

Public Document Pack



Neuadd y Sir
Y Rhadyr
Brynbuga
NP15 1GA

County Hall
Rhadyr
Usk
NP15 1GA

Wednesday, 7 October 2015

Notice of meeting / Hysbysiad o gyfarfod:

Economy and Development Select Committee

**Thursday, 15th October, 2015 at 10.00 am,
Council Chamber, County Hall, The Rhadyr, Usk, NP15 1GA**

AGENDA

Item No	Item	Pages
1.	Apologies for Absence	
2.	Declarations of Interest	
3.	Open Public Forum	
4.	Community Infrastructure Levy (CIL) - Scrutiny of the Consultants' report and the results of the viability testing	1 - 122
5.	Tourism and Planning - Discussion on how the Local Development Plan can support Tourism Development (copy attached)	123 - 134
6.	Discussion with the Head of Planning, Place and Enterprise on 2 future scrutiny areas:	
6.1.	How the Local Development Plan supports Regeneration	
6.2.	Maximising S106 Contributions	
7.	Work Programming (copies attached):	
7.1.	Economy & Development Select Work Programme for 2015-2016	135 - 136
7.2.	Cabinet & Council Forward work planner	137 - 144
8.	To confirm the date and time of the next meeting Special Meeting 4 th Nov 2015	

Paul Matthews

Chief Executive / Prif Weithredwr

MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

County Councillors:

S. Jones
S. White
D. Dovey
D. Edwards
D. Evans
B. Hayward
J. Prosser
A. Watts
A. Wintle

Public Information

Access to paper copies of agendas and reports

A copy of this agenda and relevant reports can be made available to members of the public attending a meeting by requesting a copy from Democratic Services on 01633 644219. Please note that we must receive 24 hours notice prior to the meeting in order to provide you with a hard copy of this agenda.

Watch this meeting online

This meeting can be viewed online either live or following the meeting by visiting www.monmouthshire.gov.uk or by visiting our Youtube page by searching MonmouthshireCC.

Welsh Language

The Council welcomes contributions from members of the public through the medium of Welsh or English. We respectfully ask that you provide us with adequate notice to accommodate your needs.

Aims and Values of Monmouthshire County Council

Sustainable and Resilient Communities

Outcomes we are working towards

Nobody Is Left Behind

- Older people are able to live their good life
- People have access to appropriate and affordable housing
- People have good access and mobility

People Are Confident, Capable and Involved

- People's lives are not affected by alcohol and drug misuse
- Families are supported
- People feel safe

Our County Thrives

- Business and enterprise
- People have access to practical and flexible learning
- People protect and enhance the environment

Our priorities

- Schools
- Protection of vulnerable people
- Supporting Business and Job Creation
- Maintaining locally accessible services

Our Values

- **Openness:** we aspire to be open and honest to develop trusting relationships.
- **Fairness:** we aspire to provide fair choice, opportunities and experiences and become an organisation built on mutual respect.
- **Flexibility:** we aspire to be flexible in our thinking and action to become an effective and efficient organisation.
- **Teamwork:** we aspire to work together to share our successes and failures by building on our strengths and supporting one another to achieve our goals.

Nodau a Gwerthoedd Cyngor Sir Fynwy

Cymunedau Cynaliadwy a Chryf

Canlyniadau y gweithiwn i'w cyflawni

Neb yn cael ei adael ar ôl

- Gall pobl hŷn fyw bywyd da
- Pobl â mynediad i dai addas a fforddiadwy
- Pobl â mynediad a symudedd da

Pobl yn hyderus, galluog ac yn cymryd rhan

- Camddefnyddio alcohol a chyffuriau ddim yn effeithio ar fywydau pobl
- Teuluoedd yn cael eu cefnogi
- Pobl yn teimlo'n ddiogel

Ein sir yn ffynnu

- Busnes a menter
- Pobl â mynediad i ddysgu ymarferol a hyblyg
- Pobl yn diogelu ac yn cyfoethogi'r amgylchedd

Ein blaenoriaethau

- Ysgolion
- Diogelu pobl agored i niwed
- Cefnogi busnes a chreu swyddi
- Cynnal gwasanaethau sy'n hygyrch yn lleol

Ein gwerthoedd

- **Bod yn agored:** anelwn fod yn agored ac onest i ddatblygu perthnasoedd ymddiriedus
- **Tegwch:** anelwn ddarparu dewis teg, cyfleoedd a phrofiadau a dod yn sefydliad a adeiladwyd ar barch un at y llall.
- **Hyblygrwydd:** anelwn fod yn hyblyg yn ein syniadau a'n gweithredoedd i ddod yn sefydliad effeithlon ac effeithiol.
- **Gwaith tîm:** anelwn gydweithio i rannu ein llwyddiannau a'n methiannau drwy adeiladu ar ein cryfderau a chefnogi ein gilydd i gyflawni ein nodau.

This page is intentionally left blank

SUBJECT: MONMOUTHSHIRE LOCAL DEVELOPMENT PLAN: COMMUNITY INFRASTRUCTURE LEVY
MEETING: ECONOMY AND DEVELOPMENT SELECT COMMITTEE
DATE: 15 OCTOBER 2015
DIVISION/WARDS AFFECTED: ALL

1. PURPOSE:

- 1.1 The purpose of this report is to advise members of the results of the recent consultation on a Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS) and of progress made on preparatory work for CIL.

2. RECOMMENDATIONS:

- 2.1 Members note the contents of this report and comment accordingly.

3. KEY ISSUES:

3.1 Background.

Council endorsed a CIL PDCS to be issued for consultation purposes on 22 January 2015. The report to Council (which was rearranged from 18 December 2014) is attached as **Appendix A**. A progress report on CIL had previously been reported to Economy Development and Select on 16 October 2014. A link to the supporting documents that accompanied these reports can be found on the Council's web site at: <http://www.monmouthshire.gov.uk/planning-policy/community-infrastructure-levy>

- 3.2 The consultation took place for a period of 6 weeks from Thursday 12th February 2015 to Thursday 26th March 2015. A notice was placed in the Monmouthshire Free Press on 11 February 2015 and 384 individual notifications were sent out to:

- Specific (including Town and Community Councils), General and Other consultees, as identified in the LDP Community Involvement Scheme (207) ;
- Residents who were on the LDP consultation data base and had specifically requested to be notified of proposals for CIL (71);
- Agents/developers who work in the Council area (106).

- 3.3 17 replies were received. These have been split into 44 representations that are summarised, together with the suggested Council response, in the Draft Report of Consultation provided as **Appendix B**.

- 3.4 An issue raised by one of the respondents, the Home Builders Federation, had already been identified by officers and the Council's consultants and has resulted in a need to carry out further viability testing. Draft Affordable Housing Supplementary Planning Guidance (SPG) was consulted on in February and March of this year. The SPG sets out enhanced space standards to meet Welsh Government Design Quality Requirements, a revised housing mix and changes to percentage payments to developers for the transfer of affordable housing to Registered Social Landlords compared with what was tested in the initial CIL viability report on which the charges set out in the PDCS were based. In carrying out the additional viability testing the opportunity has been taken to update build costs and house values (as requested by some of the representors) and refine the strategic sites case studies based on additional information that has come to light. The consultants' report on this revised residential viability testing (excluding annexes) is attached as **Appendix C**.

3.4.1 Results of Revised Residential Viability Testing.

The updated viability evidence has not indicated any adverse impacts on viability resulting from the policies set out in the Draft Affordable Housing SPG. In fact, viability has generally improved. Comparing the results from the current viability study with those of a year ago, the strengthening market and payment for affordable housing based on ACGs has had a bigger impact on the residual values calculated than the changes in build costs and use of DQR for the affordable housing over the same period. The consultants have recommended, therefore, slight increases in the CIL rate, as set out in Table 5.2 on page 46 of the updated report (Appendix C). In summary, the new charges would be:

- A standard CIL charge of £80/sq. m for strategic sites generally plus non-strategic development of 4 dwellings or more in Severnside, except for:
- Deri Farm, with a CIL of £60/sq. m;
- Fairfield Mabey, sites of less than 4 dwellings, sites with over 35% affordable housing and retirement housing which are all £0 rated;
- Any other non-strategic development of 4 dwellings or more elsewhere in Monmouthshire which is £120/sq. m.

3.4.2 The reason for the lower rate for Deri Farm is the high cost of undergrounding the existing overhead cables, which affects overall viability. Developments of 3 dwellings or less have had to be exempted from CIL because recent work on build costs have indicated higher relative costs for smaller developments making it unviable to charge CIL. The improvement in house prices has meant that it is now feasible to charge CIL on the former Sudbrook Paper Mill strategic site, whereas previously it had a zero rate. The Fairfield Mabey strategic site is now proposed as a zero rate as costs have increased to reflect the transfer of a cost item from CIL to Section 106 and increased cost estimates for other items.

3.5 The original CIL Viability assessment report also tested non-residential development in order to assess its potential for supporting a CIL charge. This testing was carried out in May 2014. It has been necessary, therefore, to update the cost and value assumptions used for non-residential development in a similar manner as for residential development. In addition, two extra development types were tested in order to address a consultation response from the Monmouth and District Chamber of Trade, which expressed concern that the proposed CIL charges did not include A3 uses (with specific reference to the proposed Dixton Roundabout development in Monmouth). The new typologies test A3 units (restaurants, cafes, takeaways etc.), one located in a town centre and the other in out of town locations. The consultants' report on this revised non-residential development testing is attached as **Appendix D**.

3.5.1 Results of Revised Non-Residential Viability Testing.

The report advises that the CIL rates set out in the original viability report remain applicable, i.e. £200 per square metre for out of centre retail uses and £0 per square metre for all other non-residential development. A3 uses were found not to generate sufficient revenue to charge a levy.

3.6 The other main issues arising from the consultation and/or still remaining to be resolved are set out below:

3.6.1 Detailed technical issues are raised that are claimed to result in CIL rates that are too high – these include such matters as the level of the benchmark land value, differences between residential and non-residential land values, developers' profits and margins, site opening up costs, provision of garages within building cost estimates, distinguishing between gross and net densities.

Response: These matters have been addressed by the Council's consultants and responses are given in the Report of Consultation and the updated viability report. It is considered that a rigorous process has been followed in establishing the proposed CIL rate and that this can be defended at Examination.

3.6.2 Inadequacies in the Council's Regulation 123 List and associated Infrastructure Plan.

Response: The 'Regulation 123 list' identifies items on which the Council intends to spend CIL funding. At present, it is being suggested that the Reg.123 list (as set out in the PDCS) includes sustainable transport improvements, upgrade/provision of broadband connectivity, town centre improvements, education, strategic sports/adult recreation facilities and strategic green infrastructure. It is appropriate to set out broad categories of development to be funded by CIL in this way but the list has to be supported by an Infrastructure Plan that identifies the potential projects that fall within these broad types of infrastructure. A draft list of potential 'place-making' and other proposals by settlements to be funded through CIL was provided in Annex 2 of the Draft Infrastructure Plan produced in July 2013 as part of the LDP process. It is recognised that further work is needed to refine the list and this will be carried out during the production of the Draft Charging Schedule in order to be in a position at Examination to set out a draft list of the projects or types of infrastructure that are to be funded in whole or in part by the levy, to establish the 'funding gap' to be partly met by CIL and to identify any site-specific matters for which Section 106 contributions may continue to be sought.

The Reg.123 list and Infrastructure Plan can be varied over time according to Council priorities. The infrastructure planning process would include, for example, links with Whole Place Plans, Town Teams etc. to determine what matters to communities in terms of infrastructure provision. In this respect, further reports will be made to Members in order to establish the procedures for allocating CIL monies and determining priorities for spending.

3.6.3 Lack of detail on processes for liaising and consulting with local communities and deciding on spending priorities.

Response: The Regulations set out that 15% of the CIL monies raised in a locality will be allocated to the town or community council in which the development takes place, provided that it meets the requirement to 'support the development of the area'. This is not to say that additional money will not be spent in that town or community council area. The amount to be spent in a locality will depend on the Council's priorities as set out in its Infrastructure Plan, which will be prepared in consultation with local communities. It would be hoped that the County Council and town and community councils would be able to align their priorities to ensure that the best use is made of available resources. A protocol for liaising and consulting with local communities and deciding on spending priorities will be developed as CIL is progressed. One option might be to enter into a formal agreement with a town or community Council. A draft of such an agreement (as used by Caerphilly Council) is attached as **Appendix E**. One of the advantages of such agreements is that the expertise of County Council officers could be utilised to make best use of resources, e.g. by assisting in drawing down match funding for community projects. Prior to the adoption of CIL, a protocol for liaising and consulting with local communities and deciding on spending priorities will be established. Further reports will be made to Members to seek agreement on the form of this protocol.

3.6.4 A need for the Council to set out its approach to CIL relief.

Response: The CIL Regulations make a number of provisions for charging authorities to give relief from the levy. Some of these exemptions are mandatory, including development for charitable purposes and social housing. Discretionary relief can be offered in exceptional circumstances where a specific scheme cannot afford to pay the levy. The powers to offer relief can be activated and deactivated at any point after the

charging schedule is approved. At present, it is not intended to offer exceptional circumstances relief. It is considered that a rigorous process has been followed in establishing the proposed CIL rate and if developers disagree with the proposed rates they will have the opportunity to challenge them at Examination.

3.7 An amended charging schedule (excluding maps), incorporating the results of the revised viability testing is attached as **Appendix F**. This will form the basis for next formal stage in the CIL preparation process – the consultation on the Draft Charging Schedule (DCS).

3.8 Next steps.

3.8.1 It is intended to report the DCS, together with the results of the consultation and the revised viability testing, to Planning Committee, Cabinet and Council, with a view to seeking endorsement of the DCS to issue for consultation purposes. The next stage will then be to submit the DCS for Examination, together with any representations received in order that they can be considered by an independent inspector.

3.8.2 Before a report can be taken to Cabinet and Council further work will be required on refining the Regulation 123 List and supporting Infrastructure Plan as, while these will not specifically be examined by the inspector, it is necessary to be able to demonstrate that there is a need for infrastructure in the County that cannot be financed by other sources (the 'funding gap'). At Examination a charging authority needs to set out a draft list of the projects or types of infrastructure that are to be funded in whole or in part by the levy, together with any known site-specific matters for which section 106 contributions may continue to be sought.

3.8.3 The Affordable Housing SPG referred to above also needs to be reported to Planning Committee, Cabinet and Council in order to seek the formal adoption of the document as SPG to support the Monmouthshire LDP. This SPG has not been put forward for adoption to date in order to await the results of the revised CIL viability testing to enable Members to be made fully aware of the SPG's implications for CIL (and potentially the percentage of affordable housing that can be achieved under LDP policy). In this respect, the revised viability testing has not indicated any adverse impacts on viability from the policies set out in the SPG.

4. **REASONS:**

4.1 It is necessary for the Council to establish its position with regard to implementation of CIL to ensure that the potential for meeting infrastructure needs of communities through the implementation of the CIL Regulations is fully explored.

5. **RESOURCE IMPLICATIONS:**

Officer time and costs associated with developing CIL. These will be carried out by existing staff and within the existing budget, except for the likelihood that consultants will also be required as the CIL implementation process raises complex legal and technical issues (which will be subject to a formal public examination) that requires specialised assistance from experts in this field. It is envisaged that these additional costs will be met from the existing Development Plans Professional and Technical Fees budget line. New funding streams will arise from CIL if it is introduced as it will replace and supplement Section 106 funding in a number of areas.

6. **SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

6.1 These were considered in the report that was presented to Council on 22 January 2015 (rearranged from 18 December 2014) and which is attached as **Appendix A**.

7. **BACKGROUND PAPERS:**

- Monmouthshire Adopted LDP (February 2014)
- Monmouthshire County Council (MCC) Draft Infrastructure Plan (March 2013)
- MCC Draft CIL Guidance Note (September 2014)
- MCC CIL PDCS and Draft Regulation 123 List (September 2014)
- MCC CIL Viability Assessment (Three Dragons with Peter Brett Associates) (July 2014)

8. AUTHOR & 9. CONTACT DETAILS:

Martin Davies (Planning Policy Manager).

Tel: 01633 644826.

E Mail: martindavies@monmouthshire.gov.uk

This page is intentionally left blank

APPENDIX A

SUBJECT: MONMOUTHSHIRE LOCAL DEVELOPMENT PLAN: COMMUNITY INFRASTRUCTURE LEVY
MEETING: FULL COUNCIL
DATE: 18 DECEMBER 2014
DIVISION/WARDS AFFECTED: ALL

1. PURPOSE:

- 1.1 The purpose of this report is to advise Council of progress made on preparatory work for a Community Infrastructure Levy (CIL) and to seek endorsement of a Preliminary Draft Charging Schedule (PDCS), with a view to issuing for consultation purposes.

2. RECOMMENDATIONS:

- 2.1 Council notes the contents of this report on the preparatory work being undertaken on CIL and endorses the PDCS, with a view to issuing for consultation purposes.

3. KEY ISSUES:

3.1 The Community Infrastructure Levy (CIL).

CIL is a new levy that local authorities (LA) in England and Wales can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the local community needs. It applies to most new buildings and charges are based on the size and type of the new development. The CIL regulations came into force on 6 April 2010. However, liability to pay CIL for a development will not arise until the LA has implemented a charging schedule (which has to be based on an up-to-date development plan, i.e. a Local Development Plan (LDP), and is subject to consultation). A guidance note describing how CIL operates is attached as **Appendix A**.

- 3.2 It was resolved at a meeting of Full Council on 27 June 2013 to commence preparatory work for CIL with a view to adopting a CIL charge as soon as is practicable following adoption of the Monmouthshire LDP. Subsequently, the LDP was adopted on 27 February 2014.

- 3.3 A PDCS (attached as **Appendix B**) has been prepared for consultation purposes. The Charging Schedule has to undergo two rounds of public consultation and a likely Examination in Public. The current timetable (if Council agrees to the implementation of CIL) envisages adoption of CIL in September 2015, although some aspects of the process, such as the appointment of an inspector for the public examination, are not in the Council's control.

- 3.4 There are two elements to the production of a CIL charging schedule – a viability assessment and an infrastructure assessment. A study has been undertaken (attached as **Appendix C**) to establish the levels of CIL that are feasible because a CIL charge should not affect scheme viability and prevent development coming forward in an area. CIL is paid as so much per square metre. In Monmouthshire CIL will mainly be applied to residential development, as out-of-town retail schemes are the only non-residential developments on which it is feasible to charge. The proposed charges will vary by area/type of development and are set out in detail in the PDCS. As an illustration, on a 'typical' three bedroom semi-detached house the proposed charges would be £4,800 on strategic sites and small sites in Severnside and £8,800 on most other sites in Monmouthshire.

3.5 LAs are required to undertake an infrastructure assessment to identify the need for and cost of infrastructure to support the level of development set out in the LDP. As part of this process a Draft Infrastructure Plan was prepared to support the LDP at Examination and was reported to Council at its meeting on 27 June 2013. CIL will replace a substantial element of the funding currently received from Section 106 Agreements, although Section 106 funding will still be required for infrastructure necessary to ensure that a development comes forward (e.g. access improvements), on-site provision of play facilities and affordable housing. One advantage of CIL is that, unlike Section 106, it does not have to be spent directly on matters necessary to implement a specific planning permission but can also be used on a more strategic basis to provide infrastructure in a wider area. The items on which the Council intends to spend CIL funding on would need to be specified in a 'Regulation 123 list'. This can be varied over time according to Council priorities and would be based on an Infrastructure Plan that sets out the items that are considered necessary to implement the LDP (other than those that are specific to a particular site). These can include more general 'place-making' schemes that support the growth proposed in the LDP. At present, it is being suggested that the Reg.123 list (as set out in the PDCS) includes sustainable transport improvements, upgrade/provision of broadband connectivity, town centre improvements, education, strategic sports/adult recreation facilities and strategic green infrastructure, but this is for the Council to establish according to its priorities. At examination the charging authority should set out a draft list of projects or types of infrastructure that are to be funded in part in whole or in part by the levy. Any amendments to this list after examination will need to be consulted upon. Provided there is agreement on the broad categories of infrastructure to be supported by CIL prior to examination then it should be possible to refine a list of specific projects within these categories as part of an infrastructure planning process that includes, for example, links with Whole Place Plans, Town Teams etc. to determine what matters to communities in terms of infrastructure provision. In this respect, further reports will be made to Members in order to establish the procedures for allocating CIL monies and determining priorities for spending.

3.6 Landowners become liable for CIL when planning permission is granted and it is payable (not necessarily by the landowner as the liability can be transferred) when a development commences, although it is possible for payments to be made on an instalment basis. Planning permissions granted before CIL becomes operational, therefore, will not be liable to the charge but will still be subject to Section 106 requirements. However, the overall potential funding stream is slightly less under Section 106s because CIL brings all residential development, down to a single dwelling (although self-builders are excluded), into the charging regime. In addition, after 1 April 2015 no more than five Section 106 agreements can be used to fund a single piece of infrastructure.

3.7 'Meaningful amount' for local communities.

The Localism Act 2011 introduced a power to require local authorities in England and Wales to pass a 'meaningful' proportion of the CIL receipts to neighbourhoods. Contained within the 2011 Act was a definition of neighbourhoods, which applies to England only. In Wales the Welsh Government issued a letter on 8 April 2013 stating that for the purposes of receiving a proportion of CIL receipts, the equivalent definition is a Community Council. In terms of defining a 'meaningful' amount the letter states that 15% of CIL revenues 'should be passed to Community Councils'. The letter goes on to state that 'where the community council does not have the capacity to identify, spend and account for the receipt of such funds, the charging authority [the County Council] will retain the funds but will be required through statutory guidance to engage with community councils where development has taken place to agree how best to spend the funding'. The relevant regulation states 'In Wales, where all or part of a chargeable development is within the area of a community council, then ... the

charging authority must pass 15 per cent of the relevant CIL receipts to that community council'. The part of the levy that is passed to a community council must be spent to 'support the development of the area'. Guidance on this matter recommends that once the levy is in place town and community councils 'should work closely with their neighbouring councils and the charging authority to agree on infrastructure spending priorities'. The guidance also indicates that if the town or community council 'shares the priorities of the charging authority, they may agree that the charging authority should retain the neighbourhood funding to spend on that infrastructure', also suggesting that this infrastructure (e.g. a school) may not necessarily be in the town or community council area but will support the development of the area.

4. REASONS:

4.1 It is necessary for the Council to establish its position with regard to implementation of CIL to ensure that the potential for meeting infrastructure needs of communities though the implementation of the CIL Regulations is fully explored.

5. RESOURCE IMPLICATIONS:

Officer time and costs associated with developing CIL. These will be carried out by existing staff and within the existing budget, except for the likelihood that consultants will also be required as the CIL implementation process raises complex legal and technical issues (which are likely to be subject to a formal public examination) that requires specialised assistance from experts in this field. It is envisaged that these additional costs will be met from the existing Development Plans Professional and Technical Fees budget line. New funding streams will arise from CIL if it is introduced as it will replace and supplement Section 106 funding in a number of areas.

6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:

6.1 Sustainable Development

The adoption of CIL will be a means of supporting and delivering the LDP. An integrated equality and sustainability impact assessment was carried out in relation to the LDP as a whole. Under the Planning Act (2004), the LDP was required, in any event, to be subject to a Sustainability Appraisal (SA). The role of the SA was to assess the extent to which the emerging planning policies would help to achieve the wider environmental, economic and social objectives of the LDP. The LPA also produced a Strategic Environmental Assessment (SEA) in accordance with the European Strategic Environment Assessment Directive 2001/42/EC; requiring the '*environmental assessment*' of certain plans and programmes prepared by local authorities, including LDP's. All stages of the LDP were subject to a SA/SEA, therefore, and the findings of the SA/SEA were used to inform the development of the LDP policies and site allocations in order to ensure that the LDP would be promoting sustainable development. CIL is supporting these existing LDP policies, which were prepared within a framework promoting sustainable development.

6.2 Equality

6.2.1 The LDP was also subjected to an Equality Challenge process and due consideration given to the issues raised. As with the sustainable development implications considered above, CIL is supporting these existing LDP policies, which were prepared within this framework.

7. CONSULTEES

- Head of Planning
- Section 106 Working Party
- Economy and Development Select (16 October 2014)
- Cabinet

- SLT
- Planning Committee (4 November 2014)

Consultation Responses

The minutes of the Economy and Development Select meeting on 16 October 2014 were not available at the time of the preparation of this report. Two main points of concern, however, appeared to be the lack of clarity at this stage on the processes that would be followed in allocating CIL monies and determining priorities for spending and on the way in which the 15% funding for community councils would be dealt with. In order to address these points, additional sentences have been added to the end of paragraph 3.5 and an additional paragraph 3.7 added entitled ‘Meaningful amount’ for local communities’.

8. BACKGROUND PAPERS:

- Monmouthshire Adopted LDP (February 2014)
- Monmouthshire County Council Draft Infrastructure Plan (March 2013)

8. AUTHOR & 10. CONTACT DETAILS:

Martin Davies (Development Plans Manager).

Tel: 01633 644826.

E Mail: martindavies@monmouthshire.gov.uk

Community Infrastructure Levy Preliminary Draft Charging Schedule Draft Report of Consultation - October 2015

Respondent Number	10	Representation Number	1
Respondent Name	Mr Roy Nicholas, Clerk/Proper Officer		
Respondent Organisation	Llangattock Vibon Avel Community Council		
Summary of Response	Answered 'Yes' to questions on representation form, indicating agreement with approach taken.		
Requested Change	N/A		
LPA Response	Agreement noted.		
Recommendation	No change necessary.		

Respondent Number	113	Representation Number	1
Respondent Name	Henry Hodges (Secretary)		
Respondent Organisation	The Chepstow Society		
Summary of Response	<p>No objection with the methodology or the charges proposed. However, concern that there is no proposal to consult on how the funds would be used and shared with authorities / community bodies. Nor does there seem to be any mechanism proposed to explain why one particular scheme or development is preferred to another. The arbitrary use of S106 funds has been controversial in the past and these new regulations do not offer any solution.</p>		
Requested Change	Clarification sought on the issues raised.		
LPA Response	<p>The Regulations set out that 15% of the CIL monies raised in a locality will be allocated to the town or community council in which the development takes place, provided that it meets the requirement to 'support the development of the area'. This is not to say that additional money will not be spent in that town or community council area. The amount to be spent in a locality will depend on the Council's priorities as set out in its Infrastructure Plan, which will be prepared in consultation with local communities. It would be hoped that the County Council and Town and Community Councils would be able to align their priorities to ensure that the best use is made of available resources. A protocol for liaising and consulting with local communities and deciding on spending priorities will be developed as CIL is progressed.</p>		
Recommendation	Prior to the adoption of CIL, develop a protocol for liaising and consulting with local communities and deciding on spending priorities.		

Respondent Number	117	Representation Number	1
Respondent Name	Rachael Bust		
Respondent Organisation	The Coal Authority		
Summary of Response	No specific comments.		
Requested Change	N/A		
LPA Response	Noted.		
Recommendation	No change necessary.		

Respondent Number	144	Representation Number	1
Respondent Name	Shirely Rance		
Respondent Organisation	HSE		
Summary of Response	No comments at this stage.		
Requested Change	N/A		
LPA Response	Noted.		
Recommendation	No change necessary.		

Respondent Number	148	Representation Number	1
Respondent Name	David Cummings (Chairman)		
Respondent Organisation	Monmouth and District Chamber of Trade and Commerce		
Summary of Response	<p>Concern that the proposed CIL rates for commercial development do not cover A3 uses at all (only A1 uses in out-of-centre locations), with specific reference to the proposed Dixton Roundabout development in Monmouth. The Chamber is a business organisation and has no views on the proposed CIL rates for residential development.</p>		
Requested Change	<p>Consider that the same rules and levy should apply to A3 uses outside the defined town centre retail area. Although this should not apply to restaurants which are an integral part of a new hotel.</p>		
LPA Response	<p>Two extra development types have been tested in order to address the issue raised in this representation. The new typologies tested A3 units (restaurants, cafes, takeaways etc.), one located in a town centre and the other in out of town locations. The results of this testing (as set out in the Non-Residential Addendum, September 2015) show that A3 uses would not be viable with the proposed retail rate for out of centre uses and it is therefore seeking to reclassify the retail CIL charges. The proposed CIL rate for retail development out of centre will only apply to A1 and this will be made clear in the charging schedule. All other forms of retail development will be zero rated.</p>		
Recommendation	No change required.		

Respondent Number	154	Representation Number	1
Respondent Name	Lisa Bullock		
Respondent Organisation	Network Rail		
Summary of Response	<p>Response not a 'duly made' representation as received outside the consultation period. The following comments, however, have been noted: Network Rail believes that developments on the railway infrastructure should be exempt from CIL or that its development should at least be classified as payments in-kind.</p> <p>Network Rail would like to seek a clear definition of buildings in the draft charging schedule. Railway stations are open-ended gateways to railway infrastructure and should not be treated as buildings. Likewise lineside infrastructure used to operate the railway (such as sheds, depot buildings etc) should be classed as railway infrastructure and not treated as buildings for the purposes of the charging schedule.</p> <p>Network Rail would like confirmation that its developments over 100sqm undertaken using our Permitted Development Rights will not be CIL chargeable.</p> <p>We consider that imposing a charge on one infrastructure project to pay for another in an inefficient way of securing funding</p> <p>A requirement for development contributions to deliver improvements to the rail network where appropriate.</p> <p>A requirement for Transport Assessments to take cognisance of impacts to existing rail infrastructure to allow any necessary developer contributions towards rail to be calculated.</p> <p>A commitment to consult Network Rail where development may impact on the rail network and may require rail infrastructure improvements. In order to be reasonable these improvements would be restricted to a local level and would be necessary to make the development acceptable. We would not seek contributions towards major enhancement projects which are already programmed as part of Network Rail's remit.</p>		
Requested Change	N/A		
LPA Response	<p>Comments noted. There is no intention to charge CIL on railway infrastructure buildings. These are 'sui generis' uses not appropriate for viability testing. Consultation with Network Rail is carried out on an application by application basis and any implications for its infrastructure etc. taken into account. Network Rail is also a consultee on the Local Development Plan. There is potential for some railway related infrastructure to be funded through CIL as sustainable transport measures (e.g. railway stations, park and ride facilities etc.) and this can be taken into consideration in the preparation of the Regulation 123 List and Infrastructure Plan.</p>		
Recommendation	No change necessary.		

