Community Infrastructure Levy Regulations 2011 (amended)
Preliminary Draft Charging Schedule Consultation
3 October 2011 – 14 November 2011

How to respond to this consultation

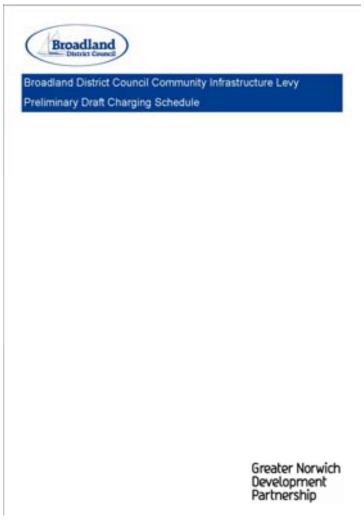
The Community Infrastructure Levy (CIL) is a new levy that local authorities in England and Wales can charge on new developments in their area. The money will be used to support development by funding infrastructure that the council, local community and neighbourhoods want – for example, new or safer road schemes, public transport and walking and cycling schemes, park improvements or a community hall.

The system is very simple. It applies to most new buildings and charges are fixed based on the size, type and location of the new development.

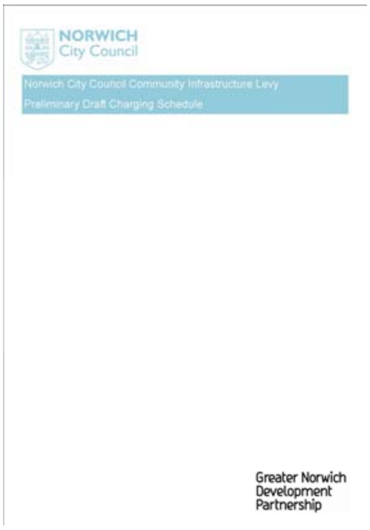
The three councils of Broadland, Norwich and South Norfolk have chosen to work together as the Greater Norwich Development Partnership (GNDP) and adopt a co-ordinated approach to the implementation of CIL. In order to comply with the regulations, three separate Preliminary Draft Charging Schedules have been published for comment. These are almost identical and they share the same evidence base. The only difference in the schedules relates to the geographical charging zones, Norwich is entirely in Zone A and Broadland and South Norfolk include areas in both Zone A and Zone B.

This is the first stage in consultation for setting a CIL for the three districts.

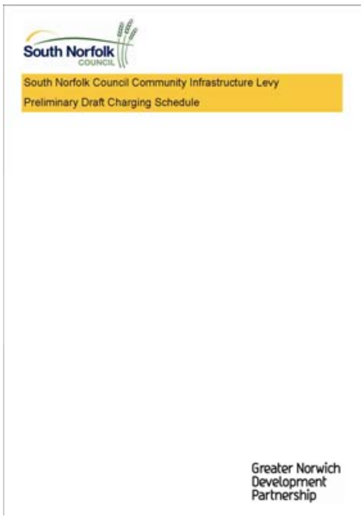
The Broadland District Council Preliminary Draft Charging Schedule looks like this:


Broadland District Council
Broadland District Council Community Infrastructure Levy
Preliminary Draft Charging Schedule
Greater Norwich Development Partnership

The Norwich City Council Preliminary Draft Charging Schedule looks like this:


NORWICH City Council
Norwich City Council Community Infrastructure Levy
Preliminary Draft Charging Schedule
Greater Norwich Development Partnership

The South Norfolk Council Preliminary Draft Charging Schedule looks like this:


South Norfolk COUNCIL
South Norfolk Council Community Infrastructure Levy
Preliminary Draft Charging Schedule
Greater Norwich Development Partnership

Getting involved

The consultation documents are:

- Preliminary Draft Charging Schedule for Broadland
- Preliminary Draft Charging Schedule for Norwich
- Preliminary Draft Charging Schedule for South Norfolk

As part of this consultation a number of documents providing supporting evidence have been published:

- The explanatory document 'Community Infrastructure Levy: Background and Context'
- Viability Advice on a CIL/ Tariff for Broadland, Norwich and South Norfolk (GVA, December 2010)
- Charging Zones Schedule Report (GVA, July 2011)
- Topic Paper: Green Infrastructure and Recreational Open Space (GNDP, June 2011)

There is also earlier background information supporting this consultation:

- Joint Core Strategy for Broadland Norwich and South Norfolk adopted March 2011
- Infrastructure Needs and Funding Study (EDAW/ AECOM 2009)
- Local Investment Plan and Programme for Broadland, Norwich and South Norfolk v4 June 2011

All these documents are available on the GNDP website, at www.gndp.org.uk.

The consultation documents and evidence can be viewed at each of the district council offices.

The consultation documents will also be available at libraries, at the Broads Authority offices and at the Norfolk County Council offices at County Hall. Where facilities are available evidence can be accessed via the GNDP website, www.gndp.org.uk.

The Department of Communities and Local Government has produced a helpful guide to the Community Infrastructure Levy that can be found on their website:

http://www.communities.gov.uk/publications/planningandbuilding/cilsummary

You can respond to this consultation by email or by post:

The Preliminary Draft Charging Schedules and the supporting evidence are open for six weeks of consultation from **3 October 2011** to **14 November 2011**. Consultation responses must be received by **5pm** on **Monday 14 November 2011** in order to be considered.

A response form is available on the GNDP website at www.gndp.org.uk. If possible, please use this form to assist us in analysing your response and in publishing them correctly.

For more information contact the GNDP:

tel: 01603 430144
email: cil@gndp.org.uk

When responding to the consultation you can comment on one, two or all three schedules. You can:

- Use one form to comment on the Preliminary Draft Charging Schedule for one district using one response form, or to give the same comment on the Preliminary Draft Charging Schedules for two or all districts or,
- Use more than one form to give different comments for each district's Preliminary Draft Charging Schedule that you are commenting on

Please note that comments cannot be treated as confidential. All responses to this consultation will be made available as public documents. Unfortunately we are only able to acknowledge emailed responses, but all comments will be carefully considered.

Forms and comments can be:

emailed to: cil@gndp.org.uk
posted to: GNDP, PO Box 3466, Norwich, NR7 7NX
hand delivered: to your local district council office:

- Broadland District Council, Thorpe Lodge, 1 Yarmouth Road, Norwich NR7 0DU
- Norwich City Council, City Hall, St Peter's Street, Norwich, NR2 1NH
- South Norfolk Council, South Norfolk House, Swan Lane, Long Stratton, NR15 2XE

Evidence

Please use this section to give us any comments you have on the evidence:

- The explanatory document 'Community Infrastructure Levy: Background and Context'
- Viability Advice on a CIL/ Tariff for Broadland, Norwich and South Norfolk (GVA, December 2010)
- Charging Zones Schedule Report (GVA, August 2011)
- Topic Paper: Green Infrastructure and Recreational Open Space (GNDP, June 2011)

Question 1: Having considered the evidence do you agree the appropriate balance between the desirability of funding from CIL and impacts on the economic viability have been met?

Yes ☐ No ☐X

Please add any comments below.

Whatever CIL is called, it is a development tax with all that implies in terms of who should pay it, when and how much. As with all taxes, there is the risk of perverse consequences and disincentives. As of now, the government's national economic policy relies heavily on private sector growth to counter public sector cuts seen as essential in reducing the national budget deficit. The government has made clear that it expects a significant part of this private sector growth to come from the development industry.

CIL will be easily perceived as a disincentive. The figure quoted in paragraph 6.5 of the Background and Context document of £15,000 per average size dwelling, was enough to set alarm bells ringing in relation to my client's interests in the area.

