



The Planning Inspectorate

Report to the Borough of Poole Council

by Terrence Kemmann-Lane JP DipTP FRTPI MCI

an Examiner appointed by the Council

Date: 17 January 2019

PLANNING ACT 2008 (AS AMENDED)
SECTION 212(2)

REPORT ON THE EXAMINATION OF THE BOROUGH OF POOLE COUNCIL COMMUNITY INFRASTRUCTURE LEVY DRAFT CHARGING SCHEDULE

Charging Schedule submitted for examination on 27 July 2018

Examination Hearing held on 11 December 2018

File Ref: PINS/Q1255/429/11

Non Technical Summary

This report concludes that the modified Borough of Poole Council Community Infrastructure Levy Charging Schedule, submitted and consulted on during the course of this examination, subject to one further modification, provides an appropriate basis for the collection of the levy in the borough, the proposed rates will not put developments at risk, and it can be recommended for approval.

The modification needed to enable the Schedule to be approved is to amalgamate Zone D with Zone C with the existing charge rate in Zone C of £115 per square metre.

The specified modification recommended in this report is based on matters discussed during the public hearing and does not fundamentally alter the basis of the Council's overall approach or the appropriate balance achieved.

Introduction

1. This report contains my assessment of the Borough of Poole Council (BoP) Community Infrastructure Levy (CIL) Draft Charging Schedule (DCS) 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 guidance (Ministry of Housing, Communities and Local Government Guidance on the Community Infrastructure Levy).
2. To comply with the relevant legislation the local charging authority has to submit a 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 its area.
3. The basis for my examination is the modified schedule that was published for public consultation with a closing date for representations of 26 November 2018. I now provide a brief explanation of the process by which the DCS submitted on 27 July 2018 went through two stages of modifications to become the Schedule that was the subject of debate at the Hearing on 11 December 2018, and the subject of this report.

Events since the submission of the Draft Charging Schedule

4. The 2017 Borough of Poole Community Infrastructure Levy Draft Charging Schedule was submitted for Examination on 27 July 2018. The DCS is to replace the Charging Schedule that has been in operation in the Borough of Poole 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.

5. 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 £0 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 the Twin Sails Regeneration Area and Zone B(ii) covering the Twin Sails Regeneration Area); and 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.
6. There were 12 responses to this consultation, which are set out in Document ED04. The issues in the responses were mainly in relation to the residential charges. 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.
7. 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 Zones 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.
8. The Council's response to my question EQ1 was to publish and consult on modifications to align the DCS with the requirements of the CIL Regulations. There were two consultation documents: the Statement of Modifications; and a Modified Draft Charging Schedule.
9. 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.

10. Whilst the Representors' responses need not be detailed here, the Council published Document ED23, entitled 'Addendum – Clarification on matters arising from the representations on ED08', which was the reply, on behalf of the Council from Porter Planning Economics Ltd (PPE), to the representations. This document recommended changes to the CIL rate for UE1 and UE2¹, that they should be reduced from £200 to £175 per square metre (psm), allowing at least a minimum 30% buffer in the headroom above this CIL rate.
11. 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'.
12. 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 body of opinion objecting to these modifications (mirroring similar expressions of objection at the first consultation stage, largely unsupported by viability evidence). In addition Richborough Estates and W H White Ltd welcomed the separation of North Poole into a separate zone, but maintained objections, albeit with a reduced range of matters.
13. That concluded the process leading up to the Examination Hearing. Set out on page 4 is Table 1 that illustrates how the proposed Residential CIL rates and zones have been modified during this process, resulting in the latest Draft Charging Schedule that the Council now puts before me.
14. For clarity, the Draft Charging Schedule now under examination, including rates for Residential retirement housing and Retail development, is set out in Table 2 page 5.

¹ Sites UE1 and UE2 are two Strategic Urban Extension sites that have been removed from the Green Belt in the recently adopted Local Plan.

Table 1 Comparison of the various Residential (C3 housing) Levy Rates (all rates £ per square metre)

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)

With acknowledgement to Savills: taken from Response Statement November 2018

Table 2 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/D	£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

Is the charging schedule supported by background documents containing appropriate available evidence?

Does the Infrastructure Delivery Schedule support the introduction of CIL?

15. The Borough of Poole recently adopted (November 2018) the Poole Local Plan (PLP) that replaces the Poole Core Strategy (2009), Poole Site Specific Allocations and Development Management Policies DPD (2012), Delivering Poole's Infrastructure DPD (2012) and saved policies from the Poole Local Plan First Alteration (2004). As supporting evidence for the preparation of the PLP, the Poole Infrastructure Plan (PIP) was published in July 2017. The PIP sets out the infrastructure requirements to support development planned in the PLP in the period up to 2033. It was prepared in cooperation with business associations, developers, local community groups, Dorset Local Enterprise Partnership, neighbouring local authorities, service providers, transport providers and utility companies.

16. The PIP sets out the key infrastructure requirements, focusing on Education, Green Infrastructure, Health Facilities, Public and Community Services, Town and Local Centre Improvements, Transport and Utilities. It addresses and assesses infrastructure funding mechanisms: as well as CIL it identifies other developer contributions, planning conditions, planning obligations, section 278 payments, and other funding sources.
17. For each of the elements of required infrastructure, Table 3 of the PIP summarises the estimated cost, estimated funding, and the funding gap of the identified infrastructure. The total cost of required infrastructure is estimated at £462.4m, estimated funding from other sources is shown as £38.3m, and an estimated funding gap of £422.3m arrived at.
18. Since BoP has been collecting CIL since the 2013, it is possible to record the amount of charge collected in the financial years 2013/14 to 2016/17. This is set out in examination document ED05 'Summary of Evidence'. Paragraph 4.21 in the document sets out how much has been collected from the existing CIL charge in these years. Adding the figures for the given years, the total collected has been £7.94m (rounded).
19. Also shown is an estimate of the likely income over the lifetime of the PLP, assuming an annual receipt of some £3m from the proposed charges, of circa £45m. since these figures were produced on rates that have changed due to the Modifications process, it is likely that this may be an over-estimate. With a funding gap of £442.3m, it is clear that the proposed CIL charges will have only a modest impact on the funding gap
20. Thus I am satisfied that the PIP reflects the infrastructure requirements of the current development plan for the Borough and that there is a funding gap. The proposed charges would make a modest contribution, although I consider that the need to impose the CIL has been demonstrated by the figures.

