



Department for
Communities and
Local Government

The value, impact and delivery of the Community Infrastructure Levy

Technical Annex

Published February 2017
The University of Reading and Three Dragons in
association with Smiths Gore and David Lock Associates

Department for Communities and Local Government

This report was commissioned to inform the review of the Community Infrastructure Levy which was submitted to Ministers in October 2016 and published in February 2017.

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Section 1

Research methods

- 1 Perhaps unsurprisingly, given its short existence, there is very little academic research relating to CIL. Lord¹ states that the CIL was proposed in the 2007 Planning White Paper *Planning for a Sustainable Future* (CLG, 2007). It was to be set according to local circumstances and in accord with regional variations in land and property markets. In linking CIL to market dynamics and associated pricing signals, Lord voices concern that local planning authorities (LPAs) responsible for coordinating various agencies involved in CIL charging do not fully recognise potential information asymmetry and differences in negotiating skills.
- 2 In 2012 the Royal Institution of Chartered Surveyors (RICS) published research by Sarah Monk and Gemma Burgess from Cambridge University². They reported that CIL was broadly welcomed by local authorities and that most intended to introduce it. They also reported that there was a lot of uncertainty about how it would be implemented and concern about its complexity. Particular concerns included an anticipated shortfall in infrastructure funding and the potential impact on development viability and affordable housing supply.
- 3 Research published by Monk *et al.* in 2013³ found that the impact of CIL on the delivery of planning gain was uncertain. They concluded that “it is the complex interplay of local market conditions, site specific factors, local policy, practice and expertise that shape the level of planning gain that is viable on individual schemes, rather than simply the CIL rate or affordable housing policy” (p17).
- 4 A multi-mode approach was adopted for this research, comprising stakeholder interviews, analysis of published data, a questionnaire survey, viability modelling and case study interviews.

Stakeholder interviews

- 5 Scoping interviews were conducted with representatives from organisations that are involved, in some way, with the implementation and operation of CIL. The interviews provided context information to inform subsequent stages of the

¹ Lord, A. (2009) The Community Infrastructure Levy: an information economics approach to understanding infrastructure provision under England’s reformed spatial planning system, *Planning Theory and Practice*, 10(3), 333-349

² Monk, S. and Burgess, G. (2012) *Capturing planning gain – the transition from Section 106 to the Community Infrastructure Levy*, Royal Institution of Chartered Surveyors, May 2012

³ Burgess, G., Crook, T. and Monk, S. (2013) *The changing delivery of planning gain through Section 106 and the Community Infrastructure Levy*. Cambridge Centre for Housing and Planning Research: Cambridge.

research project. They were undertaken with officers from the following organisations:

- British Property Federation
- Country Landowners Association
- Federation of Master Builders
- Home Builders Federation
- Homes and Communities Agency
- Local Government Association
- Planning Advisory Service
- Planning Inspectorate
- Planning Officers Society
- Transport for London

6 The interviews were undertaken by telephone and followed a common agenda but with a focus on those issues of specific interest to each organisation. The discussion agenda covered the following broad topics:

- The process by which CIL rates are set by charging authorities

Then, once CIL is in operation:

- The administration of CIL payments (e.g. determining the charge and its collection) and the use of exemptions and reliefs from CIL
- (Any) impact of CIL on viability of development
- Payment and use of the neighbourhood portion of CIL
- The relationship of CIL charges to scaled-back s106 requirements and the use of the 'Regulation 123 list'
- How decisions are made by charging authorities about the way CIL is to be spent.

7 Interviews were conducted on a confidential basis and the analysis drew together the key themes that emerged.

Analysis of published data

8 Several sources of real estate data were investigated as part of this research, including CIL Watch, development statistics published by the Department for Communities and Local Government (DCLG) and development activity data available via subscription from Glenigan.

CIL Watch

9 CIL Watch is a database that is compiled and maintained by 'Planning Resource'. It contains details of the progress that local authorities are making in

the adoption of CIL. Although considered reliable and comprehensive, it is a voluntary system reliant on local authorities providing the information⁴

- 10 Information, by local authority, was downloaded at the outset of this study on March 12 2015 and then again in the final stages of the research on the 21 August 2015. The downloads contained information on CIL implementation status (preliminary draft charging schedule published, charging schedule submitted, examination report published, charging schedule published, CIL adopted), CIL event date (the date on which the recorded CIL status took effect), summary of charging by type of development (residential, retail/commercial, other). The dates of adoption were checked against the local authority websites and there were some minor inaccuracies and the information was updated as appropriate.
- 11 For the purposes of this study we focused on metropolitan and non-metropolitan districts and unitary authorities. For many of the analyses Development Corporations, National Park Authorities and the Greater London Authority were excluded.

DCLG development statistics

- 12 Analysis of the CIL Watch data revealed that most of the LPAs that have adopted CIL have done so recently. As a consequence it is likely that construction starts (and, almost certainly, completions) for the latest time period that we have available at the moment (2013-14) will relate to planning consents received prior to the adoption of CIL. In this very early stage of CIL adoption the numbers of planning applications and decisions are perhaps the only indicators of development activity that may have been influenced by CIL adoption.
- 13 In order to investigate whether CIL has influenced the level of planning applications/decisions at the local planning authority level, we cannot use a simple time sequence (e.g. quarterly planning decisions) since the date of CIL adoption varies from local authority to local authority. Instead we need to compare those LPAs that have adopted CIL with those that have not. As of the 12 March 2015 65 LPAs had adopted a CIL in England and three in Wales. These CIL adopters were classified according to two variables; local authority family and house price group. The local authority family classification follows DCLG (2014), although Welsh local authorities were added as a separate family as the families were devised for English local authorities only. The local authority families are as follows:

EUC – Existing Urban Centres
L - London
CB – Commuter Belt⁵

⁴ <http://www.planningresource.co.uk/article/1121218/cil-watch-whos-charging-what>

⁵ This replaces the term 'Prosperous Britain' that was used in previous DCLG publications on the value and number of s106 planning obligations.

RE – Rural England
RT – Rural Towns
UE – Urban England
W - Wales

- 14 Six house price groups were derived from DCLG Live Table 586, which publishes median house prices based on Land Registry data at the local authority level⁶:

1	£75,000 < £125,000)
2	£125,000 < £175,000)
3	£175,000 < £225,000)
4	£225,000 < £275,000)
5	£275,000 < £325,000)
6	£325,000 +

- 15 A comparable sample of CIL non-adopters was selected using these two variables. It was not possible to select a control sample of local authorities that had not yet embarked upon CIL implementation (CIL Status = N as recorded in CIL Watch) and which *exactly* matched the family/house price matrix. Where an exact match could not be found the following substitutions were made.

- One Urban England LPA in Price Group 3 was replaced with one Urban England from Price Group 2 (Sefton)
- Three London LPAs in Price Group 4 were replaced with two in London with CIL Status = DCSP (Draft Charging Schedule Published) and one London LPA from Price Group 6 with CIL Status = DCSP (Hackney)
- Two Commuter Belt LPAs in group 4 were replaced with two Commuter Belt with CIL Status = PDCSP (Preliminary Draft Charging Schedule Published)
- Three London LPAs in Price Group 5 were replaced with one London with CIL Status = PDCSP, one London with CIL Status = DCSP and one London from Price Group 4 with CIL Status = DCSP (Hounslow)
- Five Commuter Belt LPAs in Price Group 5 were replaced with three Commuter Belt with CIL Status = PDCSP, one Commuter Belt with CIL Status = DCSP and one Commuter Belt from Price Group 4 with CIL Status = DCSP (Test Valley)
- Six London LPAs in Price Group 6 were replaced with one Rural England and two Commuter Belt with CIL Status = N, and two Commuter Belt and one London with CIL Status = PDCSP

- 16 Table TA1.1 shows the breakdown of the two samples.

⁶ The latest year for which house prices are reported in this table is 2012.

Table TA1.1: CIL adopters and matched sample of non-adopters

		LAF							Total	
		EUC	L	CB	RE	RT	UE	W		
CIL adopters	Median House Price Group	1	0	0	0	0	1	1	3	2
		2	2	0	0	3	4	4	0	13
		3	0	1	3	7	3	2	0	16
		4	0	3	8	2	0	0	0	13
		5	0	4	8	0	0	1	0	13
		6	0	6	2	0	0	0	0	8
	Total	2	14	21	12	8	8	3	65	
CIL non-adopters	Median House Price Group	1	0	0	0	1	2	3	3	3
		2	2	1	0	3	4	5	0	15
		3	0	1	3	7	3	1	0	15
		4	0	3	9	2	0	0	0	14
		5	0	1	8	0	0	0	0	9
		6	0	2	6	1	0	0	0	9
	Total	2	8	26	13	8	8	3	65	

- 17 Pearson's chi-square test statistic reveals no statistically significant association between CIL adoption status and median house price group or between CIL adoption status and LA family so it can be concluded that the two samples are similar in both these respects. Also, independent samples t-tests reveal no statistically significant difference between the two samples in terms of median house prices, housing starts and planning decisions, as shown in Table TA1.2. The main reason for the *nearly* significant differences is due to the six high house price London LPAs that have adopted CIL.

Table TA1.2: t-test results for CIL adopters and non-adopters

	CIL adopters		CIL non-adopters		t-test p-value
	Mean	Sd	Mean	Sd	
2012 Median House Prices	247,000	114,000	225,000	93,000	.232
2013-14 Housing Association Dwelling Starts	90	113	72	79	.303
2013-14 Affordable Housing Starts	143	164	112	88	.175
2013-14 All Housing Starts	444	404	337	234	.068
2013-14 Private Dwelling Starts	350	335	259	178	.056
2014 Planning Decisions	212	210	162	79	.077

- 18 It is important to note that, because of the bias inherent in the CIL adopter LPAs, the 65 adopter and 65 non-adopter samples are different from the spread of observations in the population as a whole, shown in Table TA1.3.

Table TA1.3: LA families and median house price groups for all local authorities in England and Wales

		LAF							Total
		EUC	L	CB	RE	RT	UE	W	
Median House Price Group	1	25	0	0	3	7	22	11	68
	2	6	1	3	38	36	11	10	105
	3	0	2	20	50	10	3	1	86
	4	0	7	25	11	1	1	0	45
	5	0	5	17	0	0	2	0	24
	6	0	11	8	1	0	0	0	20
Total		31	26	73	103	54	39	22	348

Glenigan data

- 19 The data supplied by Glenigan (a company that collects and compiles information relating to the construction industry) consisted of the following data items:
- Number of planning applications for residential development
 - Number of residential units (dwellings) that are included in (a)
 - Number of planning permissions for residential development
 - Number of residential units (dwellings) that are included in (b)
 - Number of planning applications for non-residential development
 - Floor area included in (e)
- 20 These data were made available for each local authority in England and Wales on a quarterly basis over the period from 2010Q1 to 2015Q1, i.e. for 21 quarters. During this time period changes were made to local government administrative boundaries. Some of these affected the samples of local authorities used for this research and these had to be reconciled before any time series analysis could be undertaken. The following changes affected the samples:
- Shropshire: North Shropshire, Shrewsbury & Atcham
 - Cornwall: Kerrier, Restormel, North Cornwall
 - Wiltshire: North Wiltshire, Salisbury, West Wiltshire
 - County Durham: Sedgefield
 - Cheshire East: Congleton, Macclesfield, Crewe & Nantwich
 - Cheshire West and Chester: Vale Royal, Chester
- 21 The national park authorities and Channel Island development committees were removed from the data set.
- 22 In order to focus the research on CIL the analysis of this data set focuses on the two samples of sixty-five CIL adopters and sixty-five non-adopters. Within these samples there were some extraordinarily large outliers:

Number of planning permissions for residential development

2012Q1	Newham	7,486
	Wandsworth	5,788
	Tower Hamlets	2,804
2012Q4	Kensington & Chelsea	6,821
	Chelmsford	4,287

The median number of planning permissions for residential development in 2012Q1 was 82 and in 2012Q4 it was 78.

Floor area included in planning applications for non-residential development

2010Q1	Leeds	427,259 m ²
2011Q2	Wirral	463,418 m ²
2012Q3	Neath Port Talbot	441,347 m ²
	Hart	135,603 m ²

2013Q2 Reading 993,124 m²

The median floor area of non-residential planning applications in 2010Q1 was 6,777 m², in 2011Q2 it was 6,885 m², in 2012Q3 it was 6,687 m² and in 2013Q2 it was 6,620 m².

Questionnaire survey

- 23 A targeted questionnaire survey was emailed to local authorities that had adopted a CIL as at March 2015. The survey investigated the attitudes and experiences of implementing and operating CIL.
- 24 The survey also investigated attitudes and experiences of those local authorities that have not yet adopted a CIL or that have decided not to implement a CIL. This sample of 'non-adopters' was selected so that it was comparable in terms of local authority family and median house price to the 'adopters' sample (see paragraph 15 above). The non-adopters sample is a mixture of those making progress towards adoption and those that have not yet started.
- 25 In addition to investigating local authorities' attitudes and experiences of operating CIL, the survey also examined whether revenue from developer contributions has changed before and after the adoption of CIL. The comparable sample of non-adopters acts as a control for exogenous factors such as changes in market activity.

Survey instrument

- 26 The survey instrument was structured in two parts; one for the local authorities that had adopted a CIL and the other for those that had not yet adopted a CIL. Survey questions for the local authorities that have adopted a CIL covered the following areas:

CIL ADMINISTRATION

- Management structure in relation to policy setting, monitoring and review, and in relation to revenue collection and expenditure
- Cost of implementing CIL and cost recovery with regard to CIL administration

OPERATION OF CIL

- The questionnaire requested information on the quantity of formal processes that have been performed by each local authority including Liability Notices, Demand Notices and Receipts. We also requested information in relation to the amount of revenue collected in respect of these processes, categorised by development type.

- We asked about the volume of applicant-led procedures that have been received, including Notices of Chargeable Development, Commencement Notices, Assumption of Liability forms and Additional CIL Information forms.
- Other procedural matters were investigated in order to ascertain their frequency of occurrence and an outline of their nature, including suspensions, installment plans, phasing of planning applications for CIL purposes, enforcement procedures, payments in kind (land, infrastructure, other), abatements and appeals.
- We also requested information on the implementation of the neighbourhood component of CIL.

SCALED-BACK PLANNING OBLIGATIONS

- 27 This part of the survey included an exploration of the approach adopted for large-scale developments, both greenfield and brownfield, and use of s106 agreements as a preferred method of collecting contributions from these types of development. We investigated the size, value and type of scaled-back s106 planning obligations.

COMPARISON WITH SITUATION PRE CIL

- 28 We asked how CIL activity compares with situation pre-CIL in terms of volume of activity, type of developments and revenue received. The responses to this part of the questionnaire survey were cross-referenced against published sources including the Local Authority Housing Statistics for information relating to affordable housing. We also cross-referenced against the findings from previous investigations of the number and value of planning obligations, published by the DCLG.

SPENDING OF CIL RECEIPTS

- 29 The final area of questioning enquires about the spending of CIL receipts. In particular we ask about how practice compares with each authority's Charging Schedule (Regulation 123 list) and attempt to determine whether practice meets, exceeds or does not meet anticipated revenue.

LOCAL AUTHORITIES WITHOUT A CIL

- 30 Survey questions for local authorities that have yet to adopt a CIL or have elected not to do so were based around the following areas:
- Current policies for planning obligations, including charging structure and the way in which payments for infrastructure development are utilized
 - Affordable housing targets and site size thresholds
 - Number and type of planning obligations agreed and delivered in 2013/14
 - Costs associated with negotiating and monitoring s106 planning obligations
 - Influences on the number and value of planning obligations agreed
 - Value of planning obligations agreed and monies received, classified by method of transfer (direct payments, in-kind and land contributions) and obligation type (affordable housing, community facilities, land provided for affordable housing and community facilities (schools, medical centres,

etc.), environment contributions (e.g. open space), infrastructure, etc. If local authorities do not collect this information, we provide estimates using the approach adopted in 2014 report on the number and value of s106 planning obligations⁷.

- CIL policy and progress

31 A copy of the questionnaire is included below.

Survey dispatch and response

- 32 The questionnaires were dispatched by email. It was made clear that DCLG are the sponsors of the research and will be using the information gathered to assist in future policy making (see cover letter below). A contact number and email were provided for questions from recipients. The emailed questionnaire was followed by a phone call within three to five days to those local authorities that had not acknowledged receipt. We allowed two weeks for the first round of responses and then contacted non-respondents. This process was repeated twice. We provided a 'help desk' for support to authorities to complete the survey. We offered to visit and collect the survey responses from those local authorities that are regarded as key to providing a robust cross-section of responses. This was only undertaken if other methods of collecting data failed and if receiving a return from a particular authority is considered to be statistically important.
- 33 A pilot version of the survey questionnaire was sent to a total of 14 local authorities on 8 May 2015. The questionnaire itself was developed in consultation with the research team and also incorporated comments from DCLG. The pilot sample comprised of six adopter and six non-adopter authorities to ensure that all aspects of the questionnaire were subject to full testing by end users. This approach was used in a previous project and proved valuable at flagging up potential issues that might hinder a full and accurate response to the main questionnaire. Representatives of the twelve authorities were generally known to the research team to increase the chance of them returning a full response. Following an offer of assistance from one of the pilot participants, the pilot was sent to an Early CIL Adopters group. Pilot authorities were also encouraged to provide general feedback about issues such as user-friendliness, formatting and the time taken to access the data required to complete the survey. Contact details were either provided by research team members, or were derived from the list of authorities provided by DCLG or generated via a web search. Having established a database of contact details for the 14 authorities, individuals were contacted first by telephone (on 6 May) to invite them to participate. The research project and piloting process was explained and, if individuals agreed to take part (all did), it was explained that a follow up email attaching the questionnaire would be sent out at the end of that week (8 May). Participants were asked to return comments and the completed

⁷ DCLG (2014) Section 106 Planning Obligations in England, 2011-12: Report of study, Department for Communities and Local Government, London

questionnaire by a target return date of the 22 May. Reminders were sent to non-returners on the 15 and 26 May. In total, nine responses were received by 28 May.

