Wokingham Borough Council
Community Infrastructure Levy

Local Development Framework 2010-2026
Preliminary Draft Charging Schedule

March 2013
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1. Introduction

1.1 This consultation document sets out Wokingham Borough Council's preliminary rates of Community Infrastructure Levy (CIL). The Community Infrastructure Levy (CIL) was introduced under the Planning Act 2008 and enables local authorities to make a charge on most forms of new development to fund infrastructure needed to support growth.

1.2 Before a CIL Charging Schedule can be adopted it must be the subject of two formal rounds of consultation followed by an Independent Examination. This preliminary stage is an opportunity for respondents to help shape the Draft Charging Schedule. The Preliminary Draft Charging Schedule (PDCS) is informed by a series of evidence base documents, which can be read alongside this document.

1.3 The PDCS has been prepared in accordance with the Community Infrastructure Levy Regulations 2010 (as amended) and statutory guidance. These and other background documents can be downloaded from the Communities and Local Government (CLG) website using the link below:


1.4 This consultation document has been shaped by consultation, engagement and information gathering already undertaken by the Borough Council, including:

- Extensive and varied consultation carried out over a number of years to shape our Core Strategy, which sets out future plans for development in the Borough, including associated infrastructure requirements.

- The preparation of background material in support of the Local Development Framework and supporting Supplementary Planning Documents (SPDs). This material is available on the Council’s website.

- In late 2011, town and parish councils were invited to take part in a consultation exercise to identify their local community infrastructure priorities.

- To inform our CIL Viability Study, a developer workshop was held in October 2012, which focused on technical viability assumptions.

- Follow-up meetings were held with the consortia for the Strategic Development Locations (SDLs) in January/February 2013 ahead of the publication of this consultation document.
2. How to Get Involved

2.1 Consultation on the CIL Preliminary Draft Charging Schedule runs for a 6-week period from 4th April 2013 to 4pm on 16th May 2013. Please do not make representations before the start date or after the end date as they cannot be considered.

2.2 The Council has produced a consultation response form that can be completed and returned. You can use the form to comment on any part of the Preliminary Draft Charging Schedule document. An electronic version of the form can be downloaded from the following webpage and can be returned to CIL@wokingham.gov.uk:

http://www.wokingham.gov.uk/planningcontrol/communityinfrastructurelevy

2.3 If you prefer, printed copies of the consultation document, response form and/or supporting evidence can be supplied. For these, or for more information, please contact us:

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Wokingham Borough Council,
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Shute End,
Wokingham,
Berkshire
RG40 1WN

Telephone: 0118 974 6779

Website:
http://www.wokingham.gov.uk/planningcontrol/communityinfrastructurelevy

E-mail: CIL@wokingham.gov.uk

2.4 Once the Council has considered all the representations received, it will produce a Draft Charging Schedule, which will be subject to a further round of consultation. Consultation on the Draft Charging Schedule is expected to take place in July/August 2013 and it is expected that the Council will submit the Charging Schedule for an independent public examination in autumn/winter 2013.

2.5 The closing date for comments on the Preliminary Draft Charging Schedule is 4pm on 16th May 2013.
3. What is CIL?

3.1 The legislative framework for CIL is provided by Part II (Sections 205-225) of the Planning Act 2008 and the CIL Regulations 2010 and subsequent amendments (2011 and 2012). Further draft Regulations have recently been published. The following explanation is given to assist those reviewing the Preliminary Draft Charging Schedule and will be shortened in the Draft Charging Schedule (i.e. the next consultation stage) that will follow.

3.2 CIL is effectively a mandatory charge on most development, calculated on net additional floorspace (per square metre), which local authorities can choose to introduce. The charge is non-negotiable in most circumstances. It normally applies to development of over 100 square metres of gross internal floorspace or the creation of one or more dwellings. CIL is payable on the commencement of development (or, where liability is assumed beforehand, within 60 days), although it is possible for Councils to introduce an instalments policy.

