OUTCOME / BENEFITS TO THE COMMUNITY
To ensure that the Council can maximise infrastructure delivery to support growth in the Borough.

RECOMMENDATION
That the Executive:

1) Approves the Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule at Appendix I as the basis for a six week period of public consultation, as proposed, in accordance with the Council’s adopted Statement of Community Involvement.

2) Authorises the Strategic Director for Development and Regeneration, in consultation with the Executive Member for Highways and Planning, to produce the consultation documentation to accompany the CIL Preliminary Draft Charging Schedule.

SUMMARY OF REPORT
Part 11 of the Planning Act 2008 provided for the introduction of the Community Infrastructure Levy (CIL), the detail of which is set out in the Community Infrastructure Regulations 2010 (with subsequent amendments). In the future, CIL will be a key funding source for infrastructure required to support development in the Borough. It is effectively a mandatory charge on most development, calculated on the change in net additional floorspace (in square metres). The charge is non-negotiable in most circumstances. The CIL Regulations and CLG Guidance aim to ‘scale back’ the scope of Section 106 obligations to mitigating the specific impacts of a development.

The Wokingham Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule sets out the proposed rates of CIL to be charged on different types of new development in the Borough. These have been informed by evidence of infrastructure needs to support growth (and an identified funding gap) and a viability assessment. The Preliminary Draft Charging Schedule proposes a CIL rate of £365 per square metre for residential and £0 per square metre for all other development types.

To adopt CIL, the charging schedule must go through two rounds of formal consultation and an independent examination. Consulting on the Preliminary Draft Charging Schedule is the first formal stage in the preparation of the Wokingham CIL.
Background
Part 11 of the Planning Act 2008 provided for the introduction of the Community Infrastructure Levy (CIL), the detail of which is set out in the Community Infrastructure Regulations 2010 (with subsequent amendments). CIL is intended to be used for general infrastructure contributions, whilst Section 106 obligations will continue for site-specific mitigation and other non-infrastructure planning obligations. CIL is effectively a mandatory charge on development, calculated on the change in net additional floorspace (in square metres), which local authorities can introduce. The charge is non-negotiable in most circumstances. It applies to development of over 100 square metres of gross internal floorspace or the creation of one or more dwellings.

The CIL Regulations and CLG Guidance aim to 'scale back' the scope of Section 106 obligations to mitigating the specific impacts of a development. From April 2010, it has been unlawful for a planning obligation to be taken into account, as a reason for approval in determining a planning application for development, where it does not meet the tests of being 'necessary' to make development acceptable, 'directly related' to the development and 'fair and reasonably related' in scale and kind to the development. Furthermore, the Regulations 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).

Section 106 contributions from new development in the Borough are currently pooled towards a number of types of infrastructure in the Borough, including the provision of Suitable Alternative Natural Greenspace (SANG) and transport infrastructure. Therefore, a CIL tariff is needed to be able to continue to fund these types of infrastructure, although there may still be occasions when provision needs to be made as site specific mitigation.

The Council's CIL Charging Schedule will set out the levels of charges to developers to help pay for the cumulative infrastructure requirements generated by new development in the Borough. To adopt a CIL the Council has to prepare a Charging Schedule which sets out the levy rates in pounds per square metre and can vary by land use and/or location. Three key pieces of evidence are required to develop a CIL Charging Schedule. These are:

(i) An up-to-date local development plan - the Council's Adopted Core Strategy and Submission Managing Development Delivery Development Plan Document (MDD DPD) set out the growth and distribution of new development to be built in the Borough up until 2026. CIL is intended to be spent on infrastructure to support this growth.

(ii) An infrastructure delivery plan, which identifies the infrastructure required to support this growth. A significant level of infrastructure planning has already taken place in producing our Local Development Plan 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. Work has also been undertaken to identify the infrastructure funding gap (the gap between the total cost of the infrastructure and the funding available from other sources). For the purposes of meeting the CIL regulations, it is only necessary to demonstrate a sufficient funding gap exists to justify the proposed level of CIL.
An economic viability study, which assesses the effect of implementing a CIL charge on the economic viability of different types of development across Wokingham Borough.

