

Merthyr Tydfil County Borough Council

Community Infrastructure Levy

Preliminary Draft Charging Schedule

February 2013

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Introduction

1.1 The purpose of this document is to set out Merthyr Tydfil County Borough Council's Preliminary Draft Charging Schedule for the Community Infrastructure Levy (CIL) in its area. The finance generated from the CIL will be used to secure infrastructure that is required to support development in accordance with the Merthyr Tydfil Local Development Plan. This charging schedule has been prepared in accordance with the requirements of the Community Infrastructure Levy Regulations 2010 (as amended).

What is CIL?

1.2 CIL will be a charge on new residential development and other development over 100 square metres in floorspace. The Levy will be charged per square metre on net additional floorspace of development. It will be imposed at the time planning permission is granted and paid at commencement of development or (for larger amounts) by instalments over fixed periods of time. Once set, CIL will be non-negotiable and must be paid. Exemptions to CIL will only apply in limited circumstances.

1.3 CIL will not be chargeable on development where the gross internal area of the new building or extension will be less than 100 square metres, unless the development will comprise of one or more dwellings. CIL is not chargeable against buildings which are not normally visited by the public, such as those that house telecommunications equipment.

Community Infrastructure Levy Rates

1.4 Merthyr Tydfil County Borough Council is the charging authority for the purpose of charging the Merthyr Tydfil Community Infrastructure Levy. The area of Merthyr Tydfil County Borough that lies within Brecon Beacons National Park is excluded from this charge. The responsibility for setting and collecting CIL in this area will rest with the National Park Authority.

1.5 The Council intends to charge Community Infrastructure Levy in Merthyr Tydfil at the following rates (expressed as £ per square metre) in respect of all developments in the following use classes within each of the relevant zones as shown in Table 1 below.

Table 1: Residential and Commercial Development CIL rates

Residential (C3) Development CIL rates	
Zone	CIL rate per square metre
Merthyr Tydfil	£25
Mid Valleys	£0
Lower Valley	£25
Commercial Development CIL rates	
Type of Development	CIL rate per square metre
Retail (A1)	£100
Retail (A3)	£25
Primary Healthcare Development (D1)	£60

A map illustrating the location and boundaries of the zones is attached at Appendix 1.

Calculating the CIL Amount

- 1.6 The chargeable amount will be calculated at the time planning permission first permits the chargeable development in accordance with the formula set out below:

$$\frac{R \times A \times Ip}{Ic}$$

R= the CIL rate set out in the tables above

A= the deemed net area chargeable at R (Reg 40 (6) provides more information on calculating A)

Ip= the index figure for the year in which planning permission was granted

Ic= the index figure for the year in which the charging schedule took effect

The index figure is the All-in Tender Price Index published by the BCIS of the RICS and the figure is for the 1st November of the preceding year (Reg 40 (7))

- 1.7 CIL will be charged on the net additional gross internal floor area of a development. Where buildings are demolished, the total of the demolished floorspace will be off-set against the floorspace of the new buildings, providing the buildings were in lawful use prior to demolition. Where the chargeable amount is less than £50 it is deemed to be zero.
- 1.8 Where there is more than one use class on a development, the chargeable amount in each use class is calculated separately and then added together to provide the total chargeable amount.
- 1.9 Where an outline planning permission permits development to be implemented in phases, each phase is a separate chargeable development. In the case of outline planning applications where the floorspace is not specified, the amount will be calculated at the submission of reserved matters and the liability notice will follow the approval of reserved matters.

Exemptions from CIL

- 2.1 The CIL Regulations 2010 (as amended) set out in detail where exemptions will apply and the procedures for seeking relief. In considering whether to offer relief and on applications seeking relief, the Council's decisions will accord fully with the statutory requirements.
- 2.2 Affordable housing and development by charitable institutions for charitable purposes are exempt from CIL. In exceptional circumstances, the CIL Regulations set out how discretionary relief from CIL could be granted. The majority of development will not be eligible for exceptional circumstances relief and the fact that a development might be unviable at the time a planning application is made is unlikely to constitute an 'exceptional circumstance' in relation to the CIL Regulations.

- 2.3 Further information in relation to exemptions from CIL is contained in the Community Infrastructure Levy Relief information document (DCLG May 2011).

How will CIL be collected?

- 3.1 CIL will become payable from the date that a chargeable development is commenced. The definition of commencement is the same as used in planning legislation, unless planning permission has been granted after commencement. When planning permission is granted the Council will issue a liability notice setting out the amount that will be due for payment when the development is commenced; the payment procedure; and the possible consequences of failure to comply with the requirements.
- 3.2 Where planning permission is granted retrospectively for development that has already been carried out, the commencement date for the purposes of CIL will be the day on which planning permission is granted.
- 3.3 The responsibility to pay CIL runs with the ownership of the land to which the development relates and is transferred when ownership is transferred. The liable party must submit a commencement notice to the Council prior to commencement of development. The Council, as charging authority, will serve a demand notice on each person liable to pay CIL in respect of the chargeable development.

