

ADUR & WORTHING
COUNCILS

Joint Strategic Committee
8 June 2021
Agenda Item 7

Key Decision [~~Yes~~/No]

Ward(s) Affected: Worthing All

Worthing Community Infrastructure Levy (CIL)

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1. Worthing Borough Council introduced a Community Infrastructure Levy (CIL) to allow funds to be raised from developers to pay for infrastructure that is needed to support growth. The Council adopted the Charging Schedule for CIL in February 2015 and implementation of the levy commenced on 1st October 2015.
- 1.2. Given the time that has lapsed and the change in market conditions, a review of the CIL Charging Schedule was needed. The Council's consultants undertook a review of the current charging schedule and their recommendations form the revised CIL draft Charging Schedule. The draft Charging Schedule was consulted on for 8 weeks between June and August 2020. This was then submitted to the Planning Inspectorate with the Examination in Public taking place 'virtually' on Thursday 28th January 2021. The draft Inspector's report was received on 14th May 2021 (for fact checking), with the final report received on 27th May 2021. The report recommended that the charging schedule should be approved in its published form, without changes. This report provides an update on the revised CIL draft Charging Schedule (DCS) progress and proposes that this is formally approved.

2. Recommendations

2.1. In regard to the revised Worthing CIL Charging Schedule, the Committee is recommended to:

- Note the findings from the Inspector's report on the revised CIL draft Charging Schedule;
- Note the revised Worthing CIL draft Charging Schedule - 2021 included in Appendix B
- Recommend to Full Council approval of the adoption of the revised draft CIL Charging Schedule for implementation on 1st August 2021.

3. Revised Worthing CIL Charging Schedule

- 3.1. The CIL Regulations 2010 (as amended), allow local planning authorities to set a CIL charge on some developments in order to contribute toward the cost of the infrastructure required to support the cumulative impact of growth and development in an area. Worthing Borough Council (WBC) adopted its CIL Charging Schedule in February 2015, with implementation of the levy commencing in October 2015.
- 3.2. The Charging Schedule must strike an appropriate balance between the desirability of funding infrastructure and the potential effects on the viability of development. It is generally considered that a review of a Charging Schedule should be considered within 5 years of implementation, to reflect changes to key government policy and guidance, as well as changing market conditions.
- 3.3. In view of the issues associated with the existing CIL Charging Schedule, your Officers commissioned consultants Dixon Searle Partnership (DSP) to undertake an initial review of the current CIL Charging Schedule in 2019. The final report was received in March 2020 outlining a number of recommendations for the Council to consider. The revised CIL draft Charging Schedule takes into account these recommendations. More information can be found in the Adur &

Worthing Councils JSC - Worthing CIL - Infrastructure Investment Plan report; agenda item 12, 9 June 2020.

- 3.4. The main changes between the current CIL Charging Schedule and the revised CIL Charging Schedule are as follows:
- Removal of the 'Zone 2' nil rated residential charge (Broadwater, Castle, Gaisford & Selden wards)
 - Splitting the residential CIL charge by development type - includes: 10 dwellings or less (all dwelling types) on previously developed land (PDL); More than 10 dwellings (excluding Flatted development) on PDL; Flatted developments of over 10 units on PDL; Greenfield housing development
 - Uplift in the 'greenfield' residential charge to £200/sqm
 - Revised wording of retail CIL charge to only include Foodstore/Supermarket/Retail Warehousing development (greater than 280 sq.m.)
- 3.5. Approval was given by JSC in June 2020 to undertake a public consultation exercise on the revised CIL draft Charging Schedule (DCS). A wide range of bodies were consulted on including; persons who are resident or carrying on business in Worthing, voluntary bodies, neighbouring authorities, and local developers.
- 3.6. Approval was given by JSC in October 2020 to submission of the revised draft CIL Charging Schedule to the Planning Inspectorate for an Examination in Public. This took place 'virtually' (via Zoom) on Thursday 28th January 2021. The draft Inspectors Report was received for fact checking on 14 May 2021.
- 3.7. Two parties were present at the CIL Examination providing evidence against the proposed CIL Charging Schedule rates. Their arguments related primarily to the flatted development rate of £25/sqm. The Inspector listened to the points raised for and against the proposed CIL rates and delivered his draft report to the Council for fact checking on 14th May 2021. The final 'fact checked' report was received on 27th May 2021. The Inspector's report concluded that:

"The Worthing Borough Council Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the area. The Council has sufficient evidence to support the schedule and can show that the levy is set at a level that will not put the overall development of the area at risk.

I have recommended that the schedule should be approved in its published form, without changes.”

