



Katie Child
Principal Forward Planning Officer
East Cambridgeshire District Council
The Grange
Nutholt Road
Ely
Cams.
CB7 4EE.

Ref: P&D/PAS/0601/LEE-
CILrepsMay12
Your Ref:

DDI: 01223 271985
Mobile: 07717 532388
Email: paul.sutton@cheffins.co.uk

Date: 31st May 2012

Dear Katie,

RE: CIL – CONSULTATION ON DRAFT CHARGING SCHEDULE

I am writing in response to the above consultation, and following our meeting with you and your consultants to discuss CIL rates and economic viability on larger development projects.

I have attached some more detailed comments on the Draft Charging Schedule, although we have completed the online questionnaire as well.

If you should wish to discuss any aspect in more detail, please do not hesitate to contact me,

With kind regards,
Yours sincerely,

Paul Sutton

Paul Sutton BTP MRTPI Dip Urban Design IHBC
Head of Planning
Cheffins Planning and Development

Clifton House
1 & 2, Clifton Road
Cambridge CB1 7EA
Tel: 01223 271985
Fax: 01223 271960
planning@cheffins.co.uk
www.cheffins.co.uk

Partners
P L Ambrose Ltd
M W Hamilton Ltd
E W Lee Ltd
J G L Law Ltd
M Walshe Ltd
P G M Claydon Ltd
N R Harris Ltd
W King Ltd
S J Lewis Ltd
C M B Ashton Ltd
W E Pepper Ltd

P M Woolner Ltd
M O Peck Ltd
R W Freshwater Ltd
S P C Gooderham Ltd

Associates
R W G Haywood
ASFAV
R C Garrard ANAEA
G D Archdale BSc
ASFAV
A J G Dickson FRICS
R M Booth
M C Badcock

B King MNAEA MARLA
J van-P. Curzon MNAVA
L Macdonald FRICS
Head of Planning
P Sutton BTP MRTPI Dip UD IHBC
Head of Finance and
Admin
S Bass
Consultant
M Catley MRICS FAAV

Offices at:
CAMBRIDGE
SAFFRON
WALDEN
NEWMARKET
HAVERHILL
ELY
ST IVES
SUTTON
LONDON



EAST CAMBRIDGESHIRE DISTRICT COUNCIL

COMMUNITY INFRASTRUCTURE LEVY – Draft Charging Schedule May 2012

Consultation Response by Cheffins on behalf of the Lee and Jackson Families

1. Draft Instalments Policy

The CIL Amendment Regulations 2011 [Regulation 70(7)] allow the Charging Authority to adopt an Instalments Policy so that payment of CIL can be made over longer periods than within 60 days of commencement. It is acknowledged that making phased payments can help to mitigate the impact of CIL payments and assist development viability. This change was introduced specifically to deal with the issue of viability, particularly at the start of a large development project when borrowing costs need to be minimised, especially in the current economic climate.

Regulation 69B of the CIL Amendment Regulations 2011 introduced payment of CIL by instalments. Regulation 69B(2) states:

“The instalment policy must state—

- (a) the date on which it takes effect, which must be no earlier than the day after the instalment policy is published on the website;
- (b) the number of instalment payments;
- (c) the amount or proportion of CIL payable in any instalment;
- (d) the time (to be calculated from the date the development is commenced) that the first instalment payment is due, and the time that any subsequent instalment payments are due; and
- (e) any minimum amount of CIL below which CIL may not be paid by instalment.”

It is clear from the above that all the details, amounts and triggers for any Instalment Policy for the payment of CIL can be set by the Charging Authority – i.e. East Cambs DC. The Draft Instalments Policy set out in the Council’s Draft Charging Schedule is as follows:

Amount of CIL liability	Number of Instalments	Payment periods and amounts
Less than £40,000	1	Full payment within 60 days of the commencement date
£40,000 to £100,000	2	25% payment within 60 days of the commencement date, 75% within 360 days of the commencement date
More than £100,000	3	25% payment within 60 days of the commencement date, 50% within 360 days of the commencement date, 25% within 540 days of the commencement date

The threshold of £100,000 can be equated to around 15 dwellings (average GIA of 100m²), so for large strategic sites where a single phase of development could be 150 dwellings, the CIL payment alone would be in the order of £1,000,000 and this amount would have to be paid in full within 18 months of commencement – regardless of how many houses had actually been completed.