To adopt CIL, the charging schedule must go through two rounds of formal consultation and an independent examination. Consulting on the Preliminary Draft Charging Schedule is the first formal stage in the preparation of the Wokingham CIL. The anticipated timetable following this consultation is:

- Consultation on CIL Draft Charging Schedule - summer 2013
- Independent Examination - winter 2013
- Adoption - early 2014

Analysis of Issues
Timely delivery of high quality infrastructure is key to the delivery of the Council's vision to be "A great place to live, an even better place to do business".

The CIL Charging Schedule must aim to strike an appropriate balance between:

- The desirability of funding from CIL (in whole or in part) the actual and expected total cost of infrastructure to support the development of the area; and

- The potential effects (taken as a whole) of the imposition of CIL upon the economic viability of development across a charging authority's area.

Infrastructure Funding Gap

In setting a CIL tariff, the Council must first justify the need for CIL by demonstrating that there is a funding gap for the provision of infrastructure. It is not intended that CIL would be the sole source of funding for infrastructure delivery but would be one element of a range of funding sources. Based on the infrastructure requirements identified in Appendix 7 of the Core Strategy and the latest available information on cost and alternative funding sources, a funding gap for future infrastructure required to support new development in the Borough of just over £267 million has been identified. A substantial amount of this could be funded through CIL. Under the charging proposals going to consultation, the projected income generated from CIL receipts over the plan period of the Core Strategy, up to 2026, is estimated to be circa £181 million. To address the residual funding gap, the Council will proactively seek additional funding opportunities where they become available. In addition the Council will have to prioritise projects recognising that developers and communities will want infrastructure to be provided early in the development process. 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.

Recently, the Council has commissioned further 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 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).
Development Viability

The Council must also provide evidence on economic viability to demonstrate that the proposed CIL tariff does not put at serious risk development in the Borough from coming forward. The suggested rates in the Preliminary Draft Charging Schedule are based on recommendations from consultants, GL Hearn, who have undertaken the viability testing for the Borough. Government guidance advises that CIL rates should not be set at the very margin of viability. The viability testing has taken into account requirements set out in local planning policies, including the requirements for affordable housing.

The viability assessment recommended that the Council proposes a single CIL rate of £350-365 per square metre across the Borough for residential. 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 in the SDLs.

The viability assessment concluded that viability of commercial development in the Borough is marginal. Should the Council wish to set differential rates for commercial development, it concluded that a CIL retail rate should be set at £0-£20 per square metre and all other commercial uses set at zero.

**Proposed Rates**

The proposed rates, and the consultation document, have been considered by the cross-party CIL Member Group. The attached Preliminary Draft Charging Schedule consultation document is therefore seeking views on the following proposed CIL tariff which would apply across the whole of the Borough:

<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>

**Alternative Options**

It is considered that there are limited genuine alternative options to drafting a CIL charging schedule. Although CIL is not a statutory requirement, boroughs without a charging schedule from April 2014 will generally not be able to take into account as a reason for approval pooled contributions towards new strategic infrastructure.

However, there are alternative options around the level of charge to set for different types of development and/or different geographic areas. Other options have been explored in preparing the preliminary charges set out for consultation, including having different CIL charges in different parts of the Borough and tailoring CIL to the individual SDLs. The recommendation is that a single residential CIL rate across the Borough...
provides the most appropriate balance between infrastructure funding and the effect of CIL on development.

**Consultation and Engagement**

The Regulations set out requirements about who should be consulted, but they do not specify how the Council should consult, nor set a prescribed consultation period, although authorities are encouraged to consult for at least six weeks in order to ensure that local communities and stakeholders have sufficient opportunity to make their views known. The Council will therefore undertake consultation to cover a range of stakeholders and raise awareness of CIL.