- 3.8. The committee is asked to recommend Full Council approval in July for the adoption of the revised draft CIL Charging Schedule for implementation on 1st August 2021. A CIL Charging Schedule may be implemented at least one day after approval by Full Council. It is believed appropriate to propose an implementation date a couple of months after receiving the Inspector’s report, to allow developers some time to acknowledge the revised CIL charging rates across the Borough.

4. Engagement and Communication

- 4.1. A CIL workshop was held on 12th February 2020 for all Members and our consultants gave a presentation setting out some of their emerging thoughts on the current CIL Charging Schedule and options for the Council to consider.
- 4.2. The CIL consultation period, which was extended to 8 weeks to allow consultees a chance to respond to the consultation, given the difficulties experienced in recent months. The consultation conformed with the requirements of the Council’s Statement of Community Involvement (SCI).
- 4.3. An Examination in Public was held on Thursday 28th June, in line with the CIL Regulations (as amended), which allowed all parties who had submitted representations during the consultation period to make further comments around the proposed CIL rates.
- 4.4. The Infrastructure Investment Plan (IIP) includes consultation with West Sussex County Council and informal consultation with other infrastructure providers. As explained in paragraph 3.5 above, a Joint Officer and Member Board (JOMB) has been established. The IIP has been prepared by Officers from Worthing Borough Council, with input from West Sussex County Council Officers and from Senior Councillors from both authorities.
- 4.5. 15% of all the CIL funds collected in the Borough are to be spent in the ward where the development took place. This amount of money is

referred to as the CIL Neighborhood Pot. Work is currently being undertaken to launch the first round of 'bids' for CIL funds in Summer 2021 for the 6 wards which have reached the £10k figure required for funds to be available to community groups. It will be up to community groups and resident associations to submit bids for infrastructure projects which they feel should receive CIL funds in their ward. More information will be provided to Members and the wider community in due course.

5. Financial Implications

- 5.1. The CIL funding gives the Council the opportunity to invest in much needed infrastructure which would not otherwise be delivered. A revised CIL Charging Schedule better reflects the viability challenges of development in the Borough, therefore allowing the Council to collect money to fund infrastructure projects without significantly harming the likelihood of development.
- 5.2. The Council employs an Officer to administer the scheme. This post is funded from the 5% administration share of the CIL generated.

6. Legal Implications

- 6.1. Legislation governing the development, administration and governance of CIL is contained within the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (as amended). The Ministry of Housing, Communities and Local Government (MHCLG) has also provided CIL guidance that needs to be followed.
- 6.2. Governance arrangements that are consistent with the CIL Regulations must be agreed. If they are not then the Council runs the risk of complaints and/or challenges from developers and these could then be upheld by the Local Government Ombudsman.
- 6.3. All decisions on spending income from CIL will be subject to assessment under the Equalities Act 2010 to ensure the 2010 Act duties are complied with.

- 6.4 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 6.5 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation
- 6.6 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 6.7 s1 Local Government (Contracts) Act 1997 confers power on the Council to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the Council.

Background Papers

- Appendix A - Inspector's report
- Appendix B - Worthing CIL draft Charging Schedule - 2021
- Adur & Worthing Councils JSC - Worthing CIL; agenda item 10, 6th October 2020
- Adur & Worthing Councils JSC: Worthing CIL Governance and Procedural Matters; agenda item 7, 2 April 2019
- Adur & Worthing Councils JSC: CIL Governance Arrangements; agenda item 7, 1 February 2018
- Worthing CIL Charging Schedule 2015

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Sustainability & Risk Assessment

1. Economic

- The efficient collection and distribution of money collected through CIL will help to ensure that infrastructure is delivered alongside development to meet the identified needs of new and existing residents, communities and businesses.

2. Social

2.1 Social Value

- A CIL charging schedule that reflects the current market conditions will ensure that money is collected from development which can be spent on projects that provide the greatest benefit to the community.

2.2 Equality Issues

- Issues relating to race, disability, gender and equality have been considered and it is not felt that CIL will have an adverse impact on any social group. In reality, by making communities more sustainable, CIL will facilitate economic growth and help to deliver improved services. The infrastructure and services that CIL can provide (such as community facilities and transport networks) could enhance liveability for all sectors of society, and could help to deliver new infrastructure that serves different needs within the community.

2.3 Community Safety Issues (Section 17)

- Matter considered and no issues identified.

2.4 Human Rights Issues

- Matter considered and no issues identified.

3. Environmental

- Matter considered and no issues identified.

4. Governance

- The efficient charging, collection and distribution of money collected through CIL will help to ensure that infrastructure is delivered alongside development to meet the identified needs. This will help to contribute towards meeting many Council priorities.



