

Fareham Borough Council

**Community Infrastructure Levy Charging Schedule
Review**

**Regulation 19 Representation Statement
And
Statement of Modifications**

June 2023

Regulation 19 Representation Statement

1. Fareham Borough Council consulted on a revised charging schedule for 6 weeks from Friday 17th March to Monday 1st May 2023. Electronic and written notifications were sent to consultees and every organisation and individual on the Planning Strategy consultation database, and paper copies deposited in libraries. The announcement was also on the Council's 'Have Your Say' and Planning Strategy website consultation pages.
2. A total of 8 representations were made from organisations and individuals. The following sets out the representations made along with the response from the council.
3. The council has received two requests from representors to take part in the Examination:
 - Miller Homes
 - Hallam Land Management

Statement of Modifications

4. Under the provisions of the CIL Regulations 2010 (as amended), the Council is able to modify the CIL Draft Charging Schedule following publication and consultation. Where changes are proposed, the Council is required to produce a Statement of Modifications, inform consultation bodies invited to make representations on the Draft Charging Schedule, and provide an opportunity to request a right to be heard by the Examiner in relation to the proposed changes.
5. The Council is proposing one modification which is set out following the Responses and Council Response section.

Representations and Council Response

Name / organisation	
Southern Water	
Summary of the main issues raised	Fareham Borough Council response
No comments.	Noted.

Name / organisation	
Hampshire and Isle of Wight Fire and Rescue Service	
Summary of the main issues raised	Fareham Borough Council response
There is no specific reference to emergency services in the consultation document but lists the increase of traffic and people to the area. HIWFRS enquires how emergency services can request CIL funding to invest in facilities to prepare for the influx.	<p>Comments noted but no changes considered necessary.</p> <p>The Council currently determines how it spends CIL money through the Executive process. The Council does not invite requests for projects to be funded.</p> <p>The Local Plan Infrastructure Delivery Plan identified HIWFRS requirements, and the Council has been in discussions with the Service as to how it can help facilitate new infrastructure development.</p>

Name / organisation	
Resident 1	
Summary of the main issues raised	Fareham Borough Council response
<p>It seems right and proper that developers pay for the infrastructure which facilitates them making vast profits on new builds.</p> <p>1) Developers should absolutely pay CIL on older persons retirement accommodation on Green Field sites. These units are sold on the open market to the over 55's with good resources</p> <p>2) It would have been helpful if you'd referenced why Welborne is rated 0% for CIL. I'm sure there was a deal done some while ago (possibly as Government funding was procured to cover it?) but just showing it as exempt leaves a question as to why that is.... otherwise the comment would be that Welborne will require vast amounts of infrastructure (not least a new M27 junction) and so why should the developers not pay for that?!</p>	<p>Comments noted and support welcomed but no changes considered necessary.</p> <p>The Charging Schedule sets a charge for older persons housing schemes on greenfield land. The charge is set lower than traditional residential however, as there are a lot more costs involved in these schemes, therefore making viability more marginal.</p> <p>Welborne was the subject of a separate viability study and CIL examination in 2020. The process concluded that due to the substantial developer contributions being sought from the site to pay for the infrastructure including the new motorway junction, 3 new schools (likely to be in excess of £300 million total value) that any additional CIL liability would detrimentally impact the viability of the scheme.</p>

Name / organisation	
Historic England	
Summary of the main issues raised	Fareham Borough Council response
<p><u>Funding through CIL.</u> The CIL covers a wide definition of infrastructure in terms of what can be funded by the levy and is needed for supporting the development of an area. This can include:</p> <ul style="list-style-type: none"> • open space: as well as parks and gardens, this might also include 	<p>Comments noted but no changes considered necessary.</p> <p>The Council currently determines how it spends CIL money through the Executive process and publishes how it has spent CIL, and how it</p>

<p>wider public realm improvements, possibly linked to a National Lottery Heritage Fund scheme, and green infrastructure;</p> <ul style="list-style-type: none"> • ‘In kind’ payments, including land transfers; this could include the transfer of an ‘at risk’ building; • Repairs and improvements to and the maintenance of heritage assets where they are an infrastructure item as defined by the Planning Act 2008, such as cultural or recreational facilities. <p>The Localism Act 2011 also allows CIL to be used for maintenance and ongoing costs, which may be relevant for a range of heritage assets, for example, transport infrastructure such as historic bridges or green and social infrastructure such as parks and gardens. Historic buildings may offer opportunities for business or employment use – infrastructure to support economic development. Investment in heritage assets and the wider historic character of an area may stimulate and support the tourism offer and attractiveness of a place to retain and attract economic development. For example, this may entail work on listed buildings at risk, noting too a local Building at Risk Survey was organised by the Council in 2006 (we’re unaware if this has been refreshed). Conversely, vacant or underused heritage assets not only fail to make a full contribution to the economy of the area, but they also give rise to negative perceptions about an area and discourage inward investment. We therefore suggest that the Council consider if any heritage-related projects in the Borough would be appropriate for CIL funding. The Local Plan’s evidence base may demonstrate the specific opportunities for CIL to help deliver growth and in so doing meet the Plan’s objectives for the historic environment.</p>	<p>intends to spend future CIL through the published Infrastructure Funding Statements.</p>
<p><u>Impacts on viability</u> The Council should also be aware of the implications of any CIL</p>	<p>Comments noted but no changes considered necessary.</p>