It is proposed to consult on the Preliminary Draft CIL Charging Schedule for a period of 6 weeks between 4th April 2013 and 16th May 2013. Comments received will then be used to inform a Draft CIL Charging Schedule, which in accordance with the relevant regulations will be subject to a period of further consultation. It is anticipated that this will take place in summer 2013.

**Risk Management**

Should the Council choose not to adopt CIL, there will a substantial risk to delivery of strategic infrastructure, due to the pooling restriction. The project has a detailed risk assessment (available on request).

**Sustainability and Strategic Environmental Assessment**

The Preliminary Draft Charging Schedule has been screened to establish whether there are likely to be any significant environmental effects. Although the introduction of CIL may change the timing of development in some places, and may have a marginal effect on levels of affordable housing, it is not believed that it is likely that there will be significant environmental effects.

**Equalities**

An Equality Impact Assessment has been prepared (available on request). The conclusion is that CIL will not have an adverse impact on any particular social group. By making communities more sustainable, CIL will facilitate economic growth and liveability and so create opportunity for all.

**FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

<table>
<thead>
<tr>
<th></th>
<th>How much will it Cost/ (Save)</th>
<th>Is there sufficient funding – if not quantify the Shortfall</th>
<th>Revenue or Capital?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Financial Year (Year 1)</td>
<td>£30,000</td>
<td>Yes</td>
<td>Revenue</td>
</tr>
<tr>
<td>Next Financial Year (Year 2)</td>
<td>£50,000</td>
<td>Yes</td>
<td>Revenue</td>
</tr>
<tr>
<td>Following Financial Year (Year 3)</td>
<td>£0</td>
<td>Yes</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>
Other financial information relevant to the Recommendation/Decision

The table above sets out the specific project costs associated with implementing CIL – for example, the independent examination and evidence gathering.

Under the charging proposals going to consultation, the projected income generated from CIL receipts over the plan period of the Core Strategy, up to 2026, is estimated to be circa £181 million. This initial calculation is based on non-consented residential development likely to come forward during the plan period. This figure 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% where there is a neighbourhood plan (uncapped) and 15% elsewhere (capped at £100 per dwelling).

Based on the infrastructure requirements identified in the Core Strategy and the latest information on cost and alternative funding sources, a funding gap for future infrastructure required to support growth in the Borough of just over £267 million has been identified. Therefore, there would be a residual funding gap of £86.5 million. This figure will be kept under constant review. The Council has commissioned feasibility studies on some of the major strategic infrastructure items identified in the Core Strategy, which will include more detailed cost estimates.

The Council will have to prioritise CIL expenditure recognising that, since not fully funded, infrastructure will not always be provided/funded to meet potential developer aspirations/programmes. The Council will continue to proactively seek additional funding opportunities where they become available with the aim of reducing the funding gap.

Cross-Council Implications

The Project has been overseen by a cross-service project team as CIL will impact on the future delivery of key infrastructure affecting a range of services areas, including highways and education.

List of Background Papers

Wokingham CIL Viability Report, GL Hearn, February 2013
Wokingham Borough Core Strategy and supporting material (Adopted January 2010)
Submission Managing Development Delivery Development Plan Document, MDD DPD and supporting material (December 2012)
Infrastructure Delivery and Contributions SPD and supporting material (October 2011)
Community Infrastructure Levy Regulations 2010 (as amended)

Contact Louise Strongitharm
Telephone No 0118 974 6779
Date 15 March 2013

Service Development & Regeneration
Email louise.strongitharm@wokingham.gov.uk
Version No. 5
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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 [insert link] and can be returned to CIL@wokingham.gov.uk.

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:

Community Infrastructure Team,
Wokingham Borough Council,
Civic Offices,
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 through 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:

\[
\text{Total Funding Gap} - \text{Projected CIL} = \text{Residual Funding Gap}
\]

\[
£287,291,968 - £180,713,325 = £86,578,643
\]

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 [insert link].

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 3: Preliminary Draft Charging Schedule – Proposed Charges

<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>