The Planning Inspectorate

Report to Worthing Borough Council

by Jameson Bridgwater PGDipTP MRTPI

an Examiner appointed by the Council

Date: 27 May 2021

PLANNING ACT 2008 (AS AMENDED)

SECTION 212(2)

REPORT ON THE EXAMINATION OF THE DRAFT WORTHING BOROUGH COUNCIL COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE

Charging Schedule submitted for examination on October 2020

Examination hearings held on 28 January 2021

File Ref: PINS/M3835/429/8

Non-Technical Summary

This report concludes that the Worthing Borough Council Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the area. The Council has sufficient evidence to support the schedule and can show that the levy is set at a level that will not put the overall development of the area at risk.

I have recommended that the schedule should be approved in its published form, without changes.

Introduction

1. This report contains my assessment of the Worthing Community Infrastructure Levy (CIL) Charging Schedule in terms of Section 212 of the Planning Act 2008. It considers whether the schedule is compliant in legal terms and whether it is economically viable as well as reasonable, realistic, and consistent with national guidance.
2. The proposed CIL Charging Schedule seeks to revise and replace the extant Worthing Borough Council Community Infrastructure Levy Charging Schedule February 2015. The Council confirmed that the purpose of the proposed revision is to reflect the more recent economic conditions in Worthing along with changes in national policy and guidance in relation to Community Infrastructure Levy.
3. To comply with the relevant legislation the local charging authority has to submit a charging schedule which sets an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across the district. The basis for the examination, on which hearings sessions were held on 28 January 2021 is the schedule of October 2020, which is effectively the same as the document published for public consultation between 30 June and 25 August 2020.
4. The submitted charging schedule from Worthing Borough Council [the Council] proposed the following CIL rates:

Residential Including retirement/sheltered housing

- 10 dwellings or less (all dwelling types) - £125sqm
- More than 10 dwellings (excluding Flatted development) - £125sqm
- Flatted development of more than 10 dwellings - £25sqm
- Extra Care Housing - £0sqm
- Greenfield housing development (greenfield land zone shown on map in Appendix 1) - £200sqm

Retail

- Foodstore/Supermarket/Retail Warehousing development (greater than 280 sq.m.) - £150sqm
- Other forms of retail - £0sqm

All other development

- Borough Wide - £0sqm

Is the charging schedule supported by background documents containing appropriate available evidence?

Infrastructure planning evidence

5. The Worthing Borough Core Strategy 2011 (WBCS) was adopted in April 2011. This sets out the strategy for future growth and development in the Borough to 2026. It sets out policies for issues such as the strategic development at West Durrington and 12 areas of change identified as major regeneration opportunities. It also outlines how development needs will be met with a series of policies on key issues such as housing, employment, retail, and environmental protection.
6. The Council are in the process of preparing a new development plan, the Worthing Local Plan. At the time of the hearing the Submission Draft Worthing Local Plan Consultation (January 2021) was underway. Therefore, the Worthing Borough Infrastructure Delivery Plan October 2018 (IDP) outlines the new/improved infrastructure required to facilitate planned growth within the borough to the end of the WBCS plan period (2026) and beyond. The IDP indicates that spending will be directed towards social, physical, and environmental infrastructure. These amongst other things include education, libraries, sport, cultural, health and social care, energy, transport, flood risk management, green corridors, and waterways projects, all of which will contribute towards

implementing the objectives of the WBCS.

7. Considering other likely funding sources, including direct from government, the Council currently estimates an infrastructure funding shortfall of around £46.6m. The IDP, demonstrates a clear funding gap between the provision of infrastructure required to support development required by the WBCS, and funds available to provide this infrastructure. Since coming into force the amount raised by the Council from their existing CIL levy rates is approximately £1.19m, with Section 106 raising £2.46m in the same time period. It is anticipated that the revised CIL charges, as proposed, would raise about £2m on an annual basis and around £10.69m in total up to 2026 towards infrastructure needs. In the light of this evidence, the proposed CIL charges would make a significant contribution towards meeting the likely funding gap. The figures demonstrate the need to levy CIL in Worthing Borough.

Economic viability evidence

8. The Council commissioned a CIL Viability Assessment dated March 2020 (VA). The typologies selected for testing were not intended to represent specific development proposals, but to reflect typical forms of development that are likely to come forward in Worthing over the plan period. The assessments use a residual valuation approach, using reasonable standard assumptions for a range of factors such as building costs, profit levels, fees, and changes in relation to national policy.
9. The model was adapted with relevant local data on existing land values; including MHCLG data and a range of other indications, taking into account that there are variations in average land values across Worthing. In general, the benchmark land values used are sufficiently realistic for comparison purposes in a generic study of this type.
10. The charging schedule has been informed by discussions with stakeholders and consideration of the representations made on the series of consultations carried out by the Council. The Revised Draft Charging Schedule Statement of Consultation October 2020 demonstrates that an adequate and proportionate approach in relation to local stakeholder participation was taken by the Council. This was further reinforced by local developers being represented at the Examination Hearings.
11. The VA seeks to establish a residual value by subtracting all costs (except for land purchase) from the value of the completed development (the Gross Development Value). This is tested across a wide range of 'trial CIL rates' – i.e. with increasing CIL cost included.