- 34 The 14 authorities sent the pilot from the original sampling method were:
- (CIL Adopters - A): Huntingdonshire, Plymouth, Taunton Deane, Exeter, Kensington and Chelsea, Leeds and Chelmsford.
 - (Non-adopters - NA): Luton, Nuneaton and Bedford, East Lindsey, Canterbury, South Bucks / Chiltern, Barrow and Bournemouth.
- 35 Responses were received from all authorities with the exception of: Huntingdonshire, Nuneaton and Bedworth (NA), Canterbury (NA), South Bucks / Chiltern (NA), Barrow (NA). This suggests that the response rate for the full questionnaire may be lower for non-adopting authorities.
- 36 Additional responses were received from Bournemouth and Chelmsford (members of the Early CIL Adopters group).
- 37 Questionnaires were emailed to 141 local authorities (see table TA1.4) and sixty-nine responses were received, a response rate of 49%. There was a higher response rate from CIL adopters (47 returns) compared to CIL non-adopters (22 returns). As table TA1.5 shows, there did not appear to be a bias in responses when classified by house price group but perhaps some bias when categorised by local authority family towards 'Commuter Belt' local authorities. However, we do not think that had a significant impact on the results.

Table TA1.4: Questionnaire survey samples

CIL ADOPTERS	FAMILY	MEDIAN HOUSE PRICE GROUP 2012	CIL NON-AADOPTERS	FAMILY	MEDIAN HOUSE PRICE GROUP 2012
Barking and Dagenham	EUC	2	Amber Valley	RT	2
Barnet	L	6	Aylesbury Vale	CB	4
Bassetlaw	RT	1	Basildon	RT	3
Bath and North East Somerset	CB	4	Blaenau Gwent	W	1
Bedford	CB	3	Bolsover	UE	1
Brent	L	6	Braintree	RE	3
Bristol, City of	UE	3	Brentwood	CB	4
Broadland	RE	2	Bromley	CB	5
Caerphilly	W	1	Broxtowe	RT	2
Chelmsford	RE	3	Canterbury	UE	3
Chorley	RT	2	Chiltern	CB	6
City of London	L	6	Cotswold	RE	4
Croydon	L	4	Craven	RE	3
Dacorum	CB	4	Crawley	RT	3
Dartford	RT	3	Ealing	L	5

East Cambridgeshire	RE	3	East Hertfordshire	CB	4
Elmbridge	CB	6	East Lindsey	RE	2
Epsom and Ewell	CB	5	East Staffordshire	RT	2
Exeter	UE	3	Enfield	L	4
Fareham	RE	3	Epping Forest	CB	5
Haringey	L	5	Fenland	RE	2
Harrow	L	5	Gravesham	RT	3
Havant	RT	3	Great Yarmouth	RE	2
Hertsmere	CB	5	Guildford	CB	5
Hillingdon	CB	4	Hackney	L	6
Huntingdonshire	CB	3	Harborough	CB	3
Islington	L	6	Hart	CB	5
Kensington & Chelsea	L	6	Hounslow	L	4
Lambeth	L	5	Isles of Scilly	RE	6
Leeds	UE	2	Kingston upon Thames	CB	5
Merthyr Tydfyl	W	1	Lancaster	UE	2
Merton	CB	5	Lewisham	L	4
New Forest	RE	4	Luton	L	2
Newark and Sherwood	RT	2	Manchester	EUC	2
Newham	L	3	Mansfield	UE	1
Norwich	EUC	2	Mendip	RE	3
Oxford	UE	5	Mid Sussex	CB	4
Plymouth	UE	2	Milton Keynes	CB	3
Poole	RE	3	Mole Valley	CB	6
Portsmouth	UE	2	Neath Port Talbot	W	1
Preston	UE	1	Newport	W	1
Purbeck	RE	4	North Tyneside	UE	2
Reading	CB	3	Nuneaton and Bedworth	RT	2
Redbridge	L	4	Reigate and Banstead	CB	5
Rhondda, Cynon, Taff	W	1	Richmondshire	RE	3
Richmond upon Thames	CB	6	Rossendale	RT	1
Sevenoaks	CB	5	Scarborough	EUC	2
Shropshire	RE	2	Sefton	UE	2
South Norfolk	RE	3	Slough	L	3
South Ribble	RT	2	South Bucks	CB	6
Southampton	UE	2	South Hams	RE	4
Spelthorne	CB	4	South Oxfordshire	CB	5
Surrey Heath	CB	5	South Staffordshire	RE	3
Sutton	CB	4	St Albans	CB	6
Tandridge	CB	5	St Edmundsbury	RE	3
Taunton Deane	RE	3	Stockton-on-Tees	UE	2
Teignbridge	RE	3	Test Valley	CB	4
Tower Hamlets	L	5	Tonbridge and Malling	CB	4
Trafford	RT	3	Uttlesford	CB	5

Waltham Forest	L	4	Vale of White Horse	CB	4
Wandsworth	L	6	Waverley	CB	6
Waveney	RE	2	Welwyn Hatfield	CB	4
West Berkshire	CB	4	West Oxfordshire	CB	4
West Lancashire	RT	2	West Somerset	RE	3
Winchester	CB	5	Westminster	L	6
Woking	CB	4	Windsor & Maidenhead	CB	6
Wokingham	CB	5	Wirral	UE	2
Wycombe	CB	4	York	CB	3

Table TA1.5: Questionnaire returns classified by median house price group and local authority family

Local Authority Family	Median House Price Group						Total
	1	2	3	4	5	6	
Commuter Belt			3	4	9	6	22
Existing Urban Centre	1	2					3
London		1	1	2	2	4	10
Rural England		5	8	2			15
Rural Towns		4	3				7
Urban England	1	5	2		1		9
Wales	3						3
Total	5	17	17	8	12	10	69

Questionnaire cover letter



Department for
Communities and
Local Government

Dear

The value, impact and delivery of the Community Infrastructure Levy

The Community Infrastructure Levy was introduced five years ago and the Government is planning to review its initial impact later this year. In advance of this review, the Department for Communities and Local Government has appointed a research team led by Reading University and Three Dragons (and including David Lock Associates and Smiths Gore) to provide an evidence base and the responses to this survey will be a key part of that evidence.

The research team has identified 65 local planning authorities that have adopted CIL and 65 that have not, and the attached questionnaire is being sent to both groups. We would be very grateful if you could complete and return the questionnaire to Joseph Carr (contact details...) using the email on the first page of the questionnaire. Also, please do not hesitate to contact Joseph if you have any questions or difficulties completing the survey.

If you could return the questionnaire by xxxx that would be very helpful. We appreciate the time taken to do this; a representative response from local government will be an extremely valuable part of the evidence base that we develop.

Yours sincerely,

Jane Everton
Deputy Director
Planning: Economy and Society

Questionnaire pilot

PILOT COVER EMAIL

Dear

The value, impact and delivery of the Community Infrastructure Levy

The Community Infrastructure Levy was introduced five years ago and the UK Government is planning to review its initial impact later this year. In advance of this review the Department for Communities and Local Government has appointed a research team led by Reading University and Three Dragons (and including David Lock Associates and Smiths Gore) to provide an evidence base and this survey is a key part of that evidence.

The research team is planning to survey 65 local planning authorities that have adopted CIL and 65 that have not but in advance of this we would like to pilot the questionnaire on a small sample of local authorities. Thank you very much for agreeing to be one of the pilot authorities; we appreciate that nobody actually enjoys completing a questionnaire!

The questionnaire is attached to this email. It is in Excel format and consists of three worksheets: the first asks for general information, the second is to be completed by those authorities that have an adopted CIL, and the third should be completed by authorities that have not yet adopted a CIL.

We would be very grateful if you could complete and return the questionnaire to Emma Street by **Friday 22 May 2015** using the email on the first page of the questionnaire. Also, please do not hesitate to contact Emma if you have any questions or difficulties completing the survey.

Once again, we are very grateful for the time taken to do this; a representative response from local government will be an extremely valuable part of the evidence base that we develop.

Yours sincerely,

Note: the research team includes academics from the University of Reading and consultants from Three Dragons, David Lock Associates and Smiths Gore.

Questionnaire

CIL QUESTIONNAIRE

GENERAL INFORMATION

Name of Local Planning Authority:

Name(s) of Respondent(s):

Job Title(s):

Contact Telephone Number(s):

Contact E-mail(s):

If you have adopted a CIL please answer the questions on the 'Section A' worksheet (see tabs below). If not, please complete the 'Section B' worksheet.

Please use this space to make any general comments, both positive and negative, on CIL

Would you be willing to participate in a follow-up interview to discuss CIL?

THANK YOU FOR COMPLETING THIS SURVEY

The results will be used by The Department for Communities and Local Government to inform the forthcoming review of CIL
We will send you a copy of our findings when the project has been completed

Please e-mail the completed document to Joseph Carr using the following email address:

A QUESTIONS FOR CIL ADOPTER LPAs

1 CIL implementation

- a) On what date did you start charging CIL?
- b) Please insert the url of your charging schedule here
- c) Have you set a low or zero CIL rate for strategic or large-scale sites?
- d) How long did it take to proceed from publication of a PDCS to CIL adoption?
- e) Please comment on the process of implementing CIL, including the level of evidence and consultation required
- f) Have you reviewed your Charging Schedule since adopting CIL?
- g) Do you anticipate a review of your Charging Schedule in the next 3 years?
- h) What was the approximate cost of implementing CIL?

2 CIL revenue and scheme-specific s106 payments

- a) If you have one, please insert the url of your latest CIL monitoring

report here

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b) Please state the value (£) of the following CIL revenue streams

2010-11	2011-12	2012-13	2013-14	2014-15
---------	---------	---------	---------	---------

Residential development

CIL liability notices issued

CIL receipts

Retail development

CIL liability notices issued

CIL receipts

Other types of development

Please specify...

CIL liability notices issued

CIL receipts

Please specify...

CIL liability notices issued

CIL receipts

Please specify...

CIL liability notices issued

CIL receipts

Payments in kind for CIL

CIL receipts

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Please provide details of any scheme-specific s106 obligations between 1 April 2014 and 31

c) March 2015:

Direct Payment	In-Kind contributions		Land contribution	
	Number of obligations	Number of dwellings	Number of obligations	Area of land (ha)
Affordable housing				

- Education
- Open space and environment
- Community facilities
- Transport and Travel
- Infrastructure
-
-
- Other Obligations

Direct Payment		In-Kind contributions	Land contribution	
Number of obligations	Total value of obligations		Number of obligations	Area of land (ha)

c) In terms of affordable housing, do you have any evidence that the introduction of CIL impacted on the amount and/or mix of tenures delivered through developer contributions?

y/n	If yes, please comment...
-----	---------------------------

3 Neighbourhood portion of CIL

a) How many Neighbourhood Plans, Neighbourhood Development Orders or Community Right to Build Orders:

Have been made in your area?

#

Are currently planned in your area?

#

b) How many parishes are there in your local authority area?

#

c) Please state the total sum passed on to parishes in

2013-14	2014-15
£	£

d) For non-parish areas

Are there arrangements in place to agree spending of the neighbourhood portion?

If yes, were these pre-existing or set up specifically for CIL

What do communities typically ask for the money to be spent on?

e) Do you think the neighbourhood portion has incentivised communities to pursue neighbourhood planning?

f) Please include any other comments you may have in relation to the neighbourhood portion of CIL

4 CIL operation

a) How many FTE staff are involved in administering CIL (in addition to any s106 officers)?

b) Are planning obligations simpler and quicker to agree following the adoption of CIL?

c) Compared to s106, are administration costs associated with obtaining developer contributions

d) How many (if any) exemptions have been agreed for

Self-build

Residential annexes / extensions

Charities

- e) **Please state how many (an approximate number would suffice)**
 CIL Information Forms / Notices of Chargeable Development you have received
 Liability Notices you have issued
 Commencement Notices you have received
 Demand Notices you have issued

f) **Please include any additional comments in relation to the operation of CIL here**

5 Spending of CIL receipts

a) **Have you spent any CIL yet?**

b) **Please state the value (£) of the following heads of expenditure**

	2010-11	2011-12	2012-13	2013-14	2014-15
Education (e.g. schools, special needs facilities, etc.)					
Open space and environment (e.g. parks, allotments, recycling, play areas, etc.)					
Community facilities (e.g. libraries, community centres, sports facilities, etc.)					
Transport and travel (e.g. roads, paths, cycle lanes, etc.)					
Other infrastructure (e.g. flood control measures, utilities, sewage works, etc.)					

c) **What arrangements does your authority have to decide how CIL is spent?**

d) **Please insert the url of your Regulation 123 list here**

Is it scheme-specific or generic by type of infrastructure?

please
select...

Has it been updated since CIL examination?

y/n

If yes was it consulted upon prior to sign-off?

y/n

Does your local authority plan to update it in next three years?

y/n

If yes, please state why...

Thank you. Please complete the 'Introduction' tab before emailing.

B QUESTIONS FOR CIL NON-ADOPTOR LPAs

1 Current s106 regime

Please provide the following details for all agreed planning obligations

a) between 1 April 2014 and 31 March 2015:

Affordable housing

Direct Payment	In-Kind contributions		Land contribution	
<i>Number of obligations</i>	<i>Number of obligations</i>	<i>Number of dwellings</i>	<i>Number of obligations</i>	<i>Area of land (ha)</i>

Education

Open space and environment (e.g. provision of open space, play areas, recycling facilities, etc.)

Community facilities (e.g. community centres, employment and training, sports facilities, etc.)

Transport and travel (highway works, traffic management, parking, cycle routes, etc.)

Infrastructure (e.g. flood control, sewage treatment facilities, utility supply, etc.)

Direct Payment		In-Kind contributions	Land contribution	
<i>Number of obligations</i>	<i>Total value of obligations</i>	<i>Number of obligations</i>	<i>Number of obligations</i>	<i>Area of land (ha)</i>

Other Obligations

Please add...

b) Do you operate a tariff system of s106 payments

c) How many FTE staff are involved in negotiating and administering s106 agreements?

d) Has your approach to s106 changed since April 2015 and change in regs re pooling?

e) What is the approximate cost of residential planning obligations (excluding affordable housing)?

f) What is the approximate cost of commercial planning obligations?

2 Future CIL adoption

a) Are you planning to introduce a CIL in your local authority area?

b) If no, is it due to:

Cost of implementation / administration?

Concern that receipts won't match s106 contributions?

Lack of viability to support CIL?

Insufficient resources to administer CIL?

Insufficient resources to deliver infrastructure?

The neighbourhood portion?

Lack of political support?

Other comments...

c) If yes, at what stage are you:

If you have prepared evidence base, can you comment on the level of requirements...

If you have consulted, can you comment on the level of requirements, i.e. two rounds of consultation

If you have undertaken a public examination, can you comment on the preparation requirements

Other comments...

Thank you. Please complete the 'Introduction' tab before emailing.

Case studies

Local authorities

- 38 In-depth case study interviews were held with officers from fourteen local authorities that had adopted CIL. The local authorities were selected from respondents to the e-survey that had indicated they were willing to be interviewed. Selection was weighted towards authorities that had been operating CIL for longest (but included adopters with less experience) and to include a range of local authority types. The final characteristics of the sample are set out below. The characteristics closely match (if not exactly replicate) the spread of all authorities that have adopted CIL:
- Administrative type - three London boroughs, five unitary councils, six district councils
 - Local authority families – Urban England – three, Rural England – four, Existing Urban Centre – one, Commuter Belt – two, London – three
 - Median house price bands – Band 1 – two, Band 2 – four, Band 3 – four, Band 5 – one, Band 6 – one
 - Year of CIL adoption – five in 2011/12, six in 2013 and three in 2014
- 39 Selected interviewees were approached by phone or email and asked if they were willing to take part in a case study interview. All agreed to be interviewed (unless the relevant officer was not available). Interviews lasted between forty minutes and an hour and were conducted using a discussion agenda. Usually the interviews were with the officer responsible for the operation of CIL in the authority. In some cases more than one officer took part in the telecom with the second officer usually involved in policy. The discussion agenda is set out in the box below. In the interviews, cross-reference was made to the authority's e-survey where information it contained was relevant to a topic on the agenda.

Introduction

This interview is part of a study for the Department for Communities and Local Government assessing the impact of the Community Infrastructure Levy (CIL). The study is being carried out jointly by the University of Reading and Three Dragons.

Your views will be treated in confidence and will only be shared within the research team. Views reported in any future research reports will not be attributed to an individual, organisation or site, although organisations that have contributed to the research may be shown.

Overview

- a) What are your general views of the Community Infrastructure Levy and how it is working in your authority? (Check for any partnership arrangements with neighbouring authorities)

Adoption of CIL

- a) What are your thoughts on the process you went through to achieve an adopted CIL? The good and less good points
- b) Were there delays against your original adoption timeframe?
- c) Why do you think this was?
- d) If you were thinking of revising your CIL charging schedule in the near future, what would you do differently compared to the first time?

CIL and s106 in operation

- a) Our understanding of your charges is X – with different charges for Y uses and in Z zones - please confirm.
- b) Have you had any problems in operating differential charges and determining which schemes do/do not pay CIL and/or at which rate? If so, please can you elaborate on these.
- c) In addition to CIL, what type of s106/s278 obligations are now being secured? i) for residential development ii) non residential uses. Do these differ between different types of development (e.g. scale of development)? Can you provide any examples?
- d) How does the CIL that you are charging plus any other s106/s278 requirements compare to the cost of planning obligations pre CIL? Are there certain types of development that would have paid more pre CIL or vice versa?
- e) Have you noticed a difference in the overall level of contributions in the post CIL situation (CIL and s106/s278 combined) compared with pre CIL? Do you have any evidence of this?

Calculating CIL and Exemptions and Reliefs

- a) Have you found any issues in calculating CIL payments – Issues for the authority? Issues raised by developers? If so, what are these?
- b) How does the dual process of calculating CIL and agreeing planning obligations work in comparison to the pre CIL regime? Check for increase/reduction in time taken and ease/difficulty of negotiations and whether there are differences depending on the scale of development and/or self/custom build.
- c) Why do you think this is?
- d) What forms of discretionary relief does your authority offer? What are the reasons your authority has chosen these (or not if that is the case)
- e) (If exceptional circumstances relief is offered by the LA) - Thinking specifically of exceptional circumstances relief:
- f) How much use is being made of this?
- g) How does the authority decide when it is applicable?

- h) Thinking of all forms of relief (discretionary and mandatory⁸) how easy has your authority found it to operate these? Are there some forms of exemptions/relief that have been more difficult to apply than others? Why is this?
- i) Do you have any estimates of the total value (and main sources) of exemptions and reliefs to CIL that you have granted? (say over the last 12 months)?
- j) Are there any ways in which you think the process by which CIL is calculated could be improved? If so, how?

