

**WAVERLEY BOROUGH  
COMMUNITY INFRASTRUCTURE LEVY**

**PRELIMINARY  
DRAFT CHARGING SCHEDULE**

**May 2017**

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## INTRODUCTION

- 1.1 The Community Infrastructure Levy (CIL) is a new tariff which will allow funds to be raised from new building projects in Waverley. It is intended to supplement other funding streams in providing new infrastructure to support local growth. The purpose of the levy is to give developers more certainty over costs and to give councils and communities more choice and flexibility in how infrastructure is funded.
- 1.2 CIL is intended to supplement rather than replace other funding streams, and to provide infrastructure alongside residential and commercial development, promoting sustainable development. Charges are meant to help fund new, or to upgrade existing, infrastructure to support growth, not to cover the cost of remedying existing deficiencies.
- 1.3 With the introduction of CIL, the use of S106 planning obligations will be limited to site-specific mitigation measures which are required to make a development acceptable and for affordable housing.

### **Purpose of this document**

- 1.4 This **Preliminary Draft Charging Schedule** (PDCS) is published for consultation under Regulation 15 of the CIL Regulations 2010 (as amended). It provides the background to the proposed tariff, and is the first opportunity to comment on the proposed charges.
- 1.5 Comments relating to PDCS will be analysed and taken into account in preparing the Draft Charging Schedule. Further consultation will then take place and comments considered prior to submission and scrutiny by an independent examination.

### **Who will pay CIL?**

- 1.6 CIL will be applied to most buildings that people normally use and where more than 100 square metres of floorspace (net) or a new dwelling is created (even if it is less than 100 sq. m). CIL will be payable on the commencement of development or for larger developments, over an agreed phased period. The tariff for each type of development will be set out in the CIL Charging Schedule (see Section 3).
- 1.7 There will be no charge for change of use applications unless additional floorspace is created, as well as none for the sub-division of existing dwellings. CIL is also not payable on:
  - structures into which people do not go
  - all affordable housing
  - custom and self-build housing
  - redevelopments that do not result in a net increase in floorspace (subject to caveats) and
  - development for charitable purposes.

## 2. SETTING THE CIL CHARGE

### Evidence Base

- 2.1 The CIL Regulations state that, in setting rates, the Council, as the charging authority, must: aim to strike what appears to be an appropriate balance between:
- the desirability of funding from CIL (in whole or part) the actual and expected total cost of infrastructure required to support development of its area; and
  - the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.<sup>1</sup>
- 2.2 In order to set the rates, and to take into account these requirements, three key documents are used.
- Pre-Submission Draft Waverley Local Plan: Part 1
  - Waverley Borough Council Viability Study
  - Waverley Borough Council Infrastructure Delivery Plan
- 2.3 **Pre-Submission Draft Waverley Local Plan: Part 1 (Strategic Policies and Sites)** was published in August 2016. This sets out how much development will take place in the Borough to 2032 and the broad locations of that development.
- 2.4 **Waverley Borough Council Viability Study** (August 2016, updated 2017) prepared for the Council by consultants Three Dragons and Troy Planning and looks at different types of development across the Borough.
- 2.5 The Viability Study found that Waverley comprised a single market value area, which makes setting the CIL rates a simpler task. The study also included an appraisal of the proposed mixed use strategic development site at Dunsfold Aerodrome.
- 2.6 The study's recommended residential CIL rates were based on an assumed density of 40 dwellings per hectare with around a 40% 'buffer' below the theoretical maximum CIL charge (see Section 3). This is generally above the customary standard' buffer (30%) to reflect some uncertainty about land value benchmarks. The rates are also based on the Pre-Submission Plan's proposed affordable housing provision of 30% on qualifying sites (draft Policy AHN1). Special provision in the testing is made for schemes of 10 or less units where there is no affordable housing requirement, for flats and for retirement housing.
- 2.7 In terms of non-residential viability testing, the analysis showed that retail uses are currently able to support a CIL rate with a buffer rate of 50% (Section 3).