Respondent Number	196	Representation Number	1
Respondent Name	Sacha Rossi		
Respondent Organisation	NATS Ltd (Safeguarding Office)		
Summary of Response	No comments.		
Requested Change	N/A		
LPA Response	Noted.		
Recommendation	No change necessary.		

Respondent Number	200	Representation Number	1
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	<p>Concerned that the viability evidence which has informed the PDCS is not founded on 'appropriate available evidence' as required under Section 211(7a) of the Planning Act. Disagree with certain assumptions in the viability report. Although content that for testing purposes it is appropriate to adopt a notional 1 hectare site, the appraisals must consider likely costs associated with delivery of larger site to ensure the assessment adequately reflects current practice. Tested a number of the notional 1 hectare site and consider that the maximum level of CIL in each case is approximately half the maximum figure identified within the viability report for each typology prior to the application of any viability buffer. Also concerned that adopting higher density scenarios of 40/50 dph in the testing is unrealistic and 'inflates' the overall results within the assessment. Note that 6 of the 7 Severnside typologies tested are unable to support CIL rate of £60 per sq m which suggests that a significant proportion of development in Severnside will be unviable with £60 per sq m CIL rate.</p>		
Requested Change	Proposed CIL rate in Severnside needs to be reviewed to ensure that development in this location can be supported.		
LPA Response	<p>Viability testing uses notional 1 ha sites to explore differences between densities and value areas. This testing identifies a range of development types (not in conflict with LDP policy) that would be viable. Testing also includes case studies based on the strategic sites identified in the LDP, including the known costs associated with them. Some development may be higher density and therefore it is appropriate to test a range of densities. In the July 2014 testing, the report explained that some Severnside small case studies based on a standard mix of dwellings were not able to support the PCDS CIL rate, although alternative dwelling mixes with only detached houses were able to support the proposed CIL rates. The revised viability report has identified that sites in Severnside can support a CIL rate so the change requested by the representor is no longer needed.</p>		
Recommendation	Consider the findings of the updated viability report.		

Respondent Number	200	Representation Number	2
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	Affordable Housing - inconsistent approach between the viability assessment and Draft Affordable Housing SPG which could potentially impact on the outcomes of the viability of the tested scenarios. i.e. the viability reported calculates the value of affordable housing based on a capitalisation of the social rent/intermediate rent receivable whereas the SPG is based on Acceptable Cost Guidance.		
Requested Change			
LPA Response	The inconsistency between the assumptions used in the initial viability testing and the policies set out in the Draft Affordable Housing SPG is acknowledged. Revised viability testing has been carried out to remedy this.		
Recommendation	Take into account the results of the revised viability testing in preparing the Draft Charging Schedule.		

Respondent Number	200	Representation Number	3
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	Residential Sales Values: Content that the assessment of market value is broadly representative of MV in the locations where development is likely to take place. However, there is significant value differential between 3 bedroom detached and 4 bedroom detached dwellings. Also question the premium of 25% to properties with good river views, the basis of which is untested - no local evidence to support this premium e.g. Chepstow		
Requested Change	Recommend that any appropriate mix includes a further 4 bedroom smaller detached category with a net sales area in the order of 1,250 sq ft.		
LPA Response	House prices have been reviewed as part of the September 2015 Refresh. This has used a greater emphasis on £/sq m, which addresses the issue of variations in size within different dwelling types. The principle of a waterside premium is well established, with recent evidence set out in the Knight Frank report cited in the report. The CIL viability testing has used a very conservative interpretation of this research, with about half the suggested up lift applied to 25% of the site. In addition, the asking prices on the adjacent Severn Quays waterside site demonstrate a premium over standard Chepstow values.		
Recommendation	No change.		

Respondent Number 200 Representation Number 4

Respondent Name Scott Caldwell (Savills)

Respondent Organisation Home Builders Federation and Consortium of Housebuilders

Summary of Response Benchmark Land Values:

(1) Concern that the viability report does not distinguish between small scale and large scale development sites. Developments of scale will have significant infrastructure requirements and greater delivery risks/complications than smaller scale developments and this will be reflected in land value. However, distinguishing between brownfield and greenfield sites is less appropriate in most circumstances as the costs of bringing services/infrastructure to greenfield developments and dealing with ground treatment are mostly similar in terms of cost to the demolition/remediation associated with brownfield opportunities.

(2) Also consider benchmark land values used in the report to be low especially for greenfield sites. A multiplier of 20 times agricultural value is too low as confirmed in a recent planning appeal decision. Evidence is provided on recent land sales to support representor's position.

Requested Change (1) Need to distinguish between large strategic development opportunities and those smaller development opportunities in assessing benchmark land values.

(2) Market value should be used as the basis of benchmark land values wherever possible. Greenfield benchmark land values should be revised to £500,000 per hectare.

LPA Response It is not correct to state that the Viability Report does not distinguish between large and small sites. The viability testing includes case studies from 3 to 450 dwellings. Larger case studies (representing strategic sites) are considered in detail and used land value benchmarks appropriate for these sites. The testing of strategic sites case studies includes estimates of additional opening up costs as well as site specific infrastructure costs. The additional opening up costs are applied to both brownfield and greenfield sites to reflect the different requirements for different types of site i.e. servicing greenfield sites or standard site preparation for brownfield sites. Extraordinary site costs beyond these allowances and outside s106/policy requirements are expected to be revealed as part of due diligence and factored into site specific land price negotiations. The appeal referred to is Pinn Court Farm. Appeals are determined on the basis of the evidence specific to the appeal and findings do not necessarily apply in other situations. For example, in that case the Secretary of State suggested a minimum value for the land concerned, yet the appellants' own viability study showed that less than half the amount was considered acceptable.

The uplift from agricultural values is in line with guidance and the setting of the benchmarks also included a review of land values research, consultation with the development industry and Land Registry information. The benchmark land values used for Monmouthshire are higher than those found sound in Caerphilly and Merthyr Tydfil. The representor has provided evidence of land values in Newport and for schemes with no affordable housing which we do not consider provide more appropriate evidence than that provided by Land Registry for Monmouthshire. It is difficult to comment on the land value for the one Monmouthshire scheme shown (Table 3,

Monmouth) but it is not considered this one site should be used to set a local authority wide threshold. Furthermore, in addition to the 2012 Local Housing Delivery Group guidance on using a premium over existing use, the recent RICS research (Financial Viability Appraisal in Planning Decisions: Theory and Practice, 2015) firmly advises against the use of market value as a mechanism for estimating benchmarks.

Recommendation No change.

Respondent Number 200 Representation Number 5

Respondent Name Scott Caldwell (Savills)

Respondent Organisation Home Builders Federation and Consortium of Housebuilders

Summary of Response Build Costs:

(1) Agree with use of BCIS cost data in assessing build costs but costs have increased since July 2014 and information should be updated.

(2) No allowance for circulation space within flats i.e. additional 17-18% of the GIA to which CIL would be applicable. Also no allowance for garages in either the build costs or floorspace. This is important as CIL is chargeable on GIA which includes garages - failure to include this could result in over-estimation of site's capacity to support CIL.

Requested Change (1) Update build cost information in the viability report with the latest BCIS cost data.

(2) Confirm what allowance has been made for circulation space within flats and for the provision of garages.

LPA Response (1) Agreed. Retesting has been carried using updated BCIS data. The revised viability testing includes updated BCIS data. Guidance requires the use of current values and costs, with no opportunity to utilise forecasts.

(2) The September 2015 refreshed testing also includes circulation for flats at 10%. This is an appropriate proportion for 1-2 storey flats. It should be noted that there is no policy requirement for garages and that there is an expressed preference for car ports instead (MCC, 2013, Domestic Garages SPG). However, the relatively generous build costs provided by BCIS together with the allowance for external works will encompass the cost of providing garages on a proportion of dwellings if developers choose to make this provision.

Recommendation Take into account the results of the revised viability testing in preparing the Draft Charging Schedule.

Respondent Number	200	Representation Number	6
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	<p>Site Opening Up Costs: Opening up costs are applicable to all development sites - not just strategic sites. Allowance for strategic infrastructure and utility costs as set out in the advice note for planning practitioners by the Local Housing Delivery Group chaired by Sir John Harman is typically in the order of £17-23k per plot. Dispute the opening up costs used in the report (£100,000 per hectare and 15% allowance on BCIS costs for external works) as being significantly lower than is appropriate based on the evidence provided (A table is provided giving recent evidence of site opening up costs).</p>		
Requested Change	An allowance of £500,000 per hectare or £15,000 per plot is more reflective of average opening up costs.		
LPA Response	<p>The ""opening up cost"" examples provided by the representor relates to items that the viability testing includes within external works, opening up costs and site specific infrastructure, and therefore a like for like comparison cannot be made. Instead the following should be considered:</p> <p>The testing includes an allowance for external works at 15% of build cost. For a 'typical' 95 sq m dwelling this is c.£14,150. This is to cover standard site preparation and the provision of services within the site to the build plots, as well as frontage roads and landscaping etc. For larger sites it is recognised that additional costs may be incurred and additional costs of £100,000/net ha are allowed for. At 30 dph this is £3,300 per dwelling. Taken with the £14,150 above, the combined amount of c.£17,450 is in excess of the suggested £15,000 per dwelling. The additional opening up costs are applied to both brownfield and greenfield sites to reflect the different requirements for different types of site i.e. servicing greenfield sites or standard site preparation for brownfield sites. In addition site specific infrastructure was included in the testing such as £17,000/dwelling for SAH1 Deri Farm (taking the total to £33,840/dwelling), £10,300/dwelling for SAH3 Fairfield Mabey (taking the total to £27,140/dwelling) and so on. Therefore both the standard and strategic sites case studies include a generous allowance for items described by the representor as ""opening up costs".</p> <p>Extraordinary site costs beyond these allowances and outside s106/policy requirements are expected to be revealed as part of due diligence and factored into site specific land price negotiations. "Opening up cost" examples provided by Savills include items such as mine workings and demolition/asbestos, which clearly are items to factor into land price negotiations, not opening up costs.</p>		
Recommendation	No change.		

Respondent Number	200	Representation Number	7
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	Developer Profit: question the developer operating and gross margin figures used in the report (a range of supporting evidence is provided). Note that a minimum developer margin of 20% of GDV was supported in a number of appeal decisions (The Manor, Shinfield, Lydney)		
Requested Change	Minimum profit level used within viability testing should be a blended rate of 20% on GDV plus 25% Return on Capital Employed (ROCE) across all tenures, subject to consideration of the risk profile of the scheme. The reference to ROCE is particularly important on large capital intensive schemes - in these cases the relevant rate for site specific appraisal is an Internal Rate of Return (IRR) of at least 25%.		
LPA Response	<p>The developer returns of 20% for market housing and 6% for affordable housing were discussed in the developer workshop in March 2014. This discussion also noted that Savills had agreed 6% return for affordable housing as a statement of common ground for the Caerphilly CIL and it is unclear why this should be different in Monmouthshire. 20% return for market housing and 6% return for affordable are commonly accepted at recent CIL examinations e.g. Wigan August 2015, Southend on Sea April 2015. The issue for profit benchmarks is determining an acceptable return for the likely risk, which is why a higher rate is required for market housing than the affordable housing, with sale agreed before construction. This required return against risk should not be conflated with the justifiable but entirely separate consideration of developers maximising returns for investors. It should be noted that BCIS figures for build cost also include a contractor return, which in effect pushes up the overall return beyond the 20% and 6% used here. We note that the house builders operating returns have generally been below 20% since before the recession. The use of IRR as a measure instead of profit on GDV has been discussed at a number of forums (e.g. RICS seminar on Development Viability Appraisal, September 2015) but has not been accepted as the preferred measure. Generally, IRR is a corporate finance tool used to compare the attractiveness of different projects with different timings of investment and return. In its standard form it does not produce a useful output for a residual land value appraisal, partly as land price is an input, not an output. Issues with IRR include no accepted benchmarks for acceptable IRR (Savills have provided no justification for requiring a 25% IRR), sensitivity to small changes in assumed inputs, lack of agreed information on inputs, lack of transparency and an impression of spurious accuracy. Three Dragons has undertaken separate consultation with housebuilders in 2012/13 about the use of IRR as a measure and this failed to show any compelling case to use it against the more widely understood return on value. Importantly, the Three Dragons Toolkit used for undertaking the viability appraisals in Monmouthshire includes a discounted cash flow function, and this is already used for the testing of the larger case studies. This explicitly takes account of investment and returns over time within the framework of a residual land appraisal.</p>		
Recommendation	No change.		

Respondent Number	200	Representation Number	8
Respondent Name	Scott Caldwell (Savills)		
Respondent Organisation	Home Builders Federation and Consortium of Housebuilders		
Summary of Response	CIL Regulations outline that the offer of relief is discretionary on the charging authority - consider it imperative that MCC make relief available when CIL is adopted. This will ensure that the overall delivery of housing including affordable housing provision is not compromised by CIL		
Requested Change	The Council should clearly outline its approach to CIL relief in conformity with the Regulations.		
LPA Response	The CIL Regulations make a number of provisions for charging authorities to give relief from the levy. Some of these exemptions are mandatory, including development for charitable purposes and social housing. Discretionary relief can be offered in exceptional circumstances where a specific scheme cannot afford to pay the levy. The powers to offer relief can be activated and deactivated at any point after the charging schedule is approved. At present, it is not intended to offer exceptional circumstances relief. It is considered that a rigorous process has been followed in establishing the proposed CIL rate and if developers disagree with the proposed rates they will have the opportunity to challenge them at Examination.		
Recommendation	No change.		

Respondent Number	206	Representation Number	1
Respondent Name	Ross Anthony		
Respondent Organisation	The Theatres Trust		
Summary of Response	Support the setting of a nil rate for all other uses as many D1, D2 and some sui generis uses such as theatres, often do not generate sufficient income streams to cover their costs. Consequently, this type of facility is very unlikely to be built by the private sector.		
Requested Change	No change.		
LPA Response	Support noted.		
Recommendation	No change necessary.		

Respondent Number	333	Representation Number	1
Respondent Name	Mr John Young		
Respondent Organisation	N/A		
Summary of Response	Concern that there is only a reference to the charge per square metre, but nothing on how the number of square metres is calculated. The method of calculation could potentially affect the density at which housing is built, the choice between single and multi-storey building etc.		
Requested Change	The basis of the calculation should be made explicit within the regulation (document) and not reliant on antecedent knowledge of other guidance and regulation.		
LPA Response	The way in which CIL is calculated is set out in the Regulations. Paragraphs 3.2 to 3.6 of the Council's CIL Guidance Note (September 2014 at http://www.monmouthshire.gov.uk/app/uploads/2015/07/CIL-Guidance-Note.pdf) offers an explanation. CIL will be charged on the net additional gross internal floor area of a development.		
Recommendation	No change.		

Respondent Number	342	Representation Number	1
Respondent Name	Simon Tofts (Planning Manager)		
Respondent Organisation	Blue Cedar Homes		
Summary of Response	Welcome the proposed zero CIL charge on all retirement housing in the County. This should assist in bringing forward this form of development.		
Requested Change	The Council should set out in full the definition of retirement housing. Blue Cedar Homes attach a restrictive covenant on each house they sell requiring the purchaser to be over 55 years of age.		
LPA Response	It is agreed that a full definition of retirement housing would be useful to provide clarity.		
Recommendation	Give further consideration to providing a full definition of retirement housing.		

Respondent Number	378	Representation Number	1
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Response	Concern as to whether or how the development costs information submitted for the Fairfield Mabey site has informed the content of the viability report. Note that further information on development costs can be supplied to the Council.		
Requested Change	Clarify how the development costs information has been assessed, accepted and applied, albeit recognising the need for confidentiality. Discuss the implications of the further development costs information.		
LPA Response	The original CIL viability study made use of information provided by the developers but was unable to demonstrate how because of confidentiality concerns from the scheme promoters. Discussions have been held with the representor who has provided updated costs information that has been taken into account in the revised viability testing report.		
Recommendation	Consider the implications of the revised viability testing for the Draft Charging Schedule.		

Respondent Number	378	Representation Number	2
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Response	Benchmark land values for urban sites are much too low. A comparison with Merthyr and Caerphilly is not valid given the distance (both geographical and commercial) between these areas. Note that is inappropriate to record in the report that the development industry workshop broadly agreed with the rates / failed to provide alternatives.		
Requested Change			
LPA Response	<p>Note that the land value benchmarks are the estimated lowest values that a landowner may sell for, not the highest values that may be achieved.</p> <p>Fairfield Mabey site is in industrial use and the testing applies the benchmark for urban sites, which is a premium of more than 60% over the industrial land value benchmark. Premium over existing use value is in line with the guidance in the Local Housing Delivery Group's 2012 "Viability testing local plans". These benchmarks do not preclude the possibility that sites may change hands at higher values than the benchmarks, assuming that the development is able to support it, but recent RICS research (Financial Viability Appraisal in Planning Decisions: Theory and Practice, 2015) firmly advises against the use of market value as a mechanism for estimating benchmarks.</p>		
Recommendation	No change.		

Respondent Number	378	Representation Number	3
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Response	Opening up costs are very low. £40,000 per acre does not reflect recent experience of greenfield/brownfield development. Note it is inappropriate to connect discussion at the development industry workshop with agreement of this figure.		
Requested Change	Welcome discussion on with the Council on this matter.		
LPA Response	<p>The additional £100,000/net ha (£40,470/acre) allowance for opening up costs is applied to both brownfield and greenfield strategic sites to reflect the different requirements for different types of site i.e. servicing greenfield sites or standard site preparation for brownfield sites. The reference to "opening up cost" by the representor relates to items that the viability testing includes within external works, opening up costs and site specific infrastructure, and therefore a like for like comparison cannot be made. Instead the following should be considered:</p> <p>The testing includes an allowance for external works at 15% of build cost. For a 'typical' 95 sq m dwelling this is c.£12,030. This is to cover standard site preparation and the provision of services within the site to the build plots, as well as frontage roads and landscaping etc. For larger sites it is recognised that additional costs may be incurred and additional costs of £100,000/net ha are allowed for. At 30 dph this is £3,300 per dwelling. This combines to c.£15,330/dwelling. In addition site specific infrastructure was included at £10,300/dwelling for SAH3 Fairfield Mabey (taking the total to £25,630/dwelling), with an additional scenario adding a further £4,800/dwelling taking the total to £30,430/dwelling. On an area basis these costs are approximately £0.77m and £0.9m/ha respectively (at 30 dph).</p> <p>Extraordinary site costs beyond these allowances and outside s106/policy requirements are expected to be revealed as part of due diligence and factored into site specific land price negotiations.</p> <p>Further discussions have taken place with the representor and revised information included in the updated viability testing.</p>		
Recommendation	Consider the implications of the revised viability testing for the Draft Charging Schedule.		

Respondent Number	378	Representation Number	4
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Response	<p>Figures used for the average cost of a S106 payment mask substantial variation either looking backwards (towards agreements completed) or forwards to the sites likely to come forward. Question how the £1,000 assumed per unit plus the CIL charge and low costs set out in Annex 1 of the report can add up to the total costs associated with the Fairfield Mabey site.</p>		
Requested Change	Welcome discussion on this matter before further progress is made with CIL.		
LPA Response	<p>The CIL viability testing has assumed a standard Section 106 contribution of £1k per dwelling, equivalent to the current contribution for provision of children's play space that is generally provided on-site. Other current Section 106 contributions such as adult recreation and education would be expected to be replaced by CIL. It is recognised that the Mabey Bridge site does have additional site specific development requirements that would not fit comfortably into the CIL approach (e.g. the proposed riverside walk that will contribute substantially to adult recreation facilities in Chepstow and is necessary for Green Infrastructure/Biodiversity purposes to bring forward development of the site). Following discussions with the representor, the potential Section 106 requirements have been reviewed for the updated viability testing.</p>		
Recommendation	Consider the implications of the revised viability testing for the Draft Charging Schedule.		

Respondent Number	378	Representation Number	5
Respondent Name	Tim Gent (Savills)		
Respondent Organisation	Mabey Bridge		
Summary of Response	<p>Proposal to add a waterside value premium is not support by evidence relied on because: unconventional waterside views; evidence from nearby Severn Quays does not support the premium; all sites have special characteristics and inappropriate to single out Fairfield Mabey.</p>		
Requested Change			
LPA Response	<p>The principle of a waterside premium is well established, with recent evidence set out in the Knight Frank report cited in the viability report. The CIL viability testing has used a very conservative interpretation of this research, with about half the suggested up lift applied to 25% of the site. In addition, the asking prices on the adjacent Severn Quays waterside site demonstrate a premium over standard Chepstow values. Discussion with the site promoters suggests that there may be some house price premium although no site specific value assumptions have been made available by the site promoters.</p>		
Recommendation	No change.		

Respondent Number 378 Representation Number 6

Respondent Name Tim Gent (Savills)

Respondent Organisation Mabey Bridge

Summary of Response Question the CIL rate proposed for the Fairfield Mabey site. Even on the assumptions made in the report, if the £1.7 million used for the High Beach roundabout scheme is added to cost or lost from value then zero CIL can be afforded. Concern that this is likely given that sites are charged with delivering specific obligations outside CIL and then CIL is used to fund some unspecific /limited improvements to generic and strategic infrastructure. The Regulation 123 list has narrow focus and there is little expansion in the schedule of what will be included and given the proposals for the site it is clear that:

- a) there will be a significant overlap between what is proposed and what CIL could be used for (especially in terms of strategic green infrastructure)
- b) the sustainable transport improvements in the schedule will not be used for highway and transportation improvements associated with the scheme - these will therefore fall to the site
- c) the site has excellent accessibility credentials - contributing to a general fund for sustainable transport for an otherwise rural authority is not warranted.
- d) the scheme will trigger an improvement to the town centre. No competing retail space is proposed on the site and spending / footfall in the town centre will increase
- e) there is significant capacity within the primary and secondary schools in Chepstow
- f) proposals for the site will also make substantial provision for open space (sport and recreation)

Accordingly, there is need for caution when approaching the concept of CIL and the rates to be applied to the individual sites. Note that CIL may not be the right vehicle for Monmouthshire (as pooling rules are unlikely to be relevant) but if it is pursued specific rates can be identified for each strategic site.

Requested Change If CIL is pursued, a zero rate should be applied to Fairfield Mabey (without this adjustment CIL could adversely affect the viability of the site).

LPA Response The CIL viability testing has assumed a standard Section 106 contribution of £1k per dwelling, equivalent to the current contribution for provision of children's play space that is generally provided on-site. Other current Section 106 contributions such as adult recreation and education would be expected to be replaced by CIL. It is recognised that the Mabey Bridge site does have additional site specific development requirements that would not fit comfortably into the CIL approach (e.g. the proposed riverside walk that will contribute substantially to adult recreation facilities in Chepstow and is necessary for Green Infrastructure/Biodiversity purposes to bring forward development of the site). Following discussions with the representor, the potential Section 106 requirements have been reviewed for the updated viability testing.

The Welsh Government's requirements for highway works on the A48 (T) road are awaited. It is not possible, therefore, to achieve any precision in estimating potential transport infrastructure costs. Two scenarios have been tested in the revised viability report - the second including the full cost of

improvements to High Beech roundabout.

Recommendation Consider the implications of the revised viability testing for the Draft Charging Schedule.

Respondent Number 378 Representation Number 7

Respondent Name Tim Gent (Savills)

Respondent Organisation Mabey Bridge

Summary of Response A small convenience store could be appropriate at the Fairfield Mabey site. This would not perform like the models tested in the viability report and in the short term at least overall viability may be a key issue.

Requested Change May be appropriate to waive the charge on A1 out-of-centre stores proposed of (or below) a certain size or which are proposed to be part of the larger strategic sites.

LPA Response The CIL Regulations exempt development with a gross internal floor area of less than 100 sq. m. from payment of the levy. It is likely, therefore, that a small retail unit of the type referred to would be exempt from a CIL charge.

Recommendation No change.

Respondent Number 378 Representation Number 8

Respondent Name Tim Gent (Savills)

Respondent Organisation Mabey Bridge

Summary of Response Concerns that CIL is too blunt a tool generally and if pursued in the manner proposed will negatively affect proposals for the site.

Requested Change Welcome a meeting to explain this point and to share technical/ commercial information about the site.

LPA Response The CIL viability testing has assumed a standard Section 106 contribution of £1k per dwelling, equivalent to the current contribution for provision of children's play space that is generally provided on-site. Other current Section 106 contributions such as adult recreation and education would be expected to be replaced by CIL. It is recognised that the Mabey Bridge site does have additional site specific development requirements that would not fit comfortably into the CIL approach (e.g. the proposed riverside walk that will contribute substantially to adult recreation facilities in Chepstow and is necessary for Green Infrastructure/Biodiversity purposes to bring forward development of the site). Following discussions with the representor, the potential Section 106 requirements have been reviewed for the updated viability testing.

Recommendation Consider the implications of the revised viability testing for the Draft Charging Schedule.

Respondent Number	381	Representation Number	1
Respondent Name	Mr D Addams-Williams		
Respondent Organisation	Llangibby Estate		
Summary of Response	£110 per square metre charge will discourage new development.		
Requested Change	Category (2) Table 1 of the PDCS should be broken down into sub-categories.		
LPA Response	No evidence is provided in support of the representation, neither is it explained how it is felt Category (2) (Non-strategic sites in the Main Towns of Abergavenny, Chepstow and Monmouth and the Rural Rest of Monmouthshire) should be broken down into sub-categories. The viability testing has attempted to ensure that residential development will not be discouraged from coming forward. Sites in rural areas in Main and Minor Villages, as categorised in the LDP, that are required to provide above 35% affordable housing are exempt from the CIL charge.		
Recommendation	No change.		

Respondent Number	457	Representation Number	1
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	CIL guidance has been updated since February 2014 - accordingly the viability report should be reviewed and updated in light of the latest version of the guidance (June 2014).		
Requested Change	Review / update the viability report in line with the latest CIL guidance.		
LPA Response	The viability report has been updated and includes up to date CIL guidance.		
Recommendation	Consider the findings of the updated viability report.		

Respondent Number	457	Representation Number	2
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Benchmark values used in the viability report are too low. These figures were disputed at the Development Industry Workshop and it is not sufficient to dismiss these views by saying that no specific alternative land value was put forward. Further evidence should be gathered by the Council to justify its proposed land values or identify alternative values which align more closely with the experience of the development industry representatives. Bovis would be happy to assist the Council in this regard.</p>		
Requested Change	<p>Council to provide further evidence to justify proposed land values or identify alternative land values.</p>		
LPA Response	<p>Available information (research reports dealing with land values, consultation with the development industry and data from Land Registry) has been reviewed. Standard benchmark land value found sound as part of Local Development Plan examination. Greenfield benchmark developed in line with Local Housing Delivery Group and HCA guidance. April 2015 RICS research (Financial Viability Appraisal in Planning Decisions: Theory and Practice) strongly advises against the use of market values in setting benchmarks.</p>		
Recommendation	<p>No change.</p>		

Respondent Number	457	Representation Number	3
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Land value assumptions for non-residential development are typically considerably higher than those for residential development. The same land value is applied to both town centre offices and out of centre retail warehouse, despite the likelihood that town centre uses would involve redevelopment of brownfield land and out of town retail would likely occupy greenfield land. The Council is therefore inconsistent in its assumptions for residential and non-residential development, applying higher development costs for non-residential development than comparable residential sites. Bovis cannot therefore support the assumptions / methodology within the viability assessment. The land value figures for residential sites are considered to be an understimation of land value, particularly when compared with the values for non-residential sites.</p>		
Requested Change	<p>Adopt a consistent approach between land values for residential and non-residential sites - this will enable a fair comparison between the development costs of all schemes and their ability to contribute towards strategic infrastructure costs through CIL.</p>		
LPA Response	<p>It is common for land values for different uses to vary, reflecting the value of the uses. There is no inconsistency in this approach.</p>		
Recommendation	<p>No change.</p>		

Respondent Number 457 Representation Number 4

Respondent Name Alistair Macdonald (RPS)

Respondent Organisation Bovis Homes Ltd

Summary of Response PDCS fails to provide sufficient evidence to support the proposed CIL rates:

(1) This is contrary to government guidance. Paragraph 16 of DCLG guidance is clear that 'charging authorities should focus on providing evidence of an aggregate funding gap that demonstrates the need to put in place the levy'. Paragraph 28 of the guidance advises that the PDCS should be based on evidence of the infrastructure needs of the area and the ability of development in that area to fund that infrastructure in whole or in part. It is good practice for the charging authority to publish its draft infrastructure list and proposed policy for scaling back Section 106 agreements at PDCS stage to provide clarity on the financial burden that developers can expect to bear. There is a lack of evidence on strategic infrastructure needs. The 'Draft Infrastructure Plan' in Appendix 1 of the Adopted LDP only provides a list of the specific site infrastructure requirements for strategic sites. No indication is given of the total cost of infrastructure that the Council wishes to fund through the levy; the procedural requirements of the Regulation 123 list are not fulfilled.