Collecting CIL and use of instalments (and other forms of contribution)

- a) Have there been any issue with regard to collecting CIL payments from those liable to pay?
- b) Do you make use of an instalment policy for payment of CIL? What are the terms of the instalment policy? What do you think are the benefits and any drawbacks of this approach?
- c) Can you give an estimate of proportion of development that makes use of your instalment policy?
- d) In terms of payments in kind:
- e) Have you an adopted policy for this? If so, what are the main infrastructure types/projects included in the policy? If not, why have you not gone down this route?
- f) (If relevant) Have you made any use of your policy and how easy was it to implement (to secure the infrastructure and agree its value?)
- g) In the future, how much use do you anticipate you will make of payments in kind? And why do you say that?
- h) Thinking about both the process for calculating CIL and its collection, do you think the cost of administering CIL (staff time and any other costs) is more or less than the pre CIL planning obligation regime? And the reasons for any differences?

Large-scale developments

- a) For large-scale sites in your area, do you take a different approach to CIL than for other types of development? (Check with interviewee their definition of large-scale and whether are discussing large-scale residential or non residential schemes or both)
- b) What are your views on the flexibility of CIL to deal with these sorts of large-scale sites?

Impact on Developers/ Developments

- a) Has the introduction of CIL had an impact on the viability of development in this authority? Why do you say that?
- b) How have developers reacted to the introduction of CIL?

⁸ Mandatory (exemptions)— minor development, mandatory charitable, mandatory social housing , self build exemption (including residential annexes and extensions)

- c) Has there been a difference in reaction between local and national developers or between small and large scale developers or between housebuilders and commercial developers?
- d) Has the adoption of CIL had any impact on the planning application/ development pipeline and/ or pre-application discussions?

Affordable housing

- a) Has the delivery of affordable housing been affected by the introduction of CIL and, if so, in what way? Check for the level of affordable housing and/ or the tenure of affordable housing or the way affordable housing has been delivered (on site v commuted payments etc)

Spending CIL

- a) What are your authority's priorities for spending CIL money? How do these priorities relate to your R123 list? Are any priority items not on your R123 list?
- b) What process does your authority follow to decide on spending priorities? How well does this work – are there any issues with this approach?
- c) For two tier authorities – how does the process work between your authority and the county authority?
- d) For all - Do developers play a role in the decision making process?
- e) If operating in a partnership with other LAs (and not covered earlier) –How the partnership decide on priorities?
- f) Does the levy provide sufficient certainty around the delivery of your priority infrastructure? If not, what are the reasons for this? And do the restrictions on borrowing against CIL have any impact on this?

Neighbourhood portion of CIL

- a) Is there a neighbourhood plan(s) either adopted or in progress in your authority, or any other notable neighbourhood-scale activity around planning and development issues? If so, please give a quick overview of the plans and the activities
- b) What (if any) systems are in place to transfer the neighbourhood portion (NP) of CIL to parish / town councils or (if non parished area) agree spending priorities with local communities?
- c) Have any funds to date been transferred, or are plans in progress? If SO, what are the total sums and to what timetable are they transferred (e.g. lump sum or on-going arrangement)? If NOT, what are your future plans re NP?
- d) What role has the council (if any) played in liaising with communities on how the money might be spent? Who else is involved in this process? How effective has it been, in your view?
- e) What kinds of things are the NP being *spent* on? Is the 'right' use of monies, in your view? If the plan is in a non-parished area, what would the community *like* to see NP monies spent on?

- f) To what extent do you think the NP is incentivising communities to accept development? Is CIL the right tool to do this? What other factors might support community engagement and stimulate development (if the goal)?

Conclusions

- a) What are the overall benefits and drawbacks of CIL in your experience?
- b) Is there anything you would like to see changed in terms of the regulations/guidance to address any of your concerns?

Developers

- 40 As part of the case study interviews with the local authorities, we asked for suggested names of developers whom we might interview and who were actively involved in development in that area. We supplemented the list with a couple of additional developers known to the research team so that we had a reasonable spread of different types of operator. This gave us a long list of potential interviewees from which we drew our sample. This included five national businesses, three that might be considered to operate sub-regionally and four local developers (or their agents). All 12 had undertaken residential development but two also were involved in mixed use schemes including commercial space. We acknowledge that we did not interview any purely commercial operators.
- 41 Potential interviewees were approached by phone or email. Most of those approached agreed to be interviewed but there were a small number of organisations (four) that did not reply to our request or refused to be interviewed.
- 42 Interviews were undertaken by telecom and lasted about 30 to 45 minutes and were conducted using a discussion agenda. The discussion agenda used is set out below.

Introduction

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Your views will be treated in confidence and will only be shared within the research team. Views reported in any future research reports will not be attributed to an individual, organisation or site, although organisations that have contributed to the research may be shown.

We would like to hear your views about the operation of CIL in this authority (name the authority) but also about your experience of CIL elsewhere.

Organisation

- a) What types of schemes does your business develop (e.g. residential, commercial etc.)

- b) What development(s) have you undertaken or are in the planning stage in this authority?
- c) Do you undertake development outside this authority area? - What is your organisation's geographical area of operation?
- d) If undertaking development outside this authority, is CIL also being applied in any of these areas? If yes - please note throughout this interview – we welcome your thoughts on comparisons between your experience elsewhere and in this authority.
- e) What is the scale of your current and planned development programme (across the country)?

Overview of CIL

- a) What are your general views of the Community Infrastructure Levy and how it affects you?

CIL setting process

- a) What is your understanding of what the Community Infrastructure Levy is and how it operates?
- b) Did your business have any involvement in the process by which the CIL rates were set in this authority (including representation by an agent). Check for: evidence gathering stages (e.g. developer workshop), commenting on PDCS or PDC, attending the CIL examination, other
- c) What are your views on the process for setting CIL followed by this authority?
- d) Have you been involved in the CIL setting process elsewhere? If yes, how would you compare your experiences across the different authorities?

Calculation of CIL charge

- a) Since CIL was introduced in this authority, have you submitted any planning applications or had any pre application discussions with this authority?
- b) If relevant, what has been your experience of the process by which your CIL charge **was calculated**? What went well, what went less well? Were there any issues about the calculation of the chargeable amount of development?
- c) Have you made use of any of the reliefs or exemptions from CIL operated in this authority (e.g. self build exemption, exceptional circumstances relief)? (Interviewer to have a checklist of these available). Which relief or exemption applied for? How did you find the process for demonstrating eligibility for exemption/relief
- d) To what extent are these exemptions/reliefs important to you?
- e) Are there any ways in which you think the exemptions/reliefs can be improved?
- f) Are there any other exemptions/reliefs that you would like to see introduced?
- g) Do you have experience of negotiating planning obligations with this Authority pre and post CIL's introduction? If so how did the process differ? Was there any difference in the time taken to conclude negotiations? And, if relevant, how does your experience with this authority compare with elsewhere?

Payment of CIL charge

- a) If relevant, what has been your experience of the CIL **payment** process? What went well, what went less well?
- b) What is your understanding of the flexibilities available in the payment process for this authority? Check for instalments policy operated, option of payment 'in kind', and the ability to treat phased schemes as separate chargeable developments.
- c) Have you any experience of any of these, here or elsewhere? Which ones? What is your view on their usefulness?
- d) Have you been able to pay your CIL liability by instalments? On what basis? What are your views on the instalment arrangements here (or in other authorities you have developed in)?
- e) If have agreed to meet any CIL liabilities (here or elsewhere) by providing land or infrastructure 'in kind'? How was this identified as an alternative to payment of a CIL levy? How was the value of land and infrastructure 'in kind' agreed? How was timing of 'in kind' provision agreed?
- f) Are there any ways in which you think the process by which CIL is **calculated** could be improved? If so, how?
- g) Are there any ways in which you think the process by which CIL is **collected** could be improved (as money or in kind)? If so, how?

Impact of CIL on Developments

- a) In addition to CIL, are you being asked to meet any other s106 (planning obligations) by this authority? Check for: Types of item e.g. education, transport , open space, play etc., payment types - in kind and cash payments, affordable housing contribution required
- b) In your view, how has introduction of CIL affected the level of contribution secured through s106/s278. Prompts: same range/costs, reduction in range/costs (and by how much), increase in range/costs (and by how much), and specifically for affordable housing?
- c) Taking everything together (CIL and s106/s278 payments), do you think you are being asked to pay more or less with CIL in place than you would have done before CIL was introduced?
- d) Do you have any comments on this from your experiences outside this authority? Please can you give any examples to illustrate this?
- e) Generally do you believe that the introduction of CIL had an impact on the viability of development - in this authority (or on other schemes elsewhere)? Why do you say that?
- f) Has the introduction of CIL had an impact on what you pay for land (in this area or elsewhere)? Or has it had any impact on the kind of terms you agree for payment of land e.g. use of option agreements.
- g) Has the introduction of CIL influenced your organisation's future development plans in any way? If so, how? (Prompt for – scale of future programme, location of development, types of site to develop, types of uses (especially f a commercial developer)

CIL funding for infrastructure

- a) Are you aware of the types of infrastructure that this authority will spend the money it collects from CIL (which will be set out in its 'Regulation 123' list) If so, do you have any views on the content and length of the R123 list? And any views on how the list has been drawn up?
- b) What has been your experience of CIL funding new infrastructure that affects your development(s)? How has this met the needs of your development?
- c) How does this local authority decide on its priorities for spending CIL receipts? And do you have any views on this? Check for: views on types of infrastructure prioritised – will it support growth? Views on decision making process

The neighbourhood portion

- a) Do you have any experience of CIL funds being allocated at neighbourhood plan level? If so what has been your experience of this?
- b) [If no experience] what is your view about the neighbourhood portion? [Why do you think this?]
- c) Do you think it has helped incentivise communities to 'accept' development? [Why / why not?]

Conclusions

Overall what do you think are the advantages and disadvantages of CIL? What, if any, changes would you like to see made to the way CIL operates.

Community stakeholders

- 43 Based on the sample of fourteen local authorities, interviews were conducted with four Parish or Town Clerks and one representative from a community group in a non-parished area that had received CIL funds. These interviews were supplemented by findings from two further interviews with local authority neighbourhood managers who are working with neighbourhood groups to establish systems for the passing over of CIL receipts, plus documentary evidence from a London authority.
- 44 The sample was derived from a combination of survey returns and additional information about neighbourhood-scale activity provided by local authority officer interviewees and supplemented by desk research by the project team. It was designed to capture both parished / town council areas, and known neighbourhood-scale activity outside of these areas where different arrangements for the spending of CIL are in place.
- 45 Additional potential interviewees at a further nine local authority areas were contacted either by telephone, email or both. Responses were patchy. This appears to be due a combination of non-response (several of which have been due to annual leave), out of date contact information (requiring searches for new contact details and then re-contacting) and contacts declining to be interviewed. The latter was due mainly to a feeling that the research questions

being posed were too early in the CIL cycle (e.g. groups have not yet received funds) for interviewees to provide meaningful comment.

- 46 Interviews were undertaken by telecom and lasted about 20 to 30 minutes and were conducted using a discussion agenda. The discussion agendas are set out below. Two versions were used. The first is for those groups in parish or town council areas, the second is for groups operating without a parished system.

Introduction

This interview is part of a study for the Department for Communities and Local Government assessing the impact of the Community Infrastructure Levy (CIL). The study is being carried out jointly by the University of Reading and Three Dragons.

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Agenda for parished / town councils

Introduction

- a) What is your role in neighbourhood planning activity?
- b) What are the main development and planning issues in your local area?
- c) How long has the Plan been in place / what stage is NP activity at?
- d) What have the group's main priorities in the neighbourhood Plan-making process been? Have these met with your expectations?

Process – neighbourhood portion of CIL

- a) Has the passing on of CIL receipts taken place? At what level was the payment made (i.e. 15 or 25%)? In what form (e.g. 6-monthly lump sums or agreed schedule of payments, if the latter, what was agreed)?
- b) If the passing on of receipts has not yet taken place, have you had discussions with your LPA about how this could take place? If so, what are the strengths and weaknesses of the proposed method in your view?
- c) How has (or will) the money been used? Is it linked directly to the priorities in your neighbourhood plan? Is or was the Local Authority involved in these discussions?
- d) How as a Parish (or TC) did you decide what to use the monies for? Who did you consult with? What this an easy process? What improvements could be made?

Conclusion

- a) Do you think the Neighbourhood Portion has or will incentivise Parishes to accept more development? Why / why not?

- b) Reflections on the NP process and the role of CIL within this. E.g. Positives, negatives and other comments / examples to follow-up on.

Agenda for non-Parished areas

Introduction

- a) What are the main development and planning issues in your local area?
- b) What is your role in community / neighbourhood planning activity? What do these activities consist of?
- c) What stage is this activity at? Have you produced a Neighbourhood Development Plan? Has it been adopted?
- d) What have the group's main priorities in the community / neighbourhood Plan-making process been? Have these met with your expectations?

Process - neighbourhood portion of CIL (non-Parished only)

- a) What is your group's level of awareness of the neighbourhood portion? Is this level of awareness even across relevant community actors, in your experience?
- b) Was (or is) this a motivating factor to engage in community / neighbourhood planning activities?
- c) To date, has your group received any CIL receipts from the local authority? If NO, have you been consulted on how monies should be spent?
- d) If YES, what was the total sum passed to you? What level was this payment received at? (15% or 25%) When was it received and how was it made available to you? i.e. one off payment or part of longer term arrangement?
- e) If NO, are plans in place to transfer (future) CIL portions? What are the arrangements? What was your role (if any) in setting up this system?
- f) If engagement on the spending of receipts has not yet taken place, have you had discussions with the LPA about how they will engage with you and reach agreement on how best to spend the neighbourhood funding?
- g) How would you evaluate the process of consultation linked to the allocation of the CIL?

Spending CIL receipts

- a) How did (or will) your group decide what to spend CIL funds on? What was the local authority's role in this?
- b) Did you feel you had or will have sufficient experience / skills to spend the monies? If not, what further support would be helpful? Where might this come from?
- c) IF CIL RECEIPTS RECEIVED – what have the CIL receipts been spent on? Did this meet the group's wishes / expectations? If not, why not?

d) Are there ways you feel this process could be improved?

Conclusion

a) Do you think the neighbourhood portion helps to incentivise the community to accept development? How much of a difference does the CIL neighbourhood portion make, in your view? Are there other / supporting measures that would achieve this?

b) Reflections on the NP process and the role of CIL within this. E.g. Positives, negatives and other comments / examples to follow-up on.

Section 2

Quotes

CIL implementation

CIL adoption and progress towards adoption

REVENUE

"Members are concerned at the potential high level of CIL for very small developments in high value areas and the lack of sums compared with current s106 in low value areas."

"[The] scale of planned development under the current plan is not significant."

"We were achieving good levels of funding towards open space and built facilities, but this ability has now been removed/reduced with CIL regs and pooling restrictions."

VIABILITY

"We periodically appoint a consultant to advise on whether it would be worthwhile introducing CIL, but so far the conclusion has been no."

"Whilst we have said yes to planning to introduce CIL this is still a decision that will need to be approved by members once the latest viability evidence is understood and a draft charging schedule can then be consulted on. It is not clear at this point that the decision will be to implement or to continue to use and pool s106, within the guidelines."

"We are preparing viability evidence for the CIL alongside that to support our revised Local Plan. Given the guidance in NPPF and elsewhere, this is fundamental to the soundness of both. We are also seeking advice from infrastructure providers on the extent of infrastructure requirements but this is not always easy or forthcoming."

ADMINISTRATION

"It would be helpful if guidance was clearer on the "robust evidence" required now DCLG has made it clear that CIL is not dependent on an adopted new plan."

"Currently in the consultation period and therefore no conclusions have yet been reached. However feel that when initially introducing CIL two rounds of consultation allows all parties to investigate, comment and adapt as necessary before submitting for examination. It would seem that one round would be sufficient when reviewing and submitting for the second time."

"There is an expression of intent in our (aligned) core strategy to produce a CIL, however there is no further progress yet. Work may be done on a joint basis with other ... authorities."

Process of introducing CIL

"The process up to adopting CIL was relatively straightforward. Despite evidence demonstrating the viability of our proposed charging schedule rates we were presented with substantial responses to the contrary."

"We were comfortable with the level of evidence and consultation required to prepare and adopt the CIL Charging Schedule, given its parallels to the Plan Making process, however the time required between the Inspector's report and implementation should not be underestimated."

"Consultation and level of evidence required was appropriate. Timescale difficult to reduce as long lead in times to internal reports/decisions, plus then need time to make development industry aware of the date it will be brought in."

"Internal process set up is quite labour intensive."

"The level of evidence and consultation required were expected (and necessary given the potential implications if CIL is pitched incorrectly), meaning a considerable staff time and resource implication, due to the level of detail and complexity of the matters involved. The one-off evidence and examination costs were expected - however the most significant long term impact has been the need to resource a full time information officer, required to check CIL calculations (measuring GIA), preventing calculation/payment errors, and monitoring claw-back."

"CIL is a strongly regulatory process which requires significant technical knowledge, appropriate documentary evidence and considerable administrative effort. It is still relatively poorly understood by applicants and many agents and this can foster disagreement and contention that requires considerable effort to resolve. However, larger development firms and more capable planning agents are perfectly capable of navigating a smooth path through the Regulations and this increasingly characterises our experience."

"...very time consuming and complex. It was difficult to engage with developers and stakeholders."

EXTENT OF EVIDENCE BASE, CONSULTATION AND SCRUTINY

"Provided you are aware of the content of the regulations, their requirements and have robust viability and cost evidence that you follow the process is logical."

"Implementation of CIL was relatively straightforward. The evidence required ... forms part of the evidence base required to deliver a local plan. Two-stage consultation at PDCS and DCS seems sensible and again mirrors general approach to plan making. However, the fact that an authority can move from PDCS to DCS quickly leads to perceptions of over consultation."

"2 stages of consultation and examination is about right. Evidence required on viability varies depending on inspectors - needs more standardising. Requirement to submit draft Regulation 123 'infrastructure list' as part of examination is perhaps too onerous."

"Achieving an adopted CIL Charging Schedule was a resource intensive process. Most representations [at the Examination in Public] were aimed at reducing costs to developers and landowners rather than recognising that CIL will provide a funding stream to help deliver the infrastructure to support development. I am not sure having two rounds of consultation added much to the outcomes and makes the prospect of review unappealing."

“The amount of evidence was significant. I am not clear whether a lesser, possibly more proportionate amount of evidence would have sufficed but charging authorities have often followed one another.”

