

Surrey Heath Community Infrastructure Levy (CIL)  
Charging Schedule



Preliminary Draft Charging Schedule  
Consultation Document

August 2012

## Foreword

This document contains the Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule and is open to consultation until 5pm Friday 28<sup>th</sup> September 2012.

Comments received on this document will be used to inform the preparation of the draft charging schedule that will be published in 2013.

Any comments you wish to make should be sent by completing a comments form and returning via e-mail to [planning.policy@surreyheath.gov.uk](mailto:planning.policy@surreyheath.gov.uk)

or alternatively comments can be sent via post to:

Planning Policy & Conservation Team  
Surrey Heath Borough Council  
Surrey Heath House  
Knoll Road  
Camberley  
Surrey  
GU15 3HD

Should you have any queries regarding this document including whether you would like a copy in large print, Braille or another language, please contact the Council on telephone number: -

01276 707222 or alternatively e-mail [planning.policy@surreyheath.gov.uk](mailto:planning.policy@surreyheath.gov.uk)

**The closing date for comments is 5pm Friday 28<sup>th</sup> September 2012. Any comments received after this date will not be considered.**

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## Glossary of Terms

**Community Infrastructure Levy (CIL)** – A new mechanism where the Borough Council can charge development and raise monies towards infrastructure projects around the Borough.

**Community Infrastructure Levy (CIL) Charging Schedule** – Schedule produced by the Borough Council which contains the rates at which CIL will be charged on a pounds per square metre basis.

**Habitats Regulations Assessment (HRA)** – An assessment as to whether a plan or programme will have significant effects on areas protected for their nature conservation importance.

**House in Multiple Occupation (HMO)** - small shared houses or flats occupied by between 3 and 6 unrelated individuals who share basic amenities.

**Infrastructure Funding Gap** – The difference between the cost of providing infrastructure to support development against all the funding available to the Borough Council for infrastructure provision.

**Local Enterprise Partnership (LEP)** – Private/Public economic partnership to drive forward growth.

**Local Plan** – Plan containing the strategy and policies for development in the local area. This can either be a single document or a series of documents i.e. the Core Strategy is one of a series of documents which will form part of the Local Plan.

**Planning Obligation** – An obligation entered into under Section 106 of the Planning Act 1990 which requires a party or parties to carry out certain activities or which triggers certain events i.e. the payment of monies to the Borough Council for the provision of infrastructure.

**New Homes Bonus** – Payment from central government to Surrey Heath based on the number of new dwellings completed.

**Regulation 123 Statement** – Statement by The Borough Council which sets out which infrastructure projects or types of infrastructure projects will be funded by CIL.

**Suitable Alternative Natural Greenspace (SANG)** – Areas of land used for general recreation to divert occupants of new residential development away from the Thames Basin Heaths SPA.

**Section 106 Agreement** – A legal agreement entered into either unilaterally or bilaterally under Section 106 of the Planning Act 1990. This is the current method of raising monies from development towards infrastructure projects through the use of planning obligations.

**Special Protection Area (SPA)/Special Area of Conservation (SAC)** – Internationally designated areas protected for their nature conservation importance. Also known as Natura 2000 sites.

**Strategic Access Management & Monitoring Strategy (SAMM)** – A project to provide the management of visitors across the Thames Basin Heaths SPA.

**Strategic Environmental Assessment (SEA)** – An assessment as to the effects of certain plans or programmes on the environment.

**Strategic Housing Land Availability Assessment (SHLAA)** – An assessment of potential housing sites in the Borough.

**Sustainability Appraisal (SA)** – An assessment of the social, economic and environmental effects of a plan or programme.

**Viability** – Whether or not there is sufficient profit to incentivise development after taking into account all the costs associated with that development.

# Introduction & Policy Background

## What is the Community Infrastructure Levy?

- 1.1 A Community Infrastructure Levy allows local authorities to raise monies from development for the provision of infrastructure in and around their areas. A CIL charge is non-negotiable; however, there are exemptions for some types of development such as affordable housing and relief can be made available for exceptional circumstances.
- 1.2 The current method of obtaining financial contributions is through the use of legal agreements (S106 agreements). As of April 2014 it will only be possible to raise contributions through legal agreements in limited circumstances and in the majority of cases CIL will be used to raise contributions.
- 1.3 CIL is charged on a pounds per square metre basis which itself is based on the net additional floorspace generated by a development. This is irrespective of the type of development proposed and the current use of a site. For example, an office block could be converted into a block of apartments. If no additional floorspace was proposed (no net addition) no CIL would be liable.
- 1.4 The Localism Act 2011 makes provision for CIL to be charged not only in relation to providing infrastructure but also for its improvement, replacement, operation or maintenance. CIL will not however, replace the use of planning obligations where these stipulate certain provisions i.e. restricting the use of land or the timing and type of development to come forward.
- 1.5 A CIL charge can either be set as a single rate which covers all types of development across the whole of an area or as different rates which cover different types of development and/or different areas of the Borough. It is also possible for some types of development to have a zero rating i.e. no CIL charges apply. However, a zero rating can only be based on viability and cannot be used to encourage certain types of development within an area.
- 1.6 Guidance on the setting of a CIL charging schedule can be found in the government publication Community Infrastructure Levy Guidance: Charge setting and charge schedule procedures<sup>1</sup>. The Borough Council will have regard to this publication and the CIL Regulations<sup>2</sup> when setting charging schedules and undertaking consultation.
- 1.7 The Borough Council has undertaken a determination<sup>3</sup> as to whether a CIL charging schedule requires Strategic Environmental Assessment (SEA) or

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<sup>1</sup>Community Infrastructure Levy Guidance: Charge setting and charging schedule procedures (2010) CLG. Available at: <http://www.communities.gov.uk/publications/planningandbuilding/cilguidance>

<sup>2</sup> The Community Infrastructure Levy Regulations 2010 (as amended 2011).

<sup>3</sup> The Environmental Assessment of Plans & Programmes Regulations 2004: Regulation 9 Determination (2011) SHBC. Available at:

Habitats Regulations Assessment (HRA). The Borough Council has determined in consultation with the three statutory consultees (English Heritage, Environment Agency, Natural England) that neither SEA or HRA is required. It is further considered that Sustainability Appraisal (SA) is not required as a CIL charging schedule is not a development plan document.

