

AGENDA

General Overview & Scrutiny Committee

Date: **Wednesday 4 May 2016**

Time: **9.00 am**

Place: **Committee Room 1, The Shire Hall, St Peter's Square,
Hereford, HR1 2HX**

Notes: Please note the **time, date** and **venue** of the meeting.

For any further information please contact:

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Agenda for the Meeting of the General Overview & Scrutiny Committee

Membership

Chairman
Vice-Chairman

Councillor WLS Bowen
Councillor CA Gandy

Councillor JM Bartlett
Councillor MJK Cooper
Councillor J Hardwick
Councillor DG Harlow
Councillor EPJ Harvey
Councillor JF Johnson
Councillor AJW Powers
Councillor NE Shaw
Councillor EJ Swinglehurst
Councillor A Warmington
Councillor SD Williams

Non Voting

Mr P Burbidge
Mrs A Fisher

Mr P Sell

Roman Catholic Church
Parent Governor Representative: Primary
Schools
Church of England

AGENDA

		Pages
1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence.</p>	
2.	<p>NAMED SUBSTITUTES</p> <p>To receive details of members nominated to attend the meeting in place of a member of the committee.</p>	
3.	<p>DECLARATIONS OF INTEREST</p> <p>To receive any declarations of interest by members.</p>	
4.	<p>MINUTES</p> <p>To receive the minutes of the meeting held on 8 March 2016.</p>	7 - 20
5.	<p>SUGGESTIONS FROM THE PUBLIC</p> <p>To consider suggestions from the public on issues the committee could scrutinise in the future.</p> <p>(There will be no discussion of the issue at the time when the matter is raised. Consideration will be given to whether it should form part of the committee's work programme when compared with other competing priorities.)</p>	21 - 34
6.	<p>QUESTIONS FROM THE PUBLIC</p> <p>To note questions received from the public and the items to which they relate.</p> <p>(Questions are welcomed for consideration at a scrutiny committee meeting subject to the question being directly relevant to an item listed on the agenda below. If you have a question you would like to ask then please submit it no later than 5.00 pm on Friday 29 April 2016 to dpenrose@herefordshire.gov.uk)</p>	
7.	<p>TASK AND FINISH GROUP REPORT: COMMUNITY INFRASTRUCTURE LEVY</p> <p>To consider the findings of the task and finish group: community infrastructure levy (CIL), and to recommend the report to the executive for consideration.</p>	35 - 236
8.	<p>WORK PROGRAMME</p> <p>To consider the committee's work programme.</p>	237 - 242
9.	<p>DATE OF NEXT MEETING</p> <p>The next scheduled meeting is Tuesday 26 July 2016 at <u>10.00 am</u>.</p>	

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HEREFORDSHIRE COUNCIL

MINUTES of the meeting of General Overview & Scrutiny Committee held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Tuesday 8 March 2016 at 10.00 am

Present: Councillor WLS Bowen (Chairman)
Councillor CA Gandy (Vice Chairman)

Councillors: JM Bartlett, Mr P Burbidge, Mrs A Fisher, J Hardwick, DG Harlow, EL Holton, JF Johnson, AJW Powers, A Seldon, Mr P Sell, NE Shaw, A Warmington and SD Williams

In attendance: Councillors

Officers:

66. APOLOGIES FOR ABSENCE

Apologies were received from Cllrs Cooper, Harvey, Swinglehurst, Mr Roger Fuller

67. NAMED SUBSTITUTES

Councillor Holton substituted for Councillor Swinglehurst, Councillor Seldon substituted for Councillor Harvey.

68. DECLARATIONS OF INTEREST

There were no declarations of interest.

69. MINUTES

The minutes of the previous meeting were received. It was noted that two meetings of the committee had been held on 19 January 2016.

RESOLVED: That the minutes of both of the meeting held on 19 January 2016 be approved as a correct record.

70. SUGGESTIONS FROM THE PUBLIC

The chairman noted that further suggestions had been received from Mr McKay in regard to the self-registering of public rights of way. It was explained that two briefing notes had already been produced on related matters, and that the Chairman had arranged a meeting between Mr McKay and relevant officers to better address Mr McKay's concerns.

71. QUESTIONS FROM THE PUBLIC (Pages 15 - 26)

The chairman was grateful that there had been a high level of interest in the Marches Local Enterprise Partnership item.

In response to an enquiry by a member of the public, the chairman agreed that supplementary questions provided in writing would be accepted. It was agreed that responses to these questions would be included within the minutes of the meeting.

Supplementary questions and written responses provided as of 25 April 2016 are attached within this agenda.

72. SCHOOL EXAMINATION PERFORMANCE (Pages 27 - 56)

The assistant director commissioning and education introduced the item. It was explained that there was a process of verification with exam results, as such there is a delay in their presentation. Therefore the results from August 2015 were coming to the committee at this stage instead of shortly after their publication.

A more comprehensive data set on examination performance had been meant to be circulated ahead of the committee, however this had not happened. It was agreed that this would be circulated following the committee. Members expressed their disappointment that this had not been circulated earlier but were encouraged to study the data when published.

It was noted that while there had been a significant increase in the number of academies and free schools in Herefordshire, as well as a decline in the number of maintained schools, Herefordshire council still had a considerable role in co-ordinating all schools in the county.

There was discussion of the role of regional school commissioners:

- It was clarified that regional schools commissioners report the secretary of state for education and specifically monitor the performance of academies.
- They have roles in identifying and responding to underperformance and also encourage the conversion of schools to academy status.
- The west midlands regional school commissioner represented a very large geographical area.
- There was a termly meeting between Herefordshire council and the regional schools commissioner. This focussed on specific issues relating to schools including at an individual level. It was explained that this was a very important mechanism in how Herefordshire council responded to the concerns of academies.

A member of the committee questioned the role of the council working with the school academy group, and how this was funded:

- The council has responsibilities in safeguarding and championing outcomes for children regardless of their location or if they were educated in a maintained school or an academy or free school. The main role of the council was in brokerage and facilitating school to school cooperation.
- The council funds some school improvement services through this service.

A member of the committee expressed confusion over the extent to which the council should be accountable and involved in the performance of academies and free schools. Central government policy encouraged the proliferation of academies and had introduced regional school commissioners as a means of monitoring their performance. As such the role of local authorities within this was questioned given their lack of control over schools other than maintained schools.

In response the director of children's wellbeing made a number of points:

- There were likely to be changes in the role of local authorities in this situation following the results of a consultation later in the year.
- The importance of children's attainment regardless of them being educated in academies and free schools, or in maintained school was stressed.
- Education is a local enterprise, as such members should look to improve education within the local area in whatever form it takes.

- While local authorities do not have far reaching powers in regard to academies and free schools' performance, a significant amount of influence can still be used to encourage school improvement.

The head of learning and achievement gave a presentation summarising key trends in performance data.

- Performance in ofsted inspections was a success across Herefordshire. A third of students were in schools achieving good or outstanding ratings from ofsted.
- Attainment in primary phases had improved significantly and were now in line with national averages.
- Secondary phases remained above national averages.
- Key stage five performance remained strong.
- A list of ten schools which were performing particularly well, it was noted that these were spread across Herefordshire and not concentrated in one area.
- The number of children not in education, employment or training in Herefordshire were better than national averages.
- Performance in phonics had improved, however were still below the national average.
- Key areas of focus included key stage one provision. While broadly in line with the national average this area was still a focus.
- The number of children eligible for free school meals was an area of particular focus.
- There was not a problem with pupil absences, rates were in line with national averages. However there were specific areas which needed improvement. Notably the number of authorised absences was above the national average.

Cooperation with other organisations was summarised, including national leaders in education, school governors in leadership. It was also summarised that Herefordshire council works closely with ofsted and HMI in leadership improvement to address areas of underperformance. Herefordshire Council was working closely with the regional schools commissioner to spread good practice in schools.

It was noted that there are now three teaching schools in the county.

The chairman thanked officers for their presentation and also queried the referral times for speech and language services in Herefordshire. It was noted that much of the responsibility for this area falls under the clinical commissioning group. In response it was noted that this was an area under the remit of a task and finish group reporting to the health overview and scrutiny committee and that this report may be of interest.

A member of the committee made a number of points:

- requested that comparable figures for previous years performance, and national performance data be provided. The assistant director commissioning and education confirmed that such data was contained in the additional presentation to be circulated.
- Highlighted the need to ensure that responses to high rates of authorised absences did not have an inverse effect on unauthorised absences. The head of learning and achievement stated that the causes of high authorised absences were being investigated and that this would be considered.
- Queried the training for parent governors offered by Herefordshire council which had been referenced in the presentation. In response the importance of training for parent governors was stressed but it was noted that much of the responsibility for this rested with the governing body themselves. Herefordshire council offers a mentoring service for parent governors however there are a number of other organisations who provide other training for parent governors.

A member of the committee commented on the final sentence in item 8 referring to the need for early intervention triggered by financial management. It was argued that financial management does not always correlate with poor performance.

A member of the committee queried the use of financial data as an indicator of declining performance and the level of support available for this. In response a number of points were made:

- Council approaches to identifying needs were based heavily on data. Support provided involved spreading good practice between schools.
- Financial issues were often symptomatic of other issues in performance but were not considered in exclusion.
- A team of advisors would previously have a significant role in improvement; however this was now largely carried out by school leaders themselves,

A member of the committee stated that there was often a delay in the production of data, it was queried if a data based approach limited the council's ability to intervene swiftly.

The director of children's wellbeing explained that in the first instance, school improvement was the duty of the governing body. However, data was not the only mechanism used to monitor performance. Soft intelligence was also used to identify problems in schools.

Where a governing body failed to prevent decline in a schools performance, the local authority does have the ability to intervene more significantly. The length of the process of intervention varied considerably between schools.

In response to a question about the use of specialist teachers and education leaders in school improvement, it was explained that the council maintains a network of specialist leaders able to support schools. It was explained that this support is offered indirectly with the council acting as a broker.

A member of the committee noted that authorised absences was a key issue and that a breakdown of how such absences were occurring would be useful information.

A member of the committee suggested that the greater inclusion of parents in the teaching of phonics would improve performance in this area. The head of learning and achievement recognised that this could be good practice. It was noted that this is practice in some schools in the authority however this is not standard. The Vice-Chair stated that these suggestions could be incorporated into the Health Overview and Scrutiny committee's task and finish group on early years provision.

It was clarified that the data presented was the same as the presented to the monthly performance leaders meetings.

There was discussion of the provision of post 16 education.

- A member of the committee noted that while large individual Hereford sixth form colleges were highly performing institutions, the reduction in sixth form provision in surrounding local authorities, market towns, and the reduction in public transport was adding additional pressures.
- The head of learning and achievement described how post 16 performance information was very positive in terms of attainment measures. However, numbers of students achieving two substantial qualifications was below national average. It was described that there were areas in the authority where students would not achieve two substantial qualifications, even in colleges rated good by ofsted.
- The director of children's wellbeing explained that small scale sixth form colleges are not effective for all students, as supported by national evidence. While these

institutions do achieve good levels of performance they do not enable attainment for all students.

- A member of the committee raised concerns that travel times to urban sixth form colleges from rural areas with limited public transport provision would impact performance. The head of learning and achievement stated that issues of this nature had not been identified.
- It was clarified that school outcomes and improvement needs, as well as year on year improvements were key considerations in the schools capital investment strategy.
- A member of the committee stressed the importance of members considering the relationship between the schools capital investment strategy and performance.

The vice-chair noted that there was a national trend in under performance by vulnerable students in rural areas compared to urban, in large part due to greater levels of funding being available in urban areas, however Herefordshire's performance remained high. The assistant director commissioning and education noted that this was a long standing issue which is well noted.

The Vice-Chair asked that a greater amount of geographical information be made available with future performance data.

A member of the committee queried if the unclear role of governing bodies was symptomatic of resourcing for governor training in both academies and maintained schools. It was also queried if this was causing issues in concerns around performance being identified early.

The director of children's wellbeing identified that there was a very real issue with resourcing in local authority improvement functions. It was reiterated that the council cannot intervene directly into academies. This is an issue included in new legislation which was currently going through parliament. It was noted that the department for education currently worked on policy that school improvement works best at a regional and national, rather than local level.

A member of the committee noted that the centre for public scrutiny was producing a paper addressing inconsistencies across local authority responsibilities in education which would be for benefit of the committee. It was suggested that there was a need to clearly understand resourcing for schools improvement.

A member of the committee explained that it was likely that the education support grant would be reduced in the near future. As a result, members should be mindful of the statutory responsibilities in the area. While many activities in school improvement and in maintaining performance were laudable; were funding to be changed, best and fair use of taxpayers money should be considered carefully.

There was discussion of the potential for increasing numbers of English as an Additional Language students in Herefordshire due to incoming asylum seekers. The key points were made:

- The number of Syrian refugees coming into Herefordshire was expected to have a negligible impact on the provision of EAL teaching in Herefordshire with current numbers of EAL students being over 1000 while the number of unaccompanied child refugees was expected to be very small.
- Unaccompanied children were expected to make up the main proportion of refugees coming to Herefordshire. As they would count as children in care, consideration would be given to their needs in school placements as with all children in care.

- Current EAL provision was at a good standard with a number of examples of good practice.
- Concerns were raised that an influx of refugees might be focussed in urban areas and it was stressed that dispersion into rural areas should also be considered. It was noted that due to the relationship between European migration and the agricultural industry in Herefordshire, many rural areas already supported EAL provision.
- Herefordshire has a different situation in terms of EAL provision compared to many other local authorities. Many EAL students in Herefordshire are first generation migrants where as many other local authorities deal with larger number of third or fourth generation students requiring EAL provision.
- Many other local authorities had disbanded their EAL provision in response to budget restraints. It was noted that much of the responsibility for EAL provision rests with schools and not the local authority.

A member of the committee expressed a number of concerns in the governance of academies, notably in reference to the training and tracking of academy governors. In response it was noted that central government was not allowing schools to convert into single academy trust and instead encouraging multi academy trusts. Due to their scale, multi academy trusts have a greater resources for leadership and experience.

A member of the committee queried what proportion of national leaders in education represented academies and maintained schools. The head of learning and achievement confirmed that there was a roughly even distribution.

A member of the committee noted that it was an unfortunate but a reality in the context of local government funding.

A member of the committee noted issues in the use of leadership led improvements in schools and the lack of resources available for the council. It was noted that this could increase the attractiveness of academy status for schools, which may be contrary to the views of the community. In response the director of children's wellbeing noted that Herefordshire does not currently host any national academy trusts but does have multi academy trusts which have developed within Herefordshire. It was noted that governing bodies differ in opinion over the benefits negatives of academy status.

The director of children's wellbeing expressed concern that regional schools commissioners had regional targets for the creation of academies which could affect trends in the conversion of maintained schools.

The chairman queried the number of children eligible for free school meals. The assistant director, commissioning and education stated that this was a long standing issue in Herefordshire. It was identified that work was being done at a regional level and that Herefordshire council was working with HMI in this area. It was also noted that a closing the gap project had been launched in this area.

There was discussion of the need for the committee to present recommendations in relation to the outcomes of a consultation on the changing role of, and resources available for local authorities in the governance and improvement of schools.

Recommends that:

- a) **The committee makes recommendations to cabinet on how they might improve the efficiency of the school improvement framework and strategy, especially in relation to governance in light of likely reduced resourcing in future.**

- b) **Council responsibilities for education are clarified and sufficiently resourced. Additionally, that the monitoring of governing bodies in meeting performance standards also be sufficiently resourced. Should the Director at any time find that resources are not sufficient, this must be reported to Cabinet and the General Overview and Scrutiny Committee at once.**
- c) **A briefing note be produced in regard to authorised absences to inform future recommendations of the committee.**
- d) **The committee consider the findings of the Health and Social Care Overview and Scrutiny Committee's early years provision task and finish group in relation to referral rates for speech and language development.**
- e) **The committee's suggestions in regard to the teaching of phonics be brought to the attention of the early years task and finish group reporting the health and social care overview and scrutiny committee.**

73. MARCHES LOCAL ENTERPRISE PARTNERSHIP (Pages 57 - 64)

The chairman introduced Graham Wynn OBE, Chairman of the Marches Local Enterprise Partnership, and Gill Hamer, Director of the Marches Local Enterprise Partnership (LEP).

The chairman and Director of the Marches LEP summarised a number of key points about the organisation:

- The Marches LEP had been one of the first Local Enterprise Partnerships created and that there were now more throughout the country. LEPs had been intended in part to replace the Regional Development Agencies in providing infrastructure, housing and sustainable development.
- The Marches LEP represented a large geographical area and 30,000 businesses of varying size. It was explained that 85% of these businesses had ten employees or fewer.
- The Marches LEP was one of six members of the West Midlands LEPs. The Chairman of the Marches LEP also represented the West Midlands LEP at a national level.

The Director of the Marches LEP summarised a number of areas of LEP activity:

- In 2013 the Marches LEP had developed a strategic economic plan (SEP) including a comprehensive analysis of the Herefordshire economy. This had identified numerous areas of focus including the growth of defence and security industries in Herefordshire.
- a skills plan had been developed in cooperation with Herefordshire Council. This was in the process of being updated. Initial data gathered for the review of these documents suggested that the gap between the Marches and national performance indicators was growing to some extent. As a result the review of these documents was likely to be targeted to appropriately apply for continued funding. A key area of the skills plan under review was post 16 skills.
- The SEP had been used as the basis for funding applications. Funding which had been secured through the SEP was largely being used to generate housing.
- The Marches LEP had secured funding for growth and infrastructure packages for the three main urban areas in the Marches.
- A number of Marches LEP projects were summarised. Notably a large scale investment into skills and training packages, particularly targeting the food and

drinks industries. A tender for a similar package for high tech industries was also in process.

- Work was being done at a regional level in the provision of post 16 education. Notably institutions were being encouraged to cooperate more closely and operate economies of scale.
- Investments were being made in the improvement of broadband provision in Herefordshire.
- Work was being done in the provision of skills training for people not in education, employment or training (NEET) in Herefordshire.
- It was explained that the Marches LEP was in the final stages of agreeing the HCA land deal in Telford which was a significant area of LEP activity. Funding provided for this scheme would partly return to the LEP for housing.
- The Growth Hub had been introduced recently with a physical site in Herefordshire and also an online presence provided resources for small businesses.

It was noted that Herefordshire was represented by a number of private business figures from Herefordshire as well as the leader of Herefordshire council. The governance arrangements of the Marches LEP were summarised noting the accountability and assurance framework as well as the Marches Joint committee.

The chairman thanked the representatives of the Marches LEP and invited members of the committee to ask questions.

The chairman noted that the Marches LEP was currently accountable to the Scrutiny Committees of the three local authorities participating. It was queried if it would be more efficient were there to be a single centralised scrutiny committee for this purpose. In response it was explained that at the formation of the LEP there had been opposition to the creation of a combined scrutiny committee. However this was now being considered as part of a review of LEP governance arrangements.

The vice chair queried the prioritisation of resources by the Marches LEP. In response the director of the Marches LEP explained that the accountability and assurance framework outlined the process for prioritisation in how value for money of schemes were appraised and how the impacts of a project was considered. Once projects had been considered following close investigation the Marches board would decide if a project represented good value.

The vice chair noted that Herefordshire had done well in funding from the LEP compared to other members. It was queried how delivery of projects was ensured. In response it was explained that a performance, risk and monitoring committee had been formed which included three board members. The committee received detailed reports on a quarterly basis on individual projects.

The vice chair queried the extent of cooperation between the Marches LEP and surrounding LEPs, notably with the greater Birmingham area. In response it was reiterated that the chair of the Marches LEP also represented the six LEPs in the West Midlands area at the national level, and that these six LEPs met bimonthly. There were 11 LEPs within the Birmingham 'powerhouse' area. The Chair of the Marches LEP was a member of the board on the West Midlands Connect project which was the first major project of this grouping. It was noted that this project represented a substantial geographic area. Within this context it was the role of Marches LEP board members to promote investment within the Marches within the context.

The vice chair queried how medium sized and small businesses were engaged with the LEP and how their understanding of its activity and potential resources were developed. In response it was noted that the Marches LEP represented three separate business

boards who would in turn be represented at the Marches LEP. Additionally, the federation of self-employed and small businesses, as well as the chamber of commerce were engaged with. Growth hubs had been established to provide advice and support to businesses. A range of additional engagement activity was summarised.

It was queried if there was cooperation with Wales in LEP activity. It was noted that this was difficult due to central government policy. However there was cooperation with the Welsh equivalent of LEPs. Within Wales LEP type activity had not been in place for as long as in England. It was noted that with areas of the Marches being hubs for eastern Welsh areas, there were common challenges and interests in cooperation.

A member of the committee noted that there was a lack of understanding of the Marches LEP across Herefordshire, particularly in rural areas. It was noted that Bromyard had been identified as an area with over-dependence on a single industry within the report. It was described that businesses in the area were highly dependent on surrounding road infrastructure and queried what investment would be provided to pre-existing road networks.

In response it was noted that issues in the current network of trunk roads in Herefordshire was a concern. Additionally it was explained that there was investment going into new road infrastructure in nearby Welsh areas and so it would be prudent that this be continued with the road network in the Marches.

The director of the Marches LEP reiterated the importance of diversity in business across the west Midlands area and the need to support this.

A member of the committee noted that most of the projects presented by the Marches LEP were centred in large urban areas despite the rural nature of much of the Marches and Herefordshire area. It was queried to what extent were rural areas, market towns and small businesses being considered by the Marches LEP. In response the chairman of the Marches LEP explained that market towns were an important part of the Marches' strategy. In particular, ensuring market towns had sustainable futures was significant. The creation of housing enabling the provision of education was a considerable focus.

The director of the Marches LEP explained that the majority of the first wave of funding from the Marches LEP had been focussed on strategic projects in urban areas. However, it was intended that were a second phase of growth funding to be secured then this would be deployed with a greater focus on rural areas.

Representatives of the Marches LEP noted that providing funding and support for small businesses was a challenge. Much of the funding which had been secured by the LEP for small businesses was for the development of growth hubs. However additional funding was trying to be secured through European Union funding. The chairman welcomed what was being done but expressed disappointment that activity was limited in this area.

A member of the committee noted the lack of awareness on the work of the Marches LEP among members. The activity of the LEP in market towns with speed networking events which had been a success. It was commented that the growth hub had to be based somewhere, while it was unfortunate that this was in Hereford and not in one of the market towns this made geographical sense with Hereford being central to the county. The growth hub had a web presence, phone presence and conducted work in the market towns which was positive.

A member of the committee stressed that members should advertise the work of the LEP to their constituents to allow them to benefit more from the services provided. The chairman suggested that this could be the basis of a recommendation by the committee.

A member of the committee queried the publication of annual reports. While the LEP had been created in 2010, the first annual report was published in 2015.

- The director of the Marches LEP explained that while the LEP had existed since 2010, considerable activity had only really started in 2015 where the LEP had begun to implement projects it had received government funding for.
- Prior to the reports the LEP's web presence and newsletters had been examples of publishing the LEPs work in the public domain. This was an area which the LEP had been asked to strengthen and was being improved upon.
- The chairman of the LEP reiterated that Shropshire County Council was the accountable body for the LEPs funding and accounts and related documentation would be held by them.

A member of the committee queried how many businesses which had been brought into the Hereford enterprise zone had been based in Herefordshire previously. The member also asked for clarification of the wording of what was meant by jobs which had been 'created directly' by the HEZ. Additionally it was queried if there had been any foreign direct investment as the result of the enterprise zone. In response, the director ECC clarified that the HEZ was itself managed by its own board. The majority of businesses within the HEZ were local expansions. One company had come from outside from a neighbouring local authority. There had been a recent piece of FDI from Turkey and the board was working actively to bring in more FDI.

The chairman praised the number of companies in the HEZ which were expansions of Herefordshire businesses.

A member of the committee argued that there were systemic problems with the LEP in terms of governance and accountability:

- It was described that the LEP represented an organisation which was not a legal entity which was responsible for tens of millions of pounds of public money, staffed by a board predominantly comprising of individuals from the private sector. It was argued that this was an underlying issue with all other governance issues identified with the LEP.
- The representation for and local knowledge of Herefordshire within the LEP was held by the leader of the Council as a member of the board and also by officers of the council.
- Concern was raised that the report identified that the leader's annual report to council was the mechanism through which members would be formally updated on the work of the LEP and notifying members in advance over projects which would be coming forward. It was argued that member's and members of the public lack of awareness in the LEPs activity was due to the failure to properly communicate these matters.

A member of the committee queried 2016/2017 projects identified in the report. The south wye transport package quoted a new housing development. It was argued that the Lower Bullingham housing development identified within the council's core strategy was already served by the A49 linkages pre-existing and clarification was sought.

- Director, Economy Corporate and Communities clarified that the Lower Bullingham site was the one identified within the report. While there was a physical linkage between the site and corresponding road networks, as was stated in the core strategy the construction of the housing site was reliant upon the construction of a full bypass. As a result the construction of the next leg of the bypass which was the southern link road was essential to this.

A member of the committee noted that the LEP not being a legal entity may cause some concern among the public. It was asked if the LEP was still obliged to respond to freedom of information and similar requests within its status:

- The director of the Marches LEP clarified that in reality, were a member of the public to request information on Marches LEP projects via a freedom of information request or similar mechanism this would be channelled through the relevant council in coordination with the LEP. While the LEP was not legally subject to freedom of information requests the Marches LEP did provide background information and support investigations such as FOI requests and would cooperate in the formation of responses.
- In response the member of the committee stressed that this represented an anomaly in the accountability of a body responsible for large sums of public money.

A member of the committee asked for clarification of the exact hierarchy between the marches joint committee and the Marches LEP board. The joint committee had been identified as being a mechanism to sign off board decisions, however it was queried what powers the joint committee had to block recommendations.

- The director of the marches LEP clarified that the Marches Board made recommendations which it was then the responsibility of the Marches Joint Committee to approve. However were the joint committee not satisfied with recommendations as presented it was the responsibility of the leaders of the three participating councils to decide whether to approve recommendations or to return them for further consideration by the board. It was explained that this had not happened at that time, however, key decision making had only in reality begun in 2015 with key projects and initiatives going forward.
- The chairman of the LEP clarified why the LEP was not a legal entity. The marches LEP was unique given its representation by the business sector, many other LEPs had emerged out of pre-existing bodies however the Marches LEP had not. At the time of its formation there had been a number of structures for LEPs available, when advice on best practice had been sought from government it had not been recommended to form a legal entity as it had been preferred to have funding accountable by being managed by a local authority. It was described that an external organisation had analysed the Marches LEP's governance arrangements and identified that the Marches LEP had made improvements in its governance arrangements.
- In response the chairman sought clarification that Shropshire council was the accountable body for much of the Marches funding, this was confirmed by the director of the Marches LEP who also clarified that for individual projects Herefordshire and Telford Councils were also accountable.

It was asked in response to public question 8, while the answer stated that LEP accounts would be available on Shropshire County Council's website, a member of the committee had not been able to locate these and Shropshire County Council had not been able to provide these upon the member's request.

- The director of the Marches LEP explained that it would be investigated as to why account information had not been available or could not be located on Shropshire Council's website as they had been in communication with the relevant information in the production of responses to questions from members of the public.
- The member of the committee expressed the importance of these documents being clearly available as they were within the public interest.

- The chairman suggested that the member propose a recommendation on these matters.

A member of the committee queried why contracts for the south wye transport package had been signed recently despite an assertion in previous Marches Board minutes that this would need to be done earlier. In response the Director, Economy, Communities and Corporate clarified that the dates referred to in the minutes concerned were no longer relevant. There had been uncertainty over the confirmation of funding due to elections in 2015. Confirmation of funding had been received subsequently enabling contracts to be signed.

A member of the committee discussed the importance of small and medium size businesses and noted the success of LEP events in market towns. The need to focus on market towns going forward was stressed. The cabinet member economy and corporate services emphasised the need for plans to be business led.

The difficulties in engaging with small businesses were stressed, however through the LEPs activity and the growth hub more small businesses were now being engaged with than had been previously. Other than reinforcing this engagement activity it was difficult to suggest other actions that could be taken. The next phase of funding would also allow for a greater level of engagement with small businesses and market towns, additionally work with the business board and enterprise zone would allow these groups to identify their own priorities.

The chairman of the Marches LEP stressed that at all opportunities the LEP tried to engage the business board given their representation. Research was being done to try and better help engagement with the business community. However working with small businesses was difficult. The time of small business owners is very limited and engaging with these groups would remain a challenge. However, the LEP will continue to pursue cooperation with these groups as they are vital to growth in the county.

In response to a query by a member it was clarified that the Leominster enterprise zone is not a special enterprise zone despite the suggestion from the park's name. As such it does not receive the with the privileges enterprise zone status this allows as is the case with the Hereford enterprise zone.

A member of the committee noted that due to the wording of the committees agenda they could not adequately word a recommendation in relation to some governance issues which had been raised by the committee. It was noted that as Herefordshire Council was the body responsible for the governance of the Marches LEP recommendations on relation to the need for the LEP to function in an open and transparent fashion, and for Herefordshire Council to communicate this in a concurrent fashion were not within the remit of this meeting of the general overview and scrutiny committee.

Resolved that:

- a) The committee commend and encourage further the engagement of small businesses within the activity of the Marches LEP.**
- b) The work of the Marches LEP in cooperation with neighbouring and other Local Enterprise Partnerships, in particular the equivalent bodies across national borders be encouraged.**
- c) That the Marches LEP ensure that the delivery of accounts and reporting is made more clear and the availability of such documentation to the public is ensured.**

- d) **That the committee recommend to the board of the Marches LEP that a summary of accounts be published in conjunction with the annual report on the activity of the Marches LEP.**

74. WORK PROGRAMME

The chairman noted that the Community Infrastructure Levy Task and Finish Group was due to report back to the committee at the next meeting. The importance of the community infrastructure levy for Herefordshire's development was stressed.

The chairman explained that a work programming and training session for members was being arranged for the coming months as well as questioning skills training. The chairman welcomed the opportunity for members of the committee to have a greater role in the work programming of the committee.

The chairman discussed work which had been done investigating gypsy and travellers sites provision within the county. The chairman stressed the legal and moral duty Herefordshire council had in this area.

It was discussed that the inclusion of the forward plan had been raised at the previous committee. The chairman stressed that this would be included with the upcoming work programming session.

A member of the committee noted a number of grammatical errors within the work programme document within the agenda.
The committee approved the work programme.

RESOLVED: That the draft work programme be noted

75. DATE OF NEXT MEETING

Tuesday 10 May 2016 at 10.00 am.

