Appendix A – Examiners Report into the Peterborough Draft CIL Charging Schedule

The Planning Inspectorate

Report to Peterborough City Council

by William Fieldhouse BA (Hons) MA MRTPI

an Examiner appointed by the Council

Date: 16 February 2015

PLANNING ACT 2008 (AS AMENDED)

SECTION 212(2)

REPORT ON THE EXAMINATION OF THE DRAFT PETERBOROUGH CITY COUNCIL COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE

Draft Charging Schedule submitted for Examination on 24 October 2014

Examination Hearing held on 27 January 2015

File Ref: PINS/J0540/429/8

Non Technical Summary

This report concludes that, subject to modification, the Peterborough City Council Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the City. The Council has sufficient evidence to support the schedule and can show that the levy is set at a level that will not put the overall development of the area at risk.

Three modifications are needed to meet the statutory requirements. These can be summarised as follows:

- Amend the definition of "strategic residential sites" to make it clear that this relates to all developments comprising 500 or more dwellings.
- Amend the charging rate for developments comprising 500 or more dwellings from £15 to £0.
- Omit reference to 500 sq m in the names of the three types of residential development that are subject to a charge, and include a fuller definition of these uses as footnotes to the schedule.

The specified modifications recommended in this report are based on matters discussed during the public hearing sessions and do not significantly alter the basis of the Council's overall approach or the appropriate balance achieved.

Introduction

1. This report contains my assessment of the Peterborough City Council Community Infrastructure Levy (CIL) Draft Charging Schedule in terms of Section 212 of the Planning Act 2008. It considers whether the schedule is compliant in legal terms and whether it is economically viable as well as reasonable, realistic and consistent with national policy and guidance[1].

2. To comply with the relevant legislation the local charging authority has to submit a draft charging schedule that sets an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across the area. The basis for the examination, on which hearings sessions were held on 27 January 2015, is the submitted schedule dated August 2014 which is effectively the same as the document published for public consultation during August and September 2014.

3. The Council proposes a matrix approach with differential rates by geographical zones and the number of units for residential development; differential rates by

[1] The National Planning Policy Framework 2012 (NPPF) and Planning Practice Guidance: *Community Infrastructure Levy* ID25 (PPG).

the intended use for certain types of retail development; and a nil charge for all other development. The proposed rates are as follows:

Development Type	*Charging Zone*		
	High	*Medium*	*Low*
Market housing on sites < 15 units	140	120	100
Market housing on sites 15 units or more	70	45	15
Apartments on sites < 15 units	70	45	15
Strategic sites (500 or more dwellings)	15	15	15
Supermarkets (500m^2 or more)	150		
Retail warehouses (500m^2 or more)	70		
Neighbourhood Convenience Stores (<500m^2)	15		
All other development	0		
All charges are £ per m^2			

Is the Charging Schedule Supported by Background Documents Containing Appropriate Available Evidence?

Infrastructure Planning Evidence

4. The Peterborough Core Strategy was adopted in February 2011; the Site Allocations Development Plan Document in April 2012; the Planning Policies Development Plan Document in December 2012; the Planning Policies Map Development Plan Document in December 2012[2]; and the City Centre Development Plan Document in December 2014. Together these documents comprise the relevant parts of the statutory local plan for the City.

5. The local plan sets out the main elements of growth that will need to be supported by further infrastructure in the City up to 2026. The vision is for a bigger and better Peterborough that grows through truly sustainable development[3] based on a settlement hierarchy which has at its top the existing urban area and proposed urban extensions[4].

6. The core strategy states that at least 25,500 dwellings should be built. Of these, around 4,300 were expected to be in the city centre[5], and 20,100 in and adjoining the Peterborough Urban Area, including on an urban extension already underway at Hampton (total 4,100 dwellings), and new extensions at Norwood (2,300 dwellings) and Great Haddon (5,350 dwellings)[6]. On all developments comprising 15 or more dwellings, 30% of new homes should be affordable[7]. Higher than nationally-prescribed levels of performance against the Code for Sustainable Homes are encouraged[8].