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<sup>1</sup> Regulation 14, CIL Regulations 2010

- 2.8 The first phase of proposed development at Dunsfold Aerodrome for 1800 homes is the subject of a live planning application with resolution to grant consent subject to completion of a S106 Agreement. This resolution is now the subject of Call-In by the Secretary of State who will determine the application following an anticipated Public Inquiry. Draft Heads of Terms have been prepared which define s278 highway works and a number of the financial contributions due under the terms of the s106 agreement related to the development. The Council's position is that it anticipates that provision of the necessary planning obligations to deliver the first phase of development (1800 homes) will be achieved via S106 Agreement prior to the introduction of CIL although the timetable of these events will be monitored.
- 2.9 Analysis of the housing trajectory for Dunsfold indicates that it is unlikely that a second phase of development (800 homes) will take place before 2027. The planning application for this second phase would be determined prior to this date and involve further consideration of the requirements for development but it is likely that the Charging Schedule would be reviewed at least once before that time. It does not seem appropriate to set a separate CIL for that scheme at this stage.
- 2.10 Part of the Borough lies within 5 km of the Thames Basin Heaths Special Protection Area (SPA). Policy NE3 of the draft Local Plan sets out a local framework to ensure the SPA is protected from the effects of additional housing. Contributions towards Suitable Alternative Natural Greenspace (SANG) form part of the approach to mitigating these effects in a 'buffer zone' between 400m and 5 km from the SPA. The Council's SPA Avoidance Strategy (2016 Review) sets out the total amount of SANG available to mitigate the impacts of new residential development within this zone and the cost of enhancing and maintaining the SANG in perpetuity, including a 'per person' contribution based on dwelling occupancy rates.
- 2.11 The contribution comprises two elements: a contribution towards SANG and a contribution towards the Strategic Access and Management and Monitoring (SAMM) of the SPA itself. SAMM is a maintenance charge and is not classed as infrastructure. The provision of SANG, however, does fall within the definition of infrastructure and, furthermore, is essential whereby, under the Habitats Regulations, development cannot take place unless provision for appropriate mitigation/avoidance measures has been made. Contributions towards the on-going improvement, management/ maintenance of existing SANG are considered outside the scope of the CIL Regulations.
- 2.12 **Infrastructure Delivery Plan** – this supports the Pre-Submission Local Plan (Part 1). This includes project and funding information from infrastructure providers and shows that the cost of the required or proposed infrastructure exceeds the known available funds.
- 2.13 The summary table below shows the 'funding gap' which justifies the preparation of a CIL Charging Schedule. It is, however, only a 'snapshot' of the current situation. The information it contains will evolve and change as further information becomes available. The latest position is based on the

version of the **Waverley Infrastructure Delivery Plan** published in **December 2016**. Table 1 is a summary of the Infrastructure Delivery Schedule set out after page 76 within the December 2016 version of the Waverley Infrastructure Delivery Plan.

**Table 1: Infrastructure Funding Gap**

Infrastructure Type	Cost	Funding Gap
<b>TRANSPORT</b>		
<i>Transport - Road Improvements Road Safety Walking and Cycling</i>	£64.86m	£61.56m
<i>Public Transport</i>	£1.3m	£0.94m
<b>EDUCATION</b>		
<i>Possible expansion of schools</i>	£37m	£34.15m
<b>COMMUNITY, LEISURE AND RECREATION</b>		
<i>Community Facilities Leisure Centre Provision or Improvements Cultural Facilities</i>	£21.16m	£20.33m
<i>Sports Pitches Outdoor Sports Facilities</i>	£8.3m	£8.3m
<i>Playground Facilities Skate Parks and Outdoor Recreation</i>	£1.59m	£1.59m
<b>NATURAL and BUILT ENVIRONMENT</b>		
<i>Environmental Improvements Open Space Visitor Facilities Public Realm</i>	£1.44m	£1.33m
<b>TOTAL</b>	<b>£135.65m</b>	<b>£128.2m</b>

*Note: These figures would change as infrastructure providers are able to cost their infrastructure and know committed funds and as some infrastructure are being delivered. These figures exclude Highway infrastructure works outside the Borough e.g. on the A3; M25; etc.*

- 2.14 CIL will not necessarily be expected to meet the full 'funding gap' for identified infrastructure requirements. It is important to note that the cost of funding infrastructure provision does not determine the CIL rate – CIL is drawn from viability of development. The information used to identify the funding gap is also derived from a 'living' document on current costs and phasing

assumptions. The amounts identified in Table 1 above are subject to change as part of continuing discussions between the Council and other infrastructure providers and how requirements can be met. It will be necessary to prioritise the use of S106 and CIL funding as some projects will clearly be more critical than others. Some of the costings for projects are initial estimates that may change. Work is also not yet complete in terms of identifying possible alternative funding, for example from the Local Enterprise Partnership or, in some cases, through S106.