Does the economic viability evidence support the introduction of CIL?

21. The Council commissioned a study, called the Poole Core Strategy Review Plan Viability, Community Infrastructure Levy and Affordable Housing Study, from a consultancy specialising in development viability studies (Peter Brett Associates) to provide the following:
 - A plan viability assessment of the Core Strategy (Local Plan);
 - Evidence to inform the Plan affordable housing policy in the context of the viability assessment;
 - A viability assessment of the theoretical developments taking into account the Core Strategy requirements and other cost, to inform the reassessment of Community Infrastructure Levy rates.

The report (document ED19) is dated December 2014 and was used to inform the Preliminary Draft Charging Schedule that was consulted on between 16 February and 31 March 2015.

22. This was followed by the commissioning of an update report 'Poole Borough Council Local Plan and CIL Viability Study' (VS) (document ED07) dated

June 2017. This report was to provide a high-level borough wide viability update of the December 2014 report. The main purpose of the VS was to provide further evidence that the policy requirements in the Local Plan should not threaten the development viability of the Local Plan as a whole.

23. As part of this update the Council provided a list of new residential site typologies, including different site mixes and densities to test. These had been informed through updated evidence such as the SHMA (2015) and the SHLAA. The VS tested the new typologies whilst reviewing the cost and value assumptions used in the December 2014 report. The focus was on updating residential land evidence and testing to reflect changes in the type of development alongside expected related policies. The non-residential element of the study was also updated.
24. As noted in paragraph 10 above, the Council also commissioned a report (from PPE, and it is this firm that carried out subsequent viability work) 'Further Strategic Site Testing of UE1 North of Merley and UE2 North of Bearwood' (document ED08). This report was dated June 2018, post-dating the consultation period on the 2017 Draft Charging Schedule that ran between 31 July and 22 September 2017. The Council allowed a period of consultation in respect of it between 3 September and 1 October 2018.
25. Following this period of consultation, and as noted in paragraph 10 above, the Council published Document ED23, entitled 'Addendum – Clarification on matters arising from the representations on ED08' dated October 2018, which responded to the representations on ED08. This document recommended changes to the CIL rate for UE1 and UE2, that they should be reduced from £200 to £175 per sqm.
26. Finally, in terms of viability evidence, as recorded in paragraph 12 above, at this time the latest 'Indexation' figures, by which CIL rates are updated each year according to inflation, became available. 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'. The outcome of this review was that the Council was recommended to consider making changes to some of the DCS rates, and these recommendations were followed by the Modifications published and consulted upon during the period 29 October to 26 November 2018 as referred to in paragraph 12 above.
27. The VS, and the other economic viability assessments referred to, use a residual valuation approach by which the difference between development values and costs are compared with the 'residual value' – what is left over after the cost of building the site is deducted from the potential sales value of the completed development – with a 'benchmark land value'. The benchmark land value is the value above the existing use value a landowner would accept to bring the site to market for development. This

is a standard approach advocated by the Harman Report². The development costs include building costs, fees, finance, profit levels, etc, and such matters as affordable housing, planning obligations, and other plan policy costs.

28. The VS considers the type and likely locations for growth in the borough. This ensures that any proposed CIL charge will be applied to those developments most likely to come forward, and that the main elements of Local Plan delivery are identified, so that any charge does not put delivery of the plan at risk. The study's methodology compares the RLVs of a range of generic developments (typologies) to a range of benchmark land values as an indication of existing or alternative land use values relevant to site use and locality.
29. In relation to locality the VS and the other viability reports identify areas or zones where differential rates should be applied in respect of both residential development and retail development. These zones have been subject to a number of iterations as described in paragraph 13 above and illustrated in the table within that paragraph that shows how the proposed CIL rates and zones have been modified during the examination process.

Conclusion

30. The DCS is supported by evidence of community infrastructure needs and a funding gap has been identified. I am satisfied that the VS and the other viability reports already referred to follow good and accepted practice. Furthermore, there is evidence for the various inputs used and adequate headroom – a 'buffer' of 30%³ below the margins of viability - is allowed for. Subject to the detailed examination of a number of the individual inputs, which I deal with below, the DCS is supported by satisfactory viability evidence.

Are the charging rates informed by and consistent with the evidence?

Is the level of CIL proposed for residential development justified?

31. Throughout this examination process, the majority of representations did not provide any evidence to challenge the level of CIL charges being proposed. Where viability evidence had been produced by respondents to the consultation processes, there has been controversy about only one matter. This concerns the CIL rate for residential development in Zone D, which in the modified DCS that I now report on is set at £175 psm. This will be the focus of the majority of the remainder of this report, before returning to matters concerning other elements of the charging schedule.
32. The consultation events that followed from the post submission process that I have recorded above (paragraphs 4 to 14) provided the opportunity

² The Harman Report - 'Viability Testing Local Plans', advice for planning practitioners, was prepared by the Local Housing Delivery Group chaired by Sir John Harman and published in June 2012.

³ See paragraph 6.3.7 of the June 2017 Viability Study Update Report

for the Council to continue dialogue with representors who had criticised the viability assessment underlying the DCS. This process has enabled a degree of agreement between the parties and for the arguments to be reduced to a small number of issues within Zone D. Zone D covers 'North Poole' which comprises much open land, including Green Belt, and a number of built-up, mainly residential, areas. Also within the 'North Poole' Zone are two areas that the adopted Local Plan has taken out of the Green Belt and allocated as 'Strategic Urban Extensions' (SUEs): Site UE1 North of Merley and Site UE2 North of Bearwood. Within the existing built up area of Zone D there is relatively little scope for further residential development: it is within the two SUEs where there will be major housing development and the charge within this Zone is effectively driven by the viability issues of the two SUEs.

