

Appendix 2
Gloucester City Council
Community Infrastructure Levy
Preliminary Draft Charging Schedule

1.1 Introduction

- 1.1.1 Gloucester City Council has published this Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS) as the Local Planning Authority under powers provided by Section 206 of the Planning Act 2008. The context of CIL is set out at paragraphs 1.4 – 1.6 of this report.
- 1.1.2 Gloucester City Council, along with Tewkesbury and Cheltenham are preparing a Joint Core Strategy (JCS). The JCS has a common evidence base including testing viability.
- 1.1.3 Viability and infrastructure evidence has been prepared on a joint basis to support the plan, therefore the sections in this report that deal with evidence are written for all three authorities. The aim is to prepare the three PDCS on a co-ordinated basis in order to appropriately address cross boundary infrastructure issues. Although this joint evidence base has informed the PDCS preparation, each of the JCS councils are CIL charging authorities in their own right and are required to prepare separate CIL Charging Schedules.
- 1.1.4 All relevant evidence can be accessed via the JCS website www.gct-jcs.org
- 1.1.5 This Preliminary Draft Charging Schedule is published for public consultation as the first step in setting a CIL charge for Gloucester and has been prepared in accordance with Regulation 15 of the CIL Regulations 2010 (as amended). The Council will take into account any comments made on this document before publishing its Draft Charging Schedule.
- 1.1.6 The purpose of this consultation document is to set out Gloucester City Council's CIL Preliminary Draft Charging Schedule. In addition to the Charging Schedule, the document explains the general principles of CIL and summarises the methodology / evidence base used in calculating the levels of the charge. Further information can be viewed on the Council's website and a hard copy of the Preliminary Draft Charging Schedule will be available at the following locations during the consultation period:
- Tewkesbury Borough Council Offices
 - Bishop's Cleeve Library
 - Bishop's Cleeve Advice Centre
 - Brockworth Library
 - Brockworth Advice Centre
 - Cheltenham Main Library
 - Churchdown Library
 - Churchdown Advice Centre
 - Gloucester library
 - Tewkesbury Town Library
 - Winchcombe Library
 - Winchcombe Advice Centre

1.2 Procedure for representations

- 1.2.1 Comments on this document are welcome during the consultation period of XXXX to XXXX.
- 1.2.2 Should you wish to comment on this document please could you contact the following:

EMAIL: XXXXX

TELEPHONE: XXXXXXX

ADDRESS: Planning Policy Team
Gloucester City Council
The Docks
GLOUCESTER

- 1.2.3 The closing date for comments is midnight XXXX. Any comments received after this date will not be considered. Comments received on this document will be used to inform the preparation of the Draft Charging Schedule that will be published in XXXX.

1.3 Timetable

- 1.3.1 The anticipated stages of preparation and consultation are set out in the following table:

Table 1.1: Anticipated timetable

Stage		Description	Date
1	Preliminary Draft Consultation	Consultation on the rates proposed within the Preliminary draft charging schedule	May-July 2015
2	Draft Consultation	Consultation on the draft CIL rates informed by Preliminary Draft Charging Schedule. Any person or organisation commenting at may be heard at examination.	Summer 2015
3	Submission to Independent Examiner	The Council can submit the proposed Draft Charging Schedule for examination.	Autumn/Winter 2015
4	Examination in public	The Draft Charging Schedule is examined by an independent examiner through a public hearing.	Winter 2015
5	Adoption and Implementation	The Charging Schedule is published online and will take effect on the date stated in the Charging Schedule.	Spring 2016

1.4 Context

- 1.4.1 The Community Infrastructure Levy (CIL) is a locally set planning charge, introduced by the Planning Act 2008 (as amended) as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area.
- 1.4.2 CIL allows local authorities to generate funding from development for the provision of infrastructure in and around their location or strategic cross boundary infrastructure projects where several local authorities contribute. Importantly, CIL is not intended to fund the entire infrastructure required for Gloucester and that required to support cross boundary development as this would result in unviable development, but instead is intended to supplement other funding streams.
- 1.4.3 The level of CIL to be charged can only be set on the basis of evidence based viability. An appropriate balance must be struck between the desirability of funding from CIL required to support the development of its area; and the potential effects of the imposition of CIL on the economic viability of its area.

1.5 Legislative background

- 1.5.1 CIL is governed by legislation that came into force on 6th April 2010. Guidance and Regulations are prepared by the Department for Communities and Local Government (DCLG) as set out in:
- The Planning Act 2008 as amended by the Localism Act 2011
<http://www.legislation.gov.uk/ukpga/2008/29/contents>

<http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

- The CIL Regulations 2010, as amended in 2011, 2012, 2013 and 2014
<http://www.legislation.gov.uk/ukdsi/2010/9780111492390/contents>
<http://www.legislation.gov.uk/uksi/2011/987/contents/made>
<http://www.legislation.gov.uk/ukdsi/2012/9780111529270>
http://www.legislation.gov.uk/uksi/2013/982/pdfs/uksi_20130982_en.pdf
<http://www.legislation.gov.uk/ukdsi/2014/9780111106761/contents>
- National Planning Policy Framework: Planning Practice Guidance on CIL.
<https://www.gov.uk/government/publications/national-planning-policy-framework--2>
<http://planningguidance.planningportal.gov.uk/blog/guidance/communityinfrastructure-levy/>

1.5.2 Authorities cannot charge for the same items through both CIL and planning obligations. Local Authorities who intend to adopt a CIL should publish a "Regulation 123 List" by April 2015 to identify the infrastructure that it is intended will be, or may be, wholly or partly funded by the levy. A Regulation 123 list is appended to this report.