rate on the viability and effective conservation of the historic environment and heritage assets in development proposals. For example, there could be circumstances where the viability of a scheme designed to respect the setting of a heritage asset in terms of its quantum of development could be threatened by the application of CIL. There could equally be issues for schemes which are designed to secure the long-term viability of the historic environment (either through re-using a heritage asset or through enabling development). Paragraph 190 of the National Planning Policy Framework requires plans to set out a positive strategy for the conservation and enjoyment of the historic environment, including heritage assets most at risk through neglect, decay or other threats. In relation to CIL, this means ensuring that the conservation of heritage assets is taken into account when considering the level of the CIL to be imposed so as to safeguard and encourage appropriate and viable uses for the historic environment. We consider it essential, therefore, that the rates proposed in areas where there are groups of heritage assets at risk are not at a level that would be likely to discourage schemes being brought forward for their reuse or associated heritage-led regeneration. In such areas, there may be a case for lowering the rates charged.

In addition, we encourage local authorities to assert in their CIL Charging Schedules their right to offer discretionary CIL relief in exceptional circumstances e.g. where development which affects heritage assets and their settings and/or their significance, may become unviable if it was subject to CIL. In such circumstances, we urge local authorities to offer CIL relief and for the conditions and procedures for CIL relief to be set out in a separate statement following the Charging Schedule. The statement could set out the criteria to define exceptional circumstances and provide a clear rationale for their use, including the justification in terms of the

The Council notes the concerns regarding the impact on historically sensitive development of a potential CIL charge. The Council has previously taken the decision to not include Discretionary relief for exceptional circumstances as it was not considered that there are merits for this within the borough given that exceptional circumstances can only be granted where a) there is a section 106 in place, and b) the cost of complying with the s106 is greater than the chargeable amount in respect of CIL. This is still unlikely to be the case where heritage assets are concerned given the small scale nature of the schemes involved. However, flatted development within the town centre (which includes the historic assets along the high street) is zero rated as set out in the Charging Schedule.

<p>public benefit (for example, where CIL relief would enable the restoration of heritage assets identified on Historic England's Heritage at Risk Register). The statement could also reiterate the need for appropriate notification and consultation.</p>	
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Name / organisation	
The Planning Bureau Limited on behalf of McCarthy and Stone	
Summary of the main issues raised	Fareham Borough Council response
<p>We have reviewed the Viability Assessment (VA), November 2022 by Three Dragons with respect of older person's housing. We support the Council on their decision to test the viability of a number of forms of specialist accommodation for the elderly including sheltered (retirement living), extra care (supported living) and care homes on both brownfield and greenfield sites.</p> <p>As an outcome of the testing of these typologies the Council are providing a separate reduced levy rate of £28 per m2 for Sheltered housing on greenfield sites in line with the conclusion of the VA at para 5.34 that states 'If the Council is minded to have a charge on just the retirement (sheltered) form of accommodation then with a reasonable buffer (at 50% of the headroom), the CIL rate could be £28/sq m. This would represent just under 1% of GDV for the tested scheme, so would be reasonable rate of CIL to apply.'</p> <p>We note that all of the other older persons housing typologies tested resulted in a negative headroom. This is identified at para 5.31 and 5.32 of the VA that confirms: '5.31 In terms of the retirement (sheltered) homes it is noted that</p>	<p>Comments noted and support welcomed.</p> <p>The Council agrees that the wording of the Charging Schedule consulted upon is ambiguous and could be improved. The Council is therefore proposing a revised description of development as a proposed modification to the Charging Schedule. The footnote to the Charging rates table sets out the definition of sheltered housing for further clarity and this will remain.</p>

<p>on greenfield sites these show a small headroom but not at a level that would be able to accommodate the standard residential proposed rate of £195/sq m. However, for sheltered homes on higher value brownfield land the headroom is negative.</p> <p>5.32 The assisted (extra care) homes are less viable than sheltered homes due to the higher development costs for this form of older person homes. It would not be viable on the basis of this testing approach with any CIL rate for either greenfield or brownfield sites.'</p> <p>Given the reduced rate for sheltered housing (greenfield) that has been detailed within the charging schedule, we would recommend that the conclusion of the VA with respect to other forms of older person's housing is clarified within the charging schedule. This is in order for the schedule to be clear that proposals for older person's housing other than for sheltered (greenfield), are exempt from the CIL charge.</p> <p>We therefore recommend that the following wording is added to the 'Standard Charge' box: 'Standard charge (applies to all development not separately defined above, for example, offices, warehouses, leisure, education facilities, extra-care housing on greenfield and brownfield sites, sheltered housing on brownfield sites and care homes'.</p> <p>This would provide clarity to the draft CIL charging schedule and ensure that the schedule is consistent with its own evidence and therefore with national policy.</p>	
<p>Notwithstanding the above support and recommended amendment, it is noted that the Council also have updated draft</p>	<p>Comments noted but no changes considered necessary.</p>