33. The two SUEs are being promoted for development by Richborough Estates Ltd (UE1) and W H White Ltd (UE2): helpfully, during the period that ran up to the examination hearing, the viability evidence for the two companies was provided by Savills, supported by Chapman Lily Planning Ltd. The matters still at issue are Section 106 costs, Site Opening Up/Infrastructure Costs, Sales Values, the value of acquiring SANG (Suitable Alternative Natural Greenspace) and Build Costs.
34. In addition there is a difference of opinion about Benchmark Land Values (BLVs) in as much as Savills support the BLVs adopted by PPE, but on the assumption that an appropriate allowance is made for separate (off-site) SANG acquisition and not that the SANG land cost will have been included as necessary undeveloped land in establishing the value of the site itself. However, the Council considers that developers will normally value sites based on what they can build on them, ie the value of the net developable area. Thus following a negotiation of land value for the net area development potential which has a saleable return, this fixed value will be split across the gross site area irrespective of the size of the required area to secure planning permission. This is because there will be a significant proportion of larger strategic sites that will remain undeveloped: UE1 and UE2 will have been assumed to have around 60% net to gross plus SANGs. I return to the issue of SANGs a little later.
35. I now set out the controversy under each of the individual issue headings, setting out the arguments of the Representors first, followed by the case made by the Council to retain the CIL rate of £175 psm. After setting out the arguments for each of the disputed factors, I then reach my conclusions in respect of each.

Section 106 Costs

36. Savills point out that the tables of possible planning obligations shown in Appendix A of ED23 (PPE Addendum – 'Clarification on matters arising from the representations on ED08') have subsequently been amended by the Council on a number of occasions following errors in the Council's calculations. The Fourth version release was just four days before the final date for submission of representations, and it was agreed that no further amendments would be made. All these versions used the highest range of figures for S106 calculations. However, on the closing date for consultation

responses, a fifth version was issued by the Council: in this version references to SAMMs (Strategic Access, Management and Monitoring), SANGs (and employment for UE1) were struck out and a mid-range figure for education (the only item still showing a range of costs estimates, was adopted. The removal of SAMMs, SANGs and (for UE1) employment is not disputed as these items are accounted for in the appraisal.

37. The continuous updating and amendment of these lists was done with the best of intentions and reflects a recognition that the site specific S106 costs are important to the examination as a relatively high level of detail is known, but the final reversal from using the highest end of the range to using the mid range for education is unreasonable. For Education provision a range of assumptions for costs is applied due to a range of potential education scenarios to deliver improvements to the Primary/First/Middle provision. However, through discussions with BoP during the pre-application enquiry process it is becoming clearer that the preferred option is likely to be the upper range and this should be used.
38. To explain this, the low and mid-range scenarios require delivery of a new school, a site for which has neither been identified nor acquired. The higher end range scenario involves the expansion of three existing schools. All three existing school sites have been assessed by BoP and have capacity to be extended to meet the additional demand. This has been costed and represents the higher end of the range in the planning obligation list. If a site has not been identified at the point of submission of a planning application for both sites, the Council will need to ensure delivery. In the absence of an identified site for a new school it will have to protect its position to ensure that mitigation can be delivered, thus the most likely scenario to mitigate the impact on education will require the high end range option and it is essential that the assessment for CIL takes this into account.
39. The obligations list for site UE1 includes a number of very specific SANG requirements. The site specific identified costs for UE1 include the former railway land and carriage drive resurfacing. These amount to £200,000 and, when including the SANG's deposit (that is also required for UE2), it equates to £255,520 or £511 per dwelling. This would account for almost 50% of the allowances made for generic facilities, management and maintenance of SANG in the appraisal. As some 19ha of SANG land will be provided, Savills consider that the £1,200 per dwelling allowed for in the appraisal will be required for facilities, maintenance and management of that amount of land, and therefore the bespoke items are not accounted for. The site specific costs identified are additional requirements beyond the generic SANG costs. Savills' modelling of S106 for site UE1 at £18,891 per dwelling and site UE2 at £17,050, is based on the high end range education contributions and includes site specific SANG costs, that are the appropriate level for sensitivity testing of the strategic urban extensions.
40. The approach of PPE for SANG value is derived from the existing use of land as agricultural with a small premium, resulting in an adopted value of £30,000 per ha: this is considered to be too low. The value of SANG is determined by the price that the market will pay for land that will be used for SANG – not 'hope value' but land with a planning use for SANG. Savills

have based its view of the cost of acquiring land for SANG on its experience of negotiating and exercising Agreements across the south and wider UK. A number of 'comparables' are put forward. These are drawn from an example in East Dorset, one in East Sussex and three examples in Berkshire. The highest cost of these was £247,200 per ha and the lowest £50,000 per ha: the intermediate figures being £123,550 (a confidential transaction), £86,000, and £59,000 per ha.

41. Removing the highest figure, and taking the mid-range figure it is considered that testing should use a value of £86,500 per ha (a rounded figure from £35,000 per acre quoted by Savills): this is the figure used in the tables set out in paragraph 60 below. It should be noted that the purchase of land from an angling club on behalf Richborough Estates, referred to by the Council at £25,000 per ha, occurred at a time when there was no formal identification of it as SANG. The angling club retained fishing rights as part of the terms of the sale, and the sale was on the basis that it removed the seller's liability to maintain the land, resulting in a lower price being agreed.
42. In response, the Council relies on its updated possible S106 costs (excluding SAMMs and SANGs) set out in Annex A of ED30, which are the latest evolution and the Council's adopted position. This update resulted in a figure of £15,580 per dwelling for UE1 and £14,230 for UE2. The Council disagrees that it is the maximum of the range of figures for 'Education Provision' that should be adopted for testing purposes because S106 cost may equally be at the lower range of costs. It would be unfair to penalise or put at risk the funding of delivery of infrastructure through CIL by assuming higher figures.
43. The Council also disagrees with the representor's approach to SANG acquisition costs. The values Savills produce as comparable evidence of the cost of SANGs is from across the south of the country based on price paid, but there is insufficient detail to understand if these values are representative of the SUEs. Of greater relevance is that Richborough Estates purchased additional SANG land from an angling club at a cost of £25,000 per hectare. The remaining SANG land comprises the former railway line owned by the Council, which Savills offered to purchase on behalf of Richborough at £24,710 per hectare, using the sale of the angling club land as a comparator. The only other known transaction in Poole was to the east of Corfe Mullen for a settlement in East Dorset District. Land Registry information indicates a sale price in 2014 of £200,000 for use as SANGs, equating to £36,764 per hectare. The two purchases and one offer align with an average of £30,000 that was tested by PPE. This is the only available comparable evidence in Poole.
44. Savills is wrong to suggest that £30,000 per hectare is too low: such land should be purchased at a cost based on greenfield value with a low value existing use equivalent to amenity or, at best, agricultural value. MHCLG estimates land value for policy appraisal (2017) at £21,000 per hectare for agricultural land in Dorset. This can be compared with two examples locally of £17,875 and £16,054 per hectare, both in 2017, and the opinion of a firm of auctioneers with expertise in Dorset on sales of pasture land who quote auction sales in the range £18,000 to £23,000 per hectare.

