

CABINET

13 MARCH 2013

COMMUNITY INFRASTRUCTURE LEVY: DRAFT CHARGING SCHEDULE

REPORT OF HEAD OF STRATEGIC PLANNING

Contact Officer: Mark Herbert Tel No: 01962 848278 mherbert@winchester.gov.uk

RECENT REFERENCES:

CAB2412 Community Infrastructure Levy: Consultation on Preliminary Draft Charging Schedule – Cabinet 14 November 2012

CAB2420 Community Infrastructure Levy: Revised Table of Charges – Cabinet 5 December 2012

EXECUTIVE SUMMARY:

The Council has decided to introduce the new Community Infrastructure Levy (CIL) as a mechanism for funding essential infrastructure partly from contributions from new development. At its November 2012 meeting, Cabinet approved the Preliminary Draft of the Charging Schedule for consultation with local communities and stakeholders, including the development industry.

This report provides a review of the response to the consultation and explains a number of other important factors that need to be taken into account by the City Council in its proposed CIL regime. These include the Government's recently published CIL Guidance and draft amended CIL Regulations on the 'meaningful proportion' of CIL funds to be returned to the communities where development takes place.

Taking these responses and issues into account, a CIL Draft Charging Schedule has been prepared, and is attached as Appendix 2. Subject to Cabinet and Council approval, consultation on the Schedule can commence in April for six weeks. This timetable should allow for the submission and subsequent testing of the Draft Schedule at examination and adoption of a Winchester CIL before the end of the year.

RECOMMENDED:

1. That Cabinet notes the representations received in responses to the City Council's Preliminary Draft Charging Schedule and, having regard to other relevant factors (including new Government guidance on CIL), agrees the recommended response at Appendix 1 and the Draft Charging Schedule at Appendix 2.
2. That the Head of Strategic Planning be authorised to agree the details of the public consultation process in consultation with the Portfolio Holder for Strategic Planning and Economic Development.
3. That a report on the proposed mechanism for distributing CIL and proposing a draft list of the projects or types of infrastructure that are to be funded in whole or part by the Levy be presented to a future meeting of Cabinet.

TO COUNCIL:

4. That Council approves publication of the Draft Charging Schedule in Appendix 2 for consultation with delivery partners and the local community and its subsequent submission for independent examination.
5. That the Head of Strategic Planning, in consultation with the Portfolio Holder for Strategic Planning and Economic Development, be authorised to submit the Charging Schedule and accompanying documents to the independent examiner following the consultation period, in accordance with the relevant statutory and regulatory requirements;
6. That the Head of Strategic Planning, in consultation with the Portfolio Holder for Strategic Planning and Economic Development, be authorised to make amendments to the Charging Schedule and accompanying documents prior to submission and during the public examination process, to correct errors and format text and make suggested changes to address potential 'soundness' issues.

CABINET

13 MARCH 2013

COMMUNITY INFRASTRUCTURE LEVY: DRAFT CHARGING SCHEDULE

DETAIL:

1. Introduction

- 1.1 The Government introduced the Community Infrastructure Levy (CIL) through the CIL Regulations 2010 (as amended 2011 and 2012). CIL is a mechanism for local authorities to raise monies from developers undertaking new building projects and to spend the funds on infrastructure. Under the Regulations, the City Council is a 'charging authority' and entitled to implement the levy in the area outside of South Downs National Park (SDNP). The SDNP Authority is a charging authority in its own right and nothing in this report relates to the collection or distribution of CIL in the part of the District within the SDNP. The process of introducing CIL started at Cabinet on 14 November 2012, which approved the Preliminary Draft Charging Schedule (PDCS) and gave approval for a seven week public consultation which commenced from 14 December 2012.
- 1.2 This report provides an assessment of the response to the PDCS and other recent changes to CIL regulations and guidance which have been taken into account in the proposed Draft Charging Schedule, attached as Appendix 2.
- 1.3 Completion of the consultation on the Draft Charging Schedule during May 2013 should allow it to be submitted for testing at examination this autumn, with adoption of CIL possible by the end of the year.

2. Regulatory Changes

- 2.1 Since the last detailed report on CIL there has been a series of important events that need to be considered alongside the response to the consultation, in the preparation of the Council's Draft Charging Schedule. These are discussed in turn below:

Revised CIL Regulations

- 2.2 CIL regulations have been amended several times since they were introduced and further amendments were laid before Parliament in February, to come into force this April. These amendments are more significant than the previous amendments of November 2012.
- 2.3 The Government has now clarified its intentions in respect of the proportion of CIL funds – described as the 'meaningful proportion' in the CIL Regulations – that each Charging Authority would need to return to the community where the development had taken place. In parished areas, parish councils will receive 15% of the generated CIL funds, up to a maximum cap equivalent to

£100 per existing household. If there is an adopted Neighbourhood Plan (approved by local referendum) the parish council will be receive 25% of the funds, with no limit imposed. In unparished areas there is no 'meaningful proportion' defined and all CIL funds are retained by the City Council.

- 2.4 The draft CIL (Amendment) Regulations 2013 confirm that CIL receipts passed to local (parish) councils must be used to "support the development of the local council's area, or any part of that area, by funding –
- (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or
 - (b) anything else that is concerned with addressing the demands that development places on an area."

Revised CIL Guidance

- 2.5 The City Council, as a charging authority, must have regard to new statutory guidance issued by the Government on 14 December 2012. Although this was (coincidentally) published on the same day as the Council commenced its recent CIL consultation, the revised CIL Guidance does not undermine the approach or specific proposals set out in the PDCS.
- 2.6 However, there are a number of key changes of emphasis to note at this stage of the process, as set out in the following excerpts from the CIL Guidance:
- "The charging authority should set out at examination a draft list of the projects or types of infrastructure that are to be funded in whole or part by the levy. The charging authorities should also set out those known site-specific matters where section 106 contributions may continue to be sought." (para. 15).
 - "Regulation 123 of the Community Infrastructure Levy Regulations provides for charging authorities to set out a list of those projects or types of infrastructure that it intends to fund through the levy. This list should be based on the draft list that the charging authority prepared for the examination of their draft charging schedule" (para. 86).
 - "Charging authorities should have set out at examination how their section 106 policies will be varied..." (para. 87), and "the charging authority's proposed approach to the future use of any pooled section 106 contributions should be set out at examination and should be based on evidence." (para.89).
 - "Collaboration with County Councils is important, not only in setting the levy rate(s), but also in agreeing priorities for how the levy will be spent in two-tier areas." (para. 48).
- 2.7 The City Council is in a strong position to respond positively to these requirements, given that its infrastructure evidence (in the shape of the Infrastructure Delivery Plan and Infrastructure Study) has been used as

evidence for the Local Plan Part 1: Joint Core Strategy process – and therefore found to be robust in underpinning a sound development plan. Also, a Memorandum of Understanding to establish broad principles of infrastructure collaboration in a post-CIL world, is likely to be agreed between the County Council and most Hampshire authorities within the coming months (report CAB2438 to Cabinet on 13 Feb 2013 refers).

- 2.8 In view of the change in the regulations, the Council will have to assess rather sooner than expected how the infrastructure schemes set out as evidence for the Core Strategy examination in November 2012 will be developed as a detailed schedule with priorities. This is the ‘draft list’ referred to in the Guidance and will be required for the CIL examination later this year. Careful consideration will need to be given to how prioritisation will assist in the delivery of the District’s development strategy (as encapsulated within an approved Core Strategy) and match the aspirations of communities where development could take place (taking into account the ‘meaningful proportion’ of collected CIL funds). Although this work was always anticipated, it will have to be brought forward and will involve Members in a substantial decision making process.

