

**BOROUGH of POOLE COUNCIL
DRAFT COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE
EXAMINATION**

Hearing to be held at 09.30am on Tuesday 11 December 2018
in the Cattistock Room, Civic Centre, Poole, BH15 2RU.

AGENDA

Participants

Borough of Poole

A Lane

C Lane

Chapman Lily for WH White

Cllr Pope

L Slatford

Mr & Mrs Maunder

Poole Quays Forum

Savills for Richborough Estates

V Armitage

1. Opening by Examiner

- 1.1 General introduction, procedure, etc.
- 1.2 Documentation circulated during Examination.
- 1.3 The evolution of the Draft Charging Schedule through Modifications:
see Annex
- 1.4 The extent of the Examination.

**2. Statement by the Charging Authority, including
Compliance with the CIL Regulations**

- 2.1 Statement by the Charging Authority that it has complied with the Act and Regulations, including in respect of Modifications to the Draft Charging Schedule, and any other preliminary matter.

3. Statements by Councillor Marion Pope, Mr C Lane, Mrs V Armitage, Mr and Mrs Maunder, Mrs A Lane, Lynne Slatford.

- 3.1 To hear brief statements from those who have indicated a wish to participate with an objection to the proposed Charging Schedule.
- 3.2 Please note, I am taking this item early in the agenda so that, if necessary, such participants may leave before the Hearing closes.

However, I suggest that it is desirable to hear all the evidence that is put before me, and if any of the listed persons wishes to make a statement at the end of the Hearing, having heard the evidence, please make this request.

4. Does the evidence support a £0 charge in Zone B(ii), the Twin Sails Regeneration Area?

4.1 To hear the objection by the Poole Quays Forum.

5. Does the evidence support the revision to the residential rate in Zone D, North Poole (UE1 north of Merley and UE2 north of Bearwood)?

5.1 Explanation about the submitted "Statement of Common Ground" (SCG), since the Council disputes having any input into it.

5.2 The most recent representations, which included a draft SCG, indicate that there has been a degree of agreement between the Council and those representing Richborough Estates Ltd and W H White. Therefore the Hearing will concentrate on the matters indicated as not having been agreed:

5.2.1 Benchmark Land Value

5.2.2 Build Costs

5.2.3 Section 106 Costs

5.2.4 Site Opening-up / Infrastructure Costs

5.2.5 Sales Values

5.2.6 SANG acquisition costs.

5.3 Clearly if there are other matters that remain in dispute, these will be dealt with.

5.4 Having discussed these matters I wish the parties to sum up their positions in the light of the evidence as it has evolved.

6. Any other matter?

6.1 Anything else of relevance that has not been dealt with above.

7. Date for the Examiner's Report

7.1 To indicate the expected date at which the Examiner's report will be submitted for 'fact check'.

ANNEX to the Hearing Agenda

A Brief Outline of Events since the Submission of the Draft Charging Schedule

Revised version¹ Please note especially paragraph 18 below

1. The 2017 Poole Community Infrastructure Levy Draft Charging Schedule was submitted for Examination on 27 July 2018.
2. The Draft Charging Schedule (DCS) is intended to replace the Charging Schedule that has been in operation since it took effect on 2 January 2013. The DCS is dated July 2017 when it was published for consultation, requiring representations to be returned to the Council by 22 September 2017.
3. The DCS proposed Rates for Residential (C3 Use), Retirement/ Assisted Living housing (C2 & C3 Use), and Retail (A1 Use). All other uses were to be Nil rated. The housing rates were varied by Charging Zones: Zone A being North Poole/Branksome Park, Sandbanks, Canford Cliffs; Zone B (divided into two sub-zones – Zone B(i) covering Poole Town Centre, excluding Twin Sails Regeneration Area and Zone B(ii) covering the Twin Sails Regeneration Area); whilst Zone C covered Central Poole. The charge for Retirement/Assisted Living housing was only to be levied in Zone A. Retail development (A1 Use) was to be charged outside the boundaries of Poole Town Centre, District Centres, Local Centres and neighbourhood parades as set out in the Poole Local Plan – Pre-Submission Draft Policies Map (2017). The Zones for the Housing Charges were illustrated on the Residential Charging Zones map. The charging rates proposed were: in Zone A C3 use - £200 and Retirement/ Assisted Living housing - £100; in Zones B(i) and B(ii) (for C3 use only) - £60 and £0 respectively; and for Zone C (for C3 use only) - £100. The Retail rate was £200.
5. There were 12 responses to this consultation, which are set out in Document ED04. The responses that I am concerned with are those that provided at least an indication of the evidence that lay behind the representation. Matters that are simply opinion and/or a preferred outcome cannot be taken into account: I must come to my conclusions and recommendation on the basis of evidence about the viability of development in the Borough, albeit at a general or 'high level'.
6. The substantive issues in the responses in relation to the housing charges (in no order of merit) were that
 - the charge in the Poole Quay area should be £0 and in Hamworthy should be £60;
 - the charge in the Town Centre should be £0;

¹ The main changes in this version of this Annex are a new paragraph 12, with subsequent re-numbering, and a new paragraph 18.