Furthermore, a Savills (February 2018) research paper identifies that grazing land across the country is worth about £13,000 per ha. In addition, Dorset County Council, which has an expertise in agricultural land values suggest that credible figures for bare land in Dorset would be in the region of £14,800 per ha to £19,780 per ha with local factors being important and a slight reduction in land values since 2016. The £30,000 figure includes a premium above an assumed £21,000 per ha existing use value.

45. The Council has to secure new land for SANGs to deliver the proposed housing growth to 2033 and would prefer to do this on a competitive basis rather than setting an inflated value through the CIL examination process.
46. In coming to my conclusions on S106 costs, I note that the Council's table of possible planning obligations has been through a number of iterations. It is only in the final version, set out in Annex A to document ED30 that the allowance for education provisions used the mid-range. This version also omitted an allowance for SAMMs and SANGs from S106 costs, but that is correct as they are accounted for elsewhere in the appraisal. However, as far as education provision is concerned I consider that the high-end range assumption should be used, for the reasons given in paragraph 38 above.
47. With regard to obligations relating to SANGs, I consider that the requirements that are to be met off-site should be considered separately from the on-site requirements, and that it is not reasonable to expect the purchase price for the site itself to have been reduced to take account of the cost of acquiring land elsewhere. It seems to me that the BLV adopted by PPE for the SUEs is reasonable, but on the basis that an appropriate allowance in the viability assessments is made for off-site SANGs.
48. Furthermore, the cost of acquiring off-site land for SANGs must be on the basis of existing use value + an uplift to persuade a landowner to sell. In circumstances where the landowner is aware that the land is required for SANG, and that planning permission for the development site will not be forthcoming without appropriate provision of SANG nearby, is likely to have an effect on the attitude and expectations of the landowner. This is the same general approach used to arrive at a benchmark land value by using existing use value plus an incentive to sell.
49. Leaving aside for a minute the incentive that may be required, there is considerable disagreement about base land costs. My first comment is that it is the local land market in responding to the requirement for housing sites to provide SANG that will drive values. For that reason I find little help in the figures for the sale of agricultural land generally. I also set aside the price paid for the angling club's land, because clearly the club saw additional benefit in divesting itself of maintenance costs whilst retaining fishing rights: and I gain no assistance from the fact that Savills sought to use this purchase cost as a comparator when seeking to purchase Council owned land – that is a normal negotiating ploy. I entirely understand that the Council wishes to avoid an unduly high price for SANG land being encouraged by my opinion of the correct valuation of such land. Nevertheless, I have to form a view on this controversy and that view will be coloured by the fact that potential SANG land must be found within a certain limited geographical area.

50. Therefore the figures provided by Savills of sales values for 'comparable' purchases (paragraph 40 above) are credible evidence, albeit that this evidence needs to be used with caution. I immediately dismiss, as Savills voluntarily do, the figure of £247,200 per ha, as being five times the value of the lowest example and double the value of the next highest figure. That next highest figure, quoted as £123,550 as a "confidential transaction", gives me little confidence as to its validity as a 'comparable' and I am therefore left with the values £86,000, £59,000 and £50,000 from the figures put forward by Savills. In that light I find that Savills figure of £86,000 per ha should be viewed with some caution.
51. For this reason, and taking into account the figures that have been quoted in evidence and the circumstances from which they arise, I consider that the Council's allowance of £30,000 per hectare, for the purpose of this examination, should be regarded as a bare minimum figure to be used in testing the CIL charge, and this should be borne in mind in taking a view on other arguments. The Council make the point that "it would be unfair to penalise or put at risk the funding of delivery of infrastructure through CIL by assuming higher figures", but it is also true that to set too high a CIL rate is likely to put undue pressure on the delivery of obligations under S106 which, unlike CIL, are negotiable, to the overall detriment of the delivery of the policies of the Local Plan.
52. For this reason, and in circumstances where I consider that there has not been a figure put in evidence that can be fully relied upon, I adopt the cost of acquiring SANG land at £86,000 per ha for the purpose of testing and to ensure that the CIL charge is set at a figure that does not put the development at risk, including the delivery of infrastructure and other desirable obligations under S106.

Site Opening Up/Infrastructure Costs

53. Savills point out that the Harman Report 2012 suggest a range of £17,000 to £23,000 per dwelling as appropriate for infrastructure on larger sites. However, the Council has made an allowance of £22,300 per dwelling, based on the lower part of the range recommended in the Harman Report of £17,000 per dwelling with indexation from Q2 2012 to Q2 2016. This is on the basis that no 'big ticket' items have been identified. It goes against the principles of viability to assume that these sites would not incur such costs simply because they are not presented during the borough wide CIL testing stage.
54. In fact, big ticket items can be readily identified. These include the acquisition and clearance of number 94 Magna Road (circa £730,000), off-site electricity reinforcement (£420,000), cables from Alderney sub-station (£2-2.5m), and signalised junctions. Furthermore, a site of 200+ dwellings could be regarded as a large site, so sites of 500 and 800 dwellings justify the adoption of at least the mid-range of the recommended cost base (allowing for indexation). Adopting the lowest range by the Council goes against its approach to education contributions where the mid-range was adopted previously and represents an inconsistent approach. Given the scale and size of the SUE sites, any small increase in infrastructure costs has a significant impact of the site's overall ability to deliver CIL. The mid-

range of the Harman recommendations should be adopted at £24,500 per dwelling.