3.3 Charges are set by the Council through publication of a Charging Schedule. The charges must be supported by evidence that an infrastructure funding gap exists (taking into account other funding sources) and that it does not prejudice development across the Borough as a whole. Charges will be index-linked.

3.4 Regulation 14 sets out that in setting CIL rates, the charging authority must “… aim to strike what appears to the charging authority to be an appropriate balance between the desirability of funding CIL and the actual and expected costs of infrastructure required to support development and the potential effects of the imposition of CIL on the economic viability of development across its area.”

3.5 The process which an authority needs to go through to adopt CIL is:

- Preparation of, and consultation on, a ‘Preliminary Draft Charging Schedule’;
- Formal consultation on a Draft Charging Schedule for at least 4 weeks;
- Examination in Public, following which the Examiner may make binding recommendations;
- The Council can then decide to formally adopt the Charging Schedule by full Council resolution.

3.6 There is a considerable degree of flexibility permitted in the spending of CIL monies. However, it should be spent on the provision of new infrastructure (rather than remedying existing deficiencies). Infrastructure is defined widely (within the Planning Act 2008) and includes transport, education, health, open space/green infrastructure, police/community safety, flood defences (and
more). Revenues can be passed to other bodies to deliver infrastructure (e.g. utilities providers, Highways Agency). Up to 5% of CIL revenues can be spent on administering the Levy. CIL monies can also part-fund infrastructure alongside other funding sources.

3.7 As a mandatory charge, the scope for exceptions from relief from CIL is limited. Most development will have to pay. However the regulations provide 100% relief for charitable development and social housing. Floorspace which will be used for these purposes is therefore normally not liable. Authorities are also able to adopt a policy indicating that they will accept applications for relief in exceptional circumstances. If a policy is adopted, relief may be given if a Section 106 agreement exists, the costs of complying with this exceed the CIL Levy liability, and payment of the full charge would have an unacceptable impact on viability. Furthermore any relief should not constitute state aid.

3.8 Payment in kind is accepted only through transfers of land, the value of which will be calculated based on the ‘open market value’ at the point of transfer. Land which is transferred under a planning obligation cannot be taken into account. The Borough Council will still be seeking the transfer of suitable sites for community and other facilities to meet proper planning requirements.

3.9 A schedule of infrastructure to be funded by CIL may be published alongside the Charging Schedule in accordance with Regulation 123. This can be amended periodically. This list sets out what the authority intends using CIL to fund, although it is open to the authority to use CIL to fund any infrastructure.

3.10 The CIL Regulations and supporting CLG Guidance aim to ‘scale back’ the scope of Section 106 obligations to mitigating the specific impacts of a development. The Regulations put the Circular 5/05 tests on a statutory basis and limit the relevance in decision making of Section 106 contributions from more than five developments from the point of adoption of CIL or 6th April 2014 (whichever is the sooner). From April 2010, it has been unlawful for a planning obligation to be taken into account as a reason for the grant of consent in determining a planning application for development where it does not meet all of the following tests:

- Necessary to make the development acceptable in planning terms;
- Directly related to the development; and
- Fairly and reasonably related in scale and kind to the development.

3.11 Although CIL replaces certain elements of Planning Obligations, ‘Section 106’ agreements will still be used for site specific infrastructure or mitigation required to make individual development acceptable in planning terms, as well as, to cover non-infrastructure requirements. This could include the provision of affordable housing, local open space, access roads, habitat protection, etc.

3.12 Transparency on spending is provided through annual monitoring, with a requirement that the local authority must publish by 31st December annually
a Monitoring Report setting out what CIL monies have been collected and spent in the previous financial year (and what on) as well as what monies remain in the ‘pot’.