Planning Policy, Development Plans and CIL

- 2.9 There is now no prospect of a joint CIL examination with the neighbouring charging authorities of East Hampshire District Council and the South Downs National Park Authority. The former has had to delay its work on CIL until its Core Strategy is considered at the reconvened examination towards the end of this year, and the SDNPA has confirmed that it will not now seek to introduce a partial CIL regime (covering the East Hampshire and Winchester parts of its domain), but will look to introduce a Park-wide charging schedule by 2015. This delay means that the 40% of the district within the SDNP will not be subject to CIL for some time and will not, therefore, be able to benefit from this source of infrastructure funding.

3. Consultation on the Preliminary Draft Charging Schedule

- 3.1 The City Council published its Preliminary Draft Charging Schedule on 14 December 2012 for a seven week consultation period. The Schedule and supporting infrastructure and viability evidence was placed on the Council’s website, whilst key stakeholders, including all parish councils, and statutory consultees were informed directly.
- 3.2 Eighteen representations were received, none of which were from members of the general public. Six responses were from the development industry (including large retailers, volume house-builders, and local consortia); eight from Government agencies, utilities and other sector interests; one from the County Council, one from a parish council, one from a County Councillor, and one from the Hampshire Chamber of Commerce.
- 3.3 The key points from each of these representations are summarised in a schedule within Appendix 1. The comments can be divided into three broad categories:

- (i) Those (12 no.) that raise specific concerns with regard to the proposed CIL regime described within the PDCS, and to the evidence that lies behind it. Some of these respondents declare a formal objection to the Council's proposals.
 - (ii) Those (4 no.) that simply note the details of the proposed charging regime, but which take this opportunity to offer a view on how the City Council should in due course spend CIL funds.
 - (iii) Those (2 no.) who fully support the proposals contained within the PDCS.
- 3.4 Whilst general comments are informative, at this stage in CIL process the primary focus must be on addressing the 'objections' and other concerns that have been submitted by important national and local development interests.
- 3.5 Although twelve respondents have raised some form of concern, it should be noted that in several cases these relate to the principles of CIL, which are established by national government and do not need to be addressed by the Council.
- 3.6 Several of these respondents make reference to the Government's new CIL Guidance, which was published on the same day as the PDCS. and therefore is not acknowledged in the PDCS. All of the relevant points are dealt with below, along with other matters that need to be addressed by the Draft Charging Schedule.
- 3.7 Some respondents raised specific queries, concerns and objections with regard to the Council's PDCS, and the technical infrastructure and viability evidence that lie behind it. These are dealt with in turn below, with consultee references **R1-R18** matching the schedule of summarised representations in Appendix 1.

4. Consultation Representations

- 4.1 Sport England (**R9**) suggested that the City Council's evidence on sport and recreation infrastructure was not robust or up-to-date. Officers do not agree with this representation and in any case the Council's focus has been on providing evidence of an aggregate funding gap that demonstrates the need to levy CIL. Given the new guidance, the Council will now need to agree where to prioritise sport and recreation infrastructure (along with all other types).
- 4.2 The remaining eleven 'objections' relate mostly to issues of viability. The concerns divide into two categories; those that have queries with, or criticise, the approach and assumptions used by the Council's CIL viability advisors (Adams Integra Limited), and those that relate to definitions of land-use (with the subsequent implications for charging).

Viability: Approach and Assumptions

- 4.3 Officers are satisfied with the broad approach summarised within the two viability reports specifically commissioned from Adams Integra; the

Residential Viability Report and the Non-Residential Viability Report (both November 2012) published alongside the PDCS. These comply fully with the previous CIL Guidance and the need for up-to-date and robust evidence. No respondent explicitly challenges the basic methodology employed by the consultants.

- 4.4 The specific concerns raised, as summarised in the schedule (Appendix 1), can also be divided into two types; those that contend that the impact of CIL will be detrimental to their sector or a part of the District (for example, ASDA (**R1**) and Hampshire Chamber of Commerce (**R8**)), and those from the development industry that relate to the actual technical process behind the viability assessment (for example, in relation to input values such as construction costs, professional fees and property values) (**R1-R4**).
- 4.5 Adams Integra have been instructed to review these representations, and have advised that, whilst several raise relevant concerns that should be addressed through the CIL process, none represent substantive objections that undermine the Council's preferred basis for the introduction of CIL. Adams Integra responses to each of the comments are summarised in Appendix 1, and will be formalised within a supplementary report. This will be published alongside their two 2012 reports as part of the updated CIL evidence base included within the Draft Charging Schedule consultation.

Viability: Definitions

- 4.7 A number of respondents have raised issues with regard to the definition of land-uses, as this could have a bearing on whether their particular development sector is liable to a CIL charge. CIL Regulations allow charging authorities to apply different rates to respective land-uses (and to different zones) – as Winchester's PDCS proposes – and the definition of 'use' for this purpose is not tied to the classes of development in the Town and Country Planning Use Classes Order 1987 (as amended).
- 4.8 Those points raised to which officers suggest that an amendment is necessary are as follows:
- The definition of 'retail warehouse' - as queried by Sainsbury's (**R2**) – has been tightened within the Draft Charging Schedule to improve clarity;
 - A definition of 'residential' included within the Draft Charging Schedule needs to be included, to clarify the position with regard to residential care homes, as required by the sector (**R4, R6**) and Hampshire County Council (**R5**), and to address the specific concerns of the Ministry of Defence (**R7**);
 - The definition of 'all other uses' has been clarified within the Draft Charging Schedule to specifically address the uncertainty of the Theatres Trust (**R10**) and Thames Water (**R11**).

Other Issues

- 4.9 There are a number of other matters that need to be addressed in the Draft Charging Schedule, as raised by respondents **R1-R4**. The first of these is that of 'discretionary relief', which is potentially allowed for in the Regulations and relates to two separate issues; viability (or 'exceptional circumstances'), and to charities and social housing.
- 4.11 The CIL Regulations give discretion to charging authorities to set relief for 'exceptional circumstances' to "avoid rendering sites with specific and exceptional cost burdens unviable should exceptional circumstances arise" (CLG CIL Guidance, December 2012). Indications from other authorities suggest that drafting a definition of circumstances which are genuinely exceptional (rather than those that a potential developer believes are exceptional) could be extremely hard and may undermine the smooth introduction and implementation of a CIL regime. Provision for exemptions could also lead to additional uncertainty and significant financial risk in the delivery of key infrastructure. It is therefore proposed not to provide any relief for exceptional circumstances, bearing in mind the exemptions that already exist:
- 100% relief from CIL on those parts of a chargeable development that are to be used as social housing;
 - 100% relief for charity landowners from their portion of the liability where chargeable development will be used wholly, or mainly, for charitable purposes.
- 4.12 Finally, as stated in the PDCS, the CIL Regulations allow charging authorities to adopt an instalment policy, as an alternative to the normal requirements of full payment of CIL within 60 days of the commencement of the chargeable development. Soundings have also been taken from Portsmouth City Council and other authorities who have already introduced a CIL regime, and it appears that having an instalment policy would be useful. This can help viability and, therefore, help to reduce pressure on other S106 or affordable housing contributions, which are potentially negotiable if viability is threatened. This may be particularly relevant for larger housing developments where there may be significant 'up-front' costs that could deter or prevent some developers from building.
5. Conclusions and Next Steps
- 5.1 The consultation yielded useful feedback which has allowed the City Council to refine its proposed CIL regime as set out in the PDCS. In addition, the opportunity has been taken to update the viability evidence prepared by the Council's specialist consultants, with a supplementary report to be published as part of the forthcoming CIL consultation. However, the Draft Charging Schedule retains the key elements of the PDCS; the proposed differential rates and the three geographical zones approach remains exactly as agreed by Cabinet in November and December.