- the strategic Green Belt sites' charge should be drastically reduced, preferably to £0;
- there is insufficient evidence for the imposition of the rate for Retirement/Assisted Living homes.

7. The specific factors in the Council's Viability Study that were criticised included: Benchmark Land Value, Sales Revenues, Promotion Costs, Baseline Construction Costs, Site Opening Up Costs, Abnormal Costs, and Profit.

8. Following my initial reading of the documentation, I raised one question, EQ1, with the Council and two questions, EQ2 and EQ3, to a number of Representors. My question to the Council related to the requirements set out in the Community Infrastructure Levy Regulations 2010, primarily relating to the form and content of the Charging Zone Map, and in particular to the lack of such a map for the Retail Charge. As to my questions to Representors, I drew attention to Examination Document ED04 – Statement of Representations and Summary of Main Issues, and the fact that the Council sets out a substantial response to representations made during the consultation period: I invited those Representors to respond if they so wished. The Representors' responses need not be detailed here.

9. The Council's response to my question EQ1 was to publish and consult on modifications to align the DCS with the CIL Regulations' requirements. There were two consultation documents: the Statement of Modifications; and a Modified Draft Charging Schedule.

10. During this period there was also a request from Savills, on behalf of Richborough Estates Ltd, for Document ED08 'Site UE1 and Site UE2 Viability Report Update 2018' to be treated as new evidence that had not been consulted upon because, it was said, they had not been advised of it prior to the submission of the DCS and it had not been subject to public consultation. Whilst the Council did not agree with this assertion, it nevertheless agreed to undertake fresh consultation during the period that the Statement of Modifications was subject to consultation.

11. Again the Representors' responses need not be detailed here, but the Council published Document ED23, entitled 'Addendum – Clarification on matters arising from the representations on ED08', which was the reply from Porter Planning Economics Ltd to the representations. This document recommended changes to the CIL rate for UE1 and UE2, which should be reduced from £200 to £175 per sqm, allowing at least a minimum 30% buffer in the headroom above this CIL rate.

12. At about the same time the latest 'Indexation' figures became available. In accordance with CIL Regulation 40, each year CIL charges that are in force are raised by the change in the 'All-in Tender Price Index' for 1 November of the preceding year. This index is a national index of construction costs published by the Building Cost Information Service of the Royal Institution of Chartered Surveyors. The figure for the change in the index for the preceding year (November 2017) was high, and this

meant that, when applied to the Borough of Poole existing CIL rates, the now current charges had become higher than the submitted Draft Charging Schedule rates. The situation was analysed in Document ED 24 'Addendum – Review of the Tender Price Index on Proposed CIL Rates'.

13. In consequence, the Council considered the implications of this and published a further Statement of Modifications, Document ED25, dated October 2018, which was subject to consultation between 29 October and 26 November 2018. In response there was a considerable body of opinion, from a Councillor (Councillor Pope) and from individuals, objecting to these modifications (mirroring similar expressions of objection at the first consultation stage). In addition Richborough Estates and W H White Ltd welcomed the separation of North Poole into a separate zone, but maintained objections, with a substantial document submitted on their behalf by Savills.

14. That concluded the process that leads up to this Examination Hearing. Set out below is a table that illustrates how the proposed CIL rates have been modified, resulting in the latest Draft Charging Schedule that the Council now puts before me.