[2] Inset 2 of the PPMDPD was updated in December 2014 to reflect the adoption of the CCDPD.
[3] Core Strategy paragraph 3.0.1.
[4] Core Strategy policy CS1.
[5] A slight downward adjustment made in the CCDPD.
[6] Core Strategy Table 2 and policies CS2 and CS5, and SADPD policy SA1.
[7] Core Strategy policy CS8.
[8] Core Strategy policy CS10.

7. Between 93,000 m^2 and 98,000 m^2 of additional comparison retail floorspace is envisaged, along with 5,000 m^2 to 7,000 m^2 convenience retail floorspace with a focus on the City Centre along with appropriate provision within urban extensions[9]. Higher than nationally-prescribed levels of performance against BREEAM are encouraged[10].

8. New development should be supported by and have good access to infrastructure, with planning conditions and obligations being used to ensure that there is, or will be, sufficient infrastructure capacity to meet all the requirements arising from the development and to mitigate any impact on existing community interests within environmental limits[11].

9. The Council has published a number of documents over the last few years setting out the infrastructure and investment required to deliver the local plan[12]. The Infrastructure Delivery Schedule dated August 2014 (IDS) sets out the latest position. It includes specific infrastructure projects in a number of thematic categories, along with cost estimates and an indication of the likely timing of delivery and whether funding may be required from CIL and / or planning obligations. The IDS estimates a total maximum infrastructure cost of £1.08 billion, including for transport (£508 million); utilities and services (£225 million); skills and education (£207 million); community facilities (£107 million); and environmental sustainability (£31 million).

10. Having regard to currently committed funding sources, the IDS estimates that there remains a funding gap of up to around £850 million. Whilst contributions may be forthcoming from the Regional Growth Fund, Housing Growth Fund, New Homes Bonus, Local Transport Plan, loan funding, and prudential borrowing, there is no evidence to suggest that such sources will be anywhere near adequate to deliver the necessary infrastructure in the foreseeable future. Given the current state of public sector finances I have no reason to conclude otherwise.

11. In the context of the Council's draft Regulation 123 list and guidance[13], financial contributions through planning obligations are expected to continue to fund some types of infrastructure. The Council estimates the potential for such revenue to be just over £60 million in the period to 2026. Given that financial contributions from planning obligations in recent years have ranged from around £2.5 million in 2010 to around £6 million in 2012[14], such an estimate is not unreasonable and, if anything, may be on the high side given that certain types of infrastructure will no longer be funded by such means.

---

[9] Core Strategy paragraph 6.9.6 and policies CS4, CS5 and CS15, and PPDPD policy PP9.
[10] Core Strategy policy CS10.
[11] Core Strategy policies CS12 and CS13.
[12] Integrated Development Plan (2009); Local Investment Plan (2011); and Infrastructure Delivery Schedule (2012 and 2014).
[13] Draft Developer Contributions Supplementary Planning Document (August 2014).
[14] Draft Charging Schedule Supporting Document (August 2014) Appendix B Table B1.

Conclusion about the Infrastructure Planning Evidence

12. Therefore, having regard to other potential funding sources, including planning obligations, it is clear that a significant funding gap of several hundred million pounds remains. The proposed CIL charging rates are estimated to generate a total of around £29 million between 2015 and 2031[15]. This would make a modest, but significant, contribution to filling the anticipated funding gap.

Economic Viability Evidence

13. A CIL Study undertaken on behalf of the City Council in 2012[16] formed the basis of the Preliminary Draft Charging Schedule published for consultation in November 2012. In response to representations made about that preliminary draft, a further viability study (VS) was carried out to inform the Draft Charging Schedule[17]. Following consideration of representations made in August and September 2014, the VS was supplemented with some additional analysis relating to strategic residential sites, discount retail operators and neighbourhood convenience stores[18]. The VS and supplementary analysis, along with some additional information provided by representors which I refer to below, is the main available evidence relating to viability.