The price at which a typical willing landowner would be prepared to sell the land (the Benchmark Land Value) is then compared with the residual value to arrive at the 'theoretical maximum charge' that may be supportable. This informs the scope from which the CIL charge can be taken provided that there is a sufficient viability buffer or margin.

12. The Guidance states that it would be appropriate to include a buffer or margin so that the levy rates are not set at the margins of viability and are able to support development when economic circumstances adjust. This can also provide some degree of safeguard in the event that gross development values have been over-estimated or costs under-estimated and to allow for variations in costs and values between sites. As discussed below, the Council have apart from Flatted development of more than 10 dwellings proposed CIL charges that provide a reasonable viability margin or buffer commensurate with the type of development being brought forward.
13. In conclusion the draft Charging Schedule is supported by documentation demonstrating detailed evidence of community infrastructure needs and economic viability testing. On this basis, the evidence which has been used to inform the Charging Schedule is robust, proportionate, and appropriate.

Are the charging rates informed by and consistent with the evidence?

CIL rates for residential including retirement/sheltered housing

14. WBCS Policy 7 – Meeting Housing Needs sets out the requirement of 4,000 net additional dwellings in Worthing up to 2026. The Council's VA examined a comprehensive range of residential typologies/scenarios, including amongst other things houses/flats sheltered/flats extra care/flats town centre and mixed schemes. Analysis was also undertaken for typologies aligned to sites across the borough, these included previously developed land (PDL), residential infill on PDL, greenfield sites and a combination of PDL/greenfield.
15. The viability testing applied reasonable assumptions in terms of a representative selection of dwelling sizes including considering the likely differences in gross internal area between affordable and private market housing. Therefore, the testing considered a full range of values and costs data that are suitably reflective of the new residential projects likely to come forward across the borough in the WBCS plan period.
16. The viability testing in relation to residential development has factored in assumptions to reflect policy requirements in the WBCS. These

include affordable housing requirements, along with a contingency for planning obligations (s106). Finally, except for Flatted development of more than 10 dwellings (this is discussed in detail below) the assessments apply a viability buffer of approximately 50% that produces a theoretical CIL charging range. As such, the viability testing has properly examined the most likely scenarios although clearly cannot address all possible eventualities surrounding new development projects.

17. Whilst overall there is an underlying strength and viability in the Worthing property market, the Council's analysis also demonstrates the difference in the ability of types and scales of residential development in different parts of Worthing to viably support a CIL charge, therefore, justifying the use of differential residential rates and two charging zones for residential development in the borough illustrated as Appendix 1 to the charging schedule.

10 dwellings or less (all dwelling types) - £125sqm

18. Based on viability testing set out above, the Council have proposed a CIL charging rate of £125sqm for 10 dwellings or less (all dwelling types). The viability testing demonstrated that the proposed CIL rate in the range of £100sqm to £150sqm would maintain a viability buffer of around 50%. This buffer would ensure that the vast majority of new housing development of 10 dwellings or less (all dwelling types) could be delivered in accordance with the WBCS. I am therefore satisfied the proposed rate of £125sqm for 10 dwellings or less (all dwelling types) is justified on viability grounds and would strike an appropriate balance.

More than 10 dwellings (excluding Flatted development) - £125sqm

19. In relation to larger residential schemes the VA assessed a variety of scenarios that were reflective of larger scale development in Worthing. The results from the testing demonstrated that a CIL rate in the range of £100sqm to £150sqm for more than 10 dwellings (excluding Flatted development) would ensure a viability buffer of around 50%. Based on this evidence the Council have proposed to set a rate of CIL rate of £125sqm. This buffer would ensure that the vast majority of new housing development of more than 10 dwellings (excluding Flatted development) could be delivered in accordance with the WBCS.
20. Therefore, with no substantive detailed evidence presented to indicate otherwise, I am satisfied that the proposed rate of £125sqm for More than 10 dwellings (excluding Flatted development) is justified on viability grounds and will support the aims and objectives of the WBCS.

