measures necessary in order to make the site acceptable (*highways works will be secured through S278 Agreements including where appropriate the provision of pedestrian/cycle/public transport links from the site*).
- Primary and Secondary School places for schools located in the settlements not listed in the regulation 123 list where there is a need to provide extra capacity.(up to 5 pooled contributions)
- Flood Risk mitigation measures necessary in order to make the site acceptable.

Appendix 2: Charging Zone Map



Appendix 3: The Vision for South Lakeland

South Lakeland tomorrow...

The Core Strategy sets out a planning vision for the area for the lifetime of the plan – up to 2025. It shares a similar vision to the Sustainable Community Strategy, which is to make South Lakeland the best place to live, work and visit. Reference to “the District” and “South Lakeland” relate to the LDF area, which excludes the two National Parks.

The following vision sets out what we would like to be able to say in 15 years’ time about our area:

South Lakeland consists of inclusive, sustainable communities. The District has a more balanced population, with an increase in the proportion of children and young people, and people of all ages playing a full role in community life. New development has taken place in a manner that mitigates against and adapts to the cause and impacts of climate change.

A vibrant and thriving tourist sector continues to be an important part of the local economy, with improved modern facilities. The South Lakeland LDF area complements the tourist attractions within the Lake District and Yorkshire Dales National Parks. However, there has been a step change in the District’s economy, with a growing entrepreneurial culture, higher levels of business creation and the establishment of new knowledge-based industries. There is an increased range of skilled jobs in the District.

Kendal, in particular, is making an important contribution to Cumbria’s economy, having fully exploited the local competitive advantage brought by its good accessibility to the national road and rail infrastructure. It also helps to meet some of the employment needs of residents in the Lake District National Park.

All sections of the community have access to opportunities for learning and training. An expanded Kendal College and the University of Cumbria offer comprehensive opportunities for further and higher education, vocational training and lifelong learning.

Kendal town centre has enhanced its role as the main service centre in the District and has maintained its position in the sub-regional hierarchy. It offers a comprehensive range of shopping and other services, including leisure, in an attractive environment. Solutions to the traffic issues in Kendal, including congestion in the town centre, have been delivered. The centres of Ulverston, Grange-over-Sands, Milnthorpe and Kirkby Lonsdale offer specialist shopping and are successful visitor destinations. Further retail floor space has been provided in the centres of Ulverston, Grange and Milnthorpe, to enable them to fulfil their roles in the retail hierarchy.

There is a more diverse economic base in the Ulverston and Furness area.

A range of activities has been delivered aimed at boosting the rural economy through assisting farmers, foresters and small businesses.

There has been considerable progress towards achieving a balanced housing market. There is a range of good quality housing that people can afford. It offers choice and meets the requirements of all sectors of the community, including smaller dwellings for first-time buyers, family housing and housing for older people and people with special needs.

The District offers a superb high quality natural and built environment and is a prized location to live in, work in and visit. The character of the District remains essentially rural, with towns and villages set in attractive countryside, including that of the Arnside and Silverdale Area of Outstanding Natural Beauty and the adjoining Lake District and Yorkshire Dales National Parks. The special qualities of the Arnside and Silverdale AONB have been conserved and enhanced. Towns and villages have been kept distinct from one another by protecting important green gaps. The historic environment has been protected from harmful change, including listed buildings, buildings of local importance, conservation areas, scheduled ancient monuments and historic parks and gardens.

Most new development has been concentrated in the Principal Service Centres of Kendal and Ulverston and, to a lesser extent, the Key Service Centres of Grange-over-Sands, Milnthorpe and Kirkby Lonsdale. These service centres are thriving, vibrant and prosperous and are the main centres of provision of services and employment for their hinterlands.

In South Lakeland's villages, planned and managed growth has taken place, ensuring that sufficient jobs and homes are provided for local people without significant detrimental impact on landscape character. The rural economy is more diverse, supporting local communities. Small-scale development to meet local need has consolidated and strengthened the role of Local Service Centres within the hinterland.