### **Surrey Heath Local Plan 2011-2028**

- 1.8 Surrey Heath Borough Council has adopted its Core Strategy. The Core Strategy sets out the overarching approach to development within the Borough from 2011 to 2028 and is key to delivering the infrastructure required to support development within the Borough. The Core Strategy sets out a plan wide target for 3,240 net dwellings which includes 1,200 new dwellings at the strategic allocation of the Princess Royal Barracks, Deepcut. Some 41,000sqm (gross) of retail floorspace is planned as part of the regeneration of Camberley Town Centre.
- 1.9 In addition to the Core Strategy a Camberley Town Centre Area Action Plan is being produced to support the regeneration of the town centre and a Site Allocations document is also being produced to allocate sites in the Borough for new housing, employment, retail (outside the town centre) and open space areas.
- 1.13 The level of new development set out in the Core Strategy is tempered by the need to avoid impacts to European sites of nature conservation importance (Natura 2000) most notably the Thames Basin Heaths Special Protection Area (SPA). Advice from Natural England is that every net additional dwelling within 5km of the SPA gives rise to recreational impacts which in turn leads to significant effect on the SPA. As the whole of Surrey Heath lies within 5km of the SPA, this means that the Borough Council cannot permit any net additional housing unless it avoids impact to the SPA.
- 1.14 To avoid impact, measures have been agreed in the form of Suitable Alternative Natural Greenspace (SANG) and Strategic Access Management & Monitoring (SAMM). SANG are additional areas of greenspace which can be used for general recreational purposes in perpetuity as an alternative to the SPA and SAMM is a project to manage and monitor the SPA. Delivery of SANG is either through large developments providing their own SANG or through Local Authority's providing shared SANG for smaller developments which contribute financially to site set up/management through legal agreements. SAMM is delivered through financial contributions contained within legal agreements.
- 1.15 As such it is imperative for development to make financial contributions towards shared SANG solutions and SAMM otherwise development does not avoid impact to the SPA and therefore cannot be permitted.
- 1.16 Further to this, all net additional dwellings must avoid impact to the SPA irrespective of whether they are market or affordable dwellings. The CIL

Regulations however, exempt affordable housing from CIL charges. Therefore, in order to ensure that the Borough Council complies with its legal duties to protect the SPA and comply with the Habitat Regulations, CIL tariffs have been adjusted accordingly such that market units make up the shortfall in contributions from affordable units.

## **2. Estimated Level of Development**

- 2.1 In order to calculate a CIL charge it is necessary to consider the level of development coming forward in the Core Strategy. This is 3,240 net additional dwellings which includes 1,200 dwellings at the Princess Royal Barracks, Deepcut, 41,000sqm (gross) of retail floorspace for Camberley Town Centre (29,000sqm net) and 2,400sqm (net) retail floorspace at Deepcut.
- 2.2 A CIL charge is calculated in pounds per square metre on the net additional floorspace delivered and as such the dwellings target in the Core Strategy needs converting into net floorspace per square metre. This will be used to inform how much revenue could be raised from CIL and will exclude estimated floorspace coming forward as affordable dwellings as these are exempt from CIL charges.
- 2.3 Net residential floorspace has been estimated using a gross to net ratio from sites permitted between 1<sup>st</sup> April 2011 and 31<sup>st</sup> March 2012 for urban sites and from the Strategic Housing Land Availability Assessment (SHLAA)<sup>4</sup> for greenfield. Typically urban sites have a gross to net ratio of 55% with greenfield sites at 82%.
- 2.4 Excluding the allocation of the Princess Royal Barracks, Deepcut, the number of dwellings coming forward is 2,040 although taking away sites under construction (185), with permission (240), completions as at 31<sup>st</sup> March 2012 (179) and those expected to be granted until implementation of a CIL charging schedule (210) leaves 1,226 dwellings.
- 2.5 Using the Core Strategy 35% affordable housing target leaves 797 market dwellings liable for CIL. Based on policies CP5 and CP6 of the Core Strategy, the estimated gross level of residential floorspace likely to come forward is set out in Table 2-1 based on average unit sizes in Surrey Heath informed by sites under construction or with permission in the SHLAA 2012. Although Policy CP6 does not set out numbers of 5-bedroom dwellings an allowance of 30% of all 4+ beds has been made. The number of 2 bedroom dwellings has been split 40:60 between apartments and houses respectively.

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<sup>4</sup> Strategic Housing Land Availability Assessment (2012) SHBC. Available at [www.surreyheath.gov.uk/SHLAA](http://www.surreyheath.gov.uk/SHLAA)

**Table 2-1: Estimated Gross Floorspace from Residential Development**

Unit Type	Unit Size (sqm)*	Number of units	Gross Floorspace (sqm)
1 bed flat	51	79	4,029
2 bed flat	66	128	8,448
2 bed house	75	191	14,325
3 bed house	108	319	34,452
4 bed house	139	56	7,784
5 bed house	196	24	4,704
<b>Total</b>		<b>797</b>	<b>73,742</b>

\*Excludes floorspace from residential outbuildings. For CIL purposes, further guidance will be issued by the Borough Council on calculating gross internal floorspace and residential outbuildings or integral/link garages.

- 2.6 Based on the gross figures in Table 2-1 it is estimated that between 40,558sqm and 48,522sqm of net residential floorspace will come forward over the Core Strategy period outside of the Princess Royal Barracks.

### Princess Royal Barracks

- 2.7 The Princess Royal Barracks site in Deepcut is allocated in the Core Strategy for residential led development including 1,200 dwellings and 2,400 (net) sqm of retail floorspace. This development will be delivered over the period 2016-2026 at an average of 120 dwellings per annum. The retail floorspace is expected to come forward in the period 2016-2021.
- 2.8 Of the 1200 dwellings expected to come forward, 780 will be market dwellings liable for CIL. It is likely that the mix of market dwellings on the site will not entirely reflect Policy CP6 of the Core Strategy. As such, for the purposes of calculating gross residential floorspace the mix of market dwellings as given by GVA on behalf of Defence Infrastructure Organisation (formerly Defence Estates) in their representations on the Core Strategy has been taken. Average floorspace per size of dwelling is the same as for the rest of the borough. 2 bedroom dwellings are split 25% apartments and 75% houses. Therefore estimated gross residential floorspace is as set out in Table 2-2.

**Table 2-2: Gross Residential Floorspace at Princess Royal Barracks**

Unit Type	Unit Size (sqm)	Number of units	Gross Floorspace (sqm)
1 bed flat	51	0	0
2 bed flat	66	68	4,488
2 bed house	75	205	15,375
3 bed house	108	234	25,272
4 bed house	139	195	27,105
5 bed house	196	78	15,288
<b>Total</b>		<b>821</b>	<b>87,528</b>

2.9 Information provided by Defence Infrastructure Organisation (DIO) suggests that the level of existing floorspace at the Princess Royal Barracks is approximately 82,800sqm. Therefore total net floorspace expected (including the retail element) will be 7,128sqm.

**Other Development Opportunities**

2.10 The regeneration of Camberley Town Centre gives rise to opportunities for other forms of non-residential development. These are likely to be mixed developments comprising office, leisure, civic uses and residential. Whilst the residential element has been considered within the rest of the Borough non-residential and non-retail floorspace has not.

2.11 As part of the work on the Camberley Town Centre Area Action Plan a number of sites have been identified for mixed development. Of the sites identified it is considered that around 2,500sqm of net non-residential and non-retail floorspace could come forward. This is likely to come forward as 1,200sqm to 2021 and 1,300sqm 2021-2026.

