

# **Local Plan Committee**

**Town Hall, Colchester  
28 January 2013 at 6.00pm**

**This committee deals with**

the Council's responsibilities relating to the Local Plan.

# Information for Members of the Public

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**COLCHESTER BOROUGH COUNCIL  
LOCAL PLAN COMMITTEE  
28 January 2013 at 6:00pm**

**Members**

Chairman : Councillor Bill Frame.  
Deputy Chairman : Councillor Martin Goss.  
Councillors Elizabeth Blundell, Andrew Ellis, John Jowers,  
Kim Naish and Colin Sykes.

**Substitute Members** : All members of the Council who are not members of the  
Planning Committee.

**Agenda - Part A**

(open to the public including the media)

**Pages**

**1. Welcome and Announcements**

(a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.

(b) At the Chairman's discretion, to announce information on:

- action in the event of an emergency;
- mobile phones switched off or to silent;
- location of toilets;
- introduction of members of the meeting.

**2. Substitutions**

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

**3. Urgent Items**

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent and to give reasons for the urgency.

**4. Declarations of Interest**

The Chairman to invite Councillors to declare individually any interests they may have in the items on the agenda. Councillors should consult Meetings General Procedure Rule 7 for full guidance on the registration and declaration of interests. However Councillors may wish

to note the following:-

- Where a Councillor has a disclosable pecuniary interest, other pecuniary interest or a non-pecuniary interest in any business of the authority and he/she is present at a meeting of the authority at which the business is considered, the Councillor must disclose to that meeting the existence and nature of that interest, whether or not such interest is registered on his/her register of Interests or if he/she has made a pending notification.
- If a Councillor has a disclosable pecuniary interest in a matter being considered at a meeting, he/she must not participate in any discussion or vote on the matter at the meeting. The Councillor must withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Where a Councillor has another pecuniary interest in a matter being considered at a meeting and where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Councillor's judgment of the public interest, the Councillor must disclose the existence and nature of the interest and withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Failure to comply with the arrangements regarding disclosable pecuniary interests without reasonable excuse is a criminal offence, with a penalty of up to £5,000 and disqualification from office for up to 5 years.

## **5. Have Your Say!**

(a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.

## **6. Minutes**

**1 - 6**

To confirm as a correct record the minutes of the meeting held on 17 December 2012.

## **7. Planning Applications // Member Call - In Arrangements and**

## **speakers at Planning Committee**

At the request of the Committee at the previous meeting, Vincent Pearce, the Development Services Manager, to attend the meeting to assist Councillors in their discussions.

### **8. Myland and Braiswick Neighbourhood Area 7 - 16**

See report by the Head of Strategic Policy and Regeneration

### **9. Adopted Borough Local Plan // Review 17 - 20**

See report by the Head of Strategic Policy and Regeneration

### **10. Community Infrastructure Levy 21 - 87**

See report by the Head of Strategic Policy and Regeneration

### **11. Exclusion of the Public**

In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).



## LOCAL PLAN COMMITTEE 17 DECEMBER 2012

*Present :-* Councillor Bill Frame (Chairman)  
Councillors Elizabeth Blundell, Andrew Ellis,  
Martin Goss, John Jowers and Kim Naish

*Substitute Member :-* Councillor Nick Cope for Councillor Colin Sykes

### 16. Have Your Say!

Louisa White, addressed the Committee pursuant to the provisions of Meetings General Procedure Rule 5(3) in respect of sustainable development. She was principally concerned about the development currently under construction on the Severalls site and the apparent lack of appropriate arrangements for drainage. She had also noted a large mound of earth which was nearly three quarters the height of the houses. She had contacted the Council about these matters but there did not appear to be any improvement in the situation.

Members of the Committee confirmed Mrs White's observation of the pile of earth which was located adjacent to residents' houses. It was understood that the earth would be moved by March 2013. In respect of the absence of drainage, members believed that it was rainwater which was being discharged into fields and not sewage and that relevant council officers were aware of the situation which was under investigation.

### 17. Minutes

The minutes of the meeting held on 8 October 2012 were confirmed as a correct record.

### 18. Tiptree Jam Factory Plan // Development Plan Document

**Councillor Jowers (in respect of being a member of Essex County Council with a Cabinet responsibility for Communities and Planning) declared a non-pecuniary interest in this item pursuant to the provisions of Meetings General Procedure Rule 7(5).**

The Head of Strategic Policy and Regeneration submitted a report on the draft Tiptree Jam Factory Plan Supplementary Planning Document together with the report on the examination into the Tiptree Jam Factory Plan and the draft Development Plan Document. The Committee was requested to agree to recommend to Council that the Tiptree Jam Factory Plan Development Plan Document be adopted in accordance with Section 20 of the Planning and Compulsory Purchase Act 2004 (as amended).

Laura Chase, Planning Policy Manager, and Karen Syrett, Spatial Policy Manager, attended to assist the Committee with its deliberations.

Paul Munson, Melville Dunbar Associates, addressed the Committee pursuant to the provisions of Meetings General Procedure Rule 5(3) on behalf of Wilkins and Sons. He wished to thank members and council officers for their support, guidance and advice in enabling the company's proposals for a new factory in Tiptree to be supported through the Local Plan. The Inspector's report gave a resounding endorsement of the Council's approach and he urged the Committee to approve the officer recommendation for the Plan to be submitted for approval at the next Council meeting. The Council's approval would enable the company to bring forward its planning applications early in 2013.

The Planning Policy Manager explained that the ten main amendments to the Plan had come forward through the process. All the issues had received a thorough airing at the two-day examination including the financial justification and requirement for supporting infrastructure. The Plan would provide the Council with guidelines for conditions in any subsequent planning applications.

Members of the Committee fully endorsed both the process and the draft Development Plan Document. There were some concerns regarding whether the intended highways infrastructure would be appropriate for the levels of vehicle movements and it was hoped that council officers would have a dialogue with the Highway Authority to ensure the formulation of proper arrangements. In response to a query on whether there would be any charging schedule for the development, the Spatial Policy Manager explained that there was no charging schedule in place at the current time.

*RECOMMENDED to COUNCIL (UNANIMOUSLY) that –*

(a) The Tiptree Jam Factory Plan Development Plan Document be adopted as recommended by the Inspector in accordance with Section 20 of the Planning and Compulsory Purchase Act 2004 (as amended).

(b) The Spatial Policy Manager be authorised to deal with all the necessary adoption documentation and other consequential matters in accordance with the appropriate regulations.

## **19. Colchester Local List**

The Head of Strategic Policy and Regeneration submitted a report on a review of the Colchester Local List, together with proposed formal procedures in relation to making changes to the List, and whether any necessary changes were required to the Council's Constitution.

Karen Syrett, Spatial Policy Manager, attended to assist the Committee with its deliberations. She stated that it was intended that the term 'Colchester Local List' would encompass the whole geographical area within the Borough Council's area of responsibility. The List would be reviewed annually in March to determine the need to



add or delete properties or amend descriptions of properties. In response to queries she reminded members that whilst the document was a consideration in assessing planning applications, it had limited weight, although there had been examples where the weight had been significant enough to have had an impact on a planning decision. She also explained that the initial survey had been carried out by volunteers and any cost to the Council as a result of a review would be in terms of officer time required to make any changes to the list and to transfer the information onto the Council's Geographical Information System. She agreed to send a copy of the criteria used for determining which properties would be included on the list to the members of this Committee.

Members of the Committee noted that the website was not easy to navigate and it was hoped that improvements would be made in due course.

*RESOLVED* (UNANIMOUSLY) that –

(a) It be noted that in this review no buildings on the Colchester Local List had been altered to the point where its architectural or historic interest has been lost nor had any buildings been demolished, therefore no changes would be made to the Colchester Local List.

(b) The procedures to enable new assets to be added to the Colchester Local List and existing assets to be removed from the Colchester Local List be approved and any necessary changes be made to the Council's Constitution.

## 20. Better Town Centre Supplementary Planning Document

**Councillor Jowers (in respect of being a member of Essex County Council with a Cabinet responsibility for Communities and Planning) declared a non-pecuniary interest in this item pursuant to the provisions of Meetings General Procedure Rule 7(5).**

The Head of Strategic Policy and Regeneration submitted a report on the Better Town Centre Plan Supplementary Planning Document (SPD) together with the draft SPD for approval and adoption. The document was intended to set out the Council's aspirations and plans for the town centre and provide a guiding framework for a range of initiatives which were described within the document.

Laura Chase, Planning Policy Manager, attended to assist the Committee with its deliberations. She explained that the document before the Committee was substantially the version circulated at the meeting in June.

Members of the Committee made the following observations on the proposed document:-

- Some of the content represented a huge step change which many people may not like;
- Closing off the High Street could cause congestion elsewhere;

- The town needed a transport system that worked efficiently;
- People need to get into the town centre which would require somewhere to park their car;
- If people found it difficult to get near the town centre they may go elsewhere;
- Disappointment that no progress had been made on the Park and Ride facility;
- The prohibition of cars carrying disabled people to the High Street was an issue;
- The removal of Colchester Borough Council Customer Services Centre from the High Street may impact on footfall;
- The possible use of upper floors in buildings along the High Street for residential purposes was also discussed.

The Planning Policy Manager explained that this SPD expands on how existing Local Plan policies could be applied and explains the ambitions for the town to stay active, alive and important.

In response to a comment from the Committee that planning documents seem to focus on the central part of the town and something comparable was needed to address problems encountered by local centres in rural areas, the Spatial Policy Manager explained that documents tend to focus on growth which is located in the urban parts of the Borough . There are however other documents which relate specifically to the needs and aspirations of smaller settlements and the open countryside between those settlements. Examples include Parish Plans, Village Design Statements, Development Briefs and Rural Workers Guidance.

*RESOLVED* (UNANIMOUSLY) that the draft Better Town Centre Plan Supplementary Planning Document be approved and adopted.

## 21. Annual Monitoring Report

**Councillor Jowers (in respect of being a member of Essex County Council with a Cabinet responsibility for Communities and Planning) declared a non-pecuniary interest in this item pursuant to the provisions of Meetings General Procedure Rule 7(5).**

The Head of Strategic Policy and Regeneration submitted a report inviting the Committee to approve the 2011-2012 Annual Monitoring Report for publication on the Council's website.

Laura Chase, Planning Policy Manager, and Karen Syrett, Spatial Policy Manager, attended to assist the Committee with its deliberations.

Members of the Committee considered the Annual Monitoring Report to be a very useful document.

*RESOLVED* (UNANIMOUSLY) that the 2011-2012 Annual Monitoring Report be approved for publication on the Council's website.

## 22. Statement of Community Involvement

**Councillor Jowers (in respect of being a member of Essex County Council with a Cabinet responsibility for Communities and Planning) declared a non-pecuniary interest in this item pursuant to the provisions of Meetings General Procedure Rule 7(5).**

The Head of Strategic Policy and Regeneration submitted a report inviting the Committee to approve the draft Statement of Community Involvement (SCI) for publication for a six week consultation period.

Karen Syrett, Spatial Policy Manager, and Laura Chase, Planning Policy Manager, attended to assist the Committee with its deliberations. The Planning Policy Manager explained that the document submitted to the Committee was a draft for consultation. The original SCI document was published in 2005 and it had been updated regularly since then. It was last updated in 2011, but since then the National Planning Policy Framework had been introduced and the text had been shortened to make it easier to use.

Pete Hewitt, Myland Community Councillor, addressed the Committee pursuant to the provisions of Meetings General Procedure Rule 5(3). The objectives of the Statement of Community Involvement were clear. It was important to have a dialogue with community groups, some of which is under way and in Myland it is working in practice with monthly planning liaison meetings. He recognised that this Statement of Community Involvement was a draft in preparation for consultation. He commented that the Community Infrastructure Levy was vital for local communities, but the draft statement did not appear to involve parish or community councils at this stage. He believed that parish or community councils should be invited for discussions on the Community Infrastructure Levy and Section 106 Agreements. He was also of the opinion that the current public speaking arrangements at the Planning Committee permit one speaker in opposition to an application which was wholly impractical, especially for large applications. On occasions three speakers are permitted in support and in opposition to the application and this enables a greater range of speakers to have a voice. He suggested that paragraph 5.22 be amended to reflect the practice.

Members of the Committee supported Mr Hewitt's suggested amendment to paragraph 5.22 so that the Chairman's discretion was reflected in the text. They also requested that Vuncent Pearce, Development Services Manager, be invited to attend the next meeting to discuss the issue of member call-in of planning applications. Members also highlighted some of the organisations which appeared to be either irrelevant or non-existent– The Mayor of London or the Coal Board for example.

The Spatial Policy Manager updated the Committee on the situation with the Community Infrastructure Levy. Further regulations on CIL were still awaited although some had been published within the last week additional regulations were expected on the amount of the Levy which would be passed to Town and Parish Councils. Where there was no parish or community council, it would be possible for local residents to form themselves into a neighbourhood forum which could fulfil the same role as parish

or community councils for this purpose. The Planning Policy Manager explained that the list of consultees was prescribed and there was no alternative. The current list reflected the organisations that councils were currently required to consult.

*RESOLVED* (UNANIMOUSLY) that the Statement of Community Involvement be approved for publication for a six week consultation period.



## Local Plan Committee

Item

8

28 January 2013

Report of	Head of Strategic Policy and Regeneration	Author	James Firth 01206 508639
Title	Myland and Braiswick Neighbourhood Area		
Wards affected	Myland and Highwoods		

**The Local Plan Committee is asked to formally designate the Myland and Braiswick Neighbourhood Area**

### 1. Decision(s) Required

- 1.1 To formally designate the Myland and Braiswick Neighbourhood Area as set out by Section 61G of Town and Country Planning Act 1990 (inserted by the Localism Act 2011).

### 2. Reasons for Decision

- 2.1 The Localism Act which received Royal Assent in 2011 introduced new rights to strengthen community involvement in the planning process. To deliver this the Localism Act and National Planning Policy Framework introduced the concept of Neighbourhood Planning.
- 2.2 Myland Community Council is developing a Neighbourhood Plan in association with Braiswick Residents Association. The first step in the neighbourhood plan process is to formally define the neighbourhood area.
- 2.3 As required by Section 61G of Town and Country Planning Act 1990 (as inserted by the Localism Act 2011) and the Neighbourhood Planning Regulations 2012, Myland Community Council has submitted a plan of the proposed plan area and the reasons why they consider this area is appropriate to Colchester Borough Council. The Borough Council is then required by the regulations to publicise this proposed area as soon as possible. After consultation with the Portfolio Holder for Planning, Community Safety and Culture the public were invited to submit representations on the proposed area between the 9 November 2012 and the 7 January 2013.
- 2.4 This report contains the results of the consultation and recommends that the Local Plan Committee formally designate the proposed plan area. This will enable Myland Community Council, who are working with Braiswick Residents Association, to progress the Neighbourhood Plan to the next stage.
- 2.5 A map of the Neighbourhood Area being proposed and the application letter are attached as Appendix A and B with this report.

### 3. Alternative Options

- 3.1 The Committee could decide to refuse to designate the proposed neighbourhood area suggested by Myland Community Council. If the Committee decides to refuse to

designate the area the regulations require that Colchester Borough Council publishes a statement of the reasons for making that decision. In the event of such a decision it is therefore important that the Committee set out clear reasons why the decision has been made.

- 3.2 Section 61G (5) also requires that if the Council decides to refuse the application because it considers that the specified area is not an appropriate area to be designated as a neighbourhood area, Colchester Borough Council must exercise their power of designation so as to secure that some or all of the specified area forms part of one or more areas designated (or to be designated) as neighbourhood areas. The effect of this provision is therefore that if the Local Plan Committee were to decide to refuse the application then the Council would need to have alternative proposals for the boundaries of the neighbourhood area(s) and must use its powers to designate them.
- 3.3 Such a decision would also be likely to delay the production of the Neighbourhood Plan.

#### **4. Supporting Information**

##### Background

- 4.1 The philosophy behind Neighbourhood Planning is to give local communities a much greater influence over how their neighbourhoods develop and to increase engagement in the local planning decision making process.
- 4.2 The concept of Community Planning is not new in Colchester. The Borough Council has actively encouraged local groups to produce Village Design Statements and Parish Plans since 2006. While Neighbourhood Plans are in effect another type of Community Plan they differ from Village Design Statements and Parish Plans in a number of ways;
1. They are community led by either the Parish Council or a constituted Neighbourhood Forum;
  2. They are subject to formal examination and referendum; and
  3. If adopted they carry weight within the planning system as they form part of the statutory Development Plan.
- 4.3 An application was submitted to the Department for Communities and Local Government to secure funding for Myland to become a Neighbourhood Plan frontrunner. The application was successful and £20,000 was awarded to take this work forward.
- 4.4 To date a Neighbourhood Plan working group has been set up led by Myland Community Council.
- 4.5 Section 38B of the 1990 Act (as inserted by the Localism Act 2011) states that only one neighbourhood development plan may be made for each neighbourhood area.

##### Proposed neighbourhood area

- 4.6 Myland Community Council originally submitted a proposed neighbourhood area including the whole of the existing parish and the New Braiswick Park site which is in the process of being included within the parish boundary. The proposed area, however, excluded the Braiswick part of the Myland Ward. After consultation with the Portfolio Holder for Planning, Community Safety and Culture, officers requested whether Myland Community Council would consider including the whole of the Myland Ward within the proposed Neighbourhood Area. This will ensure that the whole of the ward up to the boundary with West Bergholt is covered by a neighbourhood area and therefore will avoid this area being falling between plans.

- 4.7 Following the request Myland Community Council held discussions with Braiswick Residents Association and both groups have agreed that Braiswick should be included within the proposed neighbourhood area. Amended plans were submitted and the area formally submitted to Colchester Borough Council and published for consultation included the whole of the Myland Ward (which includes Braiswick) and the whole of Myland Parish (which includes a small area of Highwoods Ward). Following the consultation, officers contacted Myland Community Council and Braiswick Residents Association and it was agreed that the name of the proposed area should be 'Myland and Braiswick Neighbourhood Area'.
- 4.8 The proposed plan area and the statement reasons as submitted by Myland Community Council are attached as appendix A and B to this report.

#### Consultation arrangements

- 4.9 Regulation 6 of the Neighbourhood Planning Regulations 2012 requires that as soon as possible after receiving an area application from a relevant body, Colchester Borough Council must publicise the following on the Council website and in such other manner as the Council considers is likely to bring the area application to the attention of people who live, work or carry on business in the area to which the area application relates —
- (a) A copy of the area application;
  - (b) Details of how to make representations; and
  - (c) The date by which those representations must be received, being not less than 6 weeks from the date on which the area application is first publicised.
- 4.10 The Neighbourhood Area Consultation ran from 9 November 2012 to 7 January 2013. Details of the consultation were published on the Council's website. Representations could be submitted using a free post address or by email. A press release was issued to publicise the consultation and the Daily Gazette ran an article on the consultation. Details of the consultation were also included in the November 2012 issue of the 'Mylander' newsletter produced by Myland Community Council (issue 53, page 18) which is delivered to all homes in the Myland area.
- 4.11 Copies of the website text, the Mylander article and the press release are included as appendices C, D and E.

#### Consultation responses

- 4.10 One response was received to the consultation. This email raised concerns as to why Myland and Braiswick need further consultations when a Myland Plan has already been produced by local residents. It was stated that the exercise should not repeat what has gone before and cause unnecessary delays. Past progress should not be lost. The response also raised traffic issues such as the desire for a link from the railway station car park to Tufnell Way, and problems caused by the lack of the Northern Approach Road link to the A12 forcing travel onto Mill Road. There was a particular desire that the Northern Approach Road should be constructed as soon as possible.
- 4.11 This response raised some issues which are not directly related to the current consultation regarding whether the proposed neighbourhood area suggested by Myland Community Council is appropriate. Notwithstanding this it has been included in this committee report for completeness. An email response to the representation was also sent by officers explaining the scope of the current consultation and that the Neighbourhood Plan process does not affect the past progress that has been made in Myland through the Myland Design Statement and the Myland Parish Plan. The

representation is not considered to raise any particular reasons why the proposed neighbourhood area should not be supported.