- 5.3 The Draft Charging Schedule is attached as Appendix 2 to this report. It is appended to a covering document that provides all the necessary information on the consultation process, and updates background material contained within the PDCS (taking into account the revised Government Guidance and draft amended regulations). The Draft Charging Schedule has been prepared in a form appropriate for submission and subsequent adoption; the essential information remains exactly as set out in the PDCS save for the following three amendments:
- The definition of uses have been amended as set out in paragraph 4.8 above;
 - The interim references to ‘discretionary relief’ have been amended to reflect the conclusions set out in paragraph 4.11 above.
 - An instalments policy is included, as recommended in paragraph 4.12 above.
- 5.4 Subject to approval by Cabinet and Council, the Draft Charging Schedule will be published for consultation for a six week period starting in April 2012.
- 5.5 The proposed timetable allows for the introduction of a CIL regime in Winchester by the end of this year. The exact timeframe will depend on the independent examiner who is able to recommend that the Draft Charging Schedule should be approved, rejected, or approved with specified recommendations. The final charging schedule must be formally approved by resolution of the full Council.

OTHER CONSIDERATIONS:

6. SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 6.1 As part of progressing effective spatial planning of the District, in contributing towards the delivery of critical infrastructure, CIL is relevant to many of the stated aims of the Council’s Community Strategy and to matters expressed in the Change Plans in so far as they relate to spatial planning and the implementation of the Local Plan.

7. RESOURCE IMPLICATIONS:

- 7.1 The key resources for undertaking work on CIL have been approved as part of the budget process and currently there are sufficient funds to cover the cost of developing CIL in the Strategic Planning budget and LDF Reserve. The CIL Charging Schedule has required the appointment of a specialist who is funded by the existing LDF budget.
- 7.2 The Regulations allow charging authorities to use funds from the levy to recover the costs of its administration (using up to 5% of the total receipts for this purpose). Officer and administrative expenditure will be recorded to set against the levy where possible. The cost of the independent examination will be borne by the Council as charging authority.

8 RISK MANAGEMENT ISSUES

- 8.1 The CIL Regulations limit the role of S106 contributions, and it is therefore important that the City Council adopts a CIL regime as soon as possible. Consultation on the Draft Charging Schedule is an important second step towards adoption, but there is a risk that the Council's proposed levy rates, and its supporting evidence, will be challenged formally by interested parties, including major developers and retailers. This risk will continue up to and including the examination scheduled for later this year, with the wider risk that the implementation of CIL will be delayed. The Council's programme should, however, enable it to be able to implement CIL charges before further restrictions to S106 agreements are introduced in April 2014.

9. BACKGROUND DOCUMENTS

[Residential Viability Report – Adams Integra \(November 2012\)](#)

[Non-Residential CIL Viability Report – Adams Integra \(November 2012\)](#)

[Winchester City Council Infrastructure Delivery Plan: Updated Statement and Schedule \(October 2012\)](#)

APPENDICES

Appendix 1: Preliminary Draft Charging Schedule: Summary of Key Points from Consultation Responses

Appendix 2: Winchester CIL Draft Charging Schedule

APPENDIX 1**Preliminary Draft Charging Schedule: Summary of Key Points from Consultation Representation and Recommended Response**

Concerns and Objections				
Ref.	Respondent	Agent	Summary	Recommended Response
R1	Asda Stores Limited	Thomas Eggar	<p>I. Proposed charge of £120 per sq m. in Zones 2 and 3 are “likely to be too high to encourage retail development”</p> <p>II. Winchester’s role in the retail hierarchy “will be undermined by the proposed charge of £120 per sq m.”</p> <p>III. Viability evidence does not make “sufficient allowance” for S106 payments and cost of obtaining planning permission, “artificially inflating the benchmark land values”</p> <p>IV. “Large retail developments will also bear the expensive costs of S106 Agreements...whereas the small retail developments are likely to escape these”</p> <p>V. Viability evidence does not take the economics of conversion schemes into account</p> <p>VI. The Council is urged to adopt exceptional circumstances relief</p> <p>VII. The Council is urged to adopt an instalment policy</p> <p>VIII. The Council’s evidence does not comply with the recent CLG CIL guidance (14 December) in respect of the amount of S106 contributions raised</p>	<p>(I) – (V) Do not agree: issues addressed in original viability evidence and forthcoming <i>Supplementary Viability Report</i> will include further detail. Summary:</p> <ul style="list-style-type: none"> - The CIL rate proposed is at a level that is considered not to discourage development. The respondent does not challenge the appraisal figures, rather the principle. - Including S106 cost would be considered ‘double-dipping’ and contrary to guidance. - The viability is based on notional sites. Conversions will escape CIL charging if no new net floor space is created. <p>(VI) Do not agree; It is recommended that exceptional circumstances relief should not supported on grounds of practicability, uncertainty and risk; see para. 4.11 of report</p> <p>(VII) Agree; It is recommended that the Council introduces an instalments policy; issue addressed in para. 4.12.</p> <p>(VIII) Do not agree; Government Guidance requires infrastructure funding, including S106 issue, to be fully addressed at submission & examination stages; see para. 2.8.</p>
R2	Sainsbury’s Limited	WYG	<p>I. “The proposed distinction between convenience and comparison goods (outside of Zone 2) is unsupported by the Viability Study”</p> <p>II. “Differentiation between retail warehouses specialising in bulky goods and non-bulky goods</p>	<p>(I) – (II) Do not agree: issues addressed in original viability evidence and forthcoming <i>Supplementary Viability Report</i> will include further detail. Definition clarified within Draft Charging Schedule</p> <p>(III) Do not agree; It is recommended that exceptional</p>

			<p>is “an ambiguous differentiation also unsupported by the viability studies”</p> <p>III. Exceptional circumstances relief is “particularly useful for promoting the development of sites which are critical to delivering promotion”</p>	<p>circumstances relief should not be supported on grounds of practicability, uncertainty and risk; see para. 4.11 of report</p>
R3	Housebuilders’ Consortium (Bloor Homes, Persimmon Homes, Hazeley Developments, McCarthy & Stone)	Savills	<p>I. “It is not clear what appraisal inputs have been used to derive the CIL levels proposed” (para. 1.11)</p> <p>II. Land values used in viability appraisals “are too simplistic and do not reflect different areas and forms of development within the district” (para. 5.11)</p> <p>III. “Property prices identified within the report do not reflect the true values within the district” (para.5.13)</p> <p>IV. “Sensitivity analysis should be provided to show a range of values” (para, 5.15)</p> <p>V. “Not enough evidence has been provided to justify the proposed levels” of build costs (para. 5.17)</p> <p>VI. “There does not appear to be any consideration given to the relationship between sales values, specification and build costs” (para. 5.18)</p> <p>VII. “Adverse ground conditions, contamination or demolition have not been accounted for within the report” (para. 5.20)</p> <p>VIII. Concerns over levels of contingency, professional fees, finance, and Code Levels costs, and developers’ profit (paras. 5.21-5.28)</p> <p>IX. No evidence to support assumed land values (para. 5.36)</p> <p>X. The lack of any allowance for a viability buffer...is a major concern” (para. 5.39)</p> <p>XI. Confirmation required on correct figure for funding gap and on the “mechanisms for delivery (CIL, S106 etc) as per the recent CLG</p>	<p>(I) – (X) Do not agree; issues addressed in original viability evidence and forthcoming <i>Supplementary Viability Report</i> will include further detail. Summary:</p> <ul style="list-style-type: none"> - Disagree that appraisal inputs are not clear; they are all set out in the Methodology section. - Disagree that build costs not sufficiently justified. Costs reduced in VP3 by £50 per sqm over VP4 to reflect a likely variation in specification. Adverse ground conditions accounted for by allowances under ‘site preparation’ in the appraisals. <p>(XI) Noted; Government Guidance requires infrastructure funding, including to be fully addressed at submission & examination stages; see para. 2.8.</p> <p>(XII) Agree; It is recommended that the Council introduce an instalments policy; issue addressed in para. 4.12, although details of phasing to be determined</p> <p>(XIII) Do not agree; It is recommended that exceptional circumstances relief should not be supported on grounds of practicability, uncertainty and risk; see para. 4.11</p>