“The council carried out three rounds of consultation, including an additional non-statutory consultation ... reflecting changed guidance introduced prior to this. The process was resource intensive, with a large amount of evidence required including further statements submitted in the run up and after the Examination.”

“More weight should be given to 'Health Check' evidence, i.e. CIL as a % of GDV or build costs. Every single £ of CIL will make a scheme less viable which means that every site that is unviable for other reasons can potentially be zero rated, which is not justified given the market moves much quicker than a CIL Charging Schedule can be amended.”

“There was a considerable amount of evidence and work involved, especially on viability assessment, mainly commissioned from consultants. However, this was felt to be necessary given the basis of CIL.”

“At the time the process and evidence required was fairly straightforward. Changes to the guidance have increased the evidence requirements for CIL and potentially impacted on the ability of CIL to provide sufficient funds to support the infrastructure related to development.”

“Required a large amount of evidence (infrastructure and parish/town input for draft infrastructure plan), viability studies etc.”

“There was ... a significant body of evidence compiled (nine studies in total, including addendums and sensitivity testing).”

“Fairly complex/technical process requiring a lot of supporting information / explanation / technical guidance, etc.”

“Consultees can play a big part in determining the level of evidence required to implement CIL through the representations they make on the PDCS and DCS and through the decisions they take about whether or not to appear at CIL Charging Schedule Examinations. For example ... one party pushed for all of the Council's detailed viability appraisals to be made public, and for these to be subject to discussion at Examination. These appraisals ran into many hundreds of pages and took time to assemble into a publishable format. In this context, the level of evidence required to implement CIL can be somewhat arbitrary. The political process that a CIL Charging Schedule must go through is time-consuming and perhaps overly onerous.”

On the extent of consultation:

“The level of consultation was not unusual.”

“Level of evidence and consultation required was appropriate.”

“The process of a preliminary and then draft charging schedule is considered to be a reasonable approach and is consistent with other policy document processes. The overall level of consultation is considered to be suitable.”

“The consultation process is as you would expect with any policy document e.g. a couple of rounds of public consultation, and the evidence required was manageable.”

“Consultation involved stakeholder workshops but was less intensive than for a Local Plan document.”

“Process should be relatively straightforward if Local Authorities engage the development industry from the start and explain the strategy for infrastructure delivery and how CIL and S106 will work together.”

Working with stakeholders:

“[We] adopted an approach of working closely with the development industry, landowners and investors from the start of the preparatory work on CIL. These groups were involved in the design of modelling work on CIL viability and kept informed throughout the preparation process. This ensured early buy-in to proposed CIL rates and reduced the level of comment and objection at consultation and examination stage.”

“Early engagement from the development industry is required.”

“Consultation included a developers' forum to enable ongoing engagement, as well as through the standard consultation requirements.”

“Work began on developing a PDCS a year before publishing for consultation, including developing a consultant brief, appointing a consultant, agreeing baseline data including a developer/agent/landowner workshop, setting up an internal Board of members and senior officers, and Working Group with officers from different disciplines.”

CIL review:

“Could choose to review but don't have the resources ... But too much else to do, and wouldn't want to over consult with stakeholders...”

“Would love to update - viability work is now out of date and would expect rates would be higher now [but] ... need a simpler process for review rather than going through the whole process. But resource constraints are putting us off from doing this [reviewing the core strategy at the moment] and won't look at CIL till this is completed.”

Local authorities that have not yet adopted CIL

VIABILITY

“We have low land values and CIL just wouldn't work for us; also the Government have watered down what you can ask CIL for to such a degree that its not worth the time to move forward with it.”

“CIL is currently unviable ... because of relatively lower land and property value and higher costs because of the need to recycle brownfield land.”

“... our development sites are mostly unviable so it would cost more to administer than to collect.”

“It is clear at this early stage that our district has some fundamental differences in one or two small high value areas and large areas of low value.”

“[T]he commissioned CIL evidence on viability did not support the introduction of CIL and it would also have competed with affordable housing s.106 contributions.”

“We haven't implemented CIL and don't intend to do so in the foreseeable future because of viability issues. The council's preference is to try to get affordable housing but cannot get the full amount on brownfield redevelopment sites, which means that

there is no scope for getting CIL. Similarly commercial are not sufficiently viable to be able to get CIL. As a result we are trying to get Sec 106 contributions for individual projects. It is too early to see what will happen as a result of the limit on pooling. We are likely to get fewer contributions but this is still preferable to going to the expense of setting up CIL and getting nothing.”

REVENUE POTENTIAL

“We feel it is unlikely that CIL will be an adequate substitute for S106 Agreements and critically, does not address the issue of forward funding of key strategic infrastructure.”

“Principle of pooled contributions to support strategic infrastructure delivery is correct. However this was successfully achieved by ... using a tariff style S106 SPD. The Process of setting CIL rates is onerous and expensive for local authorities. The progression of the system to one that combines S106 and CIL has meant some of the benefits proposed by the introduction of CIL will not be realised. The number of exemptions that have been introduced may inhibit the delivery of infrastructure and/or place additional burden on local authorities.”

COMPLEXITY

“The increasing complexity (such as 5 years housing supply, 20% buffer, backlog, Duty to Co-operate) of delivering a new local plan has had implications for the introduction of our CIL. This, along with recent national restrictions on pooling of planning obligations has reduced the developer contributions that we get ...”

“CIL is a complicated method of securing betterment value from development. A simpler method would be through the taxation system, albeit this may not be politically palatable. Key strengths of CIL are that it is non-negotiable; and not linked to specific developments. Any reform should ensure that these key benefits are not lost.”

“It appears a protracted process that once adopted may cause further confusion given that S106 will still be applicable. S106 (whilst not a perfect system) provides flexibility and retains the direct link to the development.”

“I can't stop thinking that CIL is not going to make the system easier. The setting up of a charging schedule is a big project. The administration and governance are two separate projects which are resource intensive.”

SPENDING PRIORITIES

“The council's preference is to try to get affordable housing but cannot get the full amount on brownfield redevelopment sites, which means that there is no scope for getting CIL. Similarly commercial are not sufficiently viable to be able to get CIL.”

The “... priority is to maximise affordable housing (with CIL potentially reducing full affordable housing provision viability)... This position will be reviewed this year in relation to the emerging Local Plan and a decision on CIL will depend on the scale of planned development, infrastructure needs and consideration of affordable housing need and delivery implications. The impact of a high % of CIL going to town/parish councils and not ring-fenced to meeting infrastructure needs will also likely be a consideration.”

“... because of housing affordability and overcrowding issues being acute ... delivery of affordable housing takes priority in s106 negotiations - CIL should have included affordable housing.”

The introduction of CIL in rural areas presents particular concerns. One respondent:

“... has historically been successful in achieving policy compliant s106 obligations, averaging £6k per dwelling and 30% AH. The recent 10 dwelling threshold change, has reduced public open space sums, (which started at one dwelling), however CIL would require a much higher sum on these ‘below 10’ schemes. Apart from self-build, the increase (up to £15k per dwelling) would seem too high and disproportionate, compared to what larger schemes deliver through s106. Removing ‘below 10’ s106 now, then charging CIL in time, on the same smaller schemes, sends a mixed message to developers. CIL would seem to work in urban areas but be a less fair tax in rural areas such as ours. The initial set-up cost, administration and parish council share all reduce the ability to recover sufficient funds for education and transport in low value areas. ...[W]e have consistently secured policy compliant s106 in these low value areas... Given that s106 has legal tests now in statute, the potential for horse-trading and delays has been removed. Introducing time scales for s106 and making heads of terms a national validation requirement, could focus s106 at the front end, instead of at the back end of an application. Especially if viability is an issue, s106 could be discussed at the start together with an assessment. [We] have been able to speed the s106 process up by having a dedicated officer within the planning department, negotiating and drafting all agreements... perhaps this approach could be replicated...”

Another stated that:

“For local authorities with large rural areas of lower value it is not necessarily a cost effective way of gaining income to support infrastructure. For [us] the bulk of development expected for this Plan period is within large strategic sites which would be subject to considerable onsite infrastructure requirements.”

One respondent raised several specific criticisms of CIL in its current form:

“[W]hen the idea of CIL was first raised it was suggested that it could be a way of ensuring the implementation of all infrastructure needed to accompany new development. It always seemed very doubtful whether this could have been achieved because: (1) there will be many cases where developers genuinely could not afford the necessary charges, which arguably leads to the conclusion that most infrastructure of public benefit should be paid for through general taxation; (2) it is impossible for local authorities to have sufficiently detailed knowledge of all the various kinds of necessary infrastructure to make realistic assessments of requirements and charges; and (3) it is also very difficult indeed for authorities to have sufficient knowledge of developers’ financial circumstances to assess what they genuinely can and can’t afford to pay. However, if it had been feasible, a comprehensive CIL system would have been a much more fair and transparent way of funding infrastructure than the s106 system. The original principle has been repeatedly and heavily watered down so that in practice CIL appears to be used to secure very limited contributions to a very small range of infrastructure projects. It therefore seems at least questionable whether it’s worth having at all, and very questionable whether the associated restrictions on the use of s106 are justified. Arguably now, although it’s very inadequate itself, s106 is better, or at least not much worse, than CIL.”

Implications for adoption of changes to the regulations

“The problems we experienced were not so much to do with the amount of evidence or consultation required but due to uncertainty around the regulations and guidance and the fact that they kept being updated and effectively moved the goal posts. We spent a lot of time over our retail rate as this was the most controversial aspect of our charging schedule and it was uncertain at the time whether we could set differential rates based on different types and sizes of retail. This has since been clarified.”

“Implementing CIL was quite straightforward. The main delays were caused by new Government guidance issued just after we submitted the Charging Schedule for examination.”

“A key cause for concern during the development of the charging schedule was the changes to regulations, particularly those that increased the requirement for detailed evidence ... the timing of the changes resulted in additional work, costs and consultation during the examination period.”

“DCLG significantly altered CIL Guidance on 14 December, which was 4 days after we had finished consultation on Preliminary Draft Charging Schedule. This meant that we had to re-employ viability consultants to carry out further viability assessments. This also added six months to the time taken to adopt the Sutton CIL Charging Schedule.”

“Lack of clarity with some CIL regulations at the time caused [the authority] to consult three times (rather than the statutory two times), i.e. on a Preliminary Draft Charging Schedule, a Draft Charging Schedule, and a Revised Draft Charging Schedule.”

“... we were a frontrunner authority and despite employing a well renowned consultancy to advise on the development of the charging schedule, having the support of the HCA and having very limited opposition from the development industry; our examiner required significantly reduced rates for residential development. Also as a frontrunner we had been advised to implement CIL across the whole area including our strategic sites. Given the reduced rate of CIL income, coupled with subsequent increase in the types of exempt development we might have considered a more varied approach with a greater use of s106 and consequent variation of CIL rates on strategic sites. However, the rationale for doing this on the really large sites, which will be covered by multiple planning permissions, would be limited by the inability to “pool” s106.”

CIL operation

Operational benefits and challenges

BENEFITS

“... easier to manage and monitor than S106”

“Overall, the implementation of CIL is considered a positive by this Council given the clarity and certainty it provides for both Councils and Developers / Applicants, and its continuation is supported.”

“The concept of CIL as a transparent, up-front levy is welcomed and, in theory, it does provide more certainty for developers.”

“Overall CIL provides a fairly clear process for both the council and developers. It provides the ability for developers to negotiate with the Council on S106 obligations, having taken into account upfront costs of CIL. Whilst there is a fairly steep learning curve for applicants and officers in the administration of CIL - the process has generally been beneficial. There have been instances where regulations and guidance have required some ... interpretation. ... CIL has also assisted in liaising with infrastructure providers to assess growth requirements.”

“[F]or the vast majority of applications that are CIL liable the process is relatively simple - liability notice, commencement notice, payment. The costs are predictable and for larger sums payable in installments and developers are taking CIL into account in their calculations of land value. We have reduced the number of S106 agreements we sign by approx. 90% with less time on negotiations and need to pay legal costs. We are more certain on the levels of funding we will receive and therefore are able to provide infrastructure providers with certainty to help plan delivery. CIL has enabled the Council to secure central govt match funding for strategic infrastructure (through the LEP). The 15% local allocation is welcomed and appreciated by our town and parish councils and there is some evidence that it may reduce some resistance to development. It has encouraged some parish councils to go for a NDP and Marlow Town Council have used their local allocation to lever in further private sector funds and take the lead on a potentially 3 to 4 year programme to improve the public realm of the town centre.”

CHALLENGES

“Government appears to have lost sight of the original purpose of CIL, which was to tax the uplift in land values that arises from planning consent.”

“[T]here is work to be done in respect of the legislation. This was obviously rushed through and has resulted in a number of issues over which advice has been and is being sought from DCLG. There are also anomalies which need resolving.”

“The various amendments made to the CIL Regulations have changed and undermined the original concept of CIL being a fairer and more equitable method of developers contributing to infrastructure costs.”

“The legislation is not clear.”

“The regulations are overly complex and too frequently subject to change.”

Resource required for CIL operation

“Planning Admin staff mark which applications may be CIL liable, 2 other officers do calculations and send out all notices and invoices.”

“... our planning support team will have a role in terms of making sure all planning applications that are CIL liable have the CIL additional questions form attached and also measuring / checking floorspace measurements. As well as this, land charges, finance and legal ... play a role in CIL administration. It is difficult to quantify at this early stage exactly how much resource will be required.”

“The work has been spread between the existing planning officers, planning staff, s106 monitoring officer, finance staff and Planning Practice Manager. In total it probably equates to 1fte currently although immediately before and after implementation was in excess of this.”

“We are currently seeking to increase to 3 FTE staff (from 2) to enable us to cope with increased workloads.”

“The administrative and bureaucratic element of CIL was underestimated and the Council will be looking to make additional resourcing available to support this.”

[Currently two CIL staff] “... [l]ikely to increase as CIL receipts grow and S106 tapers out.”

[Currently one CIL staff] “... but this may increase as more sites reach implementation stage.”

“Tracking S78 changes on large applications/permissions is extremely challenging. Tracking disqualifying events for Self-Build and affordable housing is also extremely challenging and resource intensive.”

“These two roles are responsible for much of the on-going administration of CIL, responding to the numerous exceptional issues that arise (including processing applications for relief, imposing surcharges, informing responses to appeals, responding to Ombudsman complaints and informing legal action). Given the amount of admin arising in rural areas compared to the workload involved, it is difficult for areas outside of London to operate on a self-funding basis, particularly due to increased relief mechanisms which result in no income but are extremely time consuming and often complex to administer.”

“The administrative and bureaucratic element of CIL was underestimated, in particular the process relating to administering non-fee earning £0 and Self Build exemptions.”

“Far too complex with the number of forms and acknowledgements needed, especially for exemptions and householder developments. The CIL Information Form needs updating as contains a number of errors, plus is often completed incorrectly.”

“Not a helpful system for customers as the process including exemptions is bureaucratic and not easy for them to understand, with little useful info on planning portal.”

“Administering non-chargeable schemes, and schemes where relief/exemption are granted to take the CIL charge to zero, take officer time but without any administration costs being returned. Inconsistencies within regulations make administration process more complex than it could be (e.g. householder extensions & whether a CN is required, inconsistencies with liability assumptions & relief) & simplification/consistency could reduce the paperwork & administration time required.”

“When CIL commencement notices aren't received, enforcement work should not be under-estimated.”

Complexity of operation

“[I]n practice, CIL has been incredibly resource intensive and the wealth of regulatory changes has made it complicated to administer.”

“Clarity on some operational requirements would be beneficial in some areas.”

“... the regulations are very complicated and open to interpretation, which means that different boroughs operate differently. You only need to look at the agendas/minutes of TfLs London wide CIL Collection Group to see the queries and confusion that arises.”

“The administrative process is quite complex, as you would expect for a tax, but this could be streamlined to make it easier and less resource intensive to ensure the levy is appropriately collected.”

“Complex administrative process.”

“The negative concerns the Council has primarily relate to the legislation that guides and governs CIL, especially once a Charging Schedule is in place.”

“Overly complex, procedure ridden and too cumbersome.”

“[T]he forms and notices are onerous for developers, householders and charging authorities alike, particularly for developments granted relief/exemption, where there is no financial gain for the work required by the CA [Charging Authority].”

“There is a lot of administration – particularly for self build where the Council does not receive any CIL money. Many developers and lay people find the system very confusing and legalistic.”

“It is considered that CIL has demonstrably reduced the legal burden, but underestimated the ... administrative burden of running the process. In particular this relates to the need to assess and administer the paper work for non-fee earning £0 rated and self-build developments.”

“Once the CIL charging system is in place there is a reduced scope for negotiation through S106s making a planning application much easier and faster. On the negative side it can be take quite a bit of time and cost to administer.”

“A good system in principle which has become too complex and ineffective due to over-complicated and ever-changing regulations and too many 'exemptions'. Can only fund a fraction of infrastructure needs.”

“We have only been operational with CIL for a short time. However the operational part of CIL is the most heavily regulated and complex part of it. It has Council wide impacts and requires considerable engineering / re-engineering of business systems. There should be more guidance / training / support for Local Authorities in relation to the administration / governance of CIL.”

Operational complexity over time:

“The current Regulations are very bureaucratic which probably contribute to much of the discord surrounding CIL. However I believe that there are enough people with a working knowledge of CIL to be able to contribute to a collective initiative to improve the Regulations so that CIL works better and better help deliver sustainable development and growth.”

“It has been frustrating that there have been a number of glitches and anomalies with CIL, leading to several amendments to the regulations, and the system has not been as simple to operate as originally intended. Nonetheless, it would be a mistake to abandon CIL at the point when it now appears to be bedding down. “

“Overall the system is working well. After a slow start CIL income is increasing significantly. One major problem has been the number of amendments to the CIL Regulations, a number of which related to flaws in the original drafting. There have also been numerous staffing changes within the CIL team at DCLG, which have impacted on both the regulation amendments and the advice given.”

Specific procedural issues:

“Uncertainty about indexation (i.e. use of an index which is continually changing even after it is supposedly fixed) creates a lot of extra admin work. The index may have changed in the time between submitting a liability notice and a demand notice so a recalculation is required.”

“... lack of clarity around payment in kind and infrastructure payments including achieving a clear valuation for land in kind before planning permissions are determined”

“... concerns over the funding gap when CIL is first introduced which occurs between when CIL is first implemented and when the first CIL can be collected from chargeable development.”