55. The Council, whilst agreeing with indexing the costs as set out in the Harman Report, disagrees that these costs should reflect the mid-range. Rather it is the lower end estimate of £17,000 per unit that is the appropriate base. This is because neither of the two SUEs includes any 'big ticket' infrastructure items. As noted by the Examiner of the Wokingham BC CIL, the level of strategic infrastructure tends to increase per unit as sites become larger.
56. At the recent Examination of the Gloucester, Cheltenham and Tewkesbury CIL, a range of adopted strategic infrastructure costs based on Harman guidance were tested based on the size of greenfield sites as follows: less than 200 units - £5K per unit; 201-500 units - £10K per unit; 501-1,000 units - £17K per unit; 1,001-2,000 units - £19K per unit; 2,001-3,000 units - £21K per unit; 3,001 + units - £23K per unit. These rates, without indexation, were scrutinised at the Examination and found suitable in the Examiner's report. They show the lower Harman value of £17,000 per unit for sites within the range 501-1,000 units. That is the reason that the starting base of £17,000 per unit was used, indexed to reflect more up to date figures.
57. In coming to my conclusions I note that the Council made its judgement about these costs on the basis of there being no 'big ticket' items having been identified. I have no criticism to make about this, but the fact appears to be that the pre-application planning for these sites has moved on, so that there is now additional evidence that was not previously available. Paragraph 54 above identifies a number of high cost items, and using the mid-range allowance in the Harman Report, indexed to Q2 2016 at £24,500 per dwelling, would be prudent as providing a more robust allowance than the Council's lower end figure of £17,000. In this connection, there is little relevance for me of the examination findings for the Gloucester, Cheltenham and Tewkesbury CIL, since I have no knowledge to the evidence that might have been given in that case and I make my judgements on the evidence before me.

Sales Values

58. Savills welcome that the Council has given weight to sales data for Holmwood Park, Ferndown and Waters Edge, Wimborne, instead of the earlier use of just nine new build sales in the north of the borough. However, the sales values adopted within modelling need to reflect sold price data as at Q2 2016. The sales values adopted in PPE's sensitivity testing (document ED23) at £3,750 psm are 16% higher than the sales achieved at Waters Edge that sold between 2014-2015. Allowing for indexation at 10%, to bring the values in line with Q2 2016, the sales values adopted reflect a 6% premium between Waters Edge and the strategic sites.
59. The sold price evidence in the Council's ED30 for Holmwood Park is stated to provide an average of £3,707 psm for sales between March 2017 and September 2018. Savills' analysis of the raw data in Appendix B of ED30

shows an unindexed average of only £3,564 psm. Whichever is correct, indexation needs to be applied before the evidence can be used to bring the values back to Q2 2016. This process has been completed by Savills and is set out in Appendix 1 to document ED32. The indexed data shows an average sold price of £3,313 psm. Compared to this, the sales values adopted by PPE at £3,750 psm reflect a 13% premium or +£437 psm when compared to indexed sold price data at Holmwood Park. Given the 13% premium there is concern that an average value of £3,750 psm could not be sustained across a significant number of dwellings, particularly with a diluted market associated with large scale developments, the different mix of houses and flats, and the dilution in value that comes from larger three, four and four-plus bedroomed housing on the SUE sites.

60. The Wimborne Chase Bloor development referenced by PPE in ED30 is not comparable as the site will have its own on-site primary school in due course which will mean a premium will be achievable leaving aside asking price purchaser incentives, views, and proximity to amenities of Wimborne. Therefore, the sales evidence provided on behalf of the council is not convincing that £3,750 psm could be sustained across the strategic sites. Notwithstanding this, and strictly without prejudice, Savills have adopted the PPE figure of £3,750 psm within additional modelling undertaken to test other key development inputs including SANG, S106 costs and infrastructure costs. The results of this modelling are set out below, (as set out within table 4.1 and table 4.2, pages 10 and 11 of Savills' representation dated November 2018).

Alternative Viability Modelling: Site UE1

	Summary	PPE assumption	Savills assumption	CIL psm (No viability buffer)	CIL psm (With 30% viability buffer)
1	SANG	£12,140 per acre	£35,000 per acre	£218	£153
2	Infrastructure	£22,300 per dwelling	£24,500 per dwelling	£217	£152
3	S106	£17,880 per dwelling	£18,891 per dwelling	£238	£167
4	Combined (1-3)	As above	As above	£161	£112

Alternative Viability Modelling: Site UE2

	Summary	PPE assumption	Savills assumption	CIL psm (No viability buffer)	CIL psm (With 30% viability buffer)
1	SANG	£12,140 per acre	£35,000 per acre	£217	£152
2	Infrastructure	£22,300 per dwelling	£24,500 per dwelling	£216	£151
3	S106	£14,143	£17,050 per dwelling	£203	£142
4	Combined (1-3)	As above	As above	£126	£88

61. These tables clearly show that should any of the key development variables, such as SANG, infrastructure costs and S106 costs change from the figures adopted by PPE, the impact to the surplus afforded to CIL for both the strategic sites is significant. When these key assumptions are adjusted to the levels indicated by evidence indicated above, the cumulative impact reduces the surplus afforded to CIL from £175 psm to only £112 psm for Site UE1 and £88 psm for Site UE2, including a 30% viability buffer. Fundamentally, the purpose of viability modelling is to test if these sites can yield any uplift from the currently adopted levy which stands at around £108.48 psm (£75 psm indexed). CIL guidance is clear, charging authorities should set a rate which does not threaten the viability to develop sites and the scale of development identified in the relevant plan. The additional modelling set out in the tables above indicates that a rate of £108 psm should be applied for site UE1 and UE2, which is consistent with the indexed current rate. This would provide a viability buffer of 14% for site UE2, and would ensure that the viability of the strategic urban extensions is not affected to a degree that would reduce the level of affordable housing provided on the sites or prejudice deliverability.
62. The Council accept that the two comparable sites put forward by Savills - Water's Edge and Holmwood Park - are fairly close by, one being located in Wimborne and the other being a short drive from Wimborne. However, there are aspects to these comparable schemes that suggest their sales values might be lower than those at UE1 and UE2. These are:
- Water's Edge sales values include good-quality dwellings but unlike the strategic sites, it was a Brownfield site and is next to an industrial estate with a recycling centre, and accessed through a lower value housing estate. Therefore it is not a strong comparable for discussing sales values.
 - Holmwood Park is a more useful comparator owing to its greenfield location, albeit slightly isolated from amenities with a five minute drive to the nearest centre compared with the strategic sites which are within 400

metres of local centres and within sustainable walking distance of Wimborne town centre.