			<p>CIL guidance” (para. 1.14)</p> <p>XII. The Council is strongly recommended to consider the adoption of an instalments policy prior to implementation of CIL; “any phasing of CIL payments should accord with the longer build rates expected” (para.4.10)</p> <p>XIII. It is “imperative” that exceptional circumstances relief is available (para.4.13)</p>	
R4	McCarthy & Stone Retirement Lifestyles Limited	The Planning Bureau Limited	<p>I. The proposed residential rate “does not differentiate between houses, flats, and specialist accommodation for the elderly”</p> <p>II. The viability assessment did not include a development scenario for sheltered housing, despite the significant differences between this form of accommodation and standard market housing”</p> <p>III. “We suggest either a bespoke CIL rate is prepared for sheltered housing and other forms of specialist accommodation, or that a CIL levy is restricted to the saleable areas of these forms of development”</p> <p>IV. An allowance should be made for payment by instalments</p>	<p>(I) – (III) Noted; forthcoming <i>Supplementary Viability Report</i> will include further detail. Definitions clarified within Draft Charging Schedule</p> <p>(IV) Agree; It is recommended that the Council introduce an instalments policy; issue addressed in para. 4.12.</p>
R5	Hampshire County Council		<p>I. “The absence of any viability assessment of Extra Care housing” is noted”</p> <p>II. Residential schemes “in accordance with the requirements and guidance for Extra Care housing, should be charges at a rate of £0 per sq m on grounds of viability”</p>	<p>(I) – (III) Noted; forthcoming <i>Supplementary Viability Report</i> will include further detail. Definitions clarified within Draft Charging Schedule</p> <p>(IV) Do not agree; £nil charge for development within Strategic Allocations is fully justified on viability grounds</p>

			<p>III. "It is likely that some Extra Care development will partly within Class C3 and partly within C2"</p> <p>IV. "The decision to charge £0 for all types of development within Zone 1... raises concerns"</p>	(see Draft Charging Schedule consultation document), and in line with Government Guidance.
R6	Bryan Jezeph Consultancy Limited		<p>I. "We believe that nursing homes and retirement schemes including assisted living should have a lower figure of £60 per sq m. as in the case of Fareham"</p> <p>II. "We do not believe that the proposed CIL complies with the emerging advice from Government"</p>	<p>(I) Do not agree; forthcoming <i>Supplementary Viability Report</i> will include further detail.</p> <p>(II) Do not agree; The Government's new CIL Guidance (December 2012) has been fully complied with; see paras. 2.5 – 2.8.</p>
R7	Ministry of Defence		Service Family Accommodation (MOD owned rented accommodation for married service personnel) should be exempt from the CIL charge or subject to a significantly discounted rate	Agree; issue one of definition (as social housing subject to statutory exemptions). Forthcoming <i>Supplementary Viability Report</i> will include further detail.
R8	Hampshire Chamber of Commerce		<p>I. A residential charge of £120 per sq m. "will impose a considerable burden particularly on marginal redevelopment proposals"</p> <p>II. "Imposing CIL on hotels could impact on the investment needed to build new hotel capacity"</p>	(I) – (II) Do not agree; issues addressed within original viability evidence; see Draft Charging Schedule consultation document.
R9	Sport England		Supports the use of CIL and S106 contributions to secure and maintain enhanced sport provision, but objects on the basis that infrastructure evidence for sport and recreation is not robust or up-to-date	Do not agree; a robust Infrastructure Delivery Plan supported the sound Local Plan Part 1: Core Strategy; see para.4.1.
R10	Theatres Trust		I. Seek confirmation that theatres (as a sui generis use under the Use Classes Order	(I) and (II) Noted; issues of definition addressed within the Draft Charging Schedule. Theatres are amongst the 'other

			<p>2010) should be exempt (under the Charging Schedule's 'All Other Uses') from CIL</p> <p>II. Seeks confirmation of whether theatres will be eligible for charitable relief from CIL charges</p>	uses' subject to a proposed £nil charge.
R11	Thames Water	Savills	<p>Seeks conformation that water and wastewater infrastructure buildings) should be exempt (under the Charging Schedule's 'All Other Uses') from CIL</p> <p>CIL Spending: <i>City Council to consider using CIL contributions for enhancements to the sewerage network beyond that covered by the Water Industry Act and sewerage undertakers, for example, greater protection for surface water flooding schemes</i></p>	<p>Noted; Issues of definition addressed within the Draft Charging Schedule. Buildings housing infrastructure and related plant are amongst the 'other uses' subject to a proposed £nil charge.</p> <p>Comments on spending CIL funds noted; see para. 2.8</p>
R12	English Heritage		<p>Encouraging all Charging Authorities to offer CIL relief in "exceptional circumstances where development which affects heritage assets and their settings may become unviable if it was subject to CIL"</p> <p>CIL Spending: <i>City Council to consider whether any heritage-related projects would be appropriate for CIL funding</i></p>	<p>Do not agree; Council recognises the particular importance of heritage assets, but it is recommended that exceptional circumstances relief should not be supported on grounds of practicability, uncertainty and risk; see para. 4.11</p> <p>Comments on spending CIL funds noted; see para. 2.8</p>
Other Comments				
R13	Natural England		<p>CIL Spending: <i>City Council to give careful consideration to the role of CIL in complying with the National Planning Policy Framework, in setting out a strategic approach to biodiversity and green infrastructure</i></p>	Comments on spending CIL funds noted ; see para. 2.8

R14	Swanmore Parish Council		CIL Spending: <i>City Council should return the “total levy raised to the parish/village where the development takes place”</i>	Comments on spending CIL funds noted ; see para. 2.8. The City Council as the charging authority would pass the appropriate ‘meaningful proportion’ to the parish where the development had taken place, as required by the CIL Regulations (as amended).
R15	Councillor Jackie Porter (Hampshire County Council)		CIL Spending: Various suggestions for infrastructure improvements across Winchester district	Comments on spending CIL funds noted ; see para. 2.8
R16	Highways Agency		No comment	Noted
Support				
R17	Environment Agency		“We are very supportive of the work done to date. We are pleased to note the use of CIL in respect of Green Infrastructure and are very supportive of the benefits such contributions will bring”	Noted
R18	North Whitley Consortium	Terence O’Rourke	“We fully support the approach taken by the City Council to set a nil CIL rate for the strategic allocation at North Whitley but reserve the right to enter into detailed negotiation with the Council with regard to S106 contributions at the time of the planning application”	Noted

APPENDIX 2

WINCHESTER CITY COUNCIL

COMMUNITY INFRASTRUCTURE LEVY

CONSULTATION ON DRAFT CHARGING SCHEDULE

APRIL 2012



Contents

1.0 Introduction 3
2.0 Consultation 3
3.0 The Community Infrastructure Levy 4
4.0 Evidence Base 5
5.0 Conclusion 7

Appendix

Winchester City Council: Community Infrastructure Levy – Draft Charging Schedule

1.0 Introduction

- 1.1 The Community Infrastructure Levy (CIL) Regulations allows planning authorities in England and Wales to raise funds from developers to pay for the infrastructure that is needed as result of development. This consultation document sets out the background to the levy and seeks comments on Winchester City Council's CIL Draft Charging Schedule, attached as Appendix 1, prior to its submission to an independent examiner.
- 1.2 This is the second of two formal rounds of consultation on the City Council's charging schedule. A *Preliminary* Draft Charging Schedule was published for a seven week consultation period on 14 December 2012, and the representations received have been taken into account in the preparation of the Draft Charging Schedule (in accordance with the Community Infrastructure Levy Regulations 2010 (as amended) and Government guidance). In setting its CIL rates as directed by Regulation 14(1), Winchester City Council has aimed at striking what appears to be an appropriate balance between:
- the desirability of funding from CIL (in whole or part) the estimated total cost of infrastructure required to support the development of Winchester District; and;
 - the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across Winchester District.
- 1.3 It is important to note that the South Downs National Park Authority (SDPNA) is the CIL charging and collection authority for the approximately 40% of Winchester District which lies within the South Downs National Park and is not subject to the City Council's proposed charges. The Park boundary is shown on Plan 1 within the Draft Charging Schedule. The SDNPA intends to introduce its own CIL regime in due course