## **5. Proposals**

- 5.1 It is requested that the Local Plan Committee approve the designation of the Myland and Braiswick neighbourhood area as shown in appendix A.
- 5.2 Section 61G (4) of the 1990 Act (as amended) requires that in determining an application for the designation of a neighbourhood area Colchester Borough Council must have regard to—
- (a) the desirability of designating the whole of the area of a parish council as a neighbourhood area, and
  - (b) the desirability of maintaining the existing boundaries areas already designated as neighbourhood areas.
- 5.3 As explained in section 4 above and shown on the plan attached as annex A the proposed neighbourhood area includes the whole of the Myland Parish and the whole of the Myland Ward. This is considered desirable as it corresponds with the administrative area Myland Community Council is responsible for and also includes the Braiswick area of Myland Ward which would otherwise not be covered by a Neighbourhood Plan. The proposed application would not affect the boundaries of any areas already designated as neighbourhood areas and it is therefore considered appropriate.
- 5.4 The application for a neighbourhood area must also be made by a 'relevant body' as required by Section 61G (2) (amended). The Act states that a Parish Council can be considered to be a relevant body if the proposed area consists of or includes the whole or any part of the area of the council. In this case the proposed area includes the whole of Myland Parish and the additional area of Braiswick which is part of Myland Ward. Myland Community Council is therefore classed as a 'relevant body' to make this application under Section 61G.
- 5.5 As required by the regulations, the proposed area was published for consultation by Colchester Borough Council as set out in section 4 above. One response was received to this consultation which is detailed in paragraph 4.10. This response is not considered to raise any reasons why the proposed neighbourhood area is inappropriate and should not be designated.
- 5.6 The Local Plan Committee is therefore asked to formally designate the Neighbourhood Plan Area. Once the area is designated the council is required by Regulation 7 of the Neighbourhood Planning Regulations 2012 to publish the name of the neighbourhood area, a map which identifies the area, and the name of relevant body who applied for the designation. If the area is designated by the committee this will be carried out as soon as possible.

## **6. Strategic Plan References**

- 6.1 The Strategic Plan Action Plan includes a commitment to regenerate the Borough through buildings, employment, leisure and infrastructure, improve opportunities for local business to thrive including retail, provide more affordable homes across the borough and enable local communities to help themselves. The production of a Neighbourhood Plan will help the Council meet these strategic objectives.

## **7. Consultation**



7.1 The proposed neighbourhood area was publicised in accordance with Regulation 6 of the Neighbourhood Planning (General) Regulations 2012 as detailed in section 4 above. Should the area be formally designated by the Local Plan Committee there is a requirement that the Council must publish details of the area as soon as possible.

## **8.0 Publicity Considerations**

8.1 The Neighbourhood Plan may generate publicity for the Council as it is one of the national frontrunners. It is a new initiative aimed at improving participation in the planning system.

## **9. Financial Implications**

9.1 Colchester Borough Council is responsible for consultation costs and for organising both the examination and community referendum for the Neighbourhood Plan. These costs will be met from the DCLG Frontrunner grant and from an additional grant (if an application is successful) made available by DCLG to Local Authorities to cover the costs of consultation and the examination/referendum. An application will be submitted to DCLG for this second grant once the Neighbourhood Area is approved.

## **10. Equality, Diversity and Human Rights implications**

10.1 An Equality Impact Assessment has been prepared for the Local Development Framework and is available to view on the Colchester Borough Council website by following this pathway from the homepage: Council and Democracy > Policies, Strategies and Performance > Diversity and Equality > Equality Impact Assessments > Strategic Policy and Regeneration > Local Development Framework.

10.2 There are no particular Human Rights implications.

## **11. Community Safety Implications**

11.1 None.

## **12. Health and Safety Implications**

12.1 None

## **13. Risk Management Implications**

13.1 The preparation of a Neighbourhood Plan will help ensure that the area will benefit from an up-to-date and comprehensive development plan against which applications for planning permission can be considered.

## **Appendices**

Appendix A – Plan of proposed Neighbourhood Area

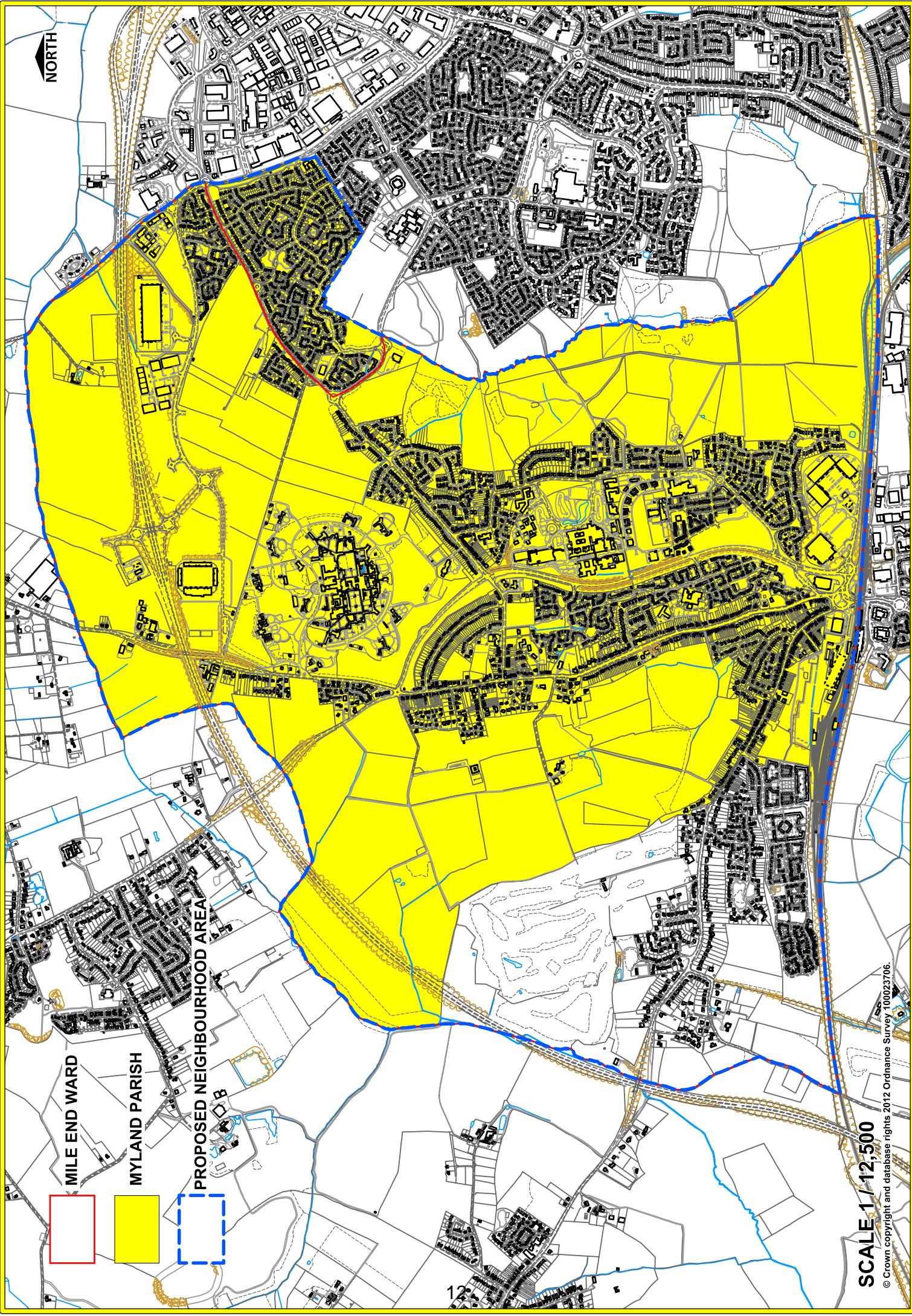
Appendix B – Neighbourhood Area statement of reasons from Myland Community Council

Appendix C – Copy of consultation website text

Appendix D – Copy of Mylander article

Appendix E – Press Release

NORTH



MILE END WARD

MYLAND PARISH

PROPOSED NEIGHBOURHOOD AREA

SCALE 1/12,500

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## MYLAND COMMUNITY COUNCIL (MCC) – PROPOSED NEIGHBOURHOOD PLAN AREA

The Neighbourhood Planning Regulations require MCC to apply for the designation of a neighbourhood area. The Regulations state:

Where a relevant body submits an area application to the local planning authority it must include:

- A a map which identifies the area to which the area application relates;
- B a statement explaining why this area is considered appropriate to be designated as a neighbourhood area;
- C a statement that the organisation or body making the area application is a 'relevant body'.

It is proposed that the neighbourhood area is defined as Myland Parish and Braiswick. The following narrative combines statements B and C above and a map of the Parish boundary as required at A above is appended.

“As required under Part 2, paragraph 5 of The Neighbourhood Planning (General) Regulations 2012, Myland Community Council (MCC) considers that the Parish of Myland should be a designated 'neighbourhood area'. Past and future developments affect the whole of the Parish and it is desirable that Myland is regarded, considered and developed as a coherent, sustainable neighbourhood. As MCC represents Myland Parish it is logical that it is the 'relevant body' to make this application. However, please note a process is underway to extend the Parish boundary. The area concerned is termed New Braiswick Park and its incorporation into Myland Parish was resolved at the Colchester Borough Council Accounts and Regulatory Committee on the 26<sup>th</sup> June 2012, subject to a period of consultation to be reported to that Committee in December 2012.

Where necessary, and in compliance with the National Planning Policy Framework (NPPF), the Neighbourhood Plan also considers involving other adjacent neighbourhoods. As a consequence and as the result of an expression of interest from its Residents Association, Braiswick will be embraced by this Neighbourhood Plan. Braiswick is an adjacent community and falls within the same Borough Ward that includes Myland Parish. It is considered appropriate therefore that the Plan represents this extended area”

A map defining the current Parish, its planned extension and the neighbouring community of Braiswick is attached.



## Appendix C – Copy of consultation website text

You are in: Colchester Borough Council / Planning and Building / Planning and Transportation Policy  
/ Current Planning Consultations / Myland Neighbourhood Area Consultation - 9 November to 7 January 2013

### Myland Neighbourhood Area Consultation - 9 November to 7 January 2013

**Myland Community Council are developing a Neighbourhood Plan and the first stage is to define the Plan Area.**

Colchester Borough Council has received an application to designate a neighbourhood area from Myland Community Council. The application proposes that the neighbourhood area would cover Myland Parish and Braiswick. Once designated, this will be the area covered by the Myland Neighbourhood Plan.

A plan of the proposed neighbourhood area and a statement from Myland Community Council setting out the reasons why this area has been put forward can be found using the links below.

In accordance with regulation 6 of the Neighbourhood Planning Regulations 2012, Colchester Borough Council is now seeking comments on this area. Any person wishing to make representations on the proposed area should write to:

#### **Spatial Policy Team (Myland Neighbourhood Area Consultation)**

**FREEPOST RLSL-ZTSR-SGYA**

**Strategic Policy & Regeneration**

**Colchester Borough Council**

**Colchester**

**CO1 1ZE**

Representations may also be submitted by email to [planning.policy@colchester.gov.uk](mailto:planning.policy@colchester.gov.uk)

The consultation period was originally planned to run for a period of six weeks from Friday 9 November until Friday 21 December but this has now been extended until 5pm on Monday 7 January 2013.

Following the consultation any responses received will be reported to the Colchester Borough Council Local Plan Committee for a decision to be made on the designation of the Neighbourhood Area.

 [Plan of proposed Neighbourhood Area \[2Mb\]](#)

 [Neighbourhood Area Statement \[38kb\]](#)



## Appendix D – Copy of Mylander article

### Community Announcements

#### *Myland Neighbourhood Plan*

##### **Have your say on the proposed plan area**

Myland Community Council has now submitted a proposed neighbourhood area to Colchester Borough Council. The neighbourhood area, once approved, will be the area covered by the new Myland Neighbourhood Plan. Identifying the exact area and the communities which the plan will cover is the first step in the Neighbourhood Plan process.

Colchester Borough Council will shortly be seeking comments on the proposed neighbourhood plan area for a period of six weeks as required by national regulations. The proposed plan area and any comments received will then be reported to the Borough Council's Local Plan Committee for a decision to be made.

A copy of the neighbourhood area application, further details of how to make representations, and the deadline for responses will all be made available on the Colchester Borough Council website. Please see the following webpage for the latest information:

<http://www.colchester.gov.uk/planningconsult>

Should you have any questions regarding the consultation please contact the Colchester Borough Council Planning Policy team on 01206 508639 or [planning.policy@colchester.gov.uk](mailto:planning.policy@colchester.gov.uk)

**James Firth,**  
**Planning Policy Officer**  
**Colchester Borough Council**  
**Email: [james.firth@colchester.gov.uk](mailto:james.firth@colchester.gov.uk)**

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## Appendix E – Press Release

# Designating Myland's Neighbourhood Area

Colchester Borough Council has received an application from Myland Community Council to designate their neighbourhood area.

The proposed neighbourhood area has been developed by Myland Community Council, in consultation with Braiswick Residents Association. If successful, the new designated area would enable a neighbourhood plan to be generated, enabling the community to draw up their own plans for development in the area.

A plan of the proposed area and supporting statement can be found on the Council's website <http://www.colchester.gov.uk/planningconsult>. Residents and business are encouraged to let the Council know their views by 7 January 2013.

Colchester Borough Council's Portfolio Holder for Planning, Community Safety and Culture, Cllr Tim Young, said "It's great to see Myland Community Council working towards a neighbourhood plan. There will be a lot of hard work ahead and residents and business will be invited by the Community Council to share their views during the project."

Following the consultation any responses received will be reported to the Colchester Borough Council Local Plan Committee for a decision to be made on the designation of the Neighbourhood Area.

## **ENDS**

For further information about this press release, please contact [communications@colchester.gov.uk](mailto:communications@colchester.gov.uk) or call 07815088150.

*Issued 26 November 2012*



## Local Plan Committee

Item

9

28 January 2013

Report of	Head of Strategic Policy and Regeneration	Author	Karen Syrett ☎ 506477
Title	Review of the Adopted Colchester Borough Local Plan		
Wards affected	All		

**The Local Plan Committee is asked to agree a focused review of the Local Plan.**

### 1. Decision(s) Required

- 1.1 To agree to a focused review of the Local Plan and in particular the Core Strategy and Development Policies Development Plan Document (DPD) in light of the national planning policy framework (NPPF).

### 2. Reasons for Decision(s)

- 2.1 The Council previously agreed to undertake a review of the Core Strategy commencing at the end of 2012. Work commenced with a review of the evidence base and this report sets out how it is intended to proceed. The NPPF sets out the National Planning Policy that all Councils need to implement and local authorities will need to revise their development plans to take into account the policies contained within the Framework.

### 3. Alternative Options

- 3.1 The committee could decide not to review the Local Plan.

### 4. Supporting Information

- 4.1 Colchester is in the fortunate position of having a full suite of adopted Local Plan documents. The Core Strategy was adopted in 2008 and the Site Allocations DPD and Development Policies DPD were adopted in 2010. A number of supplementary planning documents have also been adopted. In 2010 the Council agreed to commence an early review of the Core Strategy and this is reflected in the Local Development Scheme (LDS) which was approved in January 2011 and updated in November 2011.
- 4.2 In March 2012 the Government published the National Planning Policy Framework and the Town and Country Planning (Local Planning) (England) Regulations 2012. Each local planning authority is required to produce a Local Plan for its area which can be reviewed in whole or in part to respond flexibly to changing circumstances.
- 4.3 The Local Plan should be based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals. Work on revising the evidence base for Colchester is already under way in accordance with the LDS; a retail study was commissioned last year as was an affordable housing report. The Council are working with other Essex

authorities to develop a strategic housing market assessment which covers a large housing market area and will help demonstrate the duty to co-operate.

- 4.4 The NPPF introduces a requirement for public bodies to have a duty to cooperate on planning issues that cross administrative boundaries, particularly those which relate to strategic priorities such as housing and job numbers. The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.
- 4.5 The NPPF replaced over 1000 pages of national policy and guidance and the review will allow the Council to update the documents to ensure they comply fully with national policy and address any gaps left by the removal of more detailed guidance. In addition, the regional spatial strategy (RSS) which comprised the East of England Plan, was revoked on 3<sup>rd</sup> January 2013. The review will also allow for consideration of any gaps left by the removal of this document. The NPPF sets out new Government planning requirements and objectives in relation to issues such as housing, employment, transport, the historic and natural environment etc. The NPPF is a material consideration in the preparation of local development plans and planning decisions although the NPPF makes it clear that it does not change the statutory status of the development plan as the starting point for decision making. However, the NPPF sets out the National Planning Policy that all Councils need to implement. Local authorities will need to revise their development plans to take into account the policies contained within the Framework.
- 4.6 In light of the requirements of the NPPF, the Council has undertaken a review of its Local Plan and has identified a number of policies within its Core Strategy and Development Policies DPD that would benefit from amendments in order to be fully consistent with the advice contained within the NPPF. Because the Local Plan is relatively recent and most elements remain extant and up to date it is only considered necessary to carry out a focused review at this stage rather than starting from scratch. It is considered that the local plan as a whole is sound and consistent with the requirements of the NPPF. The vision for the future growth of the area and the strategies to deliver this remain robust, such that any revisions or amendments of the Spatial Strategy will not fall within the scope of this review. The Council is not therefore proposing to review its Site Allocations DPD or revisit any of its housing and employment targets and allocations, other than to add flexibility as required by the NPPF. Instead, it is undertaking a Focused Review which involves amending a selected number of policies to accord with current Government advice.
- 4.6 The main steps in the local plan production process will be;
1. publication of the proposals for a local plan, consultation on it and consideration of representations (regulations 18 to 20);
  2. submission to the Secretary of State, independent examination of the local plan and publication of the recommendations of the person appointed to examine the local plan (regulations 22 to 25); and
  3. adoption of the local plan by the local planning authority (regulation 26).
- 4.7 The first stage of consultation involves asking what the local plan review should address. A scoping consultation will take place on the policies which it is considered necessary to amend to comply with national policy and changing circumstances. The responses will help inform and finalise the policies that require amendment prior to submission to the Secretary of State for examination. Issues already identified include;
- the addition of model wording published by the Planning Inspectorate to help local planning authorities ensure that local plans reflect the presumption in favour of sustainable development contained within the NPPF
  - the need for a policy on rural workers dwellings



- the provision of affordable housing
- rural exception sites
- density and design
- consideration of a more flexible approach to employment development in North Colchester and Stanway Growth Areas to reflect the NPPF and economic trends
- possible identification of broad locations for growth in future years.

4.8 The process of undertaking a Focused Review of the local Plan will be underpinned by a Sustainability Appraisal which will assess the environmental, social and economic performance of the Focused Review policies against a set of sustainability objectives. In addition, a Habitats Regulations Assessment will also be prepared to assess the likely significant effects the Focused Review policies will have upon one or more European Sites.

## **5. Proposals**

5.1 Members are requested to agree to proceed with a focused review of the Local Plan.

## **6. Strategic Plan References**

6.1 The Strategic Plan Action Plan includes a commitment to regenerate the Borough through buildings, employment, leisure and infrastructure, and enable local communities to help themselves.

## **7. Consultation**

7.1 Public consultation will take place in accordance with The Town and Country Planning (Local Planning) (England) Regulations 2012. Regulation 18 requires the Council to invite representations about what the local plan ought to contain. Regulation 19 requires further consultation before the plan is submitted to the Secretary of State under section 20 of the Planning and Compulsory Purchase Act 2004.

7.2 The consultation will be publicised by way of press release and by sending notification to people and companies on the Council's Local Plan consultation database.

7.3 Copies of the consultation document and supporting information will be made available on the Council's website, Colchester Library and in the Customer Service Centre.

7.4 Representations will be accepted electronically through the website or in hard copy.

## **8. Publicity Considerations**

8.1 Attention could well be focused on the review of the Local Plan, resulting in publicity for the Council.

## **9. Financial Implications**

9.1 A budget has been allocated for the review which funds the updating of evidence based documents, consultation and examination.

