

## **REPORT TO EXECUTIVE**

Date of Meeting: 28 November 2023

## **REPORT TO COUNCIL**

Date of Meeting: 12 December 2023

Report of: Director of City Development

Title: CIL review: Exeter Community Infrastructure Levy Charging Schedule approval and implementation

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

### **1. What is the report about?**

1.1 The report explains the progress made following a review and examination of the Council's Community Infrastructure Levy (CIL) Charging Schedule - the document which identifies the CIL rates to be charged on different types of development. An independent examiner has held the examination and this report seeks approval of the draft revised CIL Charging Schedule and its implementation from 1 January 2024.

### **2. Recommendations:**

That Executive recommends that Council:

2.1 notes the conclusions of the Independent Examiner of the CIL Charging Schedule, as included in the Examiner's Report attached at Appendix A, notably that the CIL Charging Schedule 'provides an appropriate basis for the collection of the levy' in Exeter; and

2.2 approves the CIL Charging Schedule attached at Appendix B and to take effect on 1 January 2024.

### **3. Reasons for the recommendation:**

3.1 As the Local Planning Authority and Community Infrastructure Levy (CIL) Charging Authority for Exeter, the City Council has the authority to charge CIL in the city. The City Council has been charging CIL since December 2013. In the intervening ten years there have been significant changes in the city and the development industry which means the current CIL charges in the City needed to be reviewed.

### **4. What are the resource implications including non-financial resources?**

4.1 The budget required to prepare a draft Charging Schedule, and to commission consultants, was agreed by Council in July 2019. There is no direct or additional resource implication.

4.2 If rates in the Charging Schedule are taken forward to implementation, there would be a potential impact on CIL revenue. However, CIL revenue is wholly reliant on the activity of the development industry which brings forward the projects which pay CIL and it would take some time for the full implications of the revised CIL rates to take effect. Once established, it is anticipated that future annual CIL revenues generated by the new rates would be comparable to those related to charges in the current Charging Schedule. These charges have historically generated between £2.5 and £4.5m per annum, depending on the rate of development.

## **5. Section 151 Officer comments:**

5.1 The contents are noted. CIL is an incredibly important funding stream to support the infrastructure required to maintain and support the growth of the City.

## **6. What are the legal aspects?**

6.1 The Council, as a charging authority, may approve a charging schedule only if an examiner recommends that the CIL Charging Schedule be approved and the Council has had regard to any relevant recommendations/modifications (made under section 212A(4) or (5) of the Planning Act 2008 (the “**Act**”)) made by the examiner. In this case the examiner has recommended that the draft be approved and has not proposed any modifications.

6.2 In accordance with section 213 of the Act the Council must approve a charging schedule in a meeting of the authority (i.e. Council) by a majority of votes of members present. A charging schedule will take effect when it is published by the charging authority and when done so in accordance with the Community Infrastructure Levy Regulations 2010 (as amended) (the “**Regulations**”).

6.3 Regulation 25 contains the procedural steps that the Council must adhere to when publishing the CIL Charging Schedule such as notifying the Secretary of State and Devon County Council.

6.4 Regulation 28(1) states that a charging schedule takes effect at the beginning of the day specified for that purpose in the charging schedule.

6.5 Regulation 28(3) states that a charging schedule has effect until the end of the day before the day a revised charging schedule issued by that charging authority takes effect. Therefore the existing CIL Charging Schedule will lapse automatically when the new CIL Charging Schedule takes effect.

## **7. Monitoring Officer’s comments:**

Given that the CIL examiner has concluded:

- The draft Exeter City Council Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the area; and
- The Council provided sufficient evidence that shows the proposed rates would not threaten delivery of the Local Plan

The Monitoring officer is very supportive of the recommendations as set out in this report.

## **8. Report details:**

### Background

8.1 The City Council implemented CIL in 2013 and currently charges for residential development, purpose built student accommodation and retail outside of the city centre. The current charges are set out in the existing Charging Schedule which is available online.

8.2 Over time, the CIL rates have been uplifted to take account of indexation. The current charges including indexation are available on our web pages.

8.3 The City Council has previously agreed to undertake a review of the CIL Charging Schedule. This review took into account the changes to development viability and the evolving maturity of some forms of development in the city.

### Consultation details:

8.4 The CIL consultation was undertaken in accordance with the Community Infrastructure Regulations 2010, the City Council's recently adopted Statement of Community Involvement and the Consultation Charter.