Flatted development of more than 10 dwellings - £25sqm

21. Worthing has locational advantages that make it attractive to larger scale flatted development. These include being directly situated on the south coast and adjacent to the South Downs National Park. Allied to this are good transport connections to the rest of the south coast including Brighton, Portsmouth, and Southampton, with a direct rail link to London.
22. The Council have proposed to set a CIL rate of £25sqm for flatted development of more than 10 dwellings. This differs from the extant Worthing Borough Council Community Infrastructure Levy Charging Schedule February 2015 which does not apply a differential residential levy rate for flatted development. Therefore, except for 4 wards (Seldon, Castle, Gaisford and Broadwater located within the existing Nil Charge Zone) the proposed rate would be significantly lower than the 2021 indexed levy rate of £128.57sqm which is currently applied to flatted development within the existing residential rate.
23. Although there is some disagreement with regard representative selection and costings associated with flatted developments used for viability testing, ultimately the Council and interested parties are in general agreement that the proposed rate of £25sqm could still contribute to or result in viability challenges for bringing forward flatted schemes on previously developed land (PDL) and town centre schemes. Moreover, the general nature of the viability results are acknowledged as mixed and often relatively poor, meaning that there is limited scope for the provision of a viability buffer at a CIL rate of £25sqm or indeed at a rate of £0sqm in the case of some types of flatted development in the borough.
24. This is particularly relevant in that the residential growth planned to come forward in the borough over the remaining plan period is predominantly higher density flatted development within the main urban areas and town centre. Furthermore, given the projected level of growth it will be necessary to support flatted developments in Worthing with an appropriate level of infrastructure. As such, the projected £750,000 expected to be raised from the proposed flatted development CIL charge would make a meaningful contribution towards meeting those costs.
25. Based on the available evidence I accept that there are potential viability implications of a CIL rate of £25sqm for some flatted development. However, I consider that these are likely to be relatively limited in number and site specific rather than across the board. Whilst my attention was drawn to a number of schemes in Worthing as

examples, the viability issues including the impact on the delivery of affordable housing did not directly relate to the imposition of the existing higher residential CIL charge. Moreover, the proposed CIL rate of £25sqm would only be a very small proportion of overall development costs and significantly less than the existing CIL charge for the majority of the borough. It is therefore unlikely that the imposition of the proposed nominal charge of £25sqm would materially impact on the delivery of most larger scale flatted schemes coming forward within the plan period and beyond. I therefore consider that the proposed rate is reasonable and pragmatic, given the available evidence, accepting there is no requirement for a proposed rate to exactly mirror the evidence.

26. Having reached the conclusions above, adequate evidence has been provided that gives reasonable assurance that whilst challenging for some specific schemes the proposed rate of £25sqm for flatted development of more than 10 dwellings would not undermine the deliverability of the WBCS. It would therefore strike an appropriate balance between securing additional investment to support development and the potential effect on the viability of this specific type of development.

Extra Care Housing - £0sqm

27. To meet the demographic needs of Worthing WBCS Policy 8 seeks amongst other things to ensure the provision of extra-care housing as an alternative to residential care. The modelling within the VA demonstrates that viability may be more difficult for extra care housing with the evidence showing that development of this type is unlikely to be able to consistently sustain the imposition of a levy. The Council's proposed levy of £0sqm for extra care housing takes into account the more challenging viability issues of this type of development in the Borough. Therefore, based on the evidence submitted, I am satisfied that setting a rate of £0sqm for Extra Care Housing in Worthing is justified by the available evidence and would strike an appropriate balance between helping to fund new infrastructure supporting the aims and objectives of the WBCS whilst ensuring viability in the extra care sector.

Greenfield housing development (greenfield land shown on map in Appendix 1) - £200sqm

28. The Council acknowledged that there are no greenfield sites forming part of the remaining WBCS housing site supply. However, as set out above the Council are in the process of preparing the Worthing Local Plan. Although the process is not yet completed the development strategy across the plan area is already clear, with the relevant up to

date and extensive supporting evidence in place, including infrastructure requirements and a viability assessment. As such, limited greenfield housing development on identified sites is likely to be relevant moving forward.

29. Therefore, in this specific local circumstance I conclude that there is no reason why the CIL charging schedule including greenfield housing development cannot be submitted, examined, and adopted, if viable and appropriate. I am satisfied that this accords with the national Planning Policy Guidance (PPG), which states that "information on the charging authority's infrastructure needs should be drawn from the infrastructure assessment that was undertaken as part of preparing the relevant plan".
30. This conclusion is reinforced by the decision of the Court of Appeal in the *Oxted Residential Ltd v Tandridge DC* case on 29 April 2016 (EWCA Civ 414), which effectively confirmed, amongst other things, that there is no statutory obstacle to adoption of a CIL charging schedule in advance of a new Local Plan if this is justified in all of the relevant local circumstances. However, in the event of a significant change to the development strategy as a result of the Worthing Local Plan examination, it would be appropriate for the Council to consider whether a review of the CIL charging schedule is needed at that stage.
31. The proposed levy rate of £200/sqm for greenfield housing development in Worthing has been informed by the Council's viability testing. The viability findings demonstrate that the lower land values for the identified greenfield area of the Borough support greater headroom for CIL. Moreover, the assessment of 100 and 450-unit mixed residential sites in this area suggests that a levy of £200/sqm would in the majority of circumstances allow for a 50% viability buffer when compared to the maximum theoretical levy that could be charged.
32. I therefore conclude that in setting the levy at £200/sqm the Council have adopted a balanced approach which is likely to ensure that limited housing on greenfield land shown on map in Appendix 1 can be delivered in accordance with the emerging Worthing Local Plan. As such, proposed CIL rate of £200/sqm is consistent with the evidence and would help to support the delivery of infrastructure in the Borough.