The principle advantage of CIL is its simplicity and clarity in replacing the current messy system of using Section 106 agreements to collect contributions to strategic infrastructure. CIL will provide certainty in making investment decisions that currently isn't there. However, it must be said that in South Norfolk, for example, the level of contributions currently achieved through Section 106 agreements appears to be far less than that being proposed under CIL.

The Residual Development Appraisal Model used in GVA Grimley's Tariff Viability study is a standard model. We have no particular comments at this stage on the model itself, or its use for this particular purpose.

We note the assumptions made In Appendix 2 of GVA Grimley's report on possible ranges in values. One of our principal concerns is estimating the risks relating to any of the variables used in the model. It was miscalculation of risk that let to 2008's banking credit crunch, the effects of which continue to overshadow the economy including the development industry. We note that the report did consider before and after credit crunch scenarios, and used these to produce a "normal market conditions" rate and a "recession" rate. Given that the model's variables are largely determined by market conditions, it's essential that they are regularly monitored, including an assessment of relevant risk factors.

Holding land can carry finance and management costs that do not appear to be taken into account by the model.

My answer applies to (please tick one or more of the boxes):

Broadland	☐	Norwich	☐	South Norfolk	☐	All	☐X

Geographical zones Please use this section to give us any comments about the boundaries of the geographical charging zones shown in appendix 1 of the Preliminary Draft Charging Schedule
Non-residential development zone boundary
Question 2: It is intended that, for non-residential development, one charging area will apply to the administrative areas of Broadland District Council, Norwich City Council and South Norfolk Council. Do you agree with this approach? Yes ☐ X No ☐ Please add any comments below We have no specific comments to make on this particular proposal. My answer applies to: (please mark one or more of the boxes): Broadland ☐ Norwich ☐ South Norfolk ☐ All ☐ X

Residential development zone boundaries

Question 3: The viability evidence supports two charging zones for residential development, Zone A and Zone B. The Norwich City Council area falls entirely in Zone A. Broadland District Council and South Norfolk Council areas are within Zone A and Zone B. Do you agree with the boundaries for the charging zones?

Yes ☐ No ☐ X

Please add any comments below

There are advantages and disadvantages of adopting a zoning system. The proposed boundaries are based on the fact that there is a reasonably distinct difference in gross development value, and hence land value, between Norwich and its surroundings, illustrated in the current residential market by house price differentials. A finer level of analysis however will blur that distinction, and at individual site level there will always be winners and losers against a standard CIL rate.

Any boundary is going to look arbitrary on a map, and it's difficult to see how that could be avoided. One of the factors that will change the pattern of property values is implementing the infrastructure financed by CIL. Given that this infrastructure is seen as strategic to the whole area we are not convinced that a broad geographical differential is justified, and a single rate should be applied across the whole Greater Norwich Area.

My answer applies to: (please mark one or more of the boxes):

Broadland ☐ Norwich ☐ South Norfolk ☐ All ☐ X

Charging Schedule

Please use this section to comment on the rates of charge as shown in the table on page 2 of the Preliminary Draft Charging Schedule

Residential development – Zone A

Question 4a: It is intended that the rate of charge for residential development in Zone A will be within a range of £135 to £160 per m2.

What do you think the rate should be?	£99.00

Question 4b: What is your justification for this rate?

As stated in our answer to question 3, we do not agree with the division of the area into Zones A and B, and that a single rate should be applied across the whole of the Greater Norwich Area.

Our instinct is that a rate that works out at £15,000 for an average size dwelling is too high, especially in current market conditions. Whether such a figure would look more comfortable during a period of buoyant growth is another question. However, conditions for the foreseeable future look sluggish at best, and introducing rates at the level suggested feels to us like a disincentive.

The government is looking to the development industry as an important economic motor to get the national economy out of stagnation. Without looking at our own land holdings in more detail, it's difficult to say what would feel comfortable, but our suggestion is a rate that is psychologically the right side of £100 per square metre. As a result, the planned infrastructure programme would have to be heavily focussed on priorities at the top of the list. Assuming that a lower than expected tariff helps kick start growth, it could establish a virtuous circle that will allow an upward review at a relatively early date and a consequent expansion of the infrastructure programme.