- 2.15 The principal sources of funding for local services are from central government, in the form of revenue and capital grants, and from local council tax. The CIL is not intended to replace this mainstream funding: it is the funding of last resort and should be used to reduce the gap between the cost of providing the required infrastructure to support a growing population and the amount of money available from other mainstream sources. In establishing the funding gap an estimate of the likely contribution from other funding sources will be considered.

### **Comparison between CIL and Planning Infrastructure Contributions**

- 2.16 In seeking to set a CIL Charge the Council has considered its previous approach towards securing planning obligations. The Planning Infrastructure Contributions SPD (2008) is considered to represent an appropriate comparison. The contribution mechanism outlined in the SPD covers a broad variety of infrastructure and looks to address the cumulative demand for infrastructure generated by many types and scales of development. This represents a similarly broad pattern of contributions to different needs that might potentially be funded by CIL Charging.
- 2.17 The approach in the SPD remains a useful starting when discussing the level and type of contributions that might be sought through planning obligations when entering into discussion with potential developers. A longer-term analysis of actual S106 receipts against the values in the SPD would not necessarily be representative. Following the changes to regulations covering planning obligations and introduction of pooling restrictions it has not been possible to apply the 'tariff' style mechanisms in the SPD to smaller developments. Negotiations on larger schemes may also be affected where infrastructure providers may need to ensure multiple obligations are not entered into for the same project and are therefore subject to a high degree of variation on a site-by-site basis.



Size (sqm) <sup>2</sup>	Example CIL Rate	<a href="#">PIC 2008 SPD Contributions Sought<sup>3</sup></a>	<a href="#">PIC 2008 SPD inc. SPA Mitigation<sup>4</sup></a>
	<b>£400</b>		
<b>1 bed (50sqm)</b>	£20,000	<b>£3,513</b>	<b>£5,317</b>
<b>2 bed (70 sqm)</b>	£28,000	<b>£9,708</b>	<b>£12,132</b>
<b>3 bed (95sqm)</b>	£38,400	<b>£13,844</b>	<b>£17,301</b>
<b>4 bed (120sqm)</b>	£48,000	<b>£15,775</b>	<b>£19,714</b>
<b>5+ bed (160sqm)</b>	£64,000	<b>£20,573</b>	<b>£25,709</b>

2.18 The CIL Charges used for comparison against typical contributions identified in the PIC SPD in the table above indicate that CIL could potentially generate higher receipts. This needs to bear in mind several factors. Firstly, it should also be noted that in many cases the charge will be lower than PIC because only the net increase in floorspace will be chargeable. Secondly, there will be instances where development secures a relief from CIL Charging. Finally, the values taken from the PIC SPD (2008) are themselves dated and would themselves be likely to be higher based on current estimates of infrastructure costs.

2.19 As CIL is charged on a per sqm basis the potential levy on larger properties appears much greater than potential contributions under the 2008 SPD in absolute terms. However, it should also be noted that the testing assumptions derived from local evidence used to undertake the viability assessment to inform the proposed CIL rates indicate that only 20% of a typical development typology will be of units exceeding 100sqm.

<sup>2</sup> Dwelling Size based on unit types modelled in the Three Dragons Viability Study (August 2016; May 2017 Update)

<sup>3</sup> Based on PIC SPD 2008 contribution for Farnham outside Town Centre

<sup>4</sup> SANG/SAMM contribution extracted from the SPA Avoidance Review Strategy document adopted 19th July 2016