2.12 Therefore the total estimated net floorspace to be delivered across the Borough up to 2028 is set out in Table 2-3.

**Table 2-3: Total Estimated Net Development to 2028 (sqm)**

<b>Development Type</b>	<b>Minimum Floorspace (sqm)</b>	<b>Maximum Floorspace (sqm)</b>
Residential	45,286	53,250
Retail	31,400	31,400
Other	2,500	2,500
<b>Total</b>	<b>79,186</b>	<b>87,150</b>

**3. Infrastructure Needs and Funding Gap**

**Infrastructure Costs**

3.1 Table 3-1 highlights the Infrastructure needs arising from the level of development as set out in the Core Strategy (advised by the Infrastructure Needs Assessment 2011 and consultation with providers).

3.2 Table 3-2 sets out the estimated costs of infrastructure required to support the Core Strategy for which CIL can be raised.

**Table 3-1: Infrastructure Needs 2011-2028**

<b>Infrastructure Type</b>	<b>Deepcut</b>	<b>Rest of Borough</b>
<b>Early Years Education</b>	96 Places	74 Places
<b>Primary Education</b>	373 Places	264
<b>Secondary Education</b>	167 Places	135
<b>Special Education Needs</b>	5 Early Years, 7 Primary, 3 Secondary	0
<b>General Practitioners</b>	2-3 GPs	0
<b>Dentists</b>	2-3 Practitioners	0
<b>Secondary Healthcare</b>	0	0
<b>Libraries</b>	140sqm	4sqm
<b>Community Facilities</b>	0	0
<b>SANG</b>	At least 23ha	At least 44.7ha
<b>SAMM</b>	£263 per person	£263 per person
<b>Equipped Playspace</b>	0.23ha	0.06ha
<b>Parks &amp; Gardens</b>	1.01ha	0.5ha
<b>Amenity Green Space</b>	2.59ha	0.6ha
<b>Allotments</b>	23 plots at 250sqm each	13 plots at 250sqm each
<b>Outdoor Sports</b>	5.5ha	1.3ha
<b>Sports Halls</b>	1 court	1 court
<b>Swimming</b>	0	0.66 Lanes
<b>Indoor Bowls</b>	0	0
<b>Health &amp; Fitness Stations</b>	21 Stations	0
<b>Local Highways</b>	Bespoke solution	Localised improvements
<b>Strategic Highways</b>	M3 Junction Improvements	M3 Junction Improvements
<b>Rail</b>	No requirement	Camberley Station
<b>Bus</b>	Additional services required	No additional services identified
<b>Cycling &amp; Pedestrians</b>	Additional facilities required	Additional facilities required
<b>Waste &amp; Recycling</b>	1200 homes	2040 homes
<b>Gas</b>	Possible reinforcement	No issues identified
<b>Electricity</b>	Possible reinforcement	No issues identified
<b>Water (Waste Water)</b>	Potential upgrades to sewer network	No issues identified
<b>Water (Resource)</b>	Off-site mains reinforcement	No issues identified
<b>Police</b>	0	6
<b>Fire &amp; Rescue</b>	0	0
<b>Ambulance</b>	0	0

**Table 3-2: Estimated Infrastructure Costs\***

<b>Infrastructure Type</b>	<b>Deepcut</b>	<b>Rest of Borough</b>
<b>Early Years</b>	Subsumed within Primary	£728k
<b>Primary Education</b>	£9m	£3.4m (2011-2021)
<b>Secondary Education</b>	£3.1m	£5.9m
<b>SEN</b>	£0	£0
<b>GP's</b>	£625,000	£0
<b>Dentists</b>	Subsumed within GP provision	£0
<b>Secondary Healthcare</b>	£0	£0
<b>Libraries</b>	£470k	£13k
<b>Community Facilities</b>	£0	£0
<b>SANG</b>	£7m	£7.06m
<b>SAMM</b>	£758k	£705k
<b>ANG</b>	£210k	£0
<b>Equipped Playspace</b>	£732k	£101k
<b>Outdoor Sports</b>	£334k	£62k
<b>Amenity Green Space, Parks &amp; Gardens &amp; Allotments</b>	£166k	£6.3k
<b>Sports Hub</b>	£2.1m + land	£0
<b>Sports Halls</b>	In sports hub	£764k
<b>Swimming</b>	£0	£487k
<b>Bowls</b>	In sports hub	£0
<b>Health &amp; Fitness</b>	In sports hub	£0
<b>Local Highways</b>	£10.5m	£20m
<b>Strategic Highways</b>	Contribution to be advised	Contribution to be advised
<b>Rail</b>	£0	£1.5m
<b>Bus</b>	Within local highways	£0
<b>Cycling &amp; Pedestrians</b>	Within local highways	£2.73m
<b>Waste &amp; Recycling</b>	£60k	£102K
<b>Total</b>	<b>£35m</b>	<b>£43.6m</b>

*\*For cost assumptions see Appendix A of Technical Background Document*

3.3 As such, total infrastructure costs across the Borough are estimated at £78.6m, some of which have been secured as highlighted in Table 3-3.

**Table 3-3: Funding Secured for Identified Infrastructure**

	<b>Funding Required</b>	<b>Funding Secured</b>	<b>Funding Gap</b>
<b>Early Years</b>	£728k	None	£728k
<b>Primary Education</b>	£12.4m	2011-2013 Basic Need Grant allocated to Surrey Heath £1.4m +£175k from S106*	£19.82m
<b>Secondary Education</b>	£9m		
<b>SEN</b>	£0	None for additional Places	£0
<b>GP's</b>	£625k	None identified from PCT	£625k
<b>Dentists</b>	Subsumed within GP provision	N/A	N/A
<b>Secondary Healthcare</b>	No funding required	N/A	N/A
<b>Libraries</b>	£483k required	£33k secured from S106*	£450k
<b>Community Facilities</b>	No funding required	£56.5k secured from S106*	£0
<b>SANG</b>	£14.06m required	£837.5k secured from S106	£13.22m
<b>SAMM</b>	£1.46m required	£64k secured from S106	£1.39m
<b>ANG</b>	£210k	None	£210k
<b>Equipped Playspace</b>	£833k	£129k secured from S106*	£704k
<b>Outdoor Sports</b>	£396k	No funding secured	£396k
<b>Amenity Green Space, Parks &amp; Gardens &amp; Allotments</b>	£172k	No funding secured	£172k
<b>Indoor Sports</b>	£3.35m required	£52k secured from S106*	£3.30m
<b>Local Highways &amp; Bus</b>	£30.5m	£1m + £0.45m + £335k from S106*	£28.7m
<b>Strategic Highways</b>	To be advised	To be advised	TBA
<b>Rail</b>	£1.5m required – Part funding to come from Rail Estates	£0.5m	£1m
<b>Cycling &amp; Pedestrians</b>	£2.73m	No funding secured	£2.73m
<b>Waste &amp; Recycling</b>	£162k required	£12k secured from S106*	£150k
<b>Total</b>	<b>£78.6m required</b>	<b>£5m + £96k for Environmental Improvements</b>	<b>£73.5m</b>

\*Legal agreements entered into between 1<sup>st</sup> April 2011 and 31<sup>st</sup> March 2012.