14. The VS adopts a standard development appraisal approach similar to that used to inform CIL charging schedules in other local authority areas[19]. The values of various types of development were estimated, along with the costs of acquiring the land, construction, external works, fees, contingencies, finance, and planning obligations. Having made an allowance for a reasonable developer's profit, the viability of each type of development was then calculated. The positive difference between development value and the sum of costs and profit was considered to be the maximum potential amount that could be charged as CIL whilst maintaining viability.

15. Different types of residential development were appraised in three different parts of the City based on average house prices in those areas[20]. The assessments were based on hypothetical sites of 0.25 hectares, 1 hectare, and 5 hectares; apartment developments of 14 units and 0.25 hectares; and the major residential sites at Hampton, Norwood and Great Hampton[21].

16. For retail development, separate assessments were carried out for "high street comparison retail", "retail warehouses", "supermarkets", "neighbourhood

---

[15] Draft Charging Schedule Supporting Document (August 2014) paragraphs 4.3.13 and 4.3.14 and Table 2.
[16] Community Infrastructure Study Final Report (Roger Tym and Partners, May 2012).
[17] Community Infrastructure Levy Draft Charging Schedule Viability Study (Peter Brett Associates, April 2014).
[18] Draft Charging Schedule Regulation 19(1)(b) Statement: Report of Draft Charging Schedule Representations (October 2014) Appendices D, E and F.
[19] Draft Charging Schedule Supporting Document (August 2014) paragraph 4.4.6.
[20] VS paragraphs 4.2.5 and 4.2.6, Figures 4.1 to 4.4, and Appendix A.
[21] VS sections 4.6 and 4.7, and Draft Charging Schedule Regulation 19(1)(b) Statement: Report of Draft Charging Schedule Representations (October 2014) Appendix D.

convenience stores", and "discount convenience retail"[22].

17. The viability of offices; industrial and warehouse development; education, health and community facilities; and certain sui generis uses was also assessed[23].

18. The methodology used in the VS has not been seriously questioned, and it accords with the principles set out in national Planning Practice Guidance (PPG)[24] and well-established good practice[25]. However, as with any viability model, the outputs (here, the maximum potential CIL rates) are a direct result of the inputs, some of which have been questioned by representors. I deal with these issues below.

VS Assumptions – Charging Zones

19. The boundaries of the three charging zones proposed for residential developments of under 500 dwellings are based on analysis of Land Registry data on actual average sales values of different types of dwellings over a two year period. This was carried out at ward level and provides a reasonable degree of geographical differentiation whilst avoiding statistical anomalies that can arise if smaller areas are analysed due to lower numbers of transactions.

VS Assumptions – Residential Development

20. The assumptions made in relation to the various types of residential development of up to 500 dwellings are detailed in the VS[26]. The assumptions made for the three strategic residential sites are set out in the Council's response to representations published in October 2014[27].

21. Whilst the assumptions for residential developments under 500 dwellings are based on averages, these are derived from data relating to the whole charging area, including villages in the higher demand areas, and a variety of development schemes in terms of scale and types of dwelling. Such an approach is an appropriate manner to assess the viability of development across the area. Furthermore, there is no specific evidence to indicate that the viability of small schemes in popular areas would be threatened, even if the charging rates were to lead to some readjustment of land values.