2.0 Consultation

- 2.1 Winchester City Council, as a 'charging authority', must consult on its proposed CIL rates through the Draft Charging Schedule. The Schedule is informed by a series of evidence base reports which have been published alongside this document; all background documents can be viewed on the CIL pages of the Council's website www.winchester.gov.uk
- 2.2 You are invited to submit a response on this consultation. Comments should be made in writing to :

Mr. Steve Opacic
Head of Strategic Planning
Winchester City Council
Colebrook Street
Winchester
S023 9LJ

Or by email: ldf@winchester.gov.uk

- 2.3 The consultation period runs from **Tuesday 2 April 2013 to Friday 17 May 2013 (12 noon deadline)**.
- 2.4 Useful information on the consultation and examination process can be found within the Government's recently published *CIL Guidance* (December 2012). It is important to note that any representations made should be relevant to the examiner's task of considering whether the City Council has complied with the requirements of the *Planning Act (2008)* and the CIL Regulations, and had regard to the CIL Guidance, and that the proposed rates for the levy strikes an appropriate balance given the evidence.
- 2.5 The City Council will consider all representations, and assess the need to revise the proposed charging schedule. If any substantive changes were to be made, the Council would need to publish and distribute a 'statement of modifications' and allow requests to be heard on the modifications to be made within a period of four weeks from the date that the Draft Charging Schedule is submitted to the examiner.
- 2.6 The City Council hopes to be able to approve its Charging Schedule by the end of 2013.

3.0 The Community Infrastructure Levy

- 3.1 The Community Infrastructure Levy represents a significant change to the system of developer contributions that, through S106 of the *Town and Country Planning Act 1990* and its antecedents, has been in place for a number of decades. The charge came into force on 6 April 2010 through the *Community Infrastructure Levy Regulations 2010* (as amended in 2011 and 2012). As at early 2013, several planning authorities have introduced a CIL regime already, but the vast majority of potential charging authorities are still to progress a charging schedule through to examination and adoption. Further information on CIL can be found via the Department of Communities and Local Government www.gov.uk/government/organisations/department-for-communities-and-local-government) and the Planning Advisory Service (www.pas.gov.uk) websites.
- 3.2 The City Council's proposed CIL regime is intended to provide a funding platform for the implementation of the Council's spatial planning strategy, as set out the *Winchester District Local Plan Part 1 - Joint Core Strategy*. This was adopted in early 2013, and will constitute the City Council's development plan along with the *South East Plan* (pending its proposed revocation) and any saved policies from the *Winchester District Local Plan Review 2006*.
- 3.3 The funds raised through CIL are intended to provide for, or contribute towards, infrastructure that is needed as a result of development, by filling the 'funding gap' that remains once other known sources have been taken into account. It is for the local authority to decide which infrastructure is needed, and Winchester City Council has identified the infrastructure that is deemed to be essential to the delivery of the development and growth set out in the Core Strategy. Evidence in respect of the infrastructure requirements over the Local Plan period, and the means of delivery, formed a key part of the Joint Core Strategy examination, and now support the Council's case for the introduction of CIL.

- 3.4 The Government requires local authorities to work closely with neighbourhoods to decide what infrastructure they identify as priorities, and (under the Localism Act 2011 and draft amended CIL Regulations laid before Parliament in February 2013) allocate a 'meaningful proportion' of CIL revenues raised in each neighbourhood back to that community. Winchester City Council engages extensively with its communities through its parish councils, some of which have been addressing infrastructure requirements through the preparation of parish plans, and other community planning projects.
- 3.5 It is anticipated that certain communities will wish to progress the Localism agenda further by contributing to the Council's Local Plan Part 2: Site Allocations and Development Management Policies or preparing their own Neighbourhood Plans. Neighbourhood Plans, once adopted, would form part of Winchester's development plan, alongside Local Plan Parts 1 and 2, and be likely to inform decisions on infrastructure priorities to be funded in part or whole by CIL.

4.0 Evidence Base

- 4.1 This consultation document is supported by a series of evidence base reports; these are technical documents which demonstrate that the City Council has assessed infrastructure needs across its area and has tested the effects of CIL on the economic viability of development, as required by Regulation 14(1) of the CIL Regulations (as amended).

Infrastructure

- 4.2 Local authorities wishing to introduce CIL are required to demonstrate that there is a funding gap in the provision of infrastructure required to support new development. Through the preparation of the City Council's Joint Core Strategy, a significant level of infrastructure planning has been undertaken.
- 4.3 The infrastructure planning evidence, in the form of an Infrastructure Delivery Plan, was scrutinised at the Core Strategy examination in October and November 2012, and is a robust and comprehensive assessment of need. To inform the CIL process, the IDP Interim Update, with identified priority and (in most cases) estimated costs, is published alongside this document. Excluding the Strategic Allocations (North of Whiteley, North of Winchester and West of Waterlooville), where infrastructure will be funded through extant or emerging S106 agreements, the quantum of costed critical or priority infrastructure across the District currently totals in the region of £120 million.
- 4.4 Officers continue to explore other potential sources of funding (for example New Homes Bonus, and possible Growth Area and Local Economic Partnership funds), and currently the overall 'funding gap' for the District is in the region of £105 million; a figure that clearly justifies the Council's proposed introduction of CIL at the earliest opportunity.
- 4.5 In line with the requirements of the Government's *CIL Guidance* (December 2012), the City Council is preparing a draft list of the projects or types of infrastructure that are to be funded in whole or part by the levy. The Council will

also set out by the time of the examination those known site-specific matters where Section 106 contributions may continue to be sought.

Viability

- 4.6 The Regulations require that the proposed CIL has to have regard to the “potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.”
- 4.7 The CIL Regulations also allow for different CIL rates to apply, although differential rates must be solely based on economic viability evidence and not for planning policy objectives.
- 4.8 In order to fulfil these requirements, the City Council commissioned economic viability assessments to provide evidence to test and formulate suitable CIL rates. One of the guiding principles of this work was to ensure that CIL rates do not put the overall viability of development in the District at risk, and consultants Adams Integra assessed viability in respect of different land uses. Two reports were produced in late 2012; the first considers residential CIL viability alongside affordable housing viability, and the second deals with other commercial land uses. These have been complemented by an updated Supplementary Viability Report (2013), and these three documents can be viewed on the Council’s website www.winchester.gov.uk
- 4.9 The studies considered a wide range of matters to assess development viability, including differing land values, variable development costs (for example, affordable housing costs, site costs) and locational variations in sales values. The studies also considered wider issues, such as the relationship with the CIL rate in neighbouring authorities, the potential impact on developers’ investment decision making, and the implications of a zonal charging regime. The result is a comprehensive assessment which justifies the proposed approach.
- 4.10 These two detailed reports were published to inform the public consultation on the Preliminary Draft Charging Schedule, but the key findings can be summarised as follows:
 - A recommendation that a two tier charge should apply for residential development (dwelling houses, including where an element of residential care is provided within defined Use Class C3 development); a £120 per square metre charge for Winchester town, and a £80 charge for all other parishes, with one key exception;
 - As the substantial infrastructure costs required for the three Strategic Allocation Sites will be delivered through S106 contributions, the viability of development requires the CIL rate (for all uses) in these areas to be set at zero.
 - Evidence demonstrates that certain retail categories within the A1 Use Class are sufficiently viable to support a CIL charge and others are not. Convenience stores and food retailing as well as retail warehouses are proving viable whereas, outside of Winchester city centre, comparison shopping is not strong enough at this stage due to poor consumer

confidence, an increase in internet shopping, and superstores offering comparison goods that have traditionally been sold on the high street.