Retail

33. The strategy and projected requirement for future retail provision in Worthing is set out in Policy 6 of the WBCS. The Council's VA considers a sufficient range and number of size and type of retail development schemes to be suitably reflective of retail projects likely to come

forward in Worthing and provide the necessary information against which to assess viability. The assessments make clear that that viability in the retail market is sensitive to specific location/setting, type, and investment models. Taking this into account the Council have proposed differential rates for retail development, proposing a charge of £150sqm for foodstore/supermarket/retail warehousing development (greater than 280 sq.m.) and £0sqm charge for other forms of retail development.

Foodstore/Supermarket/Retail Warehousing development (greater than 280 sq.m.) - £150sqm

34. The appraisals in the VA suggest that that a theoretical maximum CIL of up to £200sqm would be viable on the majority of foodstore/supermarket/retail warehousing development (greater than 280 sq.m.) proposals within Worthing. The viability assessment tested a variety of scenarios across low, medium, and high rental values and applied a range of investment yield tests of between 5.0% and 6.0%, which are representative of larger format retail developments taking a prudent view.
35. Taking into account the degree of sensitivity in the retail market a CIL rate of £150sqm for retail warehousing/supermarkets would allow a reasonable viability buffer of around 50% and this represents a balanced and prudent approach that would ensure that the vast majority of foodstore/supermarket/retail warehousing development could be delivered in accordance with the WBCS. Therefore, given that no substantive viability evidence has been presented to indicate otherwise, I am satisfied the proposed rate of £150sqm for Foodstore/Supermarket/Retail Warehousing development (greater than 280 sq.m.) development is justified on viability grounds.

Other forms of retail - £0sqm

36. The Council's decision to set a nil rate for other forms of retail is consistent with the evidence in the VA. The viability testing demonstrates that current market values for other forms of retail are too low to reliably absorb CIL, with a nil rate consistent with the evidence. Therefore, I am satisfied that for the reasons given setting a rate of £0sqm for other forms of retail is evidence based and appropriate.

All other development

37. In relation to all other development, business (offices, industrial, warehousing), hotel, leisure and community uses the Council have

decided not to charge a levy. This is consistent with the evidence in the VA. This demonstrates that viability for these uses is challenging and with these types of development having limited scope to absorb any material level of CIL. I am satisfied that for the reasons given in the VA, dated March 2020 setting a rate of £0sqm for these uses is evidence based and appropriate.

Other matters

38. I have carefully considered the representations regarding the inclusion of an exceptional circumstances relief policy within the charging schedule. This is generally although not exclusively related to impact of Covid-19 on the retail market. However, although I have a great deal of sympathy regarding the difficulties the retail sector is facing, whether the Council decides to introduce an Exceptional Circumstances Relief policy is primarily not a matter for consideration in the Examination.

Does the evidence demonstrate that the proposed charge rate would not put the overall development of the area at serious risk?

39. The Council's decision to set rates for the following development:

- Residential - 10 dwellings or less (all dwelling types)
- Residential - More than 10 dwellings (excluding Flatted development)
- Residential - Flatted development of more than 10 dwellings
- Residential - Greenfield housing development
- Retail - Foodstore/Supermarket/Retail Warehousing development (greater than 280 sq.m.)

is based on reasonable assumptions about development values and likely costs. The evidence suggests that, residential and commercial development will remain viable across most of the area if the charges are applied. Only if development sales values are at the lowest end of the predicted spectrum would development in some parts of the Borough be at risk, however, I consider this situation to be unlikely.

Conclusion

40. In setting the CIL charging rate the Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in Worthing. The Council has tried to be realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure funding, while ensuring that a range of development remains viable across the authority area.

LEGAL REQUIREMENTS	
National Policy/Guidance	The Charging Schedule complies with national policy/guidance.
2008 Planning Act and 2010 Regulations (as amended)	The Charging Schedule complies with the Act and the Regulations, including in respect of the statutory processes and public consultation, consistency with the adopted Worthing Borough Plan and Infrastructure Delivery Plan and is supported by an adequate financial appraisal.