3.13 The Government has legislated to set out that a ‘meaningful proportion’ of Levy revenues must be passed to the community in which it is raised. This proportion has recently been announced as 25% (uncapped) where there is a neighbourhood plan and 15% elsewhere (capped at £100 per dwelling). The receiving organisation is very likely to be the Parish or Town Council.
4. Infrastructure Planning Evidence

4.1 The starting point for preparing a CIL Charging Schedule is for Local Authorities to demonstrate that there is a funding gap in the provision of infrastructure required to support new development. The Government’s CIL Statutory Guidance (December 2012) states that “information on the charging authority area’s infrastructure needs should be directly related to the infrastructure assessment that underpins their relevant Plan, as that planning identifies the quantum and type of infrastructure required to realise their local development and growth needs”.

4.2 The Council’s Local Development Framework currently consists of:

- Wokingham Borough Core Strategy (Adopted January 2010)
- Submission Managing Development Delivery Development Plan Document, MDD DPD (December 2012)
- Minerals Local Plan (2001)
- Waste Local Plan (December 1998)

These documents are available to download on the Council’s website at:

http://www.wokingham.gov.uk/planningcontrol/planning/planningpolicies

4.3 To implement the policies and proposals in these documents, the following documents have also been prepared by the Council:

- Arborfield Garrison Strategic Development Location SPD (October 2011)
- South of M4 Strategic Development Location SPD (October 2011)
- North Wokingham Strategic Development Location SPD (October 2011)
- South Wokingham Strategic Development Location SPD (October 2011)
- Wokingham Town Centre Masterplan SPD (June 2010)
- Infrastructure Delivery and Contributions SPD (October 2011)
- Sustainable Design and Construction SPD (May 2010)
- Affordable Housing SPD (June 2011)

4.4 A significant level of infrastructure planning has already taken place in producing our Adopted Core Strategy, Submission MDD DPD and supporting documents. In particular, Policies CP4, CP10 and Appendix 7 of the Adopted Core Strategy include a full list of infrastructure requirements to support housing development in the Borough. The Core Strategy examiner concluded that “From the evidence base, including representations to the examination hearings, all consortia involved indicated that in broad terms the proposals were viable, notwithstanding the downturn in the housing market during and since 2008 ……However, I have come to the firm conclusion that in general terms adequate infrastructure can be delivered and the strategy is sound.”

4.5 The CIL Guidance states that “Community Infrastructure Levy examination should not re-open infrastructure planning that has already been submitted in
support of a sound relevant Plan. It is not the role of the Community Infrastructure Levy examination to challenge the soundness of an adopted development plan”.

4.6 Table 1 below summarises the main infrastructure items needed to support growth (based on Appendix 7 of the Core Strategy), latest cost estimates and the funding gap.

Table 1: Infrastructure Needs and Funding Gap

<table>
<thead>
<tr>
<th>Infrastructure Category</th>
<th>Cost of Infrastructure</th>
<th>Funding Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>£192,672,000</td>
<td>£153,510,941</td>
</tr>
<tr>
<td>Education</td>
<td>£97,200,000</td>
<td>£83,187,000</td>
</tr>
<tr>
<td>Community</td>
<td>£9,260,000</td>
<td>£7,265,083</td>
</tr>
<tr>
<td>Sport &amp; Leisure</td>
<td>£17,745,901</td>
<td>£16,701,232</td>
</tr>
<tr>
<td>Green</td>
<td>£3,595,308</td>
<td>£3,472,045</td>
</tr>
<tr>
<td>SANG</td>
<td>£3,155,668</td>
<td>£3,155,668</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>£323,628,877</strong></td>
<td><strong>£267,291,968</strong></td>
</tr>
</tbody>
</table>

4.7 The table above does not include any costs associated with administering CIL for which the Council can apply up to 5% of its receipts. It also excludes any allowance for the land required for the various facilities (some of which will be provided though planning obligations at low or nil cost to the Council) and the costs of site specific infrastructure requirements on the major development allocations. The exact nature of the site specific infrastructure that the Council will still expect to see, particularly on the Strategic Development Locations (SDLs), will be discussed with the SDL consortia ahead of the publication of the Draft Charging Schedule (i.e. the next consultation stage).