(2) The 'Draft Infrastructure Plan' indicates that the majority of infrastructure will be developer funded and secured through Section 106 Agreements. The Draft Regulation 123 Schedule confirms that infrastructure associated with the LDP strategic sites identified in the Council's Draft Infrastructure Plan will be funded through Section 106 contributions. The evidence base appears not to have considered the viability implications of providing such major infrastructure through Section 106 agreements and the ability of development schemes to afford the identified CIL rates.

(3) In the absence of a sound evidence base there is no demonstrable need for CIL. The infrastructure requirements arising from the LDP are unknown and there is no evidence to whether the funds would be sufficient meet any gaps in funding or whether any funding sources are available to the Council. There is no evidence that the proposed CIL rates are necessary to deliver strategic infrastructure or provide adequate funding to ensure the timely delivery of planned development alongside infrastructure.

Requested Change Evidence base requires thorough re-examination and expansion to include a more detailed Regulation 123 list before any further progress can be made on the Council's proposals for CIL.

LPA Response (1) Paragraph 16 of the guidance does not require details of the 'funding gap' to be published at PDCS stage, although it is acknowledged that paragraph 28 of the guidance suggests that it is 'good practice' to provide as much detail as possible of infrastructure proposals to accompany the consultation. The Council did publish a draft Regulation 123 list with the PDCS, setting out the the categories of development that it is proposed to be funded through CIL. Appendix 1 of the LDP is not the 'Draft Infrastructure Plan' and only lists site specific infrastructure for the LDP strategic sites. A draft list of potential 'place-making' and other proposals by settlements to be funded through CIL was provided as Annex 2 of the Draft Infrastructure Plan produced in July 2013 as part of the LDP process. It is recognised that further work is needed

to refine the list and this will be carried out during the production of the Draft Charging Schedule in order to be in a position at Examination to set out 'a draft list of the projects or types of infrastructure that are to be funded in whole or in part by the levy' and 'any site-specific matters for which Section 106 contributions may continue to be sought' (paragraph 17 of guidance).

(2) As described in answer to (1) above, Appendix 1 of the LDP is not the whole Draft Infrastructure Plan, which is a separate document. It is acknowledged that the majority of the infrastructure provision for strategic sites is identified as being developer funded, although the Schedule will need amendment as it is intended that some items listed will be funded through CIL (e.g. off-site adult recreation). The CIL viability testing has attempted to take into account the exceptional costs associated with the strategic sites (where known) in order to ensure that a CIL rate can be charged that does not adversely affect their viability.

(3) It is not agreed that there is not a need for CIL, although it is recognised that further work is required on refining the list of infrastructure set out in the Draft Infrastructure Plan (which is not just Appendix 1 of the LDP), establishing the 'funding gap' and identifying the site specific infrastructure that will be funded through Section 106. In this respect, an addendum report will be provided to supplement the Draft Infrastructure Plan produced for the LDP in July 2013.

Recommendation

Carry out further work on refining the list of infrastructure set out in the Draft Infrastructure Plan (July 2013), establishing the 'funding gap' and identifying the site specific infrastructure that will be funded through Section 106.

Respondent Number	457	Representation Number	5
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Support separate categorisation of strategic LDP sites and application of lower CIL rate to reflect higher development costs associated with delivery of these sites. However, question whether strategic sites would continue to be viable if CIL is applied at rate of £60 per sqm. The viability testing has been based on gross rather than net density figures - given that some sites will not be capable of development of 100% of the site area, a lower density figure or gross to net density allowance should be applied. In the case of Wonastow Road the development capacity of the site is limited and the overall density of development reduces to 13dph based on the overall site area. Consequently, the site would be unable to support the level of infrastructure costs anticipated by Chart 3.1 even at the lowest density calculation.</p>		
Requested Change	A lower density figure or a gross to net density allowance should be applied.		
LPA Response	<p>The representation may have misunderstood the testing approach, which uses a net development density and then recognises that not all the site will be developed. Wonastow Road gross area (excluding the non-developable part of the allocation that is in flood plain) is 19.61ha and net is 16.46ha. LDP allows for 450 dwellings which is 27dph net or 22 dph gross.</p>		
Recommendation	No change.		

Respondent Number	457	Representation Number	6
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Strategic sites - information on Site specific infrastructure costs are only best estimates and are subject to change as projects advance through the planning and design stages. Additional costs vary considerably between the strategic sites. Given the significant variations in development yield, site specific infrastructure costs and existing land values, question whether it is realistic to apply a uniform rate of CIL to all strategic sites (with the exception of Sudbrook Paper Mill). Need to ensure that CIL will not remove incentive for landowners to release land for development, will not adversely affect the viability of development schemes and will not dissuade developers from investing in Monmouthshire. If the Council intends to apply a single CIL rate to all strategic sites a cautious approach must be adopted to ensure the CIL falls below the lowest maximum potential CIL and a buffer is applied to ensure viability. Agree with 30% buffer applied subject to a review of the maximum potential CIL figures.</p>		
Requested Change	Review maximum potential CIL figures for the reasons set out above.		
LPA Response	<p>CIL viability has been refreshed, to include new information on strategic sites where available. Delivery on strategic sites is important to the success of the LDP and CIL rates will be set so that policy compliant delivery is not compromised.</p>		
Recommendation	No change.		

Respondent Number	457	Representation Number	7
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Broadly supportive of the geographical charging zones for residential development. However, question the charging zones in the context of an extension to a strategic site. For example, an extension of the site allocation at Drewen Farm, Monmouth would be subject to a higher CIL charge of £110 per sq m which covers the rest of rural Monmouthshire. Further consideration needs to be given to the practical future application of CIL to ensure sufficient flexibility is allowed within the terms of the charging schedule to allow the Council to apply the CIL rate for strategic sites to any proposed extensions to those sites upon the grant of planning permission.</p>		
Requested Change	<p>Welcome further clarification on this point within the Draft Charging Schedule to ensure such proposals are not penalised through the application of higher CIL rate based on strict application of the geographical charging zones.</p>		
LPA Response	<p>The lower CIL rate proposed for LDP strategic site allocations reflects the additional infrastructure costs of bringing these sites forward. Should there be future proposals to extend the existing Wonastow Road allocation further onto Drewen Farm land through a departure application then it would be expected that if planning permission were to be granted any initial additional opening up costs would have been met in developing the original allocation. The viability testing of case study sites can only relate to sites that have been allocated through an adopted development plan. It is considered appropriate that should any sites come forward outside the development plan process that they should meet the general CIL charge based on the charging zone in which the site is located.</p>		
Recommendation	No change.		

Respondent Number	457	Representation Number	8
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>Object to the proposed application of a zero CIL rate to non-residential uses across Monmouthshire. Question the land value assumptions for non-residential development which underpins these findings. The same land value is applied to both town centre offices and out of centre retail warehouse, despite the likelihood that town centre uses would involve redevelopment of brownfield land and out of town retail would likely occupy greenfield land. Non-residential land values are considerably higher than comparable site values for residential use meaning that the Council is inconsistent in its assumptions. Therefore unable to support the assumptions and methodology within the viability assessment. Where opportunities exist to secure strategic infrastructure funding through development, the Council should explore these in full and seek to spread the burden across all viable forms of development.</p>		
Requested Change	<p>Need for a consistent approach between non-residential and residential land values to enable a fair comparison between the development costs of all schemes and their ability to contribute towards the strategic infrastructure costs through CIL.</p>		
LPA Response	<p>It is common for land values for different uses to vary, reflecting the value of the uses. There is no inconsistency in this approach. There is not a zero rate for all non-residential development. A CIL rate of £200 per sqm is being proposed for out of centre A1 retail uses. In terms of a zero retail rate for other non-residential uses, this has little to do with land values – in most cases it is the values that are not sufficient to cover the costs of development, let alone cost of land. Of the 13 non-residential uses tested only the retail uses have a positive residual land value. This viability position in terms of negative residual values is demonstrated in the local market where there has been little activity in terms of non-residential uses coming forward on a speculative basis.</p>		
Recommendation	No change.		

Respondent Number	457	Representation Number	9
Respondent Name	Alistair Macdonald (RPS)		
Respondent Organisation	Bovis Homes Ltd		
Summary of Response	<p>(1) Unable to judge whether or not the Council has achieved an acceptable balance between infrastructure funding and economic viability in view of the failure of the Regulation 123 list to define strategic infrastructure requirements and the associated costs which justify CIL.</p> <p>(2) Also concern that if development costs are too prohibitive / fail to provide adequate return for developers sites may remain undeveloped.</p>		
Requested Change	Review and update the evidence base to enable a fair assessment as to whether the PDCS is appropriately balanced.		
LPA Response	<p>(1) It is recognised that further work is required on refining the Regulation 123 list and identifying strategic infrastructure projects.</p> <p>(2) The viability testing has been carried out to attempt to ensure that the CIL rate does not prevent development coming forward in the County. The 'balance' has been achieved through a thorough review of viability across a range of site types. Where necessary, the testing is being updated and refined to meet some of the concerns raised.</p>		
Recommendation	Carry out further work on refining the list of infrastructure set out in the Draft Infrastructure Plan (July 2013), establishing the 'funding gap' and identifying the site specific infrastructure that will be funded through Section 106.		

Respondent Number	458	Representation Number	1
Respondent Name	Huw Jones (Turley)		
Respondent Organisation	ALDI Stores Ltd		
Summary of Response	The application of CIL and the evidence base underpinning the Draft Charging Schedule should be in accordance with Government guidance and statutory provisions including PPW and CIL Regulations. We trust that the LPA has considered all relevant guidance in preparing their PDCS. It is important that the implemented Charging Schedule provides robust, clear and concise guidance.		
Requested Change	No change requested.		
LPA Response	Comment noted. It is considered that the CIL proposals have been prepared in accordance with the appropriate regulations, guidance etc.		
Recommendation	No change.		

Respondent Number	458	Representation Number	2
Respondent Name	Huw Jones (Turley)		
Respondent Organisation	ALDI Stores Ltd		
Summary of Response	<p>Concerns regarding the proposed A1 out of centre retail levy rate (£200 per sq m) and the use of five specific retail typologies. National food operators do not all operate the same business models - at present the proposed charges are not reflective of this (reference made to Examination of the Plymouth CC CIL Charging Schedule). ALDI operate a model based on high levels of efficiency and low overheads, providing accessible low-cost goods. A high CIL rate could impact on the viability of the business and deter future investment resulting in a loss of key discount retail provision within the County. If the LPA does not make a distinction between different sizes and categories of retail development, the CIL change must be made viable so as not to prejudice a particular retail use, irrespective of the size/type of retailer.</p>		
Requested Change	<p>Further justification is required regarding the proposed retail levy in terms of the intended amount and approach.</p>		
LPA Response	<p>The CIL rate cannot be set according to a specific operator's business model as this would provide a competitive advantage and would therefore be contrary to regulation and state aid rules. However, different sizes of store have been considered (small convenience store and small supermarket) in different locations. The small supermarket example is a very similar size to many larger Aldi stores and is therefore representative of this particular operator and more importantly of the type of stores most likely to come forward within Monmouthshire over the Plan period. The evidence used to provide values for supermarkets is across all operators and therefore to some degree the rental values and yields for Aldi are also already taken into account (as set out in the Non-Residential Addendum, September 2015). Therefore it is considered that an appropriate range of retail typologies have been tested and that the evidence that supports the rate is appropriate and robust.</p>		
Recommendation	<p>No change.</p>		

Respondent Number	458	Representation Number	3
Respondent Name	Huw Jones (Turley)		
Respondent Organisation	ALDI Stores Ltd		
Summary of Response	Monitoring/ Early Review: Trigger points whereby a review of CIL is required are not stated in the evidence presented. This is important in order to provide certainty to investors.		
Requested Change	Provide trigger points to indicate when a review of CIL would be required.		
LPA Response	<p>The CIL Guidance states that: 'Charging authorities must keep their charging schedules under review and should ensure that levy charges remain appropriate over time. For example charging schedules should take account of changes in market conditions, and remain relevant to the funding gap for the infrastructure needed to support the development of the area.'</p> <p>Government does not prescribe when reviews should take place. However, in addition to taking account of market conditions and infrastructure needs, charging authorities should also consider linking a review of their charging schedule to any substantive review of the evidence base for the relevant Plan. It seems, therefore, that it would be appropriate to carry out a review of CIL at the same time as the LDP is reviewed (generally to commence four years after adoption unless there are exceptional circumstances). It is difficult to see how precise 'trigger points' could be established for reviewing the CIL charge (and none are prescribed in government guidance) although land values and build costs will be kept under regular review. The LDP Annual Monitoring Report provides a vehicle for this and an annual report is also required on how CIL is spent.</p>		
Recommendation	No change.		

Respondent Number	458	Representation Number	4
Respondent Name	Huw Jones (Turley)		
Respondent Organisation	ALDI Stores Ltd		
Summary of Response	Lack of clarity on what basis additional S106 contributions would be sought for retail development following the adoption of CIL.		
Requested Change	Clarify what basis additional S106 contributions would be sought for retail development following adoption of CIL.		
LPA Response	<p>Section 106 contributions will be established on a case by case basis depending on the infrastructure necessary to bring a development forward. The Draft Regulation 123 List indicates that sustainable transport improvements and town centre improvements (two items that commonly require contributions from retail developments) will be funded through CIL. If this is carried through to final Regulation 123 List then Section 106 contributions will no longer be required for such items. The viability testing has included a sufficient buffer (greater than 50% for both supermarkets and retail warehouses) to ensure that viability is not adversely impacted by the proposed CIL charge.</p>		
Recommendation	No change required.		

Respondent Number	458	Representation Number	5
Respondent Name	Huw Jones (Turley)		
Respondent Organisation	ALDI Stores Ltd		
Summary of Response	Lack of detail on the intended administrative costs and processes.		
Requested Change	Helpful if the LPA could outline within the PDCS the intended administrative costs and processes.		
LPA Response	<p>The CIL Regulations indicate that a charging authority can spend up to 5% of the total levy receipts on administrative expenses. The precise arrangements for administering CIL remain to be determined and it is not considered necessary to establish them at this stage. Charging authorities are required to publish an annual report on how CIL money has been spent. That would be the opportunity for scrutiny of any administrative costs that arise and it not considered necessary or appropriate to publish intended costs at the present time. Similarly, precise administrative processes have not yet been established. The amount to be spent in a locality will depend on the Council's priorities as set out in its Infrastructure Plan, which will be prepared in consultation with local communities. It would be hoped that the County Council and Town and Councils would be able to align their priorities to ensure that the best use is made of available resources. A protocol for liaising and consulting with local communities and deciding on spending priorities will be developed as CIL is progressed.</p>		
Recommendation	Prior to the adoption of CIL, develop a protocol for liaising and consulting with local communities and deciding on spending priorities.		

Respondent Number	459	Representation Number	1
Respondent Name	Mrs Jeana Hall		
Respondent Organisation	N/A		
Summary of Response	No to wind turbines - uneconomical to build/run.		
Requested Change	No change.		
LPA Response	Comment noted. This is not a matter for the CIL process.		
Recommendation	No change necessary.		

Respondent Number	459	Representation Number	2
Respondent Name	Mrs Jeana Hall		
Respondent Organisation	N/A		
Summary of Response	Only concern is that just 15% of CIL money will go to the community involved. This is too low and very open ended.		
Requested Change	No change requested.		
LPA Response	The allocation of 15% of the CIL monies raised in a locality to the town or community council in which the development takes place is set out in the Regulations. This is not to say that additional money will not be spent in that town or community council area. The amount to spend in a locality will depend on the Council's priorities as set out in its Infrastructure Plan, which will be prepared in consultation with local communities.		
Recommendation	No change necessary.		

Respondent Number	460	Representation Number	1
Respondent Name	Glenn Evans (Strategic Support Manager)		
Respondent Organisation	Aneurin Bevan Health Board		
Summary of Response	Supports the proposals set out in the PDCS.		
Requested Change	N/A		
LPA Response	Support noted.		
Recommendation	No change necessary.		

This page is intentionally left blank

**MONMOUTHSHIRE
COUNTY COUNCIL –
CIL VIABILITY
ASSESSMENT**

**Updated viability
evidence for
development of a
Community
Infrastructure Levy
Charging Schedule**

Three Dragons
September 2015

Draft Report



This report is not a formal land valuation or scheme appraisal and should not be relied upon as such. The report has been prepared using the Three Dragons residential toolkit and is based on local authority level data supplied by Monmouthshire County Council, consultations and quoted published data sources. The models used provide a review of the development economics of illustrative schemes and the results depend on the data inputs provided. This analysis should not be used for individual scheme appraisal. No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report unless previously agreed.

CONTENTS

CONTENTS

EXECUTIVE SUMMARY.....	5
1 Introduction.....	7
2 Viability testing – residential development.....	16
3 Viability Testing – notional 1 ha tile	25
4 Residential viability testing – Case Study Sites.....	28
5 Residential Viability Conclusions	44

ANNEXES

1. Benchmark Land Values
2. Testing Assumptions
3. Case study profiles
4. Development Industry Workshops 18th March – notes
5. 1 ha Notional Sites Results
6. Case Study Results
7. Non-residential Testing Assumptions and Results

EXECUTIVE SUMMARY

1. The Monmouthshire County Council Viability Assessment update provides the Council with evidence to assist it in drawing up a draft Community Infrastructure Levy (CIL) charging schedule for examination. This update builds upon the July 2014 Viability Study used to inform the CIL Preliminary Draft Charging Schedule (PDCS) published in February 2015 and takes account of the changes in costs and values affecting development in Monmouthshire generally, as well as changes to specific infrastructure requirements for strategic sites. It also undertakes the viability testing on the affordable housing components on the same basis as the November 2014 Monmouthshire Affordable Housing SPG, which has been published in draft since the last viability study was undertaken.
2. This report should be read in conjunction with the separate viability testing update for non-residential uses undertaken by Peter Brett Associates.
3. Residential development has been tested through notional 1 ha tiles and through case studies representative of the development planned to take place in Monmouthshire. The notional 1 ha tiles are used to test development on a common basis, which allows the effects of different market areas and different densities to become apparent. The case studies include the seven strategic sites identified in the Local Development Plan as well as other sites, including those planned to provide high proportions of affordable housing.
4. Including a 30% 'buffer', the potential residential development CIL rates that the Council may now like to consider are:
 - A standard CIL charge of £80/sq m for strategic sites generally plus non-strategic development of 4 dwellings or more in Severnside, except for:
 - Deri Farm, with a CIL of £60/sq m;
 - Fairfield Mabey, sites of less than 4 dwellings, sites with over 35% affordable housing and retirement housing which are all £0 rated;
 - And other non-strategic development of 4 dwellings or more elsewhere in Monmouthshire which is £120/sq m.
5. These rates provide a simple framework of charges and preserve a substantial buffer for the majority of strategic sites, which will help to ensure delivery.
6. On a 'typical' 95 sq m market house the proposed charges would be £7,600 where the £80/sq m rate applies and £11,400 where the £120/sq m rate applies. This would be in addition to the typical £1,000/dwelling residual s106 and any of the obligations affecting development on the strategic sites. This compares to the current typical s106 payments of £6,000-£7,000 per dwelling, indicating much of the development in Monmouthshire will be paying more under CIL than s106, particularly non-strategic development in higher value areas. Smallest sites will be unaffected by CIL.
7. CIL will remain a small part of the development costs and value – e.g. CS13c 10 dwellings in Abergavenny with CIL of £120/sq m would have an estimated CIL charge of approximately

£92,500 which is 5.5% of total scheme development cost (excluding land purchase) and 4.4% of gross development value.

DRAFT

1 INTRODUCTION

1.1 Three Dragons was commissioned by Monmouthshire County Council in 2015 to produce this updated CIL Viability Assessment. This document should be read in conjunction with the Council's forthcoming Infrastructure Plan and regulation 123 list, which will specify the funding gap that CIL will go towards and the type of infrastructure to be funded by CIL. The forthcoming planning obligations SPG will provide further detail on the residual s106/278 requirements.

1.2 This report should also be read with the separate Peter Brett Associates report on non-residential viability, which provides recommendations for non-residential CIL rates¹.

Purpose of the Economic Viability Assessment

1.3 The viability evidence provided in this report is to assist Monmouthshire County Council in determining a proposed Community Infrastructure Levy (CIL) charging schedule for residential and non-residential uses.

1.4 The viability testing for this report has been designed to assess:

- The amount of CIL that residential development can afford.
- Whether there are differences in viability across the county, sufficient to justify different CIL rates.

1.5 The current viability assessment builds on a suite of earlier viability studies. There was an Affordable Housing/Strategic Viability Study in 2010, with additional analysis of the then identified strategic sites in 2011 and a further update in 2012. These formed part of the evidence base in setting the housing policies in the Local Development Plan and have been through the examination process. In July 2014, Three Dragons and Peter Brett Associates undertook residential and non-residential viability testing² and this was used to inform the Monmouthshire Preliminary Draft Charging Schedule (PDCS).

1.6 This updated viability evidence takes account of changes in values and costs since 2014 as well as the new Affordable Housing SPG, which provides direction about the value of affordable housing to mixed tenure schemes.

The Community Infrastructure Levy (CIL)

1.7 The CIL regulations allow charging authorities to set different rates set out in £s per sq metre (or £/sq m) of net additional floorspace for different uses and for different zones – provided these can be clearly identified geographically³. CIL is set out as £s /sq m for developments of 1

¹ PBA, 2015, Monmouthshire County Council Community Infrastructure Levy Viability Assessment Addendum – Update of Non-residential Viability Assessment.

² Three Dragons and Peter Brett Associates, 2014, Viability Evidence for development of a Community Infrastructure Levy Charging Schedule

³ Regulation 13

dwelling or more, or over 100 sq m additional non-residential floorspace. Exemptions include affordable housing, self-build and charities.

- 1.8 DCLG has provided Guidance for the Community Infrastructure Levy⁴, which was added to Planning Practice Guidance in June 2014. This guidance is applicable in Wales and England and explains that charging authorities should not set the rate at the margins of viability. A charging authority's proposed rate or rates should be reasonable, but there is no requirement for a proposed rate to exactly mirror the evidence (para 19). The Guidance has formalised the concept of a viability 'buffer' although it is not quantified (para 19).
- 1.9 The Guidance requires an area-based approach using a 'broad test of viability' using 'appropriate available' evidence (para 19). The testing should include an appropriate range of types of sites across its area, including strategic sites (para 19), with appropriate costs (para 20).
- 1.10 The CIL Guidance explains that the regulations allow charging authorities to apply differential rates for the Levy by geographic zones, development type and scale of development, provided this is justified by the viability evidence (para 21). Undue complexity and state aid should be avoided (para 21)
- 1.11 There will still be s106 contributions in order to make the development acceptable in planning terms. These will have to meet the three tests:
- Necessary to make the development acceptable in planning terms
 - Directly related to the development
 - Fairly and reasonably related in scale and kind to the development
- 1.12 An allowance for residual s106 contributions have been included within the viability assessments.

Guidance on plan viability testing

- 1.13 Guidance has also been published to assist practitioners in undertaking viability studies for policy making purposes – “Viability Testing Local Plans - Advice for planning practitioners”⁵ (the Harman Guide): The approach to viability testing in the Viability Assessment follows the principles set out in the advice. The advice re-iterates that:

“The approach to assessing plan viability should recognise that it can only provide high level assurance.”

- 1.14 The Advice also comments on how viability testing should deal with potential future changes in market conditions and other costs and values and states that:

“The most straightforward way to assess plan policies for the first five years is to work on the basis of current costs and values”. (page 26) but that:

⁴ Department for Communities and Local Government (DCLG) , February 2014, Community Infrastructure Levy Guidance,

⁵ The guide was published in June 2012 and is the work of the Local Housing Delivery Group, which is a cross-industry group, supported by the Local Government Association and the Home Builders Federation.

“The one exception to the use of current costs and current values should be recognition of significant national regulatory changes to be implemented.....” (page 26)

- 1.15 This viability assessment has been undertaken in compliance with the CIL regulations and guidance.

Local Plan Policies

- 1.16 The Council adopted the Local Development Plan in 2014. This will guide the future development of Monmouthshire up to 2021. This plan was examined in 2013 and contains current information which is pertinent to this viability assessment and policies that may affect viability. These policies have been reviewed as part of this work and taken into account as part of the viability assessments.
- 1.17 The relevant policies are described in brief in this section of the report. The adjustments to the viability testing in response to the policies are set out in the testing assumptions section.
- Policy S1 sets out the spatial distribution of new housing provision. This has been used to inform the case studies used for the viability testing.
 - Policy S4 states that the affordable housing requirement is 35% for developments of 5 or more dwellings except in Severnside where 25% is required; main villages where 60% is required for 3 or more dwellings; minor villages where 75% is required for 4 dwellings and 66% is required for 3 dwellings. These requirements have been included within the testing.
 - Policy S7 describes the obligation for development to make appropriate on or offsite provision of infrastructure; and that if there are viability issues, provision of affordable housing will generally take precedence over other infrastructure obligations. The narrative following Policy S7 states that *“It is considered that the LDP strategic sites can be delivered without the need for CIL as each site has specific infrastructure requirements that can be dealt with through a standard Section 106 Legal Agreement.”* Viability testing has therefore used policy compliant affordable housing proportions and has included known site-specific infrastructure requirements as well as a more general allowance for bringing the strategic sites forward for development.
 - Policy S12 requires new development to demonstrate sustainable and efficient resource use. We have used build costs that will include current requirements.
 - Policy CRF2 Outdoor Recreation/Public Open Space/Allotments describes the standards sought by the Council: outdoor playing space of 2.4 hectares per 1,000 population and 0.4 hectares of public open space per 1,000 population; 0.25 hectares of allotment space per 1,000 population (strategic sites and 50+ dwellings only) – i.e. 3.05 ha/1,000 people for larger sites and 2.8 ha/1,000 for smaller sites. With an average household size of 2.35 in Monmouthshire, 1,000 people is equivalent to 425 households – indicating that approximately 0.7 ha of open space is required per 100 dwellings.
 - Policy SD4 states that development will include Sustainable Urban Drainage Systems (SUDS). This is part of normal development good practice.
 - Policy MV1 states that development that is likely to have a significant transport impact must have a Transport Assessment with a Transport Implementation Strategy. If there will be a

significant additional traffic then highway improvements or traffic mitigation will be required.

- Policy MV2 states that development will include appropriate sustainable transport links, including public transport, walking and cycling.
- Allocated sites – there are seven strategic sites in the County, which are planned to take approximately 2,000 dwellings out of the 3,349 planned dwellings yet to be completed. The importance of these sites to delivery of the Plan means that they will need to be specifically included within any viability modelling. They are described in detail in the following policies:
 - Policy SAH1 deals with the Deri Farm strategic site and requires that electricity pylons are removed and lines undergrounded; sustainable transport links are provided to Abergavenny centre and that there is a landscape buffer along the northern edge of the site. This is accounted for in the site specific costs and the gross to net developable land area.
 - Policy SAH2 deals with the Crick Road strategic site and requires that 1 hectare of employment land is provided and that there is pedestrian access to Portskewett and Caldicot.
 - Policy SAH3 deals with the Fairfield Mabey strategic site and requires that 3 hectares of employment land is provided (with four starter units financed by an adjacent development), that necessary offsite highway and pedestrian works are undertaken, that there will be a riverside path and that there will be a buffer strip along the River Wye.
 - Policy SAH4 deals with the Wonastow Road strategic site and requires that 6.5 hectares of employment land is provided and that necessary offsite highway works are undertaken.
 - Policy SAH5 deals with the Rockfield Farm strategic site and requires that 2 hectares of employment land is provided, that the masterplan takes account of the SINC on site, that necessary offsite highway works through Magor and Undy are undertaken and that there are contributions to community facilities.
 - Policy SAH6 deals with the Vinegar Hill strategic site and requires that necessary offsite highway works are undertaken and that there are contributions to community facilities.
 - Policy SAH7 Sudbrook Paper Mill deals with the Sudbrook strategic site. There are no specific requirements beyond the housing numbers.

1.18 In addition to these policies, the Council has advised that Rockfield Farm and Vinegar Hill are required to provide sections of the Magor-Undy bypass and this has been included as part of the assessment.

Affordable Housing SPG

1.19 Monmouthshire County Council produced a draft Affordable Housing SPG in November 2014. This includes requirements that affordable housing floor areas meet DQR standards and that the provision of affordable housing through s106 on mixed schemes is undertaken at 42% of

the Welsh Governments Acceptable Cost Guidance (ACG) values⁶. The viability testing takes this into account:

- Although there are no explicit space standards for DQR, Monmouthshire County Council has provided floor areas for DQR-compliant affordable housing; and these floor areas have been used in the testing.
- The affordable housing values used in the testing use 42% of the values set out in the 2015 ACG, based on the appropriate ACG geography band. The ACG bands are not coterminous with the value zones used in the rest of the testing and so where a value zone spans more than one ACG band, the lower ACG band is used.

Preliminary Draft Charging Schedule

1.20 The Monmouth CIL Preliminary Draft Charging Schedule was published in September 2014. This proposed the following CIL rates.