Instalment Policy

- 4.1 The Council intends to introduce an Instalment Policy, which would be offered in all cases where the total CIL liability is greater than £25,000. In such cases CIL payments would be accepted in line with the requirements outlined in Table 2 below.
- 4.2 Where it can be demonstrated that the individual circumstances of a site justify an alternative payment structure, the Council will consider alternative arrangements. It should be noted that in some circumstances the Council may require more funding to come forward at an earlier stage in the development.

Table 2: Instalments Policy		
Amount of CIL Liability	No of instalments	Payment periods and amounts
Any amount less than £25,000	1	<ul style="list-style-type: none"> • 100% within 90 days of the commencement date
Amounts between £25,001 and £50,000	2	<ul style="list-style-type: none"> • 50% within 90 days of commencement date • 50% within 180 days of commencement date
Amounts between £50,001 and £100,000	3	<ul style="list-style-type: none"> • 30% within 90 days of commencement date • 30% within 180 days of commencement date • 40% within 270 days of commencement date
Amounts between £100,001 and £200,000	4	<ul style="list-style-type: none"> • 25% within 90 days of commencement date

		<ul style="list-style-type: none"> • 25% within 180 days of commencement date • 25% within 270 days of commencement date • 25% within 360 days of commencement date
Any amount in excess of £200,001	5	<ul style="list-style-type: none"> • 20% within 90 days of commencement date • 20% within 180 days of commencement date • 20% within 360 days of commencement date • 20% within 540 days of commencement date • 20% within 720 days of commencement date

How will CIL be spent?

- 5.1 In accordance with the CIL Regulations, the Council must apply CIL receipts to funding infrastructure to support the development of its area. The Infrastructure Report (which is published alongside this schedule) identifies a comprehensive range of infrastructure that is required to support the levels of growth proposed in the Local Development Plan. The Report considers the available funding to deliver this infrastructure and identifies a funding gap which CIL monies can contribute towards filling.
- 5.2 The Preliminary Draft Charging Schedule is not required to set out the Council's infrastructure spending priorities. The Council will publish a 'Regulation 123' list in due course setting out the infrastructure that it intends will benefit from CIL (likely to be published along with the Draft Charging Schedule in the Summer). CIL is intended to fund the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision.
- 5.3 The Government requires the Council to allocate a meaningful proportion of levy receipts within each neighbourhood back to that neighbourhood. The Council will liaise with neighbourhoods to identify their infrastructure requirements and endeavour to balance neighbourhood needs with wider infrastructure needs to support the development of the area. The Council will retain the ability to use levy income to address cumulative impacts on infrastructure that may occur further away from the development.

Monitoring and Review

- 6.1 The Council will publish an Annual CIL Report which will detail:
- How much CIL monies have been collected
 - How much of that money has been spent
 - Information on how CIL monies have been spent (including specific infrastructure project costs and how much has been used to cover administrative costs)
 - The amount of CIL retained at the end of the reporting period.