<p>Planning Obligations SPD (draft SPD) out for consultation. The Council should note that some elements of the draft SPD have not been included in the VA, e.g. tree maintenance, or have been included, but the financial contribution in the VA is not as great as that expressed within the draft Planning Obligations SPD e.g. open Space provision and maintenance. The Council should therefore either incorporate the requirements expressed within the draft SPD within the VA and make corresponding changes to the CIL charging schedule and reconsult or delete the requirements from the draft Planning Obligations SPD. This would ensure that the draft Planning Obligations SPD is consistent with the PPG on Planning Obligations Paragraph: 004 Reference ID: 23b-004-20190901 which states: ‘Policies for planning obligations should be set out in plans and examined in public. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land’</p>	<p>The Viability study undertook a sensitivity test to reflect the potential cost increase based on figures proposed in the Planning Obligations SPD. The process for this is included in paragraph 5.15 onwards in the Viability Study. The result of this sensitivity test was that the headroom reduced. However, when including the cumulative impact of the other sensitivity tests, the results suggest that the headroom is still comfortably within the headroom buffer, meaning a positive CIL rate proposed remains viable. Noting that the cumulative impact is presenting a worst case scenario in terms of costs.</p>
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Name / organisation	
Terrence O’Rourke on behalf of Miller Homes	
Summary of the main issues raised	Fareham Borough Council response
<p>MH key concern is that the scale of change proposed on residential CIL rates is considerable. The proposed increase in rates is c. 85% (from the current £105 to £195 per sqm), therefore it is likely that development sites that have been procured or agreed to purchase under the existing CIL regime and will be delivered under the new regime will be those most affected. This includes many sites that have taken the time to progress through the Council’s preferred system of promotion for allocation and</p>	<p>Comments noted but no changes considered necessary.</p> <p>The proposed CIL rates are an increase on the currently adopted rates (set in 2013) and whilst the base rate is currently £105, the rate has increased as a result of indexation as per the CIL regulations, with the current charge (2023) being £167.50. The new charge reflects a range of considerations including the significant increase in market sales values since the adoption of the current Charging</p>

<p>allocation in the Plan, before making a planning application. For these sites in particular, there is a risk that if after factoring in updated CIL costs those schemes are no longer able to deliver policy compliant sums for contributions sought (under the obligations SPD) and a policy compliant amount of affordable housing. It is understood that in developing a borough wide CIL study the Council is required to consider generic development. However, on a site-specific basis we would highlight the following considerations;</p>	<p>Schedule in 2013. The Council is comfortable therefore that viability of schemes will not be unduly affected by the increase in the levy, given the increase in values across the borough.</p>
<p>A single £/sqft rate to calculate residential gross development value (GDV) applicable to all development sites across the borough is likely to overestimate value in some parts of the borough. Where this is the case, it should be expected that affordable housing will be reduced on site specific applications to balance the additional CIL requirement.</p>	<p>Comments noted but no changes considered necessary.</p> <p>Paragraph 4.7 onwards of the viability study explains why a single value area has been used across the borough and is consistent with the recently found sound approach supporting the Local Plan. Whilst accepting that there will always be localised variances on any single scheme, the assumptions around values, which are based on Land Registry sales values evidence, are considered to be realistic. The significant headroom in the results mean that even when values are under the average there is still sufficient scope for CIL and the s106 requirements.</p>
<p>The adoption of reduced Building Cost Information Service (BCIS) build rates for larger sites assuming economies of scale is only relevant if an entire development site is delivered by a single developer. It is very common on large sites that several developers will build out phases and sell from multiple outlets, thereby making it impossible to achieve the economies of scale assumed (supporting lower build costs) as the delivery is not carried out by a single entity. This point is recognised in the sales timing section to speed up delivery from 100 unit sites, therefore no further</p>	<p>Comments noted but no changes considered necessary.</p> <p>The Council disagrees with the assertion in regard to economies of scale. As indicated in para 4.21 CIL VA, research by BCIS and evidence from other viability studies shows that economies of scale from larger sites is a common approach underpinned by reality. Please note that the lowest rate of build costs only applies to sites of over 250 dwellings (Table 4.8 CIL VA).</p>