Category	Geographical Area	CIL rate per square metre
(1)	Strategic LDP Sites* <ul style="list-style-type: none"> • Deri Farm, Abergavenny (SAH1) • Crick Road, Portskewett (SAH2) • Fairfield Mabey, Chepstow (SAH3) • Wonastow Road, Monmouth (SAH4) • Rockfield Road, Undy (SAH5) • Vinegar Hill, Undy (SAH6) 	£60
(2)	Non-strategic sites in the Main Towns of Abergavenny, Chepstow and Monmouth and the Rural Rest of Monmouthshire** except for Category (5) sites.	£110
(3)	Non-strategic sites in Severnside settlements***	£60
(4)	Sudbrook Paper Mill Strategic Site (SAH7)	£0
(5)	Sites in Main and Minor Villages, including those identified in Policy SAH11, that are required to provide above 35% affordable housing	£0
(6)	Retirement Housing	£0

⁶ <http://gov.wales/docs/desh/publications/150401-acceptable-cost-guidance-en.pdf>

Preliminary Draft Charging Schedule Representations

1.21 Monmouthshire County Council consulted on the CIL Preliminary Draft Charging Schedule in 2015. Representations mainly focused on aspects of the viability evidence and included included:

- Concern that land value benchmarks are inconsistent or too low.
- Agreement with a 30% viability buffer.
- Viability testing inconsistent with the affordable housing value requirements in the Affordable Housing SPG.
- Concern that CIL rates are too high, with strategic sites and Severnside highlighted.
- Questioning the premium value attached to riverside housing in Chepstow.
- The need to include circulation space for flats and garages for houses.
- Opening up costs should be increased.
- Developer profit should be higher and internal rate of return (IRR) used as the profit measure.
- Use of the strategic site specific costs within the testing.
- Residual s106/278 of £1,000/dwelling is too low.
- CIL exemptions and lack of detail in the draft Regulation 123 list

1.22 This updated Viability Study responds to these representations as follows.

Land Value Benchmarks

1.23 The viability assessment continues to use a premium over existing use as the basis for establishing land value benchmarks, set within the context of appropriate comparables where these are available. It is important to note that the benchmarks represent the *lowest* price that land owners will release land for development, not the highest price (which is typically represented by unfiltered market values). Representations provide evidence of land values in Newport and for schemes with no affordable housing which we do not consider provide more appropriate evidence than that provided by Land Registry for Monmouthshire. Further discussion about the issues around setting a land value benchmark and the evidence used can be found in Section 2 of this report and in Annex 1.

Viability Buffer

1.24 The comment is noted and the buffer retained.

Affordable Housing SPG

1.25 The implications of the new SPG have been discussed with the Council and the updated testing includes values at 42% of ACG and DQR compliant affordable housing space standards, as in the SPG.

CIL rate recommendations

- 1.26 The basis of the comments about recommended CIL rates included some confusion about gross and net development areas, as well as an emphasis on whether a limited set of development typologies were viable in Severnside. However, the comments about CIL rates are noted and considered in the updated viability appraisals.

Waterside Premium in Chepstow

- 1.27 Further work has been undertaken in relation to asking prices on the Severn Quays waterside site. This indicates that there is a premium over 'standard' Chepstow values. Therefore the appraisals have continued to use a conservative uplift assumption (equivalent to a 6% uplift) for the Chepstow strategic waterside site (SAH3).

Circulation Space for Flats, and Garages

- 1.28 Updated testing includes 10% circulation for 1-2 story flats.
- 1.29 In relation to garages it should be noted that there is no policy requirement for garages and that there is an expressed preference for car ports instead (MCC, 2013, Domestic Garages SPG). However, the relatively generous build costs provided by BCIS together with the allowance for external works will encompass the cost of providing garages on a proportion of dwellings if developers choose to make this provision. Therefore no changes have been made in the appraisals in relation to garages.

Opening Up Costs

- 1.30 The allowances used for opening up costs are based on experience and review of scheme costs elsewhere, and discussed as part of the 2014 developer workshop. It is clear that the opening up costs referred to in the representations have a broader definition and also include costs already allowed for in the viability testing, such as external works, residual s106 and site specific infrastructure allowances. Taken together, these allowances are more generous than the amounts suggested in the representations. Therefore no changes have been made in the appraisals for opening up costs (except for some updated information on site specific infrastructure received from some scheme promoters).

Developer Return

- 1.31 In the representations Savills have argued for higher developer returns including a 20% return for affordable housing. The developer returns of 20% for market housing and 6% for affordable housing were discussed in the developer workshop in March 2014. This discussion also noted that Savills had agreed 20% for market housing and 6% return for affordable housing as a statement of common ground for the Caerphilly CIL and it is unclear why this should be different in Monmouthshire.
- 1.32 A 20% return for market housing and 6% return are commonly accepted at recent CIL examinations⁷. The issue for profit benchmarks is determining an acceptable return for the likely risk, which is why a higher rate is required for market housing than the affordable

⁷ e.g. Wigan August 2015, Southend on Sea April 2015

housing, with lower risks resulting from sale agreed before construction. This required return against risk should not be conflated with the justifiable but entirely separate consideration of developers maximising returns for investors.

- 1.33 It should be noted that BCIS figures for build cost also include a contractor return, which in effect pushes up the overall return beyond the 20% and 6% used here. We note that the house builders' operating returns have generally been below 20% since before the recession.
- 1.34 The use of IRR⁸ as a measure instead of profit on GDV (as put forward in one representation on the PDCS) may have been discussed informally by practitioners forums but has not been accepted as the preferred measure either in the Local Housing Delivery Group Guidance, the Planning Practice Guidance, or in relation to CIL nor at recent examinations we are aware of.
- 1.35 Importantly, the Three Dragons Toolkit used for undertaking the viability appraisals in Monmouthshire includes a discounted cash flow function, and this is already used for the testing of the larger case studies. This explicitly takes account of investment and returns over time within the framework of a residual land appraisal.

Residual s106/278

- 1.36 The £1,000/dwelling estimate of the residual s106/278 has been provided by the Council as being a typical sum used to provide on-site children's' play and other minor requirements. This is based upon recent experience. Other items (such as education and sustainable transport) will be funded through CIL and therefore will not form part of s106/278.

Exemptions and R123 List

- 1.37 The decision to offer exemptions from CIL is up to the Council. The R123 list is outside the scope of this report and is being addressed separately by the Council.

Research evidence

- 1.38 The research which underpins the original and updated viability assessments includes:
- An analysis of publicly available data to identify the range of values and costs needed for the viability assessment. This includes land registry price data up to April 2015 and build costs from BCIS in September 2015;
 - Discussions with council officers from planning, estates and housing departments;
 - Analysis of information held by the authority, including a review of historic planning permissions, land sales and information on the strategic sites for development;

⁸ Generally, IRR is a corporate finance tool used to compare the attractiveness of different projects with different timings of investment and return. In its standard form it does not produce a useful output for a residual land value appraisal, partly as the amount available to pay for land is an input, not an output. Issues with IRR include no accepted benchmarks for acceptable IRR, sensitivity to small changes in assumed inputs, lack of agreed information on inputs, lack of transparency and therefore an impression of spurious accuracy when applied as part of an area wide viability analysis. Three Dragons has undertaken separate consultation with housebuilders in 2012/13 about the use of IRR as a measure and this failed to show any compelling case to use it against the more widely understood return on value.

- A workshop held in March 2014 with developers, land owners, their agents and representatives from a selection of registered providers in the area. 13 organisations were invited and seven organisations were represented at the workshop, in addition to the Council. A follow on note regarding land values and house prices was then circulated to the 13 organisations originally invited, with one comment received. Annex 5 provides a note of the workshop;
- Subsequent communication via the Council with landowners, developers and their agents of the strategic sites in Monmouthshire, used to collect information about specific costs associated with the sites;
- Further consultation on house prices in August/September 2015. March 2014 workshop attendees were contacted with updated house prices and telephone interview were undertaken with estate agents active in Monmouthshire.
- Use of the Three Dragons Toolkit, adapted for Monmouthshire to analyse scheme viability for residential development.

DRAFT

2 VIABILITY TESTING – RESIDENTIAL DEVELOPMENT

Principles

- 2.1 The viability testing uses a residual value approach, the principles of which are set out in the figure below.

Figure 2.1 Residual Value Approach

Total development value (market and affordable)	
	<i>Minus</i>
Development costs (incl. build costs and return to developer)	
	=
Gross residual value	
	<i>Minus</i>
CIL + planning obligations (including AH)	
	=
Net residual value (available to pay for land)	

- 2.2 To assess viability, the residual value generated by a scheme is compared with a benchmark value, which reflects a competitive return for a landowner. If the residual value is higher than the benchmark land value, the scheme is considered viable. This is considered through the testing of notional 1 ha tiles (used to test development on a common basis, which allows the effects of different market areas and different densities to become apparent) and through case studies representative of the development planned to take place in Monmouthshire.
- 2.3 Establishing suitable land value benchmarks is an important part of any viability testing. Welsh Government guidance⁹ states that viability is a key factor in striking the balance between collecting revenue and not setting rates too high (para 2.2); and that viability studies should concentrate on sites where the imposition of CIL may have an impact on viability (para 2.18). It is noted that land values across an area may already result in development becoming unviable or marginal and this needs to be considered (para 2.20). Land value benchmarks used in this study take account of the benchmarks used in the Local Development Plan evidence base, existing use values, Land Registry transaction evidence of local land transactions, recent transactions and the development industry feedback.
- 2.4 The setting of benchmark land values in Monmouthshire takes account of the existing or former uses of the sites. Where the notional site is within an urban area or on a brownfield site outside an urban area the threshold land value uses a premium over industrial land values (as this is the likely former or alternative use) and where the site is a greenfield allocation the

⁹ Welsh Government, 2011, Community Infrastructure Levy Preparation of a Charging Schedule,

threshold land value use a premium over agricultural land values. The benchmark land values used in this study are:

- £650,000 per gross ha for urban sites. This figure is 60% over the estimated industrial land value (a premium of 30% is normally considered a suitable incentive), has been discussed at the development industry workshop and is in line with the evidence base for the recently adopted Local Development Plan. This benchmark is also supported by the land transaction evidence although it is noted sale prices are either side of this value. This benchmark is above the comparables in lower value Caerphilly and Merthyr Tydfil¹⁰ (up to £500,000/ha used in the CIL viability assessments).
- £250,000 per gross ha for strategic greenfield sites. This is 15-20 times agricultural values, which is in the higher end of the range expected to incentivise greenfield land owners. In addition we assess the impact of a slightly higher benchmark at £300,000 per hectare.

2.5 The benchmarks are applicable across Monmouthshire as there is no clear evidence to vary them by location and the development industry indicated that a single set of benchmarks was appropriate.

2.6 Further detail on the information used to set the benchmark land values can be found in Annex 1.

Testing Assumptions

2.7 The key assumptions used in the analysis of residual values for both the 1 hectare and case study sites are presented below. These have been discussed as part of the development industry workshop in March 2014, with more recent discussion about house prices in August/September 2015 as part of the updating process. The updating process has also taken into account further information now available for the strategic sites, as well updated build costs from BCIS.

Table 2-1 Development Costs

Item	Rate	Notes
Build costs - Flats (1-2 storeys)	£1,097/sq m	Includes 15% for external works. BCIS with Gwent location weighting ¹¹ , 5 year median
Build costs - Houses (2 storeys)	£981/sq m	Includes 15% for external works. BCIS with Gwent location weighting, 5 year median

¹⁰ DCLG Live Table 581 states q3 2013 average house prices in Monmouthshire were £208,610 compared to £117,596 in Caerphilly and £103,066 in Merthyr Tydfil.

¹¹ Building Cost Information Service (BCIS) applies weightings to reflect varying build costs in different parts of the UK and continues to use Gwent as a defined area. The development industry workshop agreed that Gwent costs were suitable for Monmouthshire and other parts of South Wales

Item	Rate	Notes
Small sites build cost ¹² - Case studies 11, 15A, B & C - Case study 17 - Case study 20	£1,514/sq m £1,264/sq m £1,226/sq m	Based on the BCIS values for 'one-off developments': detached 2 storey houses (£1,397/sq m + external works), semi-detached houses (£991/sq m+ external works) and terraced houses (£983/sq m+ external works), based on the dwelling mixes used in the case studies. A 15% allowance for external works has been added.
Retirement housing	£1,168	Based on BCIS 5 year median 2 storey sheltered housing; includes 15% for external works.
Professional fees	12% of build costs for 1-3 dwellings; 10% of build costs for 11-50 dwellings 8% of build costs for 51+ dwellings	
Finance	6% of development costs	
Marketing fees	3% of market GDV	
Developer return (market)	20% of market GDV	For market housing
Contractor return (AH)	6% of build costs	For affordable housing
Stamp Duty Land Tax	Variable	Depends on land value
Agents/legal costs	2.5% of residual value	
Sprinklers	£3,075 houses, £879 flats	Source Welsh Government. Not required until Jan 2016
Base residual s106	£1,000 per dwelling	To cover play only, based on the MCC Interim Policy Guidance costs of public open space and children's' play.

2.8 In addition to these costs, an additional allowance has been made for development on the larger sites to reflect additional costs for site specific infrastructure (opening up costs). As discussed at the development industry workshop, this is £100,000 per hectare. This in addition to the 15% allowance for external works to cover standard site preparation and the provision of services within the site to the build plots, as well as frontage roads and landscaping etc.

¹² At the time of writing this report, FSB published a report on build costs for small sites (BCIS, 2015, Housing development: the economics of small sites). Three Dragons has reviewed this work and has taken up queries about the analysis and some of the data used with FSB and BCIS. To date this has not been resolved and so the build costs used in this assessment remain the published data presented in BCIS.

- 2.9 Expressed on a per dwelling basis, for a 'typical' 95 sq m dwelling the external works is c.£11,880¹³, and at 30 dph the opening up costs are £3,300 per dwelling¹⁴, producing a combined total of £15,180/dwelling for costs on larger sites. Added to this will be the site specific infrastructure costs for development on the strategic sites. This will vary depending on the information made available about the sites.
- 2.10 The costs in Table 2.1 above refer to a base residual s106 payment of £1,000 per dwelling, which will be for onsite open space and children's play (and is in addition to the build costs, external works and, where applicable, opening up costs). This compares to the current typical s106 contribution of £6,000-£7,000 per dwelling, which also includes contributions for adult recreation, sustainable transport and education. While the Council has yet to formally determine its approach to the use of CIL through a regulation 123 list, the Council has advised that the current intention is for adult recreation, strategic highways and education to be funded through CIL and that the £1,000 per dwelling will be the typical post-CIL s106 requirement for each household. In addition to this base residual s106 payment, the different strategic sites have their own specific s106 requirements and the cost of these¹⁵ have been included within the modelling for each of the sites.
- 2.11 In the analysis of the case studies (see chapter 4), we include additional costs for certain sites that the Council expects to be directly funded by the development through a s106 agreement.
- 2.12 In addition to having a separate build cost, retirement housing has 6% marketing costs and £120,000 empty property costs, sales are spread over three years and 25% of the GIA is communal space (i.e. non saleable). Affordable housing assumptions are the same as for general housing i.e. 42% of ACG. Retirement housing is assumed to have 18 months until first sale, with sales then spread over the next three years.
- 2.13 The build costs have decreased slightly since the 2014 viability testing. This confirms anecdotal evidence from around England and Wales that the immediate peak in build costs has passed.

Development Values

Market Housing Values

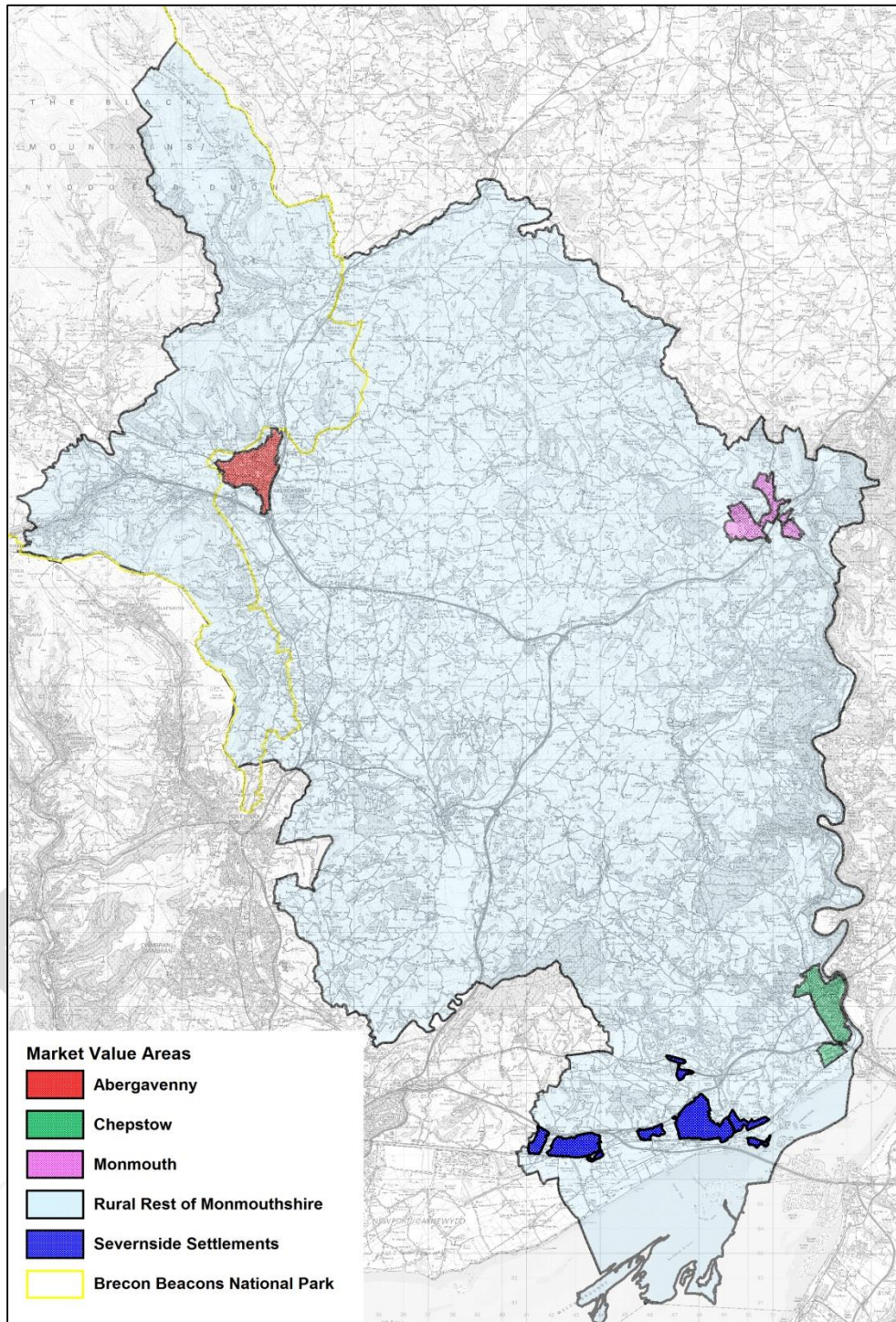
- 2.14 House prices vary within Monmouthshire and this viability study uses the value areas identified as part of the 2010 Affordable Housing Viability Study (AHVS) and accepted as being robust at the examination into the Council's Local Development Plan. These value areas were again discussed as part of the development industry workshop held in March 2014 and the house price analysis undertaken in 2014 and now in 2015 confirms that there are value variations between these areas.

¹³ The external works allowance is £125/dwelling sq m, multiplied by 95 sq m

¹⁴ £100,000 divided by 30

¹⁵ Estimates based upon contact with developers, discussions with Council Officers and reference to the costs used in the Schedule of Infrastructure Provision for Strategic Sites appended to the Local Development Plan.

Figure 2.2 House Price Areas in Monmouthshire



Contains Ordnance Survey data © Crown copyright and database right 2014

Severnside settlements are identified in Local Development Plan Policy S1 – Caerwent, Caldicot, Magor, Portskewett, Rogiet, Sudbrook and Undy. The ‘Rural Rest of Monmouthshire’ includes the main and minor villages and the rural secondary settlements (identified in Local Development Plan Policy S1) and open countryside.

2.15 The house prices used for this 2015 update take into account the values used in 2014 and assess recent data to determine whether they need to change. The process included the following tasks:

- Review of Land Registry price paid data for new build development in 2014 and 2015, plus 2013 for some locations where there was a particular paucity of data. The values were reviewed both at their original values and taking into account subsequent changes in the market (Land Registry’s House price index records an increase of 7% between January 2013 and June 2015, and an increase of 3% from June 2014 to June 2015).
- The Land Registry data was also assessed on a £/sq m basis in order to ensure that difference in dwelling sizes did not skew the estimates.
- House prices for new build dwellings currently for sale in Monmouthshire were reviewed against the data from Land Registry. Taking into account a discount from asking to achieved prices (estimated at 4%), this provides an up to date indication about prices as well as extending the range of data.
- The development industry was consulted about the proposed house prices to be used in the assessments. This process included circulation of a briefing paper to attendees of the 2014 workshop and telephone interviews with agents active in Monmouthshire¹⁶. Adjustments were made to the prices in response to the feedback about new build values.

2.16 Therefore the house prices used in this viability study update are based upon professional judgement informed by recent achieved new build prices, current new build dwellings for sale and the views of property professionals active in the area. The house price estimates are presented below. Clearly, individual dwellings may sell above or below these averages depending on their size and specific location.

Table 2-2a House prices for Monmouthshire Value Areas – per dwelling

Revised Dwelling Prices	Abergavenny	Chepstow	Monmouth	Severnside	Rural rest of Monmouthshire
1 bed flat	£115,000	£125,000	£125,000	£100,000	£115,000
2 bed flat	£130,000	£146,000	£140,000	£120,000	£130,000
2 bed terrace	£170,000	£175,000	£165,000	£140,000	£179,000
3 bed terrace	£195,000	£210,000	£195,000	£170,000	£200,000
3 bed semi	£210,000	£215,000	£200,000	£194,000	£210,000
3 bed detached	£215,000	£220,000	£210,000	£200,000	£224,000
4 bed detached	£310,000	£315,000	£302,000	£290,000	£343,000
5 bed detached	£375,000	£380,000	£333,000	£325,000	£395,000

Source Three Dragons analysis based on Land Registry Price Paid data for new build, current asking prices (with discount) price per sq m and industry consultation.

¹⁶ Responses were received from 7 agents active in Monmouthshire

Table 2-2b House prices for Monmouthshire Value Areas – £/sq m

£/sq m	Abergavenny	Chepstow	Monmouth	Severnside	Rural rest of Monmouthshire
1 bed flat	£2,556	£2,778	£2,778	£2,222	£2,556
2 bed flat	£2,364	£2,655	£2,545	£2,182	£2,364
2 bed terrace	£2,615	£2,692	£2,538	£2,154	£2,754
3 bed terrace	£2,438	£2,625	£2,438	£2,125	£2,500
3 bed semi	£2,471	£2,529	£2,353	£2,282	£2,471
3 bed detached	£2,529	£2,588	£2,471	£2,353	£2,635
4 bed detached	£2,385	£2,423	£2,323	£2,231	£2,638
5 bed detached	£2,419	£2,452	£2,148	£2,097	£2,548

Source Three Dragons analysis based on Land Registry Price Paid data for new build, current asking prices (with discount) price per sq m and industry consultation.

- 2.17 Compared to the values used in 2014, house prices have generally increased slightly, which also accords with the rise in the overall Land Registry house price index for Monmouthshire. The increase is not uniform and will apply to different dwelling types in different areas. Some dwelling types have seen no change and a minority have decreased in price.
- 2.18 Waterfront developments are known to create higher than average values. 2012 research¹⁷ states that prime UK waterfront properties have a 56% premium over inland equivalents, with estuary locations providing 85% premium, harbour locations 78%, coastal locations 52%, river locations 47% and lakeside 28%. While it is unclear to what extent these prime property uplifts will apply in Monmouthshire, it is likely that there will be increased values in water front sites in locations such as Chepstow. A conservative 25% premium (just under half of the average uplift suggested in the research) has been applied to a subset (25%) of dwellings assumed to have good river views for the Fairfield Mabey case study site, which is on the banks of the River Wye in Chepstow. The asking prices for the adjacent Severn Quays waterside site have been reviewed and these also indicate a premium over ‘standard’ Chepstow values. The Sudbrook Paper Mill case study site is also waterfront, but its location at the foot of the second Severn Crossing makes it a less likely candidate for this kind of uplift.
- 2.19 Small scale “one-off” developments (up to three dwellings) are also known to support higher values, related to the bespoke nature of this scale of development. While some one-off developments with special design and space standards will produce very high values, this viability assessment has sought to model dwellings that are similar to the types of dwellings that may also be built as part of larger developments. Based on experience, it has been assumed that these dwellings will command a 10% premium over their estate counterparts.

¹⁷ Knight Frank, 2012, How do waterfront locations affect prices?

2.20 The values used for modelling the retirement housing are in Table 2.3 below. These have been estimated using the guidance provided by the Retirement Housing Group¹⁸.

Table 2.3 Retirement Housing Values

	Abergavenny	Chepstow	Monmouth	Severnside	Rural rest of Monmouthshire
1 bed flat	£157,500	£161,250	£150,000	£145,500	£157,500
2 bed flat	£210,000	£215,000	£200,000	£194,000	£210,000

Affordable Housing

2.21 Policy S4 of the Local Development Plan sets out the requirement for affordable housing to be provided. The policy provides targets for affordable housing for the main settlements and for villages. The following extract shows the policy for the main settlements.

- *In Main Towns and Rural Secondary Settlements as identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 35% of the total number of dwellings on the site to be affordable.*
- *In the Severnside settlements identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 25% of the total number of dwellings on the site to be affordable.*

Source Policy S4 Local Development Plan

2.22 These affordable housing targets are used for testing the notional 1 ha tile (in chapter 3) and testing a range of case study sites (in chapter 4). There are further policies for provision of affordable housing in the Main and Minor Villages which we deal with in detail through a selection of case studies in chapter 4.

2.23 The affordable housing modelled using 42% of the values in the Welsh Government’s Acceptable Cost Guidance¹⁹, in line with Monmouthshire County Councils Affordable Housing SPG. The Acceptable Cost Guidance figures used are presented in Table 2.3 below

¹⁸ Retirement Housing Group, 2013, Community Infrastructure Levy and Sheltered Housing/Extra Care Developments briefing note

¹⁹ Welsh Government, 2015, Acceptable Cost Guidance/On Costs for use with Social Housing Grant Funded Housing in Wales.

Table 2-3 Acceptable Cost Guidance 2015.

	<i>Abergavenny, Severnside, Rural</i>	<i>Monmouth, Chepstow</i>
Unit Type	Band 4	Band 5
2P1B Flat	101,900	108,000
3P2B Flat	126,600	133,500
3P2B Bungalow	157,700	174,700
4P2B House	161,600	175,500
5P3B House	179,400	194,200
6P4B House	209,000	226,000

Source Welsh Government.

Types of testing

2.24 Two types of testing have been undertaken for the assessment:

- A notional 1 hectare site (at a range of densities from 30dph to 50dph); tested in the different value areas in Monmouthshire. This is used to explore the differences in viability between different locations and different densities of development, on a common basis.
- A series of 19 case studies ranging in size from 3 to 512 dwellings.

2.25 Results from the Notional 1 ha tile are reported in chapter 3 and results for the case studies, in chapter 4

3 VIABILITY TESTING – NOTIONAL 1 HA TILE

Introduction

- 3.1 This section of the report sets out the viability assessments for the 1 ha notional tiles, which are used to explore the underlying viability trends across the county.
- 3.2 The residual value of the notional 1 ha site is calculated using the Three Dragons Toolkit and then compared with the benchmark land value for the area, to estimate the surplus residual value potentially available for CIL.
- 3.3 We model the 1 ha tile in each of the value areas i.e. Severnside, Monmouth, Chepstow, Abergavenny and rural rest of Monmouthshire. The tile is tested for three different densities of development, as agreed with the Council and discussed at the industry development workshop. The three densities are 30 dwellings per hectare (dph), 40 dph and 50 dph. The dwelling mixes for the market housing reflect feedback from the development industry workshop and an analysis of development profiles from a sample of recent planning permissions provided by the Council.
- 3.4 For the affordable housing, the Council advised on the type of dwelling for the different affordable tenures, based on the mix at a recent scheme. These do not vary with scheme density. In practice the mix may vary depending on local circumstances.

Table 3.1a Dwelling mixes for the market units – at different development densities

	30 dph	40 dph	50 dph
	%s	%s	%s
1 bed flat			
2 bed flat		5%	10%
2 bed terrace		10%	15%
3 bed terrace	10%	25%	40%
3 bed semi	15%	35%	15%
3 bed detached	5%	5%	
4 bed detached	60%	20%	20%
5 bed detached	10%		

Table 3.1b Dwelling mixes for the affordable housing – as %s of total Affordable units – same for all densities

	Proportion of affordable dwellings
1 bed flat	22%
2 bed bungalow	3%
2 bed terrace	45%
3 bed terrace	25%
4 bed terrace	5%
Total	100%

Results for the notional 1 hectare tile

3.5 We tested at affordable housing policy percentages i.e. 35% in all value areas except Severnside, which was tested at 25% affordable housing. All testing was undertaken with a residual s106 requirement of £1,000 per dwelling, allowance for external works, and allowed for the provision of sprinklers - £879/flat and £3,075 per house.