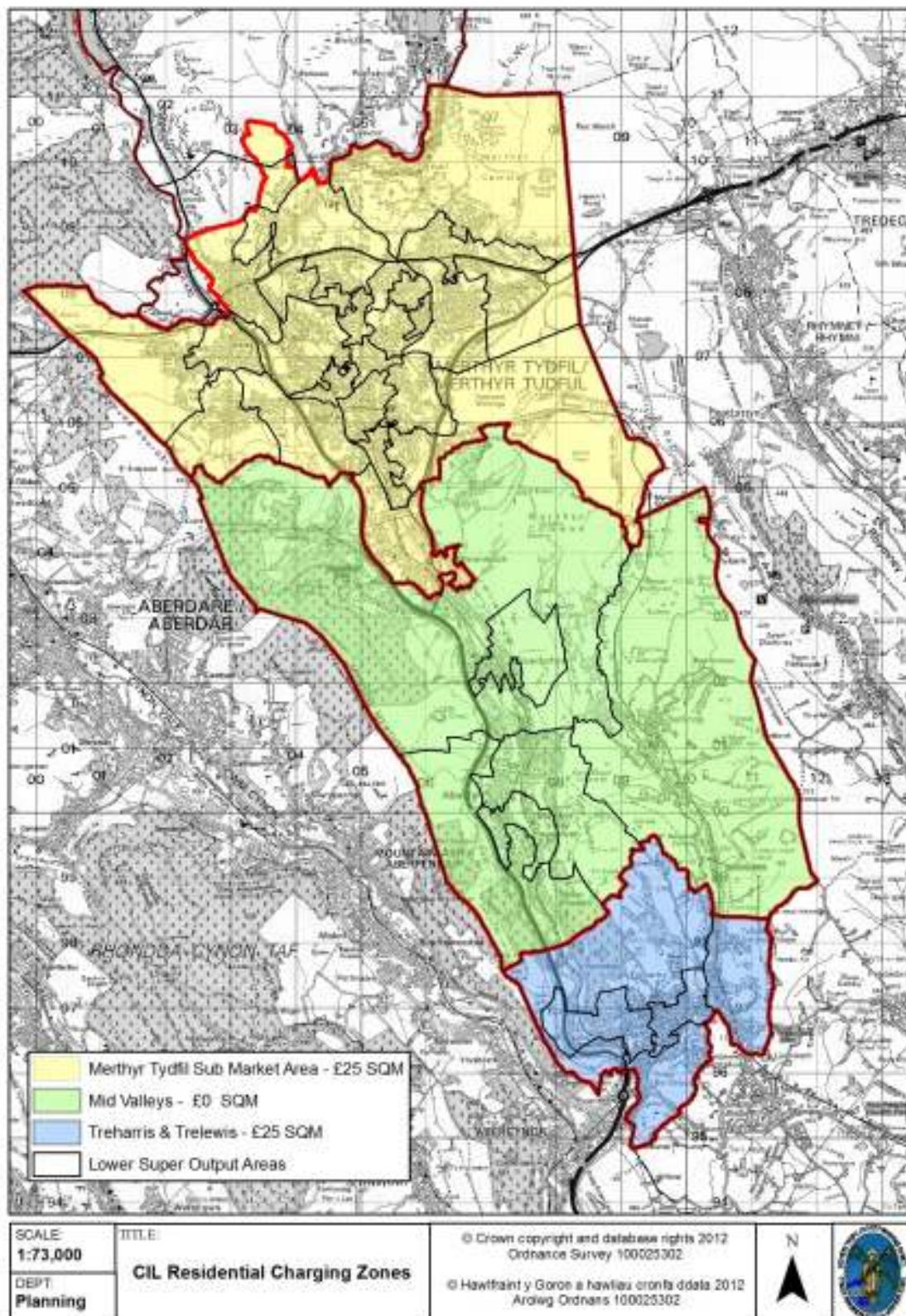
6.2 The Council recognises the need to monitor the rates at which CIL is charged, given that changes in the residential/commercial market and construction costs can impact on development viability over time. The proposed CIL rates in Table 1 have not been set at the upper limit of viability and there is scope to deal with fluctuations in the economic cycle. Unless economic or development delivery conditions change significantly in the intervening period, it is not considered necessary to review the CIL Charging Schedule until 2017