Location	Adopted CIL Charging Schedule 2013	Indexed Adopted CIL Charging Schedule	DCS 2017 (ED01) Without indexation	DCS 2017 (ED01) With indexation	Modified DCS 2018 (ED26)
Sandbanks, Canford Cliffs, Branksome Park & Lilliput	£150 (Zone A)	£216.96 (Zone A)	£200 (Zone A)	£228.98 (Zone A)	£230 (Zone A)
Town Centre/Central Poole	£100 (Zone B)	£144.64 (Zone B)	£60 Town Centre Zone B (i)	£68.69 Town Centre Zone B (i)	£60 Town Centre Zone B (i)
			£0 Twin Sails Regeneration area Zone B (ii)	£0 Twin Sails Regeneration area Zone B (ii)	£0 Twin Sails Regeneration area Zone B (ii)
			£100 Central Poole (Zone C)	£114.49 Central Poole (Zone C)	£115 Central Poole (Zone C)

Rest of Borough including the North (UE1 & UE2)	£75 (Zone C)	£108.48 (Zone C)	£200 (Zone A)	£228.98 (Zone A)	£230 (Zone A)
					£175 North Poole (Zone D) Sites UE1 & UE2)

Comparison of the various Residential (C3 standard housing) Levy Rates (all rates £ per square metre)

With acknowledgement to Savills: taken from Response Statement November 2018

15. For clarity, the Draft Charging Schedule now under examination, including rates for Retail development, is set out below.

Current Proposed Borough of Poole CIL Charging Rates (£ per square metre)

Use	Zone	Charge	Areas
Residential (Use Class C3) excluding retirement housing	A	£230	Lilliput/Branksome Park, Sandbanks, Canford Cliffs
	B (i)	£60	Poole town centre – excluding Twin Sails Regeneration Area
	B (ii)	£0	Poole town centre – Twin Sails Regeneration Area
	C	£115	Central Poole
	D	£175	North Poole
Residential retirement housing (within Use Class C2) and assisted living housing (within Use Class C3)	A	£115	North Poole Lilliput/Branksome Park, Sandbanks, Canford Cliffs
Retail (Use Class A1)	E (i)	£0	Poole town centre, district centres, local centres and neighbourhood parades
	E (ii)	£200	All parts of the borough outside of Poole town centre, district centres, local centres and neighbourhood parades
All other development		£0	

16. The submission by Savills referred to in paragraph 13 above, was accompanied by a draft Statement of Common Ground (SCG) to be produced jointly by the Borough of Poole Council, Richborough Estates, and W H White Ltd. The Council is disputing that this has been agreed or

even contemplated. This will have to be explored at the Hearing. However, from the Representors' case, the SCG indicates as follows

Draft Statement of Common Ground

17. The following is extracted from the Draft 'Statement of Common Ground'

17.1 Areas of Agreement

17.1.1 Benchmark Land Value

A Benchmark Land Value of no less than £645,000 per gross Ha on the basis it is applied to the gross area in addition to an allowance for the purchase of SANG at an appropriate rate.

17.1.2 Profit

No less than 20% of Gross Development Value (GDV) for private and 6% of GDV for affordable. This allowance is within the blended range recommended within current viability Planning Practice Guidance (PPG) and in line with the percentages explicitly stated during consultation on the PPG.

17.1.3 Other Standard Development Costs

- a) External works 10% of baseline build. This is within the industry accepted range (10-15%);
- b) Professional fees 10% of baseline build. This is within the industry accepted range (8-10%);
- c) Contingency 5% of baseline build. This is within the industry accepted range (3-5%) although the contingency should be applied to all development costs not baseline build in isolation;
- c) Acquisition costs 1.75% of land value plus SDLT. This is within the industry accepted range;
- e) Disposal costs 3% of open market GDV. This is within the industry accepted range; however this should be in addition to an appropriate allowance for legal disposal fees on the affordable units;
- f) Finance charges 6.5%. This is within the industry accepted range and therefore accepted in principle although 6.75-7% is considered more appropriate in current market.

17.2 Main Areas of Continued Disagreement:

- 17.2.1 Section 106 Costs
- 17.2.2 Site Opening-up / Infrastructure Costs
- 17.2.3 Sales Values
- 17.2.4 SANG acquisition costs.

Council's CIL Examination Note
(Please note – this was submitted on Friday 7 December)

18. Upon receipt of my draft agenda and the draft of this Annex, the Council has produced a 'CIL Examination Note' – as yet without a document number. This Note comments on the 'Draft Statement of Common Ground' and provides clarification of the Council's position, dealing especially with the matter of Benchmark Land Value, which Savills indicated was agreed, but is not. It also deals with the areas of continued disagreement that are listed in paragraph 17.2 above. This Note also adds the further matter of Build Costs, which it points out have not been indicated by Savills as being either agreed or disagreed.

19. The matters set out in paragraphs 17.2 and 18 will form a substantial part of the focus of the Examination Hearing.