The A590 and Furness rail line, which provide access for communities in the west, have undergone substantial improvements, enhancing connectivity between the Principal Service Centres of Kendal and Ulverston (and thereafter Barrow). There has been significant investment in public transport and there is a greater level of service across the whole District, including targeted improvements in services to and from the Service Centres (including those Service Centres outside the District which serve parts of South Lakeland). This has resulted in a reduction in both the dependency on car usage and the amount of travelling outside the District on a daily basis.

... all of the housing in the District meets decent home, life-long and eco standards. There has been significant progress towards tackling the problem of homelessness...

... public transport services, along with other innovative transport schemes are attractive, reliable and affordable and target a range of passenger requirements. They are positive component of the quality of life for residents and key element of a high quality visitor experience. There is safe and attractive network of pedestrian routes and cycle ways serving the town centres...

... where significant greenfield development is required it has been accommodated in a manner sensitive to the landscape setting of settlements and their relationship with the surrounding countryside and appropriate measures have been taken to protect against flood risk and to prevent any ecological harm...

... although these settlements have grown, there is network of greenspaces maintained within them providing a link with the wider countryside. The centres are easily accessible by car, bus, cycle, foot and where relevant, rail...

Appendix 4: s106 Track Record

Since 2010 to End March 2013:

ID	UPRN	ADDRESS	PARISH	AFFORDABLE HOUSING	LOCAL OCCUPANCY RESTRICTION	PLANNING REFERENCE	DETAILS		Total housing	Affordable	%	finance	NOTES
195086	3/DA0808	Kendal, Cock and Dolphin, Land at Milnthorpe Road	KENDAL	TRUE	TRUE	SL/2009/1143	4 affordable dwellings (flats)	Complete	18	4	22.22%		
196451	3/DA0815	Natland, Land at Sedgwick Road	NATLAND	TRUE	TRUE	sl/2010/0653 & SL/2011/0447	4 affordable dwellings	Complete	12	4	33.33%		
198371	3/DA0818	Kendal, The Auction Mart, Appleby Road	KENDAL	TRUE	TRUE	sl/2010/1015	47 affordable dwellings	Not started	94	47	50.00%		
198630	3/DA0822	Mutton Hall, Killington	KILLINGTON	TRUE		sl/2010/0722	1 affordable dwelling	Not started	3	1	33.33%		
198631	3/DA0823	Levens, Land at Greengate House	LEVENS	TRUE	TRUE	sl/2010/1094	2 affordable dwellings	Under construction	6	2	33.33%		
198910	3/DA0827	Aikrigg Farm, Killington	KILLINGTON	TRUE		sl/2009/0528	3 affordable dwelling	Not started	6	3	50.00%		
199537	3/DA0830	Great Urswick, Land at The Coot and Bankfield Hall, Church Road,	URSWICK	TRUE		SL/2010/0182	2 affordable flats	Not started	7	2	28.57%		
199776	3/DA0833	Grange, Land at Fox Rock, Allithwaite Road	GRANGE	TRUE	TRUE	SL/2010/0047 + SL/2004/0920	4 affordable dwellings	Not started	10	4	40.00%		
200798	3/DA0845	Kirkby Lonsdale, Tram Lane, Land at Dodgson Croft,	KIRKBY LONSDALE	TRUE		SL/2012/0425	financial contribution to off-site affordable housing	Not started				£502,186	payment to SLDC
194355	3/DA0794	Shap Road, Kendal Rugby Union FC	KENDAL			SL/2008/1219		application refused					
198609	3/DA0819	Milnthorpe, Grisleymires Lane, Houghton Parkhouse Coachworks	MILNTHORPE			SL/2011/0180	travel plan co-ordinator and contribution to costs	completed				£ 30,713 and £ 6,600	payable to county council
198621	3/DA0820	Kirkby Lonsdale, Land at Biggins Road,	KIRKBY LONSDALE			SL/2009/0838 & SL/2010/1090	12 affordable houses and contribution to provision of open space	under construction	35	12	34.29%	£ 8,000 and £ 3,200	payable to SLDC
	3/DA0828	Union Lane, Ulverston	ULVERSTON			SL/2010/0806	8 affordable house + contribution to playground	not started	25	8	32.00%	£8,100	payable to SLDC
199780	3/DA0835	Kendal RUFC Ground,	KENDAL			sl/2010/0180		application refused					
199819	3/DA0838	Crooklands, Moss End, Auction Mart	PRESTON PATRICK			SL/2011/0794	travel plan co-ordinator and contribution to costs	under construction ? (unsure of status)				£ 24,375 and £ 6,125	payable to county council