The meeting ended at 1.15 pm

CHAIRMAN

Dear Sam Tweedale

Attendance at the Unrecorded Ways Research Workshop on 18th April for parishes was good being over 50 persons, with presentations made regarding the registration of our unadopted roads that are no longer used by vehicles on the Definitive Map, but nothing about the registration on the Street Works Register of those still in use by vehicles and not within scope of the Definitive Map, or for which registration on the Definitive Map is not considered necessary, which not being legally conclusive is a far less costly process. The second Briefing Note raised for GO&SC by HC says under *'Powers applying to local councils and to parish meetings where there is no council'* that parish has the power *'To make representations to the highway authority that a highway has been unlawfully stopped-up or obstructed. The authority must act unless satisfied that the representations are incorrect - HA 1980 s 130(6)'* so the suggestion is would GO&SC advise HC to adopt a) a low cost light touch approach to record representations made by parishes for unadopted roads, enclosed paths similar to urban footways, and the like, on the Street Works Register, with HC having a legal duty to record those that it is aware of anyway and having a protocol in place to process any objections, by raising a protocol specifically for parish use similar to that raised in 1950's when gathering information to raise the Definitive Map, i.e., Forms FP1, FP2, FP3 & FP4 attached, rather than b) accepting putting everything through the high cost fully researched and reported upon process applicable for those that have fallen out of vehicular use, paths over farmers fields and the like, used to create the legally conclusive Definitive Map, as per presentations made by HC at that workshop, even when registration on the Street Works Register would be appropriate ? Use of costly fully researched and reported procedures may apply to representations by members of the public but surely ought not to representations by parishes for recording on a document that is not legally conclusive ?

A 'Blue Book for Roads', also attached, has also been published on the Defra NE LAF Huddle web page with all invited to edit and improve it, even rewrite if thought appropriate, with no feedback as yet, with the next logical step by HC being to raise an Evidence Base covering what has been done in the past, thereby identifying and justifying undertaking what remains to be done to raise complete and correct highway records, reference item 4 on page 2, avoiding the otherwise costly outcome reference item 7 on page 2 which has now commenced.

My concern is that I see no attempt to use least cost procedures, yet alone to maximise the use of least cost procedures, with intention instead being to use high cost procedures in all instances, hence my suggestion that this be subject of scrutiny.

Rgds

Peter McKay

Leominster

The Blue Book for Roads



An unrecorded road leading to a bridleway, with footpaths branching off it.

Local Access Forums are statutory advisors, and having identified a need for a Blue Book addressing road issues, this book has been compiled, edited, etc., by Local Access Forum members making use of the NE Huddle LAF web page.

Version 1, 15 April 2016

1. Our highway records comprise the Definitive Map for paths, List of Streets for publicly maintained roads, and Street Works Register for unadopted roads that are highways, plus all other highways.
2. Parliament legislated that our Local Highway Authorities should raise Street Works Registers, comprising a single digital Highway Record of all our highways under the 1991 New Roads and Street Works Act, section 53. This requires that a Street Works Register be raised, with section 4(5) of The Street Works (Registers, Notices, Directions and Designations) (England) Regulations 2007 making the Highway Authority responsible for securing the registration of 'Every street, of which the local highway authority are aware, which is a highway but for which they are not the street authority'. These would be our 'white roads' they being highways for which the highway authority has not accepted liability to maintain, i.e., they are not the street authority. This duty is recognised by Department for Transport in chapter 3 of its 2012 Code of Practice.
3. A House of Commons Library Standard Note SN/BT/402 of 18 October 2010 says "A Department of Transport survey in 1972 found that there were then approximately 40,000 unadopted roads in England and Wales"
4. To undertake this duty Parliament clearly expects our authorities to assert authority, reference s.130 of 1980 Highway Act, and register our unadopted roads, also known as 'white roads', that is aware of, which should logically include any representations by parishes re unadopted roads unless satisfied that representation is incorrect, reference part (6) of that section of the act. Our Highway Authorities may be more comfortable doing this if they a) raise an evidence base setting out what has been recorded in the past, thereby identifying the type of road that was not recorded, justifying the recording of them now, and b) have a protocol in place to facilitate the processing of any objections.
5. Section 53(3) of 1991 New Roads and Street Works Act provides that the authority should make the Street Works Register available for inspection, at all reasonable hours and free of charge, by any person.
6. This data, plus for various reasons data of some streets that are not highways, is then converted into the Local Street Gazetteer in national computer software format to raise the National Street Gazetteer, with this presently being upgraded and combined with Ordnance Survey Integrated Transport Network map to raise the new £3 million project Department for Transport Highways Map, all of which is without any person having a legal right to view, though may be viewed by members of Local Access Forums under terms of authorities PSMA licence.
7. Failure to raise and keep the Street Works Register complete and up to date is likely to result in omission of street from the Local Street Gazetteer or its conversion in to street with no public access, along with needless costly to process Definitive Map Modification Order Applications raised by persons working on the Deregulation Act provisions seeking to fill in gaps and anomalies by 2026 that would be more correctly addressed and at far lower cost by the recording of our unadopted roads.
8. Some may reason that those that are now green lanes ought be recorded as a

Restricted Byway, but that could follow as and when resources are available should that be considered to be necessary.



An unrecorded unadopted road with public street lights leading to a public footpath

Notes :

1. **Aware of** – The 1991 NRSWA requires Highway Authorities to register highways they are aware of, and the meaning of aware of has been questioned by a HA. This is not considered to mean those already recorded on a formal legal list, but a more literal meaning of those that by common sense they are aware of, such as
 - roads with authorities street furniture such a street name signs, public lighting, etc.
 - roads linking our public paths with our maintained roads and which may be mentioned on path written statements as being a road to which a path connects,
 - roads leading to public places,
 - roads in regular public use that all are aware exist but are not yet recorded,
 - roads submitted by parishes in 1950s but not shown, as believed to be outside scope of DM, or shown on DM as winter paths, i.e., shown as a field-side path.
 - Some roads may have fallen out of use since records of public paths were raised back in 1950's, and our authorities may need to check against historical records, with further information regarding this is being raised reference Natural England Commissioned Report NECR035 'Stepping Forward' under improved proposals for registering public paths, since this information would also apply to roads.
2. **When is a road a highway ?** - Common law has established that a highway is a defined route over which "the public at large" can pass and re-pass as frequently as they wish, without hindrance and without charge. The use must be as of right and

not on sufferance or by licence. There is no clear statutory definition of a highway. A highway can be established at common law or created by statute. A highway is open to everyone. This is the essence of highway. It means that technically it is unnecessary to refer to public highway. There is no such thing as a private highway. A highway can be privately maintainable, but the public's rights of passage over it are the same as if it were a publicly maintainable highway of the same class.

3. **When is a road not a highway ?** – Typical examples would be a road within a property boundary where access by the public is restricted by physical (for example, gate) or administrative (for example, sign) means. Examples where public use is considered usual for at least some part of the day would comprise roads within a hospital, sports centre or school and examples where public use is not considered usual would comprise roads within a military base, an oil refinery, or within a private residential garden, or leading to two private properties. Establishing that a road is not a highway can be difficult.
4. **When is a road that is a highway maintainable at public expense ?** - Prior to the 1835 Highway Act, only roads leading to / between Market Towns were maintainable at public expense under statute law, e.g. s.XV of 1773 Highway Act and earlier acts going as far back as the 1285 Statute of Winchester that required highwayman hiding places be cleared away, with those not leading to / between Market Towns often referenced as 'Cross Roads', they not being maintained at public expense under statute law. The 1835 Highway Act extended that duty to all roads, with roads created after 1835 needing to be brought up to adoption standard and adopted by HA to become maintainable at public expense. So to establish if a road is maintainable at public expense it needs to be shown that it existed prior to 1835, or has been adopted if created after 1835. Exceptions apply to this general rule, and s.37 and 38 of 1980 HA provide process for highways to become maintainable at public expense.
5. **Cease to maintain orders** – Section 21 of the Highway Act 1864 provided for parishes to obtain an order enabling them to cease to maintain a road that is a highway, currently s.47 of 1980 Highway Act. The effect of the order is to cease maintenance responsibility, with no effect on public entitlement to use the road. Section 48 of 1980 Highway Act provides for reinstatement of maintenance.
6. **CRF's recorded as footpaths** – The guidance raised in 1950's was incorrect and rather than seeking submissions from parishes for Roads used as public paths, it sought information regarding CRF's and CRB's, with them defined as 'Highways which the public are entitled to use with vehicles but which, in practice, are mainly used by them as footpaths or bridleways, should be marked on the map "C.R.F." or "C.R.B.", with a note in the schedule also that their main use is as a footpath or bridleway as the case may be'. Some HA's, such as West Riding of Yorkshire, Dorset and Herefordshire did not show these as Roads used as public paths, but as Footpath or Bridleway. This has resulted in many ways being recorded as footpath that have higher rights over them, to detriment of equestrians, cyclists, etc., and also landowners, it limiting equestrians to bridleways over fields rather than using green lanes shown as footpath, and has yet to be addressed. Consideration will

need to be given to whether this matter is best approached by way of a survey of roads, rather than limited to the original parish submissions, should they still be available.

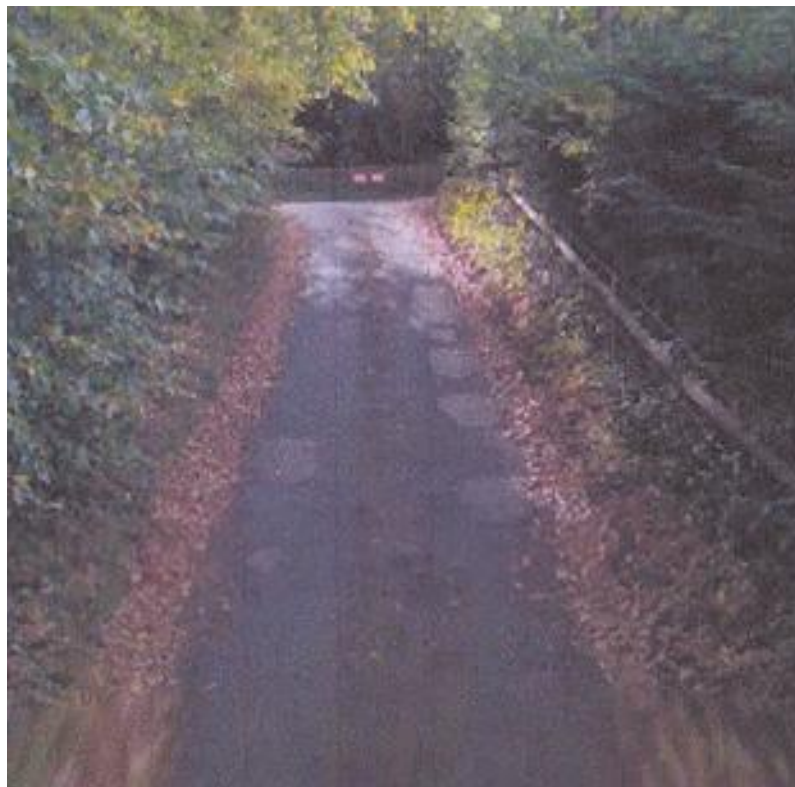


A CRF recorded as a footpath

7. **Meaning of prefixes 'Public' and 'Private'** – The prefix 'Public' or 'Private' before a 'right of way' is often used to define who may use, but is also often used to define how maintained, particularly when prefixes a 'road' or 'street', for example s.232 of 1980 Highway Act says *'to be a private street, and thereupon the land is to be deemed to have been dedicated to the use of the public as a highway and to be a private street'*. However this generalisation does not always apply and one should be aware of need to consider which meaning of prefix 'public' and 'private' applies.
8. **Inclosure Award Private Carriage Roads and the Dunlop High Court Case** - The 1801 General Inclosure Act was drafted when statute law only required roads leading to / between market towns to be maintained, i.e., prior to the 1835 highway that extended that statute duty to all roads, so many minor roads were set out by legal event as private carriage roads to be made and maintained as directed in the award, i.e., similar as private street in 1980 Highway Act, with s.232 saying *“to be a private street, and thereupon the land is to be deemed to have been dedicated to the use of the public as a highway and to be a private street”*. The high court has considered the meaning of this term, but was very poorly argued, it being reasoned that private meant lowest status, as private in army, or a road for private carriages as in our royal parks, or some other unknown meaning, with it not considered if meaning was same as private street as used in 1980 Highway Act, which it clearly is, and with that understood the act, and associated awards, say what they could be expected to say. The Dunlop decision that private means not open to public use remains unchallenged but clearly incorrect. Some awards say after private road whose use and benefit they are for, that being legal way of saying who could take court action to enforce those liable to repair to carry out the work, and also the standard required, it to be suitable for those persons use, without limiting the use to

those persons, the act containing no power to do that. (The 1800 judgement re The King v J Richards and 5 others ruled that the King had no power to enforce maintenance of a private road, not that he had no right to use it, and the presumption at that time was that highway land was owned by the parish, s.17 of 1773 Highway Act) Section 38 of the 1980 Highway Act provides for transfer of maintenance responsibilities to HA's. Section XXXVI of a later 1845 Inclosure Act introduced the term occupation road for private use roads. The associated Andrews case regarding footpaths has been corrected on appeal but Dunlop remains. However the failure to recognise the need to consider whether the meaning of the prefix 'public' and 'private' was to define who may use or how maintained is an elementary error of judgement, that ought be recognised and accepted as such.

9. **Dual recording as road and prow** – For various historical reasons some identifiable roads are presently recorded as prow's without prejudice to higher rights, with no known procedure for deleting the prow record. Dual recording is therefore considered to be normal and acceptable. Some inclosure awards set out 'Private Carriage Road and Public footpath' with examination of before and after plans showing this occurred when a private carriage road was set out over a public footpath, i.e., an early example of dual recording.
10. **Survey of roads** – A survey of roads has never been undertaken, and whilst the 1923 Ministry of Transport Road Maps viewable via http://www.sabre-roads.org.uk/wiki/index.php?title=OS_Ministry_of_Transport_Road_Map provide a good basis, research has identified that they are not comprehensive, and other historical documents need to be researched also, best practice yet to be established.



An unrecorded unadopted 'white road' leading to a public place with parking spaces

COUNTY OF HEREFORD

NATIONAL PARKS AND ACCESS TO THE COUNTRYSIDE ACT, 1949 PART IV, PUBLIC RIGHTS OF WAY.

"Arrangements" under Section 28 of the Act for the provision by County District Councils and Parish Councils of Information for purposes of survey of Rights of Way.

SUPPLY OF MAPS AND SCHEDULES

1. The County Council will supply all maps where required, without charge. These will comprise a set of 6" covering each Borough, Urban District or Rural Parish. Most Parishes will require several of these sheets, but the sheets will not be joined.

2. The County Council will supply loose leaf sheets for use as the schedule contemplated in Part 5 of the Memorandum upon the Survey of Rights of Way prepared by the Commons, Open Spaces and Footpaths Preservation Society. Enough sheets will be supplied to enable the Borough, Urban District or Parish Council to keep a copy. In Rural Parishes not having a Parish Council a copy may be retained by the Chairman of the Parish meeting. A note on procedure and a memorandum for guidance will be supplied.

BOROUGHS AND URBAN DISTRICTS

3. A set of maps for the Borough or Urban District will be sent direct to the Town Clerk or Clerk of the Urban District Council, together with a supply of the loose leaf sheets.

RURAL DISTRICTS

4. Section 28 (3) of the Act draws a distinction as to the method of provision of information in Parishes which have a Parish Council and Parishes which have not. In Rural Parishes not having a Parish Council the provision of the information is the responsibility of the Rural District Council which must, as respects each such Parish, require the representative body of the Parish or a member of that body to cause a Parish meeting to be held.

5. It seems probable, however, that in a number of Parishes where there are Parish Councils the Rural District Council will have to take the initiative in securing the convening by the Parish Council of a parish meeting, and it also seems desirable that there should be some opportunity for representatives of Parishes both with and without Parish Councils to discuss the matter both with the Rural District Council and the County Council.

6. When Parishes have collected all the information and have completed the maps and schedules, they will send them to their Rural District Council, who will then have the opportunity of checking the information to such extent as they wish. The maps and schedules will then be sent on to the County Council together with any observations the Rural District Council may wish to make.

7. Parishes requiring further information or advice will in the first instance apply to the Clerk of the Rural District Council, who in his discretion will either himself give the information or advice required, or refer the matter to the County Council, although, in general, requests for legal advice should be referred to the County Council.

8. It is hoped that completed maps and schedule, together with Parish Councils' recommendations on each will be delivered to Rural District Councils before 1st December, 1950.

By 31st December, 1950 Rural District Councils, Urban, Borough and City Councils recommendations should be received by the County Surveyor, Portfield House, Hereford.

National Parks & Access to the Countryside Act, 1949.

SURVEY OF PUBLIC RIGHTS OF WAY.

Form of Procedure.

1. The Parish Council (or Parish Meeting) agrees to undertake the Survey.
 2. Notification sent to the Rural District Council, together with information as to whether copies of the 6" maps are required.
 3. The Rural District Council will notify the County Surveyor, who on receipt of this request will forward to the Rural District Councils in envelopes ready for distribution to Parishes
 - (a) 6" maps, if required by the Parish Council ; one copy for cutting up and use by walkers of paths and one copy to be kept in good condition on which to transfer and submit the completed information.
 - (b) Copies of a Schedule to be completed for each footpath. Only the parts indicated will be completed by the person making the Survey and only such other part as indicated will be completed by the Parish Council or Parish Meeting.
 - (c) A Memorandum for the guidance of Parish Councils which should be carefully studied individually by people responsible for making individual path surveys, and later by the Parish Council or Parish Meeting before determining whether any particular Way surveyed shall be passed on to the Rural District Council as a Public Right of Way.
 4. After receipt of these particulars from the Rural District Council, the Parish Council or Parish Meeting will arrange for walkers to walk over Ways in the Parish. The normal procedure will be to allocate parts of the Parish (the Parish will normally divide conveniently into 6-10 parts between main roads) each to one or two people who will undertake the physical walking over the ground and recording the Survey of Rights of Way and to re-submit them to the Parish Council within a reasonable time.
 5. After collection of these surveyed Ways the Parish Council will contact neighbouring parishes with a view to ensuring continuity of Ways which cross the boundary and to ascertain whether the neighbouring parishes consider the continuations to be Public Rights of Way or not.
 6. The Parish Council or Parish Meeting will be called to consider all the surveyed Rights of Way. Those that are approved by the Parish Meeting will be noted as such and those which are not approved will be so marked on the Schedule and the forms sent on with the Parish Council's resolution on each complete to the Rural District Council.
 7. The Rural District Council will consider the recommendations of the Parish Councils and after resolving in each particular case in favour or against, send the completed forms to the County Surveyor.
 8. County Surveyor will advertise the Ways as required in the Act.
 9. After advertisement opportunity is given for objections to be made to amend the draft plan, or to omit or to add to the plan and for the County Council to determine such objections (and to hear objections to the objections). A further provision is made for 'aggrieved persons' to appeal to the Minister of Town and County Planning.
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MEMORANDUM FOR THE GUIDANCE OF PARISH COUNCILS AND INDIVIDUALS

CONDUCTING A SURVEY OF PUBLIC RIGHTS OF WAY

Purpose of Survey. To make a permanent record of *existing* Public Rights of Way throughout the County and subsequently to determine once and for all whether each and every of such *existing* ways is or is not a public way.

It must be emphasised that we are attempting to record the existing position and not to make recommendations as to what may or may not be thought to be public ways either now or in the future. New Rights of Way, or stopping up existing, are dealt with under entirely different procedure in the Act.

Furthermore, ways used by permission (express or implied) of the OWNER for private purposes are NOT public ways as of Right.

Definitions. The definitions of Footpath and Bridleway are given in Section 27(6) of the National Parks and Access to the Countryside Act, 1949 and explained on pages 2 and 3 of the Memorandum issued by the Commons, Open Spaces and Footpaths Preservation Society—(a copy of which entitled "Survey of Rights of Way" is being supplied to all District Councils by the Clerk of the County Council in sufficient numbers to permit distribution of one copy to each parish.)

Evidence to prove a Right of Way. Evidence to prove the existence of a public right of way are :—

- (a) Documentary and/or
- (b) Right of User.

- (a) *Documents* are (i) Awards, under the Inclosure Acts or other statutes.
or (ii) Maps and statements deposited by landowners with County or District Councils under Section 1 (4) of the Rights of Way Act, 1932.

Information on these held by (or known to) the County Council will be notified to District Councils so that this information, together with that held by District Councils, may be notified and made available to Parishes.

Ordnance Survey Maps, Tithe maps and other documentary evidence are material to the existence of a way but are not, in general by themselves evidence of a *public right* of way and must be supported by evidence of user.

- (b) *Right of User.* To prove User it is necessary to have conclusive evidence of *each* of the following THREE points :—

1. Over the period of 20 years (at least) the public at large has from time to time used the way
2. User was of right, i.e. not by permission, leave or licence of the owner, during that period of 20 years
3. That the use by the public at large was without interruption or obstruction, during that period of 20 years

Names and Addresses of persons giving evidence to prove right of user are essential. Rarely will documentary evidence be available on this point, but special reference should be made of any document supporting it, where such may exist.

Schedule. The Schedule—one of which will be prepared for *each* Right of Way—has been designed to record this evidence together with a Description of the route.

Column 1. This written description should give the direction and state of the route together with a note of the stiles, gates, bridges, etc. and their condition so as not to confuse the main issue of the Map—which is to delineate the Public Right of Way. When the position of width or a path is defined in an award (or order or agreement under this Act), or other legal document, it is desirable that the Schedule should include the relevant details. Where there is no legal authority, but practical reasons make it desirable to define more accurately than is possible on the map the actual land over which the public are alleged to have rights or that a limitation or condition on the exercise of the public rights should be specifically stated, it would be advisable to include particulars of these matters on the back of the schedule, where there is not likely to be any dispute about the facts.

Abbreviations can be used and attention should be paid to the Memorandum of the Commons, etc. Society for typical records.

Column 2. This is to give the all-important information of evidence which is EITHER Documentary (a) or (b) AND/OR (c) Right of user—all three points of which must be Yes to prove a public right of way.

Column 3. This information is essential and vital to substantiate each way and to know where the information may be obtained for quick verification direct should it be necessary in isolated rare cases.

It is necessary that the persons carrying out the actual survey, and who should actually walk the path at the time the map is marked, should sign at the bottom of column 3.

Finally, space is provided for the signatures of the Parish Council/Meeting and the District Council.

Back of Schedule. Should anyone wish to add further information this should be written on the back of the form. Also a note should be made that, where applicable, the continuance of the Way into the adjoining parish as a Public Right of Way is agreed, (with the number of the Way and the name of the next Parish involved.) See also Note 2 (below).

Map. Two copies of the 6" Ordnance Survey Map will be forwarded, one for the use of the walkers which they will fill in in pencil and one for the final copy on which the proved Public Rights of Way will be shewn in *red*.

The marking of stiles, etc. as proposed in the Memorandum of the Commons, etc. Society need NOT be shewn, having been described in the Schedule. Furthermore, the numbering of the Footpaths, etc. will NOT be from each junction as mentioned in the above Memorandum, but will attempt to follow a particular Way throughout its length, or between decisive features, e.g. roads. This will cut down the amount of schedules, for there must be ONE Schedule for EACH Right of Way.

The numbering of Ways on Schedules and plans is best done after the final map to be submitted is prepared, provided care is taken to retain the original identification between each Way and its respective Schedule. See also Note 2 (below).

Note 1. The County Council, will not (until the Definitive Map is finalised) alter their present procedure with regard to works which are undertaken on known and undisputed public footpaths and bridleways.

Note 2. The Map and Schedule will be concerned only with the actual Right of Way—temporary or illegal diversions or obstructions should be noted on the reverse of the Schedule sheet.

COUNTY OF HEREFORD

National Parks and Access to the Countryside Act, 1949 - Survey of Rights of Way.

SCHEDULE OF INFORMATION. SEPARATE COPY FOR EACH WAY TO ACCOMPANY MAP.

INFORMATION IN THESE THREE COLUMNS TO BE FILLED IN BY THE PERSONS SUPPLYING THE INFORMATION AND ALL ANSWERS TO BE COMPLETED IN FULL.	REASON FOR STATEMENT THAT WAY IS PUBLIC (Delete words not applicable)	DOCUMENTS & RECORDS CONSULTED AND ADDRESSES OF WITNESSES
<p>(1) DESCRIPTION OF RIGHT OF WAY</p> <p>No. of Way on map 33</p> <p>Type (F.P. or H.R. or C.R.F. or C.R.R.) Please cross out 3, see Note 1 (a) below.</p> <p>From :- Upper Back Farm to :- Walls via Back Camp Via (this should be a written description of the route shown on the 6in. map, and related to recognisable points on the plan, with distances in yards and direction by compass points):</p> <p>Runs in an easterly direction, all gates and slides are passable with the exception of the point of exit from Back Camp.</p> <p>Length 1400 yds.</p>	<p>(2)</p> <p>(a) Inclosure Award. Yes, / Not known.</p> <p>(b) Deposited map by owners. Yes, / Not known.</p> <p>(c) Proof of use to include—</p> <p>(i) Public use for 20 years. Yes, / No.</p> <p>(ii) Use as a Right (e.g. not private or permitted use by owner). Yes, / No.</p> <p>(iii) Has the public use of the Way been interrupted or obstructed? Yes, / No.</p> <p>NOTE. The answers to (i); (ii) and (iii) above must all be "Yes", to prove the way public under (c), if neither (a) nor (b) above have been answered "Yes".</p>	<p>(3)</p> <p>(a) If "yes" where is Award—</p> <p>(b) If "yes" where is map—</p> <p>(c) If "yes" to each, name and address (preferably three) who will state—</p> <p>J. James, Green House, 4 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100</p> <p>To be filled in by persons completing information.</p> <p>Signed J. James Address Street for Back</p> <p>Signed J. James Address Postgate</p>
<p>The Parish Council Meeting have considered the foregoing information and approve / do not approve.</p> <p>Date of Meeting 9-4-57 Signed J. James Date 16-4-57</p>	<p>The District Council have considered the foregoing information and approve / do not approve.</p> <p>Date of Meeting 20 JUL 1957 Signed</p>	<p>NOTE 1. These abbreviations may be used :-</p> <p>(a) Abbreviations of Type— Footpath - F.P. Bridleway - B.R. Public Carriageway or Cart Road or Green Lane mainly used as Footpath - C.R.F., or as Bridle (or Hunting) Gate - B.G. Wic Kissing Gate - K.G. Turnstile - T. Stile - S. Direction Post - D. Hurdle - H. Post - P. Rails & Bars - R. Low Fence - F. Obstruction - O. Notice Board - N. Ba</p> <p>NOTE 2. Any information which anyone may wish to raise should be written on the back of this Form.</p> <p>(b) If space given above is insufficient to give any answer, continue on back.</p>

ACCEPTED



Meeting:	General overview and scrutiny committee
Meeting date:	4 May 2016
Title of report:	Task and finish group report: Community infrastructure levy (CIL)
Report by:	Task and finish group

Classification

Open

Key decision

This is not an executive decision

Wards affected

Countywide

Purpose

To consider the findings of the task and finish group: community infrastructure levy (CIL), and to recommend the report to the executive for consideration

Recommendation(s)

THAT:

- (a) the committee considers the report and recommendations of the task and finish group: community infrastructure levy (at appendix 1 of this report) and determines whether to agree the findings for submission to the executive; and
- (b) subject to the review being approved, the executive's response to the review be reported to the first available meeting of the committee after the executive has approved its response

Alternative options

- 1 The committee can agree, not agree or can vary the recommendations. If the committee agree with the findings and the recommendations from the review, the attached report will be submitted to the executive for consideration. It will be for the executive to decide whether some, all or none of the recommendations are approved

Reasons for recommendations

- 2 At the request of the executive, the general overview and scrutiny committee commissioned this task and finish group. The report of the task and finish group, as attached as appendix 1, is submitted for consideration and approval by the committee.

Further information on the subject of this report is available from
Peter Clasby on Tel (01432) 261968

Key considerations

- 3 Task and finish group work in relation to the CIL has been ongoing for some time and at its meeting on the 11 January 2016 the general overview and scrutiny committee reconvened a task and finish group for the following purposes; *'To assist in the formulation of the community infrastructure levy (CIL)'* to complete the final phase of this work.
- 4 Between January 2016 and April 2016, the task and finish group held meetings, hosted a Member briefing, interrogated the council's consultants on the methodology used, spoke to stakeholders and had close oversight of the consultation process.
- 5 CIL is required to progress through separate stages of consultation, before it can be submitted for examination. The next stage is to consult on the draft charging schedule once it has been considered by the executive and approved by Council.

Community impact

- 6 CIL is the mechanism by which communities can benefit from new development taking place in their area. CIL is intended to fund a range of infrastructure that is needed as a result of development and will run alongside scaled down planning obligations (Section 106 agreements).
- 7 On adoption CIL will go some way to bridge the funding gap to assist in delivery of these key council strategic objectives and policies which are designed to yield significant positive community impacts such as education, community facilities including sports provision and highways improvements
- 8 Delay in adopting CIL will leave the Local Planning Authority (LPA) unable to collect those contributions, as there are now strict limitations on the scope and terms of Section 106 agreements.

Equality duty

- 9 The recommendations do not have equality implications.

Financial implications

- 10 CIL provides a charge per square metre for additional floorspace and is charged against all eligible types of development.
- 11 Officers supported by special consultants have undertaken significant research to provide the necessary evidence for setting the charging schedule, with the express intention of finding the appropriate balance in securing funding necessary infrastructure, whilst not putting the overall development of the area at risk.
- 12 Budget provision has been made within base budgets for developing the core strategy and its associated development plan documents of which CIL will form part. There are no additional financial implications from moving forward with the preliminary draft charging schedule.

Legal implications

- 13 If the committee agree with the findings of the task and finish group, the report will need to be considered by the executive and, depending on their decision, the legal implications of implementing any of the recommendations will need to be assessed.

Risk management

- 14 If the committee agree with the findings of the task and finish group, the report will need to be considered by the executive and, depending on their decision, the legal implications of implementing any of the recommendations will need to be assessed.

Consultees

- 15 The consultees are detailed in the appended report.

Appendices

- Appendix 1 Task and finish group report: community infrastructure levy

Background papers

None identified

Task & Finish Group Report

Community Infrastructure Levy

1. Chairman's foreword

- 1.1 This Task & Finish Group on Community Infrastructure Levy (CIL) has been possibly the longest running piece of policy shaping scrutiny work undertaken on this council in living memory. The work originally commenced in 2012 and to-date has delivered 3 scrutiny reports (reference these and include hyperlinks to the documents on the website).
- 1.2 During that time there has been considerable input from a variety of officers in planning and other departments and from the council's longstanding consultants on the matter, Three Dragons. The work has been decoupled from the delivery of the Core Strategy and has gone through two very different rounds of public consultation.
- 1.3 The idea behind this new local tax on development is sound. Developments do have a strategic impact on infrastructure beyond their immediate locality to which they should contribute. Central government and EU funding is still necessary for the kind of infrastructure investments which are significant beyond a purely local context. That said, taxing the windfall capital gains enjoyed by landowners and developers as the result of securing planning permissions is a way to raise the money towards significant county-level infrastructure investment. The success of CIL will be down to how this 'tax' is implemented, how it is then managed and how the county infrastructure investments are properly prioritised.
- 1.4 This latest report concentrates on the testing, setting and most recent consultation on revised preliminary draft charging rates for CIL throughout Herefordshire.
- 1.5 The work has been challenging throughout, and I would like to offer my personal thanks to all those who have engaged with the task and who have provided advice, comment, criticism and support. I would also like to thank the many stakeholders, interested parties and members of the public who have taken the trouble to comment during the rounds of consultation and who have contributed to industry workshops.
- 1.6 During this most recent phase of the CIL TFG I would like to thank Cllr Hardwick for sticking with the project from the original 2012 TFG and to Cllrs Johnson & Bartlett for agreeing to get to grips with this complex subject from a standing start.
- 1.7 My thanks also to Peter Clasby and his colleagues in the Planning Department for their assistance, advice and good humour. This phase of the project has again been working to a tight and ever tightening timetable with which we have endeavoured to comply. Also grateful thanks to Sam Tweedale and the team in Governance Services for their skilled support throughout, and to the team at Three Dragons for their expert input.
- 1.8 Much has changed in terms of what is proposed for CIL in Herefordshire during the time the TFG has been in existence and I believe the rates now being proposed are a better fit for the county as the result of the work that scrutiny has done to walk alongside this policy as it has developed.