## **10. Equality, Diversity and Human Rights implications**

10.1 An Equality Impact Assessment has been prepared for the Local Development Framework and is available to view on the Colchester Borough Council website by following this pathway from the homepage: Council and Democracy > Policies, Strategies and Performance > Diversity and Equality > Equality Impact Assessments > Strategic Policy and Regeneration > Local Development Framework.

10.2 There are no particular Human Rights implications.

**11. Community Safety Implications**

11.1 None

**12. Health and Safety Implications**

12.1 None

**13. Risk Management Implications**

13.1 Review of the Local Plan will reduce the risk of inappropriate development being permitted.



## Local Plan Committee

Item  
**10**

28 January 2013

Report of	Head of Strategic Policy and Regeneration	Author	Karen Syrett ☎ 506477
Title	Community Infrastructure Levy – Draft Charging Schedule		
Wards affected	All		

**The Local Plan Committee is asked to agree the content of the Community Infrastructure Levy Draft Charging Schedule and background papers and to approve public consultation and submission to the Secretary of State.**

### 1. Decision(s) Required

- 1.1 To agree the content of the Community Infrastructure Levy (CIL) Charging Schedule and background documents.
- 1.2 To agree to publish and make available the Draft Charging Schedule and all supporting information, in order that representations can be made.
- 1.3 To subsequently submit the Charging Schedule to the Secretary of State for examination.
- 1.4 For the Committee to delegate authority to the Spatial Policy Manager to make minor revisions to the document prior to publication, submission and during the examination.

### 2. Reasons for Decision(s)

- 2.1 The Community Infrastructure Levy is an important source of future infrastructure funding. The Charging Schedule will be subject to examination and the Local Plan Committee is required to agree the public consultation and submission.

### 3. Alternative Options

- 3.1 The committee could delay publication of the Charging Schedule, decide not to proceed with the Community Infrastructure Levy or to change the levies proposed.

### 4. Supporting Information

- 4.1 The Community Infrastructure Levy is a relatively new levy that local authorities can choose to charge on new developments in their area. The levy is intended to provide infrastructure to support the development of an area rather than to make individual planning applications acceptable in planning terms.
- 4.2 Local authorities are required to spend the levy's revenue on the infrastructure needed to support the development of their area and they will decide what infrastructure is needed ie roads, community facilities and open space. The levy is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development. The levy can be used to increase the capacity of existing

infrastructure or to repair failing existing infrastructure, if that is necessary to support development.

- 4.3 The idea is that the system is very simple in that it applies to most new buildings and charges are based on the size and type of the new development.
- 4.4 In December 2010 the Government invited local authorities to be “front runners,” developing innovative approaches to implementing the levy and giving local residents choice and control. The Planning Advisory Service and Planning Inspectorate provide tailored support and advice to up to eight authorities who wish to lead the way. The Council in partnership with Essex County Council were confirmed as one of the eight Frontrunners.
- 4.5 Public consultation took place in August and September 2011 on the Preliminary Charging Schedule and the evidence base to support it. A meeting was also held between the CIL consultants and two local development companies and a property agent. A total of 25 responses were received to the consultation.
- 4.6 All the responses received were analysed and a revised Charging Schedule and evidence base were published in November 2011 with submission expected at the end of the year or early 2012. However, in light of the responses received to the consultation, members of the Local Development Framework Committee at the time, asked for a workshop with developers and the consultants who had undertaken the viability work. Following the workshop it was agreed that further work would be undertaken looking at viability and the rates proposed in the charging schedule. This has now been completed and certain changes are proposed as a result of the updated evidence.
- 4.7 The residential charge has been revisited in light of more recent viability work and this has resulted in two charges;
1. £100 per square metre for new residential development in the ‘rural’ parts of the borough which includes Myland and Stanway.
  2. £80 per square metre in the remaining ‘urban’ part of the borough.
- 4.8 The comparison retail charge has also been changed and is split according to location as follows;
1. In the Town Centre new comparison retail development will not be liable for CIL.
  2. Outside the town centre a charge of £90 per square metre will apply.
- 4.9 The proposed levy for convenience retailing (food stores) remains unchanged at £240 per square metre.
- 4.10 Before being examined, the draft charging schedule must be formally published for representations for a period of at least four weeks. During this period any person may request to be heard by the examiner. If further changes to the draft charging schedule are considered necessary after it has been published for representations, these changes will be subject to further consultation and any person may request to be heard by the examiner, but only on those changes. If the changes involve the charging schedule a further report will be presented to the committee. Other changes will be made by officers.
- 4.11 The Charging Schedule must be examined by an independent person appointed by the Charging Authority. The procedures are similar to those of a development plan document and any person requesting to be heard by the examiner must be heard in public. The independent examiner will be able to recommend that the draft charging schedule should be approved, rejected, or approved with specified modifications and must give reasons for those recommendations. To ensure democratic accountability, the charging schedule

must be formally approved by a resolution of the full council of the charging authority although like the LDF documents the Schedule will first be referred to Local Plan Committee to recommend adoption. This does not have to take place immediately after receipt of the report and if the Council considers it more appropriate to leave a period of time before adoption this is permissible (this approach was been used by Newark and Sherwood, the first local authority to have an approved charging schedule.)

- 4.12 When the Council adopts and implements CIL it is also necessary to publish what is known as the 123 List. This lists all the infrastructure to be funded through CIL. CIL money can only be put towards items on this list and S106 contributions cannot be used towards anything on the list (there can be no doubling up.) The 123 list can be changed by the Council at anytime without the need for examination or any publicity. However to provide some certainty it is being recommended that the list is reviewed twice a year but would only be amended more than once in exceptional circumstances. To add clarity and in the interests of transparency an implementation plan and governance arrangements are also attached to this report.
- 4.13 The Government require the Council to allocate a meaningful proportion of levy revenues raised in each area back to that neighbourhood. Earlier this month the Department for Communities and Local Government (DCLG) announced that town and parish councils that draw up neighbourhood plans will receive 25 per cent of the planning levy charged on new developments in their area. Neighbourhoods without a neighbourhood plan but where CIL is being charged will receive a 15 per cent share of the revenue from development in their area, but this will be capped at £100 per council tax dwelling. This will ensure that where a neighbourhood bears the brunt of a new development, it receives sufficient money to help it manage those impacts. The measures will come into force this spring for those local authorities who have adopted CIL or when the Council implements its charging schedule.
- 4.14 The Governments intention to scale back the use of S106 Agreements makes it important to progress the Levy. Once CIL is adopted or in April 2014 the use of tariffs and standard charges will be severely restricted and securing funding for big items of infrastructure could become increasingly difficult.

## **5. Proposals**

- 5.1 Members are requested to agree the content of the draft Charging Schedule and background papers and approve public consultation prior to submitting to the Secretary of State.

## **6. Strategic Plan References**

- 6.1 The Strategic Plan Action Plan includes a commitment to regenerate the Borough through buildings, employment, leisure and infrastructure, and enable local communities to help themselves. The provision of infrastructure through the CIL will provide resources to deliver priorities and in particular those objectives concerned with enabling job creation, community development and congestion busting.

## **7. Consultation**

- 7.1 Public consultation has already taken place as detailed above. It is now proposed that further public consultation will be undertaken in February/March 2013. The consultation will be publicised by way of press release and by sending notification to people and companies on the Council's Local Plan consultation database.

- 7.2 Copies of the consultation document and supporting information will be made available on the Council's website, Colchester Library and in the Customer Service Centre.
- 7.3 Representations will be accepted electronically through the website or in hard copy.
- 7.4 All representations received will be submitted to the Secretary of State along with the Draft Charging Schedule.

## **8. Publicity Considerations**

- 8.1 Attention could well be focused on the Community Infrastructure Levy Frontrunners, resulting in publicity for the Council.

## **9. Financial Implications**

- 9.1 The initial costs of progressing the CIL were funded from previous years Housing and Planning Delivery Grant. It was acknowledged that the additional work undertaken and the examination would necessitate additional resources in the region of £30,000. It was considered appropriate to invest to secure better returns through implementation of the levy and Essex County Council (who will benefit from the Levy) were asked to contribute to its implementation. This was agreed although to date no funding has been forthcoming.

## **10. Equality, Diversity and Human Rights implications**

- 10.1 An Equality Impact Assessment has been prepared for the Local Development Framework and is available to view on the Colchester Borough Council website by following this pathway from the homepage: Council and Democracy > Policies, Strategies and Performance > Diversity and Equality > Equality Impact Assessments > Strategic Policy and Regeneration > Local Development Framework.
- 10.2 There are no particular Human Rights implications.

## **11. Community Safety Implications**

- 11.1 None

## **12. Health and Safety Implications**

- 12.1 None

## **13. Risk Management Implications**

- 13.1 Implementation of the Community Infrastructure Levy will reduce the risk of there not being enough funding for infrastructure.

## **Background Papers**

The Community Infrastructure Levy - An overview  
The Community Infrastructure Levy - Summary  
Community Infrastructure Levy Guidance - Charge setting and charging schedule procedures  
Appendix 1 – Evidence Base  
Appendix 2 – Draft Implementation Plan  
Appendix 3 – Draft Governance Arrangements  
Appendix 4 – Draft Instalment Policy

Colchester Borough Council  
Community Infrastructure Levy:  
Review of Evidence Base



BPS Chartered Surveyors

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Appendix 1: Summary of Representations

## Appraisal Summaries

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Appendix 8:	Retail Sensitivity Analysis



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- Table 11: Land purchase prices within Colchester Borough
- Table 12: Value of land for residential development as at Jan 2011 (Source: VOA)
- Table 13: Estimated potential CIL revenues by development type (extract from EBR)
- Table 14: Comparison Retail investment transactions
- Table 15: Small convenience retail investment transactions

# 1. Terms of Reference

- 1.1 BPS Chartered Surveyors have been instructed by Colchester Borough Council (CBC) to review the Colchester Community Infrastructure Levy (CIL) Evidence Base Report (EBR) produced by Roger Tym & Partners (RT) which has been used to set the proposed CIL charge tariffs in the Council's Draft Charging Schedule.
- 1.2 Our review has considered whether the assumptions and methodology used in the Evidence Base Report (EBR) are appropriate and accurately reflect current market conditions. We have also considered whether the charges currently proposed for retail and residential space would potentially threaten these types of development in the Borough.
- 1.3 Our review has had reference to Evidence Base reports and Draft Charging Schedules of other Local Authorities, enabling us to consider whether Colchester's Draft Charging Schedule is based on sufficiently robust evidence so that it will be likely to gain approval at Examination in Public.
- 1.4 We have also been asked to investigate the comments made by various stakeholders during the CIL consultation process, the most notable being that the Draft Charging Schedule needs to be supported by more evidence, and that the proposed charges are set at a level which may significantly compromise certain types of development.
- 1.5 We have assessed whether the flat-rate charge currently proposed for residential development is appropriate, and have considered the merits of instead adopting a variable charge based on a zoning system to reflect variations in land and sales values across the borough.
- 1.6 We have also considered what the "opportunity cost" of CIL charging would be, mainly in terms of affordable housing provision and depression of land values. This is in order to assess where the burden of CIL will ultimately fall: on reduced affordable housing, on land values, or on the total returns made by developers.

## 2. Summary of Findings and Proposed Charging Arrangements

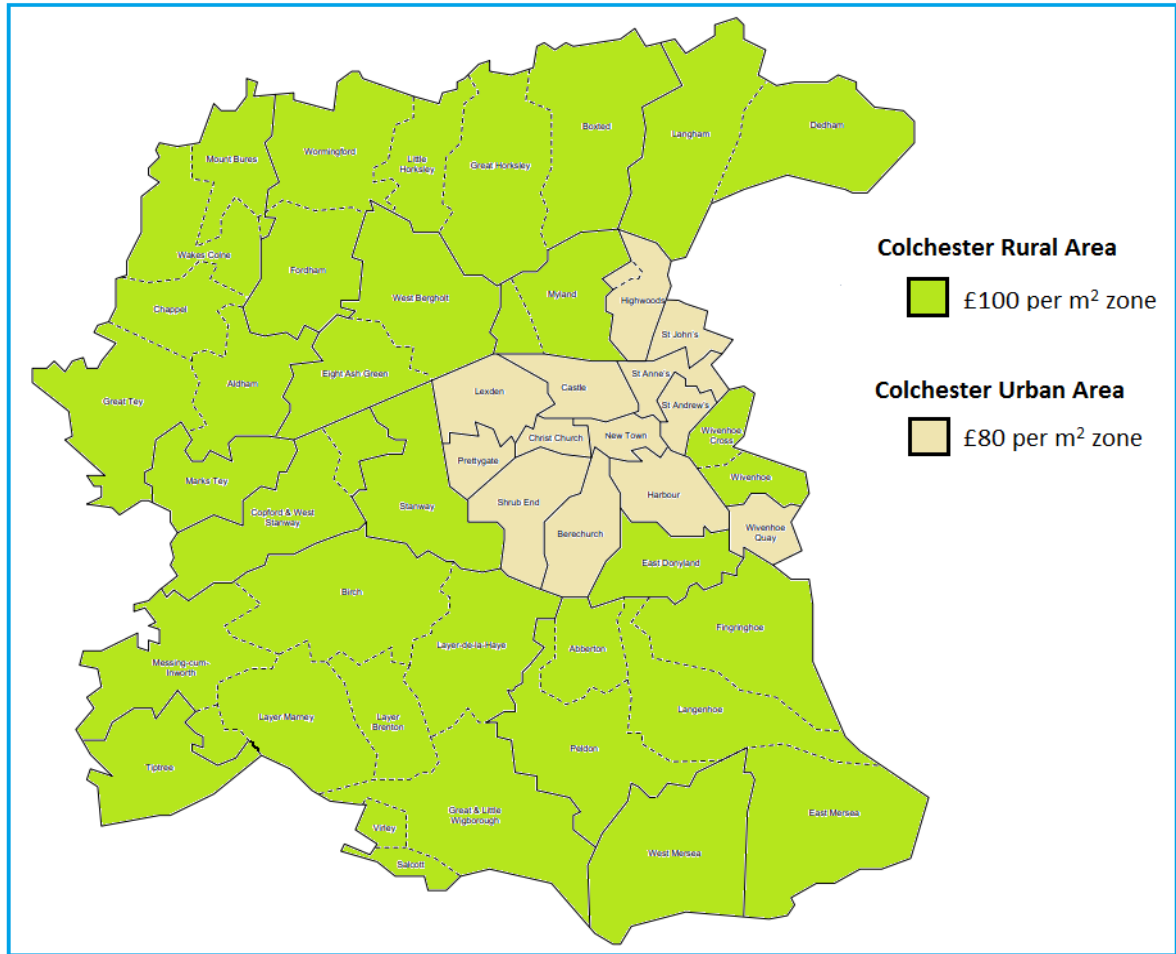
### Methodology

- 2.1 BPS have reviewed the Final Evidence Base Report (EBR), dated October 2011 prepared by Roger Tym and Partners (RT), and have undertaken an extensive review of the development market to establish whether the Council's Draft Charging Schedule is founded on a solid evidence base and reflects current market conditions.
- 2.2 We believe it is useful to model scenarios on schemes that reflect the market as closely as possible. In order to assess the appropriate level of CIL charge to apply to residential and retail development, viability testing has been undertaken using the residual method of valuation. Model development appraisals have been created with inputs having been derived from our review of the property and land markets within the Colchester Borough.
- 2.3 In addition to utilising our own modelling appraisal tool, we have also used the HCA's Development Appraisal Toolkit (DAT) as a cross-check.
- 2.4 The Residual Values generated by these appraisals have been compared to a Base Land Value which we have estimated following our research into recent land transactions. We have drawn a clear distinction between greenfield and urban developments, and have modelled these separately as requested by the Council.
- 2.5 We have assessed the level of geographical variation of land prices and property prices in Colchester Borough, and used this to decide whether a variable CIL charge, comprising a number of zones, would be more appropriate
- 2.6 Sensitivity testing has been used to demonstrate how different levels of CIL and changes in land values and other key inputs into the appraisals, influence viability. This has included opportunity cost analysis to assess the potential impact of CIL on the provision of affordable housing that can be delivered without compromising viability.
- 2.7 We have then compared the Residual Values against a Base Land Value (cost) to arrive at an estimate of the amount surplus from which CIL could be provided.

## Proposed Residential CIL Charges

- 2.8 We have researched the Borough's achieved prices and asking prices for residential units, and have noted that they tend to be higher per m<sup>2</sup> in rural, out-of-town areas. This, combined with the generally lower land prices in out-of town areas, suggests that these areas could support a higher CIL charge. Conversely, the higher existing use value in the central wards of Colchester, together with relatively low sales values in a number of these wards, suggested that viability would be further threatened by an excessive CIL charge.
- 2.9 Following our review of the EBR and our own research and viability modelling, we have put forward alternative levels of charging for both residential and retail development.
- 2.10 A CIL charging rate of £120 per m<sup>2</sup> for residential development was proposed in the RT Evidence Base Report. We suggest that a rate of £100 per m<sup>2</sup> is appropriate for residential development in those areas outside of the main Colchester urban areas. However, we consider that a reduced rate of £80 per m<sup>2</sup> would be appropriate for residential development in the Colchester urban areas, where sites are predominantly brownfield, and thus have high land values based on their relatively high-value existing uses. An excessively high CIL charge is likely to reduce the Residual Land Value of these proposed schemes below the level required to bring these sites forward for development. We have taken account in our appraisals of the CIL Regulations' stipulation that CIL is only chargeable on net additional floorspace, which will tend to give urban developments - which often replace existing floorspace - a lower overall CIL cost than similar rural developments.
- 2.11 We have suggested a simple zoning system, in line with the requirements of the CIL Regulations. Whilst the implementation of any such zoning system may be open to criticism and claims of misrepresenting the complex market, we believe a simple zoning system is more justifiable, and less crude, than having no zoning at all.
- 2.12 We have reviewed a large number of Draft Charging Schedules of other local authorities, of which the majority have proposed some form of zoning of residential tariffs, and a number of these Schedules, including those of Shropshire and Newark & Sherwood, have now been approved by Examination in Public.
- 2.13 We have based our CIL zoning on the Council's wards which we have aggregated into two zones: Colchester Urban Area and Colchester Rural Area. These two zones are illustrated in Figure 1, below. Ward boundaries have been used in other Draft Charging Schedules, for example Newark & Sherwood's, and we would suggest that wards are appropriate, given that this Schedule has since been approved at Examination in Public. We believe the use of pre-existing ward boundaries helps to make the zoning system simple and effective for the purposes of CIL revenue collection.

Figure 1: Proposed residential CIL charging zones



2.14 The EBR applied a flat rate of £120 per m<sup>2</sup> to the entire Borough, despite noting that development is currently unviable in urban areas. We question the logic of further compromising the likelihood of schemes being brought forward for development in these areas.

2.15 We have reviewed the Council’s information on existing planning applications and projections of future development, which have demonstrated that significant numbers of proposed schemes are located in brownfield, town centre areas including key regeneration areas such as the East Colchester Regeneration Area.

