

A Community Infrastructure Levy For Swindon

Swindon Draft Charging Schedule Clarification Statement

Informed by

**Representations received to Swindon Borough
Local**

**Community Infrastructure Levy Draft Charing
Schedule Consultation**

4th April 2013 – 30th May 2013

By

Swindon Borough Council

July 2013

Blank Page

Contents

1. Purpose	3
2. Background	3
3. Rate Setting Issues	3
The differentiation of Residential rates by geographical zoning	4
The differentiation of Retail rates by geographical zoning	5
Reducing Hotel and Leisure Charges to £0 and the term 'All other Uses'	6
Discretionary Relief	7

Blank Page

1. Purpose

- 1.1. The purpose of this document is to provide a commentary on the reasons why Swindon Borough Council made changes to its approach to rate setting between Preliminary Draft Consultation 'PDCS' and Draft Consultation 'DCS' stages in its adoption of a Community Infrastructure Levy for Swindon.

2. Background

- 2.1. The Council received 23 representation to its Community Infrastructure Levy 'CIL' Draft Charging Schedule 'DCS' during the consultation period between 4th April 2013 and 30th May 2013.
- 2.2. A number of those representations, sought clarification on specific points of detail, and others more general comments indicating that the Council's change in approach to rate setting between the two stages of public consultation on adopting a CIL for Swindon had perhaps not been sufficiently explained.
- 2.3. In each case, the Council has provided either a written response by letter direct, or met with the interested party to discuss the representation, provided an oral explanation that has subsequently been reflected in meeting notes. In all instances, the additional documents will be submitted alongside the original representation.
- 2.4. In addition to this individual communication the Council has also produced a DCS Consultation Representations Overview document (July 2013) that précis the representations and provides a Council response to such. This statement is to be read in the context of that document.
- 2.5. This statement is also accompanied by a separate Viability Evidence Clarification Statement produced by GVA, the Council's viability consultants, as the Council received some questions specific to the CIL viability documents produced by GVA to support the adoption of a CIL for Swindon that it would not have been appropriate for the Council to respond to on GVAs behalf.
- 2.6. In each case, for context, both clarification statements should be read in the wider context of the responses to the Draft Charging Schedule.

3. Rate Setting Issues

- 3.1 The Council considers that there were three key themes that underpinned the more generic comments in the DCS representations that require clarification. These are:
 - a) The reasons that underpinned the Council's decision to move to geographical rate setting for differentiation of residential rates at DCS consultation stage away from the 'dwelling threshold' approach it proposed at the earlier PDCS stage.

- b) The reasons that underpinned the Council's decision to move to an all-encompassing definition of 'Retail' and into geographical differential for retail at DCS consultation stage away from the earlier differentiation by 'types' of retail use.
- c) The reason why the Council made a decision to reduce the modest charges proposed at PDCS consultation stage for Hotels and Leisure to £0 per sq.m. and use an 'All other Uses' definition instead of splitting the uses out.
- d) The benefit of use of Discretionary Relief.

3.2 Whilst these matters were addressed in the report to Cabinet that authorised the consultation on the Draft Charging Schedule they are explained in detail below.

The differentiation of Residential rates by geographical zoning

- 3.3 The Council's decision to move to geographical zoning was informed by balancing the consideration of several issues that would be likely to influence the CIL Charging Schedule examination including;
- Knowledge that differential rate setting using a geographical zoning is approach is supported in principle by the CIL Regulations 2010 (as amended);
 - A desire to simplify the Charging Schedule structure to provide greater clarity as to the location where different rates would apply;
 - Changes contained within the CIL Guidance in December 2012 in respect of the information needed as evidence to support a CIL examination (including the importance of strategic allocations in the relevant plan; the relationship between s106 and CIL);
 - Amendments to the Council's emerging Local Plan incorporated in the Pre-Submission Draft 2012 resulting in the addition of an extra strategic residential allocation to be known as the new community at Kingsdown;
 - Consideration of how the Eastern Villages 'new communities' allocation may come forward for consent which could be outside the framework of a comprehensive outline consent;
 - Representations received to the PDCS commenting that the 'threshold approach' was not appropriate to define a 'strategic site'; that this approach was not backed by sufficient evidence; that a threshold approach was complex to manage and had the potential to make infrastructure delivery complex for allocated strategic sites.

- 3.4 A CIL DCS is to be supported by appropriate evidence. The updated CIL Guidance published in December 2012 placed a greater focus on consideration of strategic sites on which the plan relies, and the viability of these in the context of CIL rate setting. This position was followed through into the updated CIL Guidance published in April 2013. In Swindon the strategic residential sites are known as Swindon's 'New Communities' as identified in policies NC1 – NC5 in the emerging Swindon Borough Local Plan to 2026. For continuity purposes it was considered appropriate to align the terminology between the CIL documents and planning policy documents.
- 3.5 The Council considered that the additional evidence produced in its 'Residential Development S106 Package Review document (February 2013) in the section on anticipated s106 requirements under emerging Local Plan policy, provided appropriate evidence to demonstrate the difference in scale of anticipated s106 packages for the residential 'New Communities' compared with development that would fall outside the scope of these boundaries, evidence that demonstrated that it was appropriate to differentiate residential rates by using the geographical boundary of the 5 New Community sites.