- 1.9 Work remains to be done on preparing to monitor and manage CIL in operation, and careful thought needs to be given to its governance and to the support provided to the county's many parishes who will have a material and ongoing interest in its successful implementation. Hopefully this work on Governance can complete the project and scrutiny can make some useful contribution to this final piece of the 'jigsaw'.
- 1.10 For now, I commend this report to the committee and welcome councillors' comments in due course.

Councillor Liz Harvey, May 2016
Chairman of the Task and Finish Group

2. Executive summary

- 2.1 The task and finish group have reviewed the proposed CIL charging rates (Appendix B, by focusing their deliberations around the five questions set out in the scoping statement (appendix A).
- 2.2 Having considered the evidence before them, the group are satisfied that the CIL charging schedule now being proposed is more flexible than the rates consulted upon in 2013. The principal recommendation is that the charging schedule is carried forward unchanged, on the understanding that the council is able and willing to undertake an early review of the schedule, should this be advisable.
- 2.3 Noting that the management of the CIL post adoption was not within the scope of their brief, the group nevertheless consider that the governance of CIL is a very important matter which could have great impact on the community in terms of how the impact of development is mitigated. Therefore the group have made 2 further recommendations dealing with those issues of concern

3. Composition of the Task and Finish Group

- 3.1 Members of the task and finish Group were:

Councillor Liz Harvey (Chairman)

Councillor Jenny Bartlett

Councillor John Hardwick

Councillor Jon Johnson

- 3.1 Lead officer: Richard Gabb (Programme Director Housing and Growth)
- 3.2 Secretarial support: Sam Tweedale (Democratic Services Officer)

4. Context

Why did we set up the group?

- 4.1 In view of the importance of making sure that the objectives of the Core Strategy were achieved, the general overview and scrutiny committee commissioned this task and finish group:

'To assist in the formulation of the Community Infrastructure Levy (CIL)

What were we looking at?

- 4.2 The general overview and scrutiny committee considered and adopted a scoping statement for the task and finish group at its meeting on 11 January June 2016. The scoping statement is attached as Appendix A.

Who did we speak to?

- 4.3 Between January and April 2016 the group held regular meetings,
- 4.4 Had a detailed technical meeting with the Councils consultants - Three Dragons.
- 4.5 The group hosted a Members briefing supported by the consultants, with a view to making sure Members were best able to support their communities during the consultation process
- 4.6 The group were particularly concerned to understand the linkages between the proposed housing growth and education estate as this was considered as being a key piece of infrastructure. In researching this, the group spoke to:
- Andy Hough, Head of Educational Development

What did we read?

- 4.7 The group was provided background information to undertake this review. The principal documents included:
- Task & Finish Group Report – Community Infrastructure Levy (CIL) Review, Dated 10 December 2012
 - Executive response to the Overview and Scrutiny Task and Finish Group on Community Infrastructure Levy, Dated 4 March 2013
 - Task & Finish Group Report – Community Infrastructure Levy (CIL), Dated 16 July 2013
 - Executive response to the Overview and Scrutiny Task and Finish Group on Community Infrastructure Levy (CIL), Dated 11 November 2013

5. Key themes

- 5.1 As part of the development of the Core Strategy the Council have been supported by Three Dragons, a consultancy with a well-established track record in development economics and policy-making. Notable they provided the whole plan viability assessment, and they also did the earlier work for the CIL in 2012/13.

- 5.2 As to the evidence base (Appendix C), the group are happy to see that lessons have been learned from the earlier 2013 exercise, and that the current charging schedule has taken proper account of the peculiarities of the local property market. Specifically they welcome that current rates are at a level, whereby on balance, the introduction of CIL is less likely to have an adverse impact on overall delivery of the growth envisaged by the Core Strategy than was previously the case.
- 5.3 The group are happy that the viability evidence has evaluated in more detail the ability of the various types of development to bear a CIL charge, and that where a rate is proposed they are set at an initial level which the market can bear.
- 5.4 The group recognises that development values within the County vary considerably for a variety of reasons (location, transport links, proximity to large centres/settlements) and that the viability evidence which underpins the charging rates has struck a balance between not being overly complicated (by the use of too many areas) and the need to ensure that there is a reasonable commonality of conditions with a charging area so as to not encourage undesirable behaviours in the local market. The group are supportive of the higher levels proposed for developments of 11 and under, as this recognises that developments of this scale don't have to bear the cost of providing affordable housing
- 5.5 The group support the precautionary approach to the Strategic Urban Expansions, whereby the proposed level of CIL is set having regard to the known site specific issues which need to be addressed through other means (planning obligations of highways S278 agreements) meaning that overall their viability is not compromised. This has been done by use of a buffer ranging between 30 to 64% of the potential maximum each site could bear.
- 5.6 The group is, however, disappointed that the council has not been able to incentivise the development of energy efficient housing through the CIL charging framework – as per the recommendation in paragraph 50 of the earlier Task & Finish Group Report – Community Infrastructure Levy (CIL) Review, Dated 10 December 2012 (Appendix E). The group is also disappointed that CIL as a local development tax is only configured to recognise growth in capital value within its viability modelling. It therefore does not appear to allow the revenue generation enabled by business use benefiting from the planning permission to be 'taxed' in a way which addresses the impact on local infrastructure of the through-life operation of industrial forms of agriculture.
- 5.7 Sounding a note of caution, the group would like to highlight the importance of parishes and Neighbourhood Development Plan groups identifying clearly the future infrastructure requirements of their communities. This planning and forethought will be necessary in order for planners to take such needs into account in considering S106 and other forms of developer contributions at the earliest stages of discussions with developers and land owners. Additionally, there will be an ongoing requirement for other strategic plans and planning policy documents to be considered holistically with regard to both CIL and potential S106 contributions in order to balance the capacity for local and county level contributions to infrastructure investment. These plans/policies

include, but are not limited to: The Schools Capital Strategy and any subsequent implementation plan/s; the Local Transport Plan; the as yet unwritten minerals and waste management policies; the Older Persons' Housing Strategy; the as yet unwritten Economic Masterplan;

6. Recommendations

Recommendation 1:

The 'Preliminary Draft Charging Schedule' be carried forward unchanged as the 'Draft Charging Schedule'

Recommendation 2:

Urgent consideration is given to the need for a robust governance structure to be developed for the administration of CIL in advance of CIL being adopted

Recommendation 3:

Parish Councils be supported in terms of how they need to manage the meaningful proportion which they will receive

7. Appendices

Appendix A	Scoping statement for Task and Finish Group – January 2016
Appendix B	Herefordshire Council, Residential and Non-Residential Infrastructure Levy Viability report – March 2016
Appendix C	Consultation Questions
Appendix D	Summary of consultation responses
Appendix E	Task & Finish Group Report – Community Infrastructure Levy (CIL) Review, Dated 10 December 2012

Herefordshire Council

Overview and Scrutiny Committee

Title of review	Community Infrastructure Levy
Scope	
Reason for enquiry	To assist in the formulation of the Community Infrastructure Levy (CIL) policy and rates.
Links to the corporate plan	The review contributes to the objective's contained in the Herefordshire corporate plan and the delivery of the Local Development Framework Core Strategy including: <ul style="list-style-type: none"> • Supporting delivery of Growth objectives
Summary of the review and terms of reference	Review the proposed CIL charging schedule prior to wider public consultation. To be assured that the proposed final schedule and approach to implementation meets community needs and does not impact negatively on the delivery of the objectives of the Core Strategy.
What will NOT be included	<ul style="list-style-type: none"> • Consideration of the viability/impact of specific sites in isolation • Allocation policy for distribution of CIL income
Potential outcomes	To <ul style="list-style-type: none"> • Provide reassurance to the Council that the CIL Draft Charging Schedule is sound prior to consultation and that the final schedule and its implementation meet community needs and enable the delivery of Core Strategy objectives.
Key Questions	To <ul style="list-style-type: none"> • Has the methodology used for setting the CIL charging rates been sufficiently informed by appropriate evidence? • What are the overarching and local area effect of these rates on the viability of development in different parts of the County? • How have we evidenced that the methodology for applying/exempting CIL to particular types of development is clear, equitable and fit for purpose? • How are we assured that the methodology for applying different CIL rates in different parts of the County is appropriate • How are we assured of the positive impact of CIL on Core Strategy objectives and on community needs more locally to the developments.
Cabinet Member	Cllr Price (Cabinet Member Infrastructure)
Key stakeholders /	<ul style="list-style-type: none"> • HC Service Areas

Consultees	<ul style="list-style-type: none"> • Ward Members • Development Industry / land owners.
Potential witnesses	<ul style="list-style-type: none"> • Retained consultants (Three Dragons).
Research Required	Review the market analysis undertaken by Three Dragons. Understand latest changes in legislation impacting on CIL. Consider emerging best practice and lessons learned in other authorities
Potential Visits	N/A
Publicity Requirements	Publication of the Review and its recommendations
Outline Timetable (following decision by the Overview & Scrutiny Committee to commission the Review)	
<i>Activity</i>	<i>Timescale</i>
Confirm approach, Terms of Reference, programme of consultation/research/provisional witnesses/meeting dates	19 th January 2016
Briefing from Three Dragons	26 th February 2016
T&FG confirm PDCS is sound for stage 1 public consultation	w/c 29 th February 2016
Cabinet Member approves stage 1 public consultation	w/c 7 th March 2016
T&FG support Lead Officer during consultation stage	14 th March 2016 to 18 th April 2016
Lead Officer agrees DCS	w/c 2 nd May 2016
Present final report to Overview & Scrutiny Committee (GOSC)	10 th May 2016
GOSC present recommendation to Cabinet	10 th May 2016
Cabinet response/decision	12 th May 2016
DCS approved by Council for consultation and Examination	20 th May 2016

Group Members	
Chair	Clr EPJ Harvey
Support Members	TBC
Lead Officer	Richard Gabb
Support Officers	Peter Clasby

HEREFORDSHIRE COUNCIL

**Residential and Non-
residential Community
Infrastructure Levy
Viability Final Report**

Three Dragons

March 2016



This report is not a formal land valuation or scheme appraisal. It has been prepared using the Three Dragons toolkit and non-residential model and is based on district level data supplied by Herefordshire Council, consultation and quoted published data sources. The toolkit provides a review of the development economics of illustrative schemes and the results depend on the data inputs provided. This analysis should not be used for individual scheme appraisal.

No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report unless previously agreed.

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EXECUTIVE SUMMARY

1. This Viability Study provides the Council with evidence to assist it in drawing up a revised Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS) for both residential and non-residential uses. The evidence has been prepared in consultation with the development industry and has followed the relevant regulations and guidance as well as being in line with the National Planning Policy Framework. This assessment also takes into account the policies in the adopted 2015 Local Plan and its supporting evidence base.
2. This viability study follows viability work undertaken in 2013 to inform the original PDCS and in 2014 to viability test the then draft Local Plan.

Residential uses

3. Herefordshire can be divided into market value areas with noticeable differences in average house prices, while development costs do not vary across the County in the same way. This has important implications for CIL rates and the study identified that it is appropriate to have a series of CIL rates across Herefordshire.
4. The testing undertaken uses a standard residual value approach, where the total value less all development and policy costs (including planning obligations) is compared to a land value benchmark. The scheme is said to be viable if the residual value exceeds the benchmark. Note that the benchmark land value is an estimate of the lowest value that a landowner may accept, and does not preclude the possibility that some schemes may have enough value to pay more for land.
5. For residential development, three types of testing were undertaken and the results are brought together in the study conclusions. The first set of tests used a notional 1 ha tile with different densities of development, in the different market areas. These tests provide a picture of the underlying viability of residential development. The second set of tests was a series of case studies that reflect the sites in the strategic land allocation studies for Hereford and for the rest of the County, as well as some smaller sites. The case studies highlight where a certain type of site has different viability characteristics compared with the average (as shown in the 1ha tiles). The third set of tests covers a set of strategic sites case studies. These are representative of the strategic sites identified in the Local Plan and include costs specifically associated with this type of large scale development.
6. A number of Local Plan and Supplementary Planning Document (SPD) policies have an impact on the costs of development and these include:
 - Affordable housing, with 40%, 35% and 25% required in different parts of Herefordshire, but only for developments of 11 or more houses.
 - Water efficiency development standards.
 - Green space standards, which have an impact on the land budgets and other costs for the larger sites.

- A requirement for some local mitigation to be delivered through s106/278 agreements. However, these will be significantly scaled-back with CIL in place and the testing undertaken reflects this. S106 obligations are only required for developments of six or more dwellings.
 - Policies relating to the strategic sites, which result in additional costs that need to be taken into account in assessing the viability of these large-scale sites e.g. provision of a primary school.
7. Since the viability testing in 2013 and 2014 there have been changes in the values and costs for residential development, which have had an impact on viability. In particular:
- There has been a significant increase in build costs (c. 14% for houses), partly mitigated by a lower cost of finance and reduced marketing fees. There is evidence that single dwellings in particular have higher build costs;
 - Market values have increased by around 9% since 2013, but increases are not uniform across Herefordshire or all types of property;
 - Strategic sites are now expected to deliver much of their own infrastructure requirements through s106 and costs developed through the Council's infrastructure planning have been included within the strategic site viability testing.
8. In setting CIL rates, guidance has been introduced since the earlier viability studies which requires the use of a viability 'buffer' and this has an impact on the level of CIL that can be sought.
9. The viability testing shows that the rates proposed in the 2013 CIL Preliminary Draft Charging Schedule (PDCS) should be amended. In particular, strategic sites should have separate CIL rates to allow them to provide the necessary site specific infrastructure and there can be different rates for smaller developments with no affordable housing obligations.
10. The 1 ha tile testing shows that the market areas of Ledbury, Ross & Rural Hinterland; Bromyard; Northern Rural; Hereford, are able to support a CIL at all development densities tested. Hereford Hinterland; Kington & West Herefordshire; and Leominster only produce a positive value at 30 dph. In the cases of Bromyard, Hereford Hinterland and Leominster, some sites are on the cusp of viability.
11. The smaller case study testing shows that single dwellings anywhere in Herefordshire are unable to support a CIL (because of the higher build costs associated with this scale of development) and also that sheltered accommodation is unable to support a CIL. In addition, smaller case studies also show that the development of sites with 2-10 dwellings are more viable than larger sites because they do not have to provide affordable housing, and therefore can support higher levels of CIL.
12. The viability of the strategic sites varies according to the market value area, the amount of site specific infrastructure that each is expected to provide and the site type. Hereford Urban Village and the Leominster Urban Extension are not able to support a CIL but the other Hereford strategic sites, along with the Bromyard, Ledbury and Ross strategic sites, are able to support a CIL. However, even where the strategic sites CIL is possible, the level that can be supported is generally less than the CIL for smaller scale development in the surrounding area.

Non-residential development

13. The viability testing has included non-residential uses likely to come forward under the new Local Plan. These are:
- Retail
 - Offices
 - Industrial
 - Warehouse
 - Hotels
 - Mixed leisure
 - Care homes
14. The analysis shows that only out of centre comparison retail and small convenience retail (under the 280 sq m Sunday trading threshold) uses are able to support a CIL.

Summary of proposed CIL rates

15. The table below sets out the recommended CIL rates per sq m for residential and non-residential uses.

Recommended CIL rates summary		£/sq m
General residential development of 11 dwellings or more		£100
Except	• Bromyard	£50
	• Kington & West Herefordshire; and Leominster	£20
	• Hereford Hinterlands	£0
General residential development of fewer than 11 dwellings		£110
Except	• Ledbury, Ross and Rural Hinterlands; and Hereford	£200
	• Leominster	£80
	• Single dwellings	£0
Residential development on strategic sites		
HD2 Hereford City Centre Urban Village		£0
Hereford strategic sites (HD4, HD5 and HD6)		£35
LO2 Southern extension		£0
LB2 North of viaduct		£30
BY2 Hardwick Bank		£50

Recommended CIL rates summary	£/sq m
RW2 Hildersley	£150
Small convenience retail (less than 280 sq m trading area)	£10
Out of centre comparison retail (retail warehouse)	£50
Other non-residential uses	£0

1 INTRODUCTION

- 1.1 The viability evidence provided in this report is to assist Herefordshire Council prepare a Community Infrastructure Levy (CIL) charging schedule for residential and non-residential uses. This report follows 2014 viability work undertaken to inform the Local Plan (Examined in Public and now adopted) and 2013 viability work to inform the 2013 CIL Preliminary Draft Charging Schedule (PDCS - published for consultation March-April 2013). The PDCS proposed the following CIL rates:

Table 1.1 Draft Charging Schedule 2013 CIL rates

Type of development	Recommended Charge Rate (£ per square metre) 2013
Residential Zone 1 (Leominster greenfield urban extension)	£0
Residential Zone 2 (Hereford Northern & Southern Rural Hinterlands; and Leominster)	£50
Residential Zone 3 (Hereford; and Kington & West Herefordshire)	£100
Residential Zone 4 (Ledbury, Ross & Rural Hinterlands; and Northern Rural)	£140
Residential Institutions (C2)	£0
Town Centre Comparison retail (A1)	£90
Out of Centre Comparison retail (A1)	£125
Small convenience retail (up to 280 sqm) (A1)	£80
Large convenience retail (over 280 sqm)	£120
Hotel (C1)	£25
Light Industrial (B1)	£0
Office (B1)	£0
General Industrial (B2)	£0
Storage and Distribution (B8)	£0
Leisure	£0

- 1.2 These earlier viability studies included consultation with the development industry active in the County (including developer workshop, individual interviews and consultation representations) and the information has been incorporated within this 2016 work.
- 1.3 The viability testing for this report has been designed to assess:
- The amount of CIL that residential and non-residential development can afford.
 - Whether there are differences in viability across Herefordshire or between different types of development that are sufficient to justify different CIL rates.
- 1.4 The research which has been drawn on for the analysis includes:
- A review of the types of sites planned for development in the Local Plan.
 - A review of the policies in the Local Plan and central government guidance that may have implications for development viability.
 - A review of recent developer contributions with Council officers.

- Council infrastructure planning to determine the infrastructure requirements for strategic sites, along with costs and timing.
- Desk research to form initial views on the values and costs of residential and non-residential development in Herefordshire and how these vary across the County.
- Consultation with the development industry active in the County through
 - A workshop in December 2014 (a note of the workshop discussions is shown at Annex 2).
 - Three Dragons subsequently contacted some workshop participants to explore specific points raised at the workshop.
 - Face to face interviews with estate agents covering different areas in Herefordshire in November 2015, to refine the estimates of house prices used in the modelling
- Three Dragons undertook interviews with Registered Providers in November and December 2015 to refine estimates of costs and values of affordable housing in the County.
- With agreement of the Council to the assumptions used, operation of the Three Dragons residential and non-residential viability models to undertake the viability testing set out in this report.

2 CONTEXT FOR THE ANALYSIS

National Policy Context

- 2.1 The National Planning Policy Framework (NPPF) paragraph 173 sets out how Government expects viability to be considered in planning:
- 2.2 *‘Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.’¹*
- 2.3 Planning Practice Guidance² (PPG) provides further detail about how the NPPF should be used. PPG contains general principles for understanding viability (which are relevant to CIL viability) as well as specific CIL viability guidance³. It also notes that there is a range of sector-led guidance available⁴. In order to understand viability, a realistic understanding of the costs and the value of development is required and direct engagement with development sector may be helpful⁵. Evidence should be proportionate to ensure plans are underpinned by a broad understanding of viability, with further detail where viability may be marginal or for strategic sites with high infrastructure requirements⁶. However not every site requires testing and site typologies may be used to determine policy⁷. For private rented sector, self build and older people’s housing, the specific scheme format and projected sales rates (where appropriate) may be a factor in assessing viability⁸.
- 2.4 PPG requires that a buffer should be allowed and that current costs and values should be used (except where known regulation/policy changes are to take place)⁹. On retail and commercial development, broad assessment of value in line with industry practice may be necessary¹⁰. Generally, values should be based on comparable, market information, using average figures and informed by specific local evidence¹¹. For an area wide viability assessment, a broad assessment of costs is required, based on robust evidence which is reflective of local market

¹ DCLG, 2012, NPPF Para 173

² DCLG, Planning Practice Guidance

³ PPG Paragraph: 003 Reference ID: 10-003-20140306

⁴ PPG Paragraph: 002 Reference ID: 10-002-20140306

⁵ PPG Paragraph: 004 Reference ID: 10-004-20140306

⁶ PPG Paragraph: 005 Reference ID: 10-005-20140306

⁷ PPG Paragraph: 006 Reference ID: 10-006-20140306

⁸ PPG Paragraph: 018 Reference ID: 10-018-20150326

⁹ PPG Paragraph: 008 Reference ID: 10-008-20140306

¹⁰ PPG Paragraph: 012 Reference ID: 10-012-20140306

¹¹ PPG Paragraph: 012 Reference ID: 10-012-20140306

conditions. All development costs should be taken into account, including infrastructure and policy costs as well as the standard development costs¹².

- 2.5 Land values should reflect emerging policy requirements and planning obligations including any Community Infrastructure Levy charge, and provide a competitive return to willing developers and land owners. Where possible land values should be informed by comparable, market-based evidence but excluding transactions above the market norm¹³. Assumptions about brownfield land values should clearly reflect the levels of mitigation and investment required to bring sites back into use¹⁴.
- 2.6 Developer returns should be proportionate to risk¹⁵. The return to the landowner will need to provide an incentive for the land owner to sell in comparison with the other options such as current use value or policy compliant alternative use value¹⁶.
- 2.7 CIL is payable on development which creates net additional floor space, where the gross internal area of new build exceeds 100 square metres (this limit does not apply to new houses or flats)¹⁷. Self-build is exempt, along with social housing, charitable development, buildings into which people do not normally go and vacant buildings brought back into the same use¹⁸.
- 2.8 CIL rates should be set so that they do not threaten the viability of the sites and scale of development identified in the Local Plan¹⁹. Instead an appropriate balance should be set between the desirability of funding infrastructure from the levy and the potential viability impact²⁰.
- 2.9 At examination the charging authority should also set out any known site-specific matters for which section 106 contributions may continue to be sought²¹.
- 2.10 For the purposes of CIL, a charging authority should use an area-based approach, involving a broad test of viability across their area. This should use appropriate available evidence, recognising that the available data is unlikely to be fully comprehensive. A sample of site types should be used, with a focus on strategic sites. More fine grained sampling may be required where differential CIL rates are set. Rates should be reasonable and include a buffer, but there is no requirement for a proposed rate to exactly mirror the evidence²².
- 2.11 Differential rates may be set in relation to geography, development type and/or scale. However undue complexity should be avoided and disproportionate impact avoided. The

¹² PPG Paragraph: 013 Reference ID: 10-013-20140306

¹³ PPG Paragraph: 014 Reference ID: 10-014-20140306

¹⁴ PPG Paragraph: 025 Reference ID: 10-025-20140306

¹⁵ PPG Paragraph: 015 Reference ID: 10-015-20140306

¹⁶ PPG Paragraph: 015 Reference ID: 10-015-20140306

¹⁷ PPG Paragraph: 002 Reference ID: 25-002-20140612

¹⁸ PPG Paragraph: 003 Reference ID: 25-003-20140612

¹⁹ PPG Paragraph: 008 Reference ID: 25-008-20140612

²⁰ PPG Paragraph: 009 Reference ID: 25-009-20140612

²¹ PPG Paragraph: 017 Reference ID: 25-017-20140612

²² PPG Paragraph: 019 Reference ID: 25-019-20140612

charging authority should consider a zero CIL rate for locations, strategic sites and specific development types with low, very low or zero viability (subject to state aid compliance)²³.

Other Guidance on Viability Testing for Residential Development

- 2.12 Guidance has been published to assist practitioners in undertaking viability studies for policy making purposes – *“Viability Testing Local Plans - Advice for planning practitioners”*²⁴. The Foreword to the Advice for planning practitioners includes support from DCLG, the LGA, the HBF, PINS and POS. PINS and the POS²⁵ state that:

“The Planning Inspectorate and Planning Officers Society welcome this advice on viability testing of Local Plans. The use of this approach will help enable local authorities to meet their obligations under NPPF when their plan is examined.”

- 2.13 The approach to viability testing adopted for this study follows the principles set out in the Advice. The Advice re-iterates that:

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

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

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

But that:

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

Local Plan Policies

- 2.15 The NPPF is clear that viability testing should take into account, *‘...the costs of any requirements likely to be applied to development,...’* (Para 173). Therefore a planning policy review has been undertaken.
- 2.16 The Local Plan was examined and adopted in 2015; and sets out the overarching spatial strategy and development principles for the area, together with more detailed policies to help determine planning applications. The main elements of the Local Plan are:
- Strategic objectives for the area
 - Overarching strategy for the location of new development
 - Scale of new employment, housing and retail provision

²³ PPG Paragraph: 021 Reference ID: 25-021-20140612

²⁴ The guide was published in June 2012 and is the work of the Local Housing Delivery Group, chaired by Sir John Harman, which is a cross-industry group, supported by the Local Government Association and the Home Builders Federation.

²⁵ Acronyms for the following organisations - Department of Communities and Local Government, LGA Environment and Housing Board, Home Builders Federation, Planning Inspectorate, Planning Officers Society

- Identification of strategic scale development sites
- Extent of new infrastructure required
- Key environmental constraints and opportunities
- Set of detailed policies to guide consideration of new development proposals

2.17 The 2014 Viability Study undertook a detailed review of policies in the then draft Local Plan, and this has been refreshed to take account of changes made as part of the examination process. Detailed analysis of the policies is shown in the separate Annex 1. The key impacts on development viability relate to:

- Affordable Housing proportion and tenure (H1):
 - 35% in Hereford, Hereford Northern and Southern Hinterlands, and Kington and West Herefordshire housing value areas.
 - 40% in Ledbury, Ross and Rural Hinterlands; and Northern Rural housing value areas (which includes Bromyard).
 - 25% in Leominster.
- Discussion with Council Planning and Housing officers indicates that in most cases the affordable housing tenure mix will be 53% rent (50:50 split affordable rent and social rent) and 47% shared ownership; except Bromyard where it will be 24% rent (split 50:50 affordable rent and social rent) and 76% shared ownership.
- Delivering new homes (SS2) which refers to target net density of 30-50dph.
- Housing for older persons (H3). The viability testing includes sheltered housing and, in the non-residential section, care homes.
- Sustainable water management (SD3). Water efficiency development standards are included in the viability testing.
- Strategic site policies (HD2, HD4, HD5, HD6, BY2, LB2, LO2, RW2), which specify development characteristics and infrastructure.

2.18 In addition, there continues to be reliance on

- The Green Infrastructure Strategy²⁶, which sets out the requirements for green infrastructure on a per head of population basis. These requirements have been considered as part of the gross to net developable adjustments for larger sites.
- Planning Obligations SPD²⁷ implementation guidance, which was amended in 2009²⁸ to note that no s106 will be sought from developments of 5 or fewer dwellings.

²⁶ Herefordshire Council, 2010, Green Infrastructure Strategy

²⁷ Herefordshire Council, 2008, Planning Obligations SPD implementation guidance

²⁸ <https://www.herefordshire.gov.uk/planning-and-building-control/planning-policy/supplementary-planning-documents/planning-obligations-supplementary-planning-document>

Feedback from the Preliminary Draft Charging Schedules

2.19 Representations were received as part of the consultation on the Preliminary Draft Charging Schedule (PDCS). This viability study provides up to date evidence to inform a new PDCS, taking into account the representations received. The responses covered the following issues:

Infrastructure and site specific costs

- Query about how site specific infrastructure costs are being met by strategic sites and the relationship with the IDP.
- The need to recognise opening up costs for larger sites.
- Hereford City Centre strategic site issues with flooding, contamination, archaeology, infrastructure which requires diversion, and relocation of existing uses.
- Rates do not take into account abnormal costs on brownfield sites.

Residential site characteristics

- Concern about the viability of single dwelling developments and the impact on self-build.
- Questioned whether the strategic sites have been tested at the correct development density.
- Higher densities have not been modelled in locations such as Ledbury.
- 40dph is unrealistic in Herefordshire as the average density is 23 dwellings per gross ha.
- Affordable housing assumptions are unclear.
- Gross to net discounts should be applied to 1 ha tiles (80% net developable is proposed).

Residential values

- Ledbury houses prices over estimated and local agents not consulted.
- Bromyard should be in its own value area.
- Lack of evidence that houses prices are consistent in town, village and rural settings within value areas.

Residential development costs

- Marketing costs should be higher than 3% for residential development – 4% is expected (1.5% agent's fees, 2% marketing and 0.5% legal fees)
- Residual s106/278 allowance is inadequate to deal with infrastructure projects.
- Costs of developing to higher environmental standards need to be included.
- Local Plan policy cost implications needs to be included in the CIL viability testing.

Land values

- Land value benchmarks based on premium over existing uses is flawed.
- Ledbury land value benchmarks are too low for smaller plots.
- The effect of CIL will be to depress land values.

- RICS guidance emphasises use of market values for benchmark land values.
- Ledbury urban extension site has been an employment designation and therefore the benchmark land value should be higher.

Non-residential development

- Proposals for different rates between small and large convenience are outside regulations, and use of the Sunday Trading threshold is not explained. Not all convenience retailers have the same business model.
- Convenience retail case studies do not include units below the Sunday Trading Threshold or for the largest units.
- Site coverage should be 30% for larger supermarkets.
- Build costs for convenience retail are out of date.
- Large foodstore s106/278 costs would be higher – c. £1m combined.
- Development timescales should be extended.
- Developer profit for convenience retail should be 25%
- Some retail developments may combine comparison and convenience shopping.
- Town centre comparison viability varies across the County, and although there has been retail development in Hereford, there has been very little retail development in market towns in recent years.
- Locations for different retail rates need to be mapped clearly.
- S106/278 assumptions for retail development are inadequate.
- Further explanation required for out of centre retail benchmark land value.
- Concern that the use of budget hotels to determine hotel viability is incorrect. (*Holm Lacey historic house hotel – concedes that main investment is maintenance and renovation rather than expansion*). Also that core strategy requires 4-star hotel.
- Railway buildings should be considered separately.

Setting CIL Rates

- Concern that a buffer had not been used and that the charges are at the margins of viability; and that as a consequence affordable housing delivery may be affected.
- Rates proposed are higher than some other comparable areas.
- CIL rates will compromise design/quality of development by increasing development costs.
- Sensitivity testing needs to be included in the CIL viability testing.

Other

- Development industry workshop did not provide information from the development industry.
- Instalment scheme proposed does not allow enough time for receipts to accrue from completions and sales. Instalments steps are not sufficiently separated.