4.8 The Council has commissioned feasibility studies on some of the major strategic infrastructure items identified in the Core Strategy, which will include more detailed costs. The Council will use this further information to consolidate the infrastructure planning work already undertaken into an updated Schedule of Infrastructure, to be published alongside the Draft Charging Schedule (anticipated for summer 2013).

4.9 The Council will include its proposed Regulation 123 list as part of its evidence for the CIL Examination in Public in line with the new Government guidance.

4.10 Table 2 below projects the anticipated CIL income based on the development pipeline coming forward (sourced from the Council’s Strategic Housing Land Availability Assessment and SDL completion forecasts) and the proposed CIL charges contained in this consultation document. The model is based on non-consented residential schemes expected to come forward over the plan period. It will be updated as schemes are consented during the CIL consultation and setting process.
### Table 2: Projected CIL Income

<table>
<thead>
<tr>
<th>Period</th>
<th>CIL Income Collected in Period</th>
<th>Cumulative Income Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15 to 2016/17</td>
<td>£56,251,975</td>
<td>£56,251,975</td>
</tr>
<tr>
<td>2017/18 to 2021/22</td>
<td>£90,914,200</td>
<td>£147,166,175</td>
</tr>
<tr>
<td>2022/23 to 2026/27</td>
<td>£33,547,150</td>
<td>£180,713,325</td>
</tr>
</tbody>
</table>

4.11 Table 2 does not factor in the “meaningful proportion” of CIL receipts that will be passed to Town and Parish Councils within those areas where development will occur. In January 2013, the Government announced that this figure would be 25% (uncapped) where there is a neighbourhood plan and 15% elsewhere (capped at £100 per dwelling).

4.12 The residual funding gap is calculated by subtracting the projected CIL income (shown in Table 2) from the total funding gap (shown in Table 1) and is required for a Charging Authority to be able to charge CIL. The calculation for Wokingham Borough is set out below:

\[
\text{Total Funding Gap} - \text{Projected CIL} = \text{Residual Funding Gap} \\
£267,291,968 - £180,713,325 = £86,578,643
\]

4.13 The residual funding gap of £86.5 million demonstrates that there is a sufficient funding shortfall that must be filled in order to deliver the necessary infrastructure to support growth in the Borough. This more than justifies the CIL levels proposed in this consultation document.

4.14 The Council will proactively seek additional funding opportunities where they become available with the aim of reducing the funding gap. The Council recognises that developers and communities will want infrastructure to be provided early in the development process. This may not always be possible and, given the timing of CIL receipts, the Council will have to prioritise. This means that the Council may also have to impose conditions preventing development until such time as it is able to (or plans to) provide the supporting CIL-funded infrastructure.
5. Viability Evidence

5.1 Whilst the Council has to demonstrate a need for CIL collection to fund required infrastructure (as evidenced above), ultimately the level at which charging rates are set generally comes down to viability. CIL Regulations require charging authorities to use their judgement to arrive at an appropriate balance between the desirability of funding infrastructure through CIL and not adversely impacting on the deliverability of development in its area. Therefore, the Council commissioned consultants, GL Hearn, to model development viability to assess the level of CIL that would be viable for development in the Borough. The full viability assessment is available to download at:

http://www.wokingham.gov.uk/planningcontrol/communityinfrastructurelevy

5.2 In assessing the viability of development likely to come forward across the administrative area, GL Hearn took a standard approach using a residual development appraisal model, which was undertaken on the industry standard Argus Developer package. The viability study was bespoke to Wokingham and based on specific and up-to-date research of market conditions, using wider industry-standard assumptions as appropriate.