1.6 Why introduce CIL?

1.6.1 Central to the rationale for introducing CIL is the widely held belief that most development has some impact on the need for infrastructure and services, or benefits from them. Therefore it is considered appropriate that such development pays a share of the cost, particularly given the potential financial benefits that planning permission can bring to developments. Under the current regime of Section 106 agreements (another form of planning agreement used to provide funding for certain infrastructure projects) this cannot be achieved as obligations must be directly related to the development. In addition smaller sites tend to fall outside negotiation of obligations. Additionally, contributions from CIL can be pooled and used to lever investment or loans from other sources (for example Gloucestershire Infrastructure Investment Fund, Pinchpoint funding).

1.6.2 Unlike Section 106 agreements, once adopted a CIL charging liability is non-negotiable. The levy is a standard fixed charge which provides developers with much more certainty about how much money they will be expected to contribute, which can be factored in to their development calculations. This provides clarity to the developer and transparency to the landowner.

1.6.3 Importantly, from April 2015, the local authorities will be restricted on the pooling of Section 106 planning obligations which will change the way infrastructure is delivered across Gloucester. The regulations will only allow for a maximum of five Section 106 planning agreements to be pooled for specific infrastructure projects. Therefore, the implementation of CIL will provide that flexibility in the pooling and spending of monies from developments and can be spent on any identified infrastructure need (unlike Section 106 agreements which require a direct link between the development and any infrastructure project).

1.6.4 Nevertheless, it will still be possible for specific infrastructure projects to be funded through Section 106 planning agreements, but only where these are directly related to a proposed development and are needed to make individual planning applications acceptable in planning terms. The statutory tests for S106 agreements as set out in the Community Infrastructure Levy Regulations 2010 and as policy tests in the National Planning Policy Framework will still need to be applied. These tests being that

- they are necessary to make the development acceptable in planning terms,
- directly related to the development, and
- fairly and reasonably related in scale and kind.

- 1.6.5 It is intended that CIL sits alongside the current Section 106 regime rather than directly replacing it with regulations in place to ensure that there is a distinction between the two systems and that they do not overlap.

1.7 Chargeable development

- 1.7.1 CIL is levied on the development of virtually all buildings that people 'normally go into'. The following development types will be liable for CIL:

- Developments of more than 100m² new floorspace
- Development of less than 100m² which result in the creation of one or more new dwellings
- The conversion of a building that is no longer in lawful use

Exemptions

- 1.7.2 The CIL Regulations provide for certain types of development to be exempt from CIL, which include:

- Development by registered charities for the delivery of their charitable purposes;
- Those parts of a development which are to be used as social (affordable) housing;
- The conversion of any building previously used as a dwelling house to two or more dwellings;
- Development of less than 100m² of new build floorspace, provided that it does not result in the creation of a new dwelling;
- The conversion of, or works to, a building in lawful use that affects only the interior of the building;
- Development of buildings and structures into which people do not normally go (e.g. pylons, wind turbines and electricity sub stations);
- Residential annexes and extensions (where the person who would normally be liable for the charge owns a material interest in the main dwelling and occupies the main dwelling as the sole or main residence);
- Self-build housing where a dwelling is built by the person who would normally be liable for the charge (including where built following a commission by that person) and occupied by that person as their sole or main residence.

Setting the levy

- 1.7.3 The rate of CIL is determined by the charging authority. It is scrutinised by an independent examiner to assess whether the charge has regard to the evidence base and that the level of charge is reasonable and will not impact negatively on the economic viability of development taken as a whole across the Authority's area.
- 1.7.4 Under Regulation 13 of the Community Infrastructure Regulations 2010 (as amended) a CIL charge can either be set as a single rate which covers all types of development across the whole of an area or as differential rates which cover different development types and/or different areas. Whilst guidance also denotes that it is also possible for some types of development to have a zero rating this can only be based on viability and cannot be used to encourage certain types of development within an area as this could be considered as state aid and would therefore be deemed unlawful. A CIL charging schedule can be reviewed, but this would then be subject to re-consultation and examination.