- Need to consider older persons housing separately.
- Rural exception schemes need to be considered specifically. Houses for essential rural workers need to be considered separately.

2.20 This 2016 Viability Study responds to these issues as follows:

Infrastructure and site specific costs

- 2.21 Herefordshire Council has undertaken further work on the type, cost and timing of the site specific infrastructure costs for the strategic sites. These have been included in the viability study. In addition, additional site servicing costs ('opening up costs') have been included for the strategic sites and for the larger of the smaller case study sites. These costs cover the provision of utilities, land profiling and local junctions etc., and are in addition to the external works allowance for all development.
- 2.22 Discussion with Herefordshire Council indicates that the main constraints associated with the Hereford City Centre strategic site (such as demolition/clearance, Link Road etc.) have been delivered through other funding sources. An allowance for the Canal Basin has been included in the viability testing.
- 2.23 Planning Practice Guidance suggests that abnormal cost on brownfield land should be reflected in the land value²⁹. The viability testing therefore works on the basis that in most cases the negotiated price for land will reflect the cost of remediating constraints. Where there are individual circumstances where this is not possible (e.g. when the costs reduce the value of the site to its current use value) then either individual negotiations will need to take place on planning obligations or the site will come forward at a later date when values have risen sufficiently.

Residential site characteristics

- 2.24 More recent work by the FSB has indicated that small developments face higher build costs. Discussion with BCIS has confirmed that this primarily applies to single dwelling developments. Therefore, single dwellings used the BCIS 'one-off' costs and developments of 2 and 3 dwellings use a 5% premium over standard build costs.
- 2.25 The adopted local plan sets out the densities for the strategic sites and the testing uses these. Other development densities have been agreed with Herefordshire Council and the viability testing uses a range of densities between 25dph and 50dph in all of the value areas in the County.
- 2.26 The affordable housing dwelling mixes, tenure splits, rental/shared ownership values and costs have been agreed with the Council as representative of the affordable housing sought through s106. Housing Associations active in the area were interviewed in November/December 2015

²⁹ Paragraph: 025 Reference ID: 10-025-20140306

to confirm the rental/shared ownership values and costs. Details of the dwelling mixes, tenure splits, rental/shared ownership values and costs can be found in Annex 2 of this report.

- 2.27 The case studies and strategic site testing takes account of non-developable space on larger sites, taking into account the Councils open space standards. However, the nominal 1 ha tiles are intended to test the effects of different densities in different locations and therefore it is not appropriate to have different proportions of net developable areas as this would obscure the impact of density and location. Furthermore, the gross to net adjustments used in the testing are aligned to the assumptions made in the HELAA and the SHLAA, and these assume 100% developable up to 1 ha.

Residential values

- 2.28 It is recognised that Bromyard has different values from its surrounding area and therefore a new specific value zone has been used for the town. The house prices for all areas have been reviewed in November/December 2015 through the use of Land Registry price paid data for new build housing, cross checked against new build dwellings for sale (with an adjustment for asking to achieved) and then these values have been refined by discussion with estate agents³⁰ in Herefordshire.
- 2.29 There is no robust evidence that house prices vary between town, village and rural settings within value areas, or where the boundaries of any differences might be.

Development Costs

- 2.30 Marketing fees at 3% were discussed as part of the December 2014 workshop and were not considered to be incorrect at that time. We note that the housing market has strengthened nationally since the 2013 CIL viability study and that as a result fewer resources are generally needed to sell dwellings. We also note that the comments about marketing costs include reference to agents and legal costs and we have made separate allowance for these items (1.75%) and combined these are more than the 4% combined costs suggested in the rep.
- 2.31 The £2,000 per dwelling for post-CIL residual s106/278 costs have been confirmed by the Council has appropriate. The restrictions on pooling for s106 since April 2015 have resulted in the scaling back of s106.
- 2.32 Local Plan policies have been reviewed in Annex 1 and any with cost implications have been included within the viability testing.

Land Values

- 2.33 Guidance in the Harman report³¹ clearly states that premium over existing use is the most appropriate method of setting a benchmark land value, and Planning Practice Guidance also refers to use of current and alternative use values³², with market values of use as comparables

³⁰ Parrys, Butlers, The Property Shop, Hamilton Stiller, Goodwins, Kimberleys, Wrights, Flint & Cook, Russell, Baldwin & Bright, Jacksons, Watkins & Thomas.

³¹ Local Housing Delivery Group, 2012 Viability Testing Local Plans

³² Paragraph: 015 Reference ID: 10-015-20140306

but subservient to the requirement to ‘reflect’ (i.e. mirror) policy requirements³³. It is important to note that the benchmarks represent the *lowest* price that land owners will release land for development, not the highest price (which is typically represented by unfiltered market values). Recent RICS research³⁴ highlights the issues with using market values to set land benchmarks – “*If market value is based on comparable evidence without proper adjustment to reflect policy compliant planning obligations, this introduces a circularity, which encourages developers to overpay for sites and try to recover some or all of this overpayment via reductions in planning obligations*”.

- 2.34 The study uses different land value benchmarks for different size sites, with larger sale greenfield sites tested against lower benchmarks. These take account of the existing uses as well as the additional costs of developing large scale sites and the less favourable proportions of net developable land. Notwithstanding the reservations about use of market values discussed above, the study has included an assessment into the value of land using titles held by Land Registry. While the available data is very limited, there are indications that smaller sites have higher values/ha, although these were on average less than the benchmarks used in this study. No other evidence has been made available on different land values for different size sites. The land value benchmarks have recently been through examination as part of the Local Plan EIP process with no serious concerns raised. It is therefore considered that the benchmarks are suitable.
- 2.35 It is understood that a minority of the Ledbury strategic site (LB2) has had an employment allocation but this has not been implemented, hence the change to a housing site. Again, the land value benchmark has recently been through examination as part of the Local Plan EIP process and on advice from the Council it is therefore considered appropriate to continue to use the strategic greenfield benchmark land value for this site.

Non-residential viability testing

- 2.36 Current CIL regulations allow for differential rates between size. The Sunday Trading threshold is useful because it defines different retail uses in law.
- 2.37 It is recognised that different retailers have different models but the viability testing has to be blind to the likely occupier. Instead we use case studies which are representative of the current type of provision likely to come forward.
- 2.38 The original testing did use sites below the Sunday Trading threshold as the 300 sq m case study used has the *trading area* below the threshold, which is the important metric. In terms of the largest format stores (2,500 sq m+) we consider that the convenience retail market has structurally changed and that there is little or no enthusiasm to develop these scale stores at the current time.
- 2.39 We have assessed the site coverage area for some supermarkets in the area and have adjusted the coverage used to 35%.

³³ Paragraph: 014 Reference ID: 10-014-20140306

³⁴ RICS, 2015, Financial Viability Appraisal in Planning Decisions: Theory and Practice

- 2.40 Up to date build costs from BCIS have been used in these latest viability assessments.
- 2.41 We have reviewed the s106/278 charged by Herefordshire Council for non-residential development. Obligations for supermarkets was limited and varied between £116,000 and £275,000 (although one was an extension). We have therefore increased the s106 allowance to £175,000 for the 1,100 sq m supermarket case study (equivalent to £159/sq m).
- 2.42 We have reviewed and extended development periods/rent free periods for non-residential development.
- 2.43 20% developer margin was agreed at the December 2014 workshop and this is also accepted as suitable for non-residential development elsewhere in the country. Therefore, we have retained this level of return.
- 2.44 We are aware that most of the likely town centre retail development is likely to take place in Hereford. However, we have included a market towns town centre retail case study, although it seems unlikely that there will be much new build town centre retail in these locations.
- 2.45 Benchmark land values for out of centre retail are based upon the likely former industrial use of the site, with a premium to incentivise the change of use.
- 2.46 Budget hotels are tested because nationally this is model for the majority of hotel development outside London. As CIL is not payable on existing floorspace then conversion or re-use of historic properties as hotels is unlikely to generate any significant CIL liability.
- 2.47 Railway buildings are not specifically tested as they are not generally built speculatively. However, they considered in broad terms later on in the report when CIL rates are discussed.

Setting CIL rates

- 2.48 Since the original CIL viability study, CIL guidance has changed to explicitly require a buffer (although the level of buffer is not specified). In the discussion about potential CIL rates later in this report, buffers are included.
- 2.49 A comparison of the CIL rates with surrounding areas is included. However, the basis for comparison is limited as rates are based on viability which is affected by house prices, build costs and planning obligations, particularly the level and tenure of affordable housing.
- 2.50 There is no expectation that CIL will compromise quality, instead it is assumed that it will be a deduction from land values, in common with other planning obligations (and other development costs).
- 2.51 Current costs and values are used in the CIL testing, in line with the guidance.

Other

- 2.52 The two Development Industry workshops (July 2012 and December 2014) were well attended and productive. Notes (including a list of attendees) are included in the Annexes to this report. In addition, there has been specific recent consultation with estate agents about house prices and with housing associations about affordable housing values and costs (November/December 2015), which also provided information used in this study.

- 2.53 Older persons housing is specifically included as separate case studies in this viability assessments. Rural exception housing is not included as this is assessed on a case by case basis with no fixed target for the ratio between market and affordable housing. Houses for essential rural workers are considered as part of the discussion about setting CIL rates.

3. VIABILITY APPROACH AND KEY ASSUMPTIONS – RESIDENTIAL DEVELOPMENT

Principles and approach

3.1 The Advice for planning practitioners summarises viability as follows:

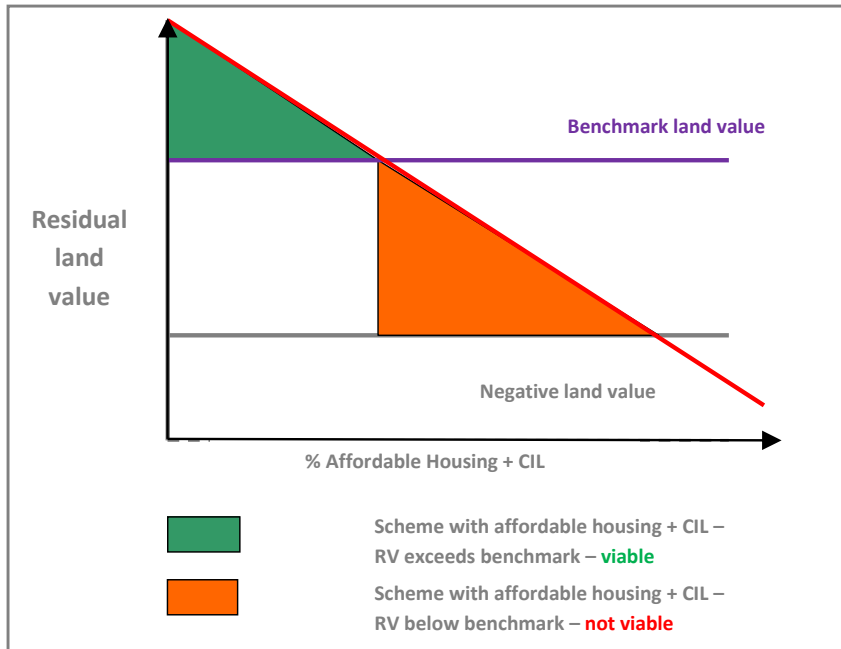
'An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.' (page 14)

3.2 Reflecting this definition of viability, and as specifically recommended by the Advice for planning practitioners³⁵, we have adopted a residual value approach to our analysis. Residual value is the value of the completed development (known as the Gross Development Value or GDV) less the costs of undertaking the development. The residual value is then available to pay for the land. The value of the scheme includes both the value of the market housing and affordable housing. Scheme costs include the costs of building the development, plus professional fees, scheme finance and a return to the developer. Scheme costs also include planning obligations (including affordable housing, direct s106 costs and CIL) and the greater the planning obligations, the less will be the residual value. Details of the assumptions about values and costs are discussed later in this section and set out in full in Annex 3.

3.3 The residual value of a scheme is then compared with a benchmark land value. If the residual value is less than the benchmark value, then the scheme is unlikely to be brought forward for development and is considered unviable for testing purposes. If the residual value exceeds the benchmark, then it can be considered viable in terms of policy testing. Figure 3.1 below illustrates this relationship.

³⁵ See page 25 – “We recommend that the residual land value approach is taken when assessing the viability of plan-level policies and further advice is provided below on the considerations that should be given to the assumptions and inputs to a model of this type.”

Figure 3-1: Relationship of residual value and benchmark land value



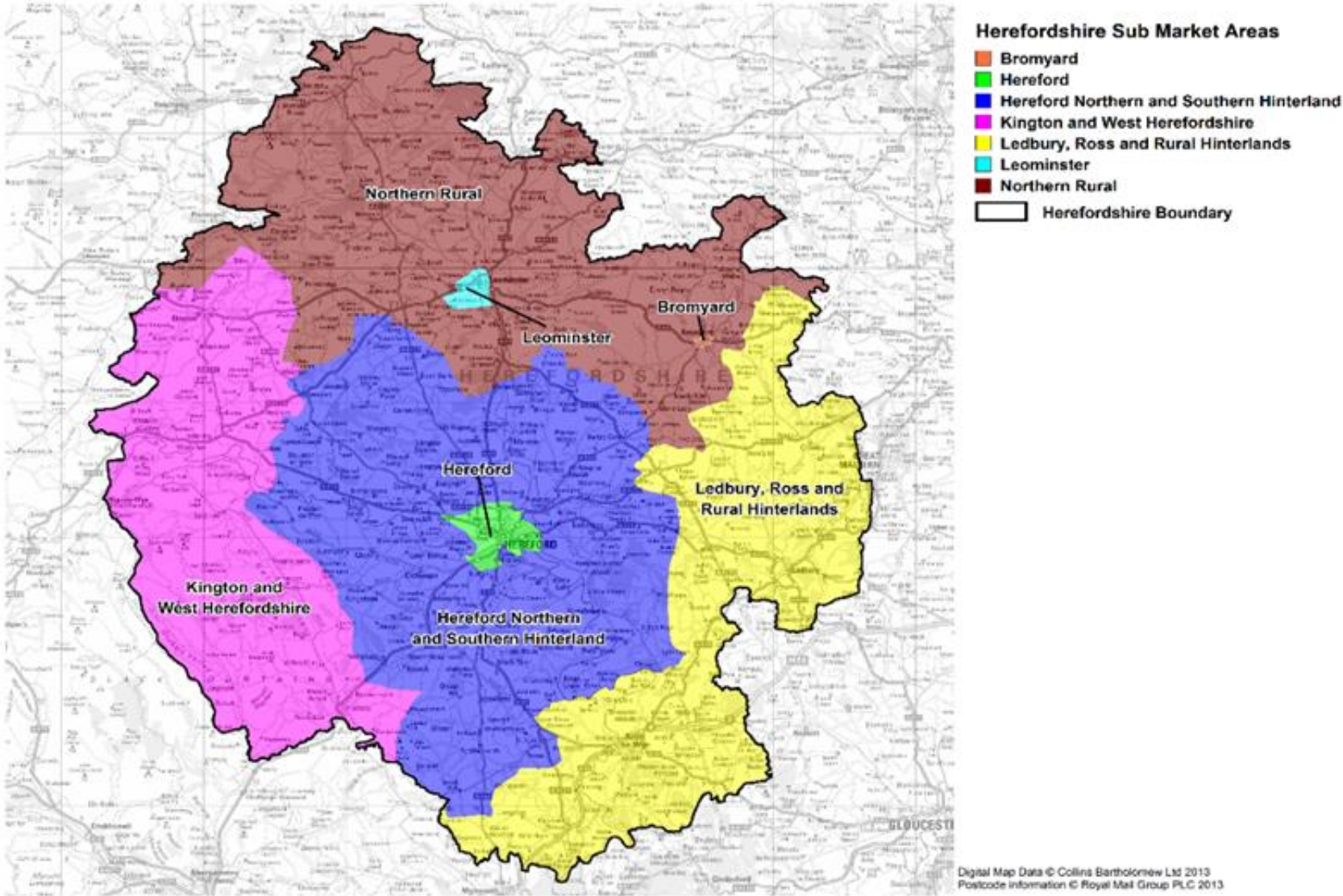
RV – residual value

Assumptions used in the testing

- 3.4 A full set of assumptions used in the testing is set out in Annex 3. This includes the market values for the sale housing. These are based on an analysis of Land Registry data for new house prices, cross checked against new housing currently for sale, and then refined through discussions with estate agents in different parts of Herefordshire³⁶.
- 3.5 The County is divided into seven value areas:
- Ledbury, Ross and Rural Hinterlands
 - Northern Rural
 - Hereford
 - Kington and West Herefordshire
 - Hereford Hinterland
 - Leominster
 - Bromyard
- 3.6 **These are illustrated in** Figure 3.2 below. Table 3.2 then sets out the indicative market values for new build properties we have used. Within all the value areas, there will be local variations in selling prices in relation to specific immediate circumstances.

³⁶ Parrys; Butlers; Property Shop; Hamilton Stiller; Goodwins; Kimberleys; Jacksons; Watkins & Thomas; Russell, Baldwin & Bright; Wrights; Flint & Cook

Figure 3-2: Herefordshire residential market value areas



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Figure 3-3: Market values used in testing

Type	Detached			Semi		Terrace			Flats	
Bedrooms	5 bed	4 bed	3 bed	4 bed	3 bed	4 bed	3 bed	2 bed	2 bed	1 bed
Sq m	145	124	103	97	93	97	84	70	61	50
Ledbury, Ross and Rural Hinterlands	£350,000	£315,000	£260,000	£240,000	£220,000	£215,000	£190,000	£165,000	£130,000	£100,000
Northern Rural	£325,000	£296,000	£250,000	£242,000	£220,000	£229,000	£200,000	£175,000	£140,000	£110,000
Hereford	£340,000	£290,000	£245,000	£235,000	£210,000	£215,000	£190,000	£155,000	£135,000	£115,000
Kington and West Herefordshire	£316,000	£285,000	£240,000	£208,000	£195,000	£207,000	£165,000	£150,000	£130,000	£105,000
Hereford Hinterland	£325,000	£275,000	£230,000	£210,000	£190,000	£170,000	£165,000	£150,000	£125,000	£105,000
Leominster	£280,000	£250,000	£230,000	£190,000	£170,000	£174,000	£158,000	£140,000	£115,000	£100,000
Bromyard	£290,000	£258,000	£230,000	£200,000	£180,000	£190,000	£165,000	£150,000	£105,000	£85,000

3.7 Small scale “one-off” developments (up to three dwellings) are also known to support higher values, related to the bespoke nature of this scale of development. While some one-off developments with special design and space standards will produce very high values, this viability assessment has sought to model dwellings that are similar to the types of dwellings that may also be built as part of larger developments. Based on experience, it has been assumed that these dwellings will command a 5% premium over their estate counterparts.

3.8 Other key assumptions used in the testing are:

- All of the testing includes policy compliant % affordable housing within the different value areas³⁷. The affordable housing is modelled at 53% rent (50:50 split affordable rent and social rent) and 47% shared ownership³⁸. Rental values and capitalisation have been checked with Registered Providers active in Herefordshire.
- Basic build costs are derived from Building Cost Information Service (BCIS) data, are adjusted to take into account the location factor for the County and include an allowance of 15% for external works. This equates to £424,000 per ha at 30 dph and £473,000/ha at 40 dph. Different costs are used for different dwelling types and by scale of development, acknowledging the higher build costs associated with very small developments. Single dwellings used the BCIS ‘one-off’ costs and developments of 2 and 3 dwellings used a 5% premium over standard build costs³⁹.
- Build costs are also adjusted to take account of the new security requirements forming Part Q of building regulations and the water efficiency standard required as part of the Local Plan policies.
- We assume development will still have to meet a residual s106 and s278 cost⁴⁰ and, on advice from the Council, we have used a figure of £2,000 per dwelling to cover on site provision for open space and local transport improvements. All education provision, other community provision, major open space and other transport improvements are assumed to be paid for by CIL or other public funding, except where it is specifically required to mitigate impacts from the large strategic sites. The costs of providing this infrastructure for strategic sites have been included within the specific case studies. Details of the costs are discussed in Section 7.

³⁷ **35%** in Hereford, Hereford Northern and Southern Hinterlands, and Kington and West Herefordshire housing value areas. **40%** in Ledbury, Ross and Rural Hinterlands; and Northern Rural housing value areas (which includes Bromyard).

25% in Leominster

³⁸ Except in Bromyard where the Council has advised the testing uses 24% rent (split 50:50 affordable rent and social rent) and 76% shared ownership

³⁹ Correspondence with BCIS has confirmed the it is single dwellings that are likely to have significantly increased build costs.

⁴⁰ Section 278 agreements allow developers to either pay for or undertake works relating to public highways. Typically this will relate to the works necessary to connect development to the highway network but it may also include offsite works. S278 may also include a bond to ensure works are undertaken.

- Strategic sites (400 or more dwellings) are assumed to incur additional costs of £200,000 per net hectare for opening up the sites and providing serviced parcels of land for development. These are in addition to the external works allowance of 15% of construction costs. The larger non-strategic case study sites used in the testing have an allowance £50,000 - £100,000 for opening up costs. Combining the external works for a 30dph scheme of £424,000/ha plus the £200,000/ha opening up costs would provide over £0.6m/ha in addition to the base build costs.

Land Value Benchmarks

- 3.9 The land value benchmark is an estimate of the lowest cost that a willing landowner would sell land for development. The concept of a benchmark land value attempts to balance two factors: a) land can only be worth what the highest value permissible development can afford to pay for it; and b) landowners will require some premium over the existing use value in order to incentivise a sale. Note that where development is able to pay more for land, then it is likely that transactions will be above the benchmark land value, particularly when different developers are competing for the same piece of land.
- 3.10 The range of land factors considered suggests that the benchmark land values forming the evidence base for the local plan examination remain valid. There is some recent evidence which supports them and it is clear that they have similarities with the range of benchmarks used in similar viability exercises in nearby authorities. However, there are also indications that land is transacted at higher values locally, although this does not necessarily constitute a benchmark for this type of viability exercise.
- 3.11 The land values forming the evidence base for the local plan examination centred on two site types – strategic sites and smaller, urban/edge of urban sites. Some of the case studies (which have been informed by the HELAA and the rural SHLAA) sit between these two typologies, which less favourable gross to net developable land budgets and a likelihood that some opening up/site servicing costs will be incurred. The examination of values in land titles suggests that on a per ha basis, the values decrease as the site size grows and therefore we have also utilised some intermediate land values for sites of 100 dwellings or more⁴¹. These are taken to be at a mid point between the urban site values and the strategic site values for the value area.
- 3.12 The benchmark land values used in the residential testing are therefore:

Type	Location	£/gross ha
All sites (excluding strategic urban extensions)	Hereford	£600,000
	Leominster/ Bromyard	£500,000

⁴¹ This does not apply to the sheltered housing case studies as they tend to be higher density developments on smaller sites than general housing in Herefordshire.

Type	Location	£/gross ha
All sites (excluding strategic urban extensions)	Rest of Herefordshire	£800,000 - £1,000,000
Strategic greenfield urban extensions	Hereford/Rest of Herefordshire	£300,000
	Leominster/ Bromyard	£250,000
Intermediate land values for 100+ dwellings	Hereford	£450,000
	Leominster/ Bromyard	£375,000
	Rest of Herefordshire	£550,000
Industrial/office	Accessible	£350,000 - £560,000

- 3.13 The exception to this is for uses known to generate high values, where landowner expectations will require a premium to provide an incentive to sell. In particular, this will apply to convenience shops and out of centre comparison retail. In the absence of transaction evidence and based on experience elsewhere the testing has used the £0.8m/ha urban residential benchmark for small convenience shops, a benchmark land value of £2m per ha for out of centre comparison retail and £4m per ha for supermarkets, recognising that the latter two are well above the residential benchmark land value.
- 3.14 The benchmark land values used in the non-residential testing draw upon this discussion and are summarised in the non-residential section later in this report.

Testing undertaken

- 3.15 The viability testing undertaken is split into three types:
- Using a notional 1 ha development scheme with different densities of development. For each density tested, there is a different mix of dwelling types with more smaller dwellings (including flats) in the higher density schemes.
 - A series of case studies that represent the types of development provided for in the new Local Plan, but which might be brought forward as windfall schemes or smaller allocations in due course. The case studies were informed by the Local Plan as well as reviews of the HELAA and SHLAA site databases, and the views of the development industry explored at the workshop. The case studies range in size from 1 dwelling to 120 dwellings in rural areas and from 1 dwelling to 600 dwellings in Hereford.
 - Strategic sites testing, based on the sites identified in the Local Plan. Herefordshire Council has advised on the choice of sites to be tested as well as providing details of policy compliant land budgets and the costs of providing the site specific infrastructure. These infrastructure costs are in addition to the base build, costs, external works and opening up costs discussed above.

- 3.16 The 1 ha tile and case study/strategic sites testing are complementary. The 1 ha tiles provide a picture of the underlying viability of residential development and what this means for different densities of development and potential CIL, as well as the impact of providing a proportion of social rent within the affordable housing rented tenure. The case studies then highlight where site types differ in their viability compared with the average of the 1 ha tiles and this is then used to review the potential CIL rate. The testing for the strategic sites is then used to determine whether site specific CIL rates may be appropriate in response to the particular infrastructure and other costs for on these sites.

4 VIABILITY TESTING – NOTIONAL 1 HA TILE

Introduction

- 4.1 This section of the report sets out the viability assessments for the 1 ha notional tiles. These are used to explore the underlying viability trends across Herefordshire and arrive at a high level assessment of the amount of CIL that can be sustained at a policy compliant level of affordable housing. The findings are then used to refine the assumptions in the case study assessments later on in the report.

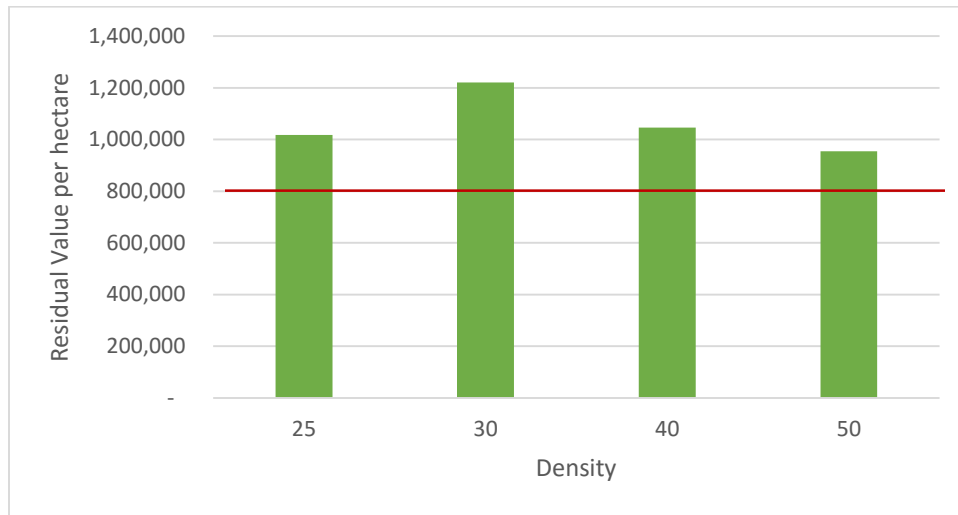
Types of tile tested

- 4.2 Twenty-eight notional 1 ha schemes were used, with each of the 7 market areas tested at 25 dph, 30 dph, 40 dph and 50 dph.
- 4.3 The mix of market and affordable dwellings for each is set out in Annex 3. The higher density schemes have a greater number of smaller units, whilst in the 25 dph scheme, 75% of the market units are assumed to be 3, 4 & 5 bed detached houses.
- 4.4 The level and mix of affordable housing modelled varies between market areas and is based upon the Local Plan as well as information provided by the council. The levels modelled are
- 40% affordable housing in Ledbury, Ross & Rural Hinterland; Bromyard; Northern Rural
 - 35% affordable housing in Hereford; Hereford Hinterland; Kington & West Herefordshire
 - 25% affordable housing in Leominster
- 4.5 In all cases the rental to shared ownership split is 53/47, with the exception of Bromyard where it is 24/76. Rental tenure is split 50/50 between Social Rent and Affordable Rent for all market areas. All results for the testing of the 1 ha tiles (at all of the different densities and mixes of affordable housing) are set out in Annex 3.
- 4.6 Testing includes the £2,000/dwelling residual s106/278 but does not include CIL.

1 ha tile: Ledbury, Ross & Rural Hinterland results

- 4.7 The results presented below show the residual value of the 1 hectare scheme against the main benchmark land value of £0.8 million per hectare.

Figure 4-1: Ledbury, Ross & Rural Hinterlands – Notional 1 ha scheme at 25 dph 30 dph, 40 dph and 50 dph, with affordable housing at 40% - Residual value per hectare



— Benchmark Land Value at £0.8m per hectare

4.8 Commentary:

- Residual values vary with the density of development: the highest residual values are achieved with the 30 dph scheme and the lowest values with the 50 dph scheme.
- All scenarios, as tested at 40% affordable housing, exceed the benchmark land value. At 50 dph, where residual values are lowest, the benchmark is exceeded by £154,000 and at 30 dph, where residual values are highest, it exceeded by £404,000.
- The results shown above do not allow for any CIL payment. The chart below shows the maximum amount of CIL that can be sought and the scheme remain viable.

Figure 4-2a: Ledbury Ross & Rural Hinterland - Maximum CIL rates for the notional 1 ha scheme at 40% affordable housing



Figure 4-2b: Ledbury, Ross & Rural Hinterland - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 40% - Table of results based on benchmark land value of £0.8m per hectare

Affordable Housing (40%)	25 dph	30 dph	40 dph	50 dph
Maximum CIL/ sq m	£125	£197	£116	£64

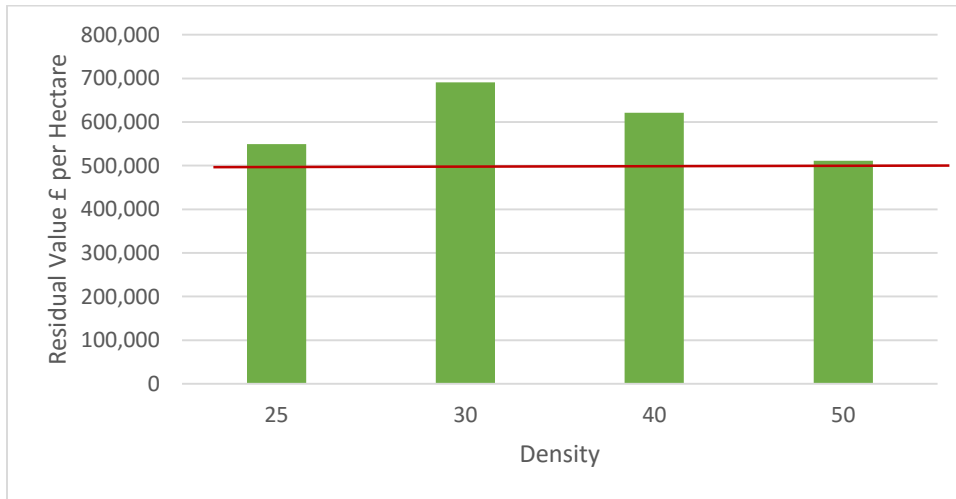
4.9 Commentary -

- The level of achievable CIL differs depending upon density.
- The highest maximum level of CIL that could be achievable at any one density is at 30 dph and would be £197 per sqm. Again this is not taking account of the need to avoid setting a CIL rate at the margins of viability and that a buffer should be used.