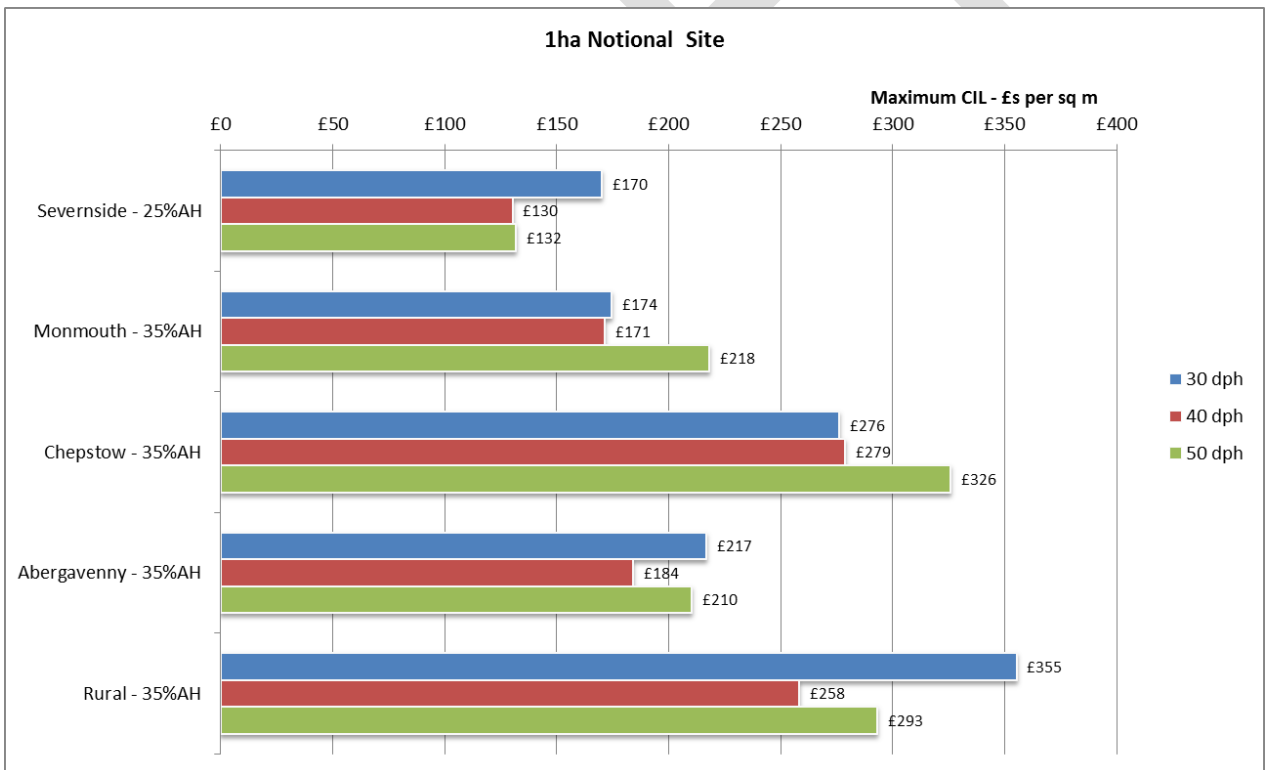
3.6 To arrive at the maximum potential CIL we:

- Identify the residual value of the scheme being tested;
- Deduct the land value benchmark to identify the ‘surplus’ value available for CIL;
- Divide the surplus by the area of the market dwellings (in £s per sq m)

3.7 Results for each value area are shown in chart 3.1 below, which assumes the standard urban sites land value benchmark of £650,000 per hectare (detailed results are shown in Annex 6).

3.8 Note that the figures presented are the *theoretical maximum CIL* that might be supported. In practice, guidance will require a buffer.

Chart 3-1: Maximum potential CIL for the 1 ha tile at 30 dph, 40 dph and 50 dph



3.9 Commentary:

- Residual values vary with the value area and density of development and hence there is considerable variation in the potential for CIL.
- Chepstow and the rural rest of Monmouthshire value area have the strongest viability with a CIL in excess of £300 per sq m potentially available for at least one development density.

- The potential for CIL is lower in the Monmouth and Abergavenny value area but even here, there is at least one development density in each value area that shows a potential CIL of over £200 per sq m.
- Severnside value area (which already has a lower affordable housing requirement – at 25%) shows a reduced potential for CIL. At most, this is £170 per sq m with the 30 dph development mix.

3.10 The PDCS proposed CIL rates for non-strategic sites of £110/sq m in Abergavenny, Chepstow and Monmouth and the Rural Rest of Monmouthshire (with the exception of development proposing over 35% affordable housing or retirement housing). It also proposes a CIL rate of £60/sq m for non-strategic sites in Severnside settlements. On the basis of this updated 1ha tile testing, both these rate remain sound and there is arguably some scope to increase them, subject to an appropriate buffer and the evidence of infrastructure funding requirements. However it is important to consider the other case studies before coming to a final view on this issue.

DRAFT

4 RESIDENTIAL VIABILITY TESTING – CASE STUDY SITES

Introduction

- 4.1 The Council has identified 21 case studies, varying in size from 3 to 450 dwellings, which reflect typical sites likely to be brought forward in Monmouthshire over the plan period. The selection of sites draws on the policies set out in the LDP and we emphasise the importance of case studies that illustrate sites making up a high proportion of the future housing supply.
- 4.2 Understanding the role of different site typologies is useful in assessing the importance of the viability results. The following is an extract from the LDP which highlights the importance of the strategic sites generally, as well as some importance of windfalls in the main towns and a greater importance of windfalls in the rural areas:
- The significant contribution from new site allocations (about 73% of total dwellings).
 - That windfall sites will make a larger contribution in the main towns of Abergavenny, Chepstow and Monmouth than in the Severnside settlements but in neither are they to be the main source of future supply.
 - Windfall sites are relatively important in the rural rest of Monmouthshire, particularly small windfall sites of less than 10 dwellings (59% of total dwellings in Rural Secondary Settlements and other rural areas excluding those built or with planning permission at 1 April 2013).

Table 4-1 Extract from Monmouthshire County Council Local Development Plan

Policy S2 – Housing Provision						
Provision will be made to meet a requirement for 4,500 residential units in the plan period 2011-2021. This need will be met by identifying opportunities for around 4,950 dwellings to enable a 10% flexibility allowance as follows:						
Settlements	a) Committed 1/4/2013	b) Completions 2011 - 2013	c) Large Site Windfall	d) Small Site Windfall	e) New Site Allocations	Total
Abergavenny	97	19	65	75	310	566
Chepstow	220	29	30	46	350	675
Monmouth	197	86	11	46	485	825
MAIN TOWNS	514	134	106	167	1145	2066
Caldicot	67	119	0	24	0	210
Portskewett	8	19	0	12	285	324
Magor/Undy	53	61	0	22	495	631
Caerwent	54	79	0	19	0	152
Rogiet	8	15	25	5	0	53
Sudbrook	3	4	46	1	190	244
SEVERNSIDE SETTLEMENTS	193	297	71	83	970	1614
Usk	5	11	0	17	20	53
Raglan	11	3	0	16	45	75
Penperlleni	8	1	45	3	65	122
Llanfoist	63	77	102	3	0	245
RURAL SECONDARY SETTLEMENTS	87	92	147	39	130	495
RURAL	218	73	14	277	200	782
TOTAL	1012	596	338	566	2445	4,957

4.3 We have divided the case studies into two groups – larger (allocated) strategic sites and small case studies and report on them separately below while Annexes 2 and 3 provide details of the assumptions used for the testing.

Larger strategic sites (Case Studies 1 to 7)

4.4 The larger strategic case studies mirror the strategic sites allocated in the LDP. They are:

- i. SAH1 Deri Farm Abergavenny
- ii. SAH2 Crick Road Portskewett
- iii. SAH3 Fairfield Mabey Chepstow
- iv. SAH4 Wonastow Road Monmouth
- v. SAH5 Rockfield Farm Undy

vi. SAH6 Vinegar Hill Undy

vii. SAH7 Paper Mill Sudbrook

4.5 In modelling larger schemes, there are a number of additional factors that have to be taken into account (and are referred to in the Advice for Planning Practitioners):

- The Advice for Planning Practitioners indicates that large scale schemes incur additional development costs that do not apply to smaller sites. We have already included a 15% uplift on build costs (identified by BCIS) for external works (local roads, pavements etc.). As discussed earlier this approximates to just over £12,000 per dwelling or in the order of £360,000 per hectare for a 30 dph scheme. We make a further allowance to cover items such as ground remodeling and bringing utilities to the site. We have made a standard allowance for these costs but recognise the figure used is an estimate and actual costs will vary from site to site. The additional costs are at £100,000 per net hectare. At a density of 30 dph this is about £3,300 per dwelling, which added to the £12,000 above takes the total cost per dwelling to well over £15,000.
- In other studies we have undertaken with strategic sites of 1,000 dwellings or more, we use a higher cost but for strategic sites of this scale and location (in relation to existing services), we consider the figure of £100,000 to be adequate. Two of the strategic sites (at SAH3 Fairfield Mabey and the SAH7 Paper Mill Sudbrook) are brownfield sites. In these cases the £100,000 per hectare is for site clearance etc. rather than bringing in new services etc.
- The developable area will sometimes be less than the gross area of the allocated site. The percentages used have been discussed with the Council and reflect site characteristics and how requirements for open space will be met. For Rockfield Farm and Vinegar Hill an allowance has been made on the advice of the Council for the land take for a Magor-Undy bypass.
- Completion of the schemes will take a number of years and this is reflected in the modeling process. Residual values have been calculated using the discounted cash flow facility within the Three Dragons Toolkit, using an appropriate discount rate. Amongst other factors, this takes account of rates of sale and the timings of costs and revenues.

4.6 Each strategic site has a series of requirements set out in the LDP which are to be funded through site-specific s106 agreements (and not through CIL). Where an issue is required by policy we have included it within the viability appraisal. Some sites have costs associated with making the site suitable for development (e.g. decontamination of brownfield land) and where these might reasonably be judged to form part of any due diligence we have assumed that they will feature in any negotiations about purchasing the land and the price adjusted accordingly – i.e. a cost to the landowner not a cost to the development or the community.

4.7 To obtain the best estimates for all these requirements we have consulted the Council who, in turn, wrote to all the scheme promoters following the development industry workshop in 2014 and more recently as part of this update in 2015. Where we have not been provided with up to date information, we have used information from the previous report that assessed the

strategic sites (Affordable Housing/Strategic Viability Study – 2011 update) and our own information sources. Costs include items such as transport, community facilities, moving power cables, specific greenspace requirements etc. It is not possible to itemise costs as some information has been provided on a confidential basis. In all cases, the costs shown are best estimates and will be subject to change when schemes are further advanced in design and planning terms. This is important when considering the use of a buffer in setting the CIL rate.

4.8 The Council has advised on changes to the costs borne by some strategic sites:

- SAH1 Deri Farm requires undergrounding/moving the overhead power lines across the site. Costs for undertaking this have increased from the £4m estimated in 2014 to £5m in this work.
- SAH3 Fairfield Mabey has been tested without and with the £1.7m cost of High Beech roundabout improvements, in addition to the other LDP requirements. These are *Scenario 1* and *Scenario 2* respectively. The Council has advised that it is *probable* that the roundabout improvements will not be required and therefore this is a sensitivity test rather than the anticipated outcome. The other site specific costs for Fairfield Mabey have increased to reflect the transfer of a cost item from CIL to s106 and increased cost estimates for other items.
- SAH5 Rockfield Farm and the adjacent SAH6 Vinegar Hill continue to be tested with different Magor bypass scenarios in addition to the other LDP requirements:
 - Non-frontage distributor road – c.£1.3m for Rockfield Farm and c.£1.5m for Vinegar Hill. This is *Scenario 1* for both of these sites.
 - By-pass standard road – c.£1.6m for Rock Field Farm and c.£1.9m for Vinegar Hill. This is *Scenario 2* for both of these sites.
 - Route safeguarded – adjustment to gross to net only and no direct cost for road construction. This is *Scenario 3* for both of these sites.

The Council has advised that it is probable that a by-pass will not be required (as the M4 relief road consultation is now taking place) and so a non-frontage road is the most likely requirement (Scenario 2).

- There have been minor changes to the cost of the ecology infrastructure required for SAH7 Sudbrook Mill.

4.9 SAH4 Wonastow Road is now partly consented. However it is not clear how the infrastructure costs are split between the consented and unconsented sections of the site and so the whole site is tested. Note that the consented sections is planned to have a slightly higher density and this has resulted in the overall dwelling numbers increasing from the 450 in the LDP (27 dph) to a new total of 512 dwellings (31 dph).

4.10 The following table summarises the key information we have used for the larger case studies, all the other assumptions are as for the notional 1 hectare scheme.

Table 4 – 2 Large Strategic Case Studies Characteristics

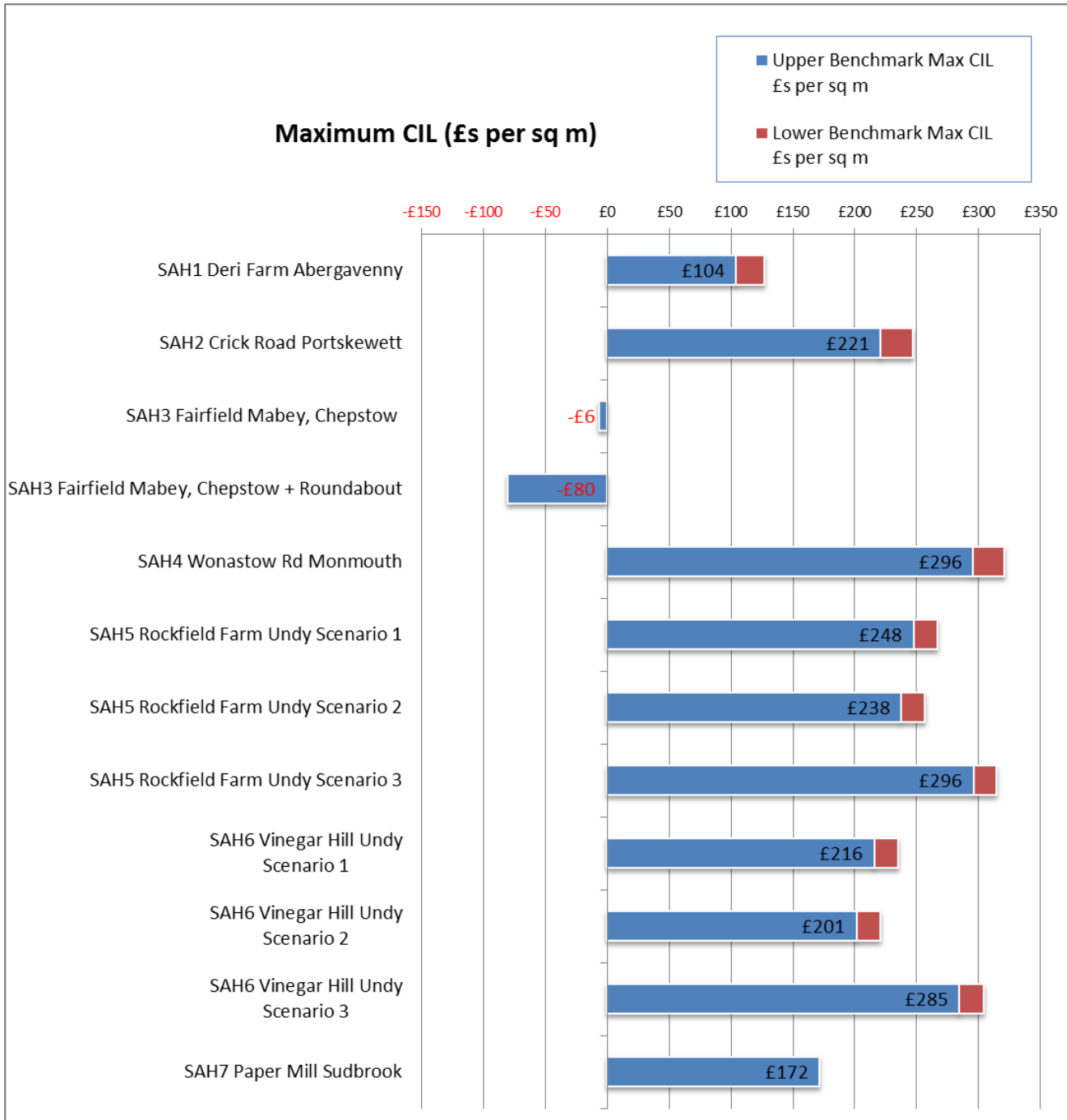
Name	Dwgs	gross ha	net ha	gross to net	dph	What mix?	market value area	% AH	BLV	delivery pa (starting 2015/16)	Opening up costs	Strategic Sites specific costs
SAH1 Deri Farm Abergavenny	250	8.7	7.7	89%	32	30 dph	Abergavenny	35%	£250,000	20pa in yr 1, 40 pa after	£100,000/net ha	£5,250,000
SAH2 Crick Road, Portskewett (Severnside)	285	9.95	7.7	77%	37	40 dph	Severnside	25%	£250,000	55pa	£100,000/net ha	£120,000
SAH3 Fairfield Mabey, Chepstow	350	13.1	9.50	73%	37	40 dph	Chepstow	35%	£650,000	45pa in yr 1, 90 pa after	£100,000/net ha	Two scenarios £5.55m/ £7.24m
SAH4 Wonastow Road, Monmouth	512	19.61	16.46	84%	31	30 dph	Monmouth	35%	£250,000	62pa in yr 1, 100 pa after	£100,000/net ha	£420,000
SAH5 Rockfield Farm, Undy (Severnside)	270	9	8.20	91%	33	30 dph	Severnside	25%	£250,000	55pa	£100,000/net ha	Three scenarios £1.7m/£1.97m/ /£0.4m
SAH6 Vinegar Hill, Undy (Severnside)	225	7.81	7.81	100%	29	30 dph	Severnside	25%	£250,000	50pa	£100,000/net ha	Three scenarios £2.0m/£2.32m/ /£0.45m
SAH7 Paper Mill, Sudbrook, (Severnside)	190	6.6	6.6	100%	29	30 dph	Severnside	25%	£650,000	50pa	£100,000/net ha	£34,200

Page 74

- 4.11 The testing results for the large strategic case studies are summarised below. The results show the maximum potential CIL with the upper and lower benchmark land values for strategic greenfield land, while the brownfield sites have a single standard benchmark land value. In all cases the modelling has taken into account a residual s106 allowance of £1,000 per dwelling and an allowance for sprinklers of £879 per flat and £3,075 per house.
- 4.12 Again we model sites in Severnside with a lower affordable housing requirement than elsewhere (25% compared to 35%).
- 3.11 To calculate the maximum potential CIL, we take the residual value per gross hectare, deduct the upper or lower benchmark value and then divide by the market floor area per gross hectare of the scheme. The upper benchmark value will generate a lower potential CIL rate than the lower benchmark value. Where a scheme is located within an urban area, a benchmark of £650,000 per hectare is applied, whilst large greenfield sites are measured against an upper benchmark of £300,000 and a lower benchmark of £250,000 per gross hectare. Again, it is important to note that the figures presented are the *theoretical maximum CIL* that might be supported.

DRAFT

Figure 4-1 Large Strategic Case Studies –Maximum Potential CIL



- 4.13 All the strategic sites except SAH3 Fairfield Mabey produce a residual value above the benchmark land value and therefore there is potential to charge a CIL but there are significant differences between the economic viability of the sites:
- i. SAH4 Wonastow Road generates the highest potential CIL of £296/sq m against the higher greenfield land benchmark.

- ii. SAH2 Crick Road, SAH5 Rockfield Farm (scenario 2) and SAH6 Vinegar Hill (scenario 2) all have a potential maximum CIL of between £201-£238/sq m against the higher land value.
- iii. SAH3 Fairfield Mabey Chepstow is measured against the urban benchmark of £650,000 per gross hectare (because it has a previous use as an industrial site). The testing includes significant additional costs and as a result the site is marginally viable and unable to support a CIL. If the development also has to fund High Beech Roundabout improvements then the residual value will fall significantly below the benchmark.
- iv. SAH7 Sudbrook Paper Mill is also measured against the urban benchmark of £650,000 per gross hectare (again because it has a previous use as an industrial site) and generates a maximum potential CIL of £172 / sq m.
- v. SAH1 Deri Farm is able to support a potential maximum CIL of £104/sq m against the higher land value.

4.14 The PDCS proposed CIL rates for strategic sites of £60/sq m except for Sudbrook Mill, which was proposed to have a CIL of £0. On the basis of this updated strategic site testing, the rates will require some amendment:

- Significant additional costs have been identified for Fairfield Mabey and as a result this site will no longer be able to support a CIL. Some of the additional costs result from infrastructure being paid for by s106 rather than CIL.
- The general cost and value changes for Sudbrook Mill has meant that the site can now support a CIL, with a theoretical maximum comparable to other strategic sites.
- The £60/sq m rate proposed in the PDCS remains achievable for the other strategic sites and there is some scope to increase it, subject to an appropriate buffer and the evidence of infrastructure funding requirements. However, it should be noted that the viability at Deri Farm is less strong in relative terms (as a result of the additional undergrounding costs) and for this site the scope for increases is limited.

Small Case Study Sites (Case Studies 8 to 20)

4.15 The smaller case studies are hypothetical schemes representative of future development in Monmouthshire (away from the strategic sites). They are based on information about sites allocated in the LDP but should also be representative of windfall developments. The small case studies vary in size from 3 to 35 dwellings.

4.16 The first group of small case studies are of developments that will provide the ‘normal’ policy level of affordable housing i.e. 25% in Severnside and 35% elsewhere. These case studies are set out below.

Table 4-3 Small Case Studies

Number	Name	Dwellings
8	Severnside	35
9	Severnside	10
10	Severnside	4
11	Severnside	3

Number	Name	Dwellings
12a	Monmouth	35
13a	Monmouth	10
14a	Monmouth	4
15a	Monmouth	3
12b	Chepstow	35
13b	Chepstow	10
14b	Chepstow	4
15b	Chepstow	3
12c	Abergavenny	35
13c	Abergavenny	10
14c	Abergavenny	4
15c	Abergavenny	3

- 4.17 For these small case studies, we assume that development occurs within one year and we follow a similar approach to that used for the other testing, with the benchmark land value deducted from the residual value to estimate the additional value available for a CIL charge.
- 4.18 Table 4-4 below sets out the key characteristics of the small case studies, all other assumptions are as for the notional 1 ha scheme including an assumption that all dwellings have to meet a residual s106 payment of £1,000 per dwelling and there is an additional cost to provide sprinklers.
- 4.19 There is an exception to this which relate to case studies 11 and 15a, b & c. These all sites with 3 dwellings and these will have higher build costs, which we allow for. We note that this is a very conservative approach and that there is evidence that there are further build costs differences between single dwellings and schemes of 2 or more dwellings. For this analysis we use the most conservative assumptions for **all** schemes of 3 or fewer dwellings and test them all at the higher BCIS build costs. At the same time, it is considered that small sites (on a like for like basis) will generate higher selling prices. We have therefore allowed a 10% increase on market selling prices for these two case studies.

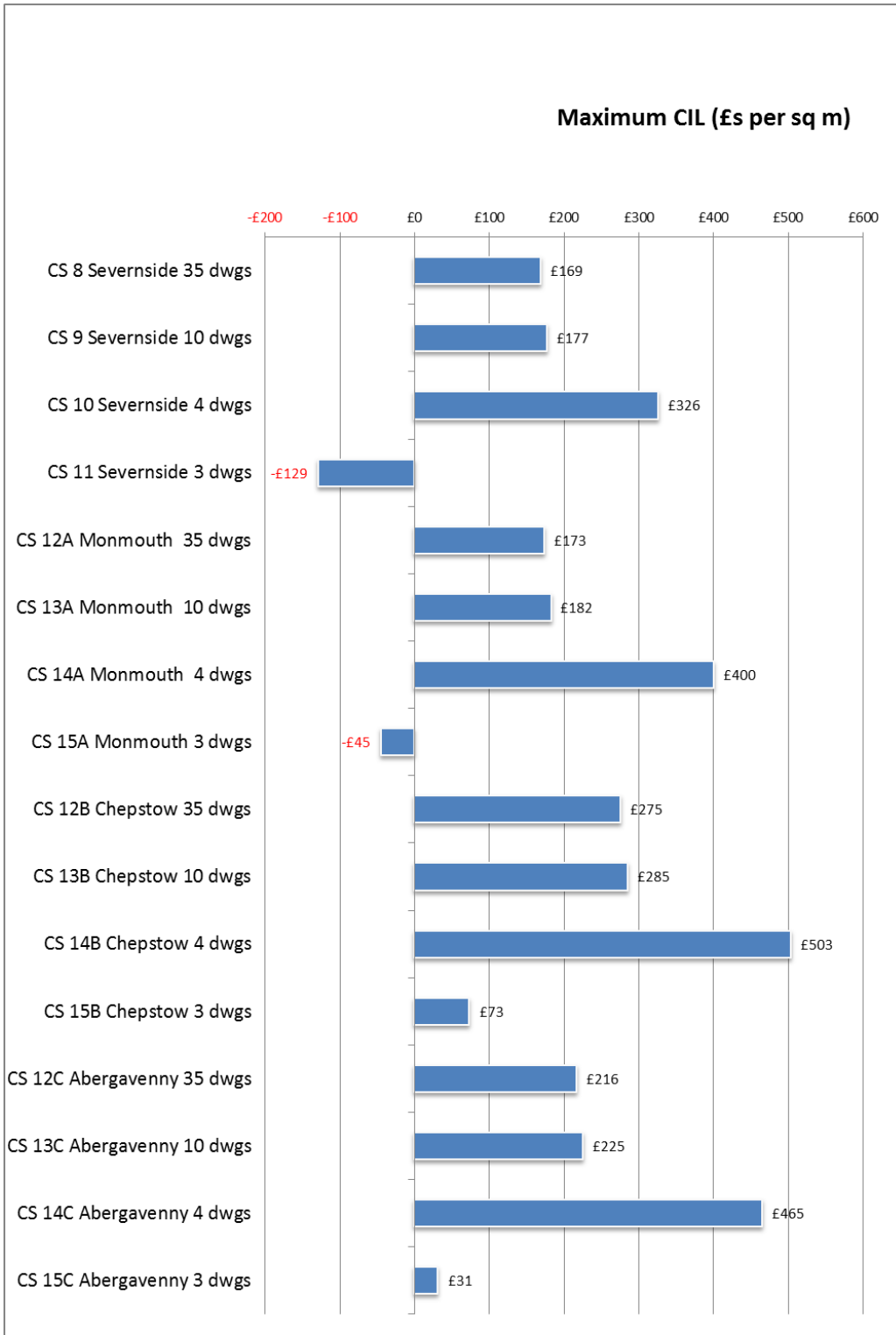
Table 4-4 Small Case Study Characteristics

Case Study	Scheme	Dwgs	Gross ha	Net ha	Net to gross (%)	Development Period	Market %	AH %
8	Severnside 35 dwgs	35	1.17	1.17	100%	1 year	75%	25%
9	Severnside 10 dwgs	10	0.33	0.33	100%	1 year	75%	25%
10	Severnside 4 dwgs	4	0.13	0.13	100%	1 year	100%	0%
11	Severnside 3 dwgs	3	0.10	0.10	100%	1 year	100%	0%

Case Study	Scheme	Dwgs	Gross ha	Net ha	Net to gross (%)	Development Period	Market %	AH %
12A	Monmouth 35 dwgs	35	1.17	1.17	100%	1 year	65%	35%
13A	Monmouth 10 dwgs	10	0.33	0.33	100%	1 year	65%	35%
14A	Monmouth 4 dwgs	4	0.13	0.13	100%	1 year	100%	0%
15A	Monmouth 3 dwgs	3	0.10	0.10	100%	1 year	100%	0%
12B	Chepstow 35 dwgs	35	1.17	1.17	100%	1 year	65%	35%
13B	Chepstow 10 dwgs	10	0.33	0.33	100%	1 year	65%	35%
14B	Chepstow 4 dwgs	4	0.13	0.13	100%	1 year	100%	0%
15B	Chepstow 3 dwgs	3	0.10	0.10	100%	1 year	100%	0%
12C	Abergavenny 35 dwgs	35	1.17	1.17	100%	1 year	65%	35%
13C	Abergavenny 10 dwgs	10	0.33	0.33	100%	1 year	65%	35%
14C	Abergavenny 4 dwgs	4	0.13	0.13	100%	1 year	100%	0%
15C	Abergavenny 3 dwgs	3	0.10	0.10	100%	1 year	100%	0%

4.20 The results of the viability testing for the small case studies are set out in the following chart.

Figure 4-2 Case Studies 8 - 15 Maximum Potential CIL



4.21 Most of the case studies 8 to 15 all generate residual values over the land value benchmark and therefore can potentially make some level of CIL payment. The main issue with these smaller

case studies is the smallest sites (3 dwellings), where despite the value premium and the 0% affordable housing, the higher build costs result in much poorer viability.