1.8 Evidence base used

- 1.8.1 A number of evidence base documents have been produced to inform the preparation of a Preliminary Draft Charging Schedule. These documents can be viewed on the JCS website www.gct-jcs.org. These include:
- a. Stage 1 and Stage 3 Viability assessments of local development typologies/representative development schemes
<http://www.gctjcs.org/PublicConsultation/EINF-Evidence-Infrastructure.aspx>
 - b. Stage 2 Viability Testing of Notional Development Schemes, Allocated in the Pre Submission Joint Core Strategy
<http://www.gct-jcs.org/PublicConsultation/EINFEvidence-Infrastructure.aspx>
 - c. Joint Core Strategy, Submission version November 2014
<http://www.gctjcs.org/Documents/Publications/Submission/JCS-Submission-Version-November-2014acorrected.pdf>
 - d. Gloucester City Council, Cheltenham Borough Council & Tewkesbury Borough Council, Infrastructure Delivery Plan.
<http://www.gct-jcs.org/PublicConsultation/EINF-Evidence-Infrastructure.aspx>
- 1.8.2 The District Valuer Services (referred to as DVS henceforth) were jointly commissioned by Gloucester City, Tewkesbury Borough and Cheltenham Borough to undertake a viability assessment of the development likely in to occur in this joint strategy area.
- 1.8.3 The main purpose of a plan viability (or PV) assessment is to provide evidence to show that the requirements of the National Planning Policy Framework (NPPF) are met. That is, the policy requirements in the Plan should not threaten the delivery of the plan as a whole. The objective of this study is to inform policy decisions relating to the trade-offs between the policy aspirations of achieving sustainable development and the realities of economic viability. A key outcome of this is to establish the surplus residual land value (referred to as the “headroom”) left over once other build and policy costs are taken into account. This analysis then provides the scope for setting a CIL rate,
- 1.8.4 The plan viability assessment was carried out in three stages, as follows:

Stage 1:

- a. Initially, DVS tested 10 different scenarios (referred to henceforth as ‘typologies’) representing the developments likely to be brought forward within the district. These included three small schemes, two medium scale schemes and five commercial or mixed use developments in various locations. The assumptions and methodology were set out in the document “**Stage 1 Viability assessments of local development typologies/representative development schemes**”.

Stage 2:

- b. In Stage 2 DVS tested eight strategic sites listed as A1 to A9. The assumptions and methodology was set out in the document “**Stage 2 Viability Testing of Proposed Strategic Site Allocations in the Pre Submission Joint Core Strategy**”.

Stage 3:

- c. Following on from Stage 1, DVS tested a larger range of generic sites as it was considered that 10 different sites in Stage 1 may lack the robustness to adequately test viability at a sufficient range of sizes and locations. DVS therefore included a Stage 3 testing which included a total of 24 ‘typologies’ (eight in each of the three authorities) with a range of unit sizes (from 2 to 200 dwellings schemes). Similar to the stage 1 assessment, the assumptions formed by DVS are set out in the document “**Stage 1 and Stage 3 Viability assessments of local development typologies/representative**”.

development schemes” and can also be seen in tables B1, B2 and B3 in Appendix B.

- 1.8.5 It is intended that the draft charging schedule is read in conjunction with these viability assessment documents, particularly for further details regarding the methodology and assumptions.
- 1.8.6 It was considered that the Stage 3 testing which covers 24 ‘typologies’ was a more comprehensive approach to testing generic sites than the testing in stage 1 which analysed only 5 typologies. The proposed CIL rates in Table 1.2 for generic sites utilise the testing in DVS’s ‘Stage 3’ testing whilst the rates for strategic sites are formulated using DVS’s ‘Stage 2’ study.
- 1.8.7 Appendix A includes a summary of the DVS work and how it has been interpreted to inform the Preliminary Draft Charging Schedule.
- 1.8.8 The viability work which has informed this Preliminary Draft Charging Schedule raises viability pressures between the delivery of infrastructure via CIL and the balance with continued Section 106 obligations for site specific infrastructure and affordable housing. The council in implementing CIL needs to achieve a realistic balance which does not undermine the viability of development.

1.9 Proposed CIL rates

- 1.9.1 The viability work conducted by DVS and the interpretation of the work set out in Appendix A, provides the following recommendations for CIL within Gloucester. The following amounts are represented as a £ per square metre value.

Residential development

- 1.9.2 For the residential sites in Gloucester the recommended CIL rate is zero for sites of 11 and over and zero for sites of 10 and under.

Table 1.2: Proposed residential CIL rates

		Recommended CIL
Generic sites	Gloucester 10 dwellings and under	£0
	Gloucester 11 dwellings and over	£0

Other forms of development

- 1.9.3 In addition to residential uses a number of other uses have been tested. With the exception of retail uses, all other uses were found to have insufficient headroom to levy a charge. Further work is needed to test these other uses further, for example, there are different definitions for care homes, extra care and retirement living housing for older people and this may impact upon the potential to apply CIL. In respect of retail, further viability assessment may be required to assess whether CIL rates could vary according to the type and location of development.

Table 1.3: Proposed Non residential CIL rates

	Recommended CIL
Any Retail uses	£150
Any Office uses	£0
Any Industrial uses	£0
Care Homes	£0

Student Accommodation	£0
Hotels	£0
All other forms of development not previously listed	£0

1.10 Spending of CIL

- 1.10.1 Under Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended), henceforth referred to as 'CIL Regulations', the charging authority will publish on its website their intention for how revenues raised from the levy will be spent. This will make clear what items will in future fall under the CIL rather than S106, but also show contributors and other interested parties what types of infrastructure the CIL will be spent on. In formulating the Regulation 123 list the Council will work closely with other bodies to address strategic infrastructure and that delivered by other public authorities, for example, Gloucestershire County Council.
- 1.10.2 The CIL regime allows authorities to respond to changing local circumstances, by spending revenue from the CIL on different projects from those identified during the rate setting process. Therefore the Regulation 123 list will be continually reviewed and updated accordingly. Changes to the Regulation 123 list will be updated via the council website.