Since the Regulations do not allow for phased payments to be linked to completions, the draft Charging Schedule will inevitably penalise larger development projects and adversely affect economic viability through the imposition of higher borrowing costs.

Instalment thresholds for CIL payments on large strategic sites should fully reflect the scale and nature of the development proposed, and the likely period over which the development will be built. CIL is a “front ended” tax on development. This will put further pressure on land values and/or significantly impact on the delivery of affordable housing.

We suggest that there should be both a wider range of bands where CIL is payable and that the payment periods for each band should be longer and more flexible. Alternatively, the instalment policy could be based on the number of dwellings proposed (or floorspace in the case of retail and other development).

Huntingdonshire District Council’s CIL Instalment Policy is far more flexible with five different band ranges (from below £16,000 to over £500,000), with payment by three instalments for every band but the very lowest. In addition, the instalments become payable over longer periods (up to two years at the highest level).

By contrast, Shropshire Council’s CIL Instalment Policy is based solely on the number of dwellings proposed and has four bands ranging from a single dwelling

to 26 or more dwellings. Once again, payment periods are more flexible, with an initial payment of only 15% of the total CIL payment sixty days after commencement.

Both these Council's clearly understand the affect that the timing of CIL payments can have on the economic viability of larger development projects.

Finally, the CIL Instalment Policy should make it clear that where outline planning permission, which permits development to be implemented in phases has been granted, each phase of the development as agreed by the Council will be a separate chargeable development and that the instalment policy will, therefore, apply to each phase.

2. Split between CIL and section 106 agreements:

Despite the explanation of the relationship between CIL and section 106 agreements in the Draft Charging Schedule, it is still not clear how potential "double-counting" on large strategic sites will be prevented (e.g. for education).

The Draft Charging Schedule acknowledges that *"the proposed split between CIL and Section 106 is an estimate at this stage"* and that *"final clarification on the split will be provided prior to the Charging Schedule taking effect"*.

Clearly, because this issue goes to the core of the relationship between CIL and Section 106 payments, the split must be clarified at this stage, if the consultation process (and subsequent examination) are to be sound.

We still believe that the Council should review their policy on the provision of affordable housing at the same time as the introduction of CIL and the review of the Core Strategy. If affordable housing provision is maintained at existing levels, and CIL is introduced at the levels proposed, many strategic sites will have marginal viability, which will inevitably result in a "trade-off" between the level of affordable housing provision and the amount of CIL and/or section 106 monies received.

3. Business CIL rates (B1, B2 & B8):

We are pleased to note that the Council has decided to drop the CIL Charge on Business development that was put forward in the Preliminary Draft Charging Schedule. This is clearly a sensible move.

4. Methodology and Assumptions used in the Viability Assessment:

The latest viability assessments produced by Dixon Searle use revised figures, reflecting concerns expressed by a number of consultees at the PDCS stage. However, we still have concerns over several matters:

- i) Residential Values – we still have concerns that the figure being used to generate residential land values (£220/sq.ft) is still too high – our research has shown that a figure closer to £200/sq.ft is much more realistic. The Council’s consultants acknowledge that the lack of recent sales evidence provides a poor basis for setting this figure.
- ii) Infrastructure Costs – the figures being used equate to around an average of £6,430 per unit (assuming 30 units per hectare), which would equate to around £210,000 per acre for site servicing. However, we have comparables from other recently developed, large, strategic sites that show a figure of £250,000 per acre for servicing costs is more normal and therefore realistic.
- iii) Section 106 costs – a figure of £10,000 per unit has been used, but it is not clear how this has been derived. Our concern is that this figure could well be considerably higher once all the various contributions are included, such as education, community facilities, health, transport, economic development, environmental issues, open space (and open space maintenance), sports facilities, utilities & flood defence.

5. Conclusions

Taking all the above into account, we firmly believe that the proposed CIL Rates for both residential and retail development are still too high, and that in order to ensure strategic sites are brought forward, both rates should be around 25% lower.

In addition, the proposed CIL Instalment Policy should include both a wider range of bands where CIL is payable, as well as longer and more flexible payment periods within each band. The CIL Instalment Policy should also make it clear that where outline planning permission, which permits development to be implemented in phases has been granted, each phase of the development as agreed by the Council will be a separate chargeable development and that the instalment policy will, therefore, apply to each phase.

30/05/2012