<p>reduction to BCIS rates should apply from this point (100 units) onwards.</p>	
<p>A 10% allowance for external works and contingency for schemes over 10 units is too low. The 15% allowance should be used to a much greater threshold, if not throughout.</p>	<p>Comments noted but no changes considered necessary.</p> <p>The 10% allowance for external works and contingency for schemes over 10 units is considered appropriate as these sites also include a separate further allowance for site infrastructure as well as a separate additional allowance for garages (100% 4 beds & 50% 3 beds). In combination this amounts to a substantial cumulative allowance for larger sites.</p>
<p>A 6% finance rate is not representative of the current market. It should be 7% as an all in equivalent rate now. It is much higher than this for SME developers.</p>	<p>Comments noted but no changes considered necessary.</p> <p>A sensitivity test was carried out to reflect a notional increase in finance rates at 10%. This is set out in para 5.9 CIL VA. Greenfield typologies see a reduction in headroom but are still considered to be viable. The significance is less than the brownfield typologies.</p>
<p>Based on the above, and after factoring in the updated proposed CIL costs as well as the updated planning obligation contributions sought, there is a real risk that allocated sites may no longer be able to deliver policy compliant viable schemes with such a significant increase in total cumulative costs. Any increase should be proportionate, transparent and based on evidence (with regard to the actual and expected cost of infrastructure, viability of development, other actual or expected sources of funding for infrastructure and administrative expenses in connection with the levy), ensuring that changes do not undermine the deliverability of the Local Plan, in accordance with paragraph 34 of the National Planning Policy Framework (2021) and the National Planning Practice Guidance (Paragraph: 005 Reference ID: 23b-005-</p>	<p>Comments noted but no changes considered necessary.</p> <p>The Viability study undertook a sensitivity test to reflect the potential increase based on figures proposed in the Planning Obligations SPD. The process for this is included in paragraph 5.15 onwards in the Viability Study. The result of this sensitivity test was that the headroom reduced. However, when including the cumulative impact of the other sensitivity tests, the results suggest that the headroom is still comfortably within the headroom buffer, meaning a positive CIL rate proposed remains viable. Noting that the cumulative impact is presenting a worst case scenario in terms of costs.</p>

<p>20190315, Paragraph: 010 Reference ID: 25-010-20190901, Paragraph: 016 Reference ID: 25-016-20190901).</p> <p>MH would also request the 'right to be heard' at the examination if necessary.</p>	
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Name / organisation	
LRM Planning on behalf of Hallam Land Management	
Summary of the main issues raised	Fareham Borough Council response
<p><u>Viability assumptions</u> Amongst the typologies considered in the Viability Assessment is a large greenfield site – allocation R14. This represents 1000 new homes on a greenfield site. This is the closest comparable to HA55, albeit HA55 is some 25% larger and, as described, has specific policy requirements and prescriptions that are not accounted for in this typology's assumptions. Table 3.1 suggests a density of 35 dwellings per hectare, whereas the Supporting Masterplan Principles document requires an average of 43 dwellings per hectare across the allocation. Table 3.1 also suggests a gross to net ratio of 60:40, whereas the policy prescriptions result in a gross to net ration of 75:25 for HA55</p>	<p>Comments noted but no changes considered necessary.</p> <p>The PPG guidance on Viability emphasises the need for proportionate evidence, and states at paragraph 004 that</p> <p><i>'A typology approach is a process plan makers can follow to ensure that they are creating realistic, deliverable policies based on the type of sites that are likely to come forward for development over the plan period.'</i></p> <p>In following this process plan makers can first group sites by shared characteristics such as location, whether brownfield or greenfield, size of site and current and proposed use or type of development. The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the plan. The Council is confident that what has been tested broadly reflects the type of development, and that the sensitivity tests undertaken provide headroom that will account for some of the issues raised.</p>

'Average costs and values can then be used to make assumptions about how the viability of each type of site would be affected by all relevant policies. Plan makers may wish to consider different potential policy requirements and assess the viability impacts of these. Plan makers can then come to a view on what might be an appropriate benchmark land value and policy requirement for each typology'.

The viability study, whilst not mentioning HA55 in paragraph 2.6 does consider a greenfield large mixed scheme of 1,000 dwellings as a typology. This was an approach agreed for the Local Plan and CIL Review Viability Assessment at the development industry workshop in 2019, in which Hallam Land Management took part, as an appropriate typology (Appendix G of the CIL Viability Assessment).

This approach was used and tested through the Local Plan examination and found to be appropriate and continued for the CIL review. The assessment uses a set of assumptions and costs that are applied to all typologies and are therefore a standard set of assumptions that are based on accepted and examined practice, both local and national. The viability testing therefore uses a suitable set of generic typologies for large sites whereas some of the points made in the representation refer to specific characteristics being currently discussed as part of a planning application.

It is not possible to pre judge the outcome of these planning application discussions which is why the assessment relies on suitable and reasonable typologies. Should the deviations from the standard assumptions lead to viability considerations then these will be considered through the application process, however the Council is firmly of the belief that there is sufficient headroom within the modelling to account for those changes and that this is highlighted in