63. Furthermore, section 3.3 of Savills 'Response to Statement of Modifications and New Evidence: ED23 and ED24' provides a commentary on sales values discussed in ED23. It is noted that these had been estimated from the floorspace provided in marketing brochures for functional rooms (i.e. kitchen, lounge, bedrooms) so a 15% uplift was applied for the remaining space. Savills provided the estimate of floor spaces for these development types in table 3.3 of their paper, which they state is based on feedback from Bellway Homes, who are developing the site.
64. The Council points out that, in Savills' paragraph 3.3.4, the sample of house prices and floor spaces are used to suggest that £3,450 psm is the average value being achieved at Holmwood Park. This estimate is based on averaging the values of six development types ranging from the lowest value at £3,014 psm to the highest at £3,948 psm. It is appreciated that the floorspace figures, derived from market brochures with an adjustment for non-liveable spaces, may be less accurate than Savills' estimate from Bellway, but the actual evidence for Savills' figures has not been included in its response. Nevertheless, assuming that they are accurate, then its assumptions for sales values based on averaging across just six housing types is not accurate since these include above-average sized houses, and sales values on a psm basis tends to diminish as new build properties get bigger (just as they do for build costs). For instance, on Bellway's website, the developer for Holmwood Park indicates that there are a greater proportion of smaller properties, e.g. The 'Caldwell', which has the highest value psm at £3,948 is on 11 plots, while the 'Beaufort' and, which has the lowest value psm at £3,014, is on just two plots.
65. Bellway's website states that 90% of the development of 147 units have been sold, and land registry transactions matched with energy performance certificates list 44 of these transactions. Appendix C of document ED30 shows these transactions and their achieved sales values psm and figure 1 on page 8 of ED30 plots transaction values sorted by date. This larger sample of units is likely to provide a more accurate range of unit types. The results show that the sales values psm tend to range between £3,500 to £4,000, after discounting for outliers where the values are sub £2,500 and are likely to reflect shared ownership units. Removing these four outliers provides an average of £3,707 psm for open market units.
66. On being presented with sales values for the two schemes mentioned above as comparables by Savills, the Council has also sought to compare the SUEs to a new build urban extension at Wimborne called 'Wimborne Chase'. The scheme is set close to UE1 and UE2 and, unlike Holmwood Park, is located within close proximity to amenities. The Council obtained from the developer, Bloor Homes, pricing sheets and floor space for the unit types currently released for sale (shown in Appendix D of ED30). These houses showed values ranging from the lowest at £3,960 psm to the highest at £4,767 psm, with an average sales value of £4,158 psm.

67. Council officers also spoke to the sales team and regional manager of Bloor, and gathered further information about this comparable scheme, which are noted:
- Bloor selling off a phase by the school to help with cash flow;
 - Huge demand for Bloor product – selling off-plan six months in advance and therefore sales are operating by appointment only;
 - A lot of interest from local people;
 - Help to Buy having a huge impact, helping more people;
 - 2–3 beds (and small 4s) selling first (as more affordable), less demand for larger 4-5 beds, so are more difficult to shift.
68. In coming to my conclusions on this matter, it is inevitable that the evidence in relation to sales values relies on comparables. The difficulty is that no two sites, their location, the makeup of the development and economic factors, will be the same. I therefore view the evidence for comparable developments in the general vicinity of Wimborne, close to the SUEs, with some caution. However, the Wimborne Chase development, put forward by PPE on behalf of the Council, is, on the face of it, a good reference point: it is an urban extension, close to UE1 and UE2, and is located in close proximity to amenities. But I note that paragraph 6.29 of the adopted Local Plan and Policy PP10(b) places an emphasis on the SUEs having a focus on 'family housing'. This suggests to me that the smaller units (2-3 bedroomed houses) at Wimborne Chase, reported as selling first, with less demand for 4-5 bedroomed housing being "more difficult to shift" may be a consideration to take into account. My own view is that it is only when the developers have a layout, with a mix of dwellings as part of a planning permission, that they will be able to set the sales values that they hope to achieve: that will be too late for this exercise of course, and may not prove achievable in any event.
69. Savills reluctantly are prepared to use ("on a strictly without prejudice basis") PPE's average sales value of £3,750 psm based on the figures for Holmwood Park, although their own analysis shows an indexed average sold price of £3,313 (these are figures that Savills have computed – see paragraph 59 above), and the £3,750 gives a 13% premium above this. The £3,750 figure is still well below the Council's own average sales value for Wimborne Chase of £4,158. Therefore I am left with a low figure produced by Savills of an indexed average sold price at Holmwood Park of £3,313 and a high figure produced by the Council of an average sales value at Wimborne Chase of £4,138. The latter figure appears to be based on expected mid-2019 completions and have not been expressed as indexed back to Q2 2016. The figure of £3,750 appears to me to be the most appropriate to use.

Build Costs

70. Savills point out that the build cost allowance in Peter Brett Associate's (PBA) June 2017 Viability Study Update Report for the Council (document ED07) is stated to be between £1,239 and £1,059 psm for flats and houses provided by larger house builders, based on median Building Costs Information Service (BCIS) data at Q2 2016 (BCIS is published annually by

the Royal Institution of Chartered Surveyors). PBA highlight (page 32 of ED07) 'volume and regional housebuilders are able to operate within the median cost figures comfortably, especially given that they are likely to achieve significant economies of scale'. It is unreasonable for PPE to carry forward such costs within additional modelling as part of documents ED08 and ED23 and to imply that these costs include an additional buffer, going directly against the view of PBA. In fact PPE have adopted lower costs of £1,232 psm and £1,036 psm, some £7 psm lower for flats and £23 psm lower for houses. This results in a reduction of baseline build costs, before the impact of other costs (external works, fees, etc. which are linked to build costs) is reflected.