“There is widespread confusion about whether the payment of CIL discharges a development's requirement to be sustainable and adequately served by relevant infrastructure. CIL funding is rarely adequate but is often taken to constitute an adequate contribution.”

“with the ability to pool contributions from small sites the overall contributions towards infrastructure to support growth should be greater and reduce number and complexity of Planning Obligations.”

“It would be extremely helpful to integrate the CIL Additional Questions into the 1APP form, as many respondents do not fill out the Form 0 correctly and just tick no to the CIL liable questions (without showing any floor areas). It would be helpful to ensure that applicants have to indicate the existing and proposed residential floorspace (as for non-residential floorspace) for both CIL and general information.”

“The CIL regulations state that the chargeable development is the floorspace granted planning permission (i.e. this includes change of use floorspace to non-residential use) – this area is used for the formula calculation. The minor development exemption refers to new build floorspace of 100sq m or more. There is no clarity as to whether the change of use of abandoned floorspace which does not pass the vacancy test to non-residential floorspace would be CIL liable where new build is not part of the scheme.”

“The Form 0 indicates that where applicants are going to claim a self-build exemption, they should fill out the exemption forms. However the CIL Regulations indicate that to be eligible for exemption, you have to have first assumed liability (filled out Form 1). Hence a step is missed – this step should be added.”

“Remove the restriction on the pooling being the number of S106s entered into, as it should be the number implemented/superseded. Otherwise where the original S106 is changed by a DoV, a S106 is related to each reserved matters approval, or even where a permission lapses and can no longer be built and a new application is submitted - each of these obligations counts as 1 of the 5. We can see on some of our sites that we could quickly meet the 5 limit just within one site (and developers may in some cases be able to use this loophole) let alone try to work out how to deliver from strategic sites with multiple ownerships and planning applications coming forwards at different times.”

“Although strictly required by the regulations, we often do not seek Assumption of Liability Notices as we usually have the right contact details. However, when we do not have the right contact details, it can be particularly onerous to chase the right details. It should be mandatory to have to provide these details upon planning application to save much administration time in chasing (similar to the 'Certificate' declarations in the 1App form). The Planning Portal's CIL Additional Information Form should be integrated into the planning application 1App form to save confusion over different

forms, administration time in chasing, and to simplify. (The 1App form does not currently collect residential floorspace information, which is largely why the CIL Additional Information Form is needed)."

"CIL Guidance could be clearer particularly in relation to Exceptional Circumstances Relief and State Aid. Residential extensions over 100sqm should not require submission of CIL forms as this is an admin burden without any benefit as there is no claw-back. The whole process is overly reliant on developers notifying the council with the correct information at the correct time."

CIL and scaled-back s106 planning obligations

"Easier to administer and seek outstanding contributions from developers."

"We do not have to negotiate with developers and the county authority."

"It removes the somewhat fanciful requests for community benefit that can come in late in the day and frustrate negotiations."

"We have found the process generally to be a lot simpler than the regulations suggest."

"There are fewer heads of terms the developer has to enter into ... S106 obligations ... tend to be standard and require less negotiation... There is a lot more consistency as the [authority] endeavours work with a template agreement and make amendments only when necessary."

"Following adoption it does take some time for staff and applicants to understand the changes however once period has elapsed it is quicker and easier to administer CIL over S106 obligation monitoring."

"It is quicker for Planning Officers and developers but much more arduous for the CIL Officer."

"We have seen approx. 90% reduction in s106 agreements."

"There is now less complexity, as only a limited number of s106 agreements are now required, chiefly for affordable housing."

"For those applications that smoothly move through each of the intended stages of the CIL process, the amount of additional administration and documentation is minimal. However a significant proportion require extensive additional correspondence i.e. requesting documents, explaining procedures, notifying liable parties of surcharges/legal action, responding to complaints, etc."

"At this early transitional stage they can be more complicated for the larger sites."

"We used to have a simple approach of a set amount per new unit, which was easy to calculate. Now specific figures are needed depending on the job."

"Generally [quicker and easier]. The exception is in relation to highways and transport infrastructure where the relationship between CIL, S106 and S278 agreements can be very complex."

"As the majority of development ... is small scale the adoption of CIL has meant that there are fewer negotiations. However, for larger schemes negotiations remain complex in particular around affordable housing. However, this is largely due to the government's policy changes towards affordable housing delivery."

“Generally less resources spent so far, but some uncertainty over what can still be covered by S106.”

“Viability issues are still important and require consideration of the impact of CIL as well as any justification for site-specific infrastructure. However there is a clearer boundary between what S106 obligations are intended to cover and what will be secured through CIL.”

“Maybe fewer issues to agree as education and transport, etc. are no longer in S106, but developers still negotiating to reduce the remaining requirements.”

“... the split of what is CIL and what is S106 is still somewhat being defined by discussions and legal cases and therefore in the short term it has possibly made it more complicated as precedent is set. Once the system settles down it will become a simpler system than the previous S106 system.”

“Wherever a planning obligation (S106) is required, the nature of these legal agreements means they can still be convoluted to agree, regardless of CIL.”

AFFORDABLE HOUSING

“The council has scaled back its planning obligation requirements since adoption of CIL. However, affordable housing was already the most difficult S106 item to negotiate, and this remains the case.”

“Site-specific needs have not changed; in addition the question of viability of affordable housing is now raised more frequently.”

[CIL is quicker and easier] “... if there is no affordable housing.”

Exemptions and reliefs

“The self-build element in respect of new and replacement houses has resulted in a significant loss of CIL income.”

“The introduction of self-build relief simply allows landowners to revalue their land in the knowledge that developers can avoid paying it. This provides a welcome premium for landowners, but delivers no benefit to small developers!”

“Our experience suggests strongly that the Government's failure to impose any floorspace limitation for self-build relief is not assisting additional people to own their own home, but mostly assists existing home owners to create larger, bespoke homes (we have examples of up to 2,200m²) without such development supporting any form of investment in additional local infrastructure. This outcome is especially disappointing in light of our earlier suggestion during consultation on the introduction of self-build relief that it should apply to the first 100sqm only.”

“The fact CIL had to be paid and was not a negotiation reduced implementation costs at first. However, the introduction of more reliefs has made the task significantly more onerous. Whilst the exemption for self-builders seems reasonable a simpler approach might have been not to charge CIL where there is no net increase in housing on a site and the amount of additional development is under 1,000sqm.”

“We have found the adoption and implementation of CIL to be a positive experience overall. The main negative has been the constant changes made to the CIL Regulations to exempt more and more development from CIL and the associated monitoring of these exemptions to ensure the terms are not breached.”

“CIL was introduced ... to offer a more clear and fair process ensuring all developments that have an impact pay towards infrastructure. This initially worked quite well. However, the many legislative changes have introduced further exemptions which is impacting significantly on those required to pay meaning that many of those smaller developments are, often, again not paying which CIL was trying to correct.”

“CIL is definitely an improvement over S106, and should be beneficial for both planning authorities and developers. But every additional exemption makes it less likely that infrastructure can be delivered to ensure that new development can be facilitated, and that's not in anyone's interest.”

“... the CIL exemption for self-build dwellings (and potentially other development on brownfield sites) ... is removing large numbers of CIL payments from the pot and reducing the overall infrastructure funds by significant amounts.”

CIL review

“the requirement for CIL charges to be based on viability evidence is flawed in the sense that this will almost be out of date at the point it is prepared and therefore there is the high likelihood that CIL will need to be reviewed very regularly, which could be time consuming and resource inefficient. The process of review needs to be simplified. As an example there is no ability to include an allowance for improvements in the market and therefore the viability. As a result the overall funding levels for infrastructure are detrimentally affected.”

“Whole approach is sensitive to market/policy changes which can happen relatively frequently whilst the process itself can takes years and can't be amended/updated without going back to scratch. Allowing index linking alongside rate setting may help to address some of this?”

“The PDCS stage may be necessary when first introducing a CIL Charging Schedule, but the benefits of repeating this stage when reviewing a CIL Charging Schedule, which has already been adopted, are questionable, assuming the replacement Charging Schedule is a reasonably organic iteration of the Charging Schedule which is already in place.”

To resolve issues with the current list:

“Current List not fit for purpose...priorities have changed”

“To resolve issues not fully appreciated and those that have arisen as amendments to the Regulations; likely changes other than to reassess viability will be to set a £0 charge for residential extensions, to reconsider the charge for agricultural buildings and possibly set a £0 charge for affordable housing”

“Needs refinement now we are working in the reality of a CIL regime. Needs to reflect major applications which were not determined before the CIL. Will then need another review to align with Site Allocations Plan sites and infrastructure needs”

“To ensure that we are clear what infrastructure will be delivered using S106 and CIL, particularly in the case of large strategic developments” (2)

“Consideration is being given to amending the list to take account of the experience of implementing CIL over the last two years. Simplification of categories and clarification of definitions is likely”

“Transport contributions not actually required and rewording required regarding heathland mitigation”

CIL revenue and expenditure

CIL revenue potential

“... offers greater certainty to developers in respect of financial contributions”

“... enables contributions towards infrastructure to be collected from schemes which would not previously have been subject to a S106 agreement.”

“... a good way of spreading the cost of infrastructure.”

“Although time consuming and expensive to introduce, CIL is now providing scope for an income stream to contribute towards infrastructure from smaller scale developments than under the council's previous s106 system. The greater flexibility in how CIL should be used will enable the council to better match infrastructure funds to planned improvements.”

“CIL is generally a positive tool for securing community infrastructure benefits to meet the demand placed on the community by development. Plugging into uplift in land value arising out of development to fund these benefits is a correct approach and it is vital that this continues to ensure that super-profits are not generated at the expense of sustaining a viable, functional, fair, healthy and safe communities for current and future generations.”

“Although establishing the Council as a charging authority is challenging and then maintaining performance, the flexibility that CIL provides in terms of assignment is seen as a real benefit in terms of supporting infrastructure that will unlock growth.”

“CIL is of significant benefit to authorities where there are significant levels of incremental development on smaller sites. Such sites rarely attracted sufficient S106 to address infrastructure issues and tariff based approaches took a great deal of time to build up sufficient funds. CIL allows a more strategic and transparent approach to the use of such funds, which allows planning authorities to show how development can benefit communities in a way S106 could not.”

“We recognise the considerable benefits and flexibilities it provides in delivering infrastructure that supports the development of the area, in particular by delivering local infrastructure benefits from each chargeable development irrespective of numbers/size of the development. CIL will allow the Local Authority and the Local Town and Parish Councils to invest in what they recognise as their local infrastructure priorities, and in time will make a positive contribution to the quality of development and how development is perceived.”

“CIL has generally proved successful locally. It provides the opportunity to contribute to funding both towards strategic infrastructure to support growth such as public transport improvements, the cycling and walking network, sports facilities and green infrastructure and for neighbourhood facilities such as play areas. All funding (excluding the neighbourhood element) is pooled across [a group of local authorities], enabling CIL to contribute to funding large-scale infrastructure to support growth promoted by the adopted planning strategy for the whole area. Consideration is now

being given to reviewing the charging schedule to take account of changes in the market and viability.”

CIL revenue collection

“[L]egislative changes [are] having a considerable impact on the amount of infrastructure funding available. This, coupled with the unavailability of government funding that used to be available, is and will continue to have a significant impact on the delivery of infrastructure and sustainable communities.”

“The main misunderstanding locally is that suddenly we have additional money to spend on infrastructure, whereas CIL is substituting for [revenue] collected under S106... The exempting of affordable housing meant that the amount of predicted CIL income was reduced by about a third compared to Section 106. Further revisions of the CIL Regulations have only increased mandatory exemptions.”

“Finding transitional period from S106 to CIL difficult as will take time for funds to filter into CIL pot, however, infrastructure demands still need to be met.”

“CIL is potentially a very significant income stream that ... has helped to facilitate the actual development of infrastructure on the ground, as part of the wider [funding] initiative.”

“CIL collection is working well for us. The system is, however, very work intensive and far less simple than it at first promised. The fact that new regulations are published every year is unhelpful.”

“There is also an issue with how you ensure the development is acceptable in planning terms with the current limits on s106 obligations under the new CIL regime.”

“The ability to borrow against future CIL receipts would allow local authorities to ensure that essential infrastructure can be provided to truly unlock future development.”

Neighbourhood spending

“Although parishes are keen to know how much they can receive the sums involved (especially 25% uncapped) do seem to be a source of worry to them around how they would manage the money and their responsibilities for ensuring it is spent.”

“There is a risk that if a parish chooses not to spend some of their 25% CIL on delivering social infrastructure on the strategic sites that this will not be delivered at all, especially given the financial impact this has on the overall infrastructure funding stream for the strategic sites. The regulations as currently worded do not place any obligation on parishes to engage in the infrastructure delivery process for the strategic sites (some of which can be relatively unconnected with the parish in receipt of CIL funds) so it is left to operate on a trust basis only.”

“I think that it definitely has the potential to do what is suggested. It will take time, particularly in authorities with such a mixed community of disparate groups and individuals like we find in large cities like London. I can see this being a great catalyst though and would welcome much more assistance from government as to how to do it so that monies don't just get swallowed up in a series of pet projects of vocal local individuals (shout until the authority is forced to concede - due to weight of complaints that have to be dealt with) without any real strategic advantage.”

“The meaningful proportion appears to incentivise communities to pursue NP but not to increase the number of housing available. Town and Parish Councils still see that key

infrastructure, such as schools, roads, health, should be provided by Councils even though they are aware general funding has been cut and that the CIL, in part, that is passed to the Town/Parish Council replaces S106 monies previously achieved for such infrastructure - further reducing the funding available to statutory agencies.”

“It will take time to build up an amount that is large enough to be spent on anything meaningful.”

LACK OF RESOURCES AT THE NEIGHBOURHOOD LEVEL

“Regard should be had to the limited ability for many Parishes to properly administrate spending of the neighbourhood portion and the inevitable work this generates for the local planning authority.”

“... there isn't sufficient technical expertise within neighbourhood groups to co-ordinate the spending of their portion.”

We are currently working with Parishes to set up governance arrangements to deal with the neighbourhood proportion. In most cases Parishes are not equipped to deal with this, in terms of staff, knowledge or expertise and they do not have the necessary skills to prioritise / commission / finance / deliver infrastructure projects. They will require a lot of support from the ... Council, which increases the administrative burden...”

“For non-parished authorities there is a lack of guidance around how to establish a process to administer this proportion of the Levy. The 5% management fee is also insufficient to cover the Council's time in establishing and setting up the process.”

“Local councillors and residents view it favourably. However, it has required additional resources to administer.”

NEIGHBOURHOOD SPENDING TO INCENTIVISE NEIGHBOURHOOD PLANNING

“We have some limited evidence that the neighbourhood portion of the CIL is incentivising some Parish Councils to begin to think about pursuing a Neighbourhood Plan.”

“Even though our CIL is only 2.5 months old, Neighbourhood Groups and established Forums have shown interest in accessing money available through CIL. It is certainly influencing the appeal of undertaking a Neighbourhood Plan.”

“At least 5 parish and town councils have cited CIL as one of the reasons why they are moving ahead with NDPs. In the unparished area Members are taking a lead role in recommending projects to be funded from the 15% local allocation.”

Two groups in different areas of the city have shown interest in producing a Neighbourhood Plan, though these are at very early stages. The availability of the neighbourhood portion of CIL may have influenced the groups.

“[P]ossibly town/parish councils have been induced to prepare Neighbourhood development plans that they don't really need to benefit from the extra percentage of CIL.”

“Whilst the neighbourhood proportion of CIL impacts significantly on the local authority CIL budget, the increased proportion resulting from an adopted neighbourhood plan does not outweigh the amount of effort that goes into a neighbourhood plan.”

“It may have incentivised the timing to bring forward those already in development, but they are more concerned with stopping development or influencing design than using neighbourhood plans purely to maximise CIL receipts.”

“The self-build CIL exemption is dis-incentivising NP groups from including self-build in their plans. Remove the exemption and there is likely to be an increase in self-build plots brought forward through Neighbourhood Plans. Alternatively a discount could be applied to only the first 100sqm of a self-build house, therefore ensuring larger properties make a contribution.”

ALLOCATION OF FUNDS BY LOCAL AUTHORITIES TO NEIGHBOURHOODS

“The introduction of neighbourhood CIL impacted on the level of receipts, which were required to fund strategic infrastructure, this could impact on the development of those areas.”

“It will be complicated to administer and forecast (and manage communities' expectations) how much the 15-25% of neighbourhood CIL will be available in a particular area as the Council does not necessarily know when development will commence (until a Commencement Notice is served) so it is difficult to plan ahead. Different wards/areas will have different expectations - some areas may be disappointed that the amounts will not be as large as expected.”

Impact of CIL

CIL and development viability

“...is more likely that the new thresholds on small sites and the vacant building credit will have a greater impact than CIL.”

“... at a level to allow full policy compliant affordable housing contributions.” Other comments included:

“... the main impact to affordable housing has been the change to the policy to remove the ability of LPA's to secure AH on smaller sites and the ability for developers to discount existing floorspace from any affordable housing requirement.”

“There have been a number of cases that have been considered for viability since the introduction of CIL. Viability is affected by so many issues it would be very difficult to state that this was due to CIL in part or in full. It is true that some developers have cited this as one of the influencing factors, particularly on strategic sites that have a significant s106 requirement.”

“Our evidence base for charge setting demonstrated that CIL is likely to have a negligible effect on the delivery of affordable housing as CIL is such a small proportion of development costs.”

“Developers have argued that the level of affordable housing should be reduced on some sites, partly as a result of claims that CIL affects viability. A viability assessment framework is in place to inform decision making in such cases.”

“CIL has certainly been mentioned by applicants in viability discussions. Whether CIL is actually the reason amongst other factors is of course difficult to determine.”

“No site specific evidence. CIL is one factor affecting viability. Few comparators of with and without CIL schemes, even then it is the same total package of contributions overall.”

“CIL was delivered alongside a review of the Local Plan including the affordable housing targets. In a number of locations the proportion of affordable housing sought reduced in order to achieve the necessary infrastructure investment.”

“... on a few marginal schemes a reduction in affordable housing provision has been accepted when accompanied by an appropriate viability assessment, however this was the same under the S106 regime.”

“We have information on the percentage affordable housing granted planning permission by year. Whether the drop in the level of affordable housing was directly attributable to CIL is more difficult to prove, but as we had low levels of S106 requirements on many schemes prior to the introduction of CIL, the introduction of CIL was likely to impact on the level of affordable housing especially during a time of recession. Recently levels of affordable housing agreed have been on the increase.”

