

# Dartford Community Infrastructure Levy

## Preliminary Draft Charging Schedule

2012



**DARTFORD**  
BOROUGH COUNCIL

## Draft for Consultation

This document sets out Dartford Council's proposals for a Community Infrastructure Levy (CIL). It has been approved by the Council for consultation purposes. CIL will provide a means by which development contributes a share of the cost towards the infrastructure and facilities necessary to support it. This includes new schools, health and leisure facilities and improvements to the transport network. It will help to ensure that the development proposed for Dartford is sustainable and results in positive changes for all residents, existing and new.

This Preliminary Charging Schedule is the first formal consultation stage in the preparation of the Council's CIL. Comments received will be taken into account in preparing the final Draft Schedule.

For further information about this schedule or for clarification of its contents, please contact:

- Planning Policy Team on 01322 343213
- Or email us on [LDF@dartford.gov.uk](mailto:LDF@dartford.gov.uk)
- View our website : [www.dartford.gov.uk/planning](http://www.dartford.gov.uk/planning)

We invite you to comment on the CIL Preliminary Draft Schedule during the consultation period, **10 April – 21 May 2012**

Comments can be made by:

- Completing the on-line response form  
<http://winweb.dartford.gov.uk/LDF/GeneralDetails1.aspx?DS=3>
- Or in writing to:  
The Planning Policy Team  
Regeneration Directorate  
Dartford Borough Council  
Civic Centre  
Home Gardens  
Dartford  
KENT  
DA1 1DR
- OR by email to:  
[LDF@dartford.gov.uk](mailto:LDF@dartford.gov.uk)

A response form can be downloaded from:  
<http://www.dartford.gov.uk/planningpolicy/ldf.htm>

**COMMENTS MUST BE RECEIVED BY 21 MAY 2012**

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# 1. CIL explained

## What is CIL?

- 1.1 The Community Infrastructure Levy (CIL) came into force in April 2010 and allows local planning authorities to raise funds from developers to pay for the infrastructure that is needed as a result of new development.
- 1.2 CIL is charged per net additional square metre of floorspace and will be liable on most new development. The level of charge proposed by Dartford Council is set out in the Preliminary Draft Charging Schedule (see section 5) and will be index linked<sup>1</sup>.
- 1.3 The types of development which will be liable to CIL are:
  - Development of 100 sq m or more of new build floorspace
  - All new dwellings, even if less than 100 sq m, except in the case of conversion of an existing dwelling

CIL is only payable for the net increase in floorspace.

CIL will not be payable for the following types of development:

- New floorspace in buildings that people do not regularly go into
  - Most forms of affordable housing<sup>2</sup>
  - Development for charitable purposes
- 1.4 As a 'charging authority' Dartford Council can determine the rate at which CIL is set. It can choose to set a CIL charge which varies according to the type of development and its location. The charge set needs to be justified by evidence, including the impact on viability of development.

## When is CIL payable?

- 1.5 Payment of the levy is due upon commencement of development and must normally be made within 60 days of commencement. The Council can choose to introduce payment by instalments. This is being considered for large sites with extended build-out periods, in order to assist developers with cash flow. Details of proposed instalment arrangements will be made available during consultation of the draft charging schedule.
- 1.6 In the case of outline permission which permits development in phases, each phase of development is a separate chargeable development,

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<sup>1</sup> CIL Regulations 2010 40

<sup>2</sup> CIL Regulations 2010 49. Social housing relief

although this does not apply where the outline permission has been granted in advance of CIL adoption<sup>3</sup>.

- 1.7 Further details on notification required, payment and collection procedures will be made available on introduction of CIL in Dartford.

#### **What will CIL be spent on?**

- 1.8 Receipts raised will be spent on infrastructure needed to support new development in Dartford. The Council will use a small proportion of the money raised to fund the administrative costs of CIL. In addition a “meaningful proportion” of receipts must be transferred to neighbourhoods where the development is taking place, in order to fund local infrastructure priorities. Details from Government on the local transfer requirements are expected during 2012.
- 1.9 The Dartford Core Strategy 2011 identifies the key items of infrastructure that are required to support new development. Funds raised through CIL are not expected to fully fund these items but will be one element in a package of funding sources used to deliver the infrastructure.
- 1.10 A list of infrastructure to be funded by CIL (commonly known as the 123 List) will be published once a Charging Schedule is adopted. The 123 List may change over time in response to monitoring of development and its demands on infrastructure work. Details of how CIL receipts have been spent and the projects funded through CIL will also be published regularly.