## Sources of Funding

- 3.4 Surrey Heath Borough Council was allocated £69,338 of New Homes Bonus in 2011/12 and estimated New Homes Bonus to 2021/2022 is £6.5m. However, it should be noted that the New Homes Bonus is not ring-fenced and it is anticipated that the funding gained from the New Homes Bonus will be off-set by a decrease in the Borough Council's grant funding from central government. As such the net increase in funding from New Homes Bonus is likely to be minimal.
- 3.5 The total amount of contributions from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012 was £889,000 which if extrapolated over 18 months until CIL adoption, gives a potential additional £627,500 from S106 contributions. Further, future SANGS revenue from contributions could raise an additional £1.16m in the next 18 months.
- 3.6 In terms of the Princess Royal Barracks, a planning application is likely to have been submitted and agreed prior to the implementation of a CIL charging schedule and as such all associated infrastructure will be provided by legal agreement. This would therefore raise the £35m without CIL and add to those monies already raised by legal agreement.
- 3.7 However, a new planning application which amends any permission granted could be considered after the introduction of a CIL charging schedule and would therefore be liable for CIL. In this scenario, it is likely that some items of infrastructure would continue to be funded through legal agreement rather than through CIL such as where the County/Borough council would prefer to see infrastructure delivered on site by the developer. Any CIL charge would have to reflect the dual nature of contributions to ensure that development of the Princess Royal Barracks remained viable.
- 3.8 The third Surrey Local Transport Plan (LTP3) indicates capital funding of £13m for integrated transport and £31.6m for highways capital maintenance up to 2012/13 with indicative funding of a further £16.1m for integrated transport and £29.6m highways capital funding from 2013/14 to 2014/15.
- 3.9 A major transport project highlighted by the Camberley Town Centre AAP is the transport interchange in Camberley including the redevelopment of Camberley Rail Station. Rail Estates has estimated an infrastructure cost of £1.5m for this project, part funding for which will come forward from Rail Estates.
- 3.10 Capital funding for County Education is provided by a Basic Needs Grant from Central Government for which the 2011/12 grant was £16.37m. However, these funds are only for 2011/2012 and are to be distributed Countywide. As such, this level of funding cannot be guaranteed on a year on year basis and is unlikely to be split evenly between the Surrey Boroughs and Districts. The level of Basic Need Grant potentially allocated to Surrey Heath 2011-2013 is £1.4m which

equates to around 4% of the total grant received by County (2011-2013)

- 3.11 A further £500m of Basic Needs Grant is to be made available this financial year by central government for those authorities with rising pupil numbers. This additional funding is for the whole of England and has yet to be finalised. There is no guarantee that County will receive any of this additional funding.
- 3.12 The Government has cancelled the Primary Capital Programme and Building Schools for the Future schemes in light of the James review. There is now a Priority School Building Programme however Surrey County Council advises that no schools within Surrey would qualify for this programme.
- 3.13 The M3 Enterprise LEP which covers Surrey Heath could potentially have funding for infrastructure projects of around £20m. However, this is to be distributed around the M3 Enterprise area which includes the growth area of Basingstoke as well as other Borough's & Districts in Hampshire & Surrey. As such, there is no guarantee that Surrey Heath would be allocated any monies towards infrastructure projects from the LEP and if it were, probably nothing in excess of £2m.
- 3.14 Table 3-4 sets out all potential funding streams including the £5m already secured. It should be noted that Table 3-4 highlights the best case scenario and not all of these streams will be available for infrastructure funding.

**Table 3-4: Potential Funding Streams**

<b>Funding Stream</b>	<b>Monies Raised</b>
Funding Identified in Table 3-3	£5.1m
Additional S106 contributions to September 2013	£627,500
Additional SANG Contributions to September 2013	£1.16m
Princess Royal Barracks S106 contributions	£35m
New Homes Bonus	£6.5m
Local Enterprise Partnership	£2m
<b>Total Potential Funding Streams</b>	<b>£50.4m</b>
<b>Total Funding Gap (best case)</b>	<b>£28.2m</b>

- 3.15 As such, the total funding gap at best is estimated at **£28.2m.**

## **4. CIL & Special Protection Area Avoidance Measures**

- 4.1 In order for the Borough Council to meet its legal duties under the Habitats Regulations, avoidance measures for the Thames Basin Heaths SPA must be covered in full either by legal agreement or CIL, irrespective of whether this is viable or not. Therefore any CIL charging schedule must set a tariff which will realise full funding for avoidance measures in the form of Suitable Alternative Natural Greenspace (SANG).

- 4.2 New residential development in Surrey Heath can avoid impacts to the Thames Basin Heaths SPA by contributing financially to the Blackwater Valley Park/Hawley Meadows SANG.
- 4.3 The Blackwater Valley SANG has a limited capacity based on number of persons arising from new development. The Blackwater Valley Park SANG has capacity for 1,139 persons (Surrey Heath share). The contribution per person for the Blackwater Valley SANG has been set at £2,600 per person.
- 4.4 It is estimated that a further 448 people will be assigned to Blackwater Valley Park in the next 18 months. This will raise a further £1.16m toward Blackwater Valley Park. As such the remaining cost of Blackwater Valley Park at the time of CIL implementation is estimated at £1.17m.
- 4.5 As each SANG implemented has its own bespoke management regime and land/set up costs, it is only possible to consider the amount of CIL required for the Blackwater Valley SANG at this time. To ensure that the cost of SANG is covered in full only a three year period is covered in this assessment as this is the likely length of period of the CIL charging schedule prior to first review. The estimated level of gross floorspace in three years is set out in Table 4-1.

**Table 4-4: Estimated Gross Floorspace (3 Years)**

Dwelling Type	Market	Gross Floorspace (market units)
1-bed	27	1,377sqm
2-bed (flat)	54	3,564sqm
2-bed (house)	55	4,125sqm
3-bed	109	11,772sqm
4-bed	20	2,780sqm
5-bed	8	1,568sqm
<b>Total</b>	<b>273</b>	<b>25,186sqm</b>

- 4.6 The gross level of floorspace associated with market dwellings alone is 25,186sqm. Net floorspace is calculated at 13,852sqm which equates to 15.5 net square metres per person. Using the Blackwater Valley Tariff of £2,600 per person gives a CIL charge of  $2,600/15.5 = £168$  per square metre.

## 5. Viability & Estimated CIL Revenue

- 5.1 The best case funding gap calculated in section 3 is £28.2m. However, advice from the Planning Advisory Service is that CIL should not make up the entire funding gap and neither should it push the margins of viability. Regulation 14(1)

of the CIL Regulations (as amended) states that in setting rates an authority must aim to strike what appears to the charging authority to be an appropriate balance between the desirability of funding infrastructure from CIL and potential imposition of CIL on economic viability of development across its area.

- 5.2 The CIL Guidance: charge setting and charge setting procedures states in paragraph 7, that it is for charging authorities to decide on the appropriate balance and how much potential development they are willing to put at risk through CIL. Therefore the Borough Council can set CIL charges so that not all development within Surrey Heath is viable, however, this should not place the overall delivery of development at serious risk.
- 5.3 Further, CIL tariffs should be based on the most appropriate available evidence. For the preliminary draft charging schedule, Surrey Heath Borough Council undertook viability work to inform the setting of CIL tariffs. This work is available at <http://www.surreyheath.gov.uk/CIL>
- 5.4 The viability study considered development values and costs including the provision of affordable housing and developer profit. The viability study found that two charging zones could be employed for residential development an east (parished) and west (unparished) zone and a single zone (whole borough) for retail with some types of development attracting a zero rating.
- 5.5 The viability evidence also suggested a range of values from which a CIL charge could be derived. The recommended range of charges are set out in Table 5-1.