22. The VS assumes that all types of residential development may continue to make financial contributions by way of planning obligations with averages ranging from £100 per dwelling for small sites (which are not required to contribute to

---

[22] VS paragraphs 5.1.2 and 5.2.7 to 5.2.18, and Draft Charging Schedule Regulation 19(1)(b) Statement: Report of Draft Charging Schedule Representations (October 2014) Appendix E.
[23] VS paragraphs 5.2.1 to 5.2.6 and 5.4.2 to 5.4.6, and sections 6 and 7.
[24] PPG ID-25.
[25] Viability Testing Local Plans: Advice for Planning Practitioners (Local Housing Delivery Group chaired by Sir John Harman, June 2012).
[26] VS section 4.5 and Table 4.1.
[27] Draft Charging Schedule Regulation 19(1)(b) Statement: Report of Draft Charging Schedule Representations (October 2014) Appendix D.

affordable housing provision), to a little over £3,000 per dwelling for medium sized schemes, and nearly £17,000 for the large strategic sites. Such assumptions reflect the draft Regulation 123 list and guidance[28]. Information provided on behalf of housebuilders suggests that the assumption made for strategic sites may be on the generous side[29].

23. Build costs may have risen since the VS was carried out, but so too may have other variables, including house prices. It would skew the findings of the study if certain data were to be updated, and it makes sense therefore to have a common base date for all assumptions made.

24. The costs of meeting lifetime homes standards are factored in to the assumptions about likely financial contributions by way of continued use of planning obligations, and, at least to some extent, the cost of achieving standards required by the Code for Sustainable Homes will be reflected in the BCIS data that has, in line with good practice, been used in the study.

25. It is, however, likely that the potential cost of meeting the environmental aspirations of core strategy policy CS10, recent changes to the Building Regulations, and the Government's intended move to zero carbon homes may not be fully reflected in the VS assumptions. That said, no evidence has been presented to indicate what additional costs may be incurred in these respects, and therefore whilst these assumptions may be somewhat on the low side, there is little to indicate that it would make a significant difference to the viability findings.

26. The likely costs of fees, finance, contingencies and external works including on-site roads, drainage and landscaping are all factored in as recommended in advice to practitioners[30]. Whilst such costs may be higher in some cases, there is no substantive evidence to lead me to conclude that the averages assumed are unreasonably low.

27. The VS assumes developers profits to be 20% for market housing and 6% for affordable housing, the latter reflecting the lower level of risk that remains with such development notwithstanding the fact that there may be difficulties in securing Registered Social Providers for some schemes. Representors at the hearing sessions advised that, particularly for large complex schemes that involve considerable up front costs, developers would expect a higher level of return. However, the VS assumptions are in line with guidance issued by the Homes and Communities Agency and I do not consider them to be unreasonable for the purposes of setting an average for testing viability.

28. The VS assumes a land cost of £250,000 per net developable hectare for sites

[28] Draft Developer Contributions Supplementary Planning Document (August 2014).
[29] Savills and David Lock Associates agreed at the Hearing that planning obligation contributions for the Great Haddon site were around £14,000 per dwelling.
[30] Viability Testing Local Plans: Advice for Planning Practitioners (Local Housing Delivery Group chaired by Sir John Harman, June 2012) pages 34 to 36 and Appendix B.

for over 500 dwellings. It is acknowledged by the Council and representors that this element of the VS presents particular difficulties due to the limited amount of relevant data to inform assumptions. For this reason, the Council took account of three factors in arriving at a figure: confidential information gained during negotiations over planning obligations; transactional values provided by applicants; and an uplift from agricultural land value that would represent a "life changing sum" to the landowner[31].

29. However, the Council acknowledged at the Hearing that it had information about the value of only five large sites when it determined the figure used in the VS[32]. Representors have provided evidence of land values relating to a further six large sites in Peterborough and other relevant local districts ranging from £338,000 to £547,000 per net developable hectare[33].

30. I consider this evidence, which was not available at the time of the VS, to be highly relevant and significant. In the light of this, I am of the view that the VS assumption of £250,000 per net developable hectare may be unrealistically low for large sites, and that it would be more appropriate to assume a higher figure in line with the additional available evidence. I will return to the implications of this finding later in this report.