1 ha tile: Bromyard Results

4.10 The results presented below show residual values for Bromyard for the 1 hectare scheme against a benchmark land value of £0.5m per hectare. Affordable housing is 40%.

Figure 4-3: Bromyard – Notional 1 ha scheme at 25 dph 30 dph 40 dph and 50 dph, with affordable housing at 40% – Residual value per hectare



— Benchmark Land Value at £0.5m per hectare

4.11 Commentary:

- The highest residual values are achieved with the 30 dph scheme and the lowest at 50 dph.

- All densities give a residual value that exceeds the benchmark land value, although in the cases of 20 dph and 50 dph the result is marginal.

Figure 4-4a: Bromyard - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 40%



Figure 4-4b: Bromyard - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 40% - Table of results based on main benchmark land value of £0.5m per hectare

Affordable Housing (40%)	25 dph	30 dph	40 dph	50 dph
Maximum CIL per sqm	£28	£93	£57	£5

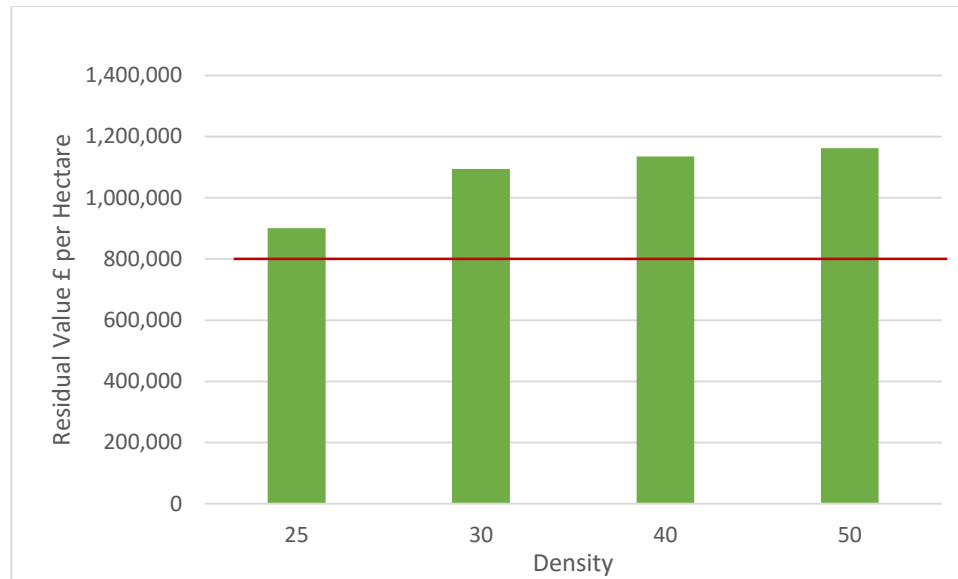
4.12 Commentary:

- Although all case studies show a positive maximum CIL rate for Bromyard, this is in some cases marginal.
- As a broad indicator, it is at 30 dph that demonstrates the maximum amount of CIL that could be charged which is £93 per sq m. This does not take into account the need to avoid setting a CIL rate that is at the margins of viability and with a ‘buffer’.

1 ha tile: Northern Rural Results

4.13 The results below show residual values per hectare for a scheme in Northern Rural market area with 40% affordable housing against a benchmark land value of £0.8m.

Figure 4-5: Northern Rural – Notional 1 ha scheme at 25 dph 30 dph 40 dph and 50 dph, with affordable housing at 40% – Residual value per hectare



— Benchmark Land Value £0.8m

Commentary:

- A positive residual value against a benchmark land value of £0.8m is achieved at all densities tested.
- For the Northern Rural market area, the highest residual value reached in the testing is £1,162,000 at 50 dph and the lowest is £901,000 at 25 dph.

Figure 4-6a: Northern Rural - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 40%



Figure 4-6b: Northern Rural - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 40%

Affordable Housing (40%)	25 dph	30 dph	40 dph	50 dph
Maximum CIL per sqm	£58	£144	£158	£150

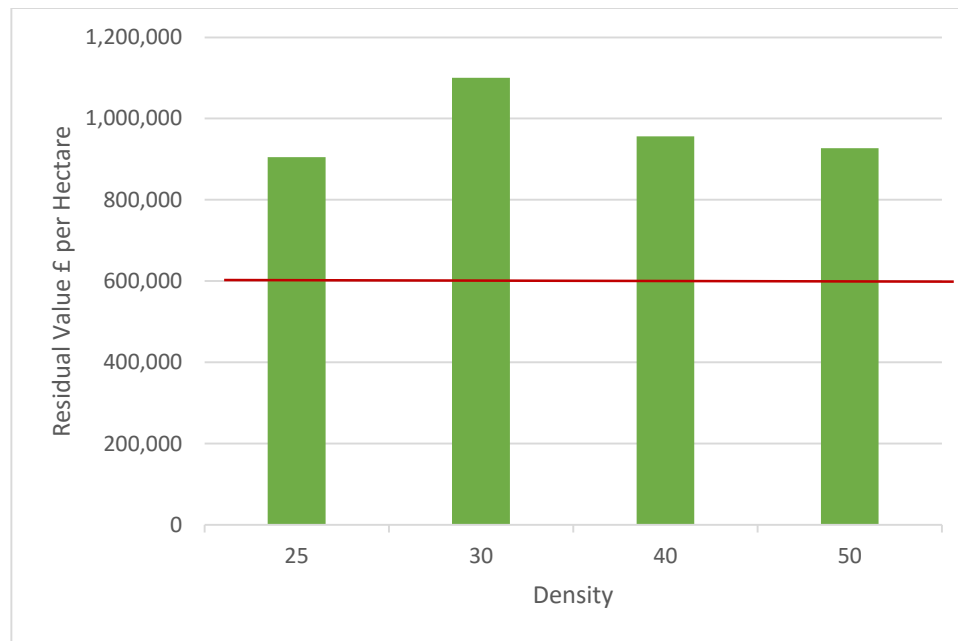
4.14 Commentary

- As a broad indicative average across the 4 development densities, a **maximum** CIL of around £150 per sqm is realistic when using the benchmark land value of £0.8m.
- For the Northern Rural Market area, the scheme at 40 dph achieves the highest maximum CIL rate of £158 per sqm. Schemes modelled at 50 and 40 dph give results that are close to this at £150 and £144 respectively.

1 ha tile: Hereford Results

4.15 The results below show residual values per hectare for a scheme in Hereford with 35% affordable housing against a benchmark land value of £0.6m.

Figure 4-7: Hereford – Notional 1 ha scheme at 25 dph 30 dph 40 dph and 50 dph, with affordable housing at 35% – Residual value per hectare



Benchmark Land Value £0.6m

Commentary:

- For the 1 ha schemes modelled for the Hereford market area, a positive residual value against a benchmark land value of £0.6m is achieved at all densities tested.
- Results range from £305,000 to £476,000 above the benchmark.

- The highest residual value reached in the testing is £1,076,000 at 30 dph and the lowest is £905,000 at 25 dph.

Figure 4-8a: Hereford - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 35%



Figure 4-8b: Hereford - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 35%

Affordable Housing (35%)	25 dph	30 dph	40 dph	50 dph
Maximum CIL per sqm	£162	£215	£155	£125

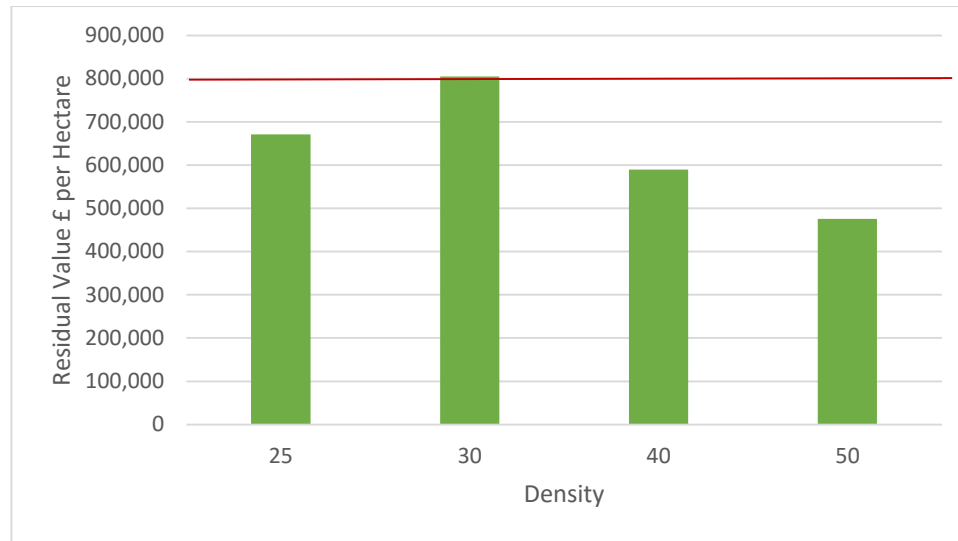
4.16 Commentary

- For the Hereford Market area, the scheme at 30 dph achieves the highest maximum CIL rate of £215 per sqm. Results at the other densities range from £125 to £162.
- These figures do not take into account the need to avoid setting a CIL rate that is at the margins of viability and with a ‘buffer’.

1 ha tile: Hereford Hinterland Results

4.17 The results below show residual values per hectare for a scheme in the Hereford Hinterland market area with 35% affordable housing against a benchmark land value of £0.8m.

Figure 4-9: Hereford Hinterland – Notional 1 ha scheme at 25 dph 30 dph 40 dph and 50 dph, with affordable housing at 35% – Residual value per hectare



— Benchmark Land Value £0.8m

4.18 Commentary:

- Although all the 1 ha schemes modelled for the Hereford Hinterland market area produce a positive residual value, only the scheme at 30dph remains positive against the benchmark land value of £0.8m.
- The lowest residual value is found at a density of 50 dph and is -£324,000 below the benchmark land value. At 40 dph and 25 dph the notional schemes are still not viable, at -£210,000 and -£129,000 respectively.
- The highest residual value reached in the testing is £805,000 at 30 dph, which is £5,000 above the benchmark.

Figure 4-10a: Hereford Hinterland- Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 35%

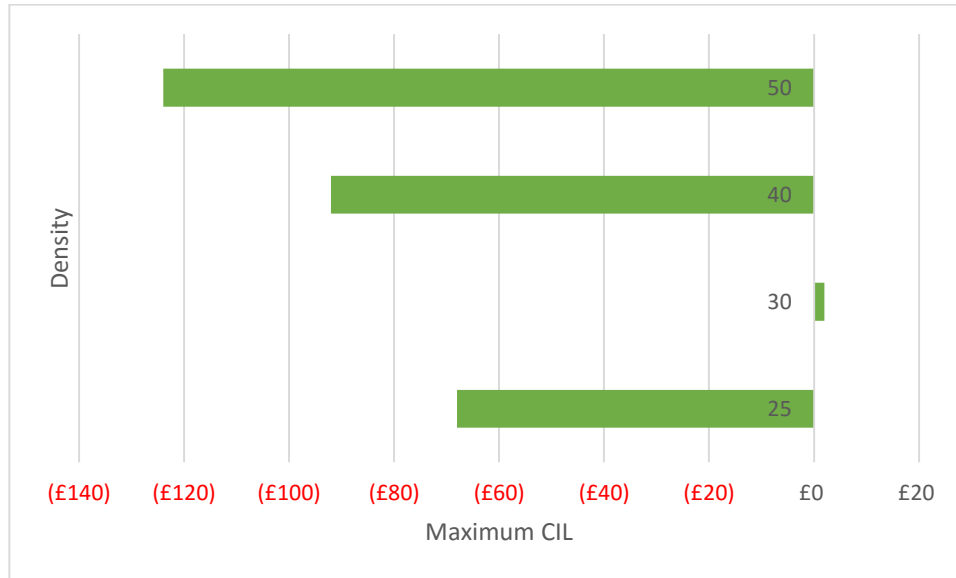


Figure 4-10b: Hereford Hinterland- Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 35%

Affordable Housing (35%)	25 dph	30 dph	40 dph	50 dph
Maximum CIL per sqm	-£68	£2	-£92	-£124

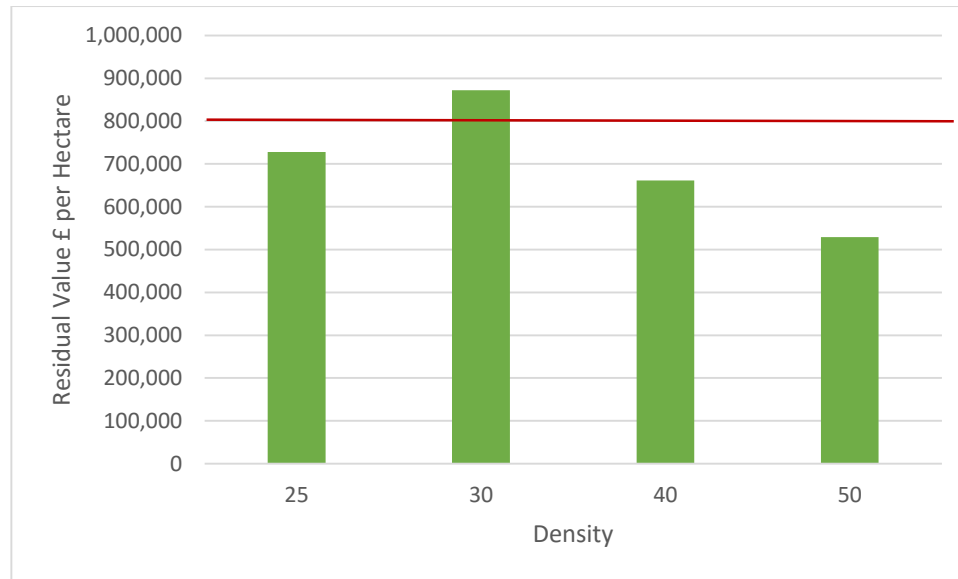
4.19 Commentary

- For the Hereford Hinterland Market area, the scheme at 30 dph achieves the highest maximum CIL rate of £2 per sqm. Results at the other densities are all negative and range from -£68 to -£124.
- The lowest CIL rate is -£124 at 50 dph and would suggest that, if taking only these 1 ha schemes into account, a CIL rate could not be set for the Hereford Hinterland market area.
- Nor do these figures take into account the need to avoid setting a CIL rate that is at the margins of viability and with a ‘buffer’.

1 ha tile: Kington & West Herefordshire Results

4.20 The results below show residual values per hectare for a scheme in the Kington & West Herefordshire market area with 35% affordable housing against a benchmark land value of £0.8m.

Figure 4-11: Kington & West Herefordshire – Notional 1 ha scheme at 25 dph 30 dph 40 dph and 50 dph, with affordable housing at 35% – Residual value per hectare



— Benchmark Land Value £0.8m

4.21 Commentary:

- Although all the 1 ha schemes modelled for the Kington & West Herefordshire market area produce a positive residual value, only the scheme at 30dph remains positive against the benchmark land value of £0.8m.
- The lowest residual value is found at a density of 50 dph and is -£271,000 below the benchmark and value. At 40 dph and 25 dph the notional schemes are still not viable, at -£139,000 and -£72,000 respectively.
- The highest residual value reached in the testing is £872,000 at 30 dph, which is £72,000 above the benchmark.

Figure 4-12a: Kington & West Herefordshire - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 35%



Figure 4-12b: Kington & West Herefordshire - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 35%

Affordable Housing (35%)	25 dph	30 dph	40 dph	50 dph
Maximum CIL per sqm	-£38	£32	-£61	-£104

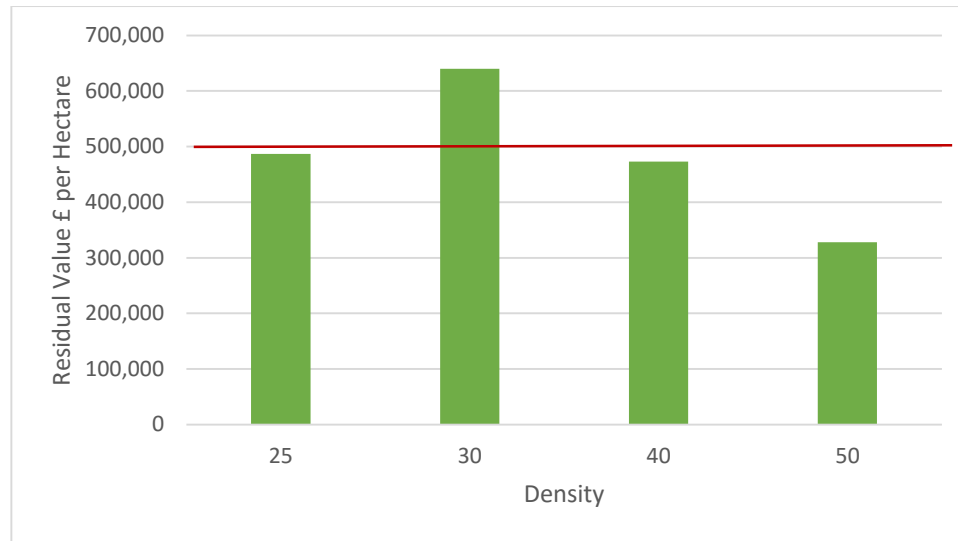
4.22 Commentary

- For the Kington & West Herefordshire Market area, the scheme at 30 dph achieves the highest maximum CIL rate of £32 per sqm. Results at the other densities are all negative and range from -£38 to -£104.
- The lowest CIL rate is -£104 at 50 dph and would suggest that, if taking only these 1 ha schemes into account, a low CIL rate may be set for the Kington & West Herefordshire market area.
- Nor do these figures take into account the need to avoid setting a CIL rate that is at the margins of viability and with a ‘buffer’.

1 ha tile: Leominster Results

4.23 The results below show residual values per hectare for a scheme in the Leominster market area with 25% affordable housing against a benchmark land value of £0.5m.

Figure 4-13: Leominster – Notional 1 ha scheme at 25 dph 30 dph 40 dph and 50 dph, with affordable housing at 25% – Residual value per hectare



— Benchmark Land Value £0.5m

4.24 Commentary:

- Although all the 1 ha schemes modelled for the Leominster market area produce a positive residual value, only the scheme at 30dph remains positive against the benchmark land value of £0.5m.
- The lowest residual value is found at a density of 50 dph and is -£172,000 below the benchmark and value. At 40 dph and 25 dph the notional schemes are still not viable, at -£27,000 and -£13,000 respectively when taking the benchmark into account.
- The highest residual value reached in the testing is £640,000 at 30 dph, which is £140,000 above the benchmark.

Figure 4-14a: Leominster - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 25%

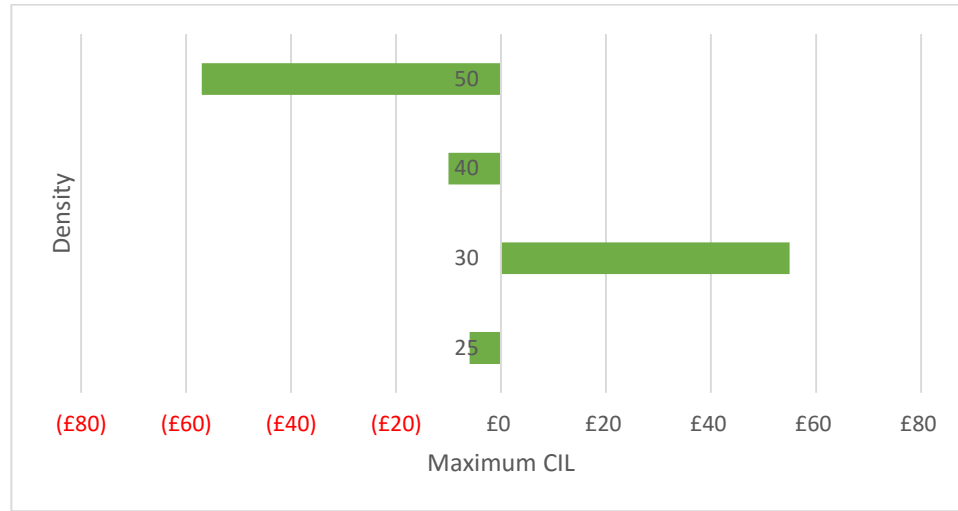


Figure 4-14b: Leominster - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 25%

Affordable Housing (25%)	25 dph	30 dph	40 dph	50 dph
Maximum CIL per sqm	(£6)	£55	(£10)	(£57)

4.25 Commentary

- For the Leominster Market area, the scheme at 30 dph achieves the highest maximum CIL rate of £55 per sqm. Results at the other densities are all negative and range from -£6 to -£57.
- The lowest CIL rate is -£57 at 50 dph and would suggest that, if taking only these 1 ha schemes into account, a low CIL rate may be set for the Leominster market area.
- Nor do these figures take into account the need to avoid setting a CIL rate that is at the margins of viability and with a ‘buffer’.

1 ha tile: All Market Areas

4.26 The figure below shows comparison of the remaining residual values after taking off respective benchmark land values. This encompasses all market areas at all 4 densities tested.

Figure 4-15: Residual Value after deduction of benchmark land value – all areas and all densities



4.27 Commentary:

- Figure 4.15 above demonstrates the variations between both market areas and densities.
- Ledbury, Ross & Rural Hinterland; Bromyard; Northern Rural; Hereford, are viable at all four densities tested, taking into account an affordable housing level which is commensurate with the Local Plan. However, Bromyard is marginal at the higher and lower densities.
- Hereford Hinterland; Kington & West Herefordshire; Leominster, are only viable at a density of 30dph. However, in the case of Hereford Hinterland, even this is at the margins of viability.
- At 25 dph, 40 dph, and 50 dph, only 4 out of the 7 market areas are viable against respective benchmark land values.

Figure 4-16: Maximum CIL rates per sqm for the notional 1 ha scheme for all Market Areas and all Densities

	25 dph	30 dph	40 dph	50 dph
Ledbury Ross & Rural Hinterland	£125	£197	£116	£64
Bromyard	£28	£93	£57	£5
Northern Rural	£58	£144	£158	£150
Hereford	£162	£215	£155	£125
Hereford Hinterland	-£68	£2	-£92	-£124
Kington & West Herefordshire	-£38	£32	-£61	-£104
Leominster	-£6	£55	-£10	-£57

(Coloured cells show highest CIL rate achieved per market area)

4.28 Commentary:

- **These maximum CIL rates do not take account of the need to set a buffer and ensure that CIL is not set at the margins of viability. They do however demonstrate how CIL could impact on site viability across the district on a range of notional schemes.**
- The market areas of Ledbury, Ross & Rural Hinterland; Bromyard; Northern Rural; Hereford, produce a positive CIL rate at all densities. Hereford Hinterland; Kington & West Herefordshire; Leominster, only produce a positive value at 30 dph. In the cases of Bromyard, Hereford Hinterland and Leominster, some sites are on the cusp of viability, producing a CIL rate which is only just positive or only just negative.
- As a broad indication, in the three most viable areas (Ledbury, Ross & Rural Hinterlands, Northern Rural and Hereford) a CIL of c£150-£200/sq m could be supported as a theoretical maximum, Bromyard might support a maximum of £90/sq m and the remainder £0-£55/sq m.

4.29 The table below sets out the potential CIL rates for 30dph development with a 30% buffer.

Figure 4-17: Maximum CIL rates and CIL rates with a buffer per sqm for the notional 1 ha scheme

	Theoretical maximum CIL	CIL with 30% buffer
Ledbury Ross & Rural Hinterland	£197	£138
Bromyard	£93	£65
Northern Rural	£144	£100
Hereford	£215	£150
Hereford Hinterland	£2	£2
Kington & West Herefordshire	£32	£23
Leominster	£55	£38

5 RESIDENTIAL VIABILITY TESTING – HEREFORD SMALLER CASE STUDY SITES

Introduction

- 5.1 The viability assessments use a number of case study sites which reflect typical sites likely to be brought forward in Hereford. The case studies were derived in consultation with the Council and the case studies in this section draw on information in the HELAA.
- 5.2 The case studies in the remainder of the County are discussed in the next chapter of the report. The large scale strategic sites are tested separately and discussed later in this report.
- 5.3 Figure 5.1 below sets out the case study sites used for testing in Hereford.

Figure 5-1: Hereford case study sites

Case Study	Type	Total Dwellings	Density (dph)	Site size net ha	Site size gross ha	Dwelling Mix	S106/278 per dwg	Opening up costs	Benchmark Land Value/ha	Delivery
H1	Small peripheral site - single dwelling	1	30	0.03	0.03	4bd	£0		£600,000	Yr 1
H2	Higher density small urban site - single dwelling	1	50	0.02	0.02	3bd	£0		£600,000	Yr 1
H3	Small peripheral site - 2 dwellings	2	30	0.07	0.07	2x3bd	£0		£600,000	Yr 1
H4	Higher density small urban site - 2 dwellings	2	50	0.04	0.04	2x3bs	£0		£600,000	Yr 1
H5	Small peripheral site - 3 dwellings	3	30	0.10	0.10	3x4bd	£0		£600,000	Yr 1
H6	Higher density small urban site - 3 dwellings	3	50	0.06	0.06	3x3bt	£0		£600,000	Yr 1
H7	Small peripheral site - 4 dwellings	4	30	0.13	0.13	2x3bd, 2x4bd	£0		£600,000	Yr 1
H8	Higher density small urban site - 4 dwellings	5	50	0.10	0.10	5x3bt	£0		£600,000	Yr 1
H9	HELAA site – 10 dwellings	10	40	0.25	0.25	40 dph mix	£2,000		£600,000	Yr 1
H10	HELAA site – 15 dwellings	15	40	0.38	0.38	40 dph mix	£2,000		£600,000	Y1
H11	HELAA peripheral site – 40 dwellings	40	30	1.33	1.60	30 dph mix	£2,000		£600,000	1 yr to first completion then 30pa
H12	HELAA peripheral site – 70 dwellings	70	30	2.33	2.79	30 dph mix	£4,650	£50,000 /net ha	£600,000	1 yr to first completion then 30pa
H13	HELAA site – 120 dwellings	120	40	3.00	3.79	40 dph mix	£2,000	£100,000 /net ha	£450,000	1 yr to first completion then 40 pa
H14	Higher density HELAA site – 120 dwellings	120	50	2.40	3.19	50 dph mix	£2,000		£450,000	1 yr to first completion then 45pa
H15	HELAA peripheral site – 250 dwellings	250	30	8.33	9.97	30 dph mix	£2,000	£150,000 /net ha	£450,000	1 yr to first completion then 70pa
H16	HELAA peripheral site – 650 dwellings	600	30	20.00	23.93	30 dph mix	£2,000	£200,000 /net ha	£300,000	1 yr to first completion then 70pa

Case Study	Type	Total Dwellings	Density (dph)	Site size net ha	Site size gross ha	Dwelling Mix	S106/278 per dwg	Opening up costs	Benchmark Land Value/ha	Delivery
H17	Sheltered Housing Scheme	100	125	0.80	0.80	50x1bf and 50x2bf	£2,000	£100,000 for voids	£600,000	Build over 3 yrs; 18 months to first completion; full occupancy by end of year 5.

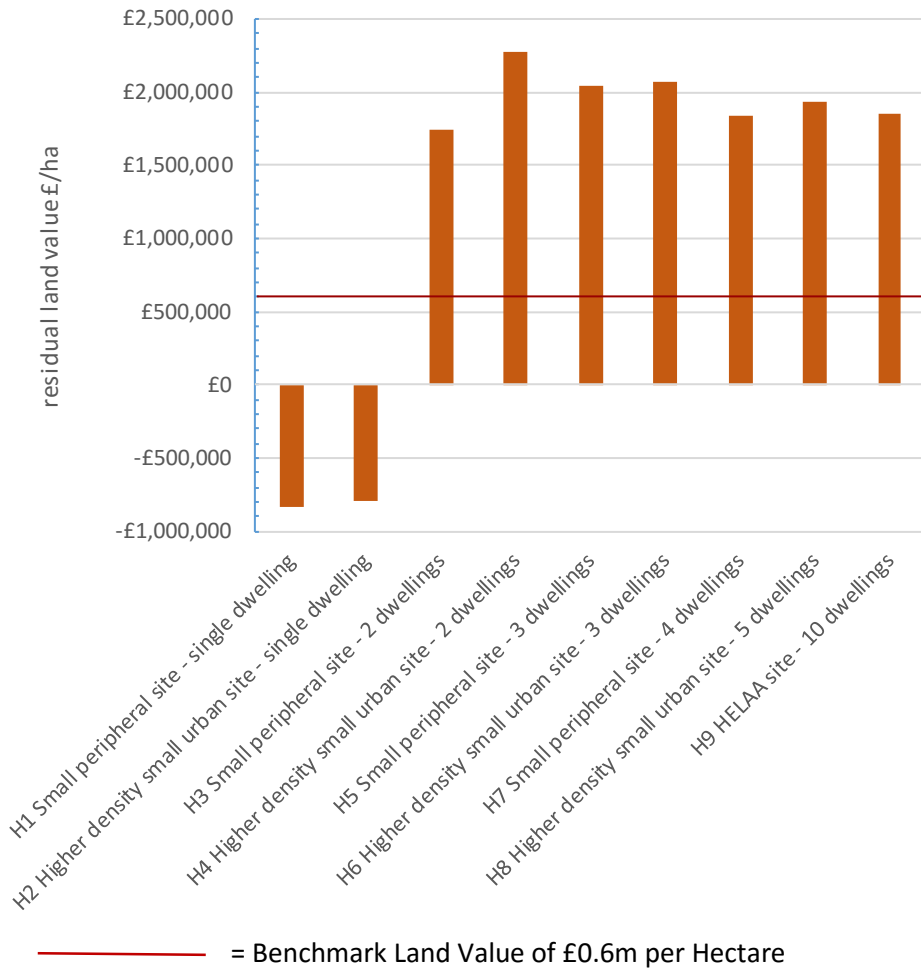
- 5.4 There are various cost and value differences around the smallest case studies and therefore the case study testing is undertaken either side of the differences. These differences have been discussed in more detail in section 3 and are summarised as:
- Higher build costs for single dwellings, using BCIS 'one off development' build costs.
 - 5% build cost premium for 2 and 3 dwelling developments.
 - 5% 'exclusivity' premium for 1-3 dwellings.
- 5.5 Further detail about the profile of these case studies can be found in Annex 6.
- 5.6 The viability tests have been undertaken at 35% affordable housing, but only where the site contains more than 10 dwellings, with the exception of the second sheltered scheme which is tested at both 35% affordable housing and 0%. Where affordable tenure is included it is split 53% rented and 47% shared ownership and the rental units are 50/50 Affordable Rent/Social Rent. It is assumed that if provision is not made on site (e.g. smaller sites) then a commuted sum to the equivalent value is provided for provision elsewhere.
- 5.7 Case studies of 5 or fewer dwellings will not be liable for s106 and so the base residual £2,000 s106/278 is only included for developments of six dwellings or more.
- 5.8 Residual values from the case studies are compared to the benchmark land values discussed in chapter 3. The smaller case studies are compared to the standard Hereford benchmark of £0.6m per gross hectare, while the larger sites (above 100 dwellings) are compared to the intermediate benchmark; and the largest site is compared to the strategic greenfield land benchmark. If the residual land value from a scheme is above the appropriate benchmark land value, then the scheme is considered viable and able to proceed. A full set of results for the case studies, across all market areas, is found in Annex 7.
- 5.9 The Hereford discussion below is split into smaller case studies (numbered H1-H9) of 10 dwellings or fewer and medium case studies (H10-H17) of 40 – 600 dwellings. Case studies which are assumed to take longer than a year to delivered use a discounted cash flow.