71. In addition, build costs will be inflated by the Local Plan policy requirement for 20% of all new homes to be built to optional Building Regulations Part M4(2) adaptable and accessible homes standards. This is a new requirement that could not be represented in previous BCIS data and it is not clear whether this has followed through into PPE modelling for the strategic sites. Furthermore, BCIS recommend the use of mean data as opposed to median to determine average build costs (Report for the Federation of Small Businesses, August 2015) where it is stated "BCIS advise the use of the mean to determine and average build cost, i.e. the sum of the figures divided by the number of figures. The mean is likely to be more representative for all potential projects than the median". Mean BCIS data as at Q2 2016 is some £45 psm higher for flats and £64 psm higher for houses. The use by PPE of construction cost figures that are lower than those stated to have been adopted in document ED07, and the choice of median data over mean data sets, leads to a gross underestimation while implying that the figures include an allowance for economies of scale and thus some viability buffer: in reality the build costs do not reflect the higher costs advocated for use by BCIS. No additional modelling has been undertaken to test the impact of these points, but it highlights that there is even less justification for adopting 'best case' values/costs on other inputs.
72. The Council respond by pointing out that the tested residential build costs, as presented in document ED07, were taken from median tender prices for new builds from the BCIS. The data was re-based to local average values using BCIS tender price adjustments for Poole. As suggested in ED07, volume and regional housebuilders are likely to comfortably operate within the median cost figures that are used for testing all sites, including UE1 and UE2. This is because the larger housebuilders tend to achieve significant economies of scale in the purchase of materials and the use of labour.
73. Recent evidence from the BCIS samples is suggesting that the BCIS cost data is largely informed by tendered prices for schemes with fewer than 10 units, and the median average is heavily weighted towards 1 to 5 units schemes. As such, this median cost may not show the benefits of economies of scale when building larger schemes, and therefore is likely to be higher than the true average build cost. The recent evidence from BCIS is suggesting that larger schemes might achieve build costs at around the lower quartile scale across the BCIS transactions, and this may be some

£200-£300 psm lower than the median build cost within BCIS. Therefore, the likelihood of lower build costs and assessing viability against the 'existing use plus' BLV of £425,000 per hectare at UE1 and UE2 suggests that there is a greater headroom buffer in the viability for the two sites after including the £175 psm CIL charge.

74. My conclusions on this matter reflect that the arguments about build costs revolve around BCIS data and its appropriate use and other more local factors. Having viewed the BCIS report for the Federation of Small Businesses, the advice is to use the mean rather than the median for average build costs. Since this report was specifically focused on the cost implications of small developments, I have considered whether this part of the report should be read as being directed more at small scale developments rather than to large scale sites, but reading the relevant parts of the report it appears that this part of the advice is of a general nature, related to using the cost data at all scales of development. It appears to me to be advice that should be followed from a source that viability studies rely upon extensively. As Savills point out, any shortcoming in base building cost data will have knock-on effects through the addition of linked costs which are arrived at by using percentages of build cost.
75. Set against these points is the suggestion that volume house building can comfortably operate within the median cost figures because of economies of scale; and it is clear from the BCIS report for the Federation of Small Businesses that there is a marked increase in average costs for small housebuilders. I also note that recent evidence suggests that BCIS cost data is largely informed by tender prices for schemes of fewer than 10 units and that the median average is weighted towards 1 to 5 unit schemes.
76. Savills also suggest that the newly adopted Local Plan policy requirement of 20% of all new homes being built to optional Building Regulations Part M4(2) standards will have an effect on scheme costs, although it is not clear whether this has been accounted for in PPE modelling for the strategic sites. This point has been introduced rather late in the day as far as my examination is concerned, and I simply report it as an additional factor that demonstrates the need to take a high level view about CIL charge rates rather than seek to achieve a precise calculation.
77. The effect of economies of scale and of a sampling bias in BCIS data towards small schemes referred to in paragraph 73 may largely balance the effects mentioned in paragraph 70.

Overall Conclusion on these matters

78. I now turn to my overall conclusions on these matters, together with a wider conclusion on the level of the proposed charges generally.
79. In relation to S106 costs I have concluded that the allowance for the education contribution should be higher and that the value of land for SANGs has been under-estimated by PPE for testing purposes. Similarly for site opening up/infrastructure costs I have concluded that the allowance

made, per dwelling, should be higher. In relation to sales values I concluded that the figure used by the Council and reluctantly accepted by Savills at £3,750 psm is the appropriate figure – this is the figure used by Savills in its additional modelling (see paragraph 60 above). On build costs (which do not feature in these tables) I found the arguments largely balanced.

80. I now go back to the tables (reproduced in paragraph 60 above), where Savills set out alternative viability modelling for the two strategic urban extension sites. It will be seen that in paragraph 79 above I have largely endorsed the figures used by Savills in respect of S106 cost and SANG land values, and their use of £3,750 psm for sales values in these tables. In view of the conclusions that I have so far reached, these tables are the only guide for me to make a judgement on the appropriate CIL charge having taken the Council's position as a starting point and then tested the arguments about the controversial factors.
81. As the VS itself reminds us, the main purpose of a viability study is to provide evidence that CIL charges should not threaten the viability of development in the area as a whole nor threaten the deliverability of the policy requirements for development to provide infrastructure and other requirements of the development plan. Such viability assessments involve 'high level' testing of development generally. In the case of this Examination, Poole's DCS has met with little in the way of criticism that has an evidential basis.
82. Therefore this report has focused upon arguments about the level of charge in one Zone only. Had this Zone been one where the amount of development required by the Local Plan was relatively insignificant, the fact that development in the borough as a whole might be demonstrably unthreatened by CIL could be sufficient to conclude that the charging schedule could be approved without modification. Zone D however contains the two Strategic Urban Extensions that are expected to deliver a sizeable proportion of the Borough's housing supply during the Plan period. It is therefore appropriate that I should seek to ensure that the charge that will apply to these strategic sites is not likely to put their development at risk.
83. Achieving the appropriate balance is a matter of judgement: as Regulation 14 requires, the Charging Authority must strike an appropriate balance. Savills' table indicates that Site UE1 can carry a charge of £112 psm and that Site UE2 can carry a charge of £88 psm. No doubt in seeking that appropriate balance, Savills press for a charge in Zone D of £112 psm. Whilst this is higher than the £88 psm shown for Site UE2, I consider that the buffer allowed for in the tables, together with the possibility of negotiating S106 obligations if this should be shown to be necessary, justifies adopting a higher figure for Site UE2.
84. I am therefore persuaded by the evidence that the figure of £175 psm proposed by the Council is not the correct level of charge for residential development in Zone D, and that £112 is closer to a reasonable balance that should be struck. Zone D, in an earlier iteration of the DCS, was included in Zone A, where the VS showed the highest CIL charge was justified. Zone D abuts Zone C that has a charge of £115 psm. Together

Zone C and Zone D cover the vast majority of the Borough. Since I have adopted a cautious approach in considering the arguments and evidence in relation to Sites UE1 and UE2, I consider a reasonable balance would be struck in amalgamating Zone D with Zone C at its current rate of £115. In my judgement this would strike the appropriate balance between providing for necessary infrastructure, without which development will not be acceptable to the public, and maintaining reasonable assurance that the development will remain viable throughout the enlarged zone. Government guidance urges that charging authorities that plan to set differential rates should seek to avoid undue complexity: my recommendation will also result in a simplified charging schedule. I recommend that the Draft Charging Schedule be modified accordingly.