#### **What happens to S106?**

- 1.11 Once a CIL charging schedule is adopted (or after April 2014), no more than five developments can make S106 contributions to one piece of infrastructure. In Dartford development contributions often need to be pooled to provide new facilities such as schools, health facilities and off-site highways improvements. CIL will become the main source of development funding secured through the planning process other than for affordable housing. On-site provision or improvement of facilities, such as open space, bicycle paths or Fastrack routes, will continue to be negotiated as part of the development scheme, as at present. The Council may consider seeking S106 contributions for items of infrastructure which are needed to support fewer than five developments. These infrastructure items will be excluded from the CIL 123 List. The Council will consider granting relief for exceptional circumstances<sup>4</sup> where the cost of the S106 is greater than the CIL liability and where joint costs would render the proposed development unviable. Consideration will be given to potential state aid issues

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<sup>3</sup> CIL Regulations 2010 128

<sup>4</sup> CIL 2010 Regulations 55-56

- 1.12 The above requirements and procedures are in compliance with national policy set out in the Planning Act 2008, Community Infrastructure Regulations 2010 and (Amendment) Regulations 2011, Community Infrastructure Levy guidance: charge setting and charging schedule procedures March 2010.
- 1.13 Further information about CIL can be found at:  
[Planning Portal Guidance](#)  
[Government overview of CIL](#)

## 2. Evidence

- 2.1 The Council has relied on a number of pieces of evidence to inform its judgement in proposing the CIL rates set out in this Preliminary Schedule. The CIL Regulations 2010 require that the charging authority determines an appropriate balance for its local area taking into account:

**The ability to secure investment for infrastructure to support planned development  
vs  
The potential effects (taken as a whole) on the viability of development in the area**

The rate set should not put the overall development across the Borough at serious risk.

### **Evidence Base**

- A. [Infrastructure Delivery Plan \(IDP\) and background paper February 11 version 2](#)
- 2.2 The IDP is a component part of [Dartford's Core Strategy](#) September 2011. It sets out the social, physical and green infrastructure needed to support planned development for the period 2006 - 2026. The quantity, type and location of infrastructure is identified including estimates of cost, where known, contributing funding sources, delivery bodies and implementation date.
- 2.3 A review of the IDP has been undertaken in support of this Preliminary Draft Schedule, particularly with regard to updating requirements and estimated costs. Table 1 sets out the main types of infrastructure which are likely to be funded through CIL. A number of indicative infrastructure schemes, drawn from the IDP have also been identified in the table.
- 2.4 The costs are based on "best" estimates using emerging data on scheme costs, cost ratios and on the basis of past experience. These are the most up-to-date costs and may vary from those found in the IDP. They may also change over time. In many cases, cost estimates have been reduced due to ongoing value engineering and review of schemes. The Council will continue to work with infrastructure delivery partners to

review the infrastructure components to ensure best value, timely and appropriate provision.