**Table 5-1: Potential CIL Tariff by Area and Development Type**

Area	Development Type	Potential CIL Tariff
Eastern Zone (parished)	Residential (C3)	£200 - £300
Western Zone (unparished)	Residential (C3)	£140 - £200
Borough Wide Zone	Residential (C2 Low/Mid Dependency)	£Sufficient to Cover SPA Avoidance
Borough Wide Zone	Residential (C4)	£Sufficient to Cover SPA Avoidance
Borough Wide Zone	Retail (A1 Comparison including sales areas of garden centres and horticultural nurseries, A2, A3, A4, A5)	£100
Borough Wide Zone	Retail Warehousing	£200
Borough Wide Zone	Retail (Convenience)	£250
Borough Wide Zone	All other development	£0

- 5.6 In considering setting a CIL charge for residential development, the requirement to avoid impact to the Thames Basin Heaths SPA is a priority and as such any CIL charge must be sufficient to cover the cost of providing SANG. Section 4

highlighted that a CIL charge of £168 per square metre is required to fully cover the cost of SANG.

- 5.7 The East Charging Zone rate is recommended somewhere between £200 and £300 per sqm, which is sufficient to fully cover the cost of SANG. On balance, it is considered that a charge of £250 per sqm is pursued. This level of charge balances a desire to fund infrastructure through CIL and maintaining economic viability for the majority of development.
- 5.8 In the West Charging Zone the rate is recommended between £140 and £200 per sqm which can cover the cost of SANG if set toward the upper level. However, in order to achieve an upper CIL charge in the west of the Borough, it may be necessary for some developments to reduce their affordable housing delivery.
- 5.9 On balance, the necessity of avoiding impacts to the SPA is such that a rate will have to be set to cover the cost of SANG in full and thus rates towards the higher end of the £140 to £200 range are required. Whilst this may place the delivery of some development at risk or deliver less affordable housing than anticipated, it is considered preferable than refusing new residential development because it cannot avoid impact. As such setting a charge which would not cover the cost of SANG in full would place more development at risk than setting a higher charge where other factors can be negotiated.
- 5.10 For care/nursing home developments it is recognised that CIL should only be charged on those homes which trigger a SANG contribution and that the CIL charge should cover this cost only. Care/nursing home SANG contributions would presently be based on 1 occupant per bedroom and £2,600 per occupant. A 65 bed care/nursing home would attract a SANG contribution of £169,000 which equates to around £100 per square metre.
- 5.11 For HMO, contributions toward SANG are based on a comparison between existing occupancy and that proposed, based on 1 person per bedroom in an HMO. A CIL charge of £60 per square metre is required on HMO schemes. It is not recommended that a CIL charge be increased from this level as viability is likely to be tight, given that typically HMO serves a low-cost niche in the housing market.
- 5.12 In terms of retail the suggested CIL tariffs as set out in the viability assessment will remain unchanged. Other development types such as offices and industrial were found not to be viable irrespective of the level of CIL proposed and these types of development are considered for a zero rating. As such the suggested CIL charges are as set out in Table 5-2.

**Table 5-2: Proposed CIL Charges by Development Type and Area**

Area	Development Type	Potential CIL Tariff
Eastern Zone (parished)	Residential (C3)	£250
Western Zone (unparished)	Residential (C3)	£200
Borough Wide Zone	Residential (C2 Low/Mid Dependency)	£100
Borough Wide Zone	Residential (C4)	£60
Borough Wide Zone	Retail* (A1 Comparison including sales areas of garden centres and horticultural nurseries and convenience at petrol filling stations, A2, A3, A4, A5)	£100
Borough Wide Zone	Retail Warehousing	£200
Borough Wide Zone	Retail (Convenience)	£250
Borough Wide Zone	All other development	£0

\* For CIL purposes, further guidance will be issued by the Borough Council on calculating gross internal floorspace for sales areas of garden centres/horticultural nurseries/petrol filling station.

### Estimated Revenue Raised Through CIL

- 5.13 The level of funding from CIL which could therefore come forward over the Core Strategy Period is as estimated in Table 5-3. This does not include any funds raised through comparison retail outside of Camberley Town Centre, retail warehousing or care/nursing homes as no specific provision has been made in the Core Strategy for these types of development.

**Table 5-3: Estimated Funding From CIL to 2028**

Development Type	Charge Zone & Rate	Net Estimated Floorspace	Total Estimated CIL Revenue
Residential (C3)	East Zone@£250	1,254sqm	£313,500
Residential (C3)	West Zone@£200	28,550sqm	£5,710,040
Comparison Retail	Borough@£100	29,000sqm	£2,900,000
Convenience Retail	Borough@ £250	4,400sqm	£1,100,000
Residential (C3, 2027-2028)	West Zone/East Zone	16,718 to 24,925	£3,343,600 to £6,231,250
<b>Total</b>			<b>£13,367,140 to £16,254,790</b>

- 5.14 It is therefore estimated that around £13m to £16m could be raised through CIL up to 2028. The funding gap in Section 3 was, at best, estimated at £28.2m and therefore it is estimated that the proportion of CIL meeting the funding gap to

2028 is in the range of 47%- 57%. As such the amount of CIL raised will not meet the whole funding gap.

## **6. Implementation**

- 6.1 The procedures for calculating and collecting CIL are given by the Community Infrastructure Levy Regulations 2010 (as amended). This also includes procedures for the monitoring of CIL monies, both those collected and those spent. It also sets out the procedures for CIL relief including whether or not the Borough Council will allow relief in exceptional circumstances.
- 6.2 Surrey Heath Borough Council is a lower tier authority and as such may collect CIL on behalf of Surrey County Council for the infrastructure and services that it provides. The Localism Act (2011) also includes provision for a 'meaningful' proportion of CIL to be passed to Parish Council's. Governance arrangements will need to be put in place to ensure a transparent and fair transfer of CIL monies to these bodies where appropriate.

### ***Exemptions & Relief***

- 6.3 The CIL Regulations 2010 (as amended) contain provisions for certain exemptions and relief from CIL.
- 6.4 Development which is less than 100sqm (internal gross new build) except for new dwellings is exempt from CIL. Buildings into which people do not normally go or only go into intermittently for the purposes of inspecting or maintaining fixed plant or machinery are also exempt.
- 6.5 Some types of relief set out in the CIL Regulations are mandatory such as social housing relief (affordable housing) and some forms of charitable relief such as a charitable institution where the development would be used wholly or mainly for charitable purposes. The Borough Council may also grant relief (discretionary) for charitable institutions where the whole or greater part of development will be held as a charitable investment or in exceptional circumstances.
- 6.6 Discretionary charitable relief and exceptional circumstances are only available if the Borough Council makes them so.
- 6.7 Owing to the Borough Council's legal duties under the Habitats Regulations it may not be possible to grant discretionary charitable relief in all circumstances or any exceptional circumstances for residential development.