My answer applies to (please tick one or more of the boxes):

Broadland	☐	Norwich	☐	South Norfolk	☐	All	☐ X

Residential development – Zone B:

Question 5a: It is intended that the rate of charge for residential development in the Zone B will be £75 per m2. Do you agree with this approach?

Yes ☐ No ☐X

Please add any comments below

Please see answer to Question 4b

Question 5b: If you answered no to the above question:

What should the charge be? £99.00

What is your justification for this rate?

Please see answer to Question 4b

My answer applies to (please tick one or more of the boxes):

Broadland ☐ Norwich ☐ South Norfolk ☐ All ☐X

Residential development – zones A and B

Question 6a: It is intended that the rate of charge for domestic garages (excluding shared-user garages) in Zones A and B will be within a range of £25 to £35 per m2.

What do you think the rate should be?

Question 6b: What is your justification for this rate?

An average single garage has an area of 18 square metres, and a double 36 square metres. This works out at a total CIL payment of £450 to £630 per car space. A possible consequence is the substitution of car ports for garages, unless they are included in the definition of “garage”; or even hardstandings, especially at the low end of the market.

Otherwise, in the absence of a detailed consideration of our own landholdings on which to base a judgement, we are not suggesting an alternative rate at this stage.

My answer applies to (please tick one or more of the boxes):

Broadland	☐	Norwich	☐	South Norfolk	☐	All	☐X

Large convenience goods based supermarkets and supermarkets

Question 7a: It is intended that the rate of charge for large convenience goods based supermarkets and superstores of 2,000m2 gross or more will be £135 per m2. Do you agree with this approach?

Yes ☐ No ☐

Please add any comments below

We have no comments on this proposal.

Question 7b: If you answered no to the above question:

What should the charge be?

What is your justification for this rate?

My answer applies to (please tick one or more of the boxes):

Broadland ☐ Norwich ☐ South Norfolk ☐ All ☐X

Other retail and assembly and leisure developments

Question 8a: It is intended that the rate of charge for all other retail and assembly and leisure developments will be £25 per m2 (including shared user garages). Do you agree with this approach?

Yes ☐ X No ☐

Please add any comments below

Question 8b: If you answered no to the above question:

What should the charge be?

What is your justification for this rate?

My answer applies to (please tick one or more of the boxes):

Broadland ☐ Norwich ☐ South Norfolk ☐ All ☐ X

Community uses

Question 9a: It is intended that the rates of charge for all other Community Uses will be £0 per m2. Do you agree with this approach?

Yes ☐ X No ☐

Please add any comments below

Question 9b: If you answered no to the above question:

What should the charge be?

What is your justification for this rate?

My answer applies to (please tick one or more of the boxes):

Broadland ☐ Norw ich ☐ South Norfolk ☐ All ☐ X

Other types of development

Question 10a: It is intended that the rates of charge for all other types of development (including shared-user garages) covered by the CIL regulations will be £5 per m2. Do you agree with this approach?

Yes ☐X No ☐

Please add any comments belo

Question 10b: If you answered no to the above question

What should the charge be?

What is your justification for this rate?

My answer applies to (please tick one or more of the boxes)

Broadland ☐ Norw ich ☐ South Norfolk ☐ All ☐X

There are other issues we would like your views on, though these are not part of the Preliminary Draft Charging Schedules.

Discretionary relief

The approach to discretionary relief can be found on page 3 of the Preliminary Draft Charging Schedule and in section 12 of the 'Community Infrastructure Levy: Background and Context'.

Question 11 Do you agree with the approach to Discretionary Relief?