**Table 1: Infrastructure Requiring CIL Funding**

Type	Cost	Identified and potential funding	Funding Gap	Schemes Included
<b>Recreation and Sport infrastructure</b>	£25m	£12.5m	£12.5m	<ul style="list-style-type: none"> <li>New leisure complex, Dartford Town Centre</li> </ul>
<b>Transport</b>				
Strategic Transport Infrastructure Programme (STIP) (Kent Thameside)	£109.3m	£63.5m	£45.8m*	<ul style="list-style-type: none"> <li>Dartford Town Centre improvements</li> <li>Bean Junction</li> <li>St Clements junction</li> <li>Ebbsfleet junction</li> <li>South Thames Development Route 4</li> <li>Urban traffic management systems</li> <li>Junction 1A of M25</li> </ul>
Strategic Highways, non STIP	£15m	£0	£15m	<ul style="list-style-type: none"> <li>Swanscombe Peninsula link road (part)</li> </ul>
Green Grid and pedestrian/cycle routes	£5M	£3.2m	£1.8	<ul style="list-style-type: none"> <li>Pedestrian bridge over the River Darent at Northern Gateway</li> <li>Off site green grid links</li> <li>Connection from Dartford to Northern Gateway</li> <li>New elements of strategic cycle network in north of the borough</li> </ul>
Fastrack	£2.5m	£1.5m	£1 M	<ul style="list-style-type: none"> <li>Fastrack route at Northern Gateway</li> </ul>
<b>Community Infrastructure</b>	£137.9m	£100.0m	£37m	<ul style="list-style-type: none"> <li>Adult social service hub - Dartford</li> <li>3 primary schools</li> <li>1 secondary school</li> <li>3 health centres</li> </ul>
<b>TOTAL</b>	<b>£294.7</b>	<b>£180.7</b>	<b>£113.1m</b>	

Table Notes

1. The schedule demonstrates the potential infrastructure funding gap after taking into account other funding sources. It should not be taken as a definitive list of infrastructure to be funded by CIL
2. Estimates of other funding sources may include existing S106 obligations, future on-site delivery by a developer and other public funding sources. These estimates may change.
3. A full funding gap has been shown where no potential alternative or complimentary funding sources have been identified.

2.5 As demonstrated in Table 1 above, after taking into account committed and potential sources, the funding required to support planned development in the Borough to 2026 is estimated to be £113 million.

The Council, therefore, considers it necessary and justified to apply a CIL charge in Dartford.

## B. CIL Viability Assessment

- 2.6 CIL regulations require that the Council takes the viability of development into account in setting the charge. Dartford Council commissioned GVA Grimley (consultants) to assess the levels at which CIL could be set that would enable development to remain viable. The study is strategic in nature and provides generalised results. The viability of individual developments will vary according to the specific circumstances of the scheme. The Council is not required to have regard to the viability of individual developments in setting the charge.
- 2.7 The study has assessed a number of likely future development scenarios appropriate to Dartford in order to test the margin available for CIL. Each of the scenarios reflects planning policies set in Dartford's Core Strategy (2011) and has taken into account policies on affordable housing, housing mix, housing density, green space provision and energy and water efficiency. These scenarios have resulted in a range of viability results. Government guidance advises that CIL rates should be set in a way which avoids undue complexity and limits the number of charging rates in the area. In recommending CIL rates, the study, therefore, amalgamated types and locations of development, where this was broadly justified by the evidence.
- 2.8 The consultant's recommendations are provided as 'up to' rates, that is, the maximum level at which they advise the Council to set the charge. However, the study found that reducing CIL rates by 25% would not significantly improve the viability of the scenarios tested. Based on current projections, the study found that there may be improved potential for CIL in 2016.

## 3 Establishing the Charge Rate for Dartford

- 3.1 CIL regulations require the Council to strike an appropriate balance between the requirement for funding of infrastructure and the impact on the economic viability across the Borough.
- 3.2 The Council attaches great weight to the funding of infrastructure in its consideration of the appropriate charge to be set. The Core Strategy requires that supporting infrastructure is delivered alongside new homes and jobs since there is limited existing capacity to accommodate new demand. Failure to deliver the infrastructure could have an inhibiting effect on development or would result in impacts from developments which are unacceptable.

- 3.3 Table 2 provides an overview of the potential revenue from CIL at the maximum rates proposed by the study, based on an estimate of planned floorspace in the Borough without planning consent.