### ***Implementation***

- 6.8 The CIL Regulations (as amended) allow charging authority's to implement an instalment policy (Regulation 69B). The policy must be published on the Council's

web-site and include the date on which it takes effect, number of instalment payments, amount of CIL payable in any instalment, time at which the first instalment is due and the minimum amount below which CIL may not be paid by instalment. Where no instalment policy has been implemented CIL is payable in full within 60 days of the intended commencement date as stated in the commencement notice submitted to the Borough Council by the developer (Regulation 70). The instalment policy is not subject to examination and can be amended at any time.

- 6.9 At present, the Borough Council requires payment of contributions in respect of avoidance measures (SANG) for the Thames Basin Heaths SPA on commencement of development. As such, any instalment policy will have to take this into consideration. Therefore, if the Borough Council were to adopt an instalment policy it would have to ensure that an amount of CIL to cover the costs of SANG would be paid on commencement (or as soon as possible thereafter) and then other CIL charges would follow in subsequent instalments.
- 6.10 CIL Regulation 123 allows a charging authority to set out a list of infrastructure projects or types on which CIL monies will be spent (Regulation 123 Statement). If no statement is published, it will be assumed that CIL monies will be spent on any infrastructure. The Regulation 123 Statement is not subject to examination and can be updated and amended at any time. Government has indicated a need to consult the local community (in unparished areas) on what infrastructure projects CIL should be spent, however, this has not been confirmed within the CIL Regulations to date. If this is confirmed, consultation is likely to take place at the draft charging schedule stage.
- 6.11 Infrastructure projects or types which are not proposed to be funded from CIL can still be funded through S106. The Borough Council will develop a Regulation 123 statement clearly setting out infrastructure which will be funded through CIL and the infrastructure projects excluded from CIL and therefore to be funded through S106.
- 6.12 The CIL Regulations also state that a certain amount of CIL can be taken by the Charging Authority for administering a CIL charge. This should not be more than 5% of CIL raised over the first 3 years and no more than 5% per year in subsequent years. The administration cost is reflected in the CIL charge, not in addition to it.

### **Governance**

- 6.13 It should be noted that as the charging authority, it is the Borough Council who controls the CIL fund and has ultimate responsibility in determining the infrastructure projects on which CIL will be spent. Whilst an update to the CIL Regulations in 2012 may specify the amount of CIL funds to be transferred from the Borough to Parish Councils, there is unlikely to be any guidance on how much

should be transferred from Borough to County Councils.

- 6.14 Other governance arrangements include, deciding on which infrastructure projects to spend CIL following consultation with the local community, transitional arrangements towards CIL implementation and updating the Borough's Infrastructure Delivery Plan (IDP) which was produced for the Core Strategy Examination.
- 6.15 Securing avoidance measures for the Thames Basin Heaths SPA in the form of SANG, would, given the current Regulations have to be collected through CIL once a charging schedule is in place. In order for the Borough Council to fulfil its obligations under the Habitats Regulations, it will be necessary to ensure a mechanism is in place which guarantees that sufficient CIL funds are directed to SPA avoidance measures.

**Appendix 1**  
**Preliminary Draft Charging Schedule**

# SURREY HEATH LOCAL PLAN 2011-2028

## COMMUNITY INFRASTRUCTURE LEVY (CIL) CHARGING SCHEDULE



### Charging Authority

The charging authority is Surrey Heath Borough Council.

### Date of Approval

This charging schedule was approved by Full Council on [Date TBC].

### Date of Implementation

This charging schedule will come into effect on [Date TBC].

### Rate of CIL (£ per square metre) Chargeable

CIL will be charged at differential rates according to the type of development as shown in the table of CIL charges within this schedule.