Yes ☐ No ☐

Please add any comments below

We note that section 12 of the "Community and Infrastructure Levy: Background and Context" states that:-

- the current CIL Regulations allow statutory exemptions for charities and social housing
- at the moment the three Councils think the disadvantages of discretionary relief outweigh the advantages
- the scope of relief that could be offered is severely limited by European state aid regulations

We are currently promoting a site that includes contributions to strategic green infrastructure. It's possible that this, together with the proposed rate of CIL, will be enough to put the project's viability into jeopardy. It seems to us that, given the scheme's direct contribution to strategic infrastructure there is a possibility of "paying twice". We note that Regulation 73 of The Community Infrastructure Levy Regulations 2010 allows transfer of land as a CIL payment in some circumstances. This may resolve the issue although we cannot be sure without a detailed scheme financial assessment.

My answer applies to (please mark one or more of the boxes):

Broadland ☐ Norwich ☐ South Norfolk ☐ All ☐ X

Staging of payments

The approach to the staging of payments can be found in page 3 of the Preliminary Draft Charging Schedule and in section 11 and appendix 4 of the document 'Community Infrastructure Levy: Background and Context'.

Question 12: Do you have any comments about the draft policy

Yes ☐X No ☐

Please add any comments below

We agree with the general policy of phased payments linking payment liability to actual development rather than granting of planning permission. Indeed we would strongly oppose any proposal that required payment at the time of permission. Payment should, as is common with section 106 contributions, be at completion.

My answer applies to: (please mark one or more of the boxes):

Broadland ☐ Norwich ☐ South Norfolk ☐ All ☐X

Payment in kind

Within the GNDP area, where land is required within a development to provide built infrastructure to support that development (such as a school) it will be expected that land transfer will be at no cost to the local authorities and will not be accepted as a CIL payment in kind. Where the facility is needed to serve more than one development, any land transfer over and above that needed for the specific development would be regarded as payment in kind of CIL. The approach to payment in kind can be found on page 3 of the Preliminary draft charging schedule and in section 12 of the document 'Community Infrastructure Levy: Background and Context'.

Question 13: Do you agree with the approach to payment in kind?

Yes ☐ X No ☐

Please add any comments below

Please see answer to Question 11.

My answer applies to: (please mark one or more of the boxes):

Broadland ☐ Norwich ☐ South Norfolk ☐ All ☐ X

Neighbourhoods and CIL

The Government proposes that neighbourhoods where development takes place will receive a 'meaningful proportion' of CIL revenue to spend on infrastructure projects locally. The local community will be able to decide how this money should be spent as long as it is used for infrastructure.

The government is currently consulting on this proposal which can be found its website at www.dclg.gov.uk.

The consultation suggests that in Broadland and South Norfolk districts the Parish and Town Councils will take on this responsibility. In Norwich, where there are no Parish or Town councils, an approach appropriate to the area will need to be developed.

Question 14a: Subject to any updated Regulations it is proposed that 5% of the net CIL receipts be passed to local communities (e.g. the Parish Council or Town Council in the two rural districts) who express an interest in receiving it. Do you agree with this approach?

Yes ☐ No ☐ X

Please add any comments below

We are very supportive of involving the local community in taking both decisions and being involved in implementing specific development projects. An excellent example can be found in the village of Hockerton, near Southwell Minster in Nottinghamshire. Here the local community set up an Industrial Provident Society called Sustainable Hockerton that has installed a wind turbine with the benefits derived being made available to the community as a whole.

Our experience of parish councils is very mixed. Whilst we are sure there are parish councils that have both the drive and relevant expertise to handle significant development projects, there are many others that would struggle. Although democratically constituted bodies, their accountability through the electorate is increasingly compromised by a lack of candidates, resulting in little or even no choice at an election to fill the number of vacancies arising.

Consequently we think there will be many instances where organisations such as community land trusts, Industrial Provident Societies and other forms of non-profit community co-operatives would benefit from CIL receipts. Given the focus of such organisations on specific objectives, we think they will be far more effective and efficient in implementing projects than a multi-purpose elected body.

My answer applies to: (please mark one or more of the boxes):

Broadland ☐ Norwich ☐ South Norfolk ☐ All ☐ X

Question 14b: Do you have any views about how the CIL which will be made available for the local community in Norwich, where there are no Parish or Town Councils, should be administered?