VS Assumptions - Retail Development

31. The VS and supplementary analysis clearly set out the assumptions made for the various forms of retail and other non-residential development that were tested[34]. These cover the full range of costs likely to be associated with land acquisition, development, residual planning obligations, fees and finance, and include developer profits. There is no specific evidence before me to indicate that, overall, these assumptions fail to represent reasonable inputs to the model which I have already found tested a good range of development types that are representative of those that are likely to come forward in accordance with the local plan.

Conclusion about the Economic Viability Evidence

32. Testing the viability of development across an area is not an exact science[35]. The Council's evidence is generally based on a reasonable and proportionate approach, and clearly has had regard to good practice derived from experience gained elsewhere as well as relevant sources of data and local information. There is no definitive information to lead me to conclude that the viability evidence in most respects is anything other than appropriate. The one

---

31 Agricultural land value x 15.

32 Mr Whiteley of PBA advised at the Hearing that he had information based on planning obligation negotiations relating to two sites, and actual transactional data from applicants relating to three sites.

33 Savills representation (September 2014) and David Lock Associates Hearing Statement (January 2015) paragraph 20.2 and footnote 3.

34 VS section 5.3 and Table 5.1, and Draft Charging Schedule Regulation 19(1)(b) Statement: Report of Draft Charging Schedule Representations (October 2014) Appendix E.

35 Viability Testing Local Plans: Advice for Planning Practitioners (Local Housing Delivery Group chaired by Sir John Harman, June 2012) page 18.

exception to this is in relation to the assumed land value for large residential sites which I have found to be unrealistically low.

33. Furthermore, given the inevitable uncertainties that surround the assumptions, and because the costs of some developments may be greater, it is important that the proposed CIL rates are set significantly below the maximum potential rates identified in the VS in order to ensure that the viability of most development is not compromised.

Conclusion on Whether the Draft Charging Schedule is supported by Background Documents Containing Appropriate Available Evidence

34. The draft charging schedule is supported by detailed evidence of community infrastructure needs and the financial viability of development. Other than in respect of the assumption made about land acquisition costs for large sites, the evidence that has been used to inform the draft charging schedule is robust, proportionate and appropriate.

Are the Charging Rates Informed by and Consistent with the Evidence?

Charging Zones

35. The analysis shows that there are clear and marked differences in the average values of various types of dwellings in different parts of the City. This, along with other factors that vary by location, including the likely mix and density of development, have a significant effect on the viability of residential development in the different zones. Differential rates are, therefore, justified for residential developments of up to 500 dwellings in the different charging zones.

36. Representations suggest that the low value zone should be extended to the west to include all of the city centre area defined in the recently adopted DPD. However, differential rates by geographical area have to be based on viability evidence and cannot be used in an attempt to deliver policy objectives[36]. In this case, the data suggests that the city centre areas to the west of the East Coast railway line and south of the River Nene are within wards with medium value houses. As there is no site-specific justification for adopting a differential approach to these areas, for example in terms of definitive viability evidence or of redevelopment schemes being critical to the delivery of the local plan, it is appropriate to include them in the medium level charging zone.

Proposed Charging Rates for Residential Development of fewer than 500 Dwellings

37. The VS concluded that all forms of residential development comprising fewer than 500 dwellings, other than larger scale apartment developments, in all three areas could viably contribute towards CIL[37]. Smaller scale developments

[36] PPG ID-25-021.
[37] VS sections 4.6 and 8.2.

were found to have the greatest degree of viability.

38. The proposed rate for one hectare sites in low value areas represents 71% of the maximum potential rate identified in the VS, whereas none of the other proposed rates for developments of fewer than 500 dwellings represent more than two thirds of the maximum[38].

39. The nil rate for apartment developments comprising 15 units or more reflects the VS finding that they could not viably contribute towards CIL.