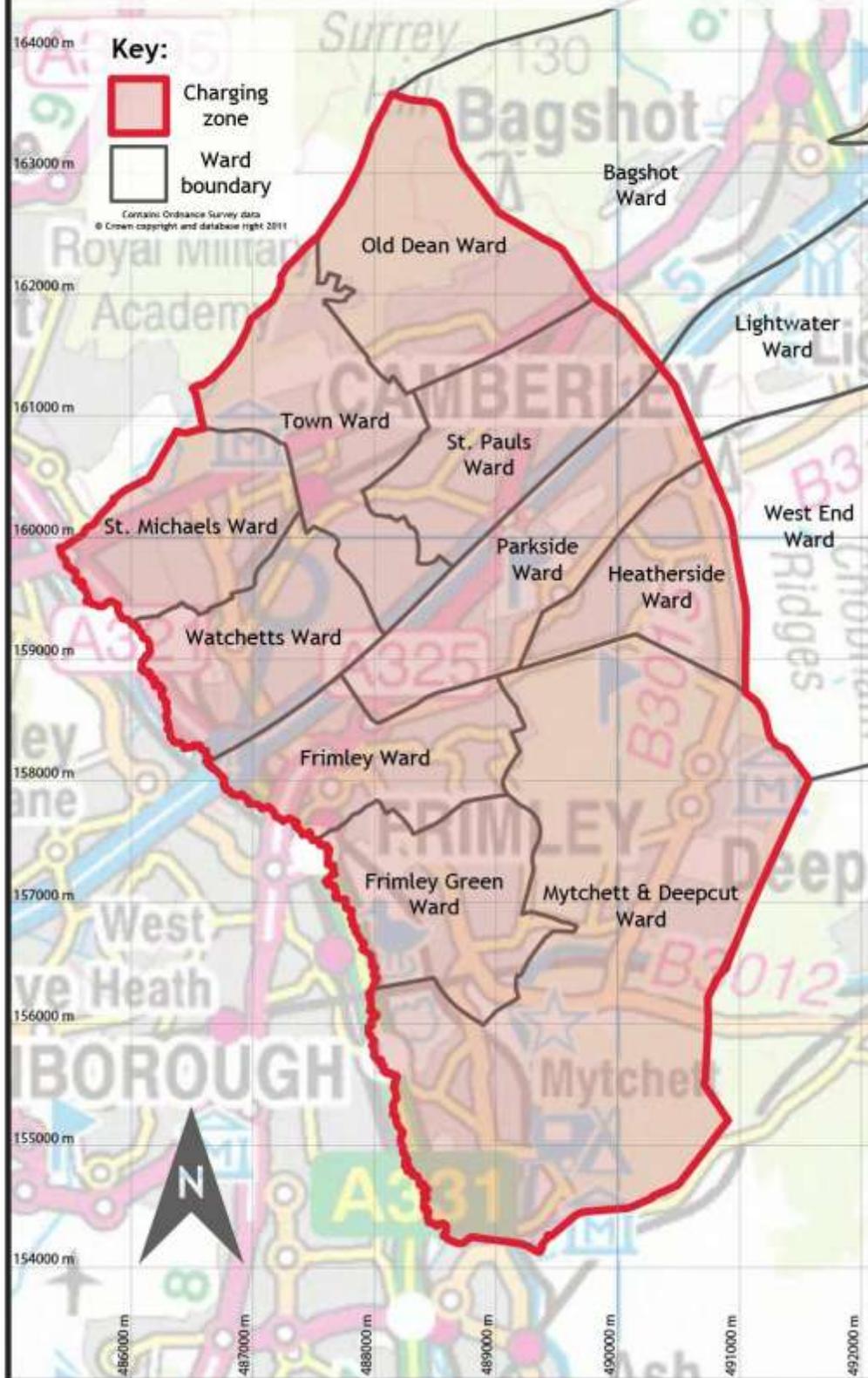
### Table of CIL Charges

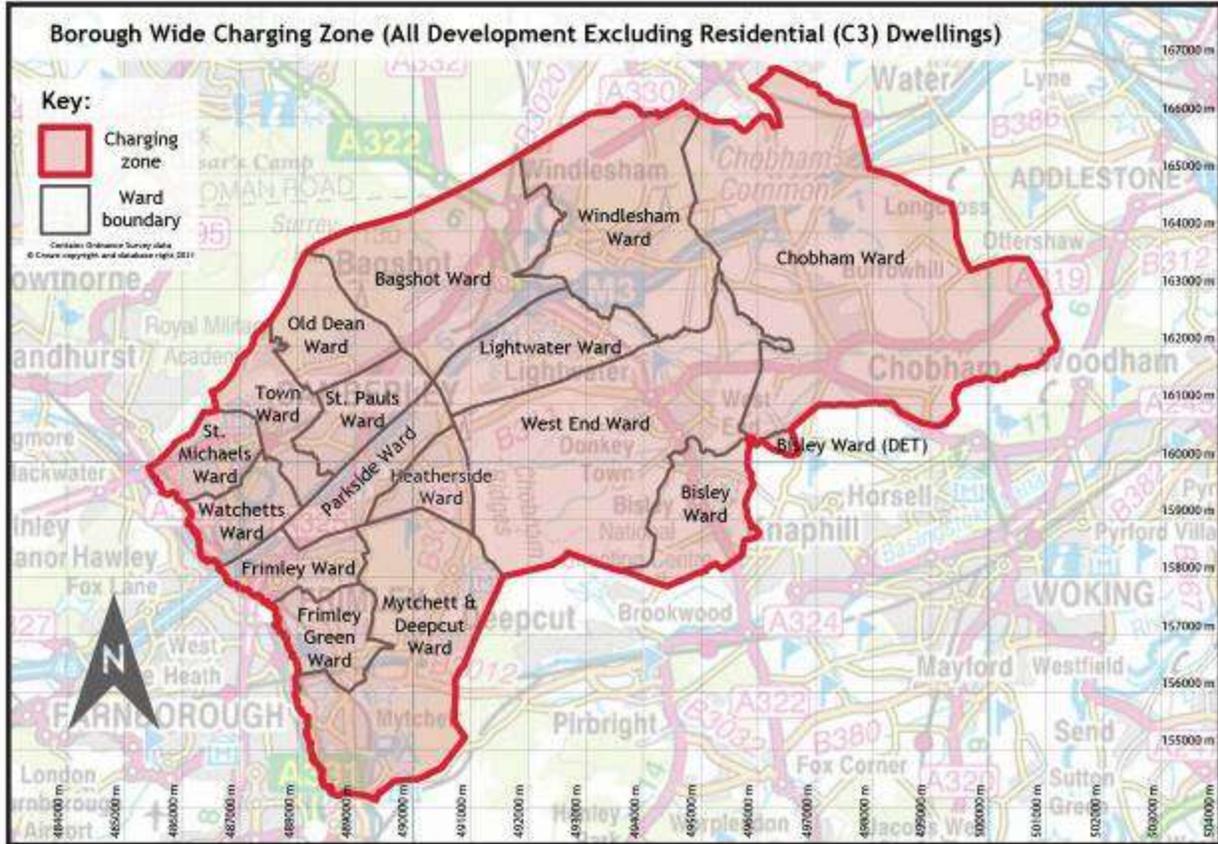
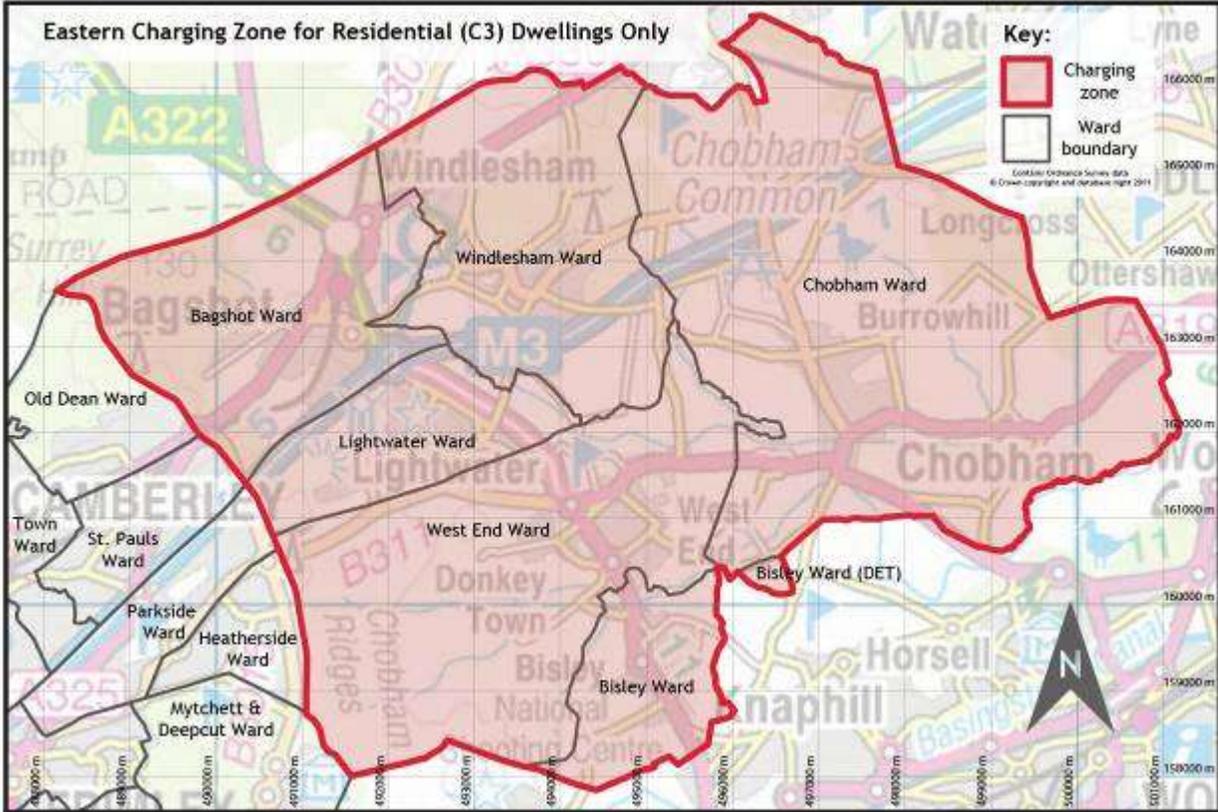
Area	Development Type	CIL Tariff (£ per sqm)
Eastern Zone (parished)	Residential (C3) only	£250
Western Zone (unparished)	Residential (C3) only	£200
Borough Wide Zone	Residential (C2 Low/Mid Dependency)	£100
Borough Wide Zone	Residential (C4)	£60
Borough Wide Zone	Retail (A1 Comparison including sales areas of garden centres and horticultural nurseries and convenience at petrol filling stations, A2, A3, A4, A5)	£100
Borough Wide Zone	Retail Warehousing	£200
Borough Wide Zone	Retail (Convenience)	£250
Borough Wide Zone	All other development	£0

### Charging Zones

The East and West charging zones as defined by the maps set out within this charging schedule relate only to residential (C3) dwellings whilst the Borough wide zone relates to all other development liable for CIL in the table of CIL charges as set out in this charging schedule.