1.11 Duty to pass CIL to local councils

- 1.11.1 CIL regulations outline provision for receipts to be redistributed to local parish councils, or to be spent on behalf of designated neighbourhood forums. The proportion allocated to the local council, or spent on behalf, is dependent on the adoption of a neighbourhood plan. Where a neighbourhood plan is in place, 25% of the CIL is passed to the local council. Where a neighbourhood plan is not adopted, 15% is passed to local councils, subject to a cap equivalent to £100 for every existing dwelling in that area.

1.12 Preliminary Draft Regulation 123 (R123) List

- 1.12.1 Under Regulation 123 of the CIL Regulations 2010 (as amended), the Council is required to set out a list of those projects or types of infrastructure that it intends will be, or may be, wholly or partly funded through the CIL.
- 1.12.2 In order to ensure that individual developments are not charged for the same infrastructure items through both Section 106 Agreements and the CIL, a S106 contribution cannot be made towards an infrastructure item identified on the R123 List.
- 1.12.3 This Draft R123 List is provided as part of the consultation on the Preliminary Draft Charging Schedule and will be updated at the Draft Charging Schedule stage
- 1.12.4 The list is set out in Appendix E and is based on the infrastructure requirements set out in the JCS Infrastructure Plan evidence and where appropriate will be updated to reflect new evidence. A Regulation 123 list does not identify priorities for spending within it, or any apportionment of CIL funds across the JCS. This Preliminary Draft Regulation 123 List does not signify a commitment from the Council to fund any of the projects listed through the CIL.

1.13 Optional exemptions and discretionary matter

- 1.13.1 The CIL Regulations allow Local Authorities to make certain choices about how to implement the CIL and the Council would like your views on the following options:

Payment by instalments (Regulation 69b)

- 1.13.2 Payment of a CIL charge is due from the date at which a chargeable development commences. The Council can offer the payment of CIL by instalments to provide flexibility and

support for more complicated and phased developments. An 'instalment policy' stating the parameters of this process would be published alongside the adopted Charging Schedule.

Social housing relief (Regulation 49)

- 1.13.3 The Council can allow, at its discretion, relief from liability to pay a CIL charge to new market houses that are to be sold at no more than 80 per cent of their market value.

Land and infrastructure in-kind (Regulations 73&73A)

- 1.13.4 The Council can allow, at its discretion, the value of land transferred to the Council and infrastructure provided or constructed by a developer to be offset against the CIL charge. This would enable developers to provide the infrastructure needed to support new development directly, rather than paying for it indirectly through the CIL. The value of land and infrastructure in kind would be determined by 'a suitably qualified independent person' (for example the District Valuer).

Relief for exceptional circumstances (Regulation 55)

- 1.13.5 Liability to pay a CIL charge on chargeable development is a statutory obligation and is non-negotiable. The Council can, however, in exceptional circumstances offer discretionary relief from liability to pay a CIL charge. Offering this relief would provide the Council with some flexibility to deal with complex sites which are proved to have exceptional costs or other requirements which make them unviable.
- 1.13.6 Justification for this relief would have to be demonstrated through (independently verified) appropriate evidence of viability and is entirely at the discretion of the Council. This relief can be activated and deactivated at any time subject to a notice of intention to be published by the Council.

Relief for charitable investment activities (Regulation 44)

- 1.13.7 The Council can allow, at its discretion, relief from CIL liability to charity landowners where the greater part of a development is held as an investment from which the profits are applied for charitable purposes.

1.14 Your Views

- 1.14.1 We would like your views on the Preliminary Draft Charging Schedule and in particular responses to the following questions:

Question 1:

Do you agree that the evidence provided in the DVS reports is correct?

If not, please set out alternative evidence to support your view.

Question 2:

Do you agree that the CIL Rates proposed (per square metre) strike an appropriate balance between the desirability of funding infrastructure through CIL and associated economic viability?

If not, please set out alternative evidence to support your view.

Question 3:

Do you agree with setting a CIL rate within the context of the whole of the JCS?

If not, please set out alternative evidence to support your view.

Question 4:

Do you believe that the Council should offer relief for any of the following discretionary matters?

4A: Payment by instalments (and what should these be?)

4B: Relief for low-cost market housing

4C: Land and Infrastructure in-kind

4D: Relief for exceptional circumstances

4E: Relief for charitable investment activities

If so, please set out evidence to support your view:

Question 5:

Do you have any views on the content of the Council's Preliminary Draft Regulation 123 list and the proposed balance between CIL and S106?

If so, please give reasoning with your answer.

Appendix A: Testing and rate recommendations

1.15 Introduction

- 1.15.1 As explained previously, DVS’s residential testing is based on an analysis of ‘generic sites’ set out in the document “**Stage 1 and Stage 3 Viability assessments of local development typologies/representative development schemes**”, and a number of strategic sites set out in the document “**Stage 2 Viability Testing of Notional Development Schemes, Allocated in the Pre Submission Joint Core Strategy**”.
- 1.15.2 This section firstly analyses DVS’s testing of the ‘generic’ sites and then secondly provides a review of the strategic sites evidence.