40. Thus, the proposed rates for all forms of residential development comprising fewer than 500 units provide a significant margin to allow for inevitable variations in the costs and value of particular schemes. They are, therefore, unlikely to threaten the viability of such development.

Proposed Charging Rates for Residential Developments comprising 500 or more Dwellings

41. Given the critical importance of large urban extensions to the delivery of the local plan, it is essential that their viability is not threatened by the introduction of CIL. The Hampton development is underway, and it is quite possible that the Great Haddon site will have planning permission in place shortly. However, the Norwood site will be subject to CIL, and so too would Great Haddon if a planning obligation is not signed before the introduction of CIL (currently expected to be around mid-April 2015), or if a new scheme has to be brought forward for whatever reason. Moreover, whilst no other sites of 500 or more dwellings are allocated in the local plan, it is possible that a large windfall site could come forward at some time in the period to 2026. If that were so it could make a significant contribution to the achievement of the housing growth that the City aspires to.

42. Therefore, it is important that the introduction of CIL is carefully considered in terms of its potential effect on the viability of large scale residential developments. The VS concluded that all three of the strategic sites assessed are viable, with maximum potential CIL rates being £34 at Hampton, £49 at Great Haddon, and £50 at Hampton[39], well above the proposed rate of £15. However, whilst most of the assumptions used in the VS are appropriate, I have found the land acquisition cost figure of £250,000 per net developable hectare to be unrealistically low for large sites.

43. In response to the evidence submitted by representors about land values, the Council carried out supplementary analysis based on land value figures of £300,000 and £370,000 per developable hectare. Even on the basis of the lower of these two figures, two of the three sites analysed would become unviable, and if the higher figure is applied none would be viable.

---

[38] Council response to the Examiner's main issues and questions, Table 3.
[39] VS sections 4.7 and 8.2.

44. In light of this latest evidence, I recommend that a zero rate be applied for residential developments of 500 dwellings or more in order to ensure that their viability is not compromised **[R1]**.

45. The likely effect of this recommendation would, according to evidence provided by the Council at the Hearing, be to reduce the amount of CIL income by between £2.2 million and £2.5 million. This is not an insignificant amount, but is one that would certainly not render the introduction of the levy a futile exercise given that it represents under 10% of the estimated total CIL income.

46. This recommendation would address the concerns of a number of representors, and is one that the Council has stated that it would not be wholly adverse to if I were to find the viability evidence to be finely balanced which indeed is the case.

47. I am aware that this recommended change may not address the concerns expressed by one representor in relation to future extensions to the Hampton scheme. However, the way in which such extensions are treated in terms of CIL is an implementation issue for the Council to address if and when it becomes necessary, rather than a matter that requires or justifies any alteration to the draft charging schedule. This is because it would not be likely to compromise the delivery of the majority of the allocated site or the overall housing growth objectives of the local plan.

48. Finally on this issue, I consider it necessary to make one further change to the draft charging schedule in respect of large scale residential development. The Council confirmed at the hearing that the category entitled "strategic sites (500 dwellings or more)" is intended to set a differential rate by reference to the number of dwellings, and is not meant to apply only to the "strategic sites" identified in the core strategy. Such an approach is in accordance with the Regulations, and therefore, in the interests of clarity, I recommend that the term "strategic sites" be deleted from the draft schedule **[R2]**.

Proposed Charging Rates for Retail Development

49. The viability evidence[40] concludes that supermarkets (including for typical discount operators), retail warehouses, and neighbourhood convenience stores are all viable, whereas high street comparison retail development could not viably contribute towards CIL.

50. The VS found the maximum potential CIL rate for supermarkets to be £214, whereas further assessment found that for discount convenience retail developments the potential rate is £201[41]. The proposed charging rate of £150

[40] VS paragraphs 5.4.1, 5.4.7 to 5.4.14 and 8.3.1, and Draft Charging Schedule Regulation 19(1)(b) Statement: Report of Draft Charging Schedule Representations (October 2014) Appendix E.