41. I conclude that the Worthing Borough Council Draft Community Infrastructure Levy Charging Schedule satisfies the requirements of Section 212 of the 2008 Act and meets the criteria for viability in the 2010 Regulations (as amended). I therefore recommend that the Charging Schedule be approved.

Jameson Bridgwater

Examiner

Worthing Borough Council
Community Infrastructure Levy
Revised Charging Schedule

August 2021



WORTHING BOROUGH
COUNCIL

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Executive Summary Table

Name of charging authority	Worthing Borough Council
Rates at which CIL is to be chargeable	CIL will be charged in pounds sterling (£) per square metre, of net additional floorspace ¹ (gross internal area) that meets the 'lawful in-use test', at differential rates according to the Table(s) of this schedule.
Charging Zones	The charging area to which CIL will be applied covers all areas of the Borough apart from land that is designated as being within the South Downs National Park – as identified in Appendix 1 of this Schedule.
How will the charge be calculated?	<p>The Borough Council will calculate the amount of CIL chargeable to a qualifying development utilising the formula set out in Schedule 1 of the CIL Regulations (as amended). The Council will calculate the 'chargeable amount' using the rates set out below multiplied by the gross internal area (GIA) of the new building(s), taking demolished floorspace into account. The GIA will be measured in accordance with the Royal Institute of Chartered Surveyors (RICS) Code of Measuring Practice and the rates will be indexed linked to the 'All-in Tender Price Index' published by RICS.</p> <p>More information can be found in the 'Worthing CIL - Process Guide' on the Council's website.</p>
BCIS CIL Index (at Date of Charging Schedule)	?
Date charging schedule was approved	?
Date on which the charging schedule took effect	?
Consultation Stages	The Council's Draft Charging Schedule was published for consultation between 30th June and 25th August 2020. Comments received are summarised in the Statement of Representations. Consultation was undertaken in accordance with CIL Regulation 16.
Further Information	<p>Further information and copies of the evidence base and Hearing documents are available to view, by appointment, at Portland House and on the Council's website: https://www.adur-worthing.gov.uk/worthing-cil-review/</p> <p>Contact: Planning Policy, 01903 239999, planning.policy@adur-worthing.gov.uk</p>

¹ 'The total gross internal area proposed (including change of use, basements and ancillary buildings) in square metres minus the gross internal area to be lost by change of use or demolition in square metres'

Introduction

The Draft Charging Schedule has been prepared in accordance with the CIL Regulations 2010 (as amended).

What is CIL?

CIL is a tariff which will allow funds to be raised from new building projects in Worthing. The money raised must be used to help fund a wide range of infrastructure to support development across the Council's area. CIL is intended to supplement rather than replace other funding streams. The levy is a fixed, non-negotiable charge relative to the size and type of the chargeable development (although there are some exemptions available). CIL is payable on 'development which creates new or additional floor space where the gross internal area is 100sq. m. or more, or where an additional dwelling is created'. The majority of development providing an addition of less than 100sq. m. will not pay. Exemptions and relief for certain developments may be available.

CIL is charged in £ per square metre and is levied on the gross internal area (GIA) of the liable development. The CIL charge depends on the size, type and location of the development proposed. Where buildings are demolished to make way for new buildings, the charge will be based on the floorspace of the new buildings less the floorspace of the demolished buildings. However, the applicant must demonstrate that the existing floorspace has been in continuous lawful use for at least six months in the last three years (prior to development being permitted), with evidence supplied to support the claim.

The Charging Authority must keep the rates up-to-date to reflect market conditions and any other criteria in a Charging Schedule. Hence, this revised Charging Schedule seeks to amend the rates which were set back in 2015. When setting the rates, the Council must show that there is an appropriate an appropriate balance between the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, and the potential effects of the CIL rates on the economic viability of development across its area.

CIL is now the principle mechanism for collecting infrastructure contributions from new development in the Borough. Despite this, there is still be a role to play for Planning Obligations (S106 agreements / unilateral undertakings) for affordable housing and for the provision of site specific infrastructure necessary for the development to take place.

The Council's Developer Contributions Supplementary Planning Document (SPD) sets out further information on CIL and provides a clear understanding of how the Council proposes to manage infrastructure contributions in the future (including the relationship between CIL and Planning Obligations). The Council has also published a 'CIL Process Guide' to clarify how and when CIL will be calculated, collected and spent.