Please add any comments below

Please see answer to Question 4b

Other comments

Question 15: Do you have any other comments on the Preliminary Draft Charging Schedule(s) or the Community Infrastructure Levy?

Yes ☐X No ☐

Please add any comments below

GVA Grimley's Tariff Viability Study states the following:-

“In light of the viability difficulties facing all new development at the present time, including the stringent performance and risk reduction requirements from funders, landowners are likely to be reluctant to sell for a price that reflects a significant discount to that which would otherwise apply. If the pressures on developments costs remain as a result of policy initiatives such as improved energy efficiency and carbon reduction and there is no premium sale value to be achieved that offsets the costs, then eventually landowners should come to accept that development values have permanently and significantly been reduced. In this instance they are unlikely to benefit simply by withholding land from the development market. Such a change in attitude or acceptance of a new level of land value is likely to take some years to occur.”

Such a change in attitude or acceptance of a new level of land value is likely to take some years to occur. Therein lies the rub.

GRA Grimley's recommendation is to adopt a CIL Tariff based on normal conditions given the time gap between their report of 2010 and likely implementation of the tariff, which they describe as “several years”. However, the Greater Norwich Development Partnership's timetable envisages adoption of the CIL Charging Schedules by Summer 2012. We do not expect market conditions to be “normal” by then. There is still widespread uncertainty about the direction of both the national and global economies. “Normal” conditions may take a considerable time to establish and they may well be quite different from was has been regarded as “normal” in the past.

None of the consultation or supporting documents make clear whether developers will be contributing more or less to strategic infrastructure under the proposed CIL tariffs than under the current section 106 regime. Informal enquiries with South Norfolk District Council suggest that the proposed tariffs will significantly increase total contributions.

GRA Grimley's report notes that:-

“For both residential and commercial development the market remains fragile and subject to volatility as a result of the economic recession affecting demand.”

According to the Land Registry's House Price Index, national house prices fell during the period September 2010 to September 2011by 2.6%. The only region to experience a rise was London. Prices in Norfolk fell by 3.1%.

This is not a good time to be introducing a new tax. One of GVA Grimley's main recommendations is raising CIL's profile to improve confidence in the system. We view this as absolutely essential.

We have suggested in answers to earlier questions that initial tariffs should be set quite low to finance an infrastructure programme firmly focussed on the top of the priorities list. A lower than expected rate will help boost confidence and help start a virtuous upward circle in activity and returns. Once that is in place, it will become easier to raise rates and bring projects further down the list into the programme.

The property market is complex and perhaps undergoing fundamental shifts in the way it works and in demand for its products. Bearing this in mind, it seems essential to us that the administration, setting, monitoring and review of CIL Tariffs is carried out by people with expert knowledge and understanding of the market. GVA Grimley's report looks at a number of options for CIL tariff governance. We strongly support the report's suggestion of establishing an external delivery vehicle model, with subsidiary Special Purpose Vehicles for each of the infrastructure projects undertaken.

My answer applies to: (please mark one or more of the boxes):

Broadland ☐ Norwich ☐ South Norfolk ☐ All ☐X

For paper copies of this form please email **cil@gndp.org.uk** or telephone 01603 430144	
Please return the form to: Email: cil@gndp.org.uk Post: Greater Norwich Development Partnership PO Box 3466 Norwich NR7 0NX	OFFICE USE ONLY: Date received: Representation no:
Forms can also be delivered by hand to: to your local district council office or to the County Council: • Broadland District Council, Thorpe Lodge, 1 Yarmouth Road, Norwich NR7 0DU	

- Norwich City Council, City Hall, St Peter's Street, Norwich, NR2 1NH
- South Norfolk Council, South Norfolk House, Swan Lane, Long Stratton, NR15 2XE

ALL FORMS MUST BE RECEIVED BY 5PM ON MONDAY 14 NOVEMBER 2011