8.5 On this basis, the draft Charging Schedule was made available for public comment.

### After the consultation:

8.6 After the consultation, all the responses received were tabulated and analysed. The draft CIL Charging Schedule, the associated evidence and the responses received were submitted for examination. An examination was held to enable interested parties to discuss the CIL charges with an appropriately appointed independent examiner.

### Examination:

8.7 Examination commenced in July 2023 and the Examiner's Report was received in August 2023. The report recommends that the Charging Schedule be approved. The full Examiner's report is available on the Council's website and has been shared with Members.

8.8 The Examiner found that

- The charging authority complied with the legislative requirements set out in the Act and the Regulations, including undertaking an appropriate level of consultation.
- The draft charging schedule was supported by background documents containing appropriate, available evidence.

8.9 It was concluded that the draft Exeter City Council Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the area and that the Council provided sufficient evidence that shows the proposed rates would not threaten delivery of the Local Plan.

8.10 The CIL Examiner has approved the charges. These have been indexed as appropriate and are set out in the table below.

<b>Development Use</b>	<b>Levy (per square metre)</b>
Residential (excluding Use Class C2 and residential uses identified below as flatted, build to rent, purpose build student accommodation and co-living)	£136.07 (Set originally in 2013 at £80 and indexed in January 2024 to £136.07)
Flatted residential – homes with neighbouring uses above and/or below	£0 (Set in January 2024)
Build to Rent – purpose built housing, rented out and professionally managed in single ownership and management control	£50 (Set in January 2024)
Purpose built student accommodation (PBSA) - student housing whose occupation is limited to students by planning permission or planning obligation	£150 (Set in January 2024)
Co-living – purpose built managed rental accommodation comprising private living units with communal facilities, under professional management	£50 (Set in January 2024)
Retail (includes former Use Classes A1–A5†) outside the city centre:	£212.61 (Set originally in 2013 at £125 and indexed in January 2024 to £212.61)
All other development	£0 (Set originally in 2013 at £0, but not subject to indexation)

8.11 The Exeter Community Infrastructure Levy Review has been in progress for almost two years and is widely expected. It is recommended that the City Council introduces the reviewed Levy from 1 January 2024.

## **9. How does the decision contribute to the Council’s Corporate Plan?**

9.1 Implementing the CIL Charging Schedule will contribute to the aspirations of the Exeter Vision 2040 by helping to progress the new establishment of a new CIL regime in Exeter which will provide funding to support growth, shape places and deliver infrastructure and community services related to development.

9.2 In doing so the new CIL regime will help to deliver the City Council’s strategic priorities of a prosperous local economy through improving Exeter as place to attract investment. It will also enable investment in infrastructure and services which improve

health and activity in the city and support place-making, housing delivery, building neighbourhoods and communities. Finally, the CIL regime will support the progress towards a new zero carbon city by taking into account sustainable construction requirements when setting appropriate CIL rates.

## **10. What risks are there and how can they be reduced?**

10.1 If rates in the Charging Schedule are taken forward to implementation, there would be a potential impact on CIL revenue. However, once established, it is anticipated that future annual CIL revenues generated by the new rates would be comparable to those related to charges in the current Charging Schedule. These charges have historically generated between £2.5 and £4.5m per annum, depending on the rate of development.

10.2 If the City Council did not consider it appropriate to implement the revised rates, the current CIL Charging Schedule would remain.

## **11. Equality Act 2010 (The Act)**

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to: • Eliminate discrimination, harassment, victimisation and any other prohibited conduct; • Advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and • Foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act and an Equalities Impact Assessment has been included in the background papers for Members' attention.

## **12. Carbon Footprint (Environmental) Implications:**

12.1 There are no significant and direct carbon/environmental impacts arising from the recommendations. However, the proposed CIL rates have been developed in the context of potential costs associated with sustainable construction requirements to ensure that the CIL rates do not undermine the ability to deliver these environmental policy aspirations.

## **13. Are there any other options?**

13.1 The recommendations in this report respond to statutory requirements for CIL Charging Authorities (including the City Council); for the Draft Charging Schedule to be

approved following examination. There are therefore no other options under the regulations regulating the CIL regime.

**Director of City Development, Ian Collinson**

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### **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

Current CIL Charging Schedule

Draft CIL Charging Schedule and associated viability evidence.

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