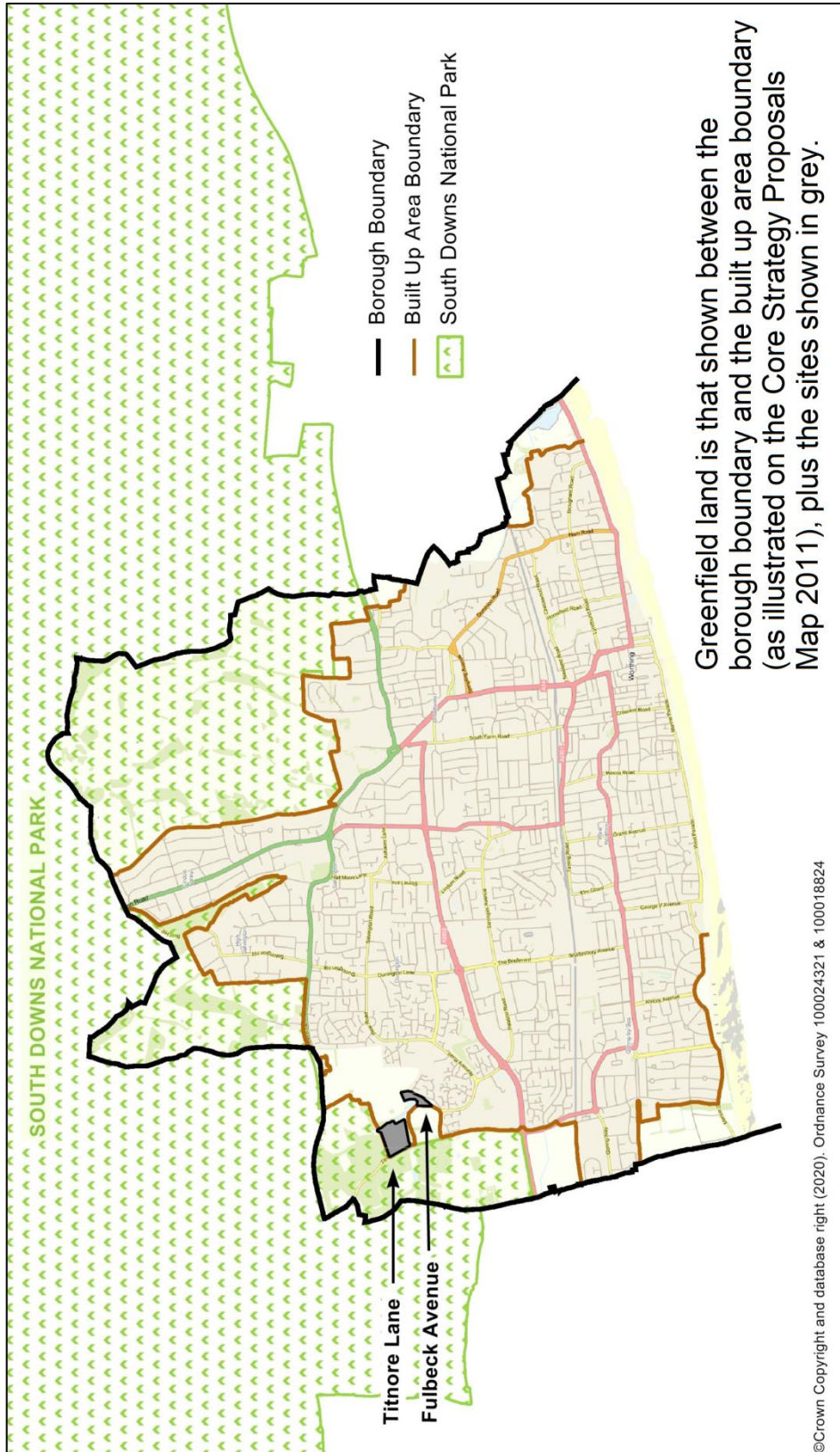
Table 1: CIL charge rates

Use	Development Type	Levy (£/m ²)
Residential Including retirement/sheltered housing	10 dwellings or less (all dwelling types)	£125
	More than 10 dwellings (excluding Flatted development)	£125
	Flatted development of more than 10 dwellings	£25
	Extra Care Housing	£0
	Greenfield housing development (greenfield land shown on map in Appendix 1)	£200
Retail	Foodstore/Supermarket/Retail Warehousing development (greater than 280 sq.m.)	£150
	Other forms of retail	£0
All other development		£0

Note: For mixed use schemes on PDL, of more than 10 dwellings, the flatted part of the development would be charged at £25/sq.m. and the housing part of the development would be charged at £125/sq.m.

The rates above will be index linked to the CIL Index published by RICS, in accordance with Schedule 1 of the CIL Regulations.

Appendix 1



Note; An online version of the map can be found here;
<https://www.adur-worthing.gov.uk/maps/worthing-cil-map/>