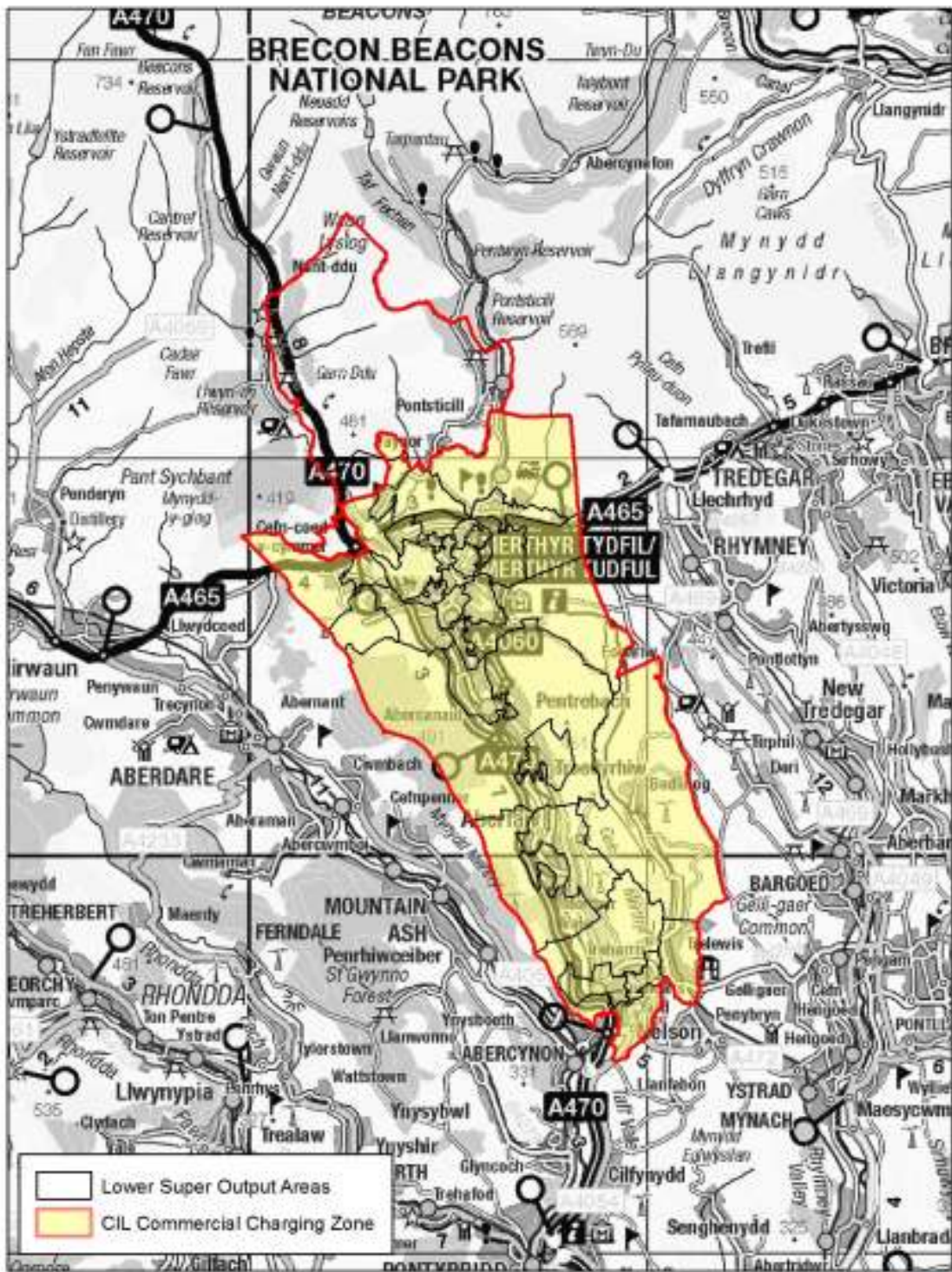
Next Steps



- 7.1 The Council will undertake two rounds of consultation on the proposed charging schedule, the first being this Preliminary Draft Charging Schedule. Having considered the comments made on the preliminary draft the Council will consult again on a Draft Charging Schedule.
- 7.2 Following all consultations and any amendments as appropriate, the Draft Charging Schedule will be subject to an independent examination. The Examiner will consider whether the Charging Schedule meets the requirements of the Planning Act and the CIL Regulations, whether it is supported by appropriate evidence, and whether the rates would put at serious risk economic viability across the area as a whole. The Examiner will then issue a report to the Council and, subject to this, it is expected that Council will adopt the Charging Schedule in Spring 2014.

Table 3: Anticipated CIL Delivery Timetable	
Stage	Timescale
Consultation on Preliminary Charging Schedule	March - April 2013
Prepare Draft Charging Schedule	May – July 2013
Consultation on Draft Charging Schedule	August - September 2013
Submission for Examination	December 2013
Examination	January/February 2014
Examiners Report	March 2014
Implementation of CIL	April 2014
Annual Monitoring Report	31 st October 2015

Appendix 1 – Charging Zone Maps





SCALE 1:125,000	TITLE CIL Commercial Charging Zone	© Crown copyright and database rights 2012 Ordnance Survey 100025302	N ↑ 	
DEPT Planning	A1 - £100 SQM A3 - £25 SQM PHC - £60 SQM	© Hawtaint y Goron a hawliau cronfa ddada 2012 Ardwg Ordnans 100025302		

Appendix 2 - Examples of CIL Charges

Type of development	Typical size	CIL rate per sqm	CIL charge to pay
3 bedroom house – Merthyr Tydfil	90 sqm	£25	£2,250
3 bedroom house – Mid Valleys	90 sqm	£0	£0
3 bedroom house – Lower Valley	90 sqm	£25	£2,250
Small shop	100 sqm	£100	£10,000
Food superstore	2,500 sqm	£100	£250,000
Public House	500 sqm	£25	£12,500

Appendix 3 – MTCBC CIL Evidence Base

The following documents support the Preliminary Draft Charging Schedule. They are all available on the Council's Website and can be viewed at the Council's Town Planning Division, Unit 5 Pentrebach, Merthyr Tydfil, CF48 4TQ

Merthyr Tydfil Local Development Plan 2006-2021

This is the adopted development plan for Merthyr Tydfil County Borough and sets out the proposed development for the County Borough until 2021.

Study into the Economic Viability of Charging Community Infrastructure Levy in Caerphilly, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils (District Valuer Services, July 2012)

The study is a comprehensive viability appraisal that assesses a range of development across the three local authority areas. It sets out the key viability recommendations upon which this Preliminary Draft Charging Schedule is based.

Merthyr Tydfil Infrastructure Report (January 2013)

This paper sets out the infrastructure required to support the delivery of the LDP, the costs of the identified infrastructure and the funding gap.