“It is too soon following adoption of CIL to be certain on this matter, but recent experience suggests that where viability is a concern on a site affordable housing provision and mix is affected, regardless of CIL.”

Section 3

CIL implementation

Progress in adopting CIL

- 47 When the local authority families are sub-classified by median house price⁹, it can be seen from Table TA3.1 that the LPAs that have already adopted CIL are from the higher house price areas and those that have not are from the lower house price areas.

Table TA3.1: CIL status by local authority family and median house price

CIL Status		Local Authority Family							Total
		EUC	L	PB	RE	RT	UE		
Adopted	Median	1	0	0	0	0	1	1	2
	House	2	2	0	0	5	4	5	16
	Price 2013	3	0	2	3	6	3	1	15
	(Q2)	4	0	2	10	1	0	1	14
	4A	4A	0	10	8	0	0	0	18
	Total		2	14	21	12	8	8	65
Charging schedule submitted	Median	1	0	0	0	0	3	3	6
	House	2	2	0	0	1	3	0	6
	Price 2013	3	0	0	3	7	1	0	11
	(Q2)	4	0	1	3	4	0	0	8
	4A	4A	0	2	1	0	0	1	4
	Total		2	3	7	12	7	4	35
Draft charging schedule produced	Median	1	2	0	0	0	2	1	5
	House	2	0	0	0	5	2	0	7
	Price 2013	3	0	0	3	5	0	0	8
	(Q2)	4	0	2	2	1	0	0	5
	4A	4A	0	0	1	0	0	0	1
	Total		2	2	6	11	4	1	26
Examination report published	Median	1	0	0	0	0	0	1	1
	House	2	0	0	0	2	0	0	2
	Price 2013	3	0	0	2	1	1	0	4
	(Q2)	4	0	1	1	0	0	0	2
	4A	4A	0	2	0	0	0	0	2
	Total		0	3	3	3	1	1	11
Preliminary draft charging schedule published	Median	1	4	0	0	0	2	2	8
	House	2	1	0	0	6	2	0	9
	Price 2013	3	0	0	6	8	1	0	15
	(Q2)	4	0	0	4	1	0	0	5
	4A	4A	0	2	4	0	0	0	6
	Total		5	2	14	15	5	2	43

⁹ DCLG Live Table 582: Median House Prices based on Land Registry Data by District (Q2 2013)
Updated April 2014

None	Median	1	20	0	0	9	7	20	56
	House	2	0	1	4	22	16	1	44
	Price 2013	3	0	1	5	15	6	1	28
	(Q2)	4	0	0	9	3	0	1	13
	4A		0	0	4	1	0	0	5
	Total		20	2	22	50	29	23	146
Total	Median	1	28	0	0	9	15	28	80
	House	2	3	1	4	40	27	6	81
	Price 2013	3	0	3	22	43	12	2	82
	(Q2)	4	0	6	29	10	0	2	47
	4A		0	16	18	1	0	1	36
	Total		31	26	73	103	54	39	326

Local authorities that have not yet adopted CIL

- 48 The number of FTE staff involved in negotiating and administering s106 agreements ranges from 0.5 to 13.5 but the high number reflects the fact that all staff are involved to some extent.
- 49 Six local authorities operated a tariff system for s106 payments and nine do not, but these have now ceased following the ministerial statement that prevents pooling of s106 contributions.
- 50 15 LPAs reported that their approach to s106 had changed since the change in CIL regulations regarding pooling and three said that it had not. This issue generated a number of comments:

“After Nov 2014 we no longer collected S106 agreements for affordable housing, open space and transport on schemes of under 11 units but still collected for open space, and transport for schemes of 11+ units and heathland mitigation for all size of residential schemes. After April 2015 we only collect S106 for the SAMM element of heathland mitigation (£355 per house and £242 per flat) and affordable housing for schemes of 11+ units (40% on site or if not a financial contribution - see website link to indicative table of contributions). As well as site specific 106 of course.”

“We have all our S106 logged on a master spreadsheet, now all planning officers are instructed to check every time they go into negotiations to make sure we have not hit the pooled 5 contributions on each piece of infrastructure.”

“No longer able to pool contributions to generic education and open space provision”

“We have monitored pooled contributions since April 2010 but have reinforced advice to negotiating officers as regards pooling restrictions post April 2015.”

“Yes our approach has changed. Negotiations are cognisant of the CIL regulation pooling restrictions on off site infrastructure provision - types and specific schemes. Any S106 requested from a development now has to be specifically directed to infrastructure affected by the development (i.e. not pooled as was the case previously). If education for example seek a contribution then they have to robustly justify where and why the money is required.”

“We can only pool contributions from up to 5 developments.”

“Made s106 more 'specific' to circumnavigate the 5 pool ruling.”

“Obligations made more specific to refer to individual infrastructure projects.”

“We are no longer requesting public open space/built facilities contributions and are using bespoke calculation for specific infrastructure projects relating to strategic sites. For affordable housing there is no tariff, we are exploring how this can be taken forward for off-site contributions, and although a method has not been formally adopted, it is a bespoke calculation each time this is required.”

“We are not now seeking payments for affordable housing contributions on schemes of less than 10 dwellings.”

“We have developed a pooling database and case officers dealing with major planning applications contact the Community Infrastructure Officer to identify pooling issues on infrastructure projects.”

“We have not sought S106 contributions to generic infrastructure pots and restricted them to identifiable projects instead where possible.”

“Ability to collect severely restricted due to pooling regulations and nature of development within the borough being for small sites.”

Section 4

Impact of CIL

- 51 This section of the technical appendix supplements the section in the main report of the same name. It provides additional analysis in relation to CIL and development viability and the viability modelling case studies.

Impact of CIL on development activity

- 52 Figures TA4.1 – TA4.6 examine a random sample of seven local authorities to investigate whether there was an identifiable increase in residential planning applications before CIL adoption (denoted by the red vertical line) or a decrease after CIL adoption. There does not appear to be any identifiable effect.

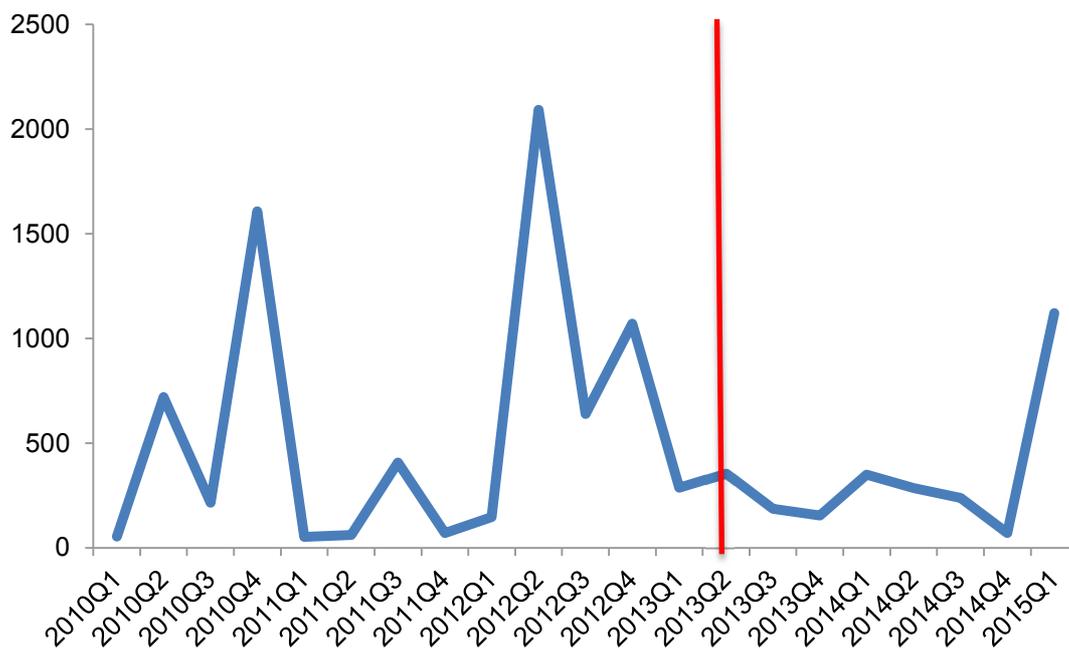


Figure TA4.1: Number of dwellings submitted in planning applications to LPA14, with CIL adoption date indicated (source: Glenigan)

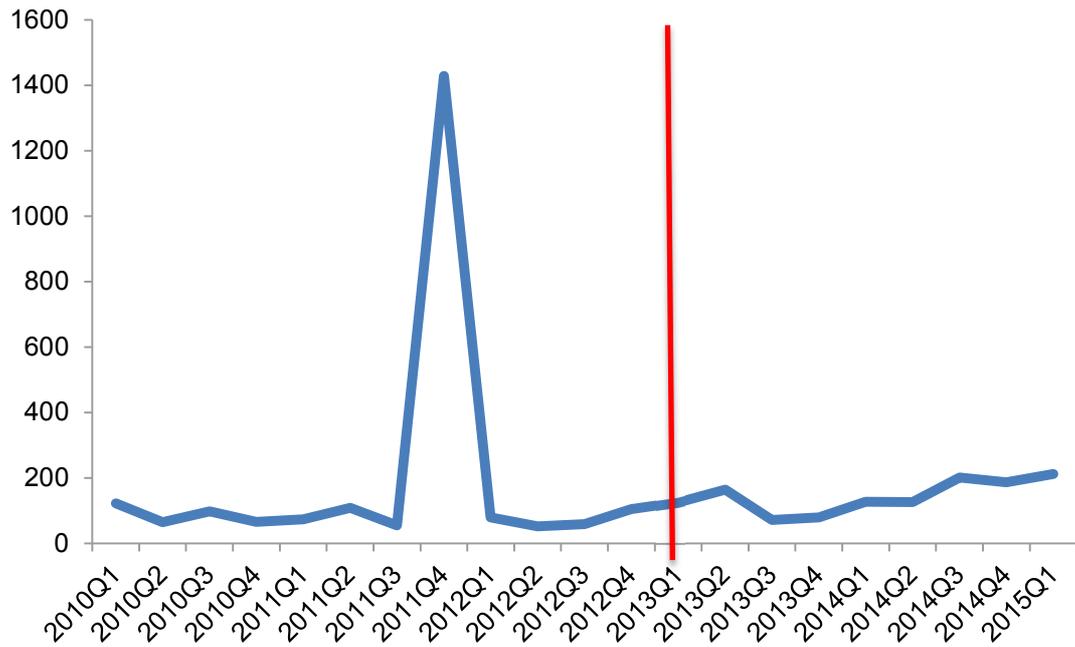


Figure TA4.2: Number of dwellings submitted in planning applications to LPA8, with CIL adoption date indicated (source: Glenigan)

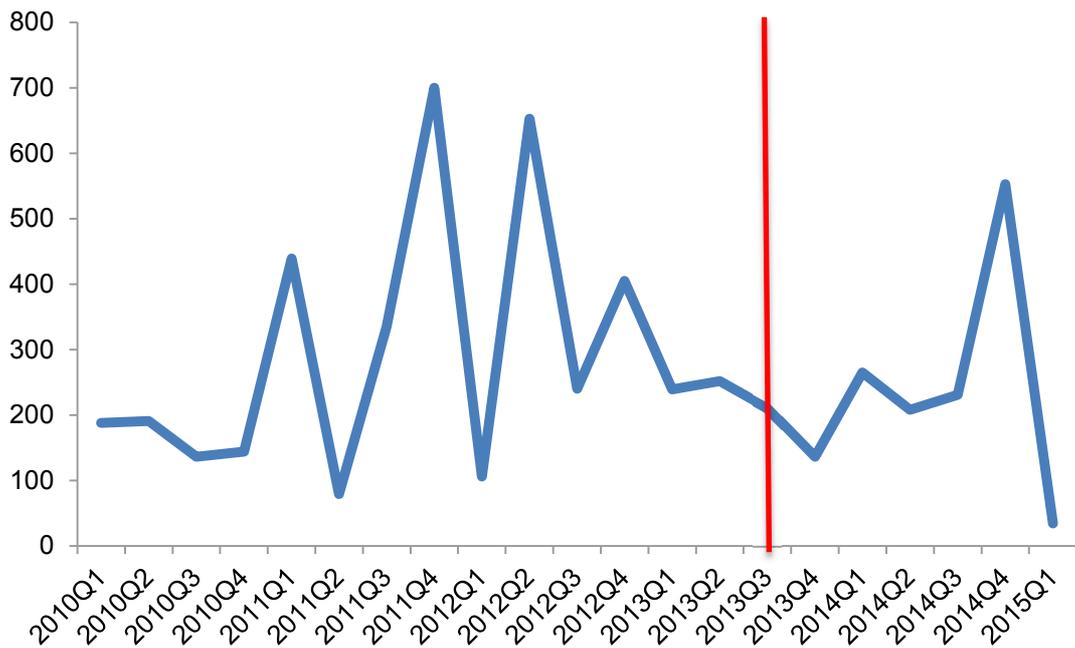


Figure TA4.3: Number of dwellings submitted in planning applications to LPA20, with CIL adoption date indicated (source: Glenigan)

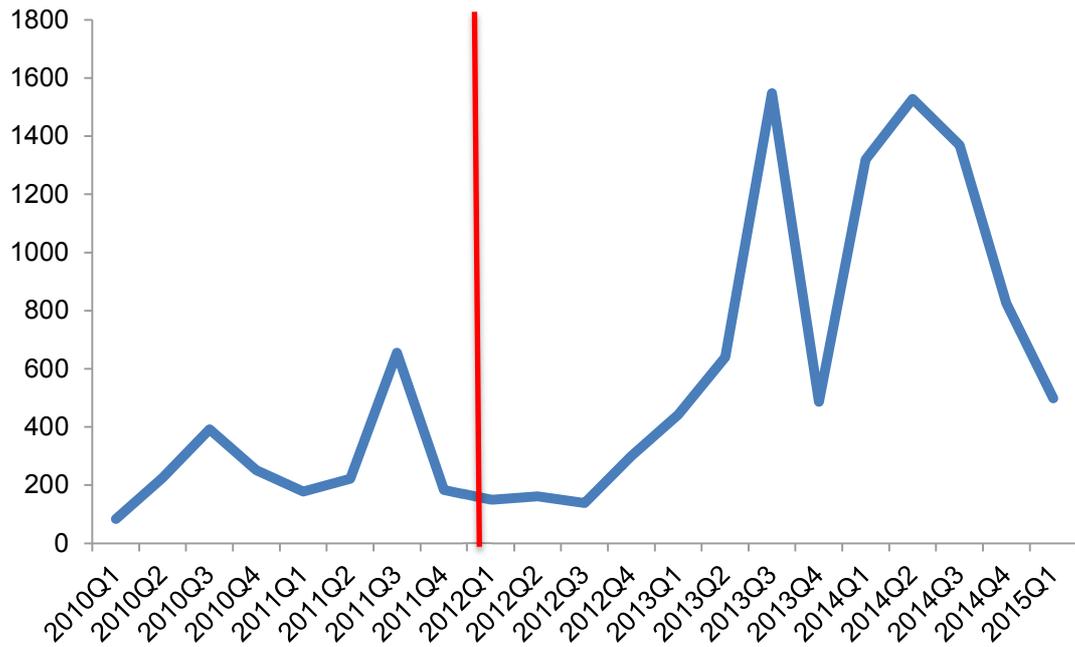


Figure TA4.4: Number of dwellings submitted in planning applications to LPA2, with CIL adoption date indicated (source: Glenigan)

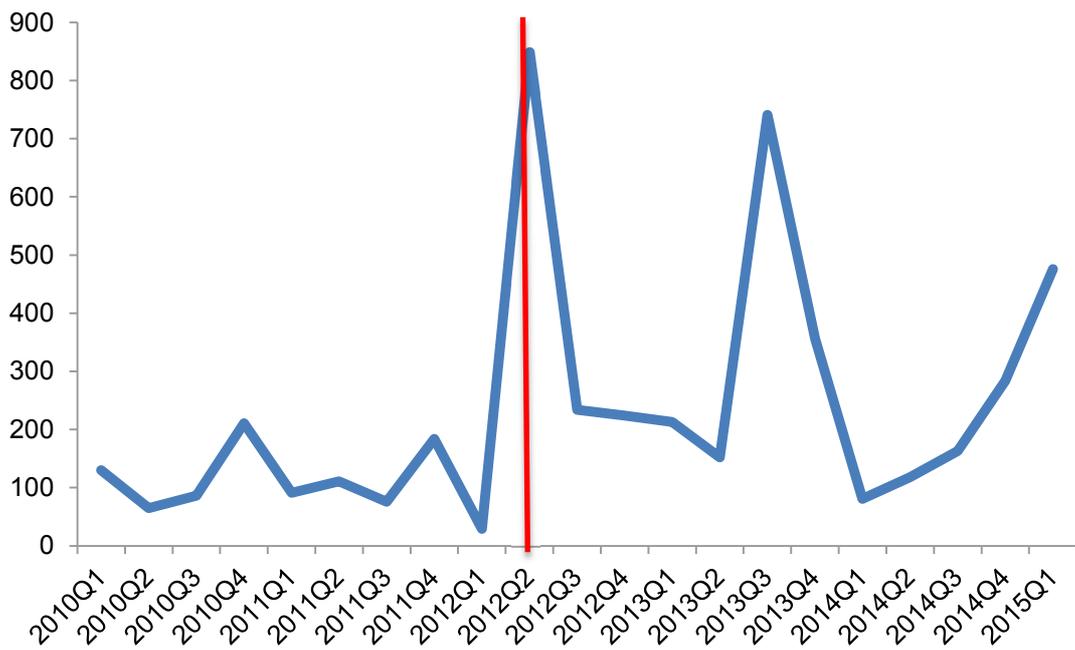


Figure TA4.5: Number of dwellings submitted in planning applications to LPA5, with CIL adoption date indicated (source: Glenigan)

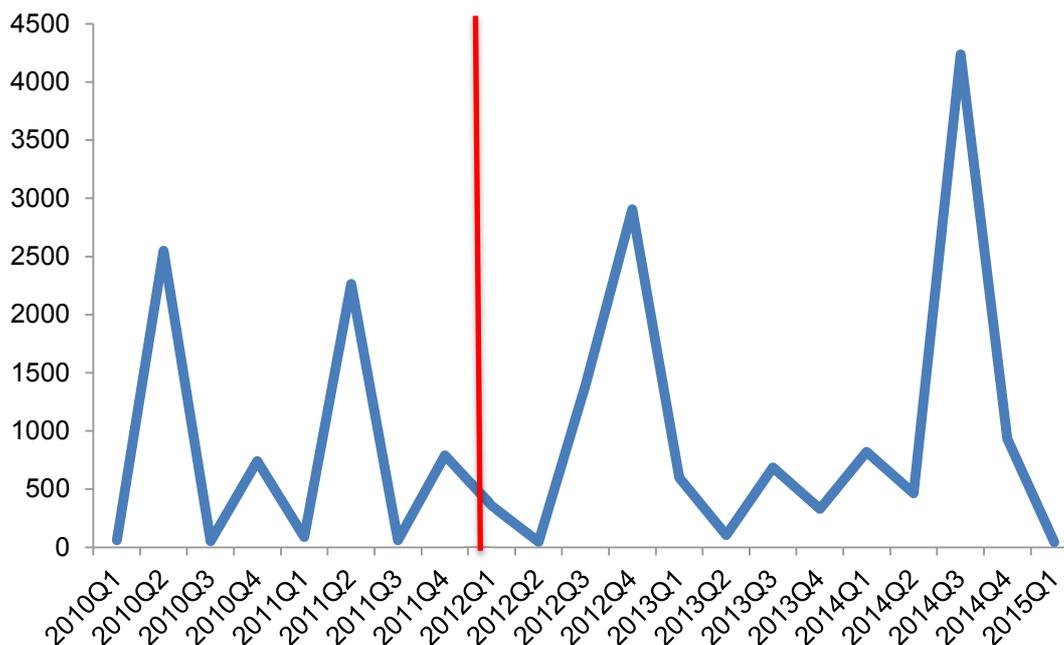


Figure TA4.6: Number of dwellings submitted in planning applications to LPA28, with CIL adoption date indicated (source: Glenigan)

CIL and development viability

Proportion of overall development costs that CIL represents and CIL sensitivity

- 53** According to the Office for National Statistics House Price Index Table 25 the average price for a new dwelling in England in 2014 was £254,000 and according to the 2013 edition of the English Housing Survey the average dwelling size was 98 square metres. So the average price of a new dwelling in England was £2,592 per square metre in 2014.
- 54** Davis Langdon¹⁰ estimated the 2014 average tender price for private two and three storey dwellings to be £1,213 per square metre and £1,438 per square metre for three to five storey apartments and flats built to a standard quality. Assume that, to estimate an average residential build cost, we weight these costs 70:30 in favour of the houses to arrive at a weighted average residential build cost of £1,280 per square metre. These value and cost estimates, along with standard assumptions for additional development costs are included in the valuation below. It should be noted that there is no single set of cost assumptions - they will vary, usually within certain tolerances. For the purposes of this modelling exercise, which is analysing relativities, this variation is not critical to the outcome.

¹⁰ Also known as 'Spons'. The build costs quoted in Spons include preliminary costs, overheads and profit but exclude external works and professional fees. An alternative source of build cost data is BCIS, which includes preliminary costs.

Valuation	Inputs	Values
Average dwelling size (m2 gross internal area or GIA)	1	
Average house price (£/m2 GIA)	2,592	
Development value (net of 2.75% sale costs)		2,523
Building costs (£/m2 GIA) - weighted between flats and houses	1,280	-1,280
Professional fees (% build costs)	10%	-128
Contingencies (% building costs and professional fees)	3%	-42
Site, infrastructure and other costs (% build costs)	10%	-128
CIL (£/m2 GIA)	50.00	-50
Interest on half total costs and fees for whole development period		-44
<i>Loan (% p.a.) - assumes 100% debt finance</i>	5.35%	
<i>Development period (yrs)</i>	1.00	
Marketing costs (% development value)	0%	0
Developer's return (% development value)	15%	-378
Future residual balance (land price & purchase costs at end of development)		472
less interest on residual balance (PV of future residual balance)		0.9492
Residual land value (RLV) today, net of land purchase costs (£)	5.75%	424
RLV per sqm of dwelling GIA		424
RLV as a % of Development Value		16.81%

- 55 The residual land value (RLV) works out at 16.8% of development value. The RLV (£424) is small in comparison to the development value (£2,523) and development costs (£2,050). This is often the case and explains why the valuation technique is referred to as the residual method – the land value is a residual amount having deducted development costs from development value. This high level of gearing between development value and development costs on the one hand and RLV on the other means that the latter is very sensitive to changes in the former. For example, consider house price rises in 5% increments. Table TA4.3 illustrates how RLV as a percentage of development value changes substantially from a 17% increase to a 59% increase. Similarly if build costs rise by 5% RLV as a percentage of development value decreases by 17% and if they rise by 20% the decrease is a drop of 69% from the original estimate.

Table TA4.3: Sensitivity of RLV to separate changes in development value and development costs

House price rise	16.81%		RLV as a % of DV	Rise in build cost	16.81%		RLV as a % of DV
0%	2,592	16.81%		0%	1,280	16.81%	
5%	2,722	19.64%	16.85%	5%	1,344	13.93%	-17.15%
10%	2,851	22.22%	32.17%	10%	1,408	11.04%	-34.30%
15%	2,981	24.57%	46.16%	15%	1,472	8.16%	-51.45%
20%	3,110	26.72%	58.98%	20%	1,536	5.28%	-68.60%

- 56 In a growing economy we would expect both values and costs to inflate so the two-way sensitivity analysis in Table TA4.4 shows how increases in development value and development costs can roughly cancel each other out; RLV changes from 16.8% to 17.1% as both development values and costs

increase simultaneously from 5% to 20% of the original estimate. In reality such synchronised shifts are a rarity and we might expect values to inflate more rapidly than costs but the situation will depend on many macroeconomic and site-specific factors.

Table TA4.4: Sensitivity of RLV to simultaneous changes in development value and development costs

RLV as a % of DV		Increase in build costs				
Increase in house price	16.81%	0%	5%	10%	15%	20%
		1,280	1,344	1,408	1,472	1,536
0%	2,592	16.81%	13.93%	11.04%	8.16%	5.28%
5%	2,722	19.64%	16.90%	14.15%	11.41%	8.66%
10%	2,851	22.22%	19.60%	16.98%	14.36%	11.73%
15%	2,981	24.57%	22.06%	19.56%	17.05%	14.54%
20%	3,110	26.72%	24.32%	21.92%	19.52%	17.11%

- 57 Turning to CIL, this is a development cost and, typically, a relatively minor one. Starting at a CIL levy of £50 per square metre and increasing that in 5% increments to a 20% increase, the effect on RLV (as a percentage of development value) is to decrease it slightly from 16.2% to 15.9%.

Table TA4.5: Sensitivity of RLV to changes in CIL

Increase in CIL		16.81%	RLV as a % of DV
0%	50.00	16.81%	
5%	52.50	16.72%	-0.54%
10%	55.00	16.63%	-1.09%
15%	57.50	16.54%	-1.63%
20%	60.00	16.45%	-2.17%

- 58 Clearly, this is a highly simplified example. A larger development would take longer so the development period and therefore finance costs would be higher. More complicated brownfield developments usually require more provision for abnormal costs. Nevertheless, this hypothetical development illustrates the point: RLV is not overly sensitive to changes in CIL; it is CIL inelastic.
- 59 A similar set of outcomes arises in the case of commercial development, as illustrated in Table TA4.6.

Valuation	Inputs	Values
Office gross internal area (sqm)	1,000	
Office net:gross ratio	85%	
Office rent (£psm net internal area)	250	
Office yield (%)	7%	
Development value (net of 2.75% sale costs)		2,954,466
Building costs (£/m2 GIA)	1000	-1,000,000
Professional fees (% build costs)	10%	-100,000
Contingencies (% building costs and professional fees)	3%	-33,000
Site, infrastructure and other costs (% build costs)	10%	-100,000
CIL (£/m2 GIA)	100.00	-100,000
Interest on half total costs and fees for whole development period		-80,535
<i>Loan (% p.a.) - assumes 100% debt finance</i>	6.5%	
<i>Development period (yrs)</i>	2.00	
Marketing costs (% development value)	3%	-88,634
Developer's return (% development value)	20%	-590,893
Future residual balance (land price & purchase costs at end of development)		861,404
less interest on residual balance (PV of future residual balance)		0.8817
Residual land value (RLV) today, net of land purchase costs (£)	5.75%	718,170
RLV per sqm of office NIA		431
RLV as a % of Development Value		24.31%

- 60 The developer's profit margin is assumed to be higher at 20% of development value than the residential scheme. This is often justified on the basis of greater levels of risk associated with commercial development schemes.
- 61 The RLV is 14.6% of development value. As with the residential example, the RLV is very sensitive to changes in key development value inputs such as estimated rental value and yield but very insensitive to changes in CIL.

Table TA4.6: Sensitivity analysis of RLV to changes in development value and development cost

Increase in office rent	Office rent (£/sqm)	RLV as a % of DV	% change	Increase in Yield	Yield (%)	RLV as a % of DV	% change
0%	250	14.60%		0%	7.00%	14.60%	
5%	263	16.96%	16.18%	5%	7.35%	12.12%	-16.99%
10%	275	19.11%	30.88%	10%	7.70%	9.64%	-33.97%
15%	288	21.07%	44.31%	15%	8.05%	7.16%	-50.96%
20%	300	22.87%	56.62%	20%	8.40%	4.68%	-67.95%

RLV as a % of DV:		Increase in build costs				
Increase in office rent		0%	5%	10%	15%	20%
			1300	1365	1430	1495
0%	250	14.60%	12.19%	9.78%	7.37%	4.96%
5%	263	16.96%	14.67%	12.37%	10.08%	7.78%
10%	275	19.11%	16.92%	14.73%	12.54%	10.35%
15%	288	21.07%	18.97%	16.88%	14.78%	12.69%
20%	300	22.87%	20.86%	18.85%	16.84%	14.83%

Increase in CIL	RLV as a % of DV		% change
0%	50	14.60%	
5%	53	14.53%	-0.48%
10%	55	14.46%	-0.97%
15%	58	14.39%	-1.45%
20%	60	14.32%	-1.93%

Marginal sites

- 62 CIL is a form of land value capture and secures of a contribution to public sector finances from an uplift in land value that results on grant of planning permission. There have been previous attempts to capture part or even all of this 'land value uplift' but CIL differs from these previous attempts because it is not quantified directly in relation to the magnitude of the land value uplift, i.e. it is not a percentage of the increase in land value. It is related indirectly though because the size of the levy is determined by the size of the development scheme (CIL is levied on a per square metre basis), on the type of development and the location of the development; all of which influence development value. This indirect relationship between levy and value can cause problems, which were recognised back in the 1990s when impact fees (another form of land value capture) were being considered. Henneberry and Goodchild (1996) found that area-wide fee regimes are blunt due to the heterogeneity of development type (in terms of land use), location and market state.

- 63 By setting levies on an area-wide basis over several years at a time (between reviews of charging schedules), CIL can have an uneven impact on development schemes and, in particular, jeopardise development on ‘marginal’ sites at certain points in the economic cycle. One problem is market volatility. Campbell *et al* (2000) note that:

“Property values display marked regional, sectoral, and temporal variation... Consequently, planning obligations impose relative costs on development which differ with market strength. Developments in weak markets are faced with much greater cost burdens than developments in strong markets.”

- 64 They showed that the cost of planning obligations are a higher proportion of development value and RLV in lower value areas than in higher value ones, boom times fair better than recessions and greenfield sites are capable of releasing more planning obligations than marginal brownfield sites. For instance, let’s assume there are two greenfield sites, one in a high value area and the other in a low value area. Both require a contribution of £10 million towards highway improvements. In the low value area, the uplift¹¹ generated by the granting of planning permission is £20 million. Effectively the landowner receives 50% of the land value uplift and the community receives the other 50% for highway improvements; the ‘tax’ rate is 50%. In the high value area, the uplift generated by planning permission is £50 million so the tax rate is 20% (£10m to the community and £40m to the landowner). Whether this is regarded as fair or appropriate involves ethical judgments about how much of uplift should be ‘captured’ by the community and the extent to which this should be related to land value uplift (the ‘income’). Essentially, if area-wide viability targets are set too high, then marginal sites will suffer. To address these issues differential charging by development type and locality are usually employed along with a ‘viability buffer’.
- 65 On sites where development costs form a high proportion of the value of the completed development (i.e. the land value is small in relation to both completed development value and total building costs), small changes in either development costs or development value result in magnified shifts in residual land value. Put another way, the higher the cost-to-value ratio the more sensitive residual land value is to changes in value. For example, take three sites:
- a) A high cost-to-value ratio, where building costs are a high proportion of GDV (i.e. a low residual land value in relation to both build costs and scheme value);
 - b) A medium cost-to-value ratio, where the building costs and residual land value are the same proportions of GDV; and
 - c) A low cost-to-value ratio, where building costs are a small proportion of GDV (i.e. a high residual land value in relation to both build costs and scheme value).

¹¹ This uplift is defined as the difference between value of site in current use (ignoring the effect of potential planning permission) and value of site with planning permission for new use (ignoring the effect of planning obligations).

- 66 Assume there are three sites which all have the same residual land value of 10 but different cost-to-value ratios – (a) 90%, (b) 50% and (c) 9% and that these sites are subjected to shifts in GDV. Figure TA4.7 shows that the residual land value of site (a), with the high cost-to-value ratio, is very sensitive to shifts in GDV whereas sites (b) and (c) are much less so. If the threshold land value is set at 8, it only takes a very small drop in GDV to render site (a) unviable.

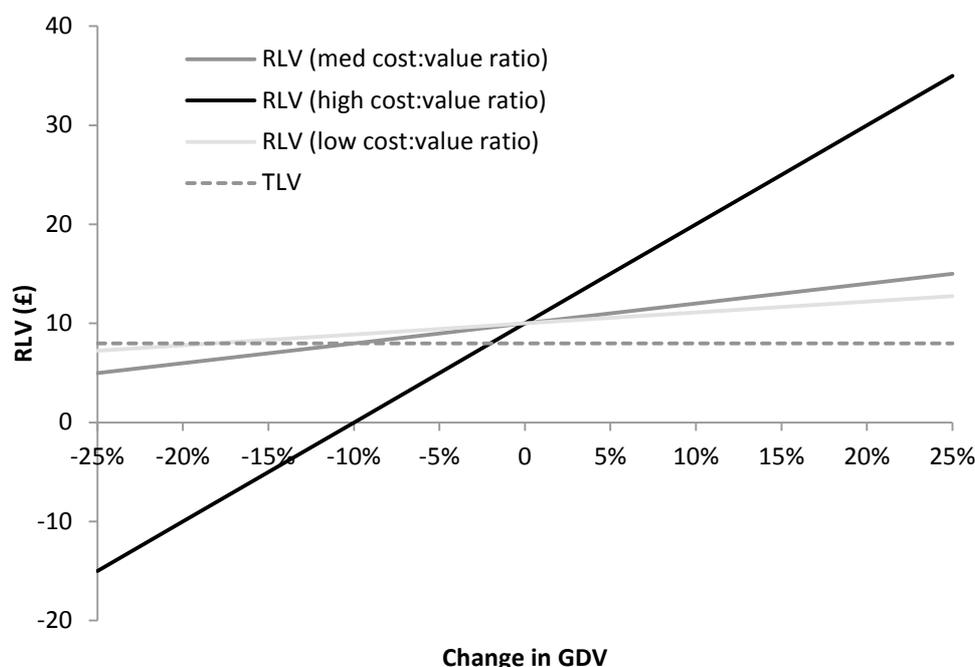


Figure TA4.7: Impact of the cost-to-value ratio and changes in GDV on residual land value

- 67 Finally, it is worth looking at how RLV changes over time. To do this we take the hypothetical scheme described above, which was based on 2012 costs and values, and apply it to costs and values back to 1996 (using the ONS HPI data and BCIS data). Looking at Figure TA4.8, house prices rose at a higher rate than build costs between 1996 and 2005. Then there was a sharp increase in tender prices in 2005, largely driven by an increase in the cost of building apartments. After a significant market correction following the financial crisis, the previous trend of house price growth and building cost inflation has resumed. The RLV is estimated to be £368/m² in 2012, which equates to approx. £3m per hectare if we assume, as the Valuation Office Agency does for its land value estimates (DCLG, 2015), that net developable area is 80% of gross area.
- 68 These two key variables, build costs and house prices, were combined with a simple set of assumptions in a residential residual valuation model that is set out below for the 2010 input values. Planning obligations are not included as they form part of the residual in this model. The output from the model is a residual land value. The solid line shows how volatile RLV is over time despite the correlated movements in costs and values. Because house prices tend to

be more volatile than build costs there is a gearing effect on RLV. House building is also included on the graph to show what happens to supply in response to falling house prices and, more particularly, falling land values.

- 69** These are national level estimates and clearly there are many local area and site-specific factors to consider when estimating land value. Nevertheless, CIL viability studies require area-wide financial appraisals to be undertaken to determine whether a CIL charging schedule is viable. The viability ‘test’ usually involves setting a benchmark land value and if the appraisal (which includes CIL) produces a RLV below the benchmark then the charge is deemed unviable. Controversy surrounds the determination of the benchmark, not helped by the lack of land price data on which to base any analysis.



Figure TA4.8: RLV, average house price, average build cost and house-building activity, 1996-2012

70 Figure TA4.9 overlays mix-adjusted dwelling prices with RLVs for the time period 1996 to 2014. The very strong correlation up to 2005 can be seen. At that point the rapid boom in apartment construction led to a substantial increase in building costs. This, combined with static new house prices, meant the gearing effect largely wiped out RLV for a time before a recovery in house prices led to a recovery in land values in 2009.