[41] Draft Charging Schedule Regulation 19(1)(b) Statement: Report of Draft Charging Schedule Representations (October 2014) Appendix E.

represents 75% of the lower figure.

51. The VS found that the maximum potential CIL rate for neighbourhood convenience stores is £22, whereas further assessment found it to be £39[42]. The proposed charging rate of £15 represents less than 70% of the lower figure.

52. The VS found that the maximum potential CIL rate for retail warehouses is £105. The proposed charging rate of £70 represents two thirds of this figure.

53. Thus, the proposed charging rates all provide a significant margin of 25% or more to allow for inevitable variations in the costs and value of particular retail developments. They are therefore, unlikely to threaten the viability of retail development across the City.

54. The draft charging schedule names the categories of retail development that are to be subject to CIL by reference to both type of use and amount of floorspace. However, the Council's evidence makes it clear that the differential rates are intended to be strictly by reference to the proposed use of the development, based on the definitions set out in the VS[43], and this was confirmed at the hearing session. The definitions of the uses include consideration of size, but this is just one factor that needs to be taken into account, others including the types of goods sold, location, and car parking arrangements.

55. The PPG makes it clear that the definition of "use" for the purpose of CIL is not tied to the Town and Country Planning (Use Classes) Order 1987[44]. I am satisfied, on the basis of the definitions set out in the VS, that these are quite clearly distinguishable retail uses meaning that it is appropriate to levy differential rates given the viability evidence. However, for the sake of clarity, I recommend that the references to 500 sq metres are deleted from the names of the three types of retail development, and that definitions of these intended uses are included as footnotes to the charging schedule. These definitions should be taken from the VS **[R3]**.

Proposed Nil Rate for All Other Development

56. The VS found that all of the other forms of development assessed could not viably contribute towards CIL. This has not been challenged by representors, and I have seen no evidence to lead me to a different conclusion. Accordingly, the nil charge for all other types of development is justified.

Conclusion on Whether the Proposed Charging Rates are Informed by and Consistent with the Evidence

57. For the reasons given above, and with the exception of their application to

---

[42] Draft Charging Schedule Regulation 19(1)(b) Statement: Report of Draft Charging Schedule Representations (October 2014) Appendix E.
[43] VS paragraph 5.1.2.
[44] PPG ID-25-022.

residential development of 500 or more dwellings, the proposed charging rates are clearly informed by, and consistent with, the evidence relating to community infrastructure needs and the viability of development across the City as set out in the local plan.

Does the Evidence Demonstrate that the Proposed Charge Rate would not put the Overall Development of the Area at Serious Risk?

58. The Council's decision to set differential rates by geographical zones and the number of units for residential development and differential rates by the intended use for certain types of retail development is based on reasonable assumptions about development values and likely costs. The evidence suggests that most residential and retail development will remain viable across the City if the charges are applied. Only if the assumptions used in the VS prove to be significantly wide of the mark, an eventuality which has not been shown to be likely by the evidence before me other than in relation to large scale residential development, would development across the City be made unviable by the proposed charging rates.

Other Matters

59. A number of other matters have been raised by representors. However, the Council's approach to implementation, including in terms of phased payments, payments in kind, exemptions, exceptional circumstances relief, and where CIL revenue is spent are all matters for the Council to make decisions about, in the context of relevant legislation and guidance, and there is no evidence to suggest that they would materially alter my findings in relation to viability.

60. In so far as it is relevant to my considerations regarding the funding gap and viability, I have had regard to the Regulation 123 list. However, it is not for me to advise on what is or is not included in that document, or indeed in other documents that the Council is intending to publish alongside the final version of the charging schedule with the aim of ensuring that the system is well understood by all interested parties and operates fairly and efficiently without any double dipping. I note, however, that in preparing these documents the Council has attempted to respond appropriately to all concerns raised throughout the various stages of consultation and testing that the draft charging schedule has been subject to, an approach that can only be commended.