### Western Charging Zone for Residential (C3) Dwellings Only





The amount of CIL arising from development liable for CIL will be calculated in accordance with Regulation 40 of the CIL Regulations 2010 (as amended 2011). The formula is as follows: -

$$\frac{R \times A \times I_p}{I_c}$$

Where:

R = rate of CIL set by the Borough Council

A = the deemed net area chargeable at rate R

I<sub>p</sub> = the index figure for the year in which planning permission was granted

I<sub>c</sub> = the index figure for the year in which the charging schedule containing rate R took effect

The value of A is calculated as follows: -

$$\frac{C_r \times (C-E)}{C}$$

Where:

C<sub>r</sub> = the gross internal area of the part of the chargeable development chargeable at rate R, less an amount equal to the aggregate of the gross internal area of all buildings (excluding any new build<sup>†</sup>) on completion of the chargeable development which: -

- (i) On the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use\*
- (ii) Will be part of the chargeable development upon completion
- (iii) Will be chargeable at rate R

C = the gross internal area of the chargeable development

E = an amount equal to the aggregate of the gross internal areas of all buildings which

- (i) On the day planning permission first permits the chargeable development are situated on the relevant land and in lawful use\*; and
- (ii) Are to be demolished before completion of the chargeable development

<sup>†</sup>New build means that part of the development which will comprise new buildings and enlargements to existing buildings (Regulation 40(12)).

\*A building is in use if a part of that building has been in use for a continuous period of at least 6 months within the period of 12 months ending on the day planning permission first permits development (Regulation 40 (10)).

**This charging schedule has been issued, approved and published in accordance with Part 11 of the Planning Act 2008 (as amended) and the Community Infrastructure Levy Regulations 2010 (as amended).**

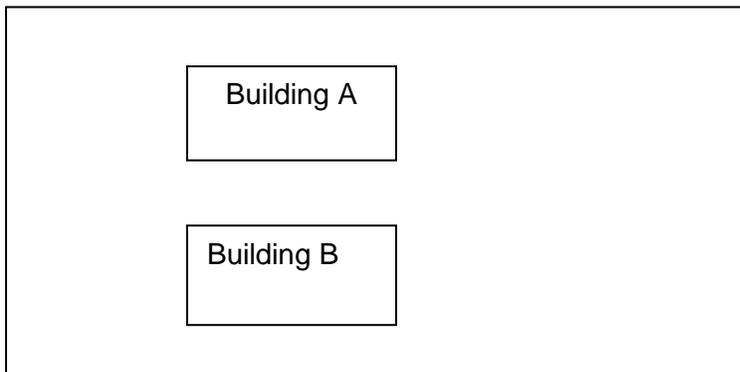
**A review of this charging schedule will start no later than [Date TBC].**

**Appendix 2**  
**Worked Example**

Below is a worked example of a CIL calculation which is also shown diagrammatically for reference.

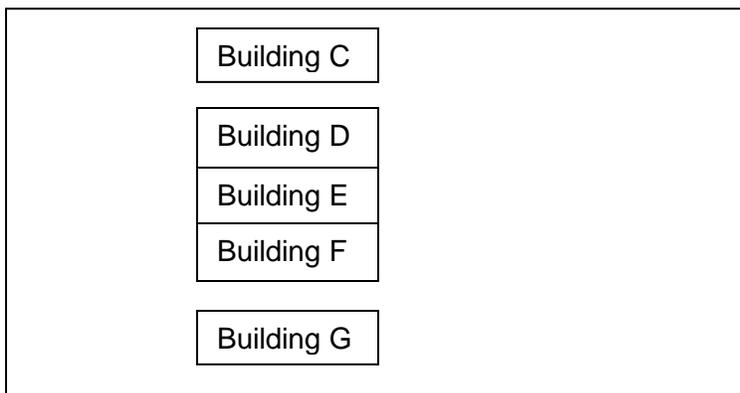
The example is for a residential development of 3no. 3 bed houses (labelled buildings D, E & F) and 2no. 2 bed houses (labelled buildings C & G) replacing 2no. 4 bed houses (labelled building A & B). The proposal is in the western charging zone. The calculation is based on the notional dwelling sizes as set out in Table 2-1 on page 9.

### Existing Development Site



Building A = 139sqm  
Building B = 139sqm

### Proposed Development Site



Building C = 75sqm  
Building D = 108sqm  
Building E = 108sqm  
Building F = 108sqm  
Building G = 75sqm

$$\text{Amount of CIL} = \frac{R \times A \times I_p}{I_c}$$

The Residential Rate (R) of CIL = £200 per sqm

$I_p$  &  $I_c$  are index figures based on the national All-in Tender Price List Index published by the Building Cost Information Service. For CIL purposes the index figure for any one year is the figure published on 1<sup>st</sup> November in the preceeding year. For this exercise  $I_p$

is 102 and Ic is 100 i.e. the index when CIL was introduced (Ic) was 100 and has risen to 102 at the time permission was granted (Ip).

To calculate A the following formula is used  $\frac{Cr \times (C-E)}{C}$

Cr is the total gross internal floor area of the proposed development minus any existing floorspace which is proposed to be retained and will form part of the new development i.e. a conversion of an existing building. As there is no floorspace retained Cr is then the gross internal area of Buildings C + D + E + F + G

Floor area of proposed 3 bed houses (Buildings D + E) = 3 x 108sqm = 324sqm  
Floor area of proposed 2 bed house (Building C) = 2 x 75sqm = 150sqm

Cr is therefore 324sqm + 150sqm = 476sqm

C is the total amount of proposed gross internal floor area which for this example is the same as Cr i.e. C + D + E + F + G.

C is therefore 476sqm

E is the gross internal floorspace of all buildings which will be demolished in this case Buildings A & B which is 278sqm.

Therefore  $A = 476 \times (476-278)/476 = 198$

Amount of CIL payable is therefore  $(200 \times 198 \times 102)/100 = £40,392$



**Surrey Heath Borough Council  
Surrey Heath House  
Knoll Road  
Camberley  
Surrey  
GU15 3HD**

**Main Switchboard: (01276) 707100**

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