### 3. THE CIL CHARGING SCHEDULE

3.1 The Council proposes to set the following range of CIL charges:

Land Use	CIL Rate
<b>Residential dwellings: (inc retirement, sheltered and extra care housing) – schemes of more than 10 units</b> <b>And schemes of more than 5 units in designated rural areas</b>	<b>£433 per sq. m</b> ( <i>where there is no SANG/SAMM tariff</i> )
	<b>£405 per sq. m</b> ( <i>where the SANG/SAMM tariff is charged</i> )
<b>Residential dwellings: (inc retirement, sheltered and extra care housing) – schemes of 10 or less units outside designated rural areas</b> <b>And schemes of 1-5 houses in designated rural areas</b>	<b>£470 per sq. m</b> ( <i>where there is no SANG/SAMM tariff</i> )
	<b>£449 per sq. m</b> ( <i>where the SANG/SAMM tariff is charged</i> )
<b>Non-Residential Land Uses</b>	
<b>Small Convenience Store</b>	<b>£75 per sq. m</b>
<b>Supermarket</b>	<b>£65 per sq. m</b>
<b>Town Centre Retail</b>	<b>£25 per sq. m</b>
<b>Out of Centre Retail</b>	<b>£95 per sq. m</b>

3.2 The residential charges will provide the vast majority of CIL receipts. Over the 15-year period from 2018 (when CIL is expected to be adopted and charging commenced) to the end of the Local Plan period, housing developments liable for CIL (based on draft Local Plan Policy ALH1) could generate in the region of £ 80 - 85 million (assuming an average dwelling size of 100 sq m). The projection includes an assumption that approximately 30% of development on smaller 'windfall' schemes (1-4 dwellings) from within the Borough's Housing Trajectory will qualify for exemption from CIL Charging. This takes account of wider trends and allows for instances such as custom/self-build and relief following the replacement of existing floorspace. The projection also includes an assumption for the redevelopment of existing floorspace on a proportion (around 30%) of 'Large Windfall' (5+ dwellings) and Land Availability Assessment Sites in the Urban Area. In these circumstances, redevelopment of existing floorspace would be subtracted from the calculation of CIL Liability. The proposed rates would secure the continued delivery of housing by setting

the charge below the maximum potential charge outlined by the viability study (40% for residential; 50% non-residential).

- 3.3 No CIL revenue for Dunsfold Aerodrome (as discussed at Paragraphs 2.6 – 2.7) is included within the projected amount of £80 - 85m. Additional revenue in the region of £24m would be generated on the basis that the 800 dwellings from phase two would be liable for CIL at the rates proposed.
- 3.4 This revenue projection is the gross total of residential development likely to be liable for CIL Charging. The neighbourhood portion of 15% (or 25% where a Neighbourhood Plan has passed Referendum) to be spent on priorities that should be agreed with the local community are included within this total.
- 3.5 The CIL Charges for residential development will not apply to extensions with a gross internal area of less than 100 square metres. There is no charge on development required for the operation of a publicly- funded service, such as a state-funded school, hospital, medical centre or community facility. Relief will also be available on development that will be used principally for the operation of a charitable organisation.

#### **Administering the CIL Charge**

- 3.6 The CIL Regulations give charging authorities scope to introduce an instalments policy that better reflects the financing and income streams expected by developers, and therefore better support the delivery new development. The Council's proposed instalments policy will be set out at the Draft Charging Schedule stage.
- 3.7 The CIL charge includes 5% to cover the Council's costs of administering the levy. This supports the monitoring and enforcement of the charge, as well as providing support to manage and co-ordinate the delivery of infrastructure improvements that address the impacts arising from development.

#### **Spending CIL funds**

- 3.8 The CIL will be used to help deliver the infrastructure required to meet the needs of Waverley's growing population. As the charging authority, the Borough Council will control the CIL fund and has ultimate responsibility in determining the infrastructure projects on which CIL will be spent. In that respect, the Council will introduce appropriate governance arrangements to prioritise how and where to spend CIL receipts. This will include updating the Infrastructure Delivery Plan (IDP).
- 3.9 A **draft infrastructure list** accompanies this PDCS for information (Appendix 1). The Council can only spend its CIL receipts on infrastructure projects and types specified in our infrastructure list, also known as a 'Regulation 123' list. This does not commit the Council to fund this infrastructure using the CIL, but it cannot use S106 planning obligations to fund any of the infrastructure included in the draft 123 list.

- 3.10 It will be for the Council to decide its infrastructure funding priorities. In that respect, the governance arrangements will also include a formal method of prioritising funding.
- 3.11 As required by the CIL Regulations, the Council will pass on a portion of the CIL receipts to each parish council. This will be at 15% of the CIL originating in that parish. In parishes with a Neighbourhood Plan in place (following a successful referendum), the proportion increases to 25%.