**Table 2 : Infrastructure costs and CIL Funding**

Funding gap after taking into account committed and potential funding sources (Table1)	£113m
Estimated CIL potential income based on the proposed rates in the preliminary draft charging schedule	£48m
Outstanding funding requirement	£65m

- 3.4 Even at the maximum rate, a funding gap will still exist. However, securing the maximum potential from CIL will provide greater certainty that the required infrastructure can be achieved through the use of additional sources such as New Homes Bonus, Tax Increment Funding, Business Retention rate and other public funding initiatives.
- 3.5 In considering the findings of the viability study, the Council takes the view that the application of the maximum recommended rates identified through the assessment would not put the overall development across the Dartford area at serious risk. The reasons for this are as follows:
- i. Dartford's Core Strategy sets out a supply of identified land that has potential to deliver up to 17,300 new homes between 2006 and 2026. The majority of this capacity has planning consent, with a number of sites having agreed S106's. These will not be liable to CIL and their delivery will not be affected by these provisions. The unconsented land supply has capacity for 5,512 new homes. Housing delivery in the early period is anticipated to come predominantly from existing consents.
  - ii. The viability study considered the sensitivity of a CIL rate to changes in market and cost conditions and found that in, in general, these were unlikely to reduce the ability of most planned development to meet the maximum CIL rate. One exception is in the case of large strategic sites although the viability study projects improved conditions by 2016 and it is unlikely that any large schemes submitted after the adoption of CIL will commence before this time. Nonetheless, the Council proposes a number of measures to mitigate against this risk: i) flexibility on affordable housing requirements where CIL makes a large site unviable; ii) use of CIL exemption relief where there are S106 requirements additional to CIL(see para 1.11); and iii) introduction of an instalment policy for CIL payments on.
  - iii. The viability study considered the sensitivity of development to a 25% reduction in the CIL rate. Generally, there was no improvement to viability as a result as this, suggesting that the benefits of a reduced CIL rate to the viability of development would not be significant.

- iv. The maximum proposed CIL rates have been compared with recent S106 Agreements to test whether the contribution would be comparable. The comparisons are for residential development in the urban area. For an average home of 95 m<sup>2</sup> this represents a CIL liability of £9,800. It can be seen from Table 3, below, that where comparisons can be made, the contribution is broadly comparable.

**Table 3 : Recent examples of S106 Agreements**

<b>Scheme</b>	<b>S106 per home</b>	<b>Notes</b>
103 homes	£9,749	
28 homes	£9,600	
260 homes	£9,730	Very high exceptional costs and reduced affordable housing requirement negotiated
<b>Schemes under consideration</b>		
807 homes	£8,000	Additional direct provision of infrastructure not included in contribution, therefore not directly comparable. Exceptional site remediation costs. A reduced affordable housing element is being negotiated.

- 3.6 The viability study was unable to assess types of development that occur infrequently but that may provide a small net increase in floorspace in the future. This includes stadia, residential institutions and some sui-generis uses. It is proposed to apply the lower level rate of £25 /m<sup>2</sup> to all development not covered elsewhere in the schedule as this is considered unlikely to impede development overall in the Borough.
- 3.7 Taking all these considerations into account, the proposed CIL rates for Dartford are set out in the Preliminary Charging Schedule at Appendix 1.
- 3.8 The Council recognises the uncertainty of the future economic climate and that the introduction of CIL is at an early stage of implementation across the country with potential consequences not yet evident. The Council, therefore, proposes to undertake a review within 3 to 5 years of adoption to consider whether the CIL charge needs to be revised.

## 4. Next Steps

<b>Stage</b>	<b>Estimated date</b>
Informal consultation with landowners, developers and statutory agencies on viability assumptions	Completed
Consultation of Preliminary Draft Charging Schedule	April to May 2012
Consultation of Draft Charging Schedule	July to August 2012
CIL submission	Sept to October 2012
CIL Examination	December 2012