Hereford case study findings

Smaller Case Studies – Case Studies H1 – H9

- 5.10 The case study testing includes a number of smaller schemes in order to explore the viability implications of the higher build costs often associated with smaller sites. Figure 5.2 below illustrates the residual value per hectare for the smaller case study schemes.

Figure 5-2: Viability of small Hereford schemes



5.11 All of the smaller case studies achieve a positive residual value with the exception of the single dwelling schemes (which have significantly higher build costs).

5.12 Thus, with the exception of case studies H1 and H2 (both single dwelling schemes), all of the Hereford case studies are viable against the benchmark land value of £0.6m/ha with viability headroom to support a CIL. The viability of these smaller schemes is assisted by the lack of affordable housing requirement.

Implications for CIL for smaller sites

5.13 The viability testing considers the opportunities to charge CIL at a range of locations and densities. In considering these theoretical maximum rates, it should be noted that the guidance suggests “Charging authorities should avoid setting a charge right up to the maximum of economic viability across the vast majority of sites in their area”⁴².

⁴²DCLG, 2012, Community Infrastructure Levy Guidance para 30

- 5.14 The analysis indicates that, with the exception of case studies H1 and H2 (single dwelling), the case study sites have the capacity to pay significant CIL. For the seven schemes above 1 dwelling, the theoretical maximum CIL rate varies from approximately £312 per sq m to £392 per sq m.

Figure 5-3 Summary of smaller sites case studies

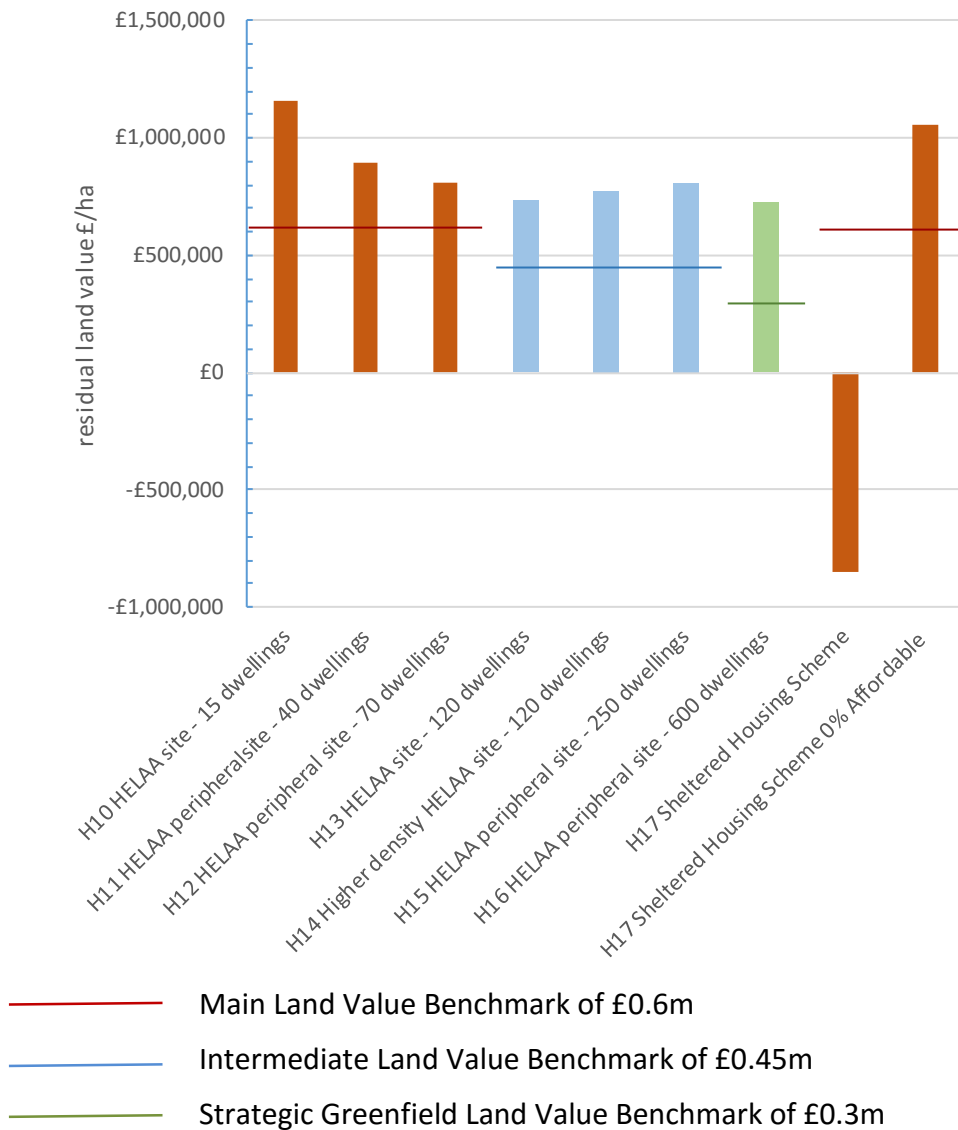
Case study	Residual value/ha	Benchmark land value	Theoretical maximum CIL rate
H1: Small peripheral site – single dwelling	-£833,333	£600,000	-£347
H2: Higher density small urban site – single dwelling	-£800,000	£600,000	-£275
H3: Small peripheral site - 2 dwellings	£1,742,857	£600,000	£392
H4: Higher density small urban site - 2 dwellings	£2,275,000	£600,000	£360
H5: Small peripheral site - 3 dwellings	£2,040,000	£600,000	£387
H6: Higher density small urban site - 3 dwellings	£2,066,667	£600,000	£349
H7: Small peripheral site - 4 dwellings	£1,838,462	£600,000	£356
H8: Higher density small urban site - 5 dwellings	£1,940,000	£600,000	£319
H9: HELAA site - 10 dwellings	£1,848,000	£600,000	£312

Medium Case Studies (case studies H11 – H17)

- 5.15 The medium case studies are intermediate sized schemes of between 10 and 600 dwellings and include a range of mixed developments and a sheltered scheme. These schemes are indicative of the sorts of medium sized sites in the HELAA and which are likely to be developed in Hereford. All are tested at 35% affordable housing, although the sheltered scheme is also tested a nil affordable housing.
- 5.16 Where appropriate, the schemes include an allowances for site clearance and/or opening up costs.
- 5.17 Case study H17 is sheltered accommodation. This case study has been prepared in accordance with the RHG guidance relating to values and the relatively high proportion of common/circulation space, as well as specific build costs.

5.18 Figure 5.4 below illustrates the residual value per hectare for these medium case studies.

Figure 5-4: Viability of Hereford medium case studies



5.19 All of the case studies tested achieve a positive residual value with the exception of the sheltered housing scheme. The sheltered scheme has also been tested at 0% affordable housing, which does then produce a positive residual value.

5.20 With the exception of the sheltered scheme, all of the case studies exceed their respective land value benchmarks.

Implications for CIL for medium case studies

5.21 The viability testing has considered the opportunities to charge CIL for a range of medium sized developments.

- 5.22 With the exception of the sheltered scheme with affordable housing (but not the sheltered scheme without) all of the medium case studies are able to support CIL and the results are shown in figure 5.5 below. Case studies H11 -H16 are able to support a maximum theoretical CIL between £56 per sq m and £190 per sq m and case study H17 (sheltered) is able to support a maximum CIL of £45 when no affordable housing is applied (bearing in mind the guidance suggests that the rate charged should not be at these theoretical maximums).
- 5.23 Overall it can be seen that of these general housing medium case studies, most can support a CIL of well over £100/sq m (the 70 dwelling site is the exception).
- 5.24 Sheltered accommodation cannot support a CIL unless it has no affordable housing. In practice it is likely that the priority would be to use any viability headroom to provide some affordable housing rather than seek other planning obligations.

Figure 5.5: Summary of Hereford residual values and theoretical maximum CIL rates

Case study	Affordable housing	Residual value/ha	Benchmark land value	Theoretical maximum CIL rate per sq m
H10 HELAA site - 15 dwellings	35%	£1,160,526	£600,000	£219
H11: HELAA peripheral site - 40 dwellings	35%	£891,301	£600,000	£131
H12: HELAA peripheral site - 70 dwellings	35%	£808,780	£600,000	£94
H13: HELAA site - 120 dwellings	35%	£728,712	£450,000	£122
H14: Higher density HELAA site - 120 dwellings	35%	£773,941	£450,000	£124
H15: HELAA peripheral site - 250 dwellings	35%	£812,655	£450,000	£163
H16: HELAA peripheral site - 600 dwellings	35%	£721,940	£300,000	£190
H17: Sheltered Housing Scheme (with affordable housing)	35%	-£853,653	£600,000	-£221
H17 Sheltered Housing Scheme (without affordable housing)	0%	£1,053,104	£600,000	£45

Summary

- 5.25 The majority of case study schemes tested are viable and able to support a CIL. The schemes that are not clearly viable and which are unable to support a CIL are:
- The single dwelling on both the urban and the urban periphery sites
 - The sheltered scheme with affordable housing.
- 5.26 The smaller case studies of 2 – 15 dwellings are the most viable because of the 0% affordable housing and produce the highest theoretical maximum CIL values of between £312 - £392 per

sq m. The medium case studies are less viable because they are providing 35% affordable housing and are able to support theoretical maximum CIL values of £94 - £219 per sq m.

- 5.27 It is likely that single dwelling developments will come forward as self-build schemes, which would be exempt from CIL.
- 5.28 The table below summarises the potential CIL rates that may be applied to developments of 2-10 dwellings (no affordable housing) and larger schemes. The table columns note the theoretical maximum CIL and then suggest how this may be adjusted to include a buffer as required by guidance. This process includes a certain amount of judgement in grouping together the adjusted CIL rates in order to reduce the complexity of the charging schedule and it would be possible to come to other views.

Table 5-6 Summary CIL rates for Hereford case studies

Location/scale	Theoretical Maximum CIL/sq m	CIL with buffer/sq m - rounded	Notes on CIL rates with buffer
Hereford 2-10 dwellings	£312-£392	£200	All case studies can support this rate.
Hereford 11+ dwellings	£94-£219	£100	One case study is marginally not able to support this rate.
Single dwellings in Hereford		£0	No CIL can be supported.
Sheltered housing in Hereford		£0	

6 RESIDENTIAL VIABILITY ANALYSIS – RURAL CASE STUDY SITES

Introduction

- 6.1 Following the discussion of the case study sites in Hereford in the previous chapter, this chapter discusses the case studies in the rural rest of the district. These are drawn from an analysis of the rural SHLAA plus some smaller sites. The table below sets out the case study sites used for testing in the rural areas. Each case study is tested in each value area, except Hereford, which has its own specific case studies already discussed; and for sheltered housing which is just tested in Ledbury, Ross and the Rural Hinterlands. Further detail about the profile of the case studies can be found in [Annex 6](#).
- 6.2 The viability tests for the rural schemes use an affordable housing level that corresponds with the levels given in the Local Plan and these vary between market value area. In all cases the affordable housing is split 53% rental and 47% shared ownership, except Bromyard where the split is 24%/76%. All rented units are split 50/50 between Affordable Rent and Social Rent. Again, it is assumed that if provision is not made on site then a commuted sum to the equivalent value is provided for provision elsewhere. Case studies of 10 dwellings or less are modelled 0% affordable housing.
- 6.3 As part of the SHLAA review it was apparent that some rural sites require local access mitigation in order to be acceptable in planning terms, particularly relating to provision of pedestrian footpaths to connect the site to other parts of the settlement. Discussions have been held with Herefordshire Council officers in order to understand the potential costs and implications. As a general principle, mitigation costs would normally become apparent as part of due diligence and would form part of the land value negotiations. However, there may be cases where the mitigation costs extend beyond can be accommodated in the land negotiations and therefore a sensitivity test has been included in the testing. A figure of £2,650/dwelling (equivalent to c. 10m of footpath) has been added to the standard £2,000 base residual s106/278 costs to represent the additional cost required to release the land for development. This could also be considered as a minor contamination mitigation cost on brownfield sites. These additional costs have been applied to two of the case studies (6 dwellings and 20 dwellings).
- 6.4 Residual values from the case studies are compared to the relevant benchmark land value for the market value area. If the residual land value from a scheme is above the benchmark land value, then the scheme is considered viable and able to proceed. Some schemes are also compared to a higher, sensitivity, benchmark land value as well.

Figure 6-1: Rural case study sites

Case Study	Type	Total Dwellings	Density (dph)	Site size net ha	Site size gross ha	Dwelling Mix	£106/278 per dwg	Opening up costs	Benchmark Land Value/ha	Delivery
1	Small rural site - single dwelling	1	30	0.03	0.03	4bd	£0		£800,000	Yr 1
2	Small rural site - 2 dwellings	2	30	0.07	0.07	2x3bd	£0		£800,000	Yr 1
3	Small rural site - 3 dwellings	3	30	0.10	0.10	3x4bd	£0		£800,000	Yr 1
4	Small rural site - 4 dwellings	5	30	0.17	0.17	2x3bd, 3x4bd	£0		£800,000	Yr 1
5	SHLAA site – 6 dwellings	6	30	0.20	0.20	30 dph mix	£2,000		£800,000	Yr 1
6	SHLAA site – 6 dwellings with access issues	6	30	0.20	0.20	30 dph mix	£4,650		£800,000	Yr 1
7	SHLAA site – low density 6 dwellings	6	25	0.24	0.24	25 dph mix	£2,000		£800,000	Yr 1
8	SHLAA site – 10 dwellings	10	30	0.33	0.33	30 dph mix	£2,000		£800,000	1 yr to first completion then 10pa
9	SHLAA site – 20 dwellings	20	30	0.67	0.67	30 dph mix	£2,000		£800,000	1 yr to first completion then 20pa
10	SHLAA site – 20 dwellings with access issues	20	30	0.67	0.67	30 dph mix	£4,650		£800,000	1 yr to first completion then 20pa
11	SHLAA site – 55 dwellings	55	30	1.83	2.04	30 dph mix	£2,000	£50,000 /net ha	£800,000	1 yr to first completion then 30 in yr 1 and 25 in yr2
12	SHLAA site – 120 dwellings	120	30	4.00	5.00	30 dph mix	£2,000	£100,000 /net ha	£375,000-£550,000	1 yr to first completion then 30pa
13	Sheltered Housing Scheme	100	125	0.80	0.80	50x1bf and 50x2bf	£2,000	£100,000 for voids	£600,000	Build over 3 yrs; 18 months to first completion; full occupancy by end of year 5.

Rural Case Study Findings

6.5 The tables below illustrate the residual value per hectare and its implications for CIL charging in all of the rural market value areas outside Hereford. Each value area is considered separately.

Bromyard

Figure 6-2 Bromyard Small Sites

Case Study Ref	Type	HMA	% AH	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
1	Small rural site, 1 dwelling	Bromyard	0%	-£1,700,000	£500,000	-£2,200,000	-£532
2	Small rural site, 2 dwellings	Bromyard	0%	£1,414,286	£500,000	£914,286	£314
3	Small rural site, 3 dwellings	Bromyard	0%	£1,270,000	£500,000	£770,000	£207
4	Small rural site, 4 dwellings	Bromyard	0%	£1,023,529	£500,000	£523,529	£197
5	SHLAA site, 6 dwellings	Bromyard	0%	£1,085,000	£500,000	£585,000	£171
6	SHLAA site, 6 dwellings with access issues	Bromyard	0%	£1,010,000	£500,000	£510,000	£149
7	SHLAA site, low density 6 dwellings	Bromyard	0%	£858,333	£500,000	£358,333	£124
8	SHLAA site, 8 dwellings	Bromyard	0%	£1,072,697	£500,000	£572,697	£166
9	SHLAA site, 20 dwellings	Bromyard	40%	£708,372	£500,000	£208,372	£102
10	SHLAA site, 20 dwellings with access issues	Bromyard	40%	£644,019	£500,000	£144,019	£71
11	SHLAA site, 55 dwellings	Bromyard	40%	£575,760	£500,000	£75,760	£37
12	SHLAA site, 120 dwellings	Bromyard	40%	£496,105	£375,000	£121,105	£59

Commentary

6.6 The single dwelling case study is unviable and unable to support a CIL. The other case studies with 0% affordable housing are able to support a theoretical maximum CIL of at least £124/sq m, with the majority able to support considerably more. Many of the smaller case studies exceed the £1m/ha upper sensitivity benchmark.

- 6.7 The larger sites are also viable and able to support a CIL. With the exception of the 55 dwelling site, the minimum that can be supported is £59/sq m and the maximum is £102/sq m.

Hereford Hinterland Case Study Findings

Figure 6-3 Hereford Hinterland Small Sites

Case Study Ref	Type	HMA	% AH	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
1	Small rural site, 1 dwelling	Hereford Hinterland	0%	-£1,233,333	£800,000	-£2,033,333	-£492
2	Small rural site, 2 dwellings	Hereford Hinterland	0%	£1,414,286	£800,000	£614,286	£211
3	Small rural site, 3 dwellings	Hereford Hinterland	0%	£1,680,000	£800,000	£880,000	£237
4	Small rural site, 4 dwellings	Hereford Hinterland	0%	£1,170,588	£800,000	£370,588	£139
5	SHLAA site, 6 dwellings	Hereford Hinterland	0%	£1,355,000	£800,000	£555,000	£163
6	SHLAA site, 6 dwellings with access issues	Hereford Hinterland	0%	£1,280,000	£800,000	£480,000	£141
7	SHLAA site, low density 6 dwellings	Hereford Hinterland	0%	£1,129,167	£800,000	£329,167	£113
8	SHLAA site, 8 dwellings	Hereford Hinterland	0%	£1,344,379	£800,000	£544,379	£158
9	SHLAA site, 20 dwellings	Hereford Hinterland	35%	£821,549	£800,000	£21,549	£10
10	SHLAA site, 20 dwellings with access issues	Hereford Hinterland	35%	£750,557	£800,000	-£49,443	-£22
11	SHLAA site, 55 dwellings	Hereford Hinterland	35%	£672,000	£800,000	-£128,000	-£58
12	SHLAA site, 120 dwellings	Hereford Hinterland	35%	£572,238	£550,000	£22,238	£10

Commentary

- 6.8 The single dwelling case study is unviable and unable to support a CIL. The other case studies with 0% affordable housing are able to support a theoretical maximum CIL of at least £113/sq m, with the majority able to support considerably more.
- 6.9 The larger sites are less viable and not all are able to support a CIL (although they do show a positive residual value). The two larger sites that are viable (case study 9 with 20 dwellings and case study 12 with 120 dwellings) are only able to support a CIL of £10/sq m.

Kington & West Herefordshire Case Study Findings

Figure 6-4 Kington & West Herefordshire Small Sites

Case Study Ref	Type	HMA	% AH	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
1	Small rural site, 1 dwelling	Kington and West Herefordshire	0%	-£1,000,000	£800,000	-£1,800,000	-£435
2	Small rural site, 2 dwellings	Kington and West Herefordshire	0%	£1,642,857	£800,000	£842,857	£289
3	Small rural site, 3 dwellings	Kington and West Herefordshire	0%	£1,910,000	£800,000	£1,110,000	£298
4	Small rural site, 4 dwellings	Kington and West Herefordshire	0%	£1,352,941	£800,000	£552,941	£208
5	SHLAA site, 6 dwellings	Kington and West Herefordshire	0%	£1,460,000	£800,000	£660,000	£193
6	SHLAA site, 6 dwellings with access issues	Kington and West Herefordshire	0%	£1,380,000	£800,000	£580,000	£170
7	SHLAA site, low density 6 dwellings	Kington and West Herefordshire	0%	£1,216,667	£800,000	£416,667	£144
8	SHLAA site, 8 dwellings	Kington and West Herefordshire	0%	£1,441,852	£800,000	£641,852	£186
9	SHLAA site, 20 dwellings	Kington and West Herefordshire	35%	£883,330	£800,000	£83,330	£38
10	SHLAA site, 20 dwellings with access issues	Kington and West Herefordshire	35%	£812,339	£800,000	£12,339	£6
11	SHLAA site, 55 dwellings	Kington and West Herefordshire	35%	£727,101	£800,000	-£72,899	-£33
12	SHLAA site, 120 dwellings	Kington and West Herefordshire	35%	£619,422	£550,000	£69,422	£31

Commentary

- 6.10 Many of the smaller case studies exceed the £1m/ha upper sensitivity benchmark. The single dwelling case study is unviable and unable to support a CIL. The other case studies with 0% affordable housing are able to support a theoretical maximum CIL of at least £170/sq m, up to £289/sq m.

- 6.11 The larger sites are less viable and not all are able to support a CIL (although they do show a positive residual value). The two larger sites that are most viable (case study 9 with 20 dwellings and case study 12 with 120 dwellings) are able to support a CIL of £31-£38/sq m, and case study 10 (20 dwellings but higher access costs) is able to support a CIL of £6/sq m.

Ledbury Ross & Rural Hinterlands Case Study Findings

Figure 6-5 Ledbury Ross & Rural Hinterlands Small Sites

Case Study Ref	Type	HMA	% AH	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
1	Small rural site, 1 dwelling	Ledbury, Ross and Rural Hinterlands	0%	-£166,667	£800,000	-£966,667	-£234
2	Small rural site, 2 dwellings	Ledbury, Ross and Rural Hinterlands	0%	£1,764,857	£800,000	£964,857	£331
3	Small rural site, 3 dwellings	Ledbury, Ross and Rural Hinterlands	0%	£2,570,000	£800,000	£1,770,000	£476
4	Small rural site, 4 dwellings	Ledbury, Ross and Rural Hinterlands	0%	£1,752,941	£800,000	£952,941	£358
5	SHLAA site, 6 dwellings	Ledbury, Ross and Rural Hinterlands	0%	£2,040,000	£800,000	£1,240,000	£363
6	SHLAA site, 6 dwellings with access issues	Ledbury, Ross and Rural Hinterlands	0%	£1,965,000	£800,000	£1,165,000	£341
7	SHLAA site, low density 6 dwellings	Ledbury, Ross and Rural Hinterlands	0%	£1,725,000	£800,000	£925,000	£319
8	SHLAA site, 8 dwellings	Ledbury, Ross and Rural Hinterlands	0%	£1,966,797	£800,000	£1,166,797	£338
9	SHLAA site, 20 dwellings	Ledbury, Ross and Rural Hinterlands	40%	£1,185,742	£800,000	£385,742	£189
10	SHLAA site, 20 dwellings with access issues	Ledbury, Ross and Rural Hinterlands	40%	£1,114,751	£800,000	£314,751	£154
11	SHLAA site, 55 dwellings	Ledbury, Ross and Rural Hinterlands	40%	£994,325	£800,000	£194,325	£95
12	SHLAA site, 120 dwellings	Ledbury, Ross and Rural Hinterlands	40%	£853,245	£550,000	£303,245	£148

Commentary

- 6.12 The single dwelling case study is unviable and unable to support a CIL. The other case studies with 0% affordable housing are able to support a theoretical maximum CIL of at least £319/sq m, up to £476/sq m.
- 6.13 The larger sites are also viable and able to support a theoretical maximum CIL of between £95/sq m to £189/sq m.

Northern Rural Case Study Findings**Figure 6-6 Northern Rural Small Sites**

Case Study Ref	Type	HMA	% AH	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
1	Small rural site, 1 dwelling	Northern Rural	0%	-£666,667	£800,000	-£1,466,667	-£355
2	Small rural site, 2 dwellings	Northern Rural	0%	£1,857,143	£800,000	£1,057,143	£363
3	Small rural site, 3 dwellings	Northern Rural	0%	£2,180,000	£800,000	£1,380,000	£371
4	Small rural site, 4 dwellings	Northern Rural	0%	£1,500,000	£800,000	£700,000	£263
5	SHLAA site, 6 dwellings	Northern Rural	0%	£1,755,000	£800,000	£955,000	£280
6	SHLAA site, 6 dwellings with access issues	Northern Rural	0%	£1,675,000	£800,000	£875,000	£256
7	SHLAA site, low density 6 dwellings	Northern Rural	0%	£1,475,000	£800,000	£675,000	£233
8	SHLAA site, 8 dwellings	Northern Rural	0%	£1,706,127	£800,000	£906,127	£263
9	SHLAA site, 20 dwellings	Northern Rural	40%	£1,067,721	£800,000	£267,721	£131
10	SHLAA site, 20 dwellings with access issues	Northern Rural	40%	£996,730	£800,000	£196,730	£97
11	SHLAA site, 55 dwellings	Northern Rural	40%	£889,074	£800,000	£89,074	£43
12	SHLAA site, 120 dwellings	Northern Rural	40%	£763,108	£550,000	£213,108	£104

Commentary

- 6.14 The single dwelling case study is unviable and unable to support a CIL. The other case studies with 0% affordable housing are able to support a theoretical maximum CIL of at least £233/sq m, up to £371/sq m.

- 6.15 The larger sites are also viable and able to support a theoretical maximum CIL of about £100/sq m, with the exception of case study 11 with 55 dwellings which is able to support a maximum CIL of £43/sq m.

Leominster Case Study Findings

Figure 6-7 Leominster Small Sites

Case Study Ref	Type	HMA	% AH	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
1	Small rural site, 1 dwelling	Leominster	0%	-£1,900,000	£500,000	-£2,400,000	-£581
2	Small rural site, 2 dwellings	Leominster	0%	£1,414,286	£500,000	£914,286	£314
3	Small rural site, 3 dwellings	Leominster	0%	£1,110,000	£500,000	£610,000	£164
4	Small rural site, 4 dwellings	Leominster	0%	£952,941	£500,000	£452,941	£170
5	SHLAA site, 6 dwellings	Leominster	0%	£945,000	£500,000	£445,000	£130
6	SHLAA site, 6 dwellings with access issues	Leominster	0%	£865,000	£500,000	£365,000	£107
7	SHLAA site, low density 6 dwellings	Leominster	0%	£720,833	£500,000	£220,833	£76
8	SHLAA site, 8 dwellings	Leominster	0%	£943,079	£500,000	£443,079	£128
9	SHLAA site, 20 dwellings	Leominster	25%	£680,761	£500,000	£180,761	£71
10	SHLAA site, 20 dwellings with access issues	Leominster	25%	£609,030	£500,000	£109,030	£43
11	SHLAA site, 55 dwellings	Leominster	25%	£574,386	£500,000	£74,386	£29
12	SHLAA site, 120 dwellings	Leominster	25%	£474,684	£375,000	£99,684	£39

Commentary

- 6.16 The single dwelling case study is unviable and unable to support a CIL. The other case studies with 0% affordable housing are able to support a theoretical maximum CIL of at least £76/sq m, with the majority able to support considerably more.
- 6.17 The larger sites are also viable and able to support a theoretical maximum CIL of about £40/sq m or more, with the exception of case study 11 with 55 dwellings which is able to support a maximum CIL of £29/sq m.

Sheltered Housing for Older Persons

- 6.18 The testing has included sheltered housing for older persons. This has been undertaken in the Ledbury, Ross and Rural Hinterlands value area as this is a likely location for this type of housing.

Figure 6-8 Sheltered Housing

Case Study Ref	Type	HMA	% AH	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
1	Sheltered Housing Scheme 100 dwellings	Ledbury Ross and Rural Hinterlands	40%	-£584,863	£800,000	-£1,384,863	-£228
2	Sheltered Housing Scheme 100 dwellings	Ledbury Ross and Rural Hinterlands	0%	£1,713,363	£800,000	£913,363	£90

Commentary

- 6.19 At the target 40% affordable housing the sheltered accommodation is not viable and is unable to support a CIL. If the sheltered accommodation is modelled at 0% affordable housing it is viable, which is a similar situation to the sheltered housing testing undertaken as part of the Hereford case studies discussed in the previous section.

Summary

- 6.20 The types of schemes anticipated to come forward in the rural areas show a mix of viability and ability to support a CIL:
- None of the single dwelling case studies are able to support a CIL, which is due to the high build costs discussed earlier.
 - The smaller case studies with no affordable housing are more viable than the larger case studies, some of which also have less favourable gross to net developable sites.
 - The case studies in Ledbury, Ross and the Rural Hinterlands are the most viable, followed by Northern Rural.
 - The cost of additional access requirements for some of the case studies makes a small difference to the overall viability.
 - With the exception of the 1 dwelling scheme, all of the smaller case studies (of 8 dwellings and below) allow for CIL.
 - Of the larger case studies, the 55 dwelling scheme is the least viable. This is as a result of the combination of opening up costs, gross to net developable and the build period, whilst being compared to the same benchmark land value as smaller scale development with fewer costs. It is likely that in practice the land value will flex to accommodate the scheme characteristics although there may be instances where the proportion of affordable housing needs to be negotiated.

- The sheltered scheme in Ledbury, Ross & Rural Hinterland market area is only able to support CIL when modelled without affordable housing. As it is likely that some affordable housing will be sought as the first priority in these schemes no CIL is possible.

6.21 The table below summarises the potential CIL rates that may be applied to developments of 2-10 dwellings (no affordable housing) and larger schemes. The table columns note the theoretical maximum CIL and then suggest how this may be adjusted to include a buffer as required by guidance. This process includes a certain amount of judgement in grouping together the adjusted CIL rates in order to reduce the complexity of the charging schedule and it would be possible to come to other views.

Table 6-9 Summary CIL rates for rural case studies

Location/scale	Theoretical Maximum CIL/sq m	CIL with buffer/sq m - rounded	Notes on CIL rates with buffer
Bromyard 2-10 dwellings	£124-£314	£110	All case studies can support this rate.
Bromyard 11+ dwellings	£37-£102	£50	Only one case study is not able to support this rate.
Hereford Hinterland 2-10 dwellings	£113-£237	£110	All case studies can support this rate.
Hereford Hinterland 11+ dwellings	-£58-£10	£0	No CIL can be supported.
Kington & West Herefordshire 2-10 dwellings	£170-£289	£110	All case studies can support this rate.
Kington & West Herefordshire 11+ dwellings	-£33-£38	£20	Some larger sites will not be viable with this CIL rate.
Ledbury Ross & Rural Hinterlands 2-10 dwellings	£319-£476	£200	All case studies can support this rate.
Ledbury Ross & Rural Hinterlands 11+ dwellings	£95-£154	£100	Only one case study is not able to support this rate.
Northern Rural 2-10 dwellings	£233-£371	£110	All case studies can support this rate.
Northern Rural 11+ dwellings	£43-131	£100	Only one case study is not able to support this rate.
Leominster 2-10 dwellings	£76-£314	£80	All case studies can support this rate.
Leominster 11+ dwellings	£29-£71	£20	All case studies can support this rate.
Single dwellings anywhere in rural Herefordshire		£0	No CIL can be supported.
Sheltered housing in rural Herefordshire		£0	

7 STRATEGIC SITE CASE STUDIES

Introduction

- 7.1 Much of the housing proposed under the new Local Plan will be on strategic sites. Four of these are in or around Hereford, with further sites in Leominster, Ledbury, Ross and Bromyard. Of these strategic sites it is understood that one of the Hereford sites (Holmer West) is in the planning process and may be consented before CIL is adopted; and progress has also been made on the Hereford Urban Village in terms of site clearance etc., which has reduced costs and risks since the last CIL viability testing was undertaken.
- 7.2 The strategic sites will take some years to build out with revenues and costs occurring at different stages. The modeling therefore uses a discounted cash flow for the strategic sites, which takes account of the credit and debit balances as well as the time cost of money⁴³.