Before 2010:

ID	UPRN	ADDRESS	PARISH	STATUS	AFFORDABLE HOUSING	LOCAL OCCUPANCY RESTRICTION	PLANNING REFERENCE	DETAILS	%	
190343	3/DA0714	Kendal, Ann Street, Premises At (Affordable Dwellings) (Local Occupancy Restriction)	KENDAL		TRUE	TRUE	SL/2005/1095	19 units - 4 affordable	21%	complete
190668	3/DA0750	Burton, Land off Boon Town, Land Off (Affordable Housing) (Local Occupancy Restriction)	BURTON		TRUE	TRUE	sl/2007/0008	7 units - 7 affordable	100%	complete
190682	3/DA0754	Lound Road/Lound Street, Former K Village (2 Areas one on Lound Road and one on Lound Street) (Affordable Housing) (Local Occupancy Restriction) DEED OF VARIATION	KENDAL		TRUE	TRUE	sl/2006/1094	40 units - 40 affordable	100%	complete
192253	3/DA0765	Flookburgh, Winder Lane (Affordable Housing) (Local Occupancy Restriction)	LOWER HOLKER	LIVE	TRUE	TRUE	sl/2007/0184	18 units - 18 affordable	100%	complete
193093	3/DA0770	New Inn Yard, Former Highgate Gym and Underley School (Affordable Housing) (Local Occupancy Restriction)	KENDAL		TRUE	TRUE	sl/2008/0150	8 units - 8 affordable	100%	complete
193702	3/DA0779	Milnthorpe, Harmony Hill, Land at the former Depot	MILNTHORPE		TRUE	TRUE	SL/2008/0114	10 units - 10 units	100%	complete
193830	3/DA0783	Grange Fell Road, Land Off	GRANGE-OVER-SANDS		TRUE	TRUE	sl/2008/1061	11 units - 11 affordable	100%	complete
193892	3/DA0785	Baycliffe, Baycliff Farm	ALDINGHAM		TRUE	TRUE	sl/2008/0852	21 units - 7 affordable	33%	under cons
193989	3/DA0789	Whinfell Drive, Land at	KENDAL		TRUE	TRUE	sl/2005/0976	94 units - 47 affordable	50%	under cons
194107	3/DA0791	Beast Banks, No. 6	KENDAL		TRUE	TRUE	sl/2008/0156	5 units - 5 affordable	100%	complete
194400	3/DA0796	Grange, Lindale Road, Glenedyth, Land At	GRANGE		TRUE	TRUE	SL/2009/0118	1 unit - 1 affordable	100%	complete
194447	3/DA0797	Anchorite Fields, Gillinggrove Works	KENDAL		TRUE	TRUE	SL/2008/0348	8 units - 1 affordable	12%	not started
190130	3/DA0708	Wainwright's Yard, Units 4, 5, 6 and 7 (Postal addresses 3, 5, 7 & 9 Wainwright's Yard, Kendal, LA9 4DP) (Confirmed with Mike Dudfield area is red area as shown outlined on plan attached to the Agreement - LG)	KENDAL				SL/2006/0810	limitations on use of site		
190133	3/DA0711	Firbank, Waterside Farm	FIRBANK				SL/2006/0055	limitations on use of site		
193369	3/DA0775	Kings Arms Hotel	BURTON				SL/2006/0113	restriction on occupation		