## Residential Evidence Base

### Sales Values

- 2.16 The EBR included appraisal models for a 1Ha and a 10Ha scheme. The 1Ha scheme comprised solely 3-bedroom houses. The 10Ha scheme appraisal only included a mix of flats and 3-bedroom houses and assumed that 60% of the site was developable. Both assumed a site density of 40 dwellings per Ha and a value of £225,000 (£2,250 per m<sup>2</sup>) for a standard 3 bedroom, two-storey house (notional floor area 100m<sup>2</sup>).
- 2.17 Residual valuations are by their nature sensitive to small changes to cost and value inputs and in order to minimise the risk of end results being skewed, it is important for inputs to be as accurate as possible. In particular, if sales value forecasts and typical site densities are either too low or too high, the residual value will be distorted and not provide a true picture of viability. We believe therefore that it is relevant to include a representative unit mix in appraisal modelling, particularly given that sales values per m<sup>2</sup> vary between unit types. We have therefore included a typical mix of 2, 3 and 4 bedroom homes in our appraisal.
- 2.18 The unit mix applied in our appraisals has been based upon recently-completed developments in Colchester. We consider the mix to be representative of the current market.
- 2.19 We have analysed all recently consented and proposed schemes in the Borough and have concluded that average densities of 35 dwellings per developable Ha for greenfield sites and 50 dwellings per developable Ha for urban sites are appropriate for appraisal purposes.
- 2.20 We believe that the current Draft Charging Schedule, which is based on viability studies undertaken during 2011, requires updating in regard to sales values. We have based our residential sales estimates predominantly upon our review of achieved sales of “new build” units in recent developments throughout the Borough. Our review has also had regard to sales information contained in research material provided to the Council during the CIL consultation period.
- 2.21 With regard to unit values, our analysis has concluded that the following figures should be applied in the “urban” residential appraisal:

Table 1: Estimated Sales Values for Colchester Urban Area

Unit Type & size (m <sup>2</sup> )	Value	Value per m <sup>2</sup>
2 bed Flat - 65m <sup>2</sup>	£130,000	£2,000
2 bed House - 70m <sup>2</sup>	£157,500	£2,250
3 bed House - 95m <sup>2</sup>	£204,250	£2,150
4 bed House - 120m <sup>2</sup>	£234,000	£1,950

2.22 The above values, representative of the Colchester Urban Area, have been based on comparable sales evidence from a wide range of new build developments situated in the urban, largely “brownfield” areas of the Borough, predominantly comprised of the Colchester town conurbation.

2.23 Once the estimated values for Colchester Urban Area were established, we then used Land Registry and other data sources to identify the variations in residential sales values throughout the Borough. This revealed that the outlying areas generally have higher prices relative to the main urban areas within Colchester Borough (identified in Fig. 1). These lower urban values were supported by the findings of reports prepared by Hometrack and Fenn Wright.

2.24 We therefore believe it is appropriate to apply an uplift of 5-10% in sales values for the Rural Areas relative to the values shown in Table 1 (Urban Area).

Land Values

2.25 The EBR applied a Base Land Value of £500,000 per net developable Ha in the modelling of a 10Ha site, and £1 million per net developable Ha in the modelling of a 1Ha site. No reasons were provided to explain the difference in the value assumptions.

2.26 We have based our estimates of land values following analysis of recent land sales transactions. This has been supported by details of asking prices for land and by

reference to land value estimates in CIL Evidence Base reports undertaken for other local authorities, including Huntingdonshire and Norwich.

- 2.27 Our estimate of the value of greenfield sites is £600,000 per Ha under current planning obligations, but it should be noted that the introduction of CIL may reduce land values going forward if it is to be incorporated into the cost of development and passed down to the landowner. Such land value depression will be more likely with greenfield land than for urban developments which already have a relatively high existing use value. Given the very low existing use value of greenfield sites, the prices paid by developers for this land consists of very high landowner premiums, which might be reduced if the residual value generated by proposed schemes is affected by additional costs arising from CIL. The £600,000 per Ha estimate is 20% higher than the value of £500,000 applied by RT in their 10Ha "greenfield" appraisal.
- 2.28 Our analysis has shown that land prices vary greatly within Colchester, with the most notable distinction being between greenfield sites and urban (brownfield) sites; the latter typically having a high existing use value. We have therefore considered these two separately.
- 2.29 In general, land transactional evidence is not as readily available as, for example, sales information for residential homes. Developers are often reluctant to declare prices they have paid for land (particularly with greenfield sites) and sales agreements with landowners are often complicated by options agreements and overage arrangements. As a result of land banking, where sites are often accumulated well before the date at which development takes place, prices paid can also be historic and not necessarily reflective of current market conditions.
- 2.30 We have applied a value of £1m per Ha in our appraisal model for brownfield sites, which is also based on analysis of market evidence and generally reflects the values of the existing uses of such sites in urban areas.
- 2.31 As mentioned in 2.28, our analysis has shown that prices differ from site to site. Nevertheless, for the purposes of viability modelling for CIL, our land value estimates are considered to be representative of the Colchester market where there is a clear distinction to be made between previously undeveloped rural land and sites already in use or previous use in urban areas. We believe it is important to stress, however, that there is a distinction to be made between land values used in a model appraisal for CIL charging purposes and land values to be applied in viability assessments in connection with affordable housing negotiations. In such circumstances regard should be taken of site specific information when arriving at a benchmark land value figure for appraisal purposes.

#### Development Costs

- 2.32 The EBR model was based on build cost estimates derived from Davis Langdon Cost Studies. It used £950 per m<sup>2</sup> for houses and £1,250 per m<sup>2</sup> for flats.



- 2.33 We have referenced costs with our own analysis of actual build costs incurred by a national house builder on a 1Ha scheme as well as the RICS' Building Cost Information Service (BCIS) build cost averages. BCIS is the most commonly used build cost benchmark, recognised by the property industry and used in a number of other CIL viability assessments. No two schemes are the same and build costs will be influenced by a range of factors. However, we have noted that no contingency allowance was provided for in either of the appraisals for the 1Ha or 10Ha scenarios. There was also no reference made to remediation costs which are invariably required with urban brownfield sites to cover items such as decontamination and demolition.
- 2.34 We have applied an average construction cost rate of £950 per m<sup>2</sup> in our residential appraisals, a figure which includes external costs. We have then applied additional abnormal costs and infrastructure costs. A 5% contingency has also been factored into the appraisal.
- 2.35 We have applied a Developer's Profit of 17.5% of Value for the private element, and 6% profit on cost for the affordable element, based on market information and discussions with developers (The EBR appraisals applied a profit of 16.5% to the development costs).
- 2.36 Other development costs applied to our appraisal models have been based on comparable schemes, including a large, representative mid-market scheme in Colchester.

#### Affordable Housing & Planning Obligations

- 2.37 Although the level of S106 obligations will reduce following the implementation of CIL, local, site-specific S106 funding will remain, which will be most applicable to larger sites where for example open space is to be provided.
- 2.38 Our appraisal models have assumed S106 costs of £2,000 per dwelling compared to £5,000 per dwelling assumed in the EBR appraisals. Our estimate has been derived following analysis of a number of S106 Agreements relating to recently-consented residential schemes throughout the Borough which showed that costs vary widely. In arriving at our estimates, we have discounted the results of this analysis to take account of the scaling back of S106 contributions following the introduction of CIL. However, the wide range of actual costs coupled with uncertainty over the obligations to be covered by future S106 arrangements makes it difficult to be precise about the amounts to be included in the appraisals.
- 2.39 It should be borne in mind that unless there is an equivalent reduction in S106 contributions, the implementation of CIL will increase the overall burden of planning obligations. In consequence it may reduce the amount of affordable housing by virtue of the fact that Local Authorities cannot demand more affordable housing than a site

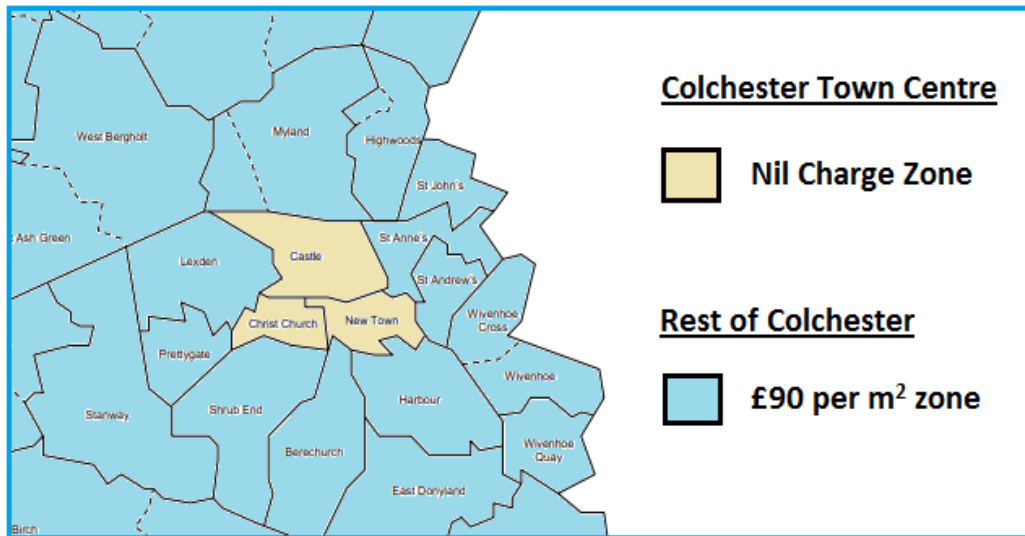
can viably provide. Current CIL regulations stipulate that receipts may not be spent on affordable housing (although this is currently the subject of Govt. consultation).

- 2.40 We have applied a blended value per m<sup>2</sup> of £1,295 to both tenures of affordable housing. This estimate is based upon an offer from a Register Provider made in relation to a current development scheme taking place in the Borough.

### Proposed Retail CIL Charges

- 2.41 The Draft Charging Schedule currently proposes a charge of £240 per m<sup>2</sup> for Convenience Retail and £90 per m<sup>2</sup> for Comparison Retailing. Both charges are proposed to be applied uniformly across the Borough, without zoning.
- 2.42 The EBR categorises retail into “comparison” and “convenience”. Convenience retail was defined as retail providing predominantly food and related products, including, among others, supermarkets and smaller food stores. We have assessed whether this categorisation is appropriate and practicable, and have concluded that it is reasonable, noting that it is a method which has been used in other CIL charging schedules.
- 2.43 We have reviewed the proposed CIL charges for retail, and see no reason to amend the proposed charge of £240 per m<sup>2</sup> for convenience retail.
- 2.44 We have suggested that the rate of £90 per m<sup>2</sup> proposed by RT for comparison retail is appropriate for the Borough, with the exception of the Town Centre area. We believe that the proposed charge of £90 m<sup>2</sup> would potentially further compromise the viability of proposed development schemes within Colchester Town Centre and believe that in this area no CIL charges should be applied. This should be reviewed if market conditions change significantly. This is consistent with the approach taken in the EBR with B Class commercial development, where it was recognised that imposing a CIL charge on employment development would pose a significant risk to the volume of new development and to economic viability. As with the residential zoning, we have created the Town Centre area by aggregating Council Wards, in this case the Wards of Castle, New Town and Christ Church (Figure 2):

Figure 2: Map of comparison retail zoning



### Retail Evidence Base

- 2.45 A number of representations made in consultation were of the opinion that a CIL rate of £240 per m<sup>2</sup> would be too high for convenience retail - being higher than the rates proposed by other local authorities, including Norwich, Newark & Sherwood and Huntingdonshire. However, no evidence was provided to support a lower rate being applied.
- 2.46 No comparable evidence was provided either to support the EBR capital value estimate of £3,475 per m<sup>2</sup> for convenience retail and a relatively simple appraisal was used to determine what level of charge convenience retailing could viably afford.
- 2.47 In order to test whether the proposed charges are appropriate, we have created appraisals which have been sensitivity-tested to take account of the wide variation of rents, land values and other key variables based on transactional evidence including investment retail sales for retail units.
- 2.48 For comparison retail, the EBR recommended a CIL charge of £90 per m<sup>2</sup>. This proposed level of charge was not the subject of any significant comment or criticism during the consultation process. However, we have tested the effect of its inclusion on the viability of a major proposed town centre development scheme which by virtue of the existing uses on the site has a typically inherently high land value. The appraisal demonstrates that the scheme is currently unviable - this as a result of the general weakness in the retail sector and a lack of commitment from potential tenants with strong covenant strengths.

## 3. Background and Methodology

### CIL Background

- 3.1 The Community Infrastructure Levy (CIL) is intended to be a way of increasing investment in vital infrastructure, including the infrastructure required to support new property developments, such as those planned for greenfield areas in the Stanway and North Colchester Growth Areas. The CIL legislation, which received Royal Assent in November 2008, allows local councils to apply a CIL charge on new development in order to bridge gaps in infrastructure funding.
- 3.2 DCLG CIL Regulations came into force on 6 April 2010, followed by amendments effective from 6 April 2011. CIL is chargeable on net additional floor space over 100 m<sup>2</sup>, based on Gross Internal Area. The CIL Regulations allow for a 100% exemption from CIL for affordable housing, and importantly also state that CIL should strike an “appropriate balance” between raising funds for infrastructure and ensuring that any negative impacts on the economic viability of development are minimised.
- 3.3 Levels of CIL tariff are required to be index-linked to the Building Cost Information Service’s (BCIS) index of average build costs, whereby increasing build costs will result in a corresponding rise in the charge.
- 3.4 The process of implementing CIL charging has been undertaken by a number of different Local Authorities, where its implementation is at different stages. For example, the CIL Charging Schedule of Newark & Sherwood District Council has been approved by Examination in Public; meanwhile, Evidence Base reports and Draft Charging Schedules created by other Local Authorities and are now awaiting inspection.
- 3.5 Colchester Borough Council’s identified funding gap of £203 million comprises Transport, Education, Utilities, Health and other areas. As shown in Table 2, below, the majority of this gap is accounted for by education and infrastructure requirements. Some of these are currently funded by S106 Contributions, which, as a result of CIL, are due to substantially reduce and will only relate to site-specific contributions.

Table 2: CIL Infrastructure Requirements (extract from Evidence Base report)

Infrastructure type	Cost (£m)	Developer funding secured (£m)	Non-developer funding (£m)	Funding gap (£m)
Transport	114.10	7.95	4.60	101.55
Education	126.90	24.60	39.10	63.20
Utilities	4.00	0.00	0.00	4.00
Health	0.00	0.00	0.00	0.00
Community, leisure, open space and outdoor sports	21.43	0.00	0.00	21.43
Other	12.50	0.00	0.00	12.50
<b>Total</b>	<b>278.93</b>	<b>32.55</b>	<b>43.70</b>	<b>202.68</b>

- 3.6 The Council has already demonstrated that there is a sufficiently large infrastructure funding gap in the Borough to justify the introduction of CIL charges. It does not therefore require a re-assessment of the existing infrastructure evidence base. We have accordingly focussed purely on assessing the economic viability of different levels of charge upon retail and residential development.
- 3.7 Following submission in October 2011 of the CIL Evidence Base Report (EBR), which was produced by Roger Tym & Partners, (RT) the Council produced a Draft Charging Schedule in November 2011 which proposed a £120 per m<sup>2</sup> charge on residential development, a £90 per m<sup>2</sup> for comparison retail and £240 per m<sup>2</sup> for convenience retail. No CIL charges were proposed for any other forms of development, such as employment and leisure uses.
- 3.8 The Council's Local Development Framework (LDF) Committee agreed that a period of public consultation on the Draft Charging Schedule was required. This consultation resulted in a large number of representations being made, some of which questioned the robustness of the Evidence Base, in particular with respect to residential and retail development. Comments specifically relating to the issue of economic viability have been summarised in Appendix 1 of this report. A total of 21 representations were made during the consultation process, including responses from statutory bodies, developers and local agents. The most significant comments suggested that the Draft Charging Schedule required support from further evidence, and that CIL charges at the level being proposed may seriously threaten certain types of development.
- 3.9 The Council subsequently agreed that, in view of these representations, it would be appropriate to commission an assessment of the Evidence Base and to seek further professional opinion on the appropriateness of the levels of CIL charge proposed in the Draft Charging Schedule. It was considered necessary to further test the Evidence Base prior to proceeding to submission of the Draft Charging Schedule for Examination in Public.

- 3.10 The Council has accordingly commissioned BPS to review the Evidence Base supporting the Draft Charging Schedule in order to validate its robustness and appropriateness in the context of current market conditions.

### Purpose of Viability Testing

- 3.11 The CIL Regulations state that CIL should not be set so high that it puts at risk overall development and therefore testing is required to determine the effect of various CIL charging rates upon viability.
- 3.12 CIL Regulation 14 of the DCLG's CIL Charge Setting and Charging Schedule Procedures (March 2010) (as amended) stipulates that the level of CIL charging should not put overall development across a local authority area at risk. This, however, is a broad requirement, and does not define precisely what would be an acceptable risk to development, and precisely how "put at risk" and "overall development" should be defined. This is a crucial factor in determining what level of CIL is, in viability terms, appropriate. In their Evidence Base Report, RT state that, "...there are no hard and fast rules, it is up to the charging authority to decide 'how much' potential development they are willing to put at risk through the imposition of CIL".
- 3.13 Viability assessments are therefore required to assess whether developments can afford to pay CIL, and to determine what effect CIL charging is likely to have on the level of development. This viability testing can also determine what the "opportunity costs" of CIL are, including its potential impact on the provision of affordable housing. Such testing can aid the Council and the Examiner in determining whether the proposed CIL charges are appropriate (taking into account CIL Regulation 14 discussed in 3.12 above).
- 3.14 We believe it is also important to have regard to the potential impact of CIL upon specific areas within the Borough, in particular brownfield urban areas. This issue was highlighted by a number of representations made during the consultation process, and the Council is keen to assess the likely impact of the currently proposed CIL charges on urban regeneration.
- 3.15 RT noted that the residential development vital to achieving the Core Strategy's targets over the next 5-10 years of the plan period will mostly take place in the identified Growth Areas, mainly the Northern and Stanway Growth Areas. These areas are predominantly comprised of greenfield land, and the main focus of the EBR was accordingly upon greenfield development. RT felt that this high-level approach was appropriate and took the view that development in the town centre would be more challenging irrespective of the level of CIL charge to be applied.
- 3.16 In order to estimate an appropriate level of CIL charging, RT have taken a relatively simple approach using aggregated data to produce a small sample of appraisals. In our review of the EBR, we have sought to minimise the potential for imprecision and



uncertainty by adopting a more detailed, disaggregated approach. This includes a more detailed survey of market evidence, and use of more complex economic appraisal tools.

### Research Methods and Source Material

- 3.17 Our assessment of the Council's CIL Draft Charging Schedule has been based on the CIL Regulations (2010 and 2011) and March 2010 Charge Setting and Charging Procedures guidance document.
- 3.18 We have undertaken an extensive review of the development market to ensure that the Draft Charging Schedule is based on solid evidence and accurately reflects current market conditions. In undertaking our review, we had reference to confidential information provided directly to us by the Council and developers/agents, including reports on recent developments and details of S106 and affordable housing provision. We have also had reference to data from Estates Gazette Interactive (EGi) and the Land Registry.
- 3.19 Our appraisal of economic viability has utilised the Residual Method of valuation, which is a widely accepted method for assessing the viability of developments. The Residual Method calculates the Residual Land Value generated by a proposed development by subtracting the development costs (including developer's profit and planning obligations, but excluding land purchase cost) from the sales revenue generated by that development. This Residual Value is then compared to a Viability Benchmark which represents the value required to bring a site forward for development. If the Residual Value exceeds the Viability Benchmark then the development is considered viable; conversely, if the Residual Value is lower than the Viability Benchmark, then the scheme is not viable and the site is unlikely to be released for development.
- 3.20 We have tested viability using our own BPS appraisal modelling tool. Two main residential appraisals have been produced, for "urban" (Appendix 2) and "rural" (Appendix 3) sites. In order to address concerns raised during the consultation period - i.e. that CIL may have significant negative implications on urban redevelopment - we have assessed whether there is any justification for introducing a reduced CIL charging rate for the largely brownfield urban areas within the Borough.
- 3.21 Three appraisals have also been created to model retail development: a small comparison retail scheme comprised of units with floor areas of 400 m<sup>2</sup> (Appendix 4); a large convenience retail scheme with a 2,000 m<sup>2</sup> unit (Appendix 5); and a comparison retail scheme (Appendix 6). Particular attention has been given to whether a CIL rate of £240 per m<sup>2</sup> is justifiable for convenience retail, and whether town centre comparison retail would be capable of making a CIL contribution while remaining viable.
- 3.22 It is important to note that Residual Values are by their nature only ever a representation of a snapshot in time and are sensitive to relatively minor variations to inputs such as sales values and development costs. We have therefore varied key inputs

into these appraisals to test the impact of changes to the Viability Benchmark, sales values, construction costs and the level of affordable housing provision and S106 contributions.