5.3 The viability assessment modelled a range of land values and residential sales values. The largest contribution to Wokingham’s CIL will come from residential development within the four Strategic Development Locations (SDLs). These are largely to be expected to come forward on greenfield sites (with lower existing use values). Nevertheless, GL Hearn have anticipated and factored into the viability assessment higher achievable land values due to the level of development coming forward elsewhere.

5.4 The viability assessment recommended that the Council proposes a single CIL rate of £350-365 per square metre across the Borough for residential. This allows for £1,000 per unit of residual Section 106 contributions for site-specific infrastructure. Recent Section 106 agreements for early phases of the Strategic Development Locations have produced contributions in the order of £27,000 to £30,000 per unit. Bearing in mind that relief from CIL is provided on affordable housing, the proposed charging rate (whilst at the higher end of residential charging rates seen elsewhere) is lower than has been previously seen for Section 106 obligations on the SDLs (where affordable housing delivery has also been at development plan compliant levels).

5.5 In terms of commercial development, analysis indicates that the only use of development capable of contributing CIL payments without having an unacceptable impact on viability is retail. Even then, there is a significant difference in the viability characteristics of the various retail scenarios that were modelled – town centre retail is relatively marginal whilst foodstore development is theoretically capable to contributing a significant CIL payment. There has been much dispute about a charging authority’s ability to levy variable rates on retail based on type or size. The most recent government
guidance makes no specific reference to this. The viability assessment concluded that a CIL retail rate should be set at £0-£20 per square metre and all other commercial uses set at zero.
6. Proposed CIL Charging Rates

6.1 Taking account of all the evidence, the Council’s proposed charging rates are set out in Table 3 below:

<table>
<thead>
<tr>
<th>Development Type</th>
<th>Proposed Rate - £ per square metre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>£365</td>
</tr>
<tr>
<td>Retail</td>
<td>£0</td>
</tr>
<tr>
<td>All Other Development Types</td>
<td>£0</td>
</tr>
</tbody>
</table>

6.2 The CIL Regulations provide exemptions for paying CIL as follows:

- 100% relief from CIL on those parts of a chargeable development which are to be used as affordable housing;

- Charity landowners receive 100% relief from their portion of the liability where chargeable development will be used wholly, or mainly, for charitable purposes.

6 The CIL Regulations (as amended) allow Charging Authorities to adopt an instalment policy, as an alternative to requiring full payment of CIL within 60 days of the commencement of the chargeable development. The Council does not need to state its intention to adopt an instalments policy until the CIL Charging Schedule is adopted and it is not a matter for scrutiny at the CIL independent examination. The Council will consider its position in due course and would welcome any comments on this issue as part of its consultation on the Preliminary Draft Charging Schedule.
7. Next Steps

7.1 Before a CIL Charging Schedule can be adopted it must be the subject of two formal rounds of consultation followed by an Independent Examination. This preliminary stage forms the first of the two consultation rounds.

7.2 Following the consultation period on this Preliminary Draft Charging Schedule, the comments received will be considered by the Council. We will then consult again on a Draft Charging Schedule. Following these two stages of consultation, the Draft Charging Schedule with any amendments considered appropriate, will be the subject of an Independent Examination.

7.3 The Examiner will consider whether the Draft Charging Schedule meets the requirement of the Planning Act (2008), the CIL Regulations and Statutory Guidance. The Examiner will also review whether it is supported by appropriate evidence and whether the CIL rates would put at serious risk the economic viability of development in the area. The Examiner will then issue a report outlining his/her findings, and subject to this, the Council can adopt the CIL Charging Schedule.

7.4 The Council’s indicative timetable for CIL adoption is set out below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spring 2013</td>
<td>Consultation on the Preliminary Draft Charging Schedule</td>
</tr>
<tr>
<td>Summer 2013</td>
<td>Consultation on Draft Charging Schedule</td>
</tr>
<tr>
<td>Late 2013</td>
<td>Examination in Public</td>
</tr>
<tr>
<td>Early 2014</td>
<td>Formal adoption of CIL</td>
</tr>
</tbody>
</table>