- Hotel development could potentially support CIL charges of up to £100 per m². However, a rate of £70 per m² allows for a sufficient 'viability buffer' for site-specific issues.
- The office and industrial/warehouse markets are currently offering the least ability to afford CIL charges. This is due to lower rents resulting from an adequate supply of stock, weak occupier demand and higher yields resulting from shorter leases and weaker covenants.

4.11 These recommendations are reflected in the Council's proposed CIL rates and zones, as set out in the attached Draft Charging Schedule.

5.0 Conclusion

- 5.1 Winchester City Council considers that its CIL Draft Charging Schedule (attached as Appendix 1) is ready for examination. The Schedule is being published for a period of seven weeks (from **Tuesday 2 April 2013 to Friday 17 May 2013**). The City Council will consider all representations, and assess the need to revise the proposed charging schedule.
- 5.2 Representations made will also be considered by the examiner and, if requested, the person making the representation must be heard before the examiner at the CIL examination anticipated for later this year. The examiner's task is to consider whether the City Council has complied with the requirements of the *Planning Act (2008)* and the CIL Regulations, and had regard to the CIL Guidance, and whether the proposed rates for the levy strike an appropriate balance given the evidence.
- 5.3 This consultation document is supported by a series of evidence base reports that demonstrate that the City Council has assessed infrastructure needs across its area and has tested the effects of CIL on the economic viability of development, as required by the CIL Regulations (as amended). All background documents can be viewed on the CIL pages of the Council's website www.winchester.gov.uk

WINCHESTER CITY COUNCIL

COMMUNITY INFRASTRUCTURE LEVY

DRAFT CHARGING SCHEDULE

Consultation Version: April 2013

Winchester City Council Community Infrastructure Levy (CIL)

Draft Charging Schedule

Note: Approved Charging Schedule to include:

- Confirmation of Winchester City Council as charging authority
- Date approved by Full Council
- Date Charging Schedule takes effect
- Explanation that CIL will be charged in pounds sterling (£) per square metre at differential rates according to the type of development and by location
- BCIS Tender Price Index
- How to access further information

Charging Rates

Type of Development	Charge per square metre		
	Zone 1	Zone 2	Zone 3
Residential	£0	£120	£80
Hotel	£0	£70	£70
Retail ➤ all categories within the town centre	n/a	£120	n/a
Retail ➤ convenience stores, supermarkets and retail warehouses	£0	£120	£120
Retail ➤ all other categories	£0	£0	£0
All Other Uses	£0	£0	£0

Definitions

The following definitions of terms used in the above table are for the purpose of interpreting the Charging Schedule and indicating where a CIL charge will apply.

Residential

Defined as all development within the each of the three categories of Use Class C3: Dwelling Houses (Use Classes Order 2010), including where residential care is provided within a development defined by the Local Planning Authority as within Class C3, subject to the statutory exemptions with regard to social housing and charitable purposes.

The definition does not include residential use in other categories of development (as defined by the Use Classes Order), including C1 (Hotels), C2 (Residential Institutions), C2A (Secure Residential Institutions), or C4 (Houses in Multiple Occupation).

Town Centre

Winchester Town Centre as defined by the town centre boundary shown on Inset Map 31 of the Winchester District Local Plan (2006) – Policy SF1.

Hotel

Defined as those developments within the uses set out in Class C1 of the Use Classes Order 2010; that is 'hotels, boarding and guest houses where no significant element of care is provided'.

Retail

Defined as those developments within the uses set out in Class A1 of the Use Classes Order 2010, that is 'shops, hairdressers, undertakers, travel and ticket agencies, post offices, pet shops, sandwich bars, showrooms, domestic hire shops, drycleaners, funeral directors, internet cafes' with the term 'shops' including *convenient stores, supermarkets and retail warehouses* as defined below:

Convenience Stores

Defined as stores that:

1. have a gross internal floorspace of 278 sq. m (3,000 sq. ft);
2. are not subject to restricted opening hours under the Sunday Trading Act; and
3. stock at least seven of the following categories of goods;

- | | |
|-------------------------------|--------------------------|
| • Alcohol | • Household |
| • Bakery | • National lottery |
| • Canned & packaged groceries | • Milk |
| • Chilled food | • Newspapers & Magazines |
| • Confectionery | • Non-food |
| • Frozen food | • Sandwiches |
| • Fruit & Vegetables | • Savoury snacks |
| • Health & beauty | • Soft drinks |
| • Hot food-to-go | • Tobacco |

Supermarket

Defined as a food based retail store greater than 278 sq. m.

Retail warehouse

Defined as a non-food retail store that displays and sells comparison goods, such as bulky household goods (including carpets, furniture, and electrical and DIY items), clothing, and recreational goods, within large format shed like buildings, often (but not necessarily) on one level, with associated adjacent car parking so as to cater mainly for car-borne customers.

Other Uses

Defined as all other categories of development not falling within the definitions set out above, and including all *sui generis* uses as defined by the Use Classes Order 2010.

Charging Zones

The proposed charging zones are shown They are defined geographically on the attached Plan 1 and are described as follows:

Zone 1: Strategic Allocations and South Hampshire Urban Areas

The boundaries are as shown on the Core Strategy Proposals Map (shown in more detail in Plan 2).

Zone 2: Winchester Town

The boundary reflects the settlement boundary of Winchester Town as shown on the Core Strategy Proposals Map (shown in more detail in Plan 3).

Zone 3: Market Towns and Rural Areas

The rest of the District, outside of Zones 1 and 2 and the South Downs National Park, lies within Zone 3.

Calculation of Charge

CIL is charged on the net additional gross internal floor area of a development. Where buildings are demolished, the total of the demolished floorspace will be off-set against the floorspace of the new buildings, providing the buildings were in lawful use prior to demolition.