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## 4. Proposed CIL Charges & Zoning

### Recommendations

- 4.1 This section details the level of CIL charge which our review of the evidence base has indicated to be appropriate. It also puts these charges in the context of those of other Local Authorities. Table 3, below, summarises our suggested CIL charging levels:
- 4.2 Colchester Borough Council's Draft Charging Schedule comprises flat charging rates across the Borough, of £120 per m<sup>2</sup> for residential, £90 per m<sup>2</sup> for comparison retail and £240 per m<sup>2</sup> for convenience retail. All other types of development, including of employment and leisure uses, are not intended to be charged CIL.

Table 3: Comparison of CIL charge proposals

Development Type	Current Proposed Tariffs £ per m <sup>2</sup>	Suggested Tariffs £ per m <sup>2</sup>
Residential	Flat rate of £120 across Borough	<u>Colchester Rural Area:</u> £100  <u>Colchester Urban Area:</u> £80
Comparison Retail	Flat rate of £90 across Borough	<u>Town Centre:</u> Nil charge  <u>Rest of Borough:</u> £90

Convenience Retail	Flat rate of £240 across Borough	<u>No change:</u> Flat rate of £240 across Borough
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- 4.3 The Council has instructed us to consider whether there might be any sound basis for introducing an area-based charging arrangement to reflect variations in values across the Borough. Based on our assessment detailed in this report, we recommend the Council considers adopting a two-tier rate for residential development, and have outlined of our methodology and how we created these zones.
- 4.4 For comparison retail development, we have created a nil charge zone within the Town Centre, also based on Ward boundaries. We suggest that the rest of the Borough retains the CIL charge of £90 per m<sup>2</sup> currently proposed in the EBR for comparison retail.

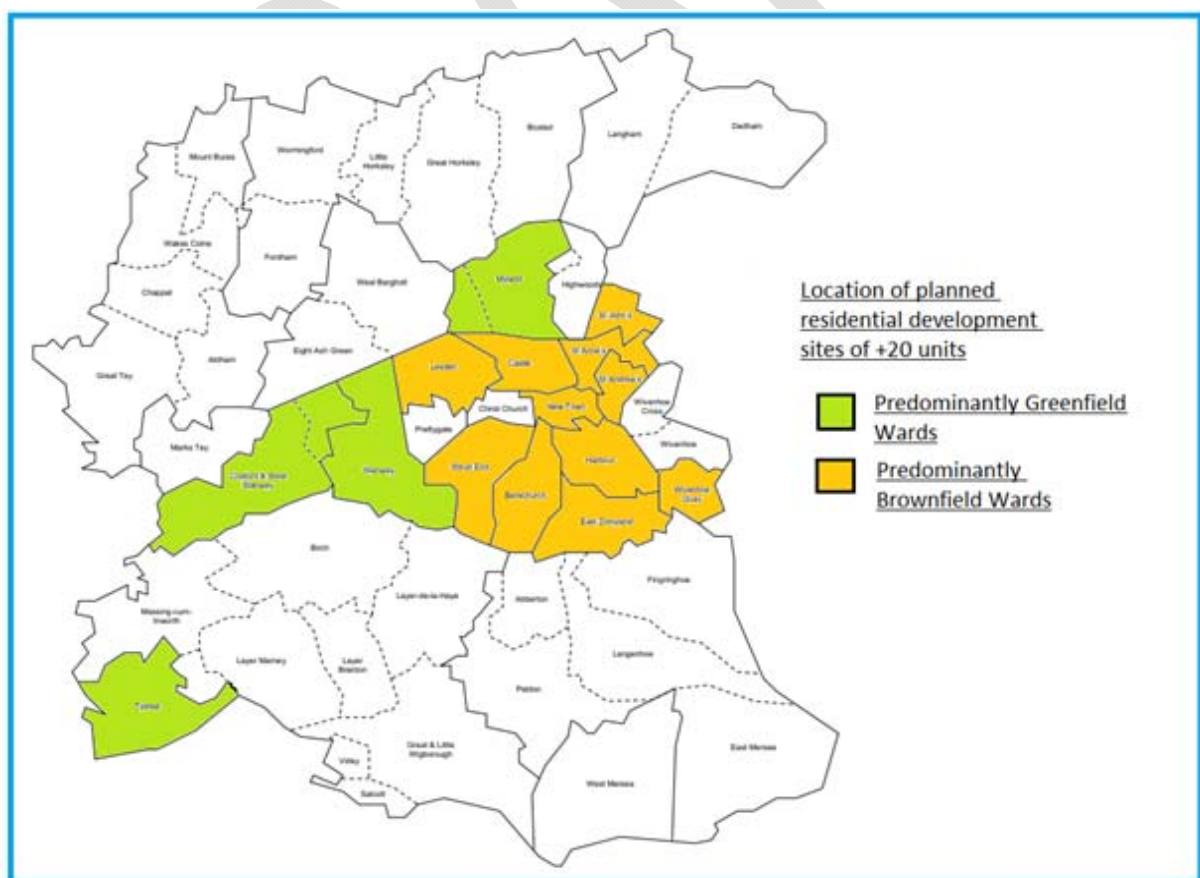
#### Justification for Use of Zoning

- 4.5 CIL Regulation 13 allows the charging level to be varied throughout a Local Authority Area, providing that the charging remains simple. We have therefore sought to establish whether a simple zoning system is appropriate.
- 4.6 We have reviewed the Draft Charging Schedule and Evidence Bases of other Local Authority Areas, in particular those which propose a geographically variable CIL tariff.
- 4.7 A zoning system has been applied by Newark & Sherwood District Council, whose Draft Charging Schedule included a multi-tiered zoning of residential tariffs. It used Council Wards as the basis of its zoning, and we would suggest that Wards are appropriate, given that this Schedule has since been approved at Examination in Public. We believe the use of pre-existing Ward boundaries helps to make the zoning system simple and effective for the purposes of CIL revenue collection.
- 4.8 We have therefore used ward maps as the basis for analysing the Borough's property market and then for constructing zones.
- 4.9 Any such zoning system is open to criticism and claims of misrepresenting the complex market. However, we believe a simple zoning system is more justifiable, and less crude, than having no zoning at all.

#### Residential Zoning

- 4.10 In order to assess the potential impact of CIL charging upon the amount of development taking place, we have analysed information provided by the Council regarding planned developments across the borough, the objective being to determine where and when developments will occur and on what land type they will be developed.
- 4.11 We have reviewed a schedule, provided by the Council, of sites planned for development of over 20 residential units which do not yet have planning consent, from which a large proportion of CIL revenue will be generated. This information demonstrates that there are a considerable number of potential brownfield sites, particular in the Colchester urban area.
- 4.12 We note that much of the earlier development will take place in the Northern and Stanway growth areas, which are predominantly greenfield. Based on the Council's information on pipeline development, the ward map below (Fig. 3) shows the location in which developments of over 20 residential units are due to take place, and what the predominant land type is, i.e. greenfield or brownfield. We have used this to determine the boundaries of our different zones, as, for example, the urban area is comprised wards which contain predominantly brownfield planned developments.

Figure 3: Location of large planned residential development



4.13 Based on our analysis, we believe that CIL revenues will be maximised by having a variable rate. For example, relatively low CIL revenue will be raised in the urban area of Colchester if the CIL tariff is set at a level that will make a large proportion of schemes unviable. We therefore believe that a lower tariff for marginal-viability areas may result in an increase in the total CIL revenue from these areas.

4.14 Figure 4 shows the two charging zones for residential, with full tariff zone in blue and reduced tariff zone in light yellow. (Perforated lines represent parish boundaries; solid lines are ward boundaries. Some wards are comprised of multiple parishes, whilst others are Unitary Wards with no parishes). Based on Figure 4, the following table (Table 4) provides a list of the Wards within each Zone.

Figure 4: Map of proposed residential CIL charging zones

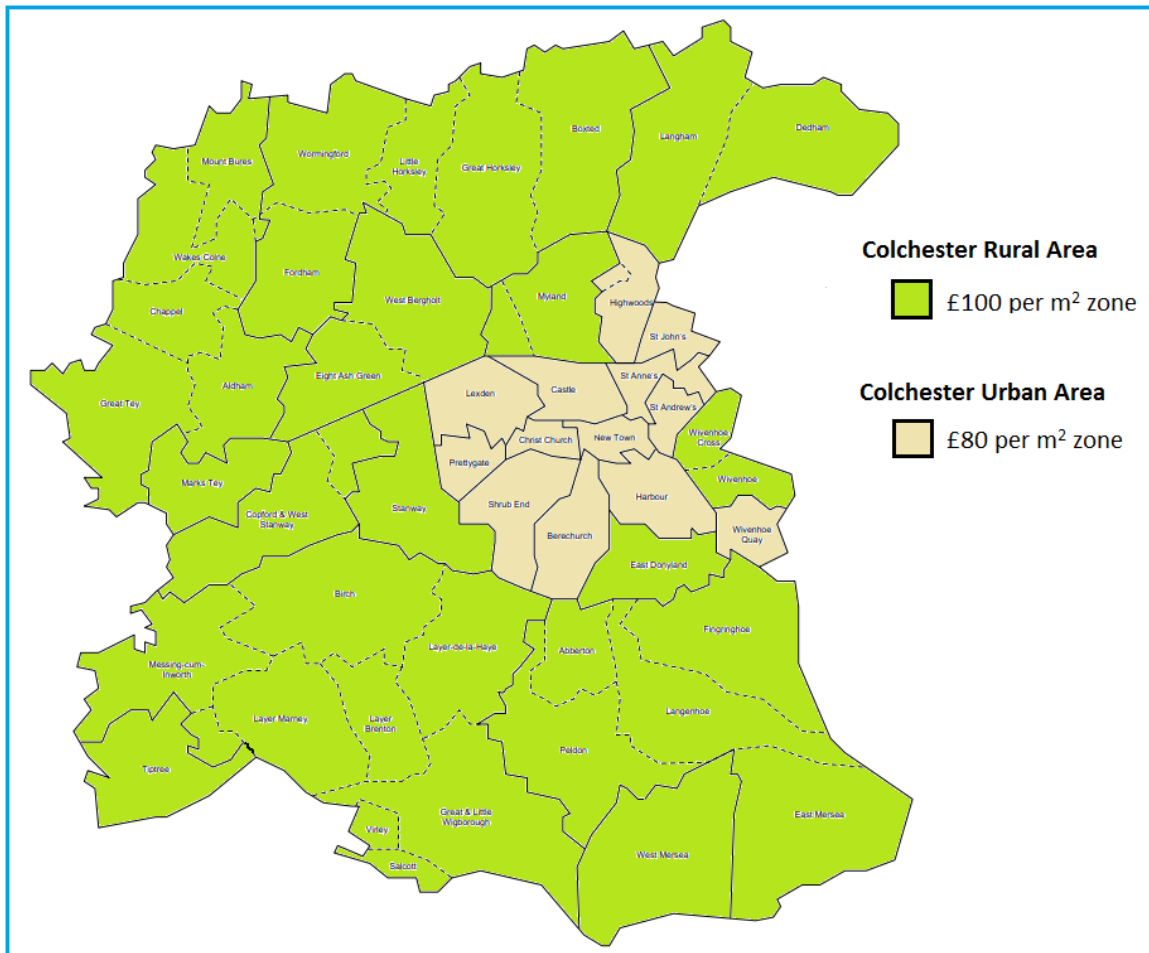


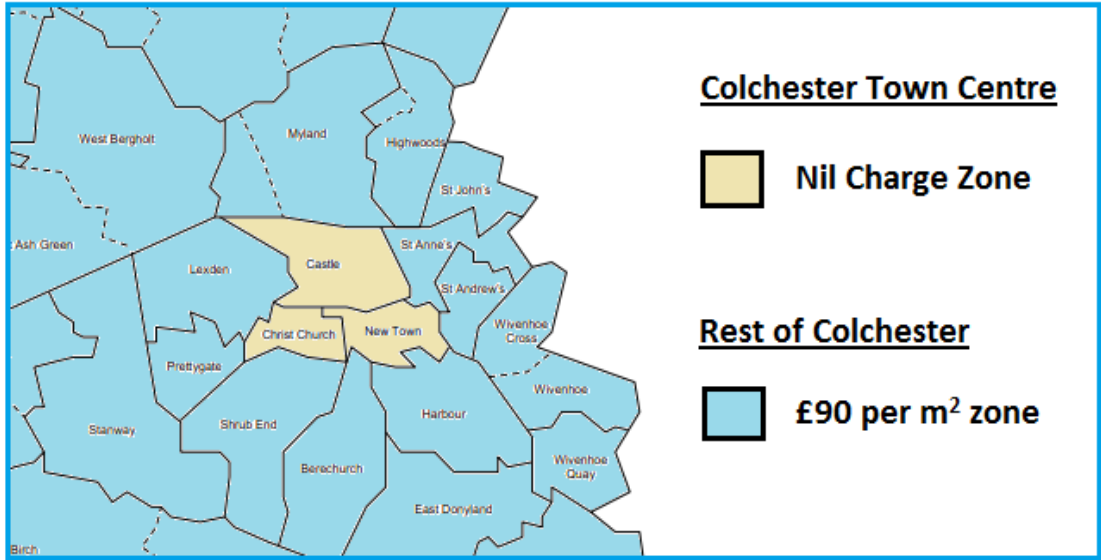
Table 4: List of Wards within residential CIL charging zones

<u>Colchester Urban Area</u> £100 per m <sup>2</sup> CIL	<u>Colchester Rural Area</u> £80 per m <sup>2</sup> CIL
Berechurch	Birch & Winstree
Castle	Christ Church
East Donyland	Copford & West Stanway
Harbour	Dedham & Langham
Highwoods	Fordham & Stour
Lexden	Great Tey
New Town	Marks Tey
Prettygate	Mile End
Shrub End	Pyefleet
St Andrew's	Stanway
St Annes	Tiptree
St John's	West Bergholt & Eight Ash Green
Wivenhoe Quay	West Mersea
	Wivenhoe Cross

### Retail Zoning

- 4.15 With respect to retail development, we have suggested that the rate of £90 per m<sup>2</sup> proposed by RT for comparison retail is appropriate for the Borough, with the exception of the Town Centre area. We believe that the proposed charge of £90 m<sup>2</sup> would potentially further compromise the viability of proposed development schemes within Colchester Town Centre and believe that in this area no CIL charges should be applied. This should be reviewed if market conditions change. This is consistent with the approach taken in the EBR with B Class commercial development, where it was recognised that imposing a CIL charge on employment development would pose a significant risk to the volume of new development and to economic viability.
- 4.16 The results of our appraisals show that all sizes of comparison retail are currently unviable in the Town Centre, as a result primarily of high land values in existing use, high site assembly costs, and the high abnormal costs associated with town centre redevelopment.
- 4.17 As with the residential zoning, we have created the Town Centre area by aggregating Council Wards, in this case the Wards of Castle, New Town and Christ Church (Figure 5). These three Wards include the main shopping area (within Castle) and also the key “secondary” retail streets in the immediate area surrounding the main shopping. Although sites in these “secondary” areas are unlikely to have as high land values as those in the prime shopping area, the lower capital values of residential space in the secondary areas means that they also are unlikely to be able to support a CIL charge.

Figure 5: Map of comparison retail zoning



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## 5. Residential Commentary and Justification

- 5.1 In arriving at the above recommendations, we have given consideration to a number of key issues, including the potential impact of CIL upon affordable housing provision, delivery of housing targets, and urban regeneration. Some of these issues are set out below, together with an outline of how they have influenced our CIL charging recommendations.

### Housing Targets

- 5.2 One key issue for the Council to consider is whether the proposed level of CIL would compromise the meeting of housing targets.
- 5.3 The Council's Regional Spatial Strategy targets for housing development have recently been exceeded, so therefore any minor reductions in overall development as a result of the introduction of CIL would be unlikely to jeopardise attainment of these housing targets in the near future.
- 5.4 We believe that the level of CIL we have proposed would not compromise the Council's ability to meet its housing targets.

### Affordable Housing

- 5.5 One of the possible effects of an excessive CIL charge would be to reduce the provision of affordable housing. It is a question of how any development "surplus" is distributed, so in those areas where the burden of CIL will not be borne by landowners through a reduction in land values, affordable housing provision may represent the opportunity cost of CIL.
- 5.6 Based upon the results of our appraisal modelling and sensitivity testing (detailed in Section Appendix 7), we have shown that an increase of CIL by £50 per m<sup>2</sup> for the Urban Scheme may equate to an "opportunity cost" of c5% of the total scheme's units which can be provided as affordable housing. For the Rural Scheme, a similar £50 per m<sup>2</sup> rise in CIL could equate to a loss of c10% affordable, owing to the greater proportion (100%) of the space which is net additional space compared to the Urban Scheme (50%), as CIL is only charged upon net additional space.
- 5.7 Potential reductions in levels of affordable housing provision could be a particular issue in the urban areas where, for viability reasons, some schemes are more marginal, with a number only able to provide a relatively low percentage of units as affordable housing.



## Urban regeneration

- 5.8 Our recommendation that a zoning system be adopted (i.e., in contrast to the flat rate charge currently included in the Draft Charging Schedule) has been based on our assessment of the likely impact of the proposed charge of £120 per m<sup>2</sup> in regeneration areas.
- 5.9 We have used Land Registry information on recent residential sales values to identify the variations in values throughout the Borough. This research highlighted the general trend that the outlying areas generally have higher prices than Colchester town centre, with the lowest-priced areas being within central Colchester. This suggests that development in these relatively low value areas may be less viable.
- 5.10 The EBR mentioned that schemes in current use (brownfield) are less likely to come forward for development - the logic being that as many sites in these areas are already unviable, CIL would not be the critical factor in determining their viability. In essence, therefore, the report accepted that viability in Colchester's urban areas may be further compromised by the introduction of CIL. The EBR notes that, "It is self-evident and accepted that the imposition of a CIL charge at any rate means that, at the margin, sites with a very high 'hope value' or value in current use are less likely to come forward for development". In arriving at its recommendations for a flat rate, the EBR made reference to the CIL Regulations' objective that its introduction should not harm "overall development", particularly in the near future, and prior to any re-assessment of CIL. The report claimed that, as the majority of development will be in greenfield areas outside of Colchester urban area, overall development would not be harmed if this urban development is stalled. RT based their decision not to apply a reduced CIL rate to Colchester's urban areas by suggesting that "...for the immediate future, the level of the CIL is not the critical obstacle to development of these (urban) sites and their development in the short term is not critical to the development of the area as a whole." RT also commented that as East Colchester regeneration is occurring much later (2025+), it is not central to the issue of setting the current CIL charge. They state: "It is not therefore necessary to test forms of development that are unlikely to be proposed on any significant scale in Colchester". In essence, therefore, this appears to be their rationale for not having zoning.
- 5.11 We have undertaken further analysis of this development category to assess whether this approach is fully justified, particularly:
- in light of the fact that the EBR did not specifically test town centre viability
  - because of the Council's objective to see redevelopment in Colchester Urban area and in particular the East Colchester Regeneration Area
  - in view of representations that have been made expressing concerns regarding the potentially harmful effect CIL charge may have on urban regeneration
  - the fact that there are a significant number of pipeline urban area brownfield sites without planning permission identified in the Council's Housing Trajectory documents as being likely to come forward for development in the near future.



- 5.12 We have therefore run an appraisal to understand the effect on viability in urban regeneration areas resulting from the imposition of CIL at the level currently proposed. This has involved researching recent planning applications for residential development. The appraisal results suggest that a number of urban area sites recently brought forward or being promoted for development are in fact both viable and able to provide a proportion of affordable housing.
- 5.13 We have concluded therefore that overall development in the Borough is more likely to be harmed by the imposition of an unnecessarily excessive CIL charge in these urban regeneration areas. This could potentially threaten urban regeneration objectives and contradict national and local policies which promote brownfield development over greenfield development. With respect to national policies, the National Planning Policy Framework's core land use planning principles - which should underpin both plan-making and decision-taking - encourage the effective use of land by reusing land that has been previously developed (brownfield land). With respect to local policies, the Council's Core Strategy states that, "The viability of housing delivery also needs to be maintained particularly in regeneration areas." This requirement therefore includes the East Colchester Regeneration Area, and suggests that CIL should not be set at a level that threatens the attainment of the Core Strategy's objectives.
- 5.14 In reaching our conclusion, we have also reviewed other local authority's Draft Charging Schedules where zoning has been applied to residential development (a number of which have gained approval at Examination in Public including Shropshire and Newark & Sherwood) to assess whether similar arguments and rationale for zoning also apply. As Table 5 shows, although a number of authorities have proposed flat rate charges, the majority have proposed some form of zoning of residential tariffs. It will be noted that these charging schedules also show that the currently proposed flat residential rate of £120 per m<sup>2</sup> in Colchester is relatively high in comparison with other local authorities.