Benchmark Land Value

- 7.3 The strategic sites are tested against the £0.3m/gross ha benchmark land value, except in Leominster and Bromyard where values are lower and a £0.25m/gross ha is used; and for the Hereford Urban Village as it is an urban previously developed set of sites. The strategic greenfield benchmarks take account of the low proportion of net developable land as well as the infrastructure and servicing costs associated with strategic sites.

Site Characteristics

- 7.4 The new Local Plan has specific requirements for each of these sites and it is anticipated that there will be requirements for site-specific infrastructure. This infrastructure will be at a cost to development, either as part of the development process or through s106/278. The Council has worked estimate the timing and costs of provision and these have been included within the viability testing. These specific costs are in addition to an allowance for 'opening-up', where £200,000 per net ha has been allowed for site servicing etc. This is in addition to the standard allowance for external works and for the residual s106/278 allowance of £1,500 per dwelling for local play etc.
- 7.5 The strategic sites will also provide greenspace and land for other uses, and the Council has provided a policy-compliant land budget for each site. All of the strategic sites have between 70% -80% net developable area. The relationship between gross site area and net developable has remained unchanged from the Local Plan evidence base.
- 7.6 The timing of the housing delivery on these sites has an impact on viability. Delivery rates have been taken from the Updated Housing Land Supply Statement produced in 2015 by the Council as part of the Local Plan evidence base⁴⁴. For some sites this will mean more than one developer providing houses at any one time.

⁴³ Using the 3.5% Treasury rate

⁴⁴ https://www.herefordshire.gov.uk/media/3967111/five_year_land_supply_document.pdf

- 7.7 The largest strategic site in Herefordshire is in Leominster, with 1,500 dwellings and the proposed urban extension has been tested using Leominster market values. However, experience elsewhere shows that with large-scale sites, as the scheme is developed and a new community is established, selling prices can be higher than those within the existing town. The market value area immediately surrounding Leominster has higher values which could also influence the selling prices achieved for Leominster LO2. Leominster LO2 scheme has therefore also been tested with selling prices 10% higher than Leominster town values as a sensitivity test. This approach mirrors the viability study undertaken as part of the Local Plan evidence base.
- 7.8 Table 7.1 summarises the infrastructure requirements, land budgets and delivery rates for the five strategic site case studies, as provided by the Council.

Table 7.1 Strategic Site Characteristics

Site	Total dwellings	% AH	Density dph	Net site size ha	Gross site size ha	Net to gross	Housing Delivery Yr 0 = pre-delivery preparation. Yr 1 = 1 st year of delivery	Benchmark land value/gross ha	Opening up costs/net ha	Residual s106/278 per dwg	Site specific infrastructure Yr 0 = pre-delivery preparation. Yr 1 = 1 st year of delivery
HD2 Hereford City Centre Urban Village	800	35%	50	16.00	21.92	73%	70 pa	£600,000		£2,000	£0.6m (£750/dwg) <ul style="list-style-type: none"> £0.1m primary school capacity in year 4 £0.5m canal basin in year 8
HD4 Hereford Holmer West	500	35%	35	14.29	19.05	75%	20 in Yr 1, 55 in Yr 2, 85 pa thereafter.	£300,000	£200,000	£2,000	£1.16m (£2,320/dwg) <ul style="list-style-type: none"> £0.54m allotments in line with development £0.62m greenspace in line with development
HD5 Hereford Three Elms	1,000	35%	35	28.57	40.81	70%	100 pa starting in Yr 1.	£300,000	£200,000	£2,000	£6.0m (£6,000/dwg) <ul style="list-style-type: none"> £3.0m primary school in Yr 4 £3.0m primary school in Yr 7
HD 6 Hereford Lower Bullingham	1,000	35%	35	28.57	40.81	70%	100 pa starting in Yr 1.	£300,000	£200,000	£2,000	£6.7m (£6,700/dwg) <ul style="list-style-type: none"> £3.7m primary school in Yr 4 £0.75 m secondary school capacity in Yr 3 £0.75 m secondary school capacity in Yr 5 £1.5m country park in line with development
BY2 Bromyard Hardwick Bank	250	40%	35	7.14	8.93	80%	30in Yr 1, 45pa thereafter.	£250,000	£150,000	£2,000	£0.36m (£1,440/dwg) <ul style="list-style-type: none"> £0.36m in line with development

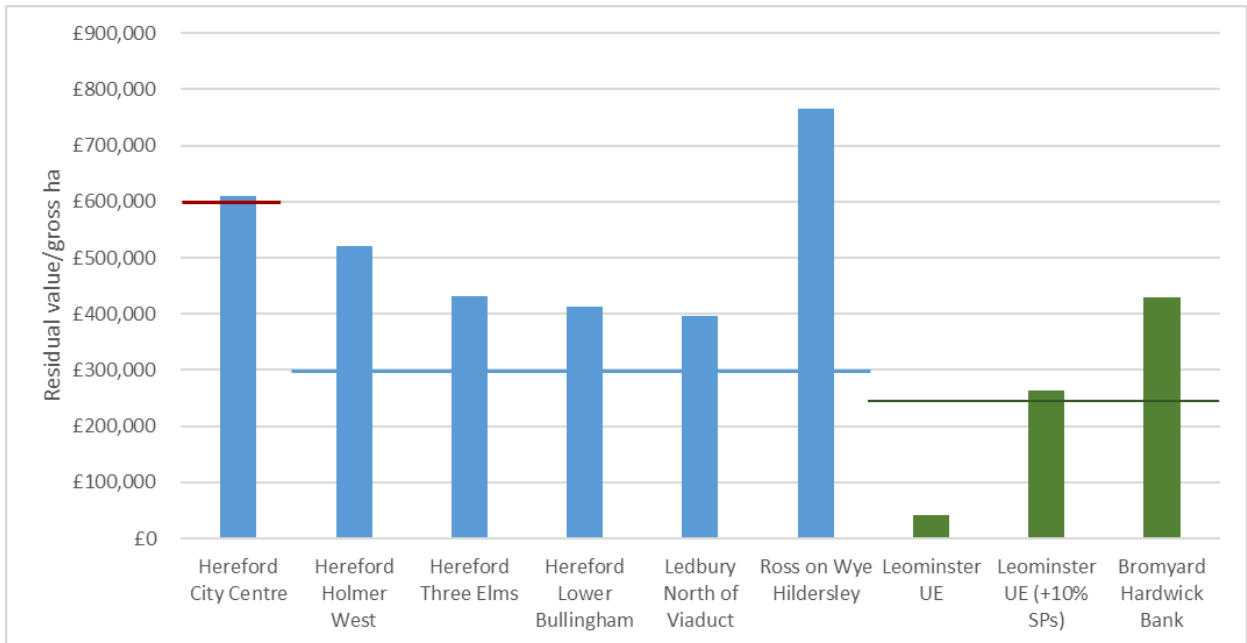
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Site	Total dwellings	% AH	Density dph	Net site size ha	Gross site size ha	Net to gross	Housing Delivery Yr 0 = pre-delivery preparation. Yr 1 = 1 st year of delivery	Benchmark land value/gross ha	Opening up costs/net ha	Residual s106/278 per dwg	Site specific infrastructure Yr 0 = pre-delivery preparation. Yr 1 = 1 st year of delivery
LB2 Ledbury North of the Viaduct	625	40%	40	15.63	21.12	74%	60 in Yr1, 90 pa thereafter.	£300,000	£200,000	£2,000	£5.3m (£8,480/dwg) <ul style="list-style-type: none"> £3.7m primary school in Yr 4 £1.6 m greenspace in line with development
LO2 Leominster UE	1,500	25%	35	42.85	61.21	70%	85 in Yr 1, 100 pa thereafter.	£250,000	£200,000	£2,000	£20.65m (£13,767/dwg) <ul style="list-style-type: none"> £6.0m primary school in Yr 1 £12.0m Southern Link Road in Yr 16 (end of development) £2.65m greenspace in line with development
RW2 Ross on Wye Hildersley	200	40%	35	5.71	7.14	80%	50 pa	£300,000	£150,000	£2,000	£0.472m (£2,360/dwg) <ul style="list-style-type: none"> £0.25m secondary school capacity in Yr 3 £0.222m greenspace in line with development

Strategic Sites Viability Findings

7.9 Figure 7.1 illustrates the residual value of the strategic sites and the respective benchmark land values.

Figure 7.1 Strategic Sites Residual Value/gross ha



- Urban Site Land Value Benchmark at £0.6m per hectare
- Strategic Site Land Value Benchmark at £0.3m per hectare
- Strategic Site Land Value Benchmark at £0.25m per hectare

Commentary

7.10 Taking the infrastructure/s106 and opening up costs into account:

- HD2 Hereford Urban Village is viable but there is little headroom to support a CIL.
- The other three Hereford strategic sites (HD3, HD5 and HD6) are all viable and there is some headroom to support a CIL
- The Ledbury and Ross sites strategic are viable and there is some headroom to support a CIL
- The Leominster Urban Extension is not viable under current prices (partly due to the cost of the infrastructure required) but under the higher values scenario it is viable but with little opportunity for a CIL.
- The Bromyard strategic site is viable and able to support a CIL.

Figure 7.2 Theoretical Maximum CIL rate for the Strategic Sites

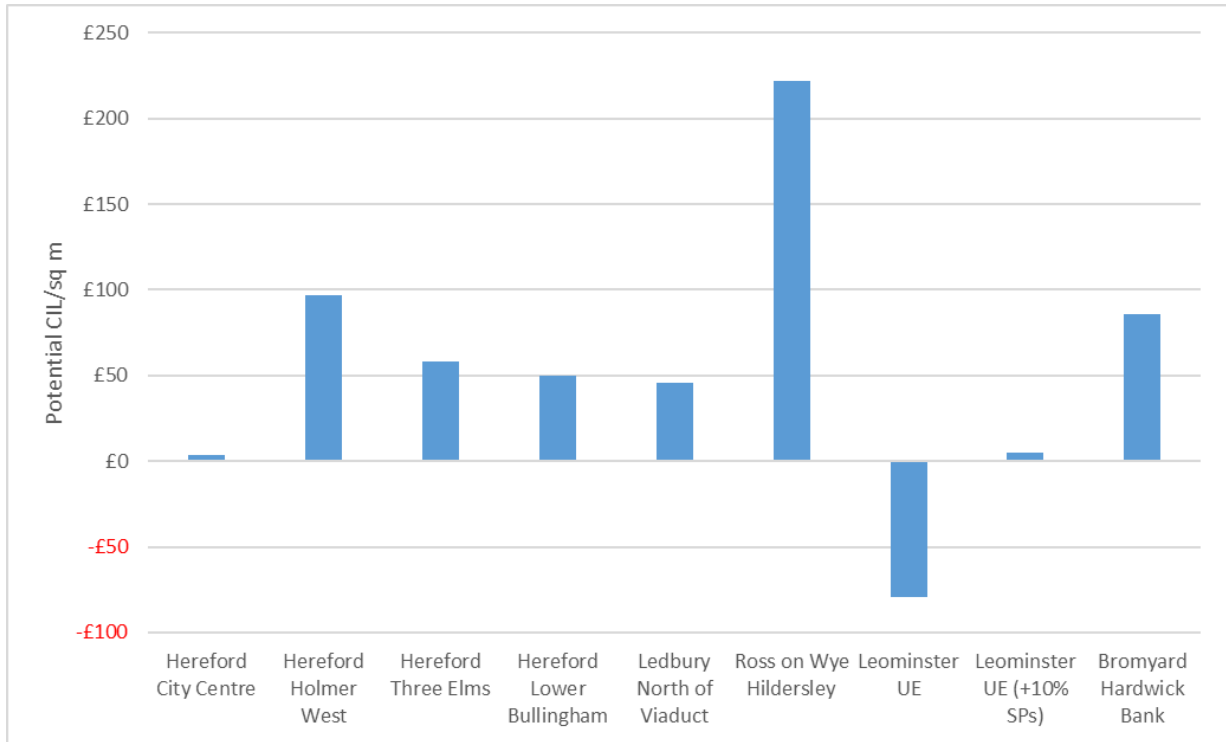


Figure 7-3: Summary of strategic site residual values and theoretical maximum CIL rates

Case study	Residual value/ha	Benchmark land value	Theoretical maximum CIL rate
Hereford Urban Village	£610,000	£600,000	£4
Hereford Holmer West	£520,000	£300,000	£97
Hereford Three Elms	£432,000	£300,000	£58
Hereford Lower Bullingham	£413,000	£300,000	£50
Ledbury North of Viaduct	£397,000	£300,000	£46
Ross on Wye Hildersley	£766,000	£300,000	£222
Leominster UE	£43,000	£250,000	-£79
Leominster UE (+10% SPs)	£263,000	£250,000	£5
Bromyard Hardwick Bank	£430,000	£250,000	£86

Implications for CIL Rates

7.11 It is reasonable to take a cautious approach to setting a CIL rate for the strategic sites as they are important for the delivery of the Local Plan and it is possible that further costs may legitimately be borne by these sites as plans progress. The table below notes the theoretical maximum CIL and then suggest how this may be adjusted to include a buffer as required by guidance. This process includes a certain amount of judgement in grouping together the adjusted CIL rates in order to reduce the complexity of the charging schedule.

Figure 7-4: Summary of strategic site theoretical maximum and adjusted CIL rates

Case study	Theoretical maximum CIL rate	CIL with buffer/sq m - rounded	Buffer %	Notes on CIL rates with buffer
Hereford City Centre Urban Village	£4	£0	n/a	No CIL can be supported
Hereford Holmer West	£97	£35	64%	May be consented before CIL adopted
Hereford Three Elms	£58	£35	40%	
Hereford Lower Bullingham	£50	£35	30%	
Ledbury North of Viaduct	£46	£30	34%	
Ross on Wye Hildersley	£222	£150	32%	
Leominster UE	-£79	£0	n/a	No CIL can be supported
Leominster UE (+10% SPs)	£5	£0		No CIL can be supported
Bromyard Hardwick Bank	£86	£50	42%	

8 RESIDENTIAL VIABILITY CONCLUSIONS

Introduction

8.1 The 2013 PDCS proposed residential CIL rates as follows:

Table 8.1 Draft Charging Schedule 2013 CIL rates

Type of development	Recommended Charge Rate (£ per square metre)
Residential Zone 1 (Leominster greenfield urban extension)	£0
Residential Zone 2 (Hereford Northern & Southern Rural Hinterlands; and Leominster)	£50
Residential Zone 3 (Hereford; and Kington & West Herefordshire)	£100
Residential Zone 4 (Ledbury, Ross & Rural Hinterlands; and Northern Rural)	£140
Residential Institutions (C2)	£0

8.2 Since that time both values and costs have changed and there has been a different approach to providing site specific infrastructure on strategic sites. This provides more detail for the testing of development on these types of locations.

Implications for Residential CIL Rates

8.3 The testing of 1 ha tiles, case studies and strategic sites suggests that the rates proposed in 2013 will need to be amended.

8.4 The testing of 1 ha tiles suggested that at 30dph development in all the value areas is viable but there is no opportunity to support a CIL in Hereford Hinterlands, and a relatively low CIL is possible in Leominster and Kington & West Herefordshire.

Figure 8-2 Maximum CIL rates and CIL rates with a buffer per sq m for the notional 1 ha scheme

1 ha tiles at 30 dph	CIL with 30% buffer
Ledbury Ross & Rural Hinterland	£138
Bromyard	£65
Northern Rural	£100
Hereford	£150
Hereford Hinterland	£2
Kington & West Herefordshire	£23
Leominster	£38

8.5 The Hereford and rest of Herefordshire small case studies testing added further detail by indicating that smaller sites with no affordable housing obligations were able to support higher levels of CIL; that single dwellings were not able to support CIL and that sheltered

accommodation was not able to support CIL. It also showed that the larger generic case studies varied in viability and that of these, the rural 55 dwelling scheme is the least viable⁴⁵.

Table 8-3 Summary CIL rates for Hereford and rest of Herefordshire smaller case studies

Location/scale	CIL with buffer/sq m - rounded
Hereford 2-10 dwellings	£200
Hereford 11+ dwellings	£100
Single dwellings in Hereford	£0
Sheltered housing in Hereford	£0
Bromyard 2-10 dwellings	£110
Bromyard 11+ dwellings	£50
Hereford Hinterland 2-10 dwellings	£110
Hereford Hinterland 11+ dwellings	£0
Kington & West Herefordshire 2-10 dwellings	£110
Kington & West Herefordshire 11+ dwellings	£20
Ledbury Ross & Rural Hinterlands 2-10 dwellings	£200
Ledbury Ross & Rural Hinterlands 11+ dwellings	£100
Northern Rural 2-10 dwellings	£110
Northern Rural 11+ dwellings	£100
Leominster 2-10 dwellings	£80
Leominster 11+ dwellings	£20
Single dwellings anywhere in rural Herefordshire	£0
Sheltered housing in rural Herefordshire	£0

8.6 The testing of the strategic sites shows that some are not able to support a CIL and most are only able to support a lower CIL than the rest of their surrounding areas.

⁴⁵ This is as a result of the combination of opening up costs, gross to net developable and the build period, whilst being compared to the same benchmark land value as smaller scale development with fewer costs. It is likely that in practice the land value will flex to accommodate the scheme characteristics although there may be instances where the proportion of affordable housing needs to be negotiated.

Figure 8-4: Summary of strategic site theoretical maximum and adjusted CIL rates

Case study	CIL with buffer/sq m - rounded
Hereford Urban Village	£0
Hereford Holmer West	£35
Hereford Three Elms	£35
Hereford Lower Bullingham	£35
Ledbury North of Viaduct	£30
Ross on Wye Hildersley	£150
Leominster UE	£0
Leominster UE (+10% SPs)	£0
Bromyard Hardwick Bank	£50

Proposed residential CIL rates

- 8.7 Taking these findings into account the following residential CIL rates are recommended. These ensure that the majority of the 30 dph 1 ha tiles and the smaller case studies remain viable, and that all the strategic sites are viable.

Figure 8-5: Summary of recommended residential CIL rates

Recommended CIL rates summary		£/sq m
General residential development of 11 dwellings or more		£100
Except	• Bromyard	£50
	• Kington & West Herefordshire; and Leominster	£20
	• Hereford Hinterlands	£0
General residential development of fewer than 11 dwellings		£110
Except	• Ledbury, Ross and Rural Hinterlands; and Hereford	£200
	• Leominster	£80
	• Single dwellings	£0
Residential development on strategic sites		
HD2 Hereford City Centre Urban Village		£0
Hereford strategic sites (HD4, HD5 and HD6)		£35
LO2 Southern extension		£0
LB2 North of viaduct		£30
BY2 Hardwick Bank		£50
RW2 Hildersley		£150

Neighbouring Authorities

- 8.8 Regard might also be given to neighbouring CIL rates, although this should be undertaken with caution as planning policies (especially affordable housing) as well as local values will have an impact; and not all these rates have been through examination.

Figure 8-6: Summary of neighbouring residential CIL rates

Location	Status	Residential rates £/sq m
Shropshire	Adopted	£80, £40
Monmouthshire	PDCS	£110, £60, £0
Malvern Hills	PDCS	£40, £0
Wychavon	PDCS	£40, £0
Tewkesbury	PDCS	£500, £130, £110, £90, £50 and £40
Worcester	PDCS	£0
Gloucester	PDCS	£0
Caerphilly	Adopted	£40, £25, £0
Stratford-on-Avon	DCS	£150, £145, £50
Solihull	DCS	£150, £75, £0
Dudley	Adopted	£100, £75, £50, £20, £0

8.9 In this context the general rate of £100/sq m for sites with affordable housing (£50 in Bromyard and £20 in Kington & West Herefordshire and Leominster and £0 in the Hereford Hinterlands) are broadly in the range of neighbouring area rates, with the notable exception of Malvern Hills and Worcester, which have £0 or relatively low proposed CIL rates.

Monitoring and review

8.10 The analysis in this report has used current values and costs, as promoted in the guidance. However both can change over time and it is important that the Council keeps values and costs under review. We recommend that the main build costs and market and rental values are monitored regularly (at least annually) using published sources and that the development industry is consulted on these and other changes that can affect viability (e.g. interest rates and developer returns). A sustained change in the key variables should trigger a review of CIL and/or the affordable housing policy. In any case, the Council should consider a regular review of CIL (say in 3 to 5 years' time) but noting that a review does not have to lead to a revised rate.

9. NON-RESIDENTIAL

Introduction

9.1 The non-residential viability testing covers the following uses:

- Retail
- Offices
- Industrial
- Warehouse
- Hotels
- Mixed leisure
- Care homes

9.2 These uses have been tested through the following case studies, which have been developed in discussion with Herefordshire Council officers to be representative of the types of development likely to come forward under the new Local Plan.

9.3 Values have been based on transactions listed by Co-Star Suite (lettings and investments). Where possible these have been Herefordshire specific transactions (comparison retail, office and industrial/warehouse) but for some uses data had been drawn from analogous developments in other areas (convenience retail, care homes, leisure) in order to broaden the base for the estimates used here. Build costs have been drawn from BCIS.

9.4 These uses were discussed at the non-residential development industry workshop in 2014. Values have been derived from evidence subsequently reviewed, including discussion with Herefordshire Council Estates and Rotherwas Enterprise Zone. BCIS costs have been updated to February 2016.

9.5 It is notable that BCIS build costs have increased significantly for non-residential development and this has had some impact on viability. For example, in the 2014 viability testing the build costs for supermarkets was £1,163/sq m, which has now risen to £1,356/sq m; and out of centre retail warehousing build costs have risen from £526/sq m to £627/sq m. Other uses such as industrial and warehouse have also seen build costs rise by 40%-59%, albeit from a lower base.

Retail

9.6 Retail case studies include convenience and comparison, in and out of town centre.

9.7 In addition to the opening of the Old Market shopping centre in Hereford, recent activity includes the sale of Brook Park retail centre in January 2015.

9.8 In the past leases to the main supermarket operators have commanded a premium with investment institutions. Although there are some small regional variations on values, they are reasonably standard across the country with investors focusing primarily on the strength of the operator covenant and security of income. As a result, it is reasonable to use a broad geographical evidence base for convenience retail.

- 9.9 There has been a structural change in convenience retailing in recent years with an end to the expansion of the largest format convenience retailing and more emphasis on smaller supermarket formats (as used by both discount and premium convenience operators) and greater provision of small format stores, often within the Sunday trading threshold (280 sq m display floor area), also often in existing floorspace. These changes reflect the alterations in shopping habits.
- **Town Centre Comparison Retail** - The case study is a two storey development of 800 sq m, which may be split into two or more units within Hereford town centre⁴⁶. It is assumed that the potential locations for development are likely to be already built sites and so the land values used have been existing use values for lower density less valuable schemes.
 - **Out of Centre Comparison Retail/Retail Warehouse** - The case study is a development of retail warehouse multiple units totalling 6,000 sq m over one storey, located on a new or existing retail park (such as those at Brook Park or Newtown Road)⁴⁷.
 - **Small Convenience Retail** - A development of 300 sq m (which fits within the Sunday trading threshold⁴⁸ of maximum 280 sq m floor area for serving customers). This may be in a variety of locations including the proposed urban extensions (some of which provide for local centres)⁴⁹.
 - **Supermarket** – A development of 1,100 sq m in an out of town centre location or as part of one of the urban extensions. Superstores/supermarkets are defined as shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit⁵⁰. This store format is used by a variety of operators and currently is more likely to come forward than some of the larger scale schemes seen in the past.

Offices

- 9.10 Office case studies include business park and town centre.
- **Town centre offices** – the case study is a four storey development of 2,000 sq m which may be split into two or more units, located in Hereford city centre.
 - **Out of Centre Offices** – the case study is a two storey development of 1,500 sq m which may be split into two or more units. In line with the Local Plan it is expected that this may

⁴⁶ In terms of what constitutes a retail 'centre', Herefordshire Council has undertaken separate work as part of the Local Plan process identifying town centre boundaries on a functional basis, and these could be used as suitable boundaries for a charging schedule.

⁴⁷ Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering for mainly car-borne customers. This definition was suggested as part of the Wycombe CIL examination report December 2012

⁴⁸ Sunday Trading Act 1994

⁴⁹ New small convenience retail may take place in town centre locations although this is often in existing premises and therefore exempt from CIL.

⁵⁰ This definition builds upon a Competition Commission investigation into supermarkets (Supermarkets: A report on the supply of groceries from multiple stores in the United Kingdom, 2000, Competition Commission – section 4), and was also suggested as part of the Wycombe CIL examination report December 2012.

take place on one of the existing employment locations such as Rotherwas, or possibly in employment allocations in one of the market towns (although the rental transactions indicate most activity is in and around the city).

Industrial and Warehouse

- 9.11 We have tested two schemes which cover these types of development. The evidence from recent industrial/warehouse lettings do not indicate any clear difference in values between Hereford and the main market towns.
- **Smaller industrial/warehouse** – 1,600 sq m over one storey on an existing or new business park (such as Rotherwas or on one of the market town employment allocations).
 - **Larger warehouse/industrial**– 5,000 sq m over one storey on an existing or new business park (such as Rotherwas or on one of the market town employment).
- 9.12 While some forms of this development can be larger still such as logistics centres (with some local examples), Herefordshire is not a focus for this type of activity and none is specifically proposed in the Local Plan.

Hotels

- 9.13 Nationally, there has been significant growth in the provision of budget hotels⁵¹, with relatively few full service hotels outside the major conurbations. The most likely hotel development in Herefordshire is a budget hotel and the testing has used a budget hotel development of 70 rooms over two storeys (total 2,450 sq m), in an out of centre location.

Mixed Leisure

- 9.14 The mixed leisure case study is a 3,800 sq m development with cinema and other leisure uses, in an out of centre location.

Care Homes

- 9.15 There has been significant private sector investment in care homes in the past, fuelled by investment funds seeking new returns. However, there have been concerns about the occupancy rates and the ability to sustain prices.
- 9.16 The care home case study is a 3000, sq m 60 bedroom development in an out of centre location.

Land values for non-residential development

- 9.17 The approach taken for non-residential benchmark land values is based on existing use values with a premium as appropriate. This takes into account the likely location for this development and whether it is likely to have a cleared site or an existing occupied use. The available

⁵¹ The British Hospitality Association Trends and Developments Report 2012 indicates that budget hotels are defined as a property without an extensive food and beverage operation, with limited en-suite and in-room facilities (limited availability of such items as hair dryers, toiletries, etc.), low staffing and service levels and a price markedly below that of a full service hotel.

information on land values is discussed in section 3. Based on this discussion we have used industrial values for offices, industrial;/warehouse, leisure, care homes and budget hotels. Some non-residential uses have traditionally generated higher values and it is appropriate to use higher benchmarks. Experience elsewhere suggests that supermarkets in Herefordshire are tested against £2m/ha and retail warehouses are tested against £1m/ha. Small convenience stores are tested against the £0.6m/ha Hereford residential benchmark.

- 9.18 For town centre retail development, it is reasonable to expect that any site will be occupied by another user. Therefore, the benchmark land value will be the existing use value and there will be demolition costs etc. Town centre retail viability therefore uses the costs of making the site available (EUV plus demolition and transaction costs) as the benchmark rather than any per ha equivalent. For the purposes of calculating an EUV it has been assumed that the current use of the site has approximately half the floor area with a lower rental value and a higher yield.

Local Plan policy viability implications

- 9.19 Section 2 of this report considers the Local Plan policies and their viability implications. This highlighted that non-residential development in excess of 1,000 sq m should meet BREEAM 3 credits for water efficiency. This aims to reduce the consumption of potable water for sanitary use in new buildings from all sources through the use of water efficient components and water recycling systems.
- 9.20 A review of costs associated with BREEAM⁵² notes that there can be significant variances, although when the standards are built in from an early part of the design process the uplift is lower. Generally, the evidence suggests an uplift in building costs is between 1.5% and 2.5% for BREEAM Excellent. Herefordshire Council standards relate to sustainable water only, and no evidence has been uncovered as to what proportion of the total expected uplift in costs might be attributed to this aspect. An allowance has been made of 2% of base build costs to meet this water efficiency standard, which is a generous estimate.
- 9.21 Based on discussion with Herefordshire Council allowances have been made in the viability testing for s106/s278 obligations that may remain post CIL. These obligations have been included as costs to development in the viability testing.

Non-residential values

- 9.22 Non-residential values in Herefordshire have been estimated based on lease and sale transaction data drawn from Focus Suite. Where there has been a reasonable number of local transactions (such as comparison shops, offices and offices) the estimates have been able to rely on a specific local perspective. For some uses such as supermarkets, care homes and leisure the data has had to be drawn from further afield.

Non-residential costs and values

- 9.23 The tables below summarise the values and costs used in the viability testing.