	table 5.8 of the report that shows an 85% buffer for the £195 charge, and 3.1% of GDV for the typology.
<p><u>Viability assumptions Housing Mix</u></p> <p>The form of development set out in the Masterplanning Principles associated with HA55 requires not just a higher density of development than assumed in the equivalent typology, but also a housing mix that has a disproportionate amount of one and two bedroom and flatted accommodation in comparison to a conventional greenfield development. These two factors are interrelated. By their very nature the values associated with these types of dwellings are less.</p>	<p>Comments noted but no changes considered necessary.</p> <p>The viability testing uses a suitable set of generic typologies for large sites whereas some of the points made in the representation refer to specific characteristics being currently discussed as part of a planning application.</p> <p>It is not possible to pre judge the outcome of these planning application discussions which is why the assessment relies on suitable and reasonable typologies.</p>
<p><u>Viability assumptions values and development costs</u></p> <p>We infer from the Viability Assessment that the data sets employed are derived from a desk-based assessment over the past five years. During this time, we have experienced the depths of the pandemic which artificially enhanced market values, particularly in areas by the coast such as Fareham. The market is clearly less buoyant today but that will not have been factored into the evidence collated to support the Viability Assessment. Moreover, there has been a marked increase in inflation both in terms of build and labour costs, far in excess of longer term economic position that preceded 2020. It would be reasonable to describe the economic outlook as most uncertain at the present time and the prospect of a recession is ever present at the current time. Over the development lifecycle of HA55, a stagnant economy and market absorbing increasing in costs is very much a possibility.</p> <p>The extent to which HA55 can absorb additional development costs via CIL without any commensurate off-setting of obligations</p>	<p>Comments noted but no changes considered necessary.</p> <p>The VA is a point in time, and it is recognised that costs and values will vary over the intended lifetime of charging schedule, which is why a buffer is used in setting the recommended rates. Furthermore, the results of the sensitivity testing (Table 5.7 CIL VA) which include a cumulative range of higher cost factors shows that there remains a substantial viability headroom for the larger sites.</p> <p>We note that some of the points raised in the representation are related to wider housing market delivery issues rather than viability.</p>

<p>is highly questionable. The base data is set out in Appendix D. This data set is that which was used in 2021 adjusted by a House Price Index and undertaking a sensitivity check in Summer 2022 based on asking prices. That data will have been distorted by the impacts on the market during the pandemic where conditions were exceptionally buoyant. It does not take account of the post covid situation and the increase in interest rate scenario which is now causing the market to readjust. Build Costs have and are continuing to increase dramatically due to shortage of supply and inflation even since the BCIS data taken from August 2022. We believe build costs are too low.</p>	
<p><u>Viability assumptions development costs</u> Moreover, flatted development which is significantly more costly to build (see table 4.8) and this has contributed to flatted development in Fareham Town Centre being Zero rated. HA55, because of the nature of the development, will comprise a significant proportion of flatted development (20%), which is greater than the assumption in RF14 typology.</p>	<p>Comments noted but no changes considered necessary.</p> <p>RF14 typology includes 189 flats across market and affordable tenures equivalent to c19%.</p>
<p><u>Viability assumptions development costs</u> Finance at 6% is too low particularly when considering current prevailing conditions.</p>	<p>Comments noted but no changes considered necessary.</p> <p>A sensitivity test was carried out to reflect a notional increase in finance rates at 10%. This is set out in para 5.9 CIL VA. Greenfield typologies see a reduction in headroom but are still considered viable.</p>
<p><u>Viability assumptions development costs</u> Similarly, agent and Legal fees can be expected to be 3% not 1.75%</p>	<p>Comments noted but no changes considered necessary.</p> <p>Table 4.9 CIL VA sets out marketing/legal/sale costs at 3% (nominally set at 1.5%/0.5%/1% respectively) of GDV as well as a further legal allowance of £500 per affordable unit. Table 4.9 also identifies an allowance for costs associated with land purchase of 1.75%</p>

	(nominally set at 1% agents and 0.75 for legal). Both these allowances are within the range of CIL and Local Plan viability studies found sound at examination.
<u>Viability assumptions development costs</u> Benchmark Land Values, based on 2019 figures are now out of date	Comments noted but no changes considered necessary. Paras 4.39 – 4.48 and Appendix F CIL VA set out the sources and estimates of existing use and the premium applied in order to estimate an EUV plus approach to benchmark land values.
<u>Viability assumptions policy and mitigation costs</u> For Solent Mitigation, HA55 is required to provide accessible greenspace as part of the development to accord with Criterion (g). This is provided for as part of the Illustrative Masterplan on land to the north of Tanners Lane and West of Peak Lane – accessible greenspace measures approximately 25 hectares in size, equivalent to 8ha per 1000 population and significantly in excess of the reference in the Local Plan to 2 ha per 1000 population for alternative natural greenspace (paragraph 9.135 refers). Irrespective of this, Natural England has expressed a view that, in addition to the proposed quantum of accessible greenspace, the full financial contribution to the Solent Recreational Mitigation Strategy is sought. Plainly the sums of £390 - £864 per dwelling in Table 4.9 bear no relationship to the actual costs of meeting Criterion (g). Natural England are also seeking financial contributions towards the Council's New Forest Interim Mitigation Strategy. Whilst Criterion (g) intends that the accessible greenspace mitigates the potential recreational disturbance at the New Forest, these financial contributions are not reflected in Table 4.9, and is only treated as a Sensitivity Test.	Comments noted but no changes considered necessary. The viability testing uses a suitable set of generic typologies for large sites whereas some of the points made in the representation refer to specific characteristics (such as the alternative natural greenspace) being currently discussed as part of a planning application. It is not possible to pre judge the outcome of these planning application discussions which is why the assessment relies on suitable and reasonable typologies. However, there is an allowance to meet the Solent Recreational Mitigation Strategy (£390 to £864 – dependant on size of unit). A sensitivity test was carried out to reflect the potential introduction of the New Forest Interim Mitigation Strategy. This is set out in paras 5.15-5.18 CIL VA. Greenfield typologies see a reduction in headroom but are still viable.
<u>Viability assumptions policy and mitigation costs</u>	Comments noted but no changes considered necessary.