- 4.22 In response to the poor viability demonstrated by the small sites using the standard dwelling mixes, different scenarios have been tested to explore whether other small site mixes may produce better values. This has shown that a three dwelling terraced²⁰ development can comfortably achieve a residual value over the benchmark both in higher value areas such as Monmouth and also where values are lower in Severnside. Other mixes such as a three dwelling combination of semi-detached and detached houses can also achieve the benchmark. However developments of three detached houses do not reach the benchmark even in higher value areas such as Monmouthshire.
- 4.23 The other clear characteristic from the findings is the good viability demonstrated by the 4 dwelling case studies. These do not benefit from any presumption of higher values but they enjoy standard build costs (i.e. lower than the 3 dwelling case studies) and are not required to provide any affordable housing.
- 4.24 There is very little difference between the viability of the 10 dwelling schemes and the 35 dwelling schemes within each value zone. The differences between value zones reflect the lower values in Severnside and the higher values in Chepstow, with Abergavenny and Monmouth falling between them. Note that the extent of the difference in value zones between Severnside and the market towns is masked by the lower proportions of affordable housing built into the Severnside modelling.
- 4.25 The conclusions about the CIL that might be supported by these types of site are:
- Sites up to three dwellings have little ability to pay CIL except for specific dwelling mixes.
 - Larger windfalls may be able to support a theoretical maximum CIL of between £169/sq m and £285/sq m.
 - Sites of 4 dwellings can theoretically afford more (up to £503/sq m in Chepstow) but it would be unduly complex to have a separate CIL charge for a single sized development type.
- 4.26 The PCDS proposed a CIL of £60/sq m for non-strategic sites in Severnside and £110/sq m for non-strategic sites elsewhere (except for developments providing more than 35% affordable housing). The findings from these small sites case studies suggests that this needs to change, with sites of less than four dwellings not paying CIL. Apart from that, the other proposed charges of £60/sq m for non-strategic sites in Severnside and £110/sq m for non-strategic sites elsewhere can be supported and if necessary, increased.

Case Studies 16 -20

- 4.27 The adopted LDP includes a policy which allows some residential development in villages but only when this achieves a high proportion of affordable housing. The relevant extract from the LDP is shown below.

²⁰ The BCIS 'one-off' build cost up lift is less for terraces than other dwelling types, particularly compared to detached houses 'one-off' costs. See Table 2.1.

Figure 4-3 Extract from Monmouthshire County Council Local Development Plan – Policy S4

In the Main Villages identified in Policy S1:

- Development sites with a capacity for 3 or more dwellings will make provision for at least 60% of the total number of dwellings on the site to be affordable.

In the Minor Villages identified in Policy S1 where there is compliance with Policy H3:

- Development sites with a capacity for 4 dwellings will make provision for 3 dwellings to be affordable.
- Development sites with a capacity for 3 dwellings will make provision for 2 dwellings to be affordable.

4.28 We have tested this policy but only in the rural rest of Monmouthshire value area. There is no specific land value benchmark that can be easily identified for these sites as they are not available for other forms of development. However, it is highly unlikely that they would be brought forward if the residual value did not at least exceed agricultural land value.

4.29 The following table sets out the characteristics of the sites, which includes one larger scheme at 15 dwellings but with 4 different schemes of 3 or 4 dwellings. All assumptions are as for the 1 ha tile. However, we have considered the composition of the small case studies in more detail and have taken advice from the Council on the make-up of the 15 dwelling scheme.

Table 4-5 Details of Case Studies 16 to 20

Case Study	Scheme	MVA	Dwgs	Gross ha	Net ha	Net to gross (%)	Development Period	Market %	AH %
16	Main villages Small (4 dwgs)	Rural	4	0.13	0.13	100%	1 year	40%	60%
17	Main villages Small (3 dwgs)	Rural	3	0.10	0.10	100%	1 year	40%	60%
18	Minor Villages (15dwgs)	Rural	15	0.50	0.50	100%	1 year	40%	60%
19	Minor Village Small (4 dwgs)	Rural	4	0.13	0.13	100%	1 year	25%	75%
20	Minor Village Small (3 dwgs)	Rural	3	0.10	0.10	100%	1 year	33%	67%

4.30 The residual value generated by the schemes are set out in Table 4.6 below. This demonstrates that the 4 dwelling and 15 dwelling schemes generate a value well in excess of agricultural land value at 60% affordable housing (although less than the standard urban benchmark), while the

3 dwelling scheme is not viable. Again, the higher build costs associated with 1-3 dwellings are the reason for the poorer viability for these schemes.

- 4.31 At higher proportions of affordable housing some of the schemes are viable and others; with the 4 dwelling scheme producing a higher residual value than the three dwelling scheme. These results are not surprising. Delivery of the Local Development Plan is not dependent on these schemes and the Council acknowledges that they will only proceed where the specific format of a scheme and local circumstances generate sufficient value against costs that they are viable. It is clear that, overall, there is no opportunity to charge CIL on these exception sites.

DRAFT

Table 4-6 Residual Value for Case Studies 16 to 20 – Exception Sites

Case Study	Scheme	Dwgs	AH %	Scheme Residual Value	Residual value/gross ha	Residual value per plot
16	Main villages Small (4 dwgs)	4	60%	£72,000	£553,846	£18,000
17	Main villages Small (3 dwgs)	3	60%	-£11,000	-£110,000	-£3,667
18	Minor Villages (15dwgs)	15	60%	£263,000	£526,000	£17,533
19	Minor Village Small (4 dwgs)	4	75%	-£5,000	-£38,462	-£1,250
20	Minor Village Small (3 dwgs)	3	67%	-£27,000	-£270,000	-£9,000

Retirement Housing

- 4.32 The testing has also included a retirement housing scheme of 50 units on a 0.5ha plot, located in each of the value areas at the relevant affordable housing percentage. The retirement schemes were not viable in any of the value zones at policy compliant affordable housing. It remains possible that retirement schemes will come forward, perhaps on the basis of negotiated affordable housing. However, it would be prudent to exempt all retirement housing from CIL.

Other Housing

- 4.33 Care homes are considered under the non-residential viability testing later in this report.
- 4.34 The Council has advised that there is no market for student accommodation in Monmouthshire and therefore there is no purpose in testing its viability nor any evidence on which to base any testing.

Summary

- 4.35 The CIL rates in the PCDS will need to be amended to take account of the updated costs and values tested for the current study. This includes changes to the specific costs associated with the strategic sites as well as the general costs and values. The higher build costs associated with sites of 3 dwellings or fewer has had an impact on the CIL that may be raised from this scale of development although, as noted earlier, build costs for schemes of 2 or 3 dwellings are likely less high than for single dwelling developments. Nevertheless, it is probably wise to take a precautionary approach and treat all schemes of 3 or fewer dwellings together.
- 4.36 The potential CIL from the strategic sites varies, with the cost of site-specific infrastructure having more of an impact than location. Apart from the Wonastow Road site which is

potentially able to support a CIL of over £290/sq m, the majority of the rest of the strategic sites are able to support a theoretical maximum CIL of between £170/sq m to £238/sq m. The clear exception to this is SAH3 Fairfield Mabey which is marginal and unable to support any CIL, and also SAH1 Deri farm which has to bear relatively high infrastructure costs and can only support a theoretical maximum CIL of £104/sq m.

- 4.37 Small sites in the main towns show relatively strong viability, with theoretical maximum CIL rates of £169/sq m to £285/sq m – except the smallest sites (three dwellings or less), which have higher build costs and are generally not able to support any meaningful CIL.
- 4.38 All the above rates are theoretical maximum rates and should take into account the need to introduce a viability buffer.
- 4.39 Village schemes required to provide a high percentage of affordable housing are very varied in the residual values they generate. It is unlikely that they can make any CIL payments and remain viable.
- 4.40 Retirement housing produces is unable to support a CIL.

DRAFT

5 RESIDENTIAL VIABILITY CONCLUSIONS

Introduction

- 5.1 This viability study has been undertaken to update the viability findings in order to consider whether the CIL rates proposed in the PCDS remain sound or need to be changed.
- 5.2 The process for developing potential CIL rates is a set of structured qualitative judgements which takes account of the type of development being tested and the role of this development type in delivering the adopted Local Development Plan.
- 5.3 Comparing the results from the current viability study with those of a year ago, the strengthening market and payment for affordable housing based on ACGs has had a bigger impact on the residual values calculated than the changes in build costs and use of DQR for the affordable housing over the same period. For some of the strategic sites, the changes in the site specific infrastructure required have also changed the viability. The variations in the viability demonstrate the impact of changes in the testing assumptions, and it would be prudent to take a conservative view about the potential changes to CIL.
- 5.4 However the difference in values in different parts of Monmouthshire remains, with values in Severnside remaining lower than other parts of the area. Set against this in terms of setting a CIL rate is the lower affordable housing proportion required in Severnside.
- 5.5 The testing using the 1ha tiles and the smaller case studies shows that the proposed £60/sq m for non-strategic development in Severnside and £110/sq m for non-strategic development in the main towns and rural Monmouthshire remains sound, with the proviso that developments of less than 4 dwellings could be set at £0 CIL as a precaution against the higher build costs.
- 5.6 For the strategic sites, Sudbrook Mill is now able to support a CIL while Fairfield Mabey is no longer able to support CIL. Apart from Fairfield Mabey, all of the strategic sites can support the £60/sq m in the PCDS and apart from Deri farm, most of the strategic sites could afford considerably more.
- 5.7 The table below details the original PCDS CIL rates and the opportunities to increase the CIL. A 30% viability buffer is applied to the theoretical maximum CIL rates discussed earlier.

Table 5.1 PCDS Rates and Changes

Site	PDCS CIL rates applicable /sq m	Potential increase (including 30% buffer, rounded) /sq m
Deri Farm, Abergavenny	£60	£70
Crick Road, Portskewett	£60	£150
Fairfield Mabey, Chepstow	£60	£0
Wonastow Road, Monmouth	£60	£200
Rockfield Road, Undy	£60	£165
Vinegar Hill, Undy	£60	£140
Sudbrook Paper Mill	£0	£120
1-3 dwellings in Severnside	£60	£0
1-3 dwellings elsewhere in Monmouthshire	£110	£0
Other nonstrategic development in Severnside	£60	£90
Other nonstrategic development elsewhere in Monmouthshire	£110	£120
Sites with over 35% affordable housing	£0	£0
Retirement housing	£0	£0

5.8 Taking all of this into account, there are two clear choices (with various permutations in between):

- Retain the existing scale of charges in the PDCS but amend to ensure CIL does not render development unviable (i.e. introduce a new £0 charge for sites of 3 or fewer dwellings)
- Take advantage of the stronger viability for many sites/typologies to raise further funds for infrastructure.

5.9 This decision will need to be informed by the infrastructure funding requirements in the R123 list as well as the Council’s attitude to the risk of rendering development unviable.

5.10 A potential middle option is presented below alongside the scenarios in Table 5.1. This reflects the CIL guidance preference for simplicity and includes slight increases, with a standard CIL charge of £80/sqm except for:

- Deri Farm, which remains at £60/sq m;

- Fairfield Mabey, sites of less than 4 dwellings, sites with over 35% affordable housing and retirement housing which are all £0 rated;
- And other non-strategic development in Monmouthshire (excluding Severnside) which is £120/sq m.

5.11 This option preserves a substantial buffer for the majority of strategic sites, which will help to ensure delivery is less susceptible to future adverse cost or value changes.

Table 5.2 PCDS Rates and Changes, with Amended Charging Schedule Option

Site	PDCS CIL rates applicable /sq m	Potential increase (including 30% buffer, rounded) /sq m	'Simplified Charging Schedule Option'
Deri Farm, Abergavenny	£60	£70	£60
Crick Road, Portskewett	£60	£150	£80
Fairfield Mabey, Chepstow	£60	£0	£0
Wonastow Road, Monmouth	£60	£200	£80
Rockfield Farm, Undy	£60	£165	£80
Vinegar Hill, Undy	£60	£140	£80
Sudbrook Paper Mill	£0	£120	£80
1-3 dwellings in Severnside	£60	£0	£0
1-3 dwellings elsewhere in Monmouthshire	£110	£0	£0
Other non-strategic development in Severnside	£60	£90	£80
Other non-strategic development elsewhere in Monmouthshire	£110	£120	£120
Sites with over 35% affordable housing	£0	£0	£0
Retirement housing	£0	£0	£0

5.12 On a 'typical' 95 sq m market house the proposed charges would be £7,600 where the £80/sq m rate applies and £11,400 where the £120/sq m rate applies. This would be in addition to the typical £1,000/dwelling residual s106 and any of the obligations affecting development on the strategic sites. This compares to the current typical s106 payments of £6,000-£7,000 per dwelling, indicating much of the development in Monmouthshire will be paying more under CIL than s106, particularly non-strategic development in higher value areas. Smallest sites will be

unaffected by CIL. CIL will remain a small part of the development costs and value – e.g. CS13c 10 dwellings in Abergavenny with CIL of £120/sq m would have an estimated CIL charge of approximately £92,500 which is 5.5% of total scheme development cost (excluding land purchase) and 4.4% of gross development value.

DRAFT

This page is intentionally left blank

Monmouthshire County Council Community Infrastructure Levy Viability Assessment

Addendum – Update of Non-Residential Viability Assessment

On behalf of **Monmouthshire County Council**

Project Ref: 29225 | Rev: AA | Date: September 2015



Document Control Sheet

Project Name: Monmouthshire County Council

Project Ref: Community Infrastructure Levy

Report Title: Further viability advice

Doc Ref: Addendum Report

Date: September 2015

	Name	Position	Signature	Date
Prepared by:	Tom Marshall	Graduate	TM	September 2015
Reviewed by:	Mark Felgate	Associate	MF	September 2015
Approved by:	John Baker	Partner	JB	September 2015
For and on behalf of Peter Brett Associates LLP				

Revision	Date	Description	Prepared	Reviewed	Approved
01	September 2015	Final Report	TM	MF	JB

Peter Brett Associates LLP disclaims any responsibility to the Client and others in respect of any matters outside the scope of this report. This report has been prepared with reasonable skill, care and diligence within the terms of the Contract with the Client and generally in accordance with the appropriate ACE Agreement and taking account of the manpower, resources, investigations and testing devoted to it by agreement with the Client. This report is confidential to the Client and Peter Brett Associates LLP accepts no responsibility of whatsoever nature to third parties to whom this report or any part thereof is made known. Any such party relies upon the report at their own risk.

© Peter Brett Associates LLP 2015

Contents

1 Introduction 1

 1.1 Introduction and requirement for further testing 1

2 Non-Residential Assumptions 2

 2.1 Typologies 2

 2.2 Build Costs 2

 2.3 Sales values and Yields 3

 2.4 Land Values 4

 2.5 Other assumptions used 4

3 Results of Non-Residential Assessment 6

 3.1 Introduction 6

4 Recommendations 8

 4.1 Scope for CIL 8

 4.2 Sensitivity testing 8

 4.3 Results of sensitivity testing 9

Tables

Table 2.1: Typologies, Gross Internal area (GIA) and Site area (hectares) 2

Table 2.2: Build Costs (per square metre) 2

Table 2.3: Rental values (per square metre per annum) and yields used 3

Table 2.4: Land Values (per net hectare) 4

Table 2.5: Other assumptions used 4

Table 3.1: Non Residential viability results – B-class uses 6

Table 3.2: Non Residential viability results – Retail uses 6

Table 3.3: Non Residential viability results – A3 uses 7

Table 3.4: Non Residential viability results – Hotel 7

Table 3.5: Non Residential viability results – Care homes 7

Table 4.1: Sensitivity testing: 1 year 10

Table 4.2: Sensitivity testing: 2 year 11

Appendices

Appendix A Evidence of rents and yields used

1 Introduction

1.1 Introduction and requirement for further testing

- 1.1.1 In May 2014, Three Dragons and Peter Brett Associates were jointly commissioned to undertake an Economic Viability Assessment of development within Monmouthshire County Council to provide the Council with evidence to assist in drawing up a Community Infrastructure Levy (CIL).
- 1.1.2 Residential developments were analysed by Three Dragons whilst the Non Residential uses were analysed by Peter Brett Associates. The results of which were set out in the document titled **Monmouthshire County Council – Community Infrastructure Levy Viability Assessment**.
- 1.1.3 In order to provide information regarding these decisions it is important, and set out in planning guidance, that relevant, up-to-date costs and values are used as part of the testing.
- 1.1.4 The purpose of this addendum report is to update the cost and value assumptions as set out in the original report (**Monmouthshire County Council – Community Infrastructure Levy Viability Assessment**) for non-residential uses. It is intended that that this addendum is read in conjunction with the original report as the same approach to testing has been undertaken and many of the assumptions used in testing are also the same. Where a different approach is taken will be highlighted in following chapters.
- 1.1.5 The remainder of the document is separated into 4 sections:
- Non-Residential Assumptions
 - Results of Non-Residential assessments
 - Recommendations
 - Appendices

2 Non-Residential Assumptions

2.1 Typologies

- 2.1.1 PBA re-consulted with Monmouthshire County Council in order to determine whether there was a requirement to test any further development types. It was decided that the typologies tested in the original study remained representative of the type of development expected. However, as a result of previous consultation, it was also requested that the viability assessment included two extra typologies. The new typologies test A3 units (restaurants, café's etc), one located in a town centre and the other in an out of town locations, and are numbered 12 and 13 respectively in table 2.1 below. Table 2.1 also identifies the gross internal area (in square metres) of each typology and overall site area (in hectares) for each of the developments, which are unchanged since the previous report.

Table 2.1: Typologies, Gross Internal area (GIA) and Site area (hectares)

Type	GIA sq.m	Site Area
1: Town Centre Office	500	0.04
2: Business Park	2,000	0.29
3: Industrial	1,000	0.20
4: Warehouse	2,000	0.40
5: Local Store - Out of centre (Convenience)	200	0.02
6: Supermarket (Convenience)	1,200	0.24
7: Out of centre Retail Warehouse (Comparison)	1,000	0.20
8: Town Centre Retail (Comparison)	200	0.02
9: Hotel	800	0.10
10: Carehomes	2,600	0.33
11: Town Centre Retail (Convenience)	250	0.03
12: Restaurant and Café uses (A3) In Centre	500	0.05
13: Restaurant and Café uses (A3) Out of Centre	500	0.05

2.2 Build Costs

- 2.2.1 It is well documented that non-residential build costs have gone up over recent years, including since the last report in May 2014. Whilst there is a suggestion that these costs may fall again, the guidance requires the use of current costs and values. In addition to the costs in the Table 2.2, we also apply an increase of 10% to allow for externals. .

Table 2.2: Build Costs (per square metre)

Type	Build cost (per sq.m)
1: Town Centre Office	£1,281
2: Business Park	£1,332

3: Industrial	£733
4: Warehouse	£534
5: Local Store - Out of centre (Convenience)	£1,041
6: Supermarket (Convenience)	£1,325
7: Out of centre Retail Warehouse (Comparison)	£619
8: Town Centre Retail (Comparison)	£1,130
9: Hotel	£1,177
10: Carehomes	£1,192
11: Town Centre Retail (Convenience)	£1,183
12: Restaurant and Café uses (A3) In Centre	£1,412
13: Restaurant and Café uses (A3) Out of Centre	£1,412

2.3 Sales values and Yields

2.3.1 PBA have conducted further research in order to ensure that the most up to date rent and yield values are used for this study. Similar to the original report these are taken from

- Analysis of COSTAR data and EGI, which are databases containing transactions for commercial properties;
- Data of units currently advertised through websites such as Estates Gazette, Completely Retail and RightMove. Examples of which are set out in Appendix A.
- Discussions with the local development industry.

2.3.2 Following this research PBA have arrived at the rental values and yields set out in Table 2.3.

Table 2.3: Rental values (per square metre per annum) and yields used

Type	Rent	Yield
1: Town Centre Office	£95	8.00%
2: Business Park	£90	8.00%
3: Industrial	£55	12.00%
4: Warehouse	£40	12.00%
5: Local Store - Out of centre (Convenience)	£145	7.50%
6: Supermarket (Convenience)	£185	5.50%
7: Out of centre Retail Warehouse (Comparison)	£140	7.50%
8: Town Centre Retail (Comparison)	£165	8.00%
9: Hotel	£140	7.25%
10: Carehomes	£3,700	7.00%
11: Town Centre Retail (Convenience)	£165	7.50%
12: Restaurant and Café uses (A3) In Centre	£175	7.00%

13: Restaurant and Café uses (A3) Out of Centre	£155	7.00%
---	------	-------

2.4 Land Values

2.4.1 Through analysis of sites such as Right Move, Focus Costar and EGI, along with consultation with various agents, PBA have updated the land values used in the assessment, as outlined in table 2.4.

Table 2.4: Land Values (per net hectare)

Type	Land Values (£ per hectare)
1: Town Centre Office	£800,000
2: Business Park	£600,000
3: Industrial	£400,000
4: Warehouse	£400,000
5: Local Store - Out of centre (Convenience)	£800,000
6: Supermarket (Convenience)	£1,200,000
7: Out of centre Retail Warehouse (Comparison)	£1,000,000
8: Town Centre Retail (Comparison)	£1,000,000
9: Hotel	£800,000
10: Carehomes	£500,000
11: Town Centre Retail (Convenience)	£1,000,000
12: Restaurant and Café uses (A3) In Centre	£1,000,000
13: Restaurant and Café uses (A3) Out of Centre	£800,000

2.5 Other assumptions used

2.5.1 Table 2.5 sets out the assumptions that are used in the assessment. The majority of the assumptions used in the study are identical to the ones used in the original, with the exception of the assumption for the consideration of S106/S278 costs. Although it is acknowledged that developer contributions have an impact on the viability of a project, rather than including a specific figure within the appraisal, a larger buffer is used to take into account any scope for S106/S278.

Table 2.5: Other assumptions used

Cost	Description	% used in appraisal
Allowance for externals	These covers external build costs for site preparation and includes items such as internal access roads, car parking, landscaping, drainage, utilities and services within the site.	10% calculated as a percentage of build costs

Professional fees	In this particular study professional fees are based upon that used previously to be consistent but it is acknowledged that these are highly conservative in the current market and could be lower.	12% calculated as a percentage of build costs.
Contingency	Contingency is based upon the risk associated with each site	5% calculated as a percentage of construction cost.
Sale costs	This is an allowance for legal, surveyor and marketing fees and based on industry accepted scales.	4% Calculated as a percentage of gross development value
Finance costs	Based upon the likely cost of development finance we have used current market rates of interest.	6.5%
Profit	Gross development profit (includes overheads)	20% as a percentage of total development costs
Professional fees on land purchase	This input represents the fees associated with the lands purchase and are based upon the following industry standards	1% for surveyors and 0.75% for legal costs as a percentage of the Residual land value
Stamp duty	A Stamp Duty Land Tax is payable by a developer when acquiring development land.	Standard variable rates set out by HMRC (0% – 4%) depending on size of the Residual land value

3 Results of Non-Residential Assessment

3.1 Introduction

- 3.1.1 This section sets out the assessment of non-residential development viability and also summarises the effect on viability of changes in values and costs, and how this might have an impact on the level of developer contribution. The tables below summarise the detailed assessments, and represent the residual value per square metres after values and costs, including land have been calculated.
- 3.1.2 It is important to note that the analysis considers development that might be built for subsequent sale or rent to a commercial tenant. However there will also be development that is undertaken for specific commercial operators either as owners or pre-lets.

B-class uses

- 3.1.3 Consistent with the findings from the original report, and in line with findings from analysis of other locations in both England and Wales, commercial B-class development remains unviable. The four typologies associated with B-class uses, town centre offices, business parks, industrial units and warehouses all demonstrated low rental values, and as such were unable to generate sufficient value to justify a CIL charge.

Table 3.1: Non Residential viability results – B-class uses

	1: Town Centre Office	2: Business Park	3: Industrial	4: Warehouse
B class uses	-£798	-£935	-£671	-£511

Retail

- 3.1.4 As identified in the original report, there remains a clear difference in viability between the uses with supermarkets and retail warehouses compared to the rest, demonstrating scope for a levy for these types of developments. These sectors continue to perform the best both locally and at the national level.
- 3.1.5 In terms of the other three typologies; Town centre retail (convenience), Town centre (comparison) and Local store (convenience) - whilst all considered viable (albeit to a much smaller degree than supermarkets and retail warehouses), the overall picture is noticeably varied. Convenience retail, both in and out of centre, is considered more viable than town centre comparison units where viability is only seen as marginal. As the appraisal does not account for s106 costs it is advisable that little or no levy is considered for small scale convenience (5 and 11) and in centre comparison (8).

Table 3.2: Non Residential viability results – Retail uses

	5: Local Store - Out of centre (Convenience)	6: Supermarket (Convenience)	7: Out of centre Retail Warehouse (Comparison)	8: Town Centre Retail (Comparison)	11: Town Centre Retail (Convenience)
Retail uses	£57	£605	£415	£31	£43

A3 uses

- 3.1.6 PBA’s viability testing shows a clear difference between A3 units located within the centre and out of the centre. Despite this, both have considerable build costs involved and neither generate sufficient revenue to charge a levy.

Table 3.3: Non Residential viability results – A3 uses

	12: Restaurant and Café uses (A3) In centre	13: Restaurant and Café uses (A3) Out of centre
A3 uses	£5	-£197

Hotel development

- 3.1.7 As discussed in the original report, the hotel market within Monmouthshire still does not realise sufficient residual value to warrant a positive levy charge.

Table 3.4: Non Residential viability results – Hotel

	9: Hotel
Hotel	-£140

Care homes

- 3.1.8 Similarly, care homes continue to struggle with in Monmouthshire in viability terms. These developments often have considerably high build costs, and coupled with relatively low development values, fail to generate a headroom in which to charge a levy.

Table 3.5: Non Residential viability results – Care homes

	10: Carehomes
Care homes	-£939

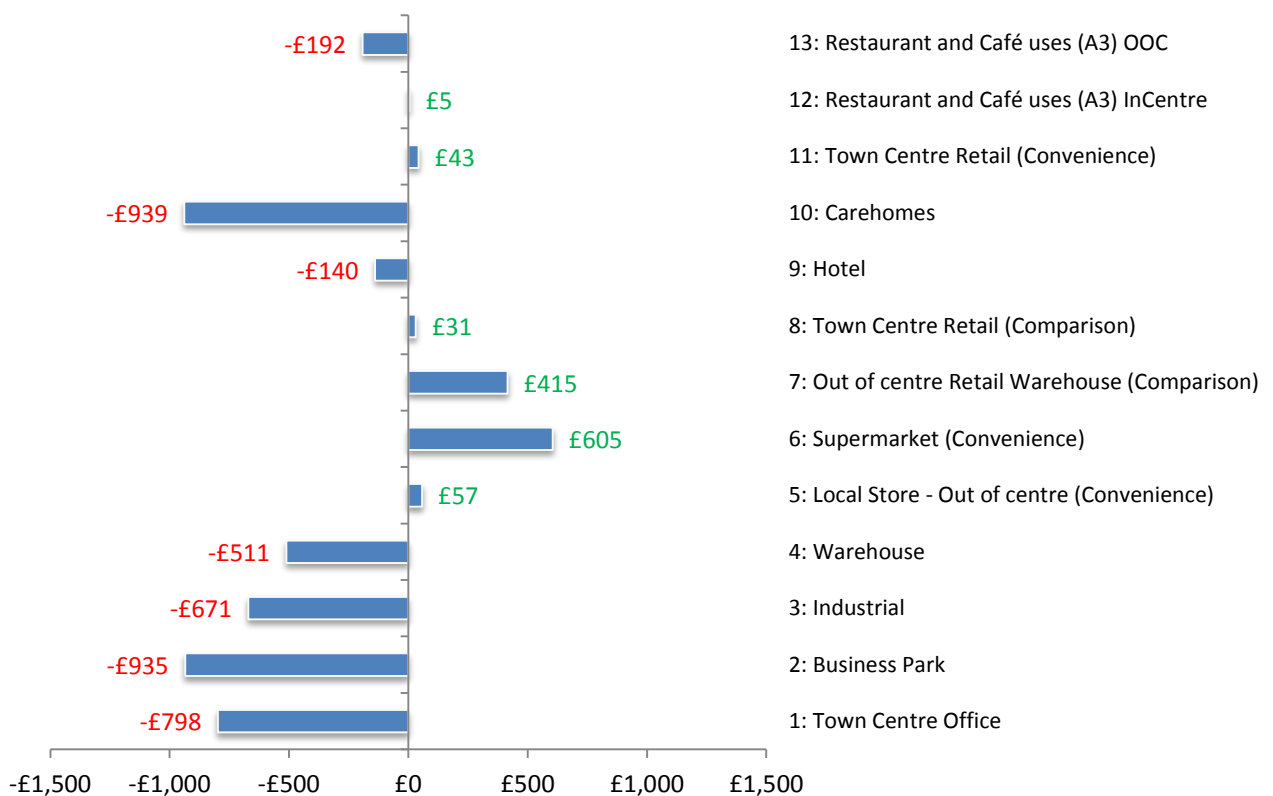
4 Recommendations

4.1 Scope for CIL

4.1.1 Figure 4.1 illustrates the maximum headroom available to charge on each scheme. As discussed in the previous section there is scope to charge CIL for Supermarkets and Retail warehouses. In terms of supermarkets, the testing identifies a headroom of £605 for supermarkets and a maximum headroom of £415 for retail warehouses.

4.1.2 The evidence suggests that aside from these uses there is little or no scope to charge a rate.

Figure 4.1: Summary of headroom for each use



4.1.3 PBA would therefore advise that the rate's set out below remain applicable in this instance:

- £200 per square metre for out of centre uses
- £0 for all other non-residential development

4.1.4 It is considered that at this level a sufficient buffer is present (greater than 50% for both supermarkets and retail warehouses) to ensure viability is not adversely impacted. A considerable buffer has been implemented, in order to take into consideration the fact that S106/S278 costs were not included in the appraisal.

4.2 Sensitivity testing

4.2.1 In order to inform the council's decision making on the levy, PBA have also conducted sensitivity testing in order to show how various changes in the development climate affect the headroom available for CIL.

- 4.2.2 The two key factors that have in recent years had considerable effects on the viability are changes in build costs and changes in sales values. It is important that these forecasts act as a guide to show what would happen at various rental increases rather than relied on as fact. Rental and build costs are open to a number of factors and, as with many forecasts, the actual rental values may differ significantly. As such, the purpose of the testing is for this to act as a signal whereby the local authority may wish to review the viability evidence if there are concerns that costs have increased greater than sales values.