Table 5: Summary of CIL Charging Schedules

Authority	CIL Status	Proposed Residential Tariff (per m <sup>2</sup> )	Zoning
Colchester	Completed consultation on Draft Charging Schedule, undertaking further viability testing	£120	Flat rate
Newark & Sherwood	Approved by Examiner First to introduce	£0 to £75	6 zones
Shropshire	Approved by Examiner	£40 or £80	2 zones
London Borough of Redbridge	Approved by Examiner	£70	Flat rate
Portsmouth	Inspected by Examiner	£100	
Huntingdonshire District Council	Examination commenced 6 March 2012	£85	Flat rate
Wandsworth	Examination commenced 3 April 2012	£0 to £575	4 zones
Greater Norwich	Completed consultation on Draft Charging Schedule	£75 to £115	
Poole	Submitted for examination on 1 March 2012	£75, £100 and £150	3 zones
Croydon	Consultation on Draft Charging Schedule completed	£0 or £120	2 zones
Plymouth City Council	Consultation closed March 2012	£30 or £50	2 zones
Havant		£84 or £105	2 zones
Wycombe		£125 or £150	2 zones
Mid Devon		£113	Flat rate
Brent		£200	Flat rate
Bristol		residential schemes up to £70	
Mid Devon District Council	Aiming to implement CIL in 2012	£113 for housing £250 for large retail (all other retail is exempted).	

5.15 Taking into account all the factors above, we have concluded that the potential risks posed to residential development of urban areas as a result of the proposed charging levels are too high, and that a reduced rate is justified.

## 6. Residential Evidence Base

### Introduction

- 6.1 The EBR included relatively simple appraisals to test the viability of residential development for 1Ha and 10 Ha schemes. No obvious distinction was made between greenfield and brownfield sites. In view of the fact that there was no detailed substantiation of the inputs used in respect of land values (the inputs were largely based on aggregated market evidence), we felt it necessary to review market evidence in order to validate the robustness of the assumptions made.
- 6.2 This Section details how we arrived at the inputs used in our appraisals. The results, together with analysis and sensitivity modelling, have been included in Appendices 2, 3 and 7.

### Unit Mix, Unit Sizes and Densities

- 6.3 The EBR was simplified by including only 3 bed houses in the 1Ha appraisal, and a mix of 3 bed houses and 2 bed flats in the 10Ha appraisal. No commentary was provided as to why only 3 bed houses were included in preference to a mix of unit types.
- 6.4 We have undertaken a more detailed analysis using a unit mix which we believe is representative of the new-build housing market in Colchester and in particular a number of recently completed large residential developments within the Borough. In the main, these are mid-market developments providing a representative indicator of a unit mix, developed on the basis of likely market demand. Based on a typical 26-unit scheme (pro-rated for larger developments), we have assumed a mix of 6 two bed, 11 three bed, and 4 four bedroom houses, and 5 two bedroom flats.
- 6.5 Another key factor is unit size. The EBR appraisals assumed applied a size of 100 m<sup>2</sup> Net Internal Area (NIA) for private 3 bedroom houses and 60 m<sup>2</sup> for flats. We have compared the unit sizes of a large number of recent new build schemes in Colchester, and have then calculated an average size to apply to each type of unit within the appraisals.
- 6.6 The result is that in our two appraisals we have applied the following unit mix and unit area:

Table 6: Private unit mix and areas

Unit type	Number of Units		Average unit area (m <sup>2</sup> ) (NIA)
	URBAN	RURAL	
2 bed flats	8	5	65
2 bed houses	9	6	70
3 bed houses	18	12	95
4 bed houses	6	4	120
<b>TOTAL</b>	<b>41</b>	<b>34</b>	

6.7 In order to arrive at a realistic housing density to apply in our appraisals, we have analysed the densities of the schemes listed in the Council's Housing Trajectory documents. We consequently applied a dwelling density of c50 units per developable Ha to the Urban Scheme appraisal, and c35 units per developable Ha to the Rural Scheme appraisal, the latter reflecting the lower density of development in these areas.

### Sales Values

6.8 The EBR estimates of residential sales values were based upon generic data and trends from Land Registry sales information showing average prices for different types of dwellings between July 2006 and July 2011. The report stated that the core assumption was that a standard two-story three-bed house would sell for £225,000 (£2,250 per m<sup>2</sup>) in the current market. This same value per m<sup>2</sup> was used for 2 bed flats. However, no comparable sales evidence was provided in the EBR, although it did take account of the optimistic forecasts for the residential housing market, including Savills' Residential Property Focus of Q3 2011 which predicted a 27% increase in house prices across the region in the period to 2015. Appraisal results are very sensitive to minor changes to cost and value inputs and we have therefore undertaken extensive analysis in order to arrive at a robust estimate of sales values for a range of unit types.

- 6.9 Representations made during the consultation process commented that market sales growth forecasts have been revised downwards and that the EBR's estimated sales values are over-optimistic. In particular we have noted that a more recent Savills' Residential Property Focus (Q4 2011) suggests a reduced Mainstream Market growth rate of 14% over the next 5 years for the East. We have therefore taken account of the prospect of reduced growth when assessing what level of CIL is appropriate.
- 6.10 We have based our residential sales estimates predominantly upon our review of achieved sales of new build units in recent developments throughout Colchester. We have also had reference to a Hometrack report into the Colchester new-build market commissioned by Mersea Homes, and to a similar report prepared by local agents Fenn Wright. These reports both suggest sales values are somewhat below those estimated in the EBR.

Table 7: New Build values according to market reports

HOUSES		
	Average house sales value per m <sup>2</sup>	Average sales value (assuming 95 m <sup>2</sup> unit size)
Fenn Wright Report	£2,034	£193,230
Hometrack Report	£1,829	£173,755
Roger Tym Report	£2,250	£213,750
BPS proposals (for 3 bed urban house)	£2,150	£204,250
FLATS		
	Average per m <sup>2</sup>	Average sales value (assuming 65 m <sup>2</sup> unit size)
Fenn Wright Report	£2,077	£145,400
Hometrack Report	£1,711	£119,800
Roger Tym Report	£2,250	£157,500
BPS proposals (for urban 2 bed flat)	£2,000	£130,000

- 6.11 We have also reviewed in detail the actual and estimated sales values of a large mid-market scheme in the Colchester urban area, for which BPS undertook viability testing and believe are representative. Table 8 (below) details the estimated values of this scheme which have then been tested against a wide range of comparable new build sales evidence to arrive at what we consider to be appropriate values to apply in our appraisals.

Table 8: Sales values of a scheme currently under development

Unit Type	Number of units in scheme	Sales value	Value £ per m <sup>2</sup>
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2 bed houses	53	£157,500	£2,376
3 bed houses	78	£196,310	£2,171
4 bed houses	18	£238,034	£1,958

6.12 Table 9 below details a small sample of the new built 3 bed houses which we have reviewed, and indicates an average value of £2,142 per m<sup>2</sup>, which is broadly in line with the average 3 bed values of £2,171 per m<sup>2</sup> for the scheme in Table 8, above. We therefore believe that a value of £2,150 per m<sup>2</sup> is appropriate to apply to 3 bed houses. For flats, our analysis shows that there appears to be a wide range of values achieved but we believe that £2,000 per m<sup>2</sup> is a reasonable average.

Table 9: Sales values of newly-built 3 bed houses

Scheme	Size (m <sup>2</sup> )	Size (ft <sup>2</sup> )	Achieved and estimated* sales values	Value per m <sup>2</sup>
Hawkins Wharf	104	1,124	£210,000	2,011
Hawkins Wharf	104	1,124	£220,000	2,107
Fortuna Park	84	904	£175,750	2,093
Fortuna Park	81	868	£189,525	2,350
Vega	93	1002	£204,595	2,198
Vega	88	942	£185,995	2,125
Vega	86	930	£185,995	2,153
<b>AVERAGE</b>	<b>91</b>	<b>985</b>	<b>£195,980</b>	<b>2,142</b>

\* The estimated sales prices are based on evidence-based discounts from asking prices, and are therefore reliable

6.13 We have also reviewed Land Registry sales information, which has provided an extensive database of individual sales of both new build and second-hand dwellings, including achieved sale prices of 3 and 4 bedroom houses in the last 6 months. This Land Registry information does not distinguish between new build and second-hand stock. It indicates an average price of £165,000 (£1,709 per m<sup>2</sup>) for 3 bed houses, and £264,000 (£1,862 per m<sup>2</sup>) for 4 bed houses. Even allowing for the inclusion of second-hand stock within this average, the difference between these values and the EBR estimated value of £225,000 (£2,250 per m<sup>2</sup>) for new build 3 beds is significant and we have taken it into account in arriving at our sales estimates.

6.14 Following our review, we believe that a value per m<sup>2</sup> of £2,150 is appropriate for 3 bed houses, which compares with the value of £2,250 per m<sup>2</sup> applied in the EBR. The other house types' values used in our appraisals are based on the relative values per m<sup>2</sup> in Table 8 relating to a recently-completed mid-market Colchester development, adjusted to take account of the wider evidence base.

6.15 Overall, the values per m<sup>2</sup> that we have applied are c6% lower than those in the EBR, which makes a significant difference to the appraisal results by reducing overall scheme viability.

Table 10: Estimated sales values applied in residential appraisals

Unit Type & size (m <sup>2</sup> )	Value per m <sup>2</sup>	Sale Value
2 bed Flat - 65m <sup>2</sup>	£2,000	£130,000
2 bed House - 70m <sup>2</sup>	£2,250	£157,500
3 bed House - 95m <sup>2</sup>	£2,150	£204,250
4 bed House - 120m <sup>2</sup>	£1,950	£234,000

6.16 Once the estimated values for Colchester Urban Area were established, we then used Land Registry and other data sources to identify the variations in residential sales values throughout the Borough. This revealed that the outlying areas generally have higher prices relative to the main urban areas within Colchester Borough (identified in Fig. 1). These lower urban values were supported by the findings of reports prepared by Hometrack and Fenn Wright.

6.17 We therefore believe it is appropriate to apply an uplift of 5-10% in sales values for the Rural Areas relative to the values shown in Table 1 (Urban Area).

6.18 We have applied a blended value per m<sup>2</sup> of £1,295 to both tenures of affordable housing. This estimate is based upon analysis of offers from Registered Providers made in relation to recently proposed schemes in Colchester.

## Land Values

- 6.19 In the EBR land value estimates were based on an assumption that the residual land value, after CIL charges and other policy requirements have been met, must exceed £500,000 per developable Ha if a satisfactory supply of land to the market is to be achieved. The report states the approach of taking the prices paid for sites has been rejected - the rationale being that land sales evidence is historic and doesn't take into account current market realities. However, the report also states that modelling assumptions were supplemented by incorporating a degree of market interpretation based on local information of land transactions but that these were limited in number. No further information has been provided to suggest what this interpretation involved. It is not easy to infer whether this means that if reliable transaction evidence had been available it would have been used in place of the base value assumption figures.
- 6.20 The EBR appraisals modelled two hypothetical development scenarios:
- A 1 Ha site - value £1m per Ha
  - A 10 Ha site - value £500,000 per net developable Ha (assumed to be 6 Ha)

There was no explanation as to why the value per Ha of the 10Ha site is only 50% that of the 1Ha site, and whilst it is clear that the 10Ha scheme relates to a greenfield scenario, no information has been provided to make clear whether the 1Ha scheme is assumed to be on a brownfield site. There is also no explanation as to why the land values per Ha are significantly different. A review of the appraisals shows that both assume a density of 40 dwellings per hectare with the 1Ha site only being developed for houses (i.e. no flats). Both schemes have the same build costs and similar pro-rata assumptions regarding other inputs. The major difference relates to infrastructure costs where the 10Ha appraisal assumes a figure of £350,000 per Ha gross compared with £125,000 for the 1Ha scenario. It is not clear whether such a distinction has been made to reflect the difference in the nature of the hypothetical sites (i.e. greenfield/brownfield). Whilst it is appropriate to apply a higher cost for infrastructure provision on previously undeveloped greenfield land (which will have the effect of pushing the land price down), it is also appropriate to take account of the significant cost of remediation which is likely to be incurred on previously developed (brownfield) land which again potentially influences the land purchase price.

- 6.21 We have noted that a number of representations made as part of the CIL consultation process (summarised in Appendix 1) have stated that the land value assumptions used in the EBR are unrealistic, incorrect and not properly researched. As the Council's objective is to ensure that the Draft Charging Schedule is based on a robust, sufficiently evidenced viability assessment, we believe that an investigation of comparable sale prices and asking prices is crucial to arriving at a robust viability assessment. We have accordingly undertaken our own research of land values in order to test the validity of the EBR figures and establish whether market evidence suggests different land values should be assumed for the purposes of testing viability for greenfield and brownfield sites.



6.22 Our research has therefore involved a review of comparable land sale information in Colchester as well as evidence from the Valuation Office Market report 2011 which includes the Norwich and the Medway Towns in Kent. These are summarised in the following Table. (We have not named a number of specific sites where information was provided to us on a confidential basis).

Table 11: Land purchase prices within Colchester Borough

	Area		Price paid	Purchase Price			Comments
	Acres	Ha		Per Hectare	Per Acre	Purchase Date	
Land at Cannon Street, Colchester	0.61	0.25	£405,000	£1,654,000	£669,000	April 2010	Purchased by Matthew Homes for development of 11 two-bed houses. Density: 44 per hectare.
Land in CO2, Colchester	3.66	1.5	£1,500,000	£1,040,000	£420,000	April 2012	c.60-unit scheme. S106 costs of c£0.5m.
Residential Development Land for Sale in Little Bentley, Colchester	0.5	0.20	£179,995 (asking price)	£890,000	£360,000		Rural location. Land Registry shows area has relatively high residential values, generally in line with rural Colchester. High landowner premium expected due to loss of existing house's amenity.
Industrial Land in CO2	2.7	1.1	over £1,000,000		over £400,000	Jan 2008	Brownfield industrial land busy industrial area.
Angel Court, High Street, Colchester			£2m				9-unit scheme. Details source from a viability study written Nov 2010. Conversion of Commercial and retail site.
Land in Tiptree	8.6	3.5	£800,000	£230,000			10-unit residential scheme. Rural location.

Land in south east of Borough	1.1	0.5	£284,000	£616,000		May 2009	Has planning permission for 9 houses. Existing use as allotments.
"Stanway Site A"	9.5	3.8	£2,850,000	£740,000			Former transport use. Abnormals: c.£600,000per Ha, for drainage, removing decontamination, etc. Unit density: 33 per Ha.
"Colchester Town Site A"	15	6.1	£5,300,000	£870,000			Brownfield suburban site. Abnormals: £3.2m. 25% affordable housing.

6.23 Table 11 demonstrates that a wide range of land sales prices have been achieved for residential development land. We have taken the view that a land value of £600,000 million per Ha is appropriate to apply to a typical greenfield site and £1m per Ha to sites in urban areas. Two appraisal models have been produced for a 1Ha development (developable area) using these different land values. We are of the opinion that the same land value per Ha should be applied to the developableland of both small and large sites. We have also undertaken sensitivity testing to model the effect on viability of varying the land values. The £600,000 per Ha estimate is 20% higher than the value of £500,000 applied in the EBR's 10Ha "greenfield" appraisal.

Table 12: Value of land for residential development as at Jan 2011 (Source: VOA)

Region	Location	Suburban site of 0.5 Hectares		
		£/Ha of site area	£ per hab room	£ per m2 completed space GIA
South West	Bristol	2,100,000	13,270	580
	Plymouth	1,500,000	9,485	420
South East	Southampton	1,700,000	10,760	475
	Reading	2,750,000	17,400	765
	Oxford	4,000,000	25,250	1,100
	Medway Towns	1,400,000	8,850	390
East	Norwich	1,600,000	10,130	450
	Cambridge	2,900,000	18,300	800

6.24 We acknowledge that the introduction of CIL may over time have a depressing effect on land values, which may need to be taken into consideration when arriving at a viability benchmark. Put another way, CIL may reduce land values if it is incorporated into the cost of development and passed down to the landowner. Such land value depression will be more likely with greenfield land than for urban developments where land has a relatively high existing use value - the reason being that land is unlikely to fall below

the value of its existing use. We therefore have taken the view that land value depression creates more scope for increased CIL charge in greenfield development as planning gain can effectively be redistributed from landowners towards infrastructure funding. We echo the caution expressed by others in undertaking CIL Tariff reviews that any proposed CIL charge should not be set at a level which has the effect of dissuading land owners from bringing land forward for development.

## Development Costs

### Developer's Profit and other costs

- 6.25 The EBR has applied an overall blended profit of 16.5% on cost. Little explanation was provided for using a profit on cost, nor for the level of profit.
- 6.26 We have instead taken profit on Gross Development Value (GDV) which is in line with approach taken by most developers, and is standard practice. Our experience with development appraisals suggests that 17.5% is a minimum required in current market. We have therefore used a profit margin of 17.5% on GDV (i.e. total sales revenues) of the private residential element. For the affordable element, we have applied a profit equating to 6% of the cost of construction of these units.
- 6.27 Development finance at 6.75% has been assumed, which reflects the highly constrained nature of the development finance market.
- 6.28 Other development costs applied to our appraisal models have been based on comparable schemes, including a large, representative mid-market development in Colchester.

### Build Costs

- 6.29 The EBR used Davis Langdon cost studies as the basis for estimating the build costs. In the appraisals, a base build cost of £950 per m<sup>2</sup> was applied to houses, and £1,250 per m<sup>2</sup> to flats. Lower rates of £930 per m<sup>2</sup> and £1,200 per m<sup>2</sup> were applied to social rented houses and social rented flats, respectively.
- 6.30 No two schemes are the same and build costs will be influenced by a range of factors including location, the mix of units, the height of buildings, specification, and site conditions. We have referenced costs with our own analysis of actual build costs incurred recently by national house builders (including a 1Ha scheme). Our cost consultant has compared the analysis of these scheme costs to the hypothetical schemes we have used in our appraisals and referenced them with the latest BCIS costs for Estate Housing (sample 1140 schemes) which is reflecting current market conditions by indicating a downward price trend.
- 6.31 We have noted in the EBR appraisals that no cost contingency allowance was made for either the 1Ha or 10Ha scenarios, and neither was reference made to any remediation

costs which are invariably required with urban brownfield sites to cover items such as decontamination and demolition.

- 6.32 Following our assessment, we have applied an average construction cost rate of £950 per m<sup>2</sup> in our appraisal- a figure which includes external costs together with some allowances which are typical in Colchester such as the costs of providing additional works to foundations to take account of soil conditions. We have also allowed for the costs of providing renewable energy sources on site. We have not applied a lower rate to the affordable rented units, because in our experience build cost estimates show that enhanced specifications for private units are often offset by the inclusion of Code 3 costs and items such as white goods required to be provided as part of the specification for affordable housing. We have allowed for infrastructure/remediation costs and added an allowance for contingencies.