### **Monitoring and Review**

- 3.12 It will be important to ensure that the CIL charge remains appropriate and reflects both the funding gap set out in the IDP and the levels of viability within the Borough. In that regard, the Council will use two key indicators:
- the level of housing development coming forward; and
  - the funding gap for infrastructure
- 3.13 The Council's Authorities Monitoring Report (AMR) will assess whether these indicators require a more detailed examination of infrastructure funding and viability leading to a review of the CIL Charging Schedule. In any event, the Council will review the charging schedule every five years to assess whether the rates should be altered to reflect any changes in the local and national economic situation and the funding circumstances faced by infrastructure providers.

### **How to get involved**

This Preliminary Draft Charging Schedule is subject to a 6 week consultation between. A comments form is available on the Council's website – [www.waverley.gov.uk/cil](http://www.waverley.gov.uk/cil). Alternatively, comments can be emailed to [planningpolicy@waverley.gov.uk](mailto:planningpolicy@waverley.gov.uk) or posted to:

Planning Policy  
Waverley Borough Council  
The Burys  
Godalming  
Surrey GU7 1HR

If you have any questions on the content of the Preliminary Draft Charging Schedule, please contact the Planning Policy Team on 01483 523291.

**APPENDIX 1****DRAFT WAVERLEY BOROUGH INFRASTRUCTURE ('REGULATION 123') LIST**

This Infrastructure / Regulation 123 List sets out those types of infrastructure or specific infrastructure projects that the Council may fund (in whole or part), through the Community Infrastructure Levy.

The inclusion of a project or type of infrastructure on the list does not signify a commitment from the Council to fund the listed project or type of infrastructure. Nor does the order of the list imply any preference or priority.

<b>Infrastructure type or project</b>	<b>Exclusions</b>
<b>Provision of Suitable Alternative Natural Greenspace (SANG) as part of the Thames Basin Heaths SPA avoidance and mitigation measures</b>	Strategic Access Management and Monitoring (SAMM) Contributions towards the management and maintenance of existing SANG.
<b>Transport</b> New and/or improved infrastructure or services in respect of – <ul style="list-style-type: none"> <li>▪ Strategic Road Network</li> <li>▪ Local Road Network</li> <li>▪ Rail network</li> <li>▪ Passenger access and information at railway stations</li> <li>▪ Bus stops (safety and accessibility)</li> <li>▪ Real Passenger Time Information</li> <li>▪ Cycling and walking networks</li> </ul>	All other site specific transport and highways improvements as identified in a site specific assessment.
<b>Education</b> School expansion schemes and new schools	Improvements that are directly related to a specific development
<b>Leisure and Community Facilities</b> <ul style="list-style-type: none"> <li>▪ Children's and young persons' play areas</li> <li>▪ Improvements to playing pitches</li> <li>▪ New or improved indoor and outdoor sports provision</li> <li>▪ Improvements to formal and informal areas of recreational open space</li> <li>▪ Libraries</li> <li>▪ Community Centres</li> </ul>	Improvements that are directly related to a specific development
<b>Environmental improvements</b> <ul style="list-style-type: none"> <li>▪ Strategic flood infrastructure</li> <li>▪ Pollution abatement infrastructure</li> <li>▪ Public art</li> </ul>	Improvements that are directly related to a specific development
<b>Public Services</b> <ul style="list-style-type: none"> <li>▪ Recycling</li> <li>▪ Capital expenditure for emergency services</li> </ul>	Improvements that are directly related to a specific development

The list will be reviewed and updated when needed, including proportionate consultation with interested parties.

The Council will continue to secure the following mitigation and policy requirements through planning obligations:

- Site-specific infrastructure requirements, including highway works, provision of open space, and other infrastructure and facilities necessary for the development of a specific site (that would not result in pooling of more than five such planning obligations)
- Strategic Access Management and Monitoring (SAMM) and maintenance of existing SANG for the Thames Basin Heaths Special Protection Area
- Affordable housing.

These will be subject to the statutory tests set out in CIL Regulation 122. A planning obligation can only be taken into account when determining a planning application for development, or any part of a development, if the obligation meets all of the following tests, whereby it is -

- a) necessary to make the development acceptable in planning terms;
- b) directly related to the development; and
- c) fairly and reasonably related in scale and kind to the development.