⁵² Target Zero, RICS, Price of Sustainable Schools, EC Harris, BRE/Cyril Sweett, Bristol City Council

Figure 9-1: Non-residential values and costs

	Out of centre offices	Town centre offices	Industrial/warehouse units	Warehouse/industrial units
Floorspace sq m	1,500	2,000	1,600	5,000
Storeys	2	4	1	1
Site coverage	40%	75%	40%	40%
Rent/sq m	£97	£107	£50	£48
Yield	6.50%	7.00%	7.00%	7.00%
Purchaser costs % GDV	5.80	5.80	5.80	5.80
Build costs/sq m including water efficiency	£1,153	£1,416	£930	£576
External works % of base build costs	10%	10%	10%	10%
Professional fees	12.00%	12.00%	12.00%	12.00%
Sales and letting costs % of GDV	3%	3%	3%	3%
Allowance for s106 (not covered by CIL)	£20,000	£0	£20,000	£50,000
Finance costs	5.0%	5.0%	5.0%	5.0%
Build and void period (months)	46	50	20	32
Developer return % GDV	20%	20%	20%	20%
SDLT & agent fees/sq m (if viable)	£0	£0	£0	£0

	Town centre comparison shops Hereford	Town centre comparison shops Market Towns	Out of centre comparison shops	Small convenience store	Supermarket
Floorspace sqm	800	800	6,000	300	1,100
Storeys	2	2	1	1	1
Site coverage	80%	80%	40%	40%	40%
Rent/sqm	£185	£140	£135	£170	£145
Yield	7.60%	7.60%	7.00%	7.50%	5.50%
Purchaser costs % GDV	5.80	5.80	5.80	5.80	5.80
Build costs/sqm including water efficiency	£1,017	£1,017	£629	£1,081	£1,383
External works % of base build costs	10%	10%	10%	10%	10%
Professional fees	12.00%	12.00%	12.00%	12.00%	12.00%
Sales and letting costs % of GDV	3%	3%	3%	3%	3%
Allowance for s106 (not covered by CIL)	£0	£0	£500,000	£0	£100,000
Finance costs	5.0%	5.0%	5.0%	5.0%	5.0%
Build and void period (months)	24	24	26	6	20
Developer return % GDV	20%	20%	20%	20%	20%
SDLT & agent fees/sqm (if viable)	£6	£0	£23	£4	£0

	Budget hotel	Care home
Floorspace sqm	2,450	3,000
Storeys	3	2
Site coverage	50%	40%
Capital value per room	£55,000	£118,000
Purchaser costs % GDV	5.80	5.80
Build costs/sqm including water efficiency	£1,010	£1,344
External works % of base build costs	10%	10%
Professional fees	12.00%	12.00%
Sales and letting costs % of GDV	3%	3%
Allowance for s106 (not covered by CIL)	£10,000	£75,000
Finance costs	5.0%	5.0%
Build and void period (months)	16	12
Developer return % GDV	20%	20%
SDLT & agent fees/sqm (if viable)	£0	£0

	Leisure development
Floorspace sqm	3,800
Storeys	2
Site coverage	80%
Rent/sqm	£102
Yield	8.50%
Purchaser costs % GDV	5.80
Build costs/sqm including water efficiency	£1,221
External works % of base build costs	10%
Professional fees	12.00%
Sales and letting costs % of GDV	3%
Allowance for s106 (not covered by CIL)	£20,000
Finance costs	5.0%
Build and void period (months)	12
Developer return % GDV	20%
SDLT & agent fees/sqm (if viable)	£0

Summary viability assessments

- 9.24 The tables below summarise the results from the detailed assessments for each non-residential development type. They provide the following information
- Net value per square metre.
 - Net costs per square metre - including an allowance for land cost and s106 to deal with site specific issues (e.g. On-site highways, travel plan etc. to make development acceptable).
 - Residual value per sq m (i.e. Value less costs).
 - The land value benchmark for that use - presented £s per sq m of development to take into account differences in site coverage and the number of storeys for the notional developments.
 - The viability headroom and maximum potential for CIL.
- 9.25 It is important to note that the analysis considers development that might be built for subsequent sale or rent to a commercial tenant. However, there will also be development that is undertaken for specific commercial operators, either as owners or pre-lets. In these circumstances the economics of the development relate to the profitability of the enterprise accommodated within the buildings rather than the market value of the buildings.

B Class Uses – Offices, industrial and warehouses

- 9.26 The viability assessments indicate that all of these B class uses produce a negative residual value, and that it makes no difference in outcome between the costs from BCIS or those provided at the workshop. There is no possibility of charging CIL. The lack of viability for B class uses is common across many areas of the country.

Figure 9-2: Offices

	Out of centre offices	Town centre offices
Value per sq m	£1,340	£1,373
Costs per sq m	£2,035	£2,449
Residual per sq m	-£695	-£1,077
Land benchmark per sq m	£67	£18
Viability 'headroom' per sq m – theoretical maximum CIL	-£761	-£1,094

Table 9-3 Industrial and Warehouses

	Smaller Industrial/ warehouse units	Larger Warehouse/ industrial units
Value per sq m	£641	£616
Costs per sq m	£1,417	£966
Residual per sq m	-£776	-£350
Land benchmark per sq m	£134	£134
Viability 'headroom' per sq m – theoretical maximum CIL	-£909	-£483

Retail uses

- 9.27 The viability of retail development will depend primarily on occupier demand and the type of retail being promoted. For this reason we have tested different types of retail provision.
- 9.28 **Supermarkets and local convenience** – convenience retailing is defined as the provision of everyday essential items, including food, drinks, newspapers/magazines and confectionery; and within this larger stores provide the range required for weekly shops and smaller stores provide more of a 'top-up' function.
- 9.29 Small convenience stores are able to support a small CIL, with a theoretical maximum of £22/sq m.

Figure 9-4: Convenience retail

	Small convenience store	Supermarket
Value per sq m	£2,035	£2,367
Costs per sq m	£1,863	£2,494
Residual per sq m	£172	-£127
Land benchmark per sq m	£150	£500
Viability 'headroom' per sq m – theoretical maximum CIL	£22	-£627

- 9.30 **Town centre comparison retail** –we have tested town centre retail in Hereford and in the market towns, and in none of them is the viability strong enough to support a CIL. In Hereford the case study does produce a positive residual value but this is insufficient to meet the assumed existing use value benchmark (assumed to be lower value retail).
- 9.31 **Retail warehouse** – The development does produce a positive residual value, and is able to support a theoretical maximum CIL of £106/sq m.

Figure 9-5: Town centre comparison retail

	Hereford City Centre Comparison Retail	Market Town Comparison Retail	Retail Warehouse
Value per sq m	£2,186	£1,654	£1,732
Costs per sq m	£1,891	£1,763	£1,375
Residual per sq m	£295	-£109	£356
Land benchmark per sq m	£1,082	£848	£250
Viability 'headroom' per sq m – theoretical maximum CIL	-£788	-£958	£106

Other Uses

- 9.32 The other uses tested include hotels, mixed leisure developments and care homes.
- 9.33 **Hotels** –budget hotels were tested. Under the BCIS costs development is viable and able to support a CIL. However, using the higher locally derived build costs suggest that it is not viable.
- 9.34 **Mixed leisure** – the mixed leisure scheme is not viable and is unable to support a CIL
- 9.35 **Care homes** – the care home case study scheme tested here is not viable and is unable to support a CIL.

Figure 9-6: Other uses

	Budget hotel	Leisure development	Care home
Value per sq m	£1,485	£1,078	£2,231
Costs per sq m	£1,677	£1,847	£2,280
Residual per sq m	-£192	-£769	-£49
Land benchmark per sq m	£36	£33	£67
Viability 'headroom' per sq m – theoretical maximum CIL	-£228	-£803	-£116

Sensitivity

- 9.36 It is likely that costs and values will change in the future and a set of sensitivity tests have been run to determine at what point viability changes. This indicates that:
- A 10% increase in values would see the viability become stronger but the only change in viability is care homes, which become viable.
 - A 15% increase in values would further improve viability again but no other uses have become viable at this stage.

- A 20% increase in values would further improve viability again, and budget hotels also become viable.
- A 5% increase in costs reduces viability and only the retail warehousing remains marginally viable.
- A 10% increase in costs would see all non-residential development unviable.
- A 5% decrease in costs would see viability strengthen but no other uses become viable at this stage.

Other Uses

9.37 The viability testing has been based on the development expected to come forward and discussions with the development industry. It is acknowledged that there are other uses that could arise and it is recommended that the following approach is taken:

- A2 Financial and Professional Services – treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- A3 Restaurants and Cafes – again treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- A4 Drinking Establishments - again treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- A5 Hot Food Takeaways - again treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- Selling and/or displaying motor vehicles - sales of vehicles are likely to occupy the same sorts of premises and locations as many B2 uses and therefore the viability will be covered by the assessment of the viability of B2 uses.
- Retail warehouse clubs – these retail uses are likely to be in the same type of premises as the out of town A1 retail uses and covering the same purchase or rental costs.
- Nightclubs – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs.
- Scrapyards – there may be new scrapyard/recycling uses in the future, particularly if the prices of metals and other materials rise. These are likely to occupy the same sorts of premises as many B2 uses and therefore the viability will be covered by the assessment of the viability of B2 uses.
- Taxi businesses – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs. Therefore, they are covered by this viability assessment.

- Amusement centres – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs. Therefore, they are covered by this viability assessment.

9.38 For community facilities that are ultimately paid for by the public sector such as community centres, health centres, hospitals and schools there is a relatively simple approach. The commercial values for community uses are £0 but there are build costs of around £2,400 to £2,900 per sq m⁵³ plus the range of other development costs; with a net negative residual value. Therefore, we recommend a £0 CIL for these uses.

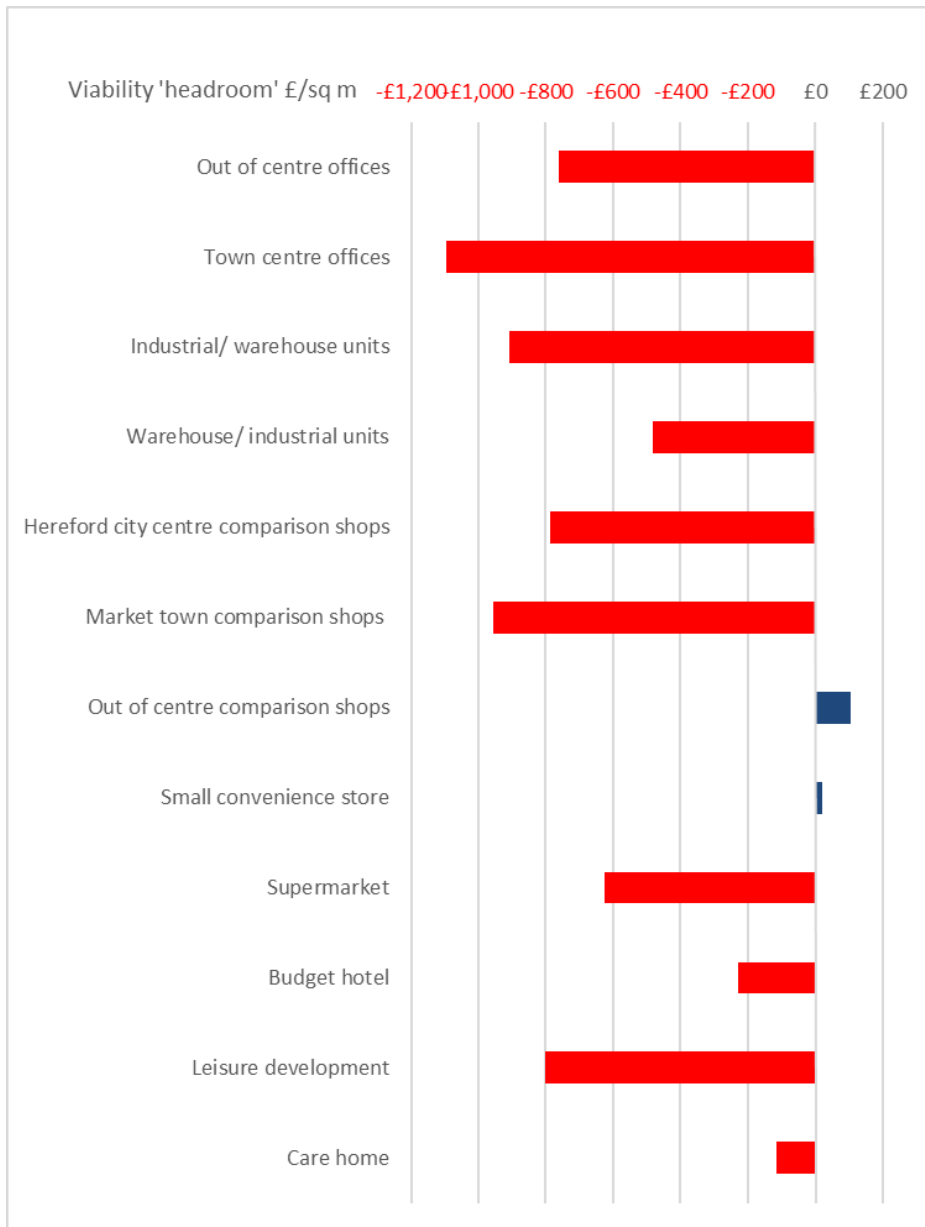
Summary and Ability to Support a CIL Charge

9.39 The graph below summarises the viability ‘headroom’ for each of the non-residential uses tested.

9.40 When considering the graph below it should be noted that, while the testing suggests that some types of development are not viable, developments of these types may still be brought forward for individual occupiers to meet their specific requirements.

⁵³ Based on BCIS September 2013 – Hospitals, Community Centres, Schools and Libraries

Figure 9-7 Theoretical Maximum CIL rate/sq m



9.41 The only two uses that are able to demonstrate enough viability to support a CIL are small convenience stores (under the Sunday trading threshold) and out of centre comparison retail. CIL guidance requires a buffer to be used when setting CIL rates and we have illustrated the potential CIL rates with a 50% buffer. This buffer is higher than the buffer used for residential development because the smaller number of transactions used to base the non-residential values leads to a greater variance in values. We also note that the BCIS build costs have been more volatile than those for residential development, which is again likely to result from a smaller number of examples.

Figure 9-8 Recommended CIL rates with buffers

Use	Theoretical maximum CIL /sq m	CIL with 50% buffer /sq m
Small convenience retail	£22	£10
Out of centre comparison retail	£106	£50

ANNEX 1 - LOCAL PLAN POLICY VIABILITY IMPLICATIONS

Policy	Implications for viability testing
SS1 - Presumption in favour of sustainable development	No implications for viability testing.
SS2 - Delivering new homes	Refers to target net density of 30-50dph, which is used in the residential viability testing.
SS3 - Releasing land for residential development	No implications for viability testing.
SS4 - Movement and transportation	No implications for viability testing.
SS5 - Employment provision	Locations of proposed employment growth considered in non-residential viability testing.
SS6 - Environmental quality and local distinctiveness	No implications for viability testing.
SS7 - Addressing climate change	Refers to water efficiency, which is included in the viability testing.
HD1 - Hereford	No implications for viability testing.
HD2 - Hereford city centre	Used to inform case study viability testing, including the infrastructure requirements that the urban village is expected to provide.
HD3 - Hereford movement	No implications for viability testing.
HD4 - Northern urban expansion (Holmer West)	Used to inform case study viability testing, including the infrastructure requirements that the development is expected to provide.
HD5 - Western urban expansion (Three Elms)	Used to inform case study viability testing, including the infrastructure requirements that the development is expected to provide.
HD6 - Southern urban expansion (Lower Bullingham)	Used to inform case study viability testing, including the infrastructure requirements that the development is expected to provide.
HD7 - Hereford employment provision	No implications for viability testing.
BY1 - Development in Bromyard	No implications for viability testing.
BY2 - Land at Hardwick Bank	Used to inform case study viability testing, including the infrastructure requirements that the development is expected to provide.
KG1 - Development in Kington	No implications for viability testing.
LB1 - Development in Ledbury	No implications for viability testing.
LB2 - Land north of the viaduct	Used to inform case study viability testing, including the infrastructure requirements that the development is expected to provide.
LO1 - Development in Leominster	No implications for viability testing.
LO2 - Leominster urban expansion	Used to inform case study viability testing, including the infrastructure requirements that the development is expected to provide.

Policy	Implications for viability testing
RW1 - Development in Ross on Wye	No implications for viability testing.
RW2 - Land at Hildersley	Used to inform case study viability testing, including the infrastructure requirements that the development is expected to provide.
RA1 - Rural housing distribution	No implications for viability testing.
RA2 - Housing in settlements outside Hereford and the market towns	No implications for viability testing.
RA3 - Herefordshire's countryside	No implications for viability testing.
RA4 - Agricultural, forestry and rural enterprise dwellings	No implications for viability testing.
RA5 - Re-use of rural buildings	No implications for viability testing.
RA6 - Rural economy	No implications for viability testing.
H1 - Affordable housing - thresholds and targets	Refers to affordable housing requirement threshold of over 10 dwellings and 1. a target of 35% affordable housing provision on sites in the Hereford, Hereford Northern and Southern Hinterlands, and Kington and West Herefordshire housing value areas; 2. a target of 40% affordable housing provision on sites in the Ledbury, Ross and Rural Hinterlands; and Northern Rural housing value areas (which includes Bromyard); 3. a target of 25% affordable housing provision on sites in the Leominster housing value area These requirements are included in the viability testing
H2 - Rural exception sites	Proportion of market housing to subsidise affordable housing determined on a case by case basis so no implications for viability testing.
H3 - Ensuring an appropriate range and mix of housing	Housing for older persons is included as part of the viability testing.
H4 - Traveller sites	Assumed to be funded separately so no implications for viability testing.
SC1 - Social and community facilities	To be provided through CIL so no implications for viability testing.
OS1 - Requirement for open space, sport and recreation facilities	Considered as part of case study gross site area.
OS2 - Meeting open space, sport and recreation needs	Considered as part of case study gross site area.
OS3 - Loss of open space, sport and recreation facilities	Considered as part of case study gross site area.
MT1 - Traffic management, highway safety and promoting active travel	Considered as part of case study gross site area.

Policy	Implications for viability testing
E1 - Employment provision	Locations of proposed employment growth considered in non-residential viability testing.
E2 - Redevelopment of existing employment land and buildings	No implications for viability testing.
E3 - Homeworking	No implications for viability testing.
E4 - Tourism	No implications for viability testing.
E5 - Town centres	Locations of proposed retail development considered in non-residential viability testing.
E6 - Primary shopping areas and primary and secondary shopping frontages	No implications for viability testing.
LD1 - Landscape and townscape	No implications for viability testing.
LD2 - Biodiversity and geodiversity	No implications for viability testing.
LD3 - Green infrastructure	No implications for viability testing.
LD4 - Historic environment and heritage assets	No implications for viability testing.
SD1 - Sustainable design and energy efficiency	No implications for viability testing.
SD2 - Renewable and low carbon energy	No implications for viability testing.
SD3 - Sustainable water management and water resources	Water efficiency costs included in viability testing.
SD4 - Waste water treatment and river water quality	No implications for viability testing.
ID1 - Infrastructure delivery	Site specific infrastructure requirements included in the viability testing for strategic sites.

ANNEX 2 - DEVELOPMENT INDUSTRY WORKSHOPS

Hereford CIL – Development Industry Workshop

Residential viability testing

3rd December 2014 – The Royal National College for the Blind, Hereford

Andrew Ashcroft (AA)	Herefordshire Council (HC)
Kevin Singleton (KS)	Herefordshire Council
Dominic Houston (DH)	Three Dragons
Lin Cousins (LC)	Three Dragons

Development industry attendance

Border Oak
Carter Jonas LLP
Collins Design and Build Ltd
Commissioning Officer (Housing Development)
Flint and Cook
Forttiss Living
Foxley Tagg Planning Ltd
Hereford Housing Ltd
Hook Mason
J. J. Rann and Associates
Jamieson Associates
John Phipps Architectural Ltd
Marches Conservation
Mosaic Estates
Paul Smith Associates
PDA Planning / Peter Draper Associates
RCA Regeneration Ltd
Savills (L&P) Ltd
Stephen Potter Architectural & Building Services Ltd
WM Housing Group

Introduction

AA welcomed everyone to the workshop and explained its context. AA provided an update on the position with Local Plan – examination hearings expected to start on Feb 10th 2015 (8 days of sitting). Inspector to identify issues for discussion in next few days.

Work on CIL lagging behind the Local Plan by about 4 to 6 months. HC has assessed initial results on the Preliminary Draft Charging Schedule (PDCS) and are seeking views of industry on this and the revised R123 list already published. On viability – HC is seeking views of the industry on what has changed since last looked at viability issues (spring of this year).

HC recognises the differences in types of development in the county and need to ask whether there are very different viabilities across these development types. End of this workshop want to have explored all the viability issues and built up consensus as far as is possible.

DH explained the purpose of the workshop. DH assured everyone that any views expressed would remain confidential and the notes (which will be included in the final report from Three Dragons) will only indicate the organisations present. Notes of the workshop will be circulated for further comment.

Discussion

Workshop agreed that names of organisations present could be included in the workshop notes (and final report) but noting that individual names would not be shown.

CIL principles

DH explained the principles by which CIL operated.

Discussion

Questions raised about very recent DCLG announcement introducing a threshold of 10 dwellings for collecting s106 contributions from schemes. Noted that a LA could ask for contributions from sites of 5 to 10 dwellings if opted for this in defined 'rural areas'. LC commented that this was a very recent announcement and would need further investigation and council would be considering how it wanted to respond. LC pointed out that there had been no new announcement on the use of CIL.

Testing approach

DH explained approach to testing and use of residual values which are compared with a set of benchmark land values.

Discussion

Workshop accepted this approach as basis for testing.

Benchmark land values

Following was presented to the workshop (Note: the labelling of the table has been revised to add to clarity of the areas identified – see map below for areas used in the table).

Type	Location	£/gross ha	Notes
All sites (excluding strategic urban extensions)	Hereford	£600,000	Based on 30% over EUV + agents survey
	Leominster/ Bromyard	£500,000	
All sites (excluding strategic urban extensions)	Rest of Herefordshire	£800,000 - £1,000,000	Based on agents' survey
Strategic greenfield urban extensions	Hereford/Rest of Herefordshire	£300,000	12-15 x agricultural + agents survey
	Leominster/ Bromyard	£250,000	
Industrial/office	Accessible	£350,000 - £560,000	VOA + agents survey

DH explained the source of the benchmarks being proposed – including a previous survey of local industry experts. DH emphasised that the benchmark should not be the maximum that might be paid for land but a realistic view of the level of payment that would bring land forward for development (even if some land owners would not trade at this price)

Discussion

Participants emphasised the importance of identifying appropriate benchmark values for testing.

There was an offer of evidence re land values for self build sites which were said to attract much higher values than shown in the above table.

Questions were raised about how different land value areas are defined and what is contained within each area – noting that there is a wide variety of land values across the county.

Values for small sites were said to be too low. Small sites, in this context, are for 5 to 10 dwellings. It was considered that small sites for self-build were often at high prices.

Three Dragons were asked to review the land values assumed for Kington and its environs. LC offered attendees opportunity to provide evidence of any area which were considered to have lower values generally (said to be more like the Shropshire market).

Workshop commented that values for greenfield sites are low but it became clear that comparison was being made with net developable area. It was stated that expectation of value for greenfield sites is nearer £500k per net acre (which included s106 requirements and affordable housing contribution.)

DH explained that Three Dragons would be reviewing land value data from various sources, including Land Registry, and called for any evidence from the workshop.

Schemes and sizes for testing

DH explained that the testing proposed will include:

- 1 ha schemes at 25dph, 30 dph, 35 dph, 40dph and 50 dph
- Small schemes from 1 to 30 dwellings
- Larger schemes from 200 to 1,500 dwellings based on the strategic allocations

Proposed dwelling sizes were presented as shown in the table below:

House type description	Affordable sq m	Market sq m
1 Bed Flat	50	50
2 Bed Flat	67	61
2 Bed Terrace	75	70
3 Bed Terrace	84	84
4 bed terrace/ semi	100	97
3 Bed Semi	85	90
3 Bed Detached	85	110
4 Bed Detached	100	135

House type description	Affordable sq m	Market sq m
5 Bed Detached	125	150

Discussion

Development densities were said to be reducing – 20 dph gross as being typical of today. The emphasis is for family housing. One figure quoted was an average of 1100 to 1200 sq ft (c100 sq m to 110 sq m) across all dwellings (market and affordable) in one large scheme.

Flats are of no interest in general market – but bungalows are coming back in. 3 storey houses are not in developers’ plans.

But the 5 bed ‘mainstream’ market units may be larger than put forward by Three Dragons. While 5 bed in smaller (self build) schemes – said to be nearer 200 sq m

Typical current space standards for market housing were said to be nearer:

- 2 bed terrace – 65 sqm
- 3 bed terrace - 75 sq m
- 4 bed detached – 115 sq m

Dwelling sizes shown are realistic for AH

DH explained that the testing will need to reflect emerging national space standards, as set out below.

Table 1 - Minimum gross internal floor areas and storage (m²)

number of bedrooms	number of bedspaces	1 storey dwellings	2 storey dwellings	3 storey dwellings	built-in storage
studio	1p	39 (37)*			1.0
1b	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

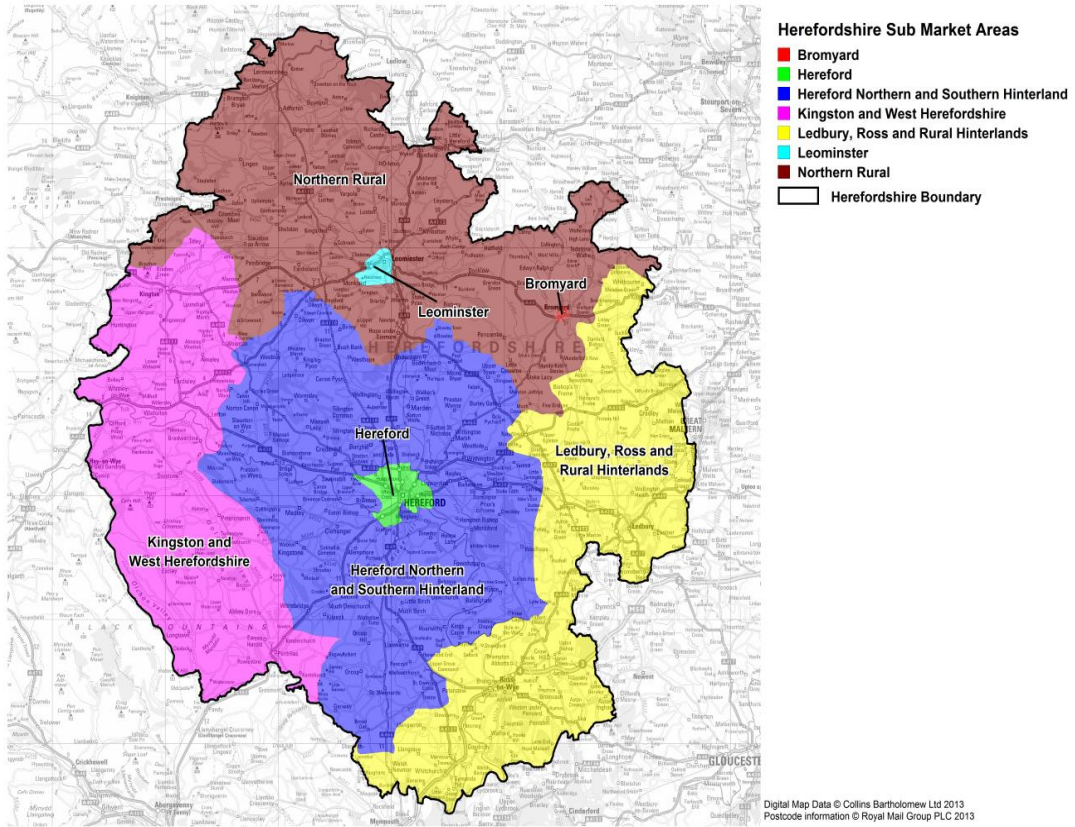
Notes:

1. GIAs for one storey dwellings include enough space for one bathroom and one additional WC (or shower room) in dwellings with 5 or more bedspaces. *Where a studio has a shower room instead of a bathroom, the floor area may be reduced from 39m² to 37m², as shown bracketed.
2. GIAs for two and three storey dwellings include enough space for one bathroom and one additional WC (or shower room).
3. Built-in storage areas are included within the overall GIA and include an allowance of 0.5m² for fixed services or equipment such as a hot water cylinder, boiler or heat exchanger.

Source: Nationally Described Space Standard – technical requirements Consultation draft September 2014

Market values

It was explained that Herefordshire had been split into value areas to reflect the difference in new build house prices as follows (with market values shown in the next table):



	Detached			Semi-detached		Terrace			Flats	
	5 Bed	4 Bed	3 Bed	4 Bed	3 Bed	4 Bed	3 Bed	2 Bed	2 Bed	1 Bed
Ledbury, Ross and Rural Hinterlands	£433,000	£370,000	£329,000	£240,000	£219,000	£224,000	£209,000	£183,000	£162,000	£115,000
Northern Rural	£360,000	£344,000	£323,000	£245,000	£224,000	£219,000	£214,000	£188,000	£167,000	£120,000
Hereford	£370,000	£318,000	£261,000	£219,000	£198,000	£224,000	£193,000	£156,000	£151,000	£115,000
Kington and West Herefordshire	£360,000	£313,000	£282,000	£214,000	£193,000	£209,000	£188,000	£156,000	£146,000	£104,000
Hereford Hinterland	£355,000	£308,000	£276,000	£209,000	£188,000	£203,000	£183,000	£156,000	£141,000	£99,000
Leominster	£303,000	£261,000	£235,000	£193,000	£167,000	£177,000	£162,000	£141,000	£115,000	£89,000
Bromyard	£292,000	£271,000	£230,000	£219,000	£193,000	£203,000	£177,000	£151,000	£120,000	£94,000

Discussion

Value areas – workshop considered that an area around Kington was different from other parts of Herefordshire and more akin to the Shropshire market. Attendees invited to define this area so that Three Dragons could investigate further.

Although Leominster values are some of lowest in Herefordshire (at £210 to £230 per sq ft) one person commented that values will still be above those of Bromyard.

Values for Hereford about right per sq m but it was noted that the Crest Nicholson site in Hereford is currently selling at c £270k for a 4 bed detached dwelling

Three Dragons agreed to review market value evidence. The values shown in this note are those shown at the workshop – a further note on revised values will be circulated asap.

Other development costs

Other development costs were presented:

Type	Cost	
Flats (1-2 storeys)	£1,142	sq m includes 15% for external works
Flats (3-5 storeys)	£1,193	sq m includes 15% for external works
Houses	£996	sq m includes 15% for external works
Professional fees	12%	of build costs
Finance	6%	of development costs
Marketing fees	3%	of GDV
Developer return	20%	of GDV
Contractor return	6%	of build costs
Residual s106	£2,000 tbc	Per dwelling for travel plans/ immediate site access /children's play

Type	Cost	
Strategic infrastructure costs	£100,000 / £200,000	net ha for larger sites
Affordable Housing	25%, 35% and 40%	For different HMAs in Herefordshire 53% social rent and 47% shared ownership
Code 5 water	£1,000	per dwelling
Net to gross developable	100% 65%-80%	Smaller sites Larger sites
Agents and legal	1.75%	

Discussion

Costs are higher for developers of smaller sites (say up to 50 dwellings)

It was proposed that the testing by Three Dragons should add 10% to build costs for sites of 1-10 dwelling and 5% for 11 to 50 dwellings.

Where smaller sites include provision for SUDs – 100% net/gross areas may not be reliable but will depend on details of acceptable SUDs solution.

Prof fees – 10% average, 12% on smaller sites, 8% on larger sites

Marketing fees – 6% for older person housing

Affordable housing

The following assumptions for modelling affordable housing were presented:

For rental properties.

Management and maintenance	£900
Voids/bad debts	3.00%
Repairs reserve	£500
Capitalisation	6.00%

For shared ownership

Share size	40%
Rental charge	2.75%
Capitalisation	6.00%

Weekly rents	Social Rent
1 bed flat	£72
2 bed flat	£93
2 bed house	£93
3 bed house	£100
4 bed house	£106

Discussion

Noted that the council requires social renting on all s106 schemes (but is not the case on non s106 sites, where affordable rents apply)

Social rents look a little low.

RP's will provide further detailed feedback.

Questions raised by workshop about care facilities provided in larger schemes – how will these be modelled. LC said Three Dragons will give this further consideration and ensure included in the modelling.

Non-residential viability testing

The discussion about the non-residential testing assumptions was with those organisations attending the workshop which were involved with non-residential development:

- Jamieson Associates
- John Phipps Architectural Ltd
- Stephen Potter Architectural & Building Services Ltd
- Collins Design and Build Ltd

Types of Non-residential Development

The range of uses to be tested was discussed:

- Retail – in town and edge