1.16 Testing of generic typologies

- 1.16.1 Through discussion with the local authorities DVS have tested 8 different scenarios for each of the three districts, ranging from 2 unit schemes up to 200 unit schemes, as identified in **Table A1**. It was assumed by DVS and the authorities that, discounting the strategic sites which will be discussed in subsequent sections, these scenarios adequately reflected the type developments likely to be brought forward in their area. **Table A1** also includes the assumed site sizes used in DVS’s assessment and makes the distinction that given the rural character of Tewkesbury the size of the developments are slightly larger and at lower densities.

Table A1: Generic typologies tested

	Gloucester (Hectares)	Cheltenham (Hectares)	Tewkesbury (Hectares)
2	0.08	0.08	0.08
5	0.1	0.1	0.1
9	0.18	0.18	0.2
12	0.2	0.2	0.24
25	0.5	0.5	0.6
60	1.2	1.2	1.5
100	2.5	2.5	3
200	5	5	6.5

- 1.16.2 Rather than repeating here, the full range of assumptions for the generic testing can be found in the “Stage 1 and Stage 3 Viability assessments of local development typologies/representative development schemes”.

1.17 Rate recommendations for generic typologies

- 1.17.1 Appendix 4 of the “Stage 1 and 3” DVS report provides the results of their testing. In terms of an output they provide the residual land values (RLV) of each typology (2 units to 200 units) at a range of affordable housing ranges for each of the three authorities, in terms of the total for the scheme and a per acre figure. When comparing the RLV to the benchmark land value this provides an indication as to whether or not DVS consider the scheme viable or unviable. DVS’s findings, indicated in Appendix 4, shows a clear difference in viability in Gloucester compared to the more viable neighbouring areas of Cheltenham and Tewkesbury.
- 1.17.2 DVS’s report does not include costs associated with s106 or CIL. To do this requires an examination of the surplus amount of residual land value, once land value costs have been taken into account (also referred to as the ‘headroom amount’), on a per square metre of floorspace basis, or more precisely, a per square metre of *CIL liable* floorspace (defined as the amount of floorspace from open market dwellings only as affordable dwellings are not liable to pay a CIL charge). DVS provide their assumptions for open market floorspace (or CIL

Liabile floorspace) of the Stage 3 schemes in the Appendix B of this report. Applying these to the residual land values gives the headroom per square metre for each of the typologies.

- 1.17.3 Given the difference in viability between the less viable Gloucester compared to the other two districts there is evidence to suggest setting a separate levy for Gloucester and the same for Cheltenham and Tewkesbury combined. Using a weighted average of each typologies headroom, weighted on the number of dwellings, provides the values in **Table A2** below. These represent the very maximum amounts of CIL per square metre that can be considered at the different affordable housing rates.

Table A2: Results of generic site testing (maximum headrooms) represented as a £ per square metre figure

		AH 40%	AH 35%	AH 30%	AH 25%	AH 20%	AH 10%
Gloucester	10 dwellings and under	£3					
Cheltenham & Tewkesbury		£139					
Gloucester	11 dwellings and over	-£151	-£100	-£56	-£20	£7	£49
Cheltenham & Tewkesbury		£148	£180	£210	£231	£251	£277

- 1.17.4 In Gloucester, as the table suggests, a maximum CIL headroom of £3 available for units for developments of ten units and below would mean a zero rate could only be considered here. For developments of 11 dwellings and over, the DVS's testing shows that viability in Gloucester is limited at a range of affordable housing rates, and it is only at lower rates of affordable housing that a discernible level of CIL could be charged.
- 1.17.5 For Cheltenham and Tewkesbury the findings suggest a maximum of £139 could be sought for developments under the affordable housing threshold. For developments over 11 units, the testing shows that at a rate of 40% affordable housing the CIL headroom is £148 per sq. m.
- 1.17.6 Guidance issued by DCLG suggests a buffer should be applied to ensure that decisions are not taken at the margins¹. This ensures a greater degree of robustness in case there is a significant variance in the nature of the values and costs outlined in the assumptions.
- 1.17.7 As previously stated the DVS study does not account for s106. The council consider that around 30% of the headroom should be allowed for site specific s106 costs. It is also appropriate to apply a buffer to take into account site specific variances – the Council consider that a 20% is appropriate, which effectively leaves 50% of the headroom available for CIL. As development of 10 dwellings and under is exempt from the payment of section 106 costs, only the buffer of 20% has been applied in considering the level of CIL to charge on developments of this size.
- 1.17.8 It is therefore proposed that the following rates are used for residential sites (excluding strategic sites which are discussed in the following section). The CIL rates are based on 40% affordable housing in Cheltenham and Tewkesbury. In Gloucester, where viability across the tested generic sites is more limited a nominal rate of CIL is put forward.

Table A3: Recommendations from generic site testing

	Recommended CIL

¹ DCLG (2010), Charge Setting and Charging Schedule Procedures.

Gloucester 10 dwellings and under	£0
Cheltenham and Tewkesbury 10 dwellings and under	£110
Gloucester 11 dwellings and over (assuming 40% affordable housing)	£0
Cheltenham and Tewkesbury 11 dwellings and over (assuming 40% affordable housing)	£70

1.18 Testing of strategic site typologies

1.18.1 In terms of the larger sites DVS have tested the following sites in **Table A4**. The table also indicates the proportions of dwellings allocated to each of the three JCS authorities, showing that the majority of development is situated in Tewkesbury apart from A5 and A6 where the development is shared by Cheltenham. Of the eight strategic sites identified Site A9 refers to a commercial development and is therefore omitted from the residential testing.