#### S106 Costs and Affordable Housing

- 6.33 CIL is intended to partially replace the current S106 funding regime, which will be significantly scaled back. S106 funding will remain, but is intended to be confined to affordable housing and also site-specific impacts of development. By 2014 CIL will have largely replaced S106, although limited S106 contributions will still be required. DCLG's CIL Regulations curtail the scope of S106 funding, and therefore encourages local authorities to introduce a CIL charge, although introduction of CIL remains optional.
- 6.34 S106 will now have to pass mandatory policy tests based on Circular 05/2005 relating to their relevance to the development in question, thus S106 will be confined to those things directly relating to the development.
- 6.35 RT have applied a S106 cost of 5,000 per unit in their appraisal. It is our understanding that this figure was not based upon any detailed assessment of the different components of S106 and the likely reduction/replacement of these components by CIL.
- 6.36 We have reviewed the S106 costs of recent developments, and analysed the various components of these to assess what level of S106 would be likely after the CIL tariff is introduced. Some local, site-specific form of S106 funding will remain, whilst more "strategic"-level S106 costs, such as secondary schools, will be replaced by CIL. We have noted that the level of S106 currently varies greatly between schemes and is likely to continue to do so in the future. Following our analysis, we have applied an estimate of £2,000 per unit in our appraisals. This figure takes account of the scaling back of S106 following the introduction of CIL.
- 6.37 The implementation of CIL may reduce the amount of affordable housing by virtue of the fact that Local Authorities cannot demand more affordable housing than a site can viably provide. CIL may therefore "use up" some of the planning gain available for affordable housing, representing an opportunity cost.

- 6.38 We have noted a report from the Communities and Local Government Committee (Financing of new housing supply) in which recent research conducted with local planning authorities "found that whilst CIL is broadly welcomed, there is a lot of uncertainty about the interface with s106 and the impact on how much affordable housing will be secured". The Government have recently confirmed that the CIL receipts may not be spent on affordable housing.
- 6.39 We have calculated that at the proposed level of CIL charge, the Urban Residential Scheme (£80 per m<sup>2</sup> CIL) is marginally viable at a level of affordable housing of 20%, while the Rural Scheme (£100 per m<sup>2</sup> CIL) is also marginally viable at 20%. It is, however, important to note that the level of affordable housing that schemes are able to provide is highly sensitive to changes in private sales values and development costs. We have assessed information on the level of affordable housing provided in recent schemes in Colchester, which demonstrates a wide variation in provision - from nil affordable housing to the policy target of up to 35%. Our appraisals do not preclude higher levels of affordable housing provision being possible, as it depends upon the viability circumstances of each individual case, types of tenure and other sources of funding that are available at the time.

## 7. Retail Commentary & Evidence Base

7.1 Colchester's Draft Charging Schedule proposed a charge of £240 per m<sup>2</sup> for Convenience Retail, and £90 per m<sup>2</sup> for Comparison retailing. Both were proposed to be applied uniformly across the Borough, with no zoning system. Based upon these proposed levels of CIL charge, the EBR estimated potential CIL revenues of £1.5m from convenience retail and £6m for comparison retail, which are small relative to the estimated £42.2m from residential development.

Table 13: Estimated potential CIL revenues by development type (extract from EBR)

Use type	Floorspace (m <sup>2</sup> )	CIL charge/m <sup>2</sup>	Potential CIL revenue (£m)	Assumption / source
Residential (dwellings)	4,141 dwgs (351,985m <sup>2</sup> )	£120	£42.2m	Excludes 35% of dwellings that will be affordable, so pay zero CIL. Average floorspace per dwelling = 85m <sup>2</sup>
Comparison retail	67,000m <sup>2</sup>	£90	£6.0m	Based on North Essex Retail Study findings
Convenience retail	6,124m <sup>2</sup>	£240	£1.5m	4 stores at 1,531m <sup>2</sup> /store (which is average size of UK supermarket). There is no evidential basis for this level of provision; it is simply used as an illustrative guide.
<b>Total</b>			<b>£49.7m</b>	

7.2 Convenience retail was defined in the EBR as retail providing predominantly food and related products, including, among others, supermarkets and smaller stores. Comparison retail comprises non-food uses typified by the goods sold by High Street shops.

7.3 We have retained the distinction between comparison and convenience retail, but have also analysed different sizes of these two categories of retailing. Convenience retailing has continued to expand with strong investor sentiment, whilst comparison retailing sector has suffered from the economic downturn with retail voids increasing and a number of development schemes stalling because of a lack of viability. We also note that this distinction has been applied in other CIL Evidence Base Report, including that of Norwich.

7.4 We have assessed the viability of the following types of retail development:

- Small comparison retail (<1000 m<sup>2</sup> total development size)
- Large comparison retail (>1000 m<sup>2</sup> total development size)
- Small convenience retail (400 m<sup>2</sup> unit)
- Large convenience retail (2500 m<sup>2</sup>)

- 7.5 The appraisal of a Small Convenience Retail Scheme, being a single 400 m<sup>2</sup> (NIA) retail unit, corresponds to the typical size of convenience “metro” stores occupied by national food retailers, as indicated by our research into comparable sales evidence. Our Large Convenience Retail Scheme has an area of 2,500 m<sup>2</sup>, and represents a typical “out-of-town” or suburban supermarket development. We have created a single appraisal for comparison retail and then tested the effect of having different unit sizes by undertaking sensitivity testing.
- 7.6 The results of our comparison retailing appraisal indicate that a typical scheme outside the town centre would be comfortably viable at a CIL charge of £90 m<sup>2</sup>. However, it also indicates that all sizes of town centre comparison retail development are currently unviable, as a result primarily of high land values in existing use, high site assembly costs and high abnormal associated with town centre redevelopment. By virtue of the existing uses of these town centre sites, they typically have an inherently high land value. For appraisal purposes, we have assumed a development which takes place within the main shopping area but not in the most “prime” location, the reason being that the prime pitches are already occupied by successful units and are less likely to be the subject of any large scale redevelopment in the short term.
- 7.7 It is important to note that (as detailed in 7.1, above), in terms of the overall revenue potentially generated from CIL, comparison retail makes a minor contribution (£6m, 12% of total) and therefore the addition of a nil charging zone will have little impact of overall CIL revenues in comparison to retaining the proposed charge of £90 m<sup>2</sup> for the town centre.
- 7.8 Our appraisals indicate that both large and small convenience retail are capable of paying a CIL charge of £240 m<sup>2</sup>. We have sought to investigate the comments made during the consultation period, including that the rate of £240 per m<sup>2</sup> is too high - although we note that no evidence was provided to support this claim.

### Comparison Retail Evidence Base

- 7.9 There is a wide variation in rental values throughout the town centre with prime Zone A rents of c£1,600 per m<sup>2</sup> and secondary rents of £370-£700 per m<sup>2</sup>. These variations are also reflected in wide variations in capital values.
- 7.10 We have focussed primarily upon capital values when arriving at a Gross Development Value in our appraisals. We have based our estimated sales values and costs largely upon those of a recently proposed town centre scheme (“Town Centre Scheme A”, below) which had an estimated retail value of c£4,900 per m<sup>2</sup>. When compared with recent investment sales and availabilities (see Table 14), which suggest lower values within the town centre, we believe that £4,500 per m<sup>2</sup> represents a reasonable capital value for new-build retail space, and is lower than the £5,000 per m<sup>2</sup> applied in the EBR.



Table 14: Comparison Retail investment transactions

Address	Sale price	Price per m <sup>2</sup>	BPS Comments
"Town Centre Scheme A"	c. £60m	c. £4,900	Recently proposed scheme with estimated sales values based on comparable evidence
<b>Recent Sales of Comparison Retail Units</b>			
10-16 Vineyard Street	£150,000	£898	Secondary street. Narrow side street, but close to prime areas
11-12 Eld Lane,	£400,000	£2,252	Purchaser: Private Investor
5C Eld Close,	£148,750	£3,628	Secondary street very close to prime area
<b>Current Availabilities</b>			
52-53 High Street,	£600,000	£3,774	Secondhand stock
18 Sir Isaacs Walk,	£300,000	£2,013	Good primary street, close to busiest shopping streets(eg Culver Street
95 High Street,	£190,000	£3,115	Secondhand stock
92 East Hill,	£250,000	£2,500	Secondhand stock
33-35 St. Botolphs Street	£360,000	£630	On outskirts of main shopping area. Secondhand stock

- 7.11 We have also used the details of "Town Centre Scheme A" to arrive at a build cost estimate, together with our analysis of BCIS information. This suggests that a base build cost of £1,250 per m<sup>2</sup> is appropriate, and that high abnormal costs, infrastructure costs and professional fees are appropriate for a complex town centre development.
- 7.12 Land values have been based principally upon the value of the "Town Centre Scheme A" site, together with our general review of town centre land values. The land value of £2m per Ha applied in the appraisal takes account of the typically high site assembly cost for town centre retail schemes.

## Convenience Retail

### Large Retail

- 7.13 The EBR includes a capital value of £3,475 per m<sup>2</sup> for convenience retail. A relatively simple appraisal was used to determine what level of CIL charge was viable. No transactional evidence was provided to support the estimate values and costs used in the appraisal. In contrast, we have undertaken a more detailed appraisal and based its inputs upon research of comparable sales and lettings.



- 7.14 Key transactional evidence is provided by the sale in January 2012 of a £2,900 m<sup>2</sup> Tesco supermarket in Church Road, Tiptree to Standard Life Investments for £13.1m, equating to a capital value of £4,500 per m<sup>2</sup>. Investment sales data from the Estates Gazette Interactive confirms that £4,500 per m<sup>2</sup> is broadly line with values per m<sup>2</sup> nationally, albeit at the higher end of the range. We have therefore been cautious and applied a capital value of £3,750 per m<sup>2</sup> in our appraisal.
- 7.15 Our build cost estimates have been based upon BCIS averages for construction of large retail units.
- 7.16 We have applied a land value of £1m in the large and small convenience retail appraisals. In arriving at an estimated land value, we have reviewed the details of a number of currently proposed retail developments, including site coverage, land values and existing use. This includes a proposal for a c2,000 m<sup>2</sup> supermarket on the brownfield land on the outskirts of Colchester urban area, which included a land value of c£700,000 per Ha.

#### Small Convenience Retail

- 7.17 Our review of investment sales evidence for smaller convenience retail units indicates a capital value of c£3,250 per m<sup>2</sup> is a reasonable figure to apply in the Small (400 m<sup>2</sup>) Convenience Retail appraisal. This takes into account improvements in yields and rents as a result of the recovery of the convenience retail sector which following the recent recession.

Table 15: Small convenience retail investment transactions

Address	Sale details	Capital Value per m <sup>2</sup>	Yield	Comments
41-43 Chester Road Northwich Cheshire	Tenant: Tesco (Express)  Lease length: 20 years  Date of Sale: Aug 2011  Unit Size: 4,004 ft <sup>2</sup>	n/a	5.8%	Secondary retail,  Strong covenant
96 Marton Drive Blackpool	Tenant: Tesco Express  Sale price: £770,000  Length 20 years	£2,050	6.0%	Secondary retail,  Strong covenant

Lancashire	Unit size: 4,034 ft <sup>2</sup>			
147 Wimborne Road Poole Dorset	Tenant: Southern Co-operatives (Co-op) Sale price: £900,000 Lease length: 15 years Date of Sale: March 2010 Unit size: 3,300 ft <sup>2</sup>	£2,900	5.76%	Close to Portchester, secondary retail, let to Co-op
Baldock Street Royston, Herts	Tenant: <b>Morrisons</b> Unit size: 2,281 ft <sup>2</sup> Date of Sale: Feb 2010	n/a	5.3%	Secondary retail location, Strong covenant
Dover Road Folkestone Kent	Tenant: <b>Tesco</b> Income: £57,500pa Sale price: £985,000 Unit size: 4050 ft <sup>2</sup> Date of Sale: Aug 2011	£2,600	5.5%	Secondary retail location, Good covenant

7.18 We have reviewed details of a number of currently-proposed small convenience retail developments in the Colchester area, which has informed our estimates of build costs, sites coverage, unit size and other inputs into the appraisals. We therefore believe our appraisal is representative of the current market.

BPS Chartered Surveyors  
31 July 2012

## Appendix One: Representations

This appendix outlines the viability-related representation made as part of the CIL consultation process.

Respondent	Viability/Evidence Base comments
Mersea Homes	<ul style="list-style-type: none"> <li>• Most comprehensive response. Criticised infrastructure references, "Assumptions in the residential viability assessment are incorrect and not properly researched", particularly land values and sales income.</li> <li>• GDV "several millions" lower than RT suggest.</li> <li>• Land value too low, at £300,000 per Ha [must have been first draft - now £500k]. Should take account of £600,000 per acre (£1.48m per Ha) VOA estimate. Tym's land value similar to those in Colchester circa 25 years ago.</li> <li>• Assumptions in viability assessment have changed from those in original assessment, without reasoning/explanation. Appears main objective of changes is to ensure same result (£120 m<sup>2</sup>) achieved.</li> <li>• Recommend £60 per m<sup>2</sup> residential charge</li> </ul>
Peacock and Smith Ltd on behalf of Morrison Supermarkets	<ul style="list-style-type: none"> <li>• Viability doesn't take abnormal costs into account</li> <li>• Land value (£500,000) unrealistic, and higher value of brownfield sites not taken into account.</li> <li>• £240/m<sup>2</sup> too high for convenience retailing; Huntingdonshire rate of £140/m<sup>2</sup> more appropriate.</li> <li>• Not clear what fees included in appraisal</li> </ul>
Indigo Planning on behalf of Sainsbury's	<ul style="list-style-type: none"> <li>• £240/m<sup>2</sup> unreasonable and unjustified rate for Convenience Retailing, would threaten viability</li> <li>• Disagree with categorisation into Comparison Retail and Convenience Retailing. Should be instead based on floorspace of development</li> </ul>
Bellway Homes	<ul style="list-style-type: none"> <li>• Residential sales values and build costs unrealistic:</li> <li>• £2,250 per m<sup>2</sup> sales values, but £2,088 - £2,184 m<sup>2</sup> more appropriate;</li> <li>• £964 per m<sup>2</sup> build cost too low, and £1,083 per m<sup>2</sup> more appropriate;</li> <li>• £120 per m<sup>2</sup> would have made some Colchester Bellway developments unviable - reduce RLV by 46.6%</li> <li>• Suggested £80 per m<sup>2</sup> residential charge would ensure viability, if affordable housing at 25%.</li> <li>• "CIL should be set at £80 per m<sup>2</sup> with the provision of affordable housing considered as part of a viability test".</li> <li>• Concerned that differentiation of CIL charge between brownfield and greenfield sites. Note that brownfield sites have higher costs/land values.</li> </ul>
Martin Robeson on behalf of Tesco	<ul style="list-style-type: none"> <li>• Appraisal doesn't account for cost of meeting Council's high design standards.</li> <li>• Assumptions in appraisal unjustified, evidence base inadequate</li> <li>• Needs more sensitivity testing, as required by CIL Guidance.</li> </ul>
Martin Robeson on behalf of Churchmanor	<ul style="list-style-type: none"> <li>• Charges don't "strike appropriate balance between level of charge and impact on viability". May prevent development.</li> <li>• Doesn't account for cost of meeting Council's high design standards.</li> </ul>
Scott Properties	<ul style="list-style-type: none"> <li>• Inaccurate figures in appraisal. CIL level would make development unviable</li> <li>• Suggested £50-60 per m<sup>2</sup> residential CIL charge would be acceptable,</li> </ul>

	<p>when compared to other CIL schemes.</p> <ul style="list-style-type: none"> <li>• Convenience Retailing charge (£240 per m<sup>2</sup>) too high: double Norwich's charge, despite the latter's "stronger retail offering". Suggested £100 per m<sup>2</sup>.</li> <li>• Comparison Retail £90 per m<sup>2</sup> too high. Suggested £30-50 per m<sup>2</sup>.</li> <li>• Brownfield sites more expensive to develop, which hasn't been taken into account.</li> </ul>
Jones Lang LaSalle & Barton Wilmore on behalf of Taylor Wimpey	<ul style="list-style-type: none"> <li>• CIL underestimates cost of affordable housing delivery.</li> <li>• Residential CIL charges likely to result in reduction in affordable housing provision.</li> <li>• Revenues [of residential] are excessive, not realistic.</li> <li>• Profit assumed in appraisal is too low.</li> <li>• Charging schedule fails to distinguish between different parts of borough and different forms of [residential] development.</li> <li>• £120 per m<sup>2</sup> would render many developments unviable, and encourage developers to build elsewhere.</li> </ul>
Andrew Crayston, Fenn Wright	<ul style="list-style-type: none"> <li>• Council should consider Fenn Wright's new market research into new build units to test the sales values in appraisal.</li> <li>• "Figures appear to have been adjusted to prove that the original recommendation works."</li> </ul>
Strutt & Parker on behalf of Land Improvement Holdings Ltd	<ul style="list-style-type: none"> <li>• "There should be variations between CIL charges for greenfield and brownfield sites and different parts of the borough"</li> <li>• Charging may disadvantage small and medium-sized retail development</li> <li>• Should be zero charge for elderly housing</li> </ul>
Capita Symonds and Glenny LLP on behalf of RF West Ltd	<ul style="list-style-type: none"> <li>• "Serious flaws in evidence base" - cost and value assumptions used in appraisal not adequately supported by evidence</li> <li>• Agrees that consistent charging rate should be applied across borough - no zoning.</li> </ul>
Lawson Planning Partnership	<ul style="list-style-type: none"> <li>• Appraisal focuses on greenfield sites and makes no allowance for additional costs of brownfield.</li> <li>• Weak housing market suggest greater caution should be taken in setting CIL charges - current charges too close to margins of viability</li> <li>• Differential charging required for residential - relatively lower charge for brownfield and areas like The Hythe.</li> <li>• Downward revision of residential sales growth forecasts suggests that CIL charges should be reduced</li> </ul>

### Summary of main comments by respondents

The above table of response illustrates a number of important themes, which have guided our re-assessment of the proposed CIL charging arrangements:

- Effect of CIL on affordable housing provision. CIL is believed by respondents to reduce affordable.
- What is difference in land values (particularly between green- and brown-field), and does this difference justify differential CIL charges?
- Zoning suggested as necessary by many respondents
- Distinction between Comparison Retail and Convenience Retail in inappropriate
- Convenience Retail considered too high by many respondents

- Claim that figures have been adjusted in revised appraisal with aim of proving that original charging recommendations were correct.
- Recent fall in residential sales values not taken into account
- Sales values are high
- Build costs low

Once the estimated values for Colchester Urban Area were established, we then used Land Registry and other data sources to identify the variations in residential sales values throughout the Borough. This revealed that the outlying areas generally have higher prices relative to the main urban areas within Colchester Borough (identified in Fig. 1). These lower urban values were supported by the findings of reports prepared by Hometrack and Fenn Wright.

We therefore believe it is appropriate to apply an uplift of 5-10% in sales values for the Rural Areas relative to the values shown in Table 1 (Urban Area).

**Colchester Borough Council  
Community Infrastructure Levy  
Implementation Plan**

**DRAFT**

## **Introduction**

### **1.0 Purpose of the Implementation Plan**

The Community Infrastructure Levy (CIL) Implementation Plan forms an important part of the Council's evidence base. It supports the Development Plan Documents by identifying the infrastructure needed to deliver Colchester's growth and is a key tool in coordinating infrastructure and investment with many organisations. The Implementation Plan will be reviewed twice a year following the process set out in the CIL Governance Arrangements.

The Implementation Plan draws together the main infrastructure requirements, as originally set out in the Core Strategy, that are required to support the growth in each part of the borough. It will identify those items of infrastructure that are considered to be priorities at a given point in time and will be used to inform the CIL 123 List. The Implementation Plan is closely aligned to the Local Investment Plan (LIP) arising from the 'Single Conversation' with the Homes and Communities Agency along with the Integrated County Strategy.

Development plan documents provide a long term strategy for the borough whereas the Implementation Plan provides a focus for developers and key partners on the priority infrastructure requirements to deliver Colchester's adopted vision. The Plan will also enable residents and businesses to see what infrastructure is expected to be provided and when. It is hoped over time that parish and town councils, along with neighbourhood forums and other interested people, will input into the document and provide details of their local infrastructure requirements and funding options.

The purpose of the Implementation Plan is to:

- provide clarity on the infrastructure requirements to support the growth, based on information within adopted LDF documents and the CIL evidence base;
- identify where developer contributions will be sought, setting out the general principles the Council will use in determining whether infrastructure needs will be met through Section 106 Agreements, Community Infrastructure Levy (CIL) or direct developer funding;
- identify the strategic and local priorities for the spend of CIL funding for the short term (CIL Regulation 123 List).