<p>Under the heading “other non-affordable homes Section 106 requirements”, the total s106 allowances range from £8,200 to £8,700 with general housing at the higher end of the range. The broad split is referred to as:</p> <ul style="list-style-type: none"> • £3,500 towards education requirements; • £2,000 towards transport related requirements; and • £3,200 towards open space including management and maintenance. In the previous Section it has been illustrated how, simply for education alone, this range is exceeded; the education contribution in isolation is twice the total allowance proposed. Plainly these costs in Table 4.9 bear no relationship to the actual costs of meeting Policy HA55. 	<p>The viability testing uses a suitable set of generic typologies for large sites whereas some of the points made in the representation refer to specific characteristics being currently discussed as part of a planning application.</p> <p>It is not possible to pre judge the outcome of these planning application discussions which is why the assessment relies on suitable and reasonable typologies.</p> <p>As stated in para 4.32 CIL VA s106 allowances were based on a review of recent agreements, an approach supported by PPG which states ‘Average costs and values can then be used to make assumptions about how the viability of each type of site would be affected by all relevant policies. Plan makers may wish to consider different potential policy requirements and assess the viability impacts of these. Plan makers can then come to a view on what might be an appropriate benchmark land value and policy requirement for each typology’</p>
<p><u>Viability assumptions - Sales and build cash flow</u> Paragraph 4.36 indicates a build/sales rate of 150 dwellings per annum for a scheme of more than 500 units. This is different to that in the Borough Council’s trajectory at Local Plan Examination document FBC001, where the assumption is that the development will average a little more than 100 completions per annum. This has to be considered alongside site infrastructure costs in order to appreciate cash flow. Natural England has indicated that it requires the phases of green infrastructure to be laid out before first occupations; these are therefore upfront costs relative to each phase and have a negative effect on cash flow. Similarly, the education contributions are likely to be required early in the</p>	<p>Comments noted but no changes considered necessary.</p> <p>The viability testing uses a suitable set of generic typologies for large sites whereas some of the points made in the representation refer to specific characteristics being currently discussed as part of a planning application.</p> <p>It is not possible to pre judge the outcome of these planning application discussions which is why the assessment relies on suitable and reasonable typologies.</p>

<p>development programme to allow that infrastructure to be available in a timely manner; this too will have a negative effect on cash flow. The greater the negative effect on cash flow, the greater the financing requirement and the greater the financial cost of the scheme. The suggestion that a) site infrastructure and preparation are incurred at 25% upfront and the remainder spread in line with sales period; and b) policy and mitigation costs will be spread evenly in line with build costs do not appear to hold true in the instance of HA55. To achieve this would require other obligations to be off set later in the development programme to mitigate the negative effect on cash flow.</p>	<p>Para 4.35-4.37 confirms that the approach to build and sales rates was found sound at the recent Local Plan examination.</p>
<p><u>Infrastructure Delivery Plan</u> The most recent Infrastructure Delivery Plan is dated September 2020. At paragraph 2.10 it states: “The Community Infrastructure Levy (CIL) is a planning charge on new development introduced by the Planning Act 2008 as a tool for local authorities to help deliver infrastructure to support the development of their area. All new development comprising one dwelling or more or net additional floorspace of 100m2 or more may be liable for a charge under the CIL. The charge must not be set at a rate which would render development unviable but should also have regard to the actual and expected cost of infrastructure. The IDP will play an important role in providing that assessment of the total cost of the required infrastructure.” It is not clear from the consultation what, if any, role this IDP has played in assessing the actual and expected cost of infrastructure.</p>	<p>Comments noted but no changes considered necessary.</p> <p>The Additional Modifications to the Local Plan¹ agreed with the Inspector, included an addendum to the 2020 Infrastructure Delivery Plan by way of an update. This update includes both allocation HA55 and the commitment to fund Fareham Live through CIL.</p> <p>The amended IDP, as included in the Additional Modifications to the Local Plan) in combination with the latest Infrastructure Funding Statement form part of the basis for demonstrating the funding gap as required by PPG.</p>

¹ <https://moderngov.fareham.gov.uk/documents/s32974/Appendix%205%20Schedule%20of%20Additional%20Modifications%20to%20the%20Local%20Plan.pdf>