1.18.2 It should be noted that all figures presented are those set out by DVS and may not be the same as the specific figures set out in the JCS or other documents.

Table A4: Strategic sites tested

	Total units proposed within:			Gross Site Area (Hectares)	Residential land areas (Hectares)	Unit Density (per hectare)
	Gloucester	Cheltenham	Tewkesbury			
A1 Innsworth: 1,250 unit mixed use development scheme	-	-	1,250	64.81	38.99	32
A2 North Churchdown: 532 unit development scheme	-	-	532	19.00	13.30	40
A3 South Churchdown: 865 unit mixed	-	-	868	47.84	21.31	41
A4 North Brockworth: 1,500 unit development scheme	-	-	1,500	61.42	42.99	35
A5 North West Cheltenham: 4,785 unit mixed use development scheme	-	1,800	2,985	215.02	134.14	36
A6 South Cheltenham/ Leckhampton: 1,124 unit development scheme	-	764	360	42.67	29.87	38
A8 MoD site at Ashchurch: 2,726 unit mixed use development	-	-	2,726	128.17	68.15	40
A9 Commercial development scheme	-	-	-	14.25	-	-

1.18.3 Again, the full list of assumptions used by DVS for the strategic sites are contained within the “Stage 2 Viability Testing of Notional Development Schemes, Allocated in the Pre Submission Joint Core Strategy” report.

1.19 Rate recommendations for strategic sites

1.19.1 Applying the residual land values at the different affordable housing rates set out in sections 11 and 12 in the “Stage 2 Viability Testing of Notional Development Schemes, Allocated in the Pre Submission Joint Core Strategy” to the floorspace assumptions in section 5 (for 40% Affordable Housing) and in Appendix 2-6 (for the Affordable Housing rates 35%, 30%, 25%, 20% and 10%) of the same report it is possible to determine a CIL per liable square metre value as in the previous section.

1.19.2 The table below shows the maximum headroom amount available at a range of Affordable Housing rates. Similar to the previous section the below represents the maximum available

(excluding s106 and CIL). Please note that the headroom is taken from the DVS report. To understand the differences between sites and why they range from £80 per sq.m at North Brockworth to £995 at South Cheltenham, please see the DVS reports.

1.19.3 **Table A5: Strategic sites results (maximum headrooms) represented as a £ per square metre figure**

	AH 40%	AH 35%	AH 30%	AH 25%	AH 20%	AH 10%
A1 Innsworth: 1,250 unit mixed use development scheme	£180	£205	£227	£245	£250	£282
A2 North Churchdown: 532 unit development scheme	£102	£139	£174	£201	£243	£266
A3 South Churchdown: 865 unit mixed	£264	£287	£304	£319	£333	£353
A4 North Brockworth: 1,500 unit development scheme	£80	£112	£139	£161	£196	£215
A5 North West Cheltenham: 4,785 unit mixed use development	£219	£230	£243	£253	£256	£266
A6 South Cheltenham/ Leckhampton: 1,124 unit development	£995	£974	£956	£936	£921	£891
A8 MoD site at Ashchurch: 2,726 unit mixed use development	£222	£241	£258	£273	£299	£306

1.19.4 In most circumstances when a greater percentage of affordable housing is introduced into a scheme the 'headroom' available for CIL will normally be reduced. However, occasionally when undertaking this type of testing there are circumstances where additional affordable housing will actually improve the headroom in respect of calculating a potential for CIL. As can be seen in Table A5 this circumstance has occurred whereby we can see the CIL liable headroom for A6 South Cheltenham improves with the additional affordable housing percentages applied.

1.19.5 This circumstance occurs when there are high residual values within a scheme. Effectively the provision of increased affordable housing (which reduces the CIL liable floorspace) is less expensive to the development than the CIL liable headroom. Therefore by increasing affordable housing you are reducing the liability and subsequently improving the headroom. A more detailed explanation with worked examples is set out in Appendix D.

1.19.6 The following table sets out the recommendations for CIL rates for the strategic sites. Again, it is assumed that a rate of 50% of the total maximum headroom, consisting of 30% for S106 costs and a further 20% buffer, is taken into account. DVS's testing suggests that a considerable CIL rate can be gathered from a range of Affordable Housing contributions on all sites.

Table A6: Strategic sites recommendations

	Recommended CIL	Recommended AH
A1 Innsworth: 1,250 unit mixed use development scheme	£90	40%
A2 North Churchdown: 532 unit development scheme	£50	40%
A3 South Churchdown: 865 unit mixed	£130	40%
A4 North Brockworth: 1,500 unit development scheme	£40	40%
A5 North West Cheltenham: 4,785 unit mixed use development	£110	40%
A6 South Cheltenham/ Leckhampton: 1,124 unit development	£500	40%
A8 MoD site at Ashchurch: 2,726 unit mixed use development	£110	40%

1.20 Non Residential testing

1.20.1 DVS's findings note that "[a]ll retail schemes in Gloucester, Cheltenham and Tewkesbury are viable with degrees of surplus except for the Gloucester out of centre scheme". Using a similar methodology to the residential testing, and applying the headroom to a per square metre figure it can be seen that all retail developments can accommodate a rate of £150 per square metre (with the exception of the Gloucester out of town scheme).

- 1.20.2 Although the Gloucester out of centre scheme is unviable, DCLG guidance² recognises that CIL may make some developments unviable and recognises the importance of considering economic viability as a whole across the area rather than many different permutations of charges. This is to ensure the rate setter strikes an appropriate balance between the likely development that may arise and a consideration of complexity in variable rates. It is therefore recommended that a £150 rate is sought on retail developments across the three JCS authorities.
- 1.20.3 For other commercial uses such as Offices, Industrial/Warehouse, Care Homes, Student accommodation and Budget Hotel schemes, DVS's testing suggests these types of developments are unviable and therefore it is recommended that a zero CIL rate should be applied. **Table A7** sets out the final recommendations for non residential uses:

Table A7: Strategic sites recommendations

	Recommended CIL
Any Retail uses (Gloucester, Tewkesbury or Cheltenham)	£150
Any Office uses	£0
Any Industrial uses	£0
Care Homes	£0
Student Accommodation	£0
Hotels	£0
All other uses not previously specified	£0

² DCLG (2010), Charge Setting and Charging Schedule Procedures.

Appendix B: Stage 3 floorsizes

Table B1: Floorspace at a range of affordable rates for Stage 3 testing in Tewkesbury

Tewkesbury	40%	35%	30%	25%	20%	10%
2	215	215	215	215	215	215
5	625	625	625	625	625	625
9	765	765	765	765	765	765
12	861	861	861	946	1,031	1,116
25	1,505	1,590	1,675	1,845	1,930	2,070
60	3,560	3,815	4,070	4,325	4,550	4,960
100	6,350	6,775	7,200	7,595	7,990	8,690
200	12,824	13,714	14,564	15,384	16,194	17,694

Table B2: Floorspace at a range of affordable rates for Stage 3 testing in Cheltenham

Cheltenham	40%	35%	30%	25%	20%	10%
2	170	170	170	170	170	170
5	435	435	435	435	435	435
9	715	715	715	715	715	715
12	710	710	710	780	840	900
25	1,300	1,385	1,470	1,640	1,700	1,840
60	3,205	3,460	3,715	3,925	4,135	4,545
100	5,175	5,600	6,025	6,420	6,795	7,470
200	10,270	11,200	12,050	12,840	13,590	14,940

Table B3: Floorspace at a range of affordable rates for Stage 3 testing in Gloucester

Gloucester	40%	35%	30%	25%	20%	10%
2	170	170	170	170	170	170
5	435	435	435	435	435	435
9	715	715	715	715	715	715
12	710	710	710	780	840	900
25	1,300	1,385	1,470	1,625	1,710	1,850
60	3,205	3,460	3,715	3,925	4,135	4,535
100	5,140	5,565	5,990	6,370	6,720	7,370
200	10,618	11,537	12,410	13,185	13,900	15,200

Appendix C: Chargeable amount

Extract from the Community Infrastructure Levy Regulations 2010 (as amended)

PART 5 CHARGEABLE AMOUNTS

Regulation 40

Calculation of chargeable amounts

(1) The collecting authority must calculate the amount of CIL payable (“chargeable amount”) in respect of a chargeable development in accordance with this regulation.

(2) The chargeable amount is an amount equal to the aggregate of the amounts of CIL chargeable at each of the relevant rates.

(3) But where that amount is less than £50 the chargeable amount is deemed to be zero.

(4) The relevant rates are the rates at which CIL is chargeable in respect of the chargeable development taken from the charging schedules which are in effect—

(a) at the time planning permission first permits the chargeable development; and

(b) in the area in which the chargeable development will be situated.

(5) The amount of CIL chargeable at a given relevant rate (R) must be calculated by applying the following formula—

$$= \frac{R \times A \times I_P}{I_C}$$

where—

A = the deemed net area chargeable at rate R;

I_P = the index figure for the year in which planning permission was granted; and

I_C = the index figure for the year in which the charging schedule containing rate R took effect.

(6) The value of A in paragraph (5) must be calculated by applying the following formula—

$$= \frac{C_R \times (C - E)}{C}$$

where—

C_R = the gross internal area of the part of the chargeable development chargeable at rate R;

C = the gross internal area of the chargeable development; and

E = an amount equal to the aggregate of the gross internal areas of all buildings which—

(a) on the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use; and

(b) are to be demolished before completion of the chargeable development.

(7) The index referred to in paragraph (5) is the national All-in Tender Price Index published from time to time by the Building Cost Information Service of the Royal Institution of Chartered Surveyors; and the figure for a given year is the figure for 1st November of the preceding year.

Appendix D: Site A6 analysis

The result in Table A5 shows that for site A6 the viability improves at higher rates of affordable housing. Whilst counterintuitive, this can happen when the residual land values are particularly high. To understand this, we need to look at how the calculations are undertaken in the following formula:

$$\text{CIL headroom per square metre amount} = \frac{\text{Total Headroom of the scheme}}{\text{CIL Liable floorspace of scheme}}$$

Where:

- the total headroom refers to the residual land value of the scheme minus the benchmark land value
- CIL liable floorspace is the total floorspace of the scheme minus the floorspace of the affordable housing, leaving the amounts of floorspace from open market dwellings.
- As the proportions of affordable housing are increased, both the total headroom of the scheme and the CIL liable floorspace decreases. In the majority of cases the change in headroom of the scheme (the numerator) has a greater impact than the change in the CIL liable floorspace (the denominator) and leads to a reduction in the CIL headroom per square metre amount. However, in the case of A6, where there is a higher RLV, the relative change in the numerator is smaller than the relative change in the denominator, and therefore the opposite occurs.

The three hypothetical schemes below help explain this point.

Scheme A has a headroom of £100,000 with a CIL liable floorspace of 100 sq. m and could therefore accommodate a headroom of £1,000 per square metre. Increasing the affordable housing amount by 10% reduces the CIL Liable floorspace by 10 sq. m to 90 sq. m.

In the majority of cases the change in headroom of the scheme is larger than the change in the CIL liable floorspace and leads to a reduction in the CIL headroom per square metre amount. This can be seen in scheme B where the fall in RLV (£100,000 to £85,000) is greater than the fall in the denominator causing the CIL headroom to reduce from £1,000 to £944).

However, in the case of A6, where the change in RLV (£100,000 to £95,000) is smaller relative to the change in the denominator (CIL liable floorspace), the opposite occurs which can be seen in scheme C. In this case the relative change in the denominator outweighs the relative change in the numerator, therefore increasing the CIL headroom from £1,000 to £1,055.

$$\text{A) CIL headroom per square metre amount} = \frac{\pounds 100,000}{100 \text{ sq.m}} = \pounds 1,000$$

$$\text{B) CIL headroom per square metre amount} = \frac{\pounds 85,000}{90 \text{ sq.m}} = \pounds 944$$

$$\text{C) CIL headroom per square metre amount} = \frac{\pounds 95,000}{90 \text{ sq.m}} = \pounds 1,055$$

Appendix E Draft Regulation 123 list

Initial Draft Infrastructure List for Preliminary Draft Infrastructure List (Reg 123)

In accordance with the Planning Act (2008) as amended by the Localism Act (2011) and the Community Infrastructure Levy Regulations (2010) as amended.

The infrastructure that may be funded by CIL will be set out in lists to be published from time to time by the Charging Authority - known as the Regulation 123 list.

As the infrastructure needs of the three Joint Core Strategy councils, Gloucester City, Cheltenham Borough and Tewkesbury Borough are inextricably linked, the Infrastructure Delivery Plan (IDP) and subsequently this Infrastructure List (Reg 123) are applicable to all three JCS Councils.

The table below gives an indication of the types and categories of infrastructure and/or specific infrastructure projects to which CIL receipts raised by the Council as the Charging Authority could be applied:

In general it is proposed that site specific mitigation measures, including providing a safe and acceptable means of access to a public highway, or roads providing access to a development, will be secured through planning conditions or S106 obligations.

Other more strategic infrastructure may be supported in whole or in part through CIL.

The inclusion on the list of an infrastructure project or type of infrastructure does not represent a commitment by the Council to provide that project or type of infrastructure either with or without funding from CIL. The only function of the list is in relation to the future use of s106 agreements and to avoid any perception of double charging to developers. The Infrastructure List gives an indication of the categories of infrastructure currently intended to be funded by CIL or other means. The list can be reviewed on a regular basis, for example annually, to ensure that it remains up to date.

	Infrastructure to be funded, or part funded, through CIL	Infrastructure and other items to be funded through S106 Obligations; S278 of the Highways Act; other legislation or through Planning Condition
	Transportation Transportation infrastructure for walking, cycling, public transport and highways.	Development specific mitigation works on, or directly related to, a development site.
	Education Provision for which the Local Education Authority has a statutory responsibility including early years, primary and secondary (covering ages 2 – 19)	
	Flood and Water Management Flood risk mitigation to support development across the area.	Development specific mitigation works on, or directly related to, a site.
	Social and Community Infrastructure Including social and community facilities, sports, recreational, play infrastructure and youth provision, and cultural infrastructure.	Development specific mitigation works on, or directly related to, a site.
	Green infrastructure Strategic green infrastructure.	Development specific mitigation works on, or directly related to, a site.
	Historic Environment Conservation and enhancement of the historic environment, heritage assets and their setting.	Development specific mitigation works on, or directly related to, a site.
	Public Realm Off-site provision/enhancements.	Development specific mitigation works on, or directly related to, a site.
	Emergency Services (Police, Fire and Ambulance) Including infrastructure to support the capacity of local services in areas of major growth.	Provision of fire hydrants.

	Infrastructure to be funded, or part funded, through CIL	Infrastructure and other items to be funded through S106 Obligations; S278 of the Highways Act; other legislation or through Planning Condition
	<p>Economic Development Infrastructure Including off-site starter business units, information and communications technology, supporting other employment initiatives.</p>	<p>On-site infrastructure and non-infrastructure Initiatives such as skills training and local employment initiatives.</p>