61. No other matters raised in the representations affect my overall assessment or conclusion.

Legal Requirements

62. I am satisfied that the draft charging schedule complies with national policy and guidance. The requirements of the 2008 Planning Act and 2010 Regulations (as amended), including in respect of the statutory processes and public consultation, financial appraisal, and consistency with the adopted local plan

and IDS, have been complied with.

Conclusion

63. All legal and procedural requirements have been met.

64. In setting the CIL charging rate the Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in different parts of the City. The Council has tried to be realistic in terms of achieving a reasonable level of income to address an identified gap in infrastructure funding, while ensuring that a range of development remains viable across the area. Subject to my recommendation with regard to large residential schemes, only development that has been shown to be viable will be charged, and the rates are set well below the maximum potential rates identified in the VS.

65. Therefore, my conclusion is that an appropriate balance has been struck between the desirability of CIL helping to fund the infrastructure needed to support the development of the City and the potential effects (taken as a whole) on the economic viability of that development.

66. Given the uncertainties that inevitably surround the future value of land, and the costs and values of various forms of development, the Council should actively monitor the effects of CIL to ensure that it has an overall positive economic impact and helps to deliver development and necessary infrastructure as set out in the local plan over the coming years.

67. I conclude that, subject to the modifications set out in Appendix A, the Peterborough Community Infrastructure Levy Charging Schedule satisfies the requirements of Section 212 of the 2008 Act and meets the criteria for viability in the 2010 Regulations (as amended). I therefore recommend that the draft charging schedule be approved subject to three modifications.

William Fieldhouse
Examiner

This report is accompanied by Appendix A – modifications that the examiner specifies so that the charging schedule may be approved.

APPENDIX A

Recommended Modifications to the Draft Charging Schedule

R1. Amend the proposed rates for "strategic sites (500 dwellings or more)" from £15 to £0.

R2. Delete reference to "strategic sites (500 dwellings or more)" and replace it with "Residential development comprising 500 or more dwellings".

R3. Delete reference to 500 sq metres from the names of the three types of retail development, and include definitions of those three intended uses, based on those set out in paragraph 5.1.2 of the Viability Study, as footnotes to the charging schedule.

The effect of these three recommendations would be to create a charging schedule that reads as follows:

Development Type	*Charging Zone*		
	High	*Medium*	*Low*
Market housing on sites < 15 units	140	120	100
Market housing on sites 15 units or more	70	45	15
Apartments on sites < 15 units	70	45	15
Residential development comprising 500 or more dwellings	0	0	0
Supermarkets*	150		
Retail warehouses**	70		
Neighbourhood convenience stores***	15		
All other development	0		
All charges are £ per m^2			

* Supermarkets are large convenience-led stores where the majority of custom is from people doing their main weekly food shop. As such, they provide a very wide range of convenience goods, often with some element of comparison goods. In addition to this, the key characteristics of the way a supermarket is used include the area used for sales of goods generally being above 500 sq m; the majority of customers using a trolley to gather a large number of products; the majority of customers accessing the store by car using the large adjacent car park provided; and servicing being undertaken via a dedicated service area rather than from the street.

** Retail warehouses are usually large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods. They can be stand-alone units, but are also often developed as part of retail parks. In either case, they are usually located outside of existing town centres and cater for mainly car-borne customers. As such, they usually have large adjacent dedicated surface parking.

***Neighbourhood convenience stores are used primarily by customers undertaking "top-up" shopping. They sell a limited range of convenience goods and usually do not sell comparison goods. The key characteristics of their use include trading areas of less than 500 sq m; the majority of customers buying only a small number of items that can be carried around the store by hand or in a small basket; the majority of customers accessing the store on foot and as such there is usually little or no dedicated parking; and servicing being undertaken from the street rather than from dedicated service areas.