85. This outcome follows from my previous remarks and conclusions based on the evidence put before me. In this context it is also interesting to note that the existing Borough of Poole CIL Charging Schedule, when indexed to the current level using the 'All-in Tender Price Index' for November of the previous year, the charge becomes £108.48 for the Zone that includes the two SUEs. The extent to which that is an appropriate figure depends on the 2013 Charges having been set at an appropriate level in the first place and that the cost of build index addition has maintained a situation where development remains viable across the authority's area. This indexation meant that the most recent uplift amounted to some 14.5%, based on a rise in cost with no reference to change in value.
86. With the modification that charge Zone D becomes part of Zone C that I recommend, residential development will remain viable across most of the borough if the CIL rates in the DCS of October 2018 are applied.

Does the evidence demonstrate that the proposed charge rates would not put the overall development of the area at serious risk?

87. The controversy that I have focused on in relation to the charge to be levied in Zone D arises because of the particular and emerging specific factors occurring in the cases of Strategic Sites UE1 and UE2. These factors do not impinge on the evidence put forward in the viability assessments carried out by PPE on the other residential zones or on commercial developments. There is no evidence before me that the proposed charges for development for retirement housing and retail are unreasonable and the viability assessments support the rates. All other development has a nil rate, which again is justified by the findings that there is no viability margin for a charge to be introduced.
88. Therefore, subject to the change in the charging rate and the amalgamation of Zones C and D that I recommend, the Council's decision to set rates for residential and for retail developments is based on reasonable assumptions about development values and likely costs. The evidence gives reasonable confidence that development will remain viable across most of the area if the rates in the Charge Schedule are applied.

Other Matters

89. A representation contends that, for the avoidance of doubt, the DCS should be clear that it excludes purpose-built holiday accommodation within holiday parks. There has not been any testing of the viability of such holiday accommodation and there is no reference to this in the evidence base: the charging schedule is unclear as to what types of residential development should be liable for CIL. However, as the Council points out, purpose built holiday accommodation within holiday parks does not fall within the C3 use class, since their purpose is to provide short stay tourist/visitor accommodation only. I see no lack of clarity.
90. Another representation raised the issue that the Former Power Station Site in the Twins Sails area should be within £0 rate. The response of the Council to this representation, given in document ED22b, was that consideration would be given to ensuring that this site was within the nil rated zone. I questioned whether this had been carried through and was told that the entire Former Power Station Site was now in the modified B(ii) Zone.
91. A minor matter that I raised at the hearing related to the boundary of Zone B(ii) the Twin Sails Regeneration Area. The boundary of Zone B(ii) is not the same as the boundary shown in the 2018 Adopted Local Plan, where Figure 17: Twin Sails regeneration area on page 39 of PLP shows a boundary enclosing a larger area than that of the Charging Zone. I questioned whether this might lead to some confusion. A suggestion then was put that Charging Zone B(ii) might be called 'Twin Sails Regeneration Area Allocated Sites' – which is what Zone B(ii) accommodates, or some similar description. I am happy to leave any further consideration of this matter to the good sense of the Charging Authority.
92. In addition to the above matters there was a considerable body of concern that the charging levels are too low and that this will mean that the funding available for essential infrastructure will not be available, or will not be spent in areas most in need, such as the regeneration areas. However, these concerns were not dealing with the question of whether the charges are appropriate in terms of ensuring that development, generally throughout the borough, will not have its viability put at risk. The evidence before me is clear that to raise rates above those that I have found to be reasonable would potentially threaten the viability of development and thus would not achieve the appropriate balance that needs to be struck. Furthermore, it is for the Charging Authority to decide how to spend the levy income and, in any event, the income from CIL in itself will fall well short of the overall cost of infrastructure requirements: other funding sources will have to be relied upon to make up the deficit.

Overall Conclusion

93. In setting the CIL charging rates the Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in the Borough of Poole. The Council has been

realistic in terms of achieving a reasonable level of income to address a gap in infrastructure funding, while seeking to ensure that development remains viable across the authority's area. Subject to my recommendation for a change of rate and amalgamation of Zone D with Zone C, an appropriate balance has been struck.

LEGAL REQUIREMENTS	
National Policy/Guidance	The Charging Schedule complies with national policy/guidance.
2008 Planning Act and 2010 Regulations (as amended)	The Charging Schedule complies with the Act and the Regulations, including in respect of the statutory processes and public consultation, consistency with the adopted Local Plan and Infrastructure Delivery Schedule and is supported by an adequate financial appraisal.

94. I conclude that, the Borough of Poole Community Infrastructure Levy Charging Schedule, with the modifications that have been consulted upon, and the modification that I recommend, 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 Charging Schedule be approved.

Terrence Kemmann-Lane

Examiner

This report is accompanied by: Appendix A (attached) – Modification that the Examiner specifies so that the Charging Schedule may be approved.

APPENDIX A

Modification that the Examiner specifies so that the Charging Schedule may be approved.

Modification number	Modification
EM1	In the Residential (Use Class C3) excluding retirement housing section of the Charging Schedule, amalgamate Zone D with Zone C with the existing charge in Zone C of £115 per square metre, so that the Charging Schedule will then appear as set out below.

Revised Charging Schedule in accordance with the Modification EM1

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 and North Poole
Residential retirement housing (within Use Class C2) and assisted living housing (within Use Class C3)	A	£115	Lilliput/Branksome Park, Sandbanks, Canford Cliffs
Retail (Use Class A1)	D (i)	£0	Poole town centre, district centres, local centres and neighbourhood parades
	D (ii)	£200	All parts of the borough outside of Poole town centre, district centres, local centres and neighbourhood parades
All other development	£0		