<p>HA55 is not referred to in the IDP because it predates its inclusion within the Local Plan. That said, the infrastructure requirements associated with that development are specified in the Policy itself where on site provision is required. The previous sections have shown how these measures, and those where funding is sought pursuant to Policy TIN4 exceed the assumptions that have been employed in the Viability Assessment. In some instances, the infrastructure elements required are to address existing deficiencies and meet needs of the existing communities.</p> <p>The absence of a consolidated IDP does not assist determining whether it would be more appropriate for HA55 to be excluded from CIL or alternatively how CIL will result in reduced Section 106 Obligations on the development. This is a matter that requires attention by the Council as was acknowledged by its consultants. Plainly, this has not happened.</p>	
<p><u>Use of CIL Funds</u> We understand that CIL funds are presently being used for the construction of a new arts venue to replace Ferneham Hall as part of the town centre regeneration area identified in the Local Plan. A Report to the Council’s Executive in May 2022 indicates that the construction costs, totalling 16.9m, will be funded by its CIL reserves and future receipts.</p> <p>There is no reference to this project in the Local Plan’s Infrastructure Delivery Plan, indicating no actual or perceived link between this project and the identified critical, important, or desirable infrastructure needed to support development in Fareham.</p>	<p>Comments noted but no changes considered necessary.</p> <p>The Additional Modifications to the Local Plan agreed with the Inspector, included an updated addendum to the 2020 Infrastructure Delivery Plan. This update includes both allocation HA55 and the commitment to fund Fareham Live through CIL.</p> <p>The Council currently determines how it spends CIL money through the Executive process and publishes how it has spent CIL, and how it intends to spend future CIL through the published Infrastructure Funding Statements.</p>

<p>This is an important point in that the Planning Practice Guidance indicates that Local authorities must spend the levy on infrastructure needed to support the development of their area.</p>	
<p>The development at Welborne is exempt from CIL and it is helpful to consider the reasons for this. In introducing CIL in April 2013, the Council recognised the substantial site-wide infrastructure costs associated with the Welborne Garden Village and committed to an early review of the charging schedule to respond to evidence that was emerging in line with the preparation of the Welborne Plan (Part 3 of the Fareham Borough Local Plan).</p> <p>HA55 and Welborne are similar in having specific infrastructure requirements that are specified, albeit in a Policy rather than a Plan, namely on and off-site pedestrian and cycle links, off-site highway improvements, bus based public transport infrastructure, travel planning and associated costs, surface water drainage and water quality mitigation measures, early years, primary and secondary school education provision, community facility and health care, elderly persons accommodation, solent waders and brent goose mitigation, Solent and New Forest SPA recreation disturbance mitigation, sports hub, and allotments. This is comparable in nature to those measures identified in the Welborne Infrastructure Delivery Plan.</p> <p>When considering the Welborne Infrastructure Delivery Plan, it identified the total infrastructure and enable costs for 6,000 new homes to be £250,000,000. This equates to circa 40k per plot. Already we know that the education requirement alone on HA55 will equate to almost 40% of that sum. It would not be unreasonable to assume that the per plot infrastructure and enabling costs are similar to Welborne.</p>	<p>Comments noted but no changes considered necessary.</p> <p>The allocation does not compare to Welborne. Welborne is a development of 6,000 new dwellings, which requires significant infrastructure requirements such as a new motorway junction and 3 new schools (1 secondary, 2 primary). The decision to zero rate Welborne was established through significant viability work that showed the impact the additional CIL liability (in the region of £70million) would have on viability.</p> <p>It is the view of the Council that there is no evidence to the contrary of the viability study that the site in question at HA55 is not viable as a result of this proposed charge, and therefore does not warrant anything but the full charge.</p>

<p>That proposition must then be viewed through the lens of Welborne providing only 10% affordable housing. In other words, the infrastructure costs at Welborne are absorbed to a far greater extent by market housing.</p> <p>In the event, Welborne was zero rated for CIL, yet it provides at best a comparable situation to HA55 and if considered in the context of the proportion of affordable housing, a more advantageous position.</p>	
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Name / organisation	
Natural England	
Summary of the main issues raised	Fareham Borough Council response
<p>Natural England is a non-departmental public body. Our statutory purpose is to ensure that the natural environment is conserved, enhanced, and managed for the benefit of present and future generations, thereby contributing to sustainable development.</p> <p>Natural England does not consider that this Community Infrastructure draft Charging Schedule poses any likely risk or opportunity in relation to our statutory purpose, and so does not wish to comment on this consultation.</p>	<p>Comments noted but no changes considered necessary.</p>