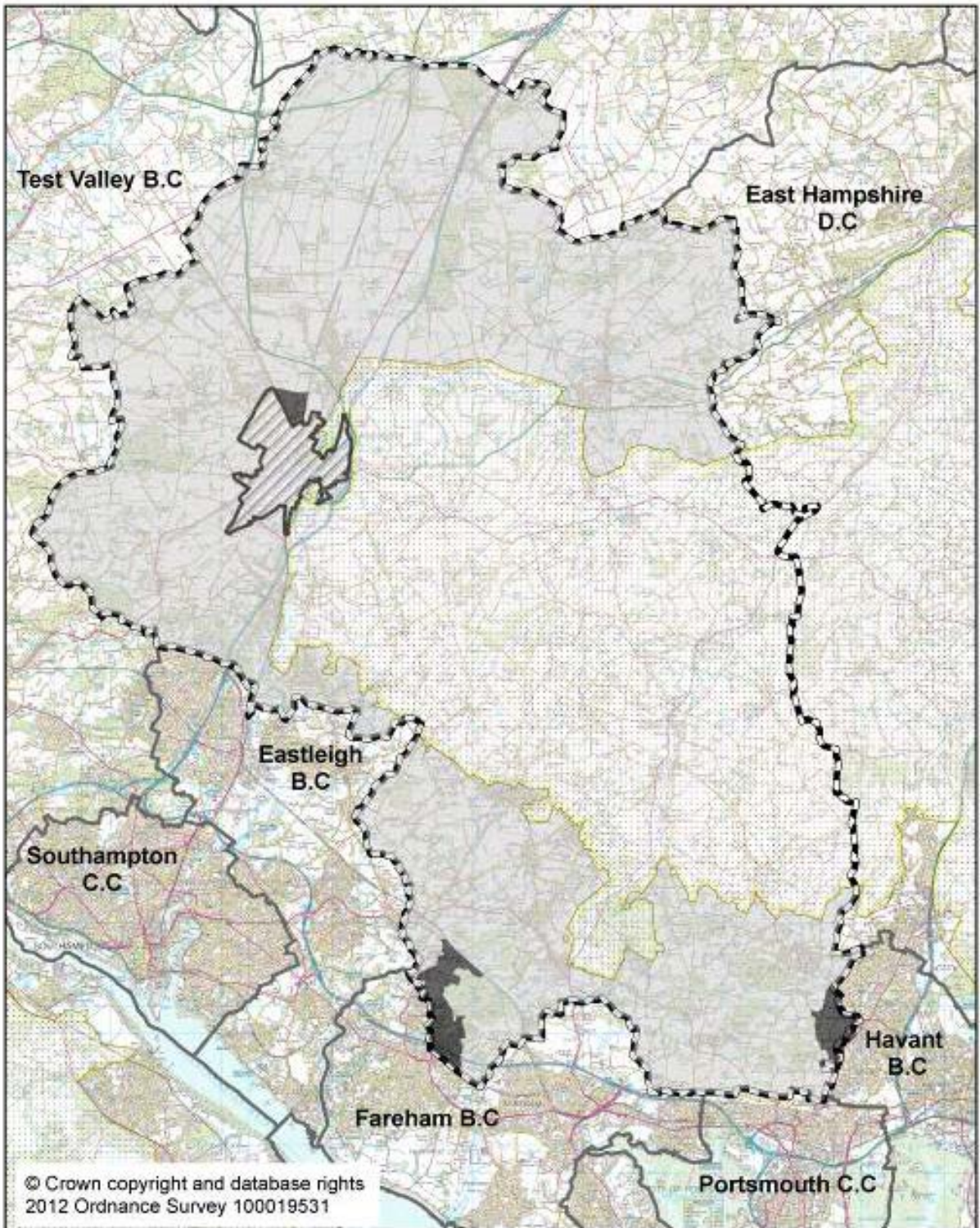
In this context, a building is considered to be in lawful use if a part of that building has been in use for a continuous period of at least six months within the period of 12 months ending on the day planning permission first permits the chargeable development.

The calculation of the chargeable amount of CIL to be paid for a development proposal is set out in Regulation 40 of the CIL Regulations (as amended). This states that:



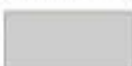
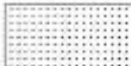

- The chargeable amount is the aggregate amounts of all chargeable developments at each of the relevant rates.
- Where the chargeable amount is less than £50 it is deemed to be zero.
- The relevant rates are those set out in the Charging Schedule which are in effect at the time planning permission is granted.
- The amount of CIL chargeable at a given rate and the means to determine the net chargeable area must be calculated using the formulae set out in Regulation 40. These provide the relevant indexing information and the mechanism to off-set existing floorspace proposed for demolition.

For details of the charge calculation, please refer to Regulation 40 of the CIL Regulations 2010 and the Amendment Regulations 2011 and 2012.

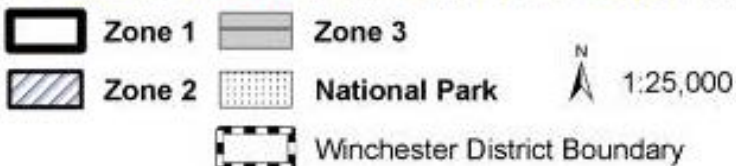
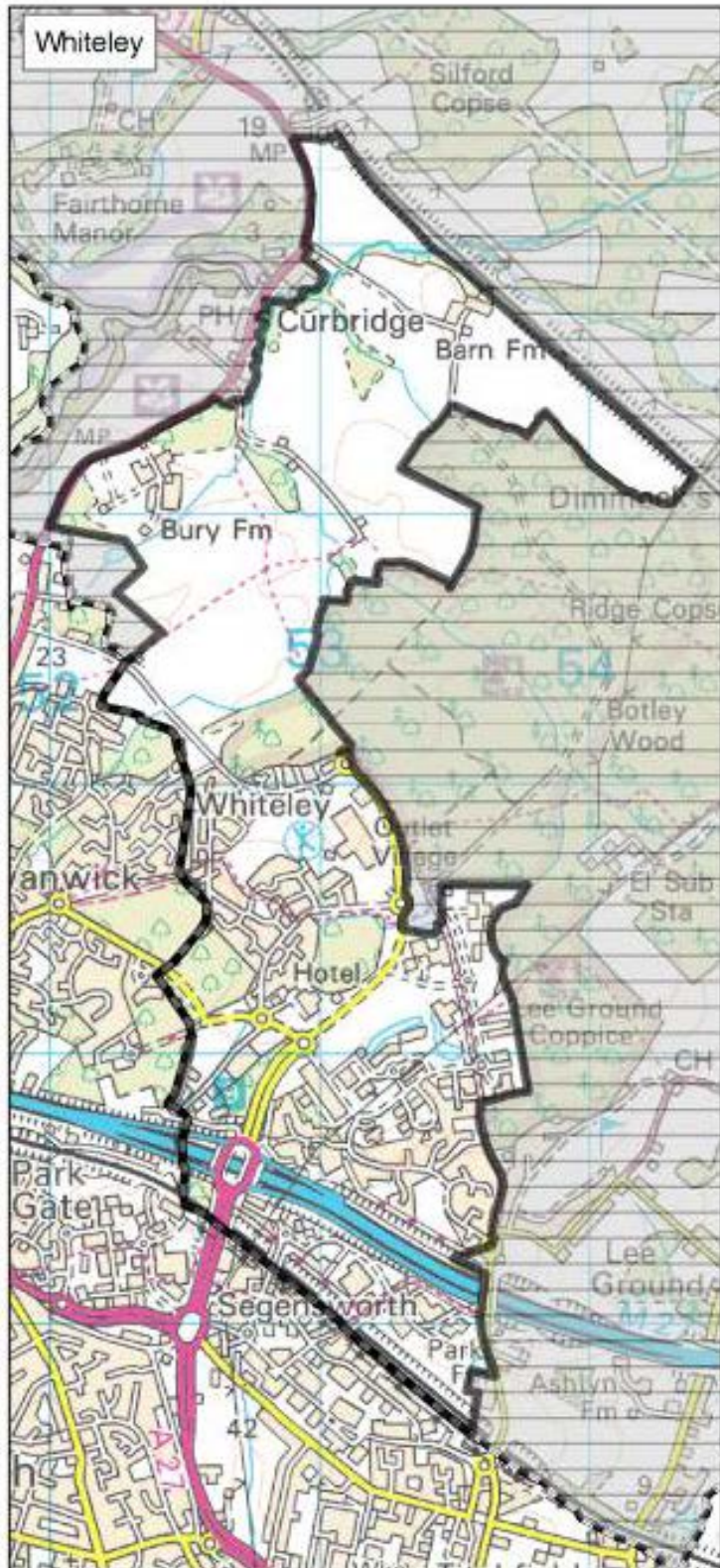
Plan 1: Winchester CIL Proposed Charging Zones