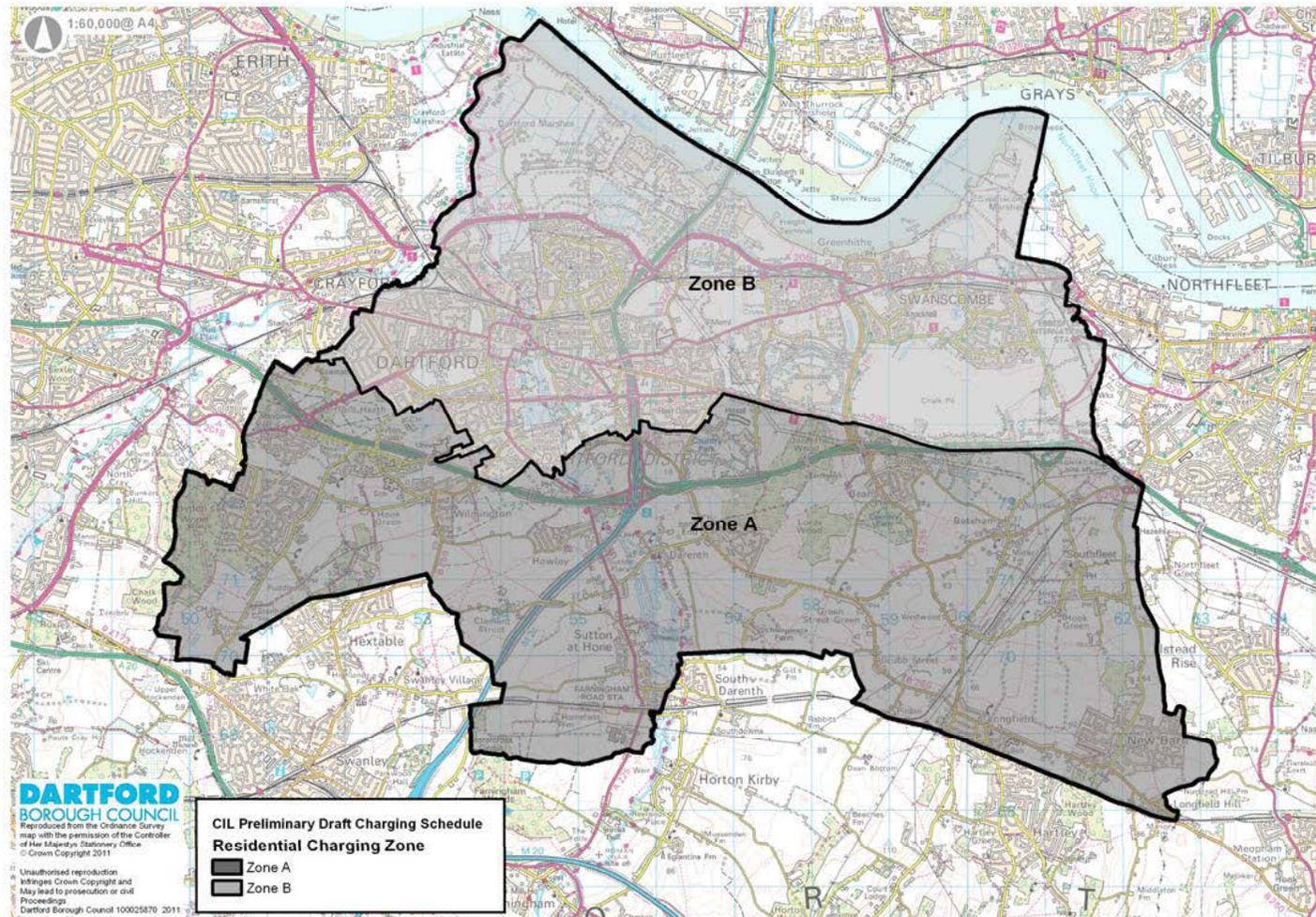
## APPENDIX 1

# DARTFORD CIL PRELIMINARY CHARGING SCHEDULE

<b>Development Type</b>	<b>Proposed CIL rate</b>
All residential development in Zone A Residential development of less than 15 homes in Zone B Retail development 500 m <sup>2</sup> and over in Zone D	£200
Residential development of 15 homes or more in Zone B	£100
Office Industrial Hotel Leisure Any development types not identified elsewhere in the schedule	£25
All retail development under 500 m <sup>2</sup> Retail development 500 m <sup>2</sup> or over in Zone C Health and education	£0

The attached Ordnance Survey maps (Appendix 2) identifies the Zone A and B residential and Zone C and D retail CIL zones.

## APPENDIX 2 Residential Charging Zones



## Retail Charging Zones