Statement of Modifications

7. The Council has decided to amend the ‘types of development’ definitions set out in the Draft Charging Schedule, and as such have prepared this Statement of Modifications.
8. Under the provisions of the CIL Regulations 2010 (as amended), the Council is able to modify the CIL Draft Charging Schedule following publication and consultation. Where changes are proposed, the Council is required to produce a Statement of Modifications, inform consultation bodies invited to make representations on the Draft Charging Schedule, and provide an opportunity to request a right to be heard by the Examiner in relation to the proposed changes.
9. This Statement of Modifications sets out the modifications which have been made to Fareham Borough Council’s Revised Draft Charging Schedule.
10. The Draft Charging Schedule was published for consultation on Friday 17th March 2023 for six weeks. The Council received representations from 8 respondents to the Revised Draft Charging Schedule within this consultation period, which ended on Monday 1st May 2023. There were two requests to be heard at the examination.
11. As required under Regulation 19 of the Regulations, a copy of this Statement of Modifications has been sent to each of the persons that made a representation under Regulation 15 and it has been published on the Council’s website at: [Community Infrastructure Levy Charging Schedule \(fareham.gov.uk\)](https://fareham.gov.uk/community-infrastructure-levy-charging-schedule).
12. Any person may further request to be heard by the Draft Charging Schedule’s Examiner in relation to the modifications set out in this document. Any request must be made to the Council within four weeks beginning with the day on which the Draft Charging Schedule is submitted to the Examiner in accordance with Regulation 19 (1). Any representation requests must only be in relation to the modifications set out in this document.
13. The Charging Schedule and supporting document was submitted for examination on **Wednesday 14th June 2023**.
14. Any request to be heard by the Examiner in relation to these modifications must be:
 - Submitted to Fareham Borough Council in writing before **5pm Wednesday 12th July 2023**.
 - Include details of the modifications (by reference to this Statement of Modifications) on which the person wishes to be heard.
15. Persons requesting to be heard should indicate whether they support or oppose the modifications and explain why. In accordance with the Regulations, a copy of each request to be heard in relation to these modifications will be forwarded to the Examiner.
16. Requests to be heard may be withdrawn at any time before the opening of the Examination by giving notice in writing to Fareham Borough Council.

17. A request to be heard by the Examiner in relation to these modifications must be made in writing by post or email to:

Planning Strategy
Fareham Borough Council
Civic Offices
Civic Way
Fareham
PO16 7AZ
Email: planningpolicy@fareham.gov.uk

Proposed Modifications:

18. The proposed modifications relate to two distinct areas. Firstly, clarity around Sheltered Housing schemes, and secondly in relation to retail uses.

19. In relation to sheltered housing schemes, three alterations have been made to the 'type of development' definition, identified as M1a,b and c. These changes are intended to provide further clarity on what is included and not included in the charge on Sheltered retirement living schemes.

20. In relation to retail uses, As consulted upon, the charging schedule does not directly refer to 'other' retail uses in town centre, which the viability evidence shows is viable in terms of supporting a CIL charge. This proposed change would apply to new build convenience retail within Town Centres as identified in Figure 3 of the Charging Schedule.

21. The majority of planning applications in the town/district centres for retail uses are usually change of use, or very rarely, redevelopment and replacement floorspace. Planning records from the past 5 years indicate this change would not have applied to any planning permissions issued. The modification is proposed for completeness and would likely have no or very limited impact in CIL receipts going forward.

Mod id.	Type of Development ²	CIL charge per m ²	
		Rest of Fareham Borough	Welborne ³
M1a	Residential falling within Class C3(a) & (e) and C4 with the exception of older person sheltered housing <u>excepting:</u>	£195	£0
	Residential development consisting of flats in Fareham town centre as shown on figure 2 in the maps annexed to this schedule.	£0	£0
M1b	Development falling within Class C3 comprising retirement living (sheltered ⁴) on greenfield sites.	£28	£0
M2	All retail falling within Class E outside of centres as shown on figure 3 in the maps annexed to this schedule <u>(a) excepting:</u>	£80	£0
	Comparison retail ⁵ falling within Class E(a) in the centres as shown on figure 3 in the maps annexed to this schedule.	£0	£0
M1c	Standard Charge (applies to all development not separately defined above, for example: offices, warehouses and leisure and educational facilities <u>extra-care/assisted housing on greenfield and brownfield sites, sheltered housing on brownfield sites and care homes.</u>)	£0	£0

² References above to Classes are to the Use Classes as set out in the Town and Country Planning (Use Classes) Order 1987 (as amended).

³ For the purposes of this Schedule, the area defined as Welborne is that as set out by Welborne Plan, Part 3 of the Fareham Borough Local Plan. See Figure 1

⁴ Sheltered housing is self-contained housing, normally developed as flats or other small units, with the provision of facilities not associated with independent accommodation (main entrance, warden, residents lounge, emergency alarm service).

⁵ ~~Reference to "comparison retail" means the selling of clothing and fashion accessories, footwear, household appliances (electric or gas), carpets and other floor coverings, furniture, household textiles, glassware, tableware and household utensils, computers, books, stationery and art materials, recorded music/videos, recording media and equipment, audio-visual equipment, musical instruments and accessories, games and toys, photographic, video and optical equipment, DIY equipment for the maintenance and repair of dwellings, tools, jewellery, clocks and watches, sports equipment, goods for outdoor recreation, telephony equipment and bicycles and accessories~~ **Floorspace used to store or sell retail items that tend to be purchased at infrequent intervals, whereby purchasers will 'compare' similar products on the basis of price and quality before making a purchase. Includes, for example, clothing, household goods, leisure goods and personal goods. Sometimes termed durable or non-food goods.** See Figure 3.