CIL Charging Zone

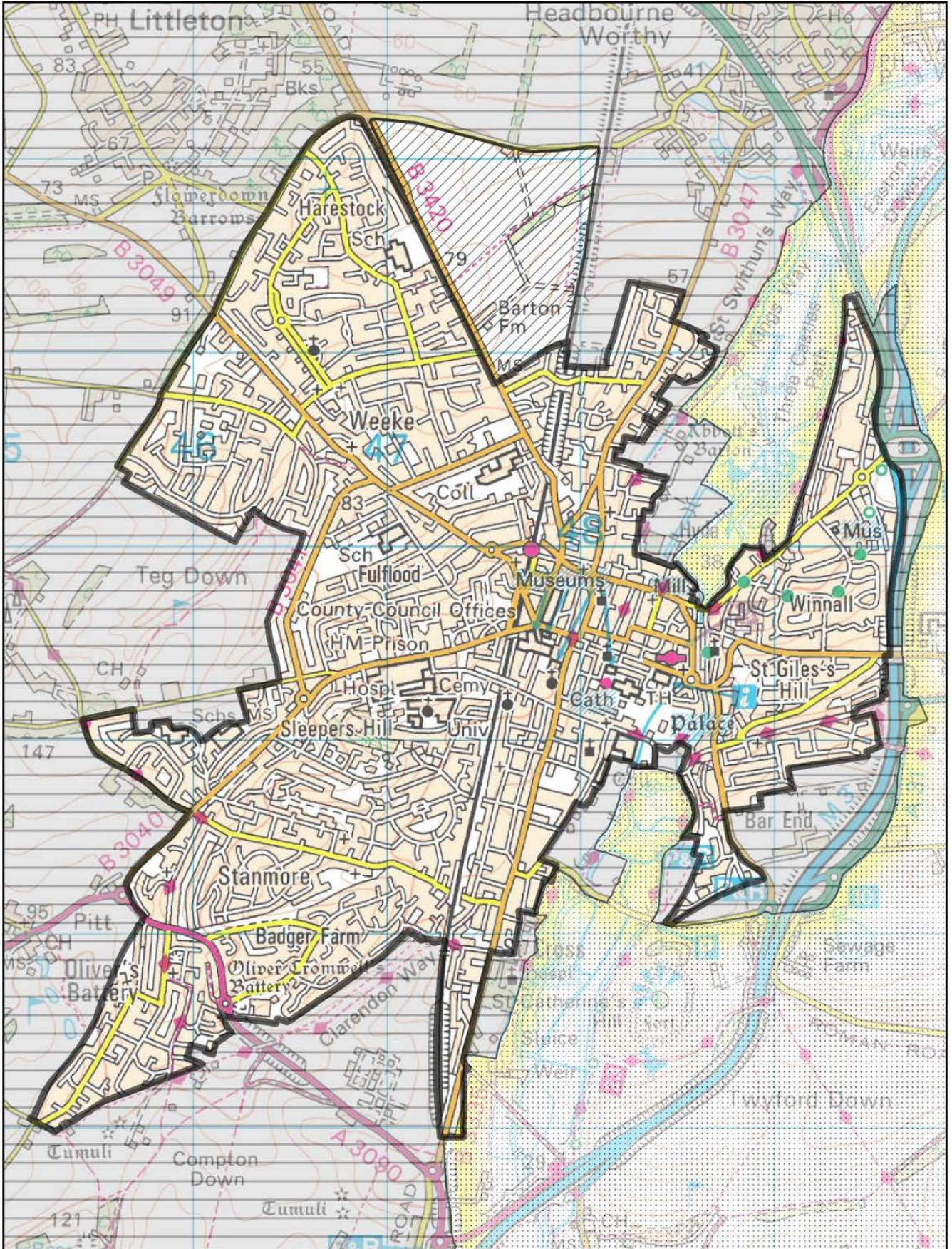
-  Zone 1
-  Zone 2
-  Zone 3
-  National Park
-  Winchester District Boundary

Plan 2: Zone 1



© Crown copyright and database rights
2012 Ordnance Survey 100019531

Plan 3: Zone 2



- Zone 2
- Zone 3
- Zone 1
- National Park

N
 1:25,000

© Crown copyright and database rights
2012 Ordnance Survey 100019531

Statutory Exemptions

The CIL Regulations provide exemptions for paying CIL as follows:

- 100% relief from CIL on those parts of a chargeable development which are to be used as social housing.
- Charity landowners receive 100% relief from their portion of the liability where chargeable development will be used wholly, or mainly, for charitable purposes.

To ensure that relief from the levy is not used to avoid proper liability for the levy, the regulations require that any relief must be repaid, a process known as 'clawback', if the development no longer qualifies for the relief granted within a period of seven years from commencement of the chargeable development.

Discretionary Exemptions

The CIL Regulations provide that charging authorities have the option to offer a process for giving relief from the levy in specific exceptional circumstances where a developer of a specific scheme cannot afford to pay the levy. Winchester City Council does not wish to offer such relief.

Payment of CIL

The CIL Regulations (as amended) allow Charging Authorities to adopt an instalment policy, as an alternative to requiring a full payment of CIL within 60 days of the commencement of the chargeable development. The City Council is minded to adopt an instalments policy, and although this is not a matter for scrutiny at CIL independent examination, the Council will publish details of the proposed instalment policy on submission of the Draft Charging Schedule.

Additional Information

How does the levy relate to planning permission?

The levy will be charged on new builds permitted through some form of planning permission. Usually this will be planning permission granted by Winchester City Council as the local planning authority, and the levy will also apply to 'permitted development' new builds under the General Permitted Development Order 1995 (as amended).

The planning permission will identify the buildings that will be liable for a Community Infrastructure Levy charge: the 'chargeable development'. The planning permission also defines the land on which the chargeable buildings will stand, the 'relevant land'.

Who is liable to pay the levy?

The responsibility to pay the levy runs with the ownership of land on which the liable development will be situated. This is in keeping with the principle that those who benefit financially when planning permission is given should share some of that gain with the community. That benefit is transferred when the land is sold with planning permission, which also runs with the land. The regulations define landowner as a person who owns a 'material interest' in the relevant land. 'Material interests' are owners of freeholds and leaseholds that run for more than seven years after the day on which the planning permission first permits development.

Although ultimate liability rests with the landowner, the regulations recognise that others involved in a development may wish to pay. To allow this, anyone can come forward and assume liability for the development. In order to benefit from payment windows and instalments (see below), someone must assume liability in this way. Where no one has assumed liability to pay the levy, the liability will automatically default to the landowners of the relevant land and payment becomes due immediately upon commencement of development. Liability to pay the levy can also default to the landowners where the collecting authority, despite making all reasonable efforts, has been unable to recover the levy from the party that assumed liability for the levy.

How is the levy collected?

The levy's charges will become due from the date that a chargeable development is commenced in accordance with the terms of the relevant planning permission. The definition of commencement of development for the levy's purposes is the same as that used in planning legislation, unless planning permission has been granted after commencement.

When planning permission is granted, the collecting authority will issue a liability notice setting out the amount of the levy that will be due for payment when the development is commenced, the payment procedure and the possible consequences of not following this procedure.

The levy's payment procedures encourage someone to assume liability to pay the levy before development commences. Where liability has been assumed, and the

collecting authority has been notified of commencement, parties liable to pay the levy will always benefit from a 60 day payment window on any instalments policy a local authority may have in place. However, payments are always due upon commencement if no party assumes liability and/or no commencement notice is submitted before commencement.

Is there an alternative to making financial payments?

The CIL Regulations provide for charging authorities to accept transfers of land as a payment 'in kind' for the whole or a part of a the levy, but only if this is done with the intention of using the land to provide, or facilitate the provision of, infrastructure to support the development of the charging authority's area.

An agreement to make an in-kind payment must be entered into before commencement of development. Land that is to be paid 'in kind' may contain existing buildings and structures and must be valued by an independent valuer who will ascertain its 'open market value', which will determine how much liability the 'in-kind' payment will off-set. Payments in kind must be provided to the same timescales as cash payments.

Will the Levy charging rates be updated on an annual basis?

Winchester City Council will be required to apply an annually updated index of inflation to keep the levy responsive to market conditions. The index will be the national All-In Tender Price Index of construction costs published by the Building Cost Information Service of The Royal Institution of Chartered Surveyors.