Changes in build costs

- 4.2.3 In addition to providing current build costs per square metre, BCIS also provides a forecast of these figures for future years. For the Monmouthshire region, BCIS estimate that build costs may increase by 4.7% in the next year and 9.8% in the next two years.

Changes in sales values

- 4.2.4 Forecasts for likely changes in rental values in the commercial market are significantly harder to determine. Rental values are considered as much more dependent on very localised characteristics, and as such very few commentators have published forecasts for likely future changes.
- 4.2.5 The Investment Property Forum published research in February 2015 that provided five year forecasts (between 2015 and 2019) of all-property rental increase of 2.6% per annum. We have therefore based our sensitivity analysis on a rental increase of 2.6% in this year and by 5.27% in the next two years.

4.3 Results of sensitivity testing

1 year forecast

- 4.3.1 Table 4.1 shows the results of the appraisal set out previously, alongside the effects of various changes in assumptions, namely, when build costs increase by 4.7%, sales values increase by 2.6% and finally when both build costs and sales values increase by 4.7% and 2.6% respectively.
- 4.3.2 The sensitivity suggests:
- B class uses remain unviable at any of these changes.
 - Similarly, so Hotel, Care homes and A3 uses remain unviable.
 - There is sufficient headroom for both Supermarket and Out of town Retail Warehouse typologies to accommodate a £200 CIL Levy, even when build costs increase and sales values remain constant.
 - For out of centre convenience stores and town centre convenience stores, an increase in sales values accompanied with constant build costs would provide greater scope for charging a levy.

Table 4.1: Sensitivity testing: 1 year

	Current	Build costs 1 year increase (4.7%)	Sales Values 1 year increase (2.6%)	Build costs 1 year increase (4.7%) and Sales Values 1 year increase (2.6%)
1: Town Centre Office	-£798	-£876	-£774	-£852
2: Business Park	-£935	-£1,016	-£913	-£993
3: Industrial	-£671	-£716	-£662	-£706
4: Warehouse	-£511	-£544	-£504	-£537
5: Local Store - Out of centre (Convenience)	£57	-£5	£95	£33
6: Supermarket (Convenience)	£605	£526	£670	£591
7: Out of centre Retail Warehouse (Comparison)	£415	£379	£451	£415
8: Town Centre Retail (Comparison)	£31	-£36	£72	£4
9: Hotel	-£140	-£210	-£102	-£172
10: Carehomes	-£939	-£1,011	-£921	-£993
11: Town Centre Retail (Convenience)	£43	-£26	£85	£16
12: Restaurant and Café uses (A3) In centre	£5	-£79	£55	-£30
13: Restaurant and Café uses (A3) Out of centre	-£192	-£277	-£148	-£233

2 year forecast

4.3.3 In terms of a 2 year forecast, Table 4.2 shows what the likely results would be given an increase in build costs increase by 9.8%, sales values increase by 5.27% and finally when both build costs and sales values increase by 9.8% and 5.27% respectively.

4.3.4 The sensitivity suggests:

- Again, B class uses remain unviable at any of these changes. Similarly, so do Hotel and Care homes.
- A3 uses in the centre may be viable if sales values increase (by greater than 5%) if build costs remain the same. However, it would be unlikely that the headroom would be sufficient to charge a levy.
- There is sufficient headroom for both Supermarket and Out of town Retail Warehouse typologies to accommodate a £200 CIL Levy, even when build costs increase significantly and sales values remain constant. The 2 year forecast of a 9.8% increase in build costs suggest that even if sales values remained the same, there would still be a buffer of 55% for Supermarkets and 41% for Retail Warehouses.

- An increase in sales values of 5.27% with no increase in build costs would provide scope for a CIL charge on both out of centre and town centre convenience stores, and Town centre retail comparison stores.

Table 4.2: Sensitivity testing: 2 year

	Current	Build costs 2 year increase (9.8%)	Sales Values 2 year increase (5.27%)	Build costs 2 year increase (9.8%) Sales Values 2 year increase (5.27%)
1: Town Centre Office	-£798	-£960	-£750	-£911
2: Business Park	-£935	-£1,103	-£890	-£1,058
3: Industrial	-£671	-£764	-£653	-£745
4: Warehouse	-£511	-£579	-£498	-£565
5: Local Store - Out of centre (Convenience)	£57	-£72	£135	£5
6: Supermarket (Convenience)	£605	£441	£737	£573
7: Out of centre Retail Warehouse (Comparison)	£415	£339	£489	£412
8: Town Centre Retail (Comparison)	£31	-£109	£114	-£27
9: Hotel	-£140	-£286	-£64	-£209
10: Carehomes	-£939	-£1,089	-£904	-£1,054
11: Town Centre Retail (Convenience)	£43	-£101	£129	-£16
12: Restaurant and Café uses (A3) In centre	£5	-£171	£105	-£70
13: Restaurant and Café uses (A3) Out of centre	-£192	-£369	-£103	-£280

Appendix A Evidence of rents and yields used

Research on High Street stores, Local centre retail units, A3 units and Retail Parks

Scheme	Location	Size	Rent (p.a.) per sq.m
High Street units	Cibi Walk Shopping centre	245	£176
High Street units	Cross Street, Abergavenny	126	£139
High Street units	Monnow Street, Monmouth	192	£226
High Street units	Baker Street Abergavenny	83	£145
High Street units	Thomas Street Arcade, Chepstow (Convenience unit)	1,917	£146
High Street units	Frogmore Street	111	£206
High Street units	Monnow Street, Monmouth	111	£215
Out of centre A3	Newport Rd	418	£89
In centre A3	The Oldway centre	141	£152
In centre A3	Beaufort square, Chepstow	171	£181
In centre A3	Church Street, Monmouth	56	£134
Out of town retail parks	Usk Way, Newport	1,700	£70
Out of town retail parks	Discovery retail Park, Newport (Unit 1)	2,653	£129
Out of town retail parks	Discovery retail Park, Newport (Unit 2)	1,159	£138

Research on Supermarkets

Store Operator	Location	Rent (sqm)	Yield	New store	Date
Morrisons	South Shields	£137	5.25%	Jun-10	Morrisons
Waitrose	Rickmansworth	£211	4%	Oct-10	Waitrose
M&S Simply Food	Maldon	£197	5.58%	Jun-08	M&S Simply Food
Waitrose	Hornchurch	£186	4.43%	Unknown	Waitrose
Sainsbury's	Tooting	£253	4.50%	Mar-11	Sainsbury's
Tesco	Welling	£232	4.75%	Nov-10	Tesco

Waitrose	Clerkenwell	£226	4.20%	Nov-09	Waitrose
ASDA	Bangor	£204	5%	Jun-11	ASDA
Tesco Extra	Coventry	£168	4.11%	Unknown	Tesco Extra
Waitrose	Crowborough	£192	5.04%	Unknown	Waitrose
Waitrose	Wantage	£172	4.50%	Unknown	Waitrose
Tesco	Wembley	£317	5.50%	Sep-12	Tesco
Tesco	Congleton	-	4.90%	Jun-12	Tesco
Tesco	Glastonbury	-	4.50%	Apr-12	Tesco
Tesco	St Ives	-	4.90%	Jan-12	Tesco
Tesco	Tiptree	£236	4.90%	Jan-12	Tesco
Tesco	Coventry	-	4.57%	Sep-11	Tesco
Tesco	Keynsham	-	4.96%	Aug-11	Tesco
Tesco	Ruthin	£161	4.96%	Aug-11	Tesco
Tesco	Welling	-	5%	Jul-11	Tesco
Tesco	Cardiff	-	4.50%	Feb-11	Tesco
Tesco	Chatteris	-	5%	Sep-12	Tesco
Tesco	Gosport	£215	5%	Apr-12	Tesco
Tesco	Corby	£215	4.60%	Oct-11	Tesco
Tesco	Welling	£232	4.75%	Jun-11	Tesco
Sainsbury's	Putney	£273	4%	Current	Sainsbury's
Sainsbury's	Sale	£242	4.10%	Aug-13	Sainsbury's
Sainsbury's	Hythe	£226	4.10%	Aug-03	Sainsbury's
Sainsbury's	Ashford	£248	4.10%	Aug-13	Sainsbury's
Morrisons	Milton Keynes	£242	4.25%	Jul-13	Morrisons
Morrisons	Edgware Road, London	£286	4.60%	Jan-13	Morrisons
Sainsbury's	Harrow Manor Way, London	£237	4.50%	Jan-13	Sainsbury's
Sainsbury's	March	£194	4.76%	Jul-13	Sainsbury's
Morrisons	Aldershot	£224	4.25%	Apr-13	Morrisons
Sainsbury's	Hayes	£331	4.19%	Apr-13	Sainsbury's

Tesco	Oldham	£181	5.28%	Current	Tesco
Tesco	Bedford	£54	-	Jul-11	Tesco
Waitrose	North Walsham	£161	-	Oct-12	Waitrose
Sainsbury's	Ballymena	£172	-	Feb-13	Sainsbury's
Sainsbury's	Londonderry	£172	-	Jun-12	Sainsbury's
Tesco Plc	Newry	£183	-	May-13	Tesco Plc
Waitrose Ltd	Worcester	£192	-	Dec-14	Waitrose Ltd
Tesco Plc	Lisburn	£194	-	Mar-12	Tesco Plc
Waitrose	Alton	£215	-	Apr-12	Waitrose
Asda	Isleworth	£221	-	Jul-10	Asda
Tesco	Derby	£236	-	Feb-12	Tesco
Tesco	Stroud	£270	-	Mar-13	Tesco
Waitrose	New Malden	£315	-	Nov-13	Waitrose
Waitrose	South Croydon	-	4.23%	Jan-11	Waitrose
Waitrose	York	-	4.45%	Dec-10	Waitrose
Tesco	Braintree	-	4.85%	Jan-12	Tesco
Tesco	St Ives	-	4.90%	Jan-12	Tesco
Tesco	Keynsham	-	4.96%	Aug-11	Tesco
Tesco	Keynsham	-	5.30%	Oct-10	Tesco
Tesco	Bristol	-	6.62%	Sep-11	Tesco

Research on Smaller Supermarkets (rents)

Broad Location	Tenant	Achieved rent per sqm	Transaction date
Bath	Tesco	140	2014
West Midlands	Aldi Ltd	147	2013
Merseyside	Aldi	152	2011
London	Lidl Ltd	161	2008
Nottinghamshire	ALDI, Inc.	171	2006
Suffolk	ALDI, Inc.	175	2013
Cheshire	Aldi Stores Ltd	191	2009

Essex	Lidl Ltd	191	2008
Preston	Sainsbury's	160	2014
Market Harborough	Tesco	156	2011
Guildford	Morrisons	173	2013
Twickenham	Tesco	310	2012
Hampshire	Lidl Ltd	279	2010

Research on Smaller Supermarkets (yields)

Broad Location	Tenant	Yield (%)
Middlesex	Lidl	4.15
Worcestershire	Lidl	4.56
London	Lidl	5.5
Cumbria	Lidl	5
Staffordshire	Lidl	5.2
Hampshire	Lidl	6.9
West Glamorgan	Lidl	5.76
Avon	Lidl	5.75
Not disclosed	Lidl	6.5
Somerset	Aldi	5.4
Lancashire	Aldi	6.25
West Yorkshire	Aldi	4.31
Co Durham	Aldi	6.3
Various	Tesco	4.9
Newcastle	Waitrose	4.75
Hornchurch	Waitrose	4.43

Research on Small, local Convenience retailers - Rents

Broad Location	Tenant	Size (sq.m)	Rent (per sq.m)
Wantage	Waitrose Ltd	250	£161

Oakham	Somerfield Stores	640	£246
Malvern Wells	Tesco	372	£122
Leicester	Co-Op	n/a	£133
Alcester Road, West Midlands	Tesco	371	£175

Research on small local Convenience retailers - Yields

Broad Location	Tenant	Yield
Wantage	Waitrose	4.5
Oakham	Co-operative Group	5
Coventry	Tesco	4.57
Leicester	Co-operative Group	4.76
Malvern Wells	Tesco	5.75
Wantage	J Sainsbury	4.5
Wootton Bassett	J Sainsbury	6.6
Cheltenham	J Sainsbury	4.9
Oxford	Tesco	4.89
Tetbury	N/A	4.27
Birmingham	The Co-operative Group	5.25
Halesowen	The Co-operative Group	5.25
Stourbridge	N/A	5.79
Milton Keynes	N/A	6.5

Research on Office and Industrial units

Type	Scheme	Rent per sq.m
Town Centre unit	14a Monnow Street, Monmout	£176
Town Centre unit	1 Maryport Street, Usk	£100
Town Centre unit	113a Monnow Street, Monmouth	£114
Town Centre unit	White Swan Court, Priory Street, Monmouth	£108
Town Centre unit	Wesley Buildings, Newport Road, Caldicot	£65

Town Centre unit	Church Street, Monmouth	£112
Business Park	1st Floor, Unit 1b, Beaufort Park Way	£86
Business Park	Newport Road, Business Park, Magor	£167
Business Park	Beaufort Park Way, Chepstow	£140
Business Park	Unit 4B, Castlegate Business Park	£81
Business Park	Unit 9 (1), Castlegate Business Park	£96
Business Park	Unit 9 (2), Castlegate Business Park	£97
Industrial / Warehouse	Unit 3, Newport, NP20 5NS	£32
Industrial / Warehouse	Unit 14E, Severn Bridge Industrial Estate,	£38
Industrial / Warehouse	Unit 14C, Severn Bridge Industrial Estate,	£38
Industrial / Warehouse	Techway, Wonastow Road Industrial Estate (West), Monmouth	£49
Industrial / Warehouse	Hadnock Road Industrial Estate, Hadnock Road, Monmouth	£59

APPENDIX E

DRAFT 2015

COMMUNITY INFRASTRUCTURE LEVY AGREEMENT

BETWEEN

MONMOUTHSHIRE COUNTY COUNCIL
(hereafter referred to as the charging authority)

AND

****** TOWN COUNCIL**
(hereafter referred to as the Town Council)

**THIS AGREEMENT RELATES TO COMMUNITY
INFRASTRUCTURE LEVY REGULATION 59A-F
“DUTY TO PASS COMMUNITY INFRASTRUCTURE LEVY TO
LOCAL COUNCILS”**

OCTOBER 2015

MONMOUTHSHIRE COUNTY COUNCIL

COMMUNITY INFRASTRUCTURE LEVY AGREEMENT

This Agreement relates to Community Infrastructure Levy Regulation 59A-F – “Duty to Pass Community Infrastructure Levy to Local Councils”. In April 2013 amendments to the Community Infrastructure Levy (CIL) Regulations were published that set out a requirement for the Council, as charging authority to pass a proportion of CIL receipts collected in their area to respective Community Councils. For the purposes of these Regulations, the term “Community Council” encompasses both Community Councils and Town Councils.

CIL REGULATIONS

The CIL Regulations state that charging authorities in Wales make provision to pass 15% of CIL receipts to the Town Council.

The Town Council will receive 15% of CIL receipts received by the charging authority, subject to a maximum amount equal to £100 per dwelling, through CIL liable development in its town council area. If no CIL liable development occurs in the town council area, there will be no CIL receipts to be passed to the Town council.

CIL is to be used to fund infrastructure to support development in accordance with the Local Development Plan. CIL Regulations require the charging authority to publish a list of infrastructure that can be funded through CIL. The approved Regulation 123 List of Infrastructure has been produced by the Charging Authority following consultation as part of the Preliminary Draft Charging Schedule and Draft Charging Schedule consultations.

The charging authority and the Town Council agree to work in collaboration to draft a local list of infrastructure that can be used to identify local schemes to be funded through the 15% CIL receipts.

PURPOSE OF THE AGREEMENT

The charging authority has produced this Agreement to ensure a clear and transparent administration and monitoring process of CIL funding.

TERMS OF THE AGREEMENT

The Town Council hereby agrees that CIL payments will be made to the Town Council on an annual basis on the 30th June.

The Town Council hereby agrees to work closely with the charging authority to identify and agree on local infrastructure projects for inclusion on a local list, which will inform the Town Council's CIL spending priorities

If the Town Council does not spend its levy share within 5 years of receipt, the charging authority will (in line with the CIL Regulations) require the CIL payments to be repaid to the charging authority.

REPORTING

For each financial year (1st April – 31st March) that funds are received through CIL, the Town Council is required to report the following information to the charging authority:-

- (a) the total CIL receipts for the reported year;
- (b) the total CIL expenditure for the reported year;
- (c) summary of CIL expenditure during the reported year including -
 - (i) the items of infrastructure to which CIL has been applied;
 - (ii) the amount of CIL expenditure on each item; and
- (d) the total amount of CIL receipts retained at the end of the reported year.

The Town Council must send the above details to the charging authority from which it received CIL receipts, no later than 31st October following the reported year.

The charging authority will report the Town Council's data in its own annual monitoring report to be placed on the Council website by 31st December each year, for the previous year.

Where the charging authority holds and spends the neighbourhood portion on behalf of the local community, it will report this as a separate item in the CIL Annual Monitoring Report.

Signed on behalf of **** Town Council

.....

Name and designation.....

Date.....

Signed on behalf of Monmouthshire County Council

.....

Name and designation.....

Date.....



Monmouthshire County Council

**Community Infrastructure Levy
Draft Charging Schedule and
Draft Regulation 123 List
FIRST DRAFT**

**Planning Policy Service
October 2015**

Draft Charging Schedule

1 Introduction

- 1.1 The purpose of this document is to set out Monmouthshire County Council's Draft Charging Schedule for the Community Infrastructure Levy (CIL) in its area. The finance generated from the CIL will be used to secure infrastructure required to support development in accordance with the Monmouthshire Local Development Plan. This charging schedule has been prepared in accordance with the requirements of the Community Infrastructure Levy Regulations 2010 (as amended).

2 Community Infrastructure Levy Rates

- 2.1 Monmouthshire County Council is the charging and collecting authority for the purposes of charging and collecting the Monmouthshire Community Infrastructure Levy respectively. The CIL charge will not apply to that part of Monmouthshire that lies within the Brecon Beacons National Park. The responsibility for setting and collecting the levy in this area will rest with the National Park Authority.
- 2.2 Reflecting the findings of the CIL viability studies¹, the Council intends to charge CIL at the rates, expressed as pounds per square metre, as set out in tables 1 and 2 below.

Residential Development Rates

- 2.3 The CIL rate for residential development will be charged at different rates across the County. Maps showing the location and boundaries of the areas in which differential rates will be charged are attached at Appendix 1 (maps 1-5).

¹ MCC CIL Viability Assessment – Viability Evidence for Development of a CIL Charging Schedule (Three Dragons with Peter Brett Associates, July 2014) ; Updated Viability Evidence for development of a CIL Charging Schedule (Three Dragons September 2015 Draft Report); Addendum – Update of Non-Residential Viability Assessment (Peter Brett, September 2015).

Table 1: Residential Development CIL Rates

Category	Geographical Area	CIL rate per square metre
(1)	Strategic LDP Sites* <ul style="list-style-type: none"> • Crick Road, Portskewett (SAH2) • Wonastow Road, Monmouth (SAH4) • Rockfield Road, Undy (SAH5) • Vinegar Hill, Undy (SAH6) • Sudbrook Paper Mill (SAH7) 	£80
(2)	Non-strategic sites in the Main Towns of Abergavenny, Chepstow and Monmouth and the Rural Rest of Monmouthshire** except for Category (6) & (7) sites.	£120
(3)	Non-strategic sites of 4 dwellings or more in Severnside settlements***	£80
(4)	Deri Farm, Abergavenny, Strategic Site (SAH1)	£60
(5)	Fairfield Mabey, Chepstow (SAH3)	£0
(6)	Sites in Main and Minor Villages, including those identified in Policy SAH11, that are required to provide above 35% affordable housing	£0
(7)	Sites of less than 4 dwellings	£0
(8)	Retirement Housing	£0

*This excludes the strategic site in Category (4): Deri Farm, Abergavenny (SAH1) and the strategic site in Category (5): Fairfield Mabey, Chepstow (SAH3)

**The 'Rural Rest of Monmouthshire' includes the Rural Secondary Settlements and the Main and Minor Villages identified in LDP Policy S1, together with all open countryside ('open countryside' being the area outside the named settlements in LDP Policy S1').

***Severnside Settlements are identified in LDP Policy S1 as Caerwent, Caldicot, Magor, Portskewett, Rogiet, Sudbrook and Undy

Commercial Development Rates

- 2.4 The CIL rate for A1 retail out-of-centre uses will be charged at a single rate across the County as set out in Table 2. A zero CIL charge will apply to all other non-residential uses across Monmouthshire. Maps showing the County's Central Shopping Areas where a zero CIL charge will apply are attached at Appendix 1 (maps 6-12) - in areas outside the Central Shopping Areas a CIL rate of £200 per square metre will apply to out-of-centre retail uses.

Table 2: Commercial Development CIL Rates

Type of Development	CIL rate per square metre
A1 Out-of-Centre Retail	£200

3 Spending CIL

- 3.1 In accordance with the CIL Regulations, the Council must apply CIL receipts to funding infrastructure to support the development of its area.
- 3.2 As part of the Local Development Plan process the Council considered the infrastructure requirements of the County which are set out in the Draft Infrastructure Plan. The document set out the infrastructure necessary to deliver the LDP strategic sites, to be funded through S106 agreements, together with an initial list of potential 'place-making' and other infrastructure projects by settlement, to be funded through CIL. Information was provided in respect of the cost of infrastructure, funding sources and responsibility for delivery, where known. CIL is intended to fill the gaps between existing sources of funding (to the extent that they are known) and the costs of providing infrastructure. The Infrastructure Plan will be updated and revised to accompany this Draft Charging Schedule.
- 3.3 The Council's draft Regulation 123 List provided at Appendix 2 has been prepared in support of the Draft Charging Schedule and sets out the categories of infrastructure that will be eligible to be funded through CIL. The infrastructure listed cannot then be funded through planning obligations.
- 3.4 It is improbable that CIL could ever raise sufficient levels of funding to provide all of the infrastructure items that the Council would wish to see delivered. Consequently, the inclusion of an infrastructure item on the Regulation 123 List will not constitute a commitment by the Council to fund that infrastructure through CIL. Decisions on what infrastructure will be delivered through CIL rests with the Council and will be influenced by its priorities and the amount of CIL funding available. Following adoption of the CIL, the Council will seek to review the list on a regular basis as part of the monitoring of the levy.

4 Next Steps in the CIL Process

- 4.1 The anticipated timetable for delivering the Monmouthshire Community Infrastructure Levy is set out in Table 3 below.

Table 3: Anticipated CIL Delivery Timetable

Stage	Timescale
Finalisation of Draft Charging Schedule	November/December 2015
Consultation on Draft Charging Schedule	January/February 2016
Submission for Examination	March 2016
Examination	May 2016
Examiner's Report	July 2016
Implementation of CIL	September 2016
Annual Monitoring Report	September 2017

APPENDIX ONE

CIL CHARGING ZONE MAPS

APPENDIX TWO

Draft Regulation 123 List

The categories of infrastructure listed below will be eligible to be funded, wholly or in part, through CIL.

Physical Infrastructure
Including:
<ul style="list-style-type: none">• Sustainable transport improvements
<ul style="list-style-type: none">• Upgrade/provision of broadband connectivity
<ul style="list-style-type: none">• Town centre improvements
Social Infrastructure
Including:
<ul style="list-style-type: none">• Education
<ul style="list-style-type: none">• Strategic sports /adult recreation facilities
Strategic Green Infrastructure
Schemes to be identified

Exclusions from the Draft Regulation 123 List

The following types of infrastructure do not appear on the Draft Regulation 123 List and will be funded through S106 contributions where they meet the statutory tests set out in CIL Regulation 122:

- Infrastructure associated with the LDP Strategic Sites identified in the Council's Draft Infrastructure Plan.
- Affordable housing.
- On-site play space provision.

APPENDIX THREE

MCC CIL Evidence Base

The following documents support the Preliminary Draft Charging Schedule and the Draft Regulation 123 List. The documents are available to view on the Council's website and at Planning Reception, County Hall, Rhadyr, Usk NP15 1GA.

- **Monmouthshire Local Development Plan 2011-2021**
This is the adopted development plan for Monmouthshire (excluding that part of the County within the Brecon Beacons National Park) which sets out the development framework for the County until 2021.
- **Monmouthshire County Council CIL Viability Assessment – Viability Evidence for Development of a Community Infrastructure Levy Charging Schedule (Three Dragons with Peter Brett Associates, July 2014)**
This is a comprehensive viability assessment which has provided the Council with evidence to inform the Preliminary Draft Charging Schedule.
- **Monmouthshire County Council CIL Viability Assessment - Updated Viability Evidence for Development of a Community Infrastructure Levy Charging Schedule (Three Dragons, September 2015, Draft Report).**
- **Monmouthshire County Council CIL Viability Assessment - Addendum – Update of Non-Residential Viability Assessment (Peter Brett, September 2015).**
- **Monmouthshire Draft Infrastructure Plan (March 2013)**
This sets out the requirements, phasing and costs and funding of infrastructure necessary to support the delivery of the LDP. It lists the infrastructure necessary for delivering the LDP strategic sites (annex 1) together with potential 'place-making' and other infrastructure projects by settlement (annex 2). The list in Annex 2 will be added to and revised as necessary as the Council establishes its priorities in light of available resources.

SUBJECT: Delivering tourism objectives via Local Development Plan policies

MEETING: Economy & Development Select Committee

DATE: Thursday 15 October 2015

DIVISIONS/WARDS AFFECTED: All

1 PURPOSE

- 1.1 To provide members with an overview of tourism related planning policies to enable consideration of the extent to which the Local Development Plan (LDP) supports the Council's objectives for growing our tourism economy.

2 BACKGROUND

- 2.1 Tourism is vital to Monmouthshire's economy, generating income to support a wide range of businesses that directly or indirectly benefit from visitor spending or that supply or service the county's tourism industry. According to STEAM, tourism generated £175m for Monmouthshire in 2014 with more than 2m visitors. Tourism also provides opportunities for enterprise and employment, and is a significant employer in the county. According to the [Welsh Government Local Authority tourism profile for Monmouthshire](#), tourism employment accounts for approximately 12% of all employment in the county. Tourism revenue per capita is the highest in SE Wales, highlighting that Monmouthshire is more reliant on its visitor economy than any other Local Authority in the region.
- 2.2 At its meeting on 04 June 2015, the Economy and Development Select Committee considered the need to review and update the current [Destination Development Plan](#) to ensure it continues to be fit for purpose and to reflect Council and other stakeholder priorities. Alongside this, the Committee requested an opportunity to review Local Development Plan policies relating to tourism, to consider the extent to which they are delivering or enabling tourism-related development.
- 2.3 The Local Development Plan was adopted in February 2014. This statutory development plan contains a number of policies relevant to tourism. Legislation requires that planning applications are determined in accordance with the LDP, unless material planning considerations indicate otherwise. Consequently, the effectiveness and appropriateness of the LDP policies is essential in securing the desired tourism outcomes. However, it is worth noting at this point that the LDP does not have to cover all eventualities. Indeed, Welsh Government guidance on producing LDPs requires that LDPs do not duplicate national planning policy. Topics or types of tourism not covered by specific LDP policies can be considered under national planning policy and/or material planning considerations.
- 2.4 This discussion paper is intended to assist an informed discussion on the LDP policies and to identify any areas for further attention. Should it be concluded that the LDP policies are not delivering or enabling the required outcomes, there is a formal process via which the Council can review its LDP, either in whole or as a partial review on a topic basis.
- 2.5 Appendix 1 provides a summary of guidance used elsewhere in Wales and clarifies some of the terminology.

3 KEY ISSUES

- 3.1 To aid consideration of this topic, this report is divided into two sections. Firstly, the table below sets out the various types of tourism-related development and shows how they would be considered under the LDP. The table is traffic-light rated to show where policies are supportive (green), supportive only in certain circumstances (amber), or prohibitive/no relevant policy (red). The second section of the report looks at tourism-related planning applications determined since the LDP was adopted. This section utilises details from the LDP Annual Monitoring Report to investigate planning approvals, and a separate analysis of applications refused, to identify any issues arising. The relevant extracts of the AMR are provided at Appendix 1.

Local Development Plan policies

- 3.2 The LDP has 16 defined objectives (page 45 of the LDP), some of which relate directly to tourism development:

3: to support existing rural communities as far as possible by providing development opportunities of an appropriate scale and location in rural areas in order to assist in building sustainable communities and strengthening the rural economy;

5: to improve access to recreation, sport, leisure activities, open space and the countryside to enable healthier lifestyles;

7: to support a thriving, diverse economy, which provides good quality employment opportunities and enables local businesses to grow;

8: to protect, enhance and manage Monmouthshire's natural heritage, including the Wye Valley AONB, the County's other high quality and distinctive landscapes, protected sites, protected species and other biodiversity interests and the ecological connectivity between them, for their own sake and to maximise the benefits for the economy, tourism and social wellbeing.

- 3.3 The LDP contains a number of specific policies relating to tourism development:

- strategic policy S10 (rural enterprise: page 73);
- strategic policy S11 (visitor economy: page 74);
- policy RE6 (provision of recreation, tourism and leisure facilities in the open countryside: page 121);
- policy T1 (touring caravan and tented camping sites: page 122);
- policy T2 (visitor accommodation outside settlements (page 122);
- policy T3 (golf courses: page 124);
- policy LC1 (new built development in the open countryside: page 133);
- site allocation policy SAT1 (tourism sites: page 188).
- In addition, for certain proposals the criteria in H4 (page 94) and/or LC5 (protection and enhancement of landscape character: page 137) apply.

