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29th July 2013

Development Policy Manager
Development Services
Warwick District Council
Riverside House
Milverton Hill
Leamington Spa
CV32 5QH

Sent By Email & Post

Dear Sir / Madam

Community Infrastructure Levy: Preliminary Draft Charging Schedule

We are instructed by Gallagher Estates to submit a response to the consultation document concerning the proposed introduction of the Community Infrastructure Levy (CIL) in Warwick. As this stage we do not intend setting out a detailed critique of the proposed CIL rates contained in the consultation document, as we anticipate the evidence that supports these proposals will need to be updated prior to the final consultation on the draft Charging Schedule. We do however have some comments which we set out below.

As a starting point, the consultation document is correct to refer, in paragraph 1.9, to Regulation 14 from the CIL Regulations 2010 (as amended) as setting out the key test with regard to striking the "appropriate balance" between the desirability of funding infrastructure from the CIL and potential effects of its imposition on the economic viability of development across Warwick. The most recent CIL Guidance published in December 2012, expands on what is meant by the "appropriate balance" at paragraph 8, stating that CIL itself is expected to have a positive economic effect on development across an area as well as needing to be set at a level which does not discourage investment and in particular will allow the scale of development identified in the Local Plan to be implemented. Fundamentally, the imposition of CIL is not intended to be a cost imposed on development up to a limit which is sustainable in order to ensure viability, but a means of securing infrastructure in its widest sense which supports growth and the delivery of the level of development set out in an adopted Local Plan.

It is the case that a significant proportion of the new housing proposed to be delivered through the draft Local Plan will be on greenfield sites, and we would refer to the important document issued by the Local Housing Delivery Group, Viability Testing Local Plans, June 2012 (referred to as the Harman Guidance) which points out the costs of servicing large greenfield sites and the significance of under estimating these. As the Harman Guidance is referred to increasingly by Planning Inspectors, we would ask that that this Guidance is referred to within any update to the viability evidence base.

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A particular concern we have at this stage is the relationship between the proposed CIL and the continued use of Section 106 Agreements. It is of paramount importance that there is absolute clarity as to the relationship between the proposed CIL and the extent to which obligations will still be required on individual schemes through S106 Agreements. We of course recognise that site specific infrastructure requirements, typically such as road infrastructure necessary to open up an individual site, will continue to need to be negotiated on a site by site basis. Unfortunately what is not clear from the documentation produced at this point by the Council is the extent to which the infrastructure listed will be funded in part through CIL and therefore for which contributions will not be sought through Section 106 Agreements. In particular, for example, currently Section 106 Agreements frequently contain significant financial contributions in respect of education and open space / leisure contributions and it would be important to understand if it is intended in the future that these will be financed through CIL rather than Section 106.

We note that the Viability Study has made a blanket assumption of £10,000 per unit on strategic sites from Section 106 Agreements. There is no explanation of the basis for this assumption, and therefore there is a lack of clarity as to the ongoing relationship between a future CIL and Section 106. The importance of setting out clearly the relationship between the proposed CIL and future Section 106 is explained fully in the current Government CIL Guidance (December 2012) at paragraphs 84 – 91. Again, it is essential that a future draft of the Charging Schedule is accompanied by a clear explanation of the extent to which Section 106 Agreements will be used in the future to secure contributions to infrastructure requirements.

At a level of £90.00 per square metre on strategic sites in Zone B, CIL rates for residential development will impact a significant cost to bringing forward new housing schemes in these locations. It is therefore very important that the extent to which this level of CIL rate can be implemented without adversely affecting the delivery of new housing is clearly established. In that regard the relationship in the future with Section 106 obligations is crucially important and requires further clarification.

We look forward to receiving further information as proposals for the introduction of CIL in Warwick progresses. Should you require anything from us at this stage please do not hesitate to get in touch.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Joanne Hedgley', written over a blue line.

JOANNE HEDGLEY
Planning Director

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