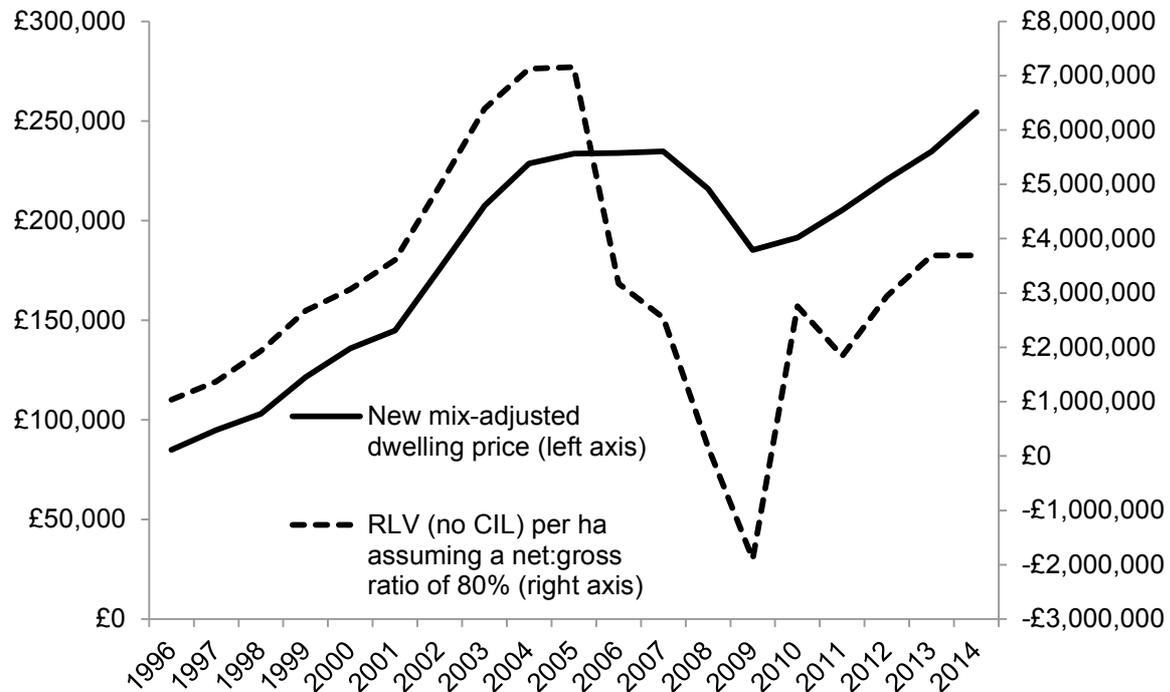
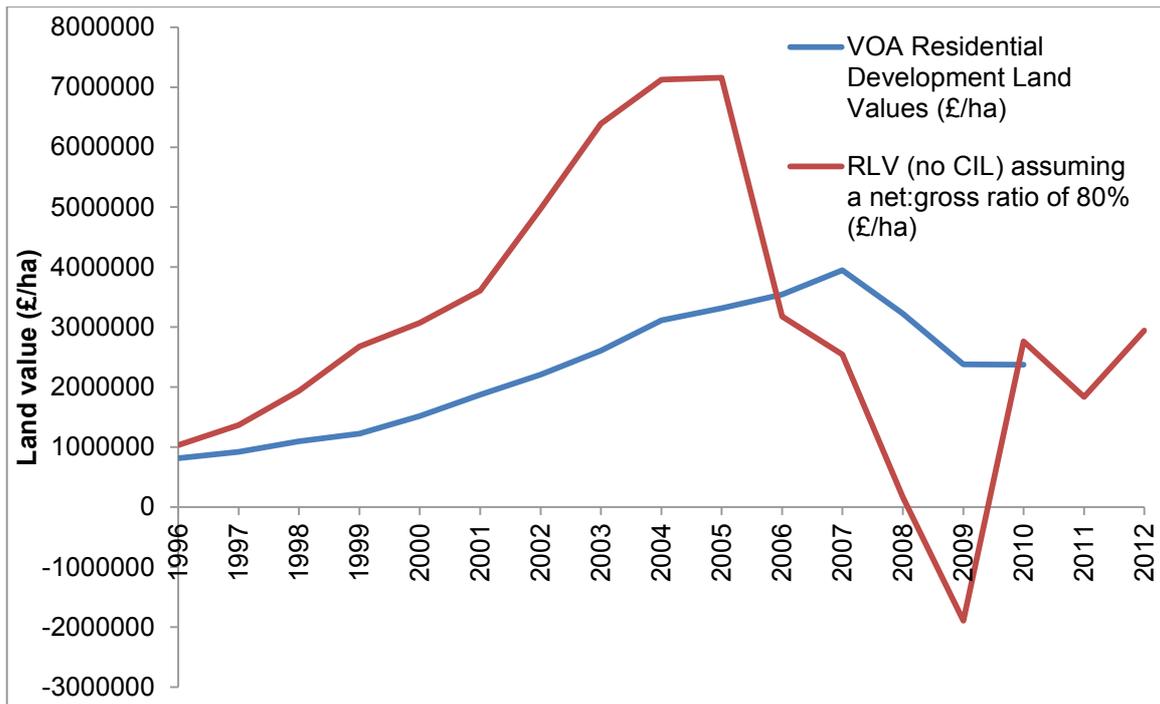


Figure TA4.9: House prices and RLV, 1996-2012

71 Because land values are so volatile spatially and temporally, and because RLV is CIL inelastic, it will be very difficult to identify a causal effect between CIL and land value. By way of example, Figure TA4.10 shows the volatility in RLV compared to the Valuation Office Agency's estimates of land values over the period 1996 to 2010.



Source: DCLG Live Table 563 (for the VOA land values)

Figure TA4.10: VOA land value estimates for residential building land with outline planning permission and RLV, 1996-2010/2012

Development land values

- 72 Due to the heterogeneity of development sites and schemes, coupled with the uncertainty surrounding the estimation of development values and costs, there is a paucity of information on development land values in England and Wales. Similarly, there is no publicly accessible source of information on land prices, despite the recording of such transactions by the Land Registry for Stamp Duty Land Tax purposes.
- 73 Valuation Office Agency Market Reports used to provide land value estimates at a regional level, the production of which relied upon interdepartmental sharing of the land price data recorded by the Land Registry for Stamp Duty Land Tax purposes, but the last publication was in 2011. Also, the DCLG used to publish average valuations of residential building land with outline permission at the national and regional level (Table 563) but the table has been discontinued so the data set spans 1994 to 2010 (updated annually between 1994 and 2003 and biannually between January 2004 and July 2010).
- 74 Very recently the DCLG published 'Land value estimates for policy appraisal' (DCLG 2015). This document provides a post-permission estimated residential land value (£/ha) for a 'typical' residential site as at 1 January 2014 for each local authority in England, illustrated in Figure 2.2 in the main report. The valuations were undertaken by the Valuation Office Agency but using a different set of assumptions to the Property Market Reports described above. The publication also provides an average estimated residential land value for England as a whole, including and excluding London. These averages are

based on the local authority estimates but weighted according to the number of net additional dwellings, presumably in 2014 but that is not made clear. Also included are an England-wide estimate of agricultural land value and an England-wide estimate of industrial land value. All valuations assume no CIL, no affordable housing or other s106/s278 costs and no grants. Although the land value estimates provide an interesting snapshot and illustrate the remarkable dominance of London, their lack of consistency with previously published land value data and lack of methodological transparency means that they are of little use for this research.

- 75 Given the absence of publicly accessible land *transaction* information and the disjointed time series and inconsistencies in methods underpinning what land *value* data has been published means that empirical analysis of the potential impact of CIL on land price is not possible.

Viability modelling of case studies

- 76 The testing undertaken assessed the residual value of a notional scheme and compared this with a benchmark land value. The main components of the residual value calculation are illustrated in figure TA4.11.

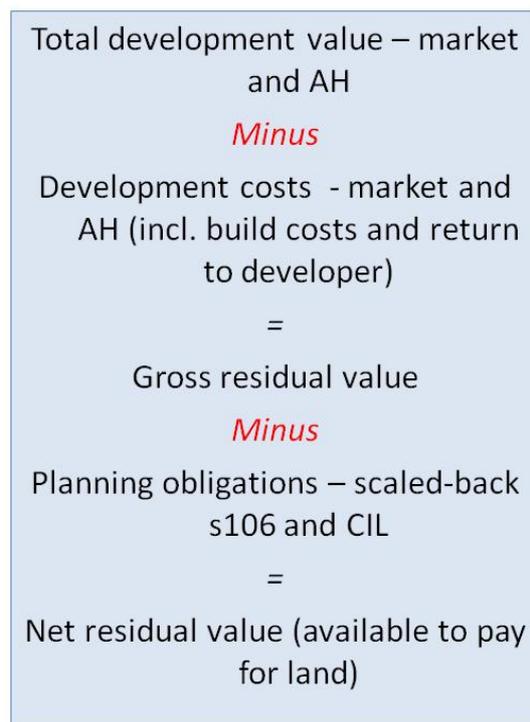


Figure TA4.11: Main components of a residual valuation

- 77 Four notional local authority case studies were developed. These represent an 'average' local authority in four of the house prices bands as identified in the main report – bands 2, 3, 4 and 6 (with 6 being almost exclusively London boroughs) – the higher the number of the band, the greater the market values.

78 None of the case studies is based on a single local authority. For each case study, we have identified three local authorities that sit around the median house price of that band and amalgamated information for each to draw up the case study viability profile. Wherever possible, the assumptions used are taken from published reports or use values that have been accepted at CIL examinations¹².

Assumptions

79 All the testing assumes a **notional one-hectare scheme** with three alternative densities of development used - 35 dwellings per hectare (dph), 55 dph and 320 dph. The 35 and 55 dph tests are only used in case studies for bands 2, 3 and 4 while a density of 320 dph is tested in band 6 i.e. high density London. It is assumed that the schemes build out over 1 year, except for the 320 dph scheme where a build period of 4 years is assumed.

80 **The percentage of affordable housing** is assumed to be policy compliant (with policies taken from relevant local plans). Local plan policies for each authority (making up the 'average' local authority in the band) were taken from the authorities' websites. In addition to identifying an average overall percentage of affordable housing, the mix of affordable housing making up the percentages was also taken from published policies. In all cases, this was a mix of social or affordable rent and shared ownership and we have modeled accordingly but have assumed the entire rental component is affordable rent. The relevant percentages are shown below. Throughout the testing – for the shared ownership, it was assumed that the average share size purchased was 40%.

Average 'LA' by band	% affordable housing	% affordable rent	% shared ownership
2	30%	21%	9%
3	30%	21%	9%
4	35%	24.5%	10.5%
6	45%	26%	19%

81 The following table shows the **dwelling mixes used for each band**. These are set out for market and affordable housing separately for the lower density mix, as experience shows that affordable housing tends to be concentrated in smaller units. The dwelling mixes are taken from the previous studies noted earlier.

¹² Including i) GLA Strategic Housing Land Availability Assessment, Viability Assessment, Final Report, April 2014, ii) GLA Housing Standards Review by David Lock Associates with Hoare Lea and Gardiner & Theobald May 2015 and iii) Section 106 Planning Obligations in England, 2011-12, May 2014, Report of study for DCLG

35 dph mix at 30% affordable housing

	35 dph		
Affordable housing	30%		
	Market	AR	SO
2 bed terr	6.1	4.7	2.0
3 bed terr	6.1	2.2	0.9
3 bed semi	4.9	0.4	0.2
4 bed det	6.1	0.0	
5 bed det	1.2	0.0	
	24.5	7.4	3.2

35 dph mix at 35% affordable housing

	35 dph		
Affordable housing	35%		
	Market	AR	SO
2 bed terr	5.7	5.5	2.4
3 bed terr	5.7	2.6	1.1
3 bed semi	4.6	0.5	0.2
4 bed det	5.7	0.0	
5 bed det	1.1	0.0	
	22.8	8.6	3.7

55 dph mix – affordable housing at 30%

	55 dph		
Affordable housing	30%		
	Market	AR	SO
2 bed flat	3.9	1.2	0.5
2 bed terr	7.7	2.3	1.0
3 bed terr	15.4	4.6	2.0
3 bed semi	11.6	3.5	1.5
	38.5	11.6	5.0

55 dph mix – affordable housing at 35%

	55 dph		
Affordable housing	35%		
	Market	AR	SO
2 bed flat	3.6	1.3	0.6
2 bed terr	7.2	2.7	1.2
3 bed terr	14.3	5.4	2.3
3 bed semi	10.7	4.0	1.7
	35.8	13.5	5.8

320 dph mix – affordable housing at 45%

	320 dph		
Affordable housing	45%		
	Market	AR	SO
2 bed flat	70.4	34.6	23.0
2 bed terr	61.6	30.2	20.2
3 bed terr	35.2	17.3	11.5
3 bed semi	8.8	4.3	2.9
	176.0	86.4	57.6

- 82 **Dwelling sizes** used are in accordance with Table 1 of Technical housing standards – nationally described space standard, DCLG March 2015. Additional circulation space allowed for the flats as follows: 10% for the 55 dph scheme, 20% for the 320 dph scheme.

Dwelling sizes (gross internal floor area in sqm)

Dwelling type	Floor area (sqm)
1 bed flat	45
2 bed flat	65
3 bed flat	86
4 bed flat	99
2 bed terrace	70
3 bed terrace	84
3 bed semi	93
4 bed detached	115
5 bed detached	128

- 83 **Market values** are derived from Land Registry price paid data for new build dwellings for January 2014 to September 2015 (inflated from a notional December 2014 average to bring up to best estimate of current values). Data for Band 6 took into account the recent GLA viability reports (as noted earlier).

Assumed market values

Average LA	2	3	4	6
1 bed flat				£ 417,000
2 bed flat	£ 147,000	£ 173,000	£ 267,000	£ 492,000
3 bed flat				£ 567,000
4 bed flat				£ 663,000
2 bed terr	£ 192,000	£ 217,000	£ 357,000	
3 bed terr	£ 213,000	£ 239,000	£ 394,000	
3 bed semi	£ 224,000	£ 254,000	£ 382,000	
4 bed det	£ 328,000	£ 345,000	£ 583,000	
5 bed det	£ 360,000	£ 379,000	£ 641,000	

- 84 **Build costs** are taken from the Royal Institution of Chartered Surveyors, Building Cost Information Service using five year median values. Build costs

are adjusted for location, again using the average value for the local authorities in each band. An additional 15% has been added for external works.

Average LA	Houses	Flats
2	£1,131	£1,266
3	£1,131	£1,266
4	£1,221	£1,367
6		£2,256

- 85 Affordable rents** are assumed to be 80% of Local Housing Allowances – again using averages for the local authorities in the band. For Band 6, additional information was taken from the GLA viability reports referred to above.

Average LA	1 bed	2 bed	3 bed	4 bed
2	£84	£105	£127	£165
3	£85	£107	£127	£165
4	£101	£127	£156	£218
6	£180	£204	£226	£255

Rents assumed to be net of service charge

- 86 Other affordable housing assumptions as follows:**

For affordable rent

- Management/maintenance costs - £1,500 per dwelling
- Void levels at 3%
- Capitalisation rate of 5.5%

For shared ownership

- Rent on un-bought share - 2.5%
- Capitalisation rate of 5.5%

- 87 Other development costs assumed as follows:**

- 20% developer return (as % market value)
- 6% contractor's return (as % costs of affordable housing)
- 10% fees
- 3% marketing
- 6% finance
- 1.75% agents fees, etc.

88 **CIL rates** are drawn from an examination of the rates used for the sample of local authorities in each of the bands and are as follows:

Average LA	CIL (£psm)
2	£50
3	£80
4	£100
6	£350*

*Includes Mayoral CIL

89 For each 'average' LA three **combinations of s106 and/or CIL payments** have been tested. These are as follows:

- With s106 costs at £4,500 per dwelling (all tenures), no CIL
- With s106 costs at £8,000 per dwelling (all tenures), no CIL
- With s106 costs at £1,500 per dwelling (all tenures) + CIL at appropriate rate

The above s106 costs are taken from information in the main report and other information collected through the research as well as from the published evidence from the sample of local authorities in each band. The evidence is limited and there is no single rate of s106 that it is appropriate to use for the modeling without CIL in place, hence testing has included two alternative amounts. The £1,500 per dwelling for s106 payments with CIL is a slightly higher figure than the average rate reported in the main report (at £1,000) but takes into account some of the slightly higher rates also found.

90 No allowance is made for any **additional development costs and/or exemptions** or reliefs from CIL such as vacant building credit.

91 **Benchmark land values** have been derived for each of the bands. These are based on values used in the viability studies used as evidence for the CIL examination. We note that there is often variation in benchmarks used within one authority and we have selected the average of 'typical' values. In the case of bands 2 and 3, there is little difference between authorities and, as shown in the table below, we have opted for the same benchmark for both bands.

92 The benchmark for band 6 has been derived from the two viability studies undertaken for the GLA. We are aware that there is significant variation in the benchmarks used for each borough and have opted for an 'average' which is towards the upper end of the 'averages' to take account of the variability.

93 The benchmark land values per hectare are shown in the table below:

Average LA	Benchmark land value (per ha)
2	£1,000,000
3	£1,000,000

4	£1,600,000
6	£15,000,000

94 In addition to the benchmarks shown above, the main report provides a sensitivity test with a benchmark 20% above the values shown above.

Older person housing

95 Viability testing has also been carried out for older person housing. This uses a notional sixty-unit scheme and the main assumptions set out above but makes an allowance for the higher build costs, additional non saleable space in such schemes as well as the longer sales period typical of them. We draw on the Retirement Housing Group publication for the assessment – Community Infrastructure Levy and Sheltered Housing/Extra Care Developments - A Briefing Note on Viability prepared for Retirement Housing Group By Three Dragons May 2013.

- Site Area – 0.5 ha net and gross
- Mix of 1 bed and 2 bed units with 25% communal area
- Marketing 6%
- Void costs of £100,000.

Strategic site

96 The previous study for DCLG¹³ modelled a large-scale urban extension of 3,000 dwellings and we repeat the exercise for the current study for bands 2, 3 and 4. We use the following additional assumptions to those set out above:

- Tested at 35 dph only;
- In addition to the 15% additional allowance on build costs for external works, we allow a further £200,000 per hectare strategic opening up costs (spread over the first five years);
- A net-to-gross ratio for developable land at 65%.
- A 14-year development period.

97 We have repeated the three sets for tests for alternative combinations of s106 and/or CIL charges but have assumed that, without CIL, s106 costs would be £15,000 per dwelling and with CIL in place, residual s106 would be £3,000 per dwelling.

- With s106 costs at £15,000 per dwelling (all tenures), no CIL
- With s106 costs at £3,000 per dwelling (all tenures) + CIL at appropriate rate (£3,000 is a broad estimate of a higher residual s106 for large-scale schemes with CIL in place. From the limited evidence available and reported in the main report, this appears a reasonable estimate for this kind of testing).

¹³ Section 106 Planning Obligations in England, 2011-12, May 2014, Report of study for DCLG



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Any enquiries regarding this document/publication should be sent to us at:

Department for Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

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