### **2.0 Making Decisions on Infrastructure Priorities**

Infrastructure can be funded from a variety of means, including financial contributions from developers, on-site provision, other funding streams and the Community Infrastructure Levy (CIL). Given the current constraints on resources and investment streams, it is important that there is clarity on the local priorities for infrastructure provision. The Implementation Plan sets out what is needed and how it will be achieved, either through the investment

streams of local infrastructure and service providers or through the use of developer contributions. The Plan will be reviewed twice a year although revisions may not be required on each occasion.

### **3.0 Local and Strategic Infrastructure**

The Government have just commenced consultation on proposals to reform the community infrastructure levy. The detailed proposals and draft regulations include a number of questions including what proportion of receipts ie the 'meaningful proportion' of CIL should be handed over to local communities to spend as they see fit to support growth in their areas. It is therefore expected that the local element will help fund infrastructure which will deliver local benefits.

Some infrastructure is vital to the delivery of Colchester's development strategy. This infrastructure has a strategic rather than a local focus, benefitting the borough as a whole.

Both the strategic and local infrastructure priorities will be set out within the Implementation Plan, following discussions with Town and Parish Councils, Neighbourhood Forums, infrastructure providers and local developers. This will be reviewed twice a year and agreed with the relevant Portfolio Holders from Colchester Borough Council and Essex County Council.

### **4.0 Structure of the LDF Implementation Plan**

As set out above the Implementation Plan has three roles:

1. providing clarity on the infrastructure requirements to support the LDF
2. setting out the likely funding for infrastructure;
3. identifying the strategic and local priorities for the spend of CIL funding for the year ahead based on the Housing Trajectory and other known developments.

The Core Strategy contains a table setting out key facilities and infrastructure which breaks down projects by necessary and local/wider benefit and also by development linkage. For the purposes of consistency this Implementation Plan will also identify infrastructure by area and it will prioritise projects according to how important they are to delivering and supporting growth. It is however acknowledged that funding through CIL can be spent anywhere in the borough (and beyond) providing it supports future development.

### **5.0 The '123' List**

The community infrastructure levy is intended to provide infrastructure to support the development of an area rather than to make individual planning applications acceptable in planning terms. As a result, there may still be some site specific impact mitigation requirements without which a development should not be granted planning permission. Some of these needs may be provided for through the levy but others may not, particularly if they are very local in their impact. Therefore, the Government considers there is still a



legitimate role for development specific planning obligations (S106 agreements) to ensure that the specific consequences of development can be mitigated.

On the local adoption of the levy, the regulations restrict the local use of planning obligations to ensure that individual developments are not charged for the same items through both planning obligations and the levy. Where a charging authority sets out that it intends to fund an item of infrastructure via the levy then that authority cannot seek a planning obligation contribution towards the same item of infrastructure. There will be no double dipping - when a CIL charge is introduced, section 106 requirements should be scaled back to those matters that are directly related to a specific site, and are not set out in the regulation 123 list.

All items the Council intends to fund through CIL need to be included on what is known as a 123 List which must be published on the Councils website.

Each year the Council will review its 123 List to see if the infrastructure projects listed need changing. This maybe because an item has been delivered or because a new project is required and needs to be added. The tables below list the infrastructure the Council expects to be delivered and identifies if it will be provided through CIL or S106 agreement.

## **6.0 Infrastructure Projects by Area**

The Core Strategy and subsequent Site Allocations DPD direct development towards the most accessible and sustainable locations, and plan for the provision of transport, employment and community facilities to support a number of growth areas. The tables below detail the infrastructure expected to be provided in each growth area as well as projects which are borough wide or which relate to another part of the borough.

### 6.1 Town Centre

The Town Centre is the focus of regeneration activity and will deliver 2000 new homes, 67,000sqm of retail floorspace and 40,000sqm of office floorspace. The regeneration of St Botolphs and the North Station area are delivering key outcomes, including Firstsite, the Cultural Quarter and North Station gateway.

Infrastructure Requirement	Cost	Level of Priority	Timing of Delivery	Funding			Notes
				CIL	S106	Other	
Town centre transport improvements (incl. bus interchange and St Bots roundabout)	£7m	High	2013		√	√	Some S106 already secured through The Garrison. Phased delivery.
Roman walls and public realm improvements	£2m	Low	n/k	√		√	

### 6.2 East Colchester

The East Growth Area is regenerating the former harbour to accommodate 2600 new homes, as well as delivering the East Transit Corridor, Hythe Station improvements, the University Research Park, and expansion of the University itself.

Infrastructure Requirement	Cost	Level of Priority	Timing of Delivery	Funding			Notes
				CIL	S106	Other	
East Transit Corridor Phase 1	£7m	High	2016	√			Feasibility Study complete. Phase1 – includes on street bus priority and improved real time information and waiting facilities.
Phase 2	n/k	Medium	n/k	√			
Phase 3	n/k	Low	n/k	√			
Colne River pedestrian/cycle bridge	n/k	Low			√		One bridge provided in 2011
Public Open Space	£3.076m	Medium		√	√		Part funded through planning application for student accommodation (2012)

## 6.2 North Colchester

The North Growth Area will accommodate 6200 homes, many of which have already been built, and a new sustainable urban extension along with the regeneration of the former Severalls Hospital. This growth area has delivered the Community Stadium and the A12 junction and the final part of the Northern Approach Road and Park and Ride are expected to be delivered shortly.

Infrastructure Requirement	Cost	Level of Priority	Timing of Delivery	Funding			Notes
				CIL	S106	Other	
North Transit Corridor	£7m	High	2013		√		Secured through Severalls development
Park and Ride	£5.6m	High	2012	√		√	Cost reflects site and route into town
North/South capacity improvements (A133/A134)	£13.5m	High	2012 start		√		Cost assumes work undertaken for park and ride is completed
A133 Central Corridor Improvements	£20m	High		√	√		A series of projects including junction and carriageway improvements between Colne Bank Roundabout and Greenstead Roundabout, including: dualling between Colne Bank and Albert Roundabout. Some S106 money already collected
North Rail Station improvements	£6m	Low	n/k	√		√	New station building and forecourt to north side, linked to North Station master plan work
3 new primary schools (land and build costs)	£26.7m	High	2012 onwards		√	√	1 secured through Severalls development; 1 to be delivered on site as part of planning permission for NGAUE; one to be delivered by ECC at Braiswick
Expand secondary school capacity (land and build costs as necessary)	£38m	Medium	2016	√	√	√	Education authority to decide how increased capacity is provided. Land for a new secondary school will be provided through planning permission for the NGAUE. Other sources of funding will be required for building.
Community Centre	£1m	Medium			√		Extension to Fords Lane pavilion to be delivered through planning permission for NGAUE. New community centre being built at Severalls as part of S106
Open space, sports facilities, allotments and youth facilities	£7.2m	Medium			√		Public open space, allotments, sport and youth facilities, etc to be provided through planning permission for NGAUE. POS secured at Severalls.
Affordable Housing	n/k	High			√		35% affordable housing to be provided through planning permission for NGAUE and through other new sites. 25% affordable housing secured on Severalls.
Electricity Sub-station	£4m	Medium			√		To be provided as part of NGAUE development
Waste water pumping station	tbc	Medium					Anglian Water undertaking further work to establish requirements/cost and timescales

#### 6.4 The Garrison

The South Growth Area has delivered a new Army Garrison and is regenerating the former garrison to accommodate 3000 homes within an urban village with good links to the Town Centre. Various infrastructure has been delivered as a result of the Garrison development including new open space, walking and cycling routes. Section 106 contributions have also been secured towards an extension to St Johns Green Primary School which is about to commence and a new club house at the athletics track. Because this development is so well advanced it is not considered necessary to list infrastructure projects.

#### 6.5 Stanway

The Stanway Growth Area is also subject to significant development during the life of the plan, including 1800 homes, employment development, and road improvements.

Infrastructure Requirement	Cost	Level of Priority	Timing of Delivery	Funding			Notes
				CIL	S106	Other	
1 new primary school (Lakelands) and expansion of Fiveways	£7m	High	n/k	✓	✓		Site secured through S106 for Lakelands. Some financial contributions already collected.
Secondary School expansion	£30m	Medium	2017	✓		✓	
Western Bypass	£7m	High	2013		✓		Secured through S106 for Lakelands
Stanway road improvements including Warren Lane and surrounding area	£5m	Medium	2016	✓			All developments expected to contribute to support growth in Stanway
Public Open Space, including allotments, sport and leisure	£4m		2014		✓		S106's in place to secure significant open space, sport and leisure facilities through Lakelands development and following restoration of minerals sites. New developments will be expected to enhance this through on site provision.
Village Hall improvements	n/k		n/k	✓			
Youth facilities	n/k		n/k	✓			
Affordable housing	n/k				✓		Affordable housing has been secured on sites with planning permission. Those coming forward in the future will be expected to provide 35% affordable housing.

### 6.6 Other Areas and borough wide Infrastructure

Tiptree, Wivenhoe and West Mersea are the main district settlements outside of Colchester Town. These settlements between them will deliver about 1600 homes over the plan period. They also provide shops and services to the surrounding rural hinterland and therefore new and enhanced infrastructure is required to support growth in these areas.

There are also a number of projects which support growth across the whole borough. It is likely that growth will result in improvements being required to the four main junctions serving Colchester from the A12. Enhancements are also required to public transport, walking and cycling routes as the Council encourages people to use more sustainable modes of transport.

Infrastructure Requirement	Cost	Level of Priority	Timing of Delivery	Funding			Notes
				CIL	S106	Other	
A12 junction improvements	£30m	Medium	n/k	√		√	Feasibility work to be undertaken. Timing will be determined by rate of development. S278 may be used.
A120 upgrade Braintree to A12	n/k	Low	n/k				Schemed shelved indefinitely
Public transport improvements	£10m	Medium	On-going	√	√		Some S106 contributions secured
Green links, walking and cycling improvements	£10m	Medium	On-going	√	√		Some S106 contributions secured
Tiptree – primary school expansion	£1m	Low			√		Limited growth in Tiptree forecast and nearest school to allocated site has capacity> Any new allocation would be expected to contribute.
Tiptree – sports pitches		Medium	2011 2012		√	√	To be delivered as part of Colchester United Grange Rd development and a public/private arrangement at Warriors Rest.
Tiptree – allotments	n/k	Medium	2016		√		To be delivered as part of Grange Road development
Tiptree – health centre	n/k	Low	n/k		√	√	PCT funding and through S106 linked to development at Wilkin & Son and Grange Road
West Mersea – health centre	n/k	Low	n/k			√	PCT funding
Wivenhoe – health centre	n/k	Low	n/k			√	PCT funding
Wivenhoe – community centre improvements	n/k	Low		√			
Wivenhoe - allotments	n/k	Low		√			
Wivenhoe – youth facilities	n/k	Low		√			
POS/Sports and Recreation facilities in Wivenhoe and	1.495	Low					



**Colchester Borough Council**

**Community Infrastructure Levy**

**Governance Arrangements**

**DRAFT**

## **CIL Governance in Colchester**

### **Background**

The Planning Act 2008 provides a wide definition of the infrastructure which can be funded by the Community Infrastructure Levy (CIL), including transport, flood defences, schools, hospitals, and other health and social care facilities. This definition allows the levy to be used to fund a very broad range of facilities such as play areas, parks and green spaces, cultural and sports facilities, district heating schemes and police stations and other community safety facilities. This gives local communities flexibility to choose what infrastructure they need to deliver their development plan.

Once the levy is adopted, the regulations restrict the use of planning obligations to ensure that individual developments are not charged for the same items through both planning obligations and the levy. Where the Council sets out that it intends to fund an item of infrastructure via CIL then planning obligation contributions (S106 agreements) cannot be used towards the same item of infrastructure.

As required by the Regulations, the Council will set out its intentions for how revenue raised from the levy will be spent on its website. This list of infrastructure is known as the '123 list' and will be informed by the Council's Implementation Plan.

Collection of the levy will be carried out by the 'Community Infrastructure Levy collecting authority'. In most cases this will be the charging authority ie Colchester Borough Council. Essex County Council will collect the levy charged by the borough on developments for which the county gives consent.

### **Governance**

The Council undertook consultation on its Preliminary Draft Charging Schedule in September 2011. A number of respondents expressed some concern about the governance of CIL in Colchester and the County Council made some outline proposals on how it could be undertaken.

Three other CIL Charging Schedules have now been examined but have been silent on this point.

To ensure that the levy is open and transparent, the Council must prepare short reports on the levy for the previous financial year which must be placed on the website by 31 December each year. These reports will ensure accountability and enable the local community to see what infrastructure is being funded from the levy and how much has been collected.

The initial proposal put forward by ECC envisaged a two tier structure:

- (i) A Decision Making Body comprised of Members and senior officers of the two authorities ;



- (ii) An Advisory Body comprising officers of the two authorities.

The Decision Making Body would be formally accountable to the LDF Committee of Colchester Borough Council as Charging Authority. This will allow public scrutiny of spending proposals.

The two bodies above will meet twice a year and look in detail at the following;

1. How much revenue from the levy has been received
2. How much has been spent
3. How much revenue is unspent and plans for spending
4. Details of what infrastructure the levy funded and how much of the levy was 'spent' on each item of infrastructure
5. Whether the 123 list remains appropriate or if it needs updating.
6. The detailed programme for spending of CIL in Colchester for the next period
7. If the Levy should be retained
8. If the Charging Schedule needs reviewing. At this stage it is anticipated that the first full review of the Charging Schedule would be after three years.
9. If the Instalment Policy needs revising
10. The state of the local development market.

The Advisory body will make proposals in a report every six months which could be accepted, amended or rejected by the Decision Making Body.

The Decision Making Body could also ask the Advisory Body to undertake more work on a set of proposals which would be brought back to the Decision Making Body at the next or another future meeting.

The make up of the two bodies will reflect the ECC and CBC services which are likely to be most closely involved in the provision of the infrastructure on which development in Colchester will most heavily depend. In addition the two bodies would have the ability to invite other representatives to its meetings if it felt that the attendance/participation of a particular organisation/group would be useful. The Advisory Body could include an observer representing developers active in the Borough or an appropriate trade body such as the House Builders' Federation who would be invited to provide advice on the current market.

### **The Advisory Body (AB)**

Colchester already has a Development Team in place which includes officers from both local authorities and other stakeholders, which agrees the Section 106 contributions to be sought from all major planning applications. It is envisaged that this Development Team would take on the role of the Advisory Body but will be chaired at all times by the Spatial Policy Manager at Colchester Borough Council. Other members of the team would include;

- CBC Regeneration Manager
- CBC Street Services representative

- CBC Sport/Leisure/Recreation representative(s)
- CBC Community Development representative
- ECC Education representative
- ECC Highways representative
- CBC Affordable Housing Project Officer (dependent on role of affordable housing in CIL)
- Other stakeholders as appropriate ie Police, Health Service, other Essex County Council representatives, etc.

While it is important to ensure that the Advisory Body has a wide enough membership it should not become so large as to be unwieldy. The maximum size of membership should be 12 people.

The AB will examine all the infrastructure projects that are required to support the development likely to be delivered in the Borough over the coming years. Infrastructure projects which appear to offer most support to growth in the Borough will be prioritised in this process. The baseline for this work will be the CIL evidence base documents. It is expected that other project proposals will come forward over time originating from both Councils or from other infrastructure providers and developers. The Advisory Body's role would be to examine all the potential schemes and assess them in relation to the development expected to be delivered in order to prioritise infrastructure projects for approval by the Decision Making Body.

As the Advisory Body's work is largely technical and could be commercially sensitive it is expected that its proceedings should be confidential but its recommendations to the Decision Making Body would be public.

### **The Decision Making Body**

The role of this body is to receive reports and recommendations from the Advisory Body and make decisions based on the criteria above to inform the 123 List for the next period.

The DMB will comprise of the following;

- CBC Leader
- CBC Portfolio Holder for Planning
- CBC Portfolio Holder for Regeneration or Communities and Leisure
- ECC Portfolio Holder for Planning
- ECC Portfolio Holder for Highways
- CBC Executive Director (Ian Vipond)
- CBC Advisory Body Chair (Karen Syrett)
- ECC Head of Strategic Development (Keith Lawson)

The decisions made by the DMB will be made public and incorporated in the Annual Monitoring Report which is approved by the Local Development Framework Committee.

**Consultation**

At least once a year a process will be undertaken to identify local infrastructure priorities through discussion and agreement with Town and Parish Councils and any Neighbourhood Forums which become established. A similar process will identify strategic infrastructure requirements through discussion and agreement with infrastructure providers. In addition, discussions will take place with developers active in the area to understand their infrastructure requirements and priorities. The results of the consultation exercises will be reported in the first instance to the Advisory Body who will make reference to how the information has been used to inform their recommendations to the DMB.

**Delivery**

As the charging authority Colchester Borough Council may pass money to whoever is best placed to deliver the infrastructure required. This may include outside bodies such as the Environment Agency for flood defence or, in two tier areas, the county council, for education and transport infrastructure. The Council is also able to collaborate and pool revenue with other charging authorities to support the delivery of 'sub-regional infrastructure', for example, a larger transport project provided it would support development in the borough.

The monitoring and reporting required by the Regulations will provide a mechanism to ensure delivery against targets.

**Colchester Borough Council**

**Community Infrastructure Levy**

**Draft Instalment Policy**

**1. Instalment Policy**

Regulation 70 (7) of the Community Infrastructure Levy (Amendment) Regulations 2011 sets a default of full payment of the Levy within 60 days of the commencement of development. The Amendment Regulations also enable a Charging Authority to set an Instalment Policy that allows payments to be spread over longer periods. Colchester Borough Council has concluded that it is reasonable to spread payments instalments according to the scale of development that is proposed.

In accordance with Regulation 69b of The CIL Amendment Regulations, Colchester Borough Council (The Charging Authority) will apply the following Instalment Policy to all development on which CIL is liable.

**2. Residential Development**

The Community Infrastructure Levy will be payable by instalments as follows:-

1. Where the chargeable amount is less than £50,000 (up to 4 dwellings approximately)
  - Full payment will be required within 60 days of the commencement date
2. Where the chargeable amount is £50,000 - £250,000 (4 – 21 dwellings approximately)
  - First instalment representing 25% of the chargeable amount will be required within 90 days of the commencement date; and
  - The second instalment representing 25% of the chargeable amount will be required on completion of 50% of the dwellings; and
  - The third and final instalment representing 50% of the chargeable amount will be required on completion of 75% of the dwellings.
3. Where the chargeable amount is over £250,000 (more than 21 units)
  - First instalment representing 25% of the chargeable amount will be required within 90 days of the commencement date;
  - Second instalment representing 25% of the chargeable amount will be required on completion of 25% of the dwellings; and
  - Third instalment representing 25% of the chargeable amount will be required on completion of 50% of the dwellings; and

- The fourth and final instalment representing 25% of the chargeable amount will be required on completion of 75% of the total number of dwellings.

Note: the percentage of dwellings will be rounded up where exact dwelling numbers are not possible

### **3. Other Developments paying CIL**

Retail developments are the only other type of use proposed to pay CIL at the current time. By their nature they do not lend themselves to the same approach used for residential development. Therefore it is proposed that phasing will be based on timescales and still related to the size of the development. The charge will be payable by instalments as follows:-

1. Where the chargeable amount is less than £50,000;
  - Full payment will be required within 60 days of the commencement date
2. Where the chargeable amount is £50,000 - £250,000;
  - First instalment representing 50% of the chargeable amount will be required within 60 days of the commencement date; and
  - The second instalment representing 50% of the chargeable amount will be required prior to completion/opening of any part of the development.
3. Where the chargeable amount is over £250,000;
  - First instalment representing 25% of the chargeable amount will be required within 60 days of the commencement date;
  - Second instalment representing 25% of the chargeable amount will be required within 120 days of the commencement date;
  - Third and final instalment representing 50% of the chargeable amount will be required within 360 days of the commencement date or prior to completion/opening of any part of the development, whichever is the sooner.

In calculating individual charges for the levy, the Council will be required by the Regulations to apply an annually updated index of inflation to keep the levy responsive to market conditions. The index will be the national All-In Tender Price Index of construction costs published by the Building Cost Information Service of The Royal Institution of Chartered Surveyors.