- 3.4 In terms of polices, the table below focuses on proposals outside of settlement boundaries. Within settlement boundaries, development is generally acceptable in principle subject to normal amenity considerations and policy matters such as flood risk. Outside settlement boundaries, the table highlights two key areas for attention: the need for guidance/clarification regarding how yurts, tepees, manager accommodation and amenity blocks will be considered; and the restrictive nature of tourism policies in relation to agricultural diversification for permanent structures such as wooden huts, lodges, log cabins, pods and static caravans.

Type of tourism development	LDP Policy	Scenario	Comments	Suggested Action
Touring caravans	T1	any	T1(c) requires that the site can be adequately supervised without additional permanent living accommodation for wardens. However, TAN6 could allow for a dwelling on an established site#. This approach avoids permission being given for new dwellings in the countryside to accompany businesses that quickly fail/cease. Policy RE6 allows for small-scale, informal new build tourism facilities such as amenity blocks where the re-use of an existing building is not possible, subject to compliance with LC1 and LC5 (landscape impact).	Supplementary Planning Guidance could be prepared to clarify how amenity blocks will be considered.
Tented camping (touring)	T1	any	As above	As above
Yurts and Tepees	T1	any	As above. The limited degree of permanence of yurts and tepees means they can be considered against Policy T1. Embankments or areas of substantial timber decking to create a level base could require planning permission in their own right.	Supplementary Planning Guidance could be prepared to clarify how yurts and tepees will be considered.
Wooden huts/lodges/log cabins/pods/static caravans	T2	Linked to an established medium/large hotel	TAN6 could allow for a dwelling for a warden/manager on an established site*. Policy RE6 allows for small-scale, informal new build tourism facilities such as amenity blocks where the re-use of an existing building is not possible, subject to compliance with LC1 and LC5 (landscape impact).	Supplementary Planning Guidance could be prepared to clarify how amenity blocks will be considered.

	RE3	Agricultural diversification scheme	Policy RE3(d) only allows agricultural diversification for visitor accommodation where it involves conversion or substantial rebuild within the curtilage of the farm buildings complex. So conversion/substantial rebuild to create a holiday cottage would be acceptable, but siting a pre-fabricated building such as a log cabin or static caravan would not be permitted.	Consideration should be given to whether or not there is a desire and need to amend the policy framework to allow greater farm diversification for tourism purposes.
	T3	Linked to an existing golf course	Policy T3 allows for new buildings if limited in scale and suitably located, so allows for warden/manager accommodation and amenity buildings.	
	SAT1(a)	Within grounds of Hendre Mansion, Monmouth	As above. There is likely to be a suitable outbuilding to convert into an amenity block.	
Holiday cottages (conversion)	T2	Conversion of rural buildings	Subject to Policy H4 (the building must be capable of conversion, not modern or utilitarian construction, good quality design proposed etc.). Policy T2(c) allows the conversion of buildings to visitor accommodation where the building is too small or inappropriately located to provide appropriate standards of space and amenity for permanent residential use.	
Holiday cottages (new build)	T2 & RE3	Substantial rebuild of remains of building	Policies T2(a) and RE3 allow the substantial rebuild of a building within the curtilage of an existing and occupied farm property where it assists agricultural diversification.	
B&Bs, hostels, hotels (conversions)	T2	Conversion of rural buildings	Subject to Policy H4 (the building must be capable of conversion, not modern or utilitarian construction, good quality design proposed etc.).	

B&Bs, hostels, hotels (new build)	T2 & RE3	Substantial rebuild of remains of building	Policies T2(a) and RE3 allow the substantial rebuild of a building within the curtilage of an existing and occupied farm property where it assists agricultural diversification.	
	T2	Linked to an established medium/large hotel	Policy T2 allows the establishment of a B&B or hostel or the extension of a hotel provided it is ancillary to an established medium or large hotel.	
	T3	Linked to an existing golf course		
Visitor accommodation	SAT1	Allocated sites for hotels/visitor accommodation	<p>SAT1(a) identifies Hendre Mansion, Monmouth as being suitable for a new build hotel, conversion to hotel/other serviced accommodation and other new build self-catering accommodation.</p> <p>SAT1(b) identifies Piercefield House, Chepstow as having potential for conversion into a hotel and other serviced accommodation.</p> <p>SAT1(c) identifies Croft-y-Bwla, Monmouth as being suitable for new build hotel accommodation (there is an extant planning permission for this).</p> <p>SAT1(d) identifies Portal Road, Monmouth as suitable for new build hotel accommodation (there is an extant planning permission for this).</p>	
Pub extensions	TAN13			

#TAN6 Rural Enterprise Dwellings allows for a new dwelling on an established rural enterprise (including farms) where there is a functional need for a full time worker and the business case demonstrates that the employment is likely to remain financially sustainable (paragraph 4.4.1). For the purpose of this technical advice note **qualifying rural enterprises comprise** land related businesses including agriculture, forestry and other activities that obtain their primary inputs from the site, such as the processing of agricultural, forestry and mineral products together with land management activities and support services (including agricultural contracting), **tourism and leisure enterprises**.

Development Management decisions

- 3.5 In terms of planning applications approved since the LDP was adopted, the Annual Monitoring Report identifies that ten applications for tourism uses were approved. These comprised:
- ten conversions into holiday accommodation units. These were located throughout the County (Abergavenny, Little Mill, Llandewi Skirrid, Llantilio Crosenny, Monmouth, Skenfrith, Talycoed, Tintern, Wolvesnewton);
 - a campsite (agricultural diversification scheme) comprising of 7 'glamping tents' (yurts) in Llanvetherine.
- 3.6 During the same period, five planning applications were approved that result in the loss of tourist facilities:
- two applications for the change of use from B&B to residential accommodation (Caldicot and Grosmont). However, given that the units were vacant and had previously been in use as dwellings, the reversion to residential use was considered acceptable in principle;
 - one application resulted in the loss of a holiday let to residential accommodation (Devauden), which was considered acceptable in order to meet a specific housing need;
 - one application involved the change of use of a B&B to office accommodation in Chepstow. In this instance the evidence submitted with the application indicated that the B&B had a persistently low occupancy rate and it was determined that the loss of the facility would not adversely impact on tourism;
 - one application related to the demolition of a public house/hotel in Portskewett and its replacement with a workshop/storage facility. This was deemed acceptable as the site is within an allocated employment site for B1, B2 and B8 uses and the proposed employment use is in accordance with the allocation and surrounding industrial uses.
- 3.7 During the same period, two applications relating to tourism sites were refused, however neither was refused on the grounds of tourism policies:
- DC/2014/00004 – Ravensnest Fishery, Tintern: This application was for the proposed extension to and conversion of a redundant pump house to create: owner's on site accommodation, fisherman's overnight accommodation and refreshment/service facilities for fishermen.
It is important to note that the application was refused because the proposed owner's accommodation would result in a new dwelling in the countryside, contrary to national and local planning policy. The overnight accommodation for fishermen and the service facilities were considered to be acceptable, not least because there was an extant consent in place for those elements (DC/2010/01073 approved 02/03/11). In terms of the owner's accommodation, it is worth noting that national planning policy in TAN6 Rural Enterprises would allow such a dwelling, if justified, for an *established* business;
 - DC/2012/00892 – 3 Rose Cottages, Redbrook: This application was for the change of use of an existing general purpose detached two storey outbuilding to a one bedroom

self-contained short term holiday let. It was refused on highway safety grounds. The site is also located within Zone C2 (undefended) floodplain. Therefore, although this application was refused, this decision was not made on tourism policy grounds.

- 3.8 It is worth noting that one further application was refused (DC/2014/01333). This application sought the removal of a planning condition which prevents domestic paraphernalia outside the static caravans at St Pierre. This application is of relevance because it illustrates how static caravans intended for tourism uses can quickly become permanently occupied. The decision on this application was tested at appeal, but the Council's stance was upheld.
- 3.9 Based on planning decisions made since the LDP was adopted, the evidence indicates that the LDP policies are operating effectively and allowing appropriate tourism development to go ahead. Although two applications were refused, in both cases the tourism policies were satisfied and the reasons for refusal related to other matters. The specific circumstances surrounding the decisions to allow the loss of five tourist facilities do not indicate an inherent problem with the LDP policies or their implementation. However, it is acknowledged that the LDP has only been adopted since February 2014 and the Council has just produced its first Annual Monitoring Report. Performance can continue to be scrutinised over the next year or two and any emerging trends can be further considered at that time.

4 RECOMMENDATIONS

- 4.1 An assessment of how different types of tourism development would be considered under the LDP has highlighted two areas that Select Committee may wish to debate further:
- a) whether or not there is a need for clarification/guidance on how proposals for yurts, tepees, owner/manager's accommodation and amenity blocks will be assessed. This could be achieved via Supplementary Planning Guidance; and
 - b) whether or not the tourism policies in relation to agricultural diversification for permanent structures such as wooden huts, lodges, log cabins, pods and static caravans are too restrictive and should be reviewed.
- 4.2 An assessment of decisions made since the LDP was adopted does not highlight any problems at this time. It is acknowledged that the LDP was only adopted in February 2014 and it is therefore recommended that this topic be further assessed in October 2016 when the second Local Development Plan Annual Monitoring Report (AMR) is completed.
- 4.3 Overall, however, it is considered that the LDP tourism policies are fit for purpose and, with the exception of the matters outlined above, fully support and enable the Council's tourism aspirations.

AUTHOR

Mark Hand
Head of Planning
01633 644803
markhand@monmouthshire.gov.uk

Appendix 1

Visitor Economy

Monitoring Aim/Outcome: Encourage high quality sustainable tourism

Strategic Policy: S11 Visitor Economy

LDP Objectives Supported: 1, 3, 5 & 7

Other LDP Policies Supported: T1-T3, RE6, SAT1

Contextual Changes

There have been no significant contextual changes relating to this policy area during the monitoring period.

Indicator	Target	Trigger for Further Investigation	Performance 27 February 2014 – 31 March 2015
1. Number of tourism schemes approved (includes extensions /conversions and new build)	No target	None	17 tourist accommodation units gained*
2. Number of tourism facilities lost through development, change of use or demolition	Minimise the loss of tourism facilities	Loss of any 1 tourism facility in any 1 year	5 tourism facilities lost
Analysis			
<p>1. 10 applications were approved for tourism uses during the monitoring period, all of which were for tourist accommodation facilities. These included a total of 10 holiday accommodation units (all conversions) in various settlements** and a campsite (agricultural diversification scheme) comprising of 7 'glamping tents' (yurts) in Llanvetherine. The number of tourist accommodation facilities approved suggests that the relevant Plan policies are operating effectively allowing such developments to take place. However, given that this is the first monitoring period the conclusions drawn are very preliminary and the Council will continue to monitor this issue closely in future AMRs to determine the effectiveness of the policy framework relating to the provision of tourist facilities.</p>			
<p>2. 5 applications relating to the loss of tourism facilities were approved during the monitoring period, all of which involved the loss of tourist accommodation. Two of these involved the change of use from B&B to residential accommodation (Caldicot and Grosmont). However, given that the units were vacant and had previously been in use as dwellings the reversion to residential use was considered acceptable in principle. Another application resulted in the loss of a holiday let to residential accommodation (Devauden) which was considered acceptable in order to meet a specific housing need. One application involved the change of use of a B&B to office accommodation in Chepstow. In this instance the evidence submitted with the application</p>			

indicated that the B&B had a persistently low occupancy rate and it was determined that the loss of the facility would not adversely impact on tourism. A further application related to the demolition of a public house/hotel in Portskewett and its replacement with a workshop/storage facility. This was deemed acceptable as the site is within an allocated employment site for B1, B2 and B8 uses and the proposed employment use is in accordance with the allocation and surrounding industrial uses.

While the data collected indicates that a number of tourist accommodation facilities have been lost to alternative uses over the monitoring period and subsequently the trigger for this indicator has been met, their loss is justified within the context and requirements of the LDP policy framework. The Council will continue to monitor such proposals in future AMRs to determine the effectiveness of the policy framework relating to this issue.

Recommendation

1. No action is required at present. Continue to monitor.

2. No action is required at present. Continue to monitor.

*All visitor accommodation: 10 self-catering holiday cottages/apartments; 7 yurts

**Abergavenny, Little Mill, Llandewi Skirrid, Llantilio Crosenny, Monmouth, Skenfrith, Talycoed, Tintern, Wolvesnewton

Rural Enterprise

Monitoring Aim/Outcome: Encourage diversification of the rural economy

Strategic Policy: S10 Rural Enterprise

LDP Objectives Supported: 1, 3, 5, 7 & 14

Other LDP Policies Supported: RE1-RE6

Contextual Changes

There have been no significant contextual changes relating to this policy area during the monitoring period.

Indicator	Target	Trigger for Further Investigation	Performance 27 February 2014 – 31 March 2015
1. Number of rural diversification and rural enterprise schemes approved*	No target	None	7
Analysis			
<p>1. 7 applications relating to rural diversification/enterprise were approved during the monitoring period. 5 of the applications were allowed as rural enterprise schemes. Of these, 3 related to conversion of existing agricultural buildings to provide business uses where the former use of the building had become redundant. An additional scheme related to the change of use of redundant public toilets in Tintern to a podiatrist business, providing the opportunity to improve the appearance of a redundant building in a Conservation Area/Area of Outstanding Natural Beauty. The final rural enterprise scheme related to new build development in order to support and expand an existing rural business. The remaining two applications related to agricultural diversification, one of which was approved for a 'glamping' tourism scheme, whilst the other was approved to provide a cattery. Both schemes will supplement and diversify the respective farm businesses.</p> <p>The amount of rural diversification and rural enterprise schemes approved over the monitoring period suggests that Strategic Policy S10 and supporting development management policies are operating effectively. The Council will continue to monitor this indicator in future AMRs to determine the effectiveness of this policy framework in relation to the diversification of the rural economy.</p>			
Recommendation			
1. No action is required at present. Continue to monitor.			

*Rural Enterprise Schemes as listed here do not constitute those that require special justification as defined by TAN6

Appendix 2

Tourist Accommodation Policy Guidance in other Local Planning Authorities

Gwynedd – Holiday Accommodation SPG 2011

- **Glamping** – usually semi-permanent structures and examples include:
 - Yurts (wooden frame structures with wood burner)
 - Tepees (can be equipped with beds, open fires)
 - Wooden tents (can be placed on land without need for foundations and are not connected to services)
- **Status in planning law / UDP:**

In dealing with applications for non-traditional forms of caravanning and camping accommodation the LPA will adopt the following sequential approach:

 - Does the tent structure fall with the statutory definition of a caravan or is it a tent?
 - Is the caravan or tent a ‘touring unit’?
 - The degree of permanency of the unit on the site i.e. will it be removed off site when it isn’t occupied as holiday accommodation?
- **Yurts and Tepees**
 - Not considered to fall within the statutory definition of a caravan and can be described as ‘luxury tents’. Provide a list of matters to consider in relation to a proposal to locate such units on existing pitches on tenting campsites e.g. whether the proposal would lead to changes in the operational arrangements of the site beyond that already granted (e.g. operating beyond the permitted touring holiday season); whether the proposal involved provision of more permanent type structures with associated facilities e.g. wooden decking; whether units would be removed?
 - One of main policy considerations is the **degree of permanency** of the structure and whether it can be removed when not in use.
- **Wooden tents or similar structures**
 - If capable of being delivered to a site complete and no operations required then they conform to the statutory definition of a caravan. However, given their degree of permanency on the site such structures cannot be categorised as touring units and will therefore be considered as **static caravans**.
 - Such proposals will be considered against the requirements of policies D16 (i.e. provision of new static holiday caravan and holiday chalet sites where such proposals will be refused as already well provided in the county) and D17 (i.e. upgrading of existing static holiday caravan and holiday chalet site where criteria base approach is adopted).

Snowdonia National Park – Visitor Accommodation SPG 2012

- Notes that new forms of static accommodation have emerged in recent years e.g. pods, yurts, tepees (‘glamping’)
- Due to their recent development they are not covered by the Caravans and Development Control Act 1960 – therefore no standard definition within planning. SNPA have used existing definitions in the Act to define the various types of accommodation.
- **Pods:**
 - Constructed of timber, have floor and roof, can have beds and oil heaters.
 - Usually constructed off site and transported on to a site as a completed unit – therefore fall under the latter part of the static caravan definition (transported on back of a motor vehicle / trailer). Unlikely to be moved off site when not in use.

- Treated in planning policy terms the same as **static caravans**.
- **Yurts and Tepees:**
 - Yurts - Large like tent structures with wooden frames and solid front doors, often have beds and wood burners. Considered more like semi-permanent structures – take time to erect and much larger than traditional tents.
 - Tepees – Conical shaped structures with wooden poles, often have beds and wood burners. Again the structures are more permanent than more traditional canvas tents.
 - Such structures are not considered to be static caravans or tents as they are more permanent than traditional tents. They are typically large and complex to erect and likely to remain on the site throughout the holiday season. Therefore likely to have greater impact on surrounding landscape than traditional tents.
 - Considered more like touring caravans and will be considered against the **touring and camping sites** policy.
 - If propose decking / other associated works with yurts and tepees then due to their degree of permanency SNPA will consider any application for yurts and tepees under the policy for chalets and **static caravans**.

Conwy – Tourist Development SPG 2015

- Note that the term ‘camping’ encompasses touring caravans, tents and yurts – schemes for timber pods or alternative small structures will be assessed on their own merits in line with the criteria set out in Policy TOU/4 Chalet, Caravan and Camping Sites.

Monmouthshire's Scrutiny Forward Work Programme 2015

Economy Select Committee				
15th Oct 2015	Community Infrastructure Levy (CIL)	Full report including results of viability testing to return to committee.	Martin Davies	Performance Monitoring
	Tourism and Planning	Discussion on specific aspects of the Local Development Plan that relate to tourism development.	Mark Hand	Policy Development
	Discussions with the Chief Planning Officer on future Areas for Scrutiny	Discussion with the Chief Planning Officer on 2 future scrutiny areas: <ul style="list-style-type: none"> - How the Local Development Plan supports Regeneration - Maximising S106 Contributions 	Mark Hand	Policy Development
Special Meeting 4th Nov 2015	BUDGET			
26th Nov 2015	Enterprise Strategy	To review the progress of the implementation of this strategy after 1 year in terms of the support it is giving to Monmouthshire businesses. Members to hold discussions with businesses outside of the committee.	Kellie Beirne Committee Members	Progress Monitoring
	Chief Officer Enterprise Annual Report	Scrutiny of the performance of the directorate for the previous year.	Kellie Beirne	Performance Monitoring
	Investment Property	Date TBC - acquisition of investment properties - pre-decision scrutiny of the business case.	Deb Hill-Howells/Ben Winstanley	Pre-decision Scrutiny

Monmouthshire's Scrutiny Forward Work Programme 2015

Economy Select Committee				
7 th January 2016 TBC	Cultural Services Review	Pre-decision scrutiny of an options paper following completion of the review.	Ian Saunders	Pre-decision Scrutiny

Meeting Dates to be confirmed for:

- x **Car Parking** - Policy Review
- x **I county** - Annual performance report
- x **Leisure Services** - Annual performance report before Christmas
- x **Broadband in Monmouthshire Report** - to return
- x **Cardiff City Region Board** - to return - agreed a Members seminar on city region concepts and a debate at Council to shape our role i.e. what Monmouthshire has to offer in term of its Enterprise strategy.
- x **CMC2 - Community Interest Company leading green and digital growth**
- x **Shared Resource Service**
- x **Y Prentis Scheme**
- x **LDP**
- x **Future ROI Model**

Council and Cabinet Business – Forward Plan

Monmouthshire County Council is required to publish a Forward Plan of all key decisions to be taken in the following four months in advance and to update quarterly. The Council has decided to extend the plan to twelve months in advance, and to update it on a monthly basis.

Council and Cabinet agendas will only consider decisions that have been placed on the planner by the beginning of the preceding month, unless the item can be demonstrated to be urgent business

Subject	Purpose	Consultees	Author
26th AUGUST 2015 – INDIVIDUAL CABINET MEMBER DECISIONS			
Prohibition of sky lantern and mass balloon release on council owned land			Laurence Dawkins
Allocations policy			Ian Bakewell
20 mph and 30 mph limit-various roads, Penpelleni Goytre			Paul Keeble
2nd SEPTEMBER 2015 – CABINET			
Review of allocation policy		Cabinet Members Leadership Team Appropriate Officers	Ian Bakewell
Options appraisal future service delivery			Kellie Beirne
Partnership Agreement with DWP (universal credit)			Ian Bakewell
Caldicot Town Team			Colin Phillips

Subject	Purpose	Consultees	Author
Funding			
9th SEPTEMBER 2015 – INDIVIDUAL CABINET MEMBER DECISIONS			
Expansion of Ysgol Gymraeg Y Fenni to include a nursery class			Susan Hall
Property Services Admin resource restructure			Mark Jones
23rd SEPTEMBER 2015 – INDIVIDUAL CABINET MEMBER DECISIONS			
Remodelling of Mental Health			Julie Boothroyd
Agree to the tenancy renewal of Welsh Church Trust Land at Llanmartin			Gareth King
The sale of land adjacent to 64 Merthyr Road for use as car parking for the adjoining residential properties			Gareth King
Access land to The Hill, Abergavenny			Cerys Halford
Policy and communications team structure			Will McLean
Permanent change to staff structure in planning			Mark Hand
Authorise spend on bat survey			Mark Hand
Release of restrictive covenant at Long Barn			Nicholas Keyse
24th SEPTEMBER 2015 – COUNCIL			
MCC Audited Accounts 2014/15 (formal approval)	To present the audited Statement of Accounts for 2014/15 for approval by Council		Joy Robson
ISA 260 report – MCC Accounts (attachment above)	To provide external audits report on the Statement of Accounts 2014/15		WAO
Corporate Parenting			Gill Cox
Mardy park car park	Approval to add to amend the capital programme		Tracey Harry

Subject	Purpose	Consultees	Author
	to include the car park		
7th OCTOBER 2015 – CABINET			
Business Case for Funding for Team Abergavenny	To agree to release S106 funding against Team Abergavenny Business Plan		Deb Hill Howells
Capital Budget Proposals	To outline the proposed capital budget for 2016/17 and indicative capital budgets for the 3 years 2017/18 to 2019/20		Joy Robson
Revenue Budget Proposals			Joy Robson
Income Generation Strategy			Joy Robson
Education Strategic Review			Cath Sheen
NEETs Strategy			Tracey Thomas
Deri View			Steph Hawkins
Mardy Park			Colin Richings
Future of Llanfair Kilgeddin School			Cath Sheen
Capability policy for school based employees			Sally Thomas
ALN facility	Consultation to establish a 55 place ALN facility at Monmouth Comprehensive School whilst amending the capacity of the mainstream school to 1600.		Debbie Morgan
Caerwent S106 Funding			Mike Moran
14th OCTOBER 2015 – INDIVIDUAL CABINET MEMBER DECISIONS			
Insurance Retender			Mark Howcroft
Local Development Plan – Annual monitoring report.	To seek approval to submit the first AMR on the LDP to the Welsh Government.	SLT & Planning	Jane Coppock.
28th OCTOBER 2015 – INDIVIDUAL CABINET MEMBER DECISIONS			
4TH NOVEMBER 2015 – CABINET			

Subject	Purpose	Consultees	Author
Capital Budget Proposals	To outline the proposed capital budget for 2016/17 and indicative capital budgets for the 3 years 2017/18 to 2019/20		Joy Robson
Budget Monitoring Report – Month 6	The purpose of this report is to provide Members with information on the forecast outturn position of the Authority at end of month reporting for 2015/16 financial year.		Joy Robson/ Mark Howcroft
Welsh Church Fund Working Group	The purpose of this report is to make recommendations to Cabinet on the Schedule of Applications 2015/16, meeting 2 held on 24 th September 2015		Dave Jarrett
Effectiveness of Council Services: quarterly update			Matt Gatehouse
Safeguarding			Jane Rodgers
Wye Valley Area of Outstanding Natural Beauty Management plan 2015-20	To seek approval of the review of the Wye Valley AONB Management plan	SLT Cabinet	Matthew Lewis
11th NOVEMBER 2015 – INDIVIDUAL CABINET MEMBER DECISIONS			
Expansion of Ysgol Gymraeg Y Fenni to include a nursery class			Susan Hall
19^h NOVEMBER 2015 – COUNCIL			
Community Governance Review			Kellie Beirne
25th NOVEMBER 2015 – INDIVIDUAL CABINET MEMBER DECISIONS			
19th NOVEMBER 2015 – COUNCIL			
Gambling Policy			Linda O’Gorman
Casinos report			Linda O’Gorman
Safeguarding			Jane Rodgers

Subject	Purpose	Consultees	Author
2nd DECEMBER 2015 – CABINET			
Council Tax Base 2016/17 and associated matters	To agree the Council Tax Base figure for submission to the Welsh Government, together with the collection rate to be applied for 2016/17 and to make other necessary related statutory decisions.		Sue Deacy/ Ruth Donovan
Reviews of Fees and Charges	To review all fees and charges made for services across the Council and identify proposals for increasing them in 2016/17		Joy Robson
Community Infrastructure Levy			Mark Hand
Revenue & Capital Budget final proposals after public consultation	To present revenue and capital budget proposals following receipt of final settlement		Joy Robson
Quarter 2 Education Framework			Sharon Randall Smith
Deri View			Steph Hawkins
Affordable Housing SPG			Mark Hand
ALN Deri View			Steph Hawkins
Play Opportunities review	To consider future delivery models for play and inform members of progress in the review of the play sufficiency assessment		Matthew Lewis
23RD DECEMBER 2015 – INDIVIDUAL CABINET MEMBER DECISIONS			
Local Government (Wales) Act 1994 The Local Authorities (Precepts)(Wales) Regulations 1995	To seek approval of the proposals for consultation purposes regarding payments to precepting Authorities during 2016/17 financial year as required by statute.		Joy Robson
DECEMBER 2015 – COUNCIL			
Community infrastructure levy			Mark Hand
Affordable Housing SPG			Mark Hand
6TH JANUARY 2016 – CABINET			

Subject	Purpose	Consultees	Author
Welsh Church Fund Working Group	The purpose of this report is to make recommendations to Cabinet on the Schedule of Applications 2015/16, meeting 3 held on 19 th November 2015.		Dave Jarrett
21ST JANUARY 2016 – COUNCIL			
Final Budget Proposals			Joy Robson
27TH JANUARY 2016 – INDIVIDUAL CABINET MEMBER DECISIONS			
Local Government (Wales) Act 1994 The Local Authorities (Precepts)(Wales) Regulations 1995	To seek Members approval of the results of the consultation process regarding payments to precepting Authorities for 2016/17 as required by statute		Joy Robson
3RD FEBRUARY 2016 - CABINET			
Budget Monitoring report – month 9	The purpose of this report is to provide Members with information on the forecast outturn position of the Authority at end of month reporting for 2015/16 financial year.		Joy Robson/Mark Howcroft
Welsh Church Funding Working Group	The purpose of this report is to make recommendations to Cabinet on the Schedule of Applications 2015/16, meeting 4 held on the 17 th December 2015.		Dave Jarrett
The Future Food Waste Treatment Strategy: Outline Business Case & Inter Authority Agreement	for the Council to consider the inclusion of MCC in the Heads of the Valleys Anaerobic Digestion Procurement. To agree the Outline Business Case and the Inter Authority Agreement which commits the Council to the procurement and partnership and a 15-20 year contract.	SLT Cabinet	Rachel Jowitt
Waste Strategy			Carl Touhig/ Roger Hoggins
25TH FEBRUARY 2016 – COUNCIL			

Subject	Purpose	Consultees	Author
Final Composite Council Tax Resolution	To set budget and council tax for 2016/17		Joy Robson
Treasury Management Strategy 2016/17	To accept the annual treasury management strategy		Joy Robson
The Future Food Waste Treatment Strategy: Outline Business Case & Inter Authority Agreement	for the Council to consider the inclusion of MCC in the Heads of the Valleys Anaerobic Digestion Procurement. To agree the Outline Business Case and the Inter Authority Agreement which commits the Council to the procurement and partnership and a 15-20 year contract.	SLT Cabinet	Rachel Jowitt
Waste Strategy			Carl Touhig/Roger Hoggins
2ND MARCH 2016 – CABINET			
P201603143 Welsh Church Fund Working Group	The purpose of this report is to make recommendations to Cabinet on the Schedule of Applications 2015/16 meeting 5 held on the 21 st January 2016		Dave Jarrett
2015/16 Education & Welsh Church Trust Funds Investment & Fund Strategy	The purpose of this report is to present to Cabinet for approval the 2016/17 Investment and Fund strategy for Trust Funds for which the Authority acts as sole or custodian trustee for adoption and to approve the 2015/16 grant allocation to Local Authority beneficiaries of the Welsh Church Fund.		Dave Jarrett
13TH APRIL 2016 - CABINET			
Welsh Church Fund Working Group	The purpose of this report is to make recommendations to Cabinet on the Schedule of Applications 2015/16, meeting 6 held on the 25 th February 2016		Dave Jarrett

Subject	Purpose	Consultees	Author
4TH MAY 2016 - CABINET			
Welsh Church Fund Working Group	The purpose of this report is to make recommendations to Cabinet on the Schedule of Applications 2015/16, meeting 7 held on the 24 th March 2016		Dave Jarrett