The differentiation of Retail rates by geographical zoning

- 3.6 The Council's decision to move to geographical zoning for retail was informed by balancing the consideration of several issues that would be likely to influence the CIL Charging Schedule examination including;
- Knowledge that differential rate setting using a geographical zoning approach is supported in principle by the CIL Regulations 2010 (as amended) ;
 - A desire to simplify the Charging Schedule structure in relation to retail development to which CIL would apply to remove any potential scope for interpretation or uncertainty;
 - Changes contained within the CIL Guidance in December 2012 in respect of the information needed as evidence to support a CIL examination (including the importance of rate setting in not threatening '*the ability to develop viably the sites and scale of development identified within the Local Plan*' (para. 8 CIL Guidance Dec 2012 and April 2013);
 - Representations received to the PDCS in respect of the Council's approach to rate setting which expressed concerns about the definitions of different types of retail development and the CIL charges attributed to them;
 - Knowledge of the difficulties that other authorities had faced at CIL Examination where differentiation within a Use Class for Retail had been proposed (although the revised Guidance first published in December 2012 acknowledges that this is now possible).

- 3.7 The emerging Local Plan, Swindon Borough Local to 2026 Pre-Submission Document (December 2012) (now translated into the Swindon Borough Local Plan 2026 Submission Document – June 2013) is underpinned by Policy EC2 that supports a sequential approach to retail provision promoting a ‘Town Centre’ first approach followed by consideration of Edge of Town Centre, District and Local Centre locations. This is further supported by SC1 that supports provision within the Central Area of at least 53,700 m² net of comparison retail floorspace. Other policies (NC1-NC5) covering Swindon’s new communities make provision for restricted retail provision in the form of either local and/or district centres uses to support the retail needs of those communities. In addition policy SC2 supports Swindon’s existing communities for targeted regeneration including local centres which could lead to some redevelopment proposals at these locations that may impact on existing and/or future retail provision. These are the types of retail development and locations that it is primarily anticipated to come forward to support the objectives of the emerging Local Plan. It does not contain a policy that actively promotes retail warehousing.
- 3.8 The Council considers that the evidence published to support the PDCS consultation for retail rate setting, along with the additional retail testing and evidence produced to support the DCS justifies that geographical zoning is an acceptable approach.
- 3.9 In using a single definition of ‘Retail’ for all types of retail the Council needed to consider the appropriate rate associated with the type retail activity proposed in different locations. The additional retail evidence produced demonstrates that it is appropriate for the Council to set a rate of £0 per sq.m. in the Town Centre Retail Zone 1 (as defined). In setting the rate for the ‘Rest of Borough’ Retail Zone 2, the Council had a need to set a CIL that would strike a balance across the different types of retail tested. Although large-scale convenience retail (foodstores) had the ability to accommodate a rate of up to £500 per sq.m, in taking into consideration other types of retail the £100 per sq. m a value that was considered to be an appropriate balance to assist in raising CIL receipts, without unduly compromising viability, especially given the relatively modest scale of retail activity proposed when compared to the Town Centre. The Council considers that it has provided all the evidence necessary to justify its approach and level of Retail CIL.

Reducing Hotel and Leisure Charges to £0 and the term ‘All other Uses’

- 3.10 At PDCS consultation stage, the Council proposed a modest charge of £5 for Hotels and £20 for Leisure. Both of these rates were set close to the margins of viability of that sector in Swindon. Following the closure of the PDCS consultation 20th September 2012, the Council considered it appropriate to reconsider its position in respect of these rates to ensure that these sectors would not be unacceptably compromised by small fluctuations in market conditions. Taking all other factors into account, including the updated CIL Guidance the rate for these were reduced to £0 per sq.m.

- 3.11 In creating the DCS structure it was important to ensure that the Charging Schedule was simplified to easily reflect the types of development and locations in which the different rates are proposed to be charged. Any use for which a rate would be £0 across the Borough as a whole did not need to be separately listed. Thus all those separate uses like B1, B2, B8, agricultural, Health, Education and Community are all silently reflected in the Draft Charging Schedule 'All Other Uses' £0 per sq.m Category

Discretionary Relief

- 3.12 The Swindon Draft Charging Schedule at the bottom of page p.4 makes reference to Discretionary Relief for Charities and Exceptional Circumstances. This statement appears to have resulted in some confusion. The CIL Regulations make provision under Regulations 45 and 55 for a CIL liable party to make a claim for Discretionary Relief if the Council has Charging Authority 'CA' has made Discretionary Relief available in its area. The offer of Discretionary Relief is a matter for each CA to consider. It is not a requirement in CIL rate setting to set out the Council's position in respect of such, however to the Council made a decision to publish its starting position to support the DCS consultation. Providing the CA has complied with the CIL Regulations 2010 (as amended) and accompanying Guidance on procedures in respect of such, Discretionary Relief can be switched on and off at any time by the CA in the future. For this reason on the adoption a CIL Charging Schedule the Council would be likely to direct any person or company interested in its position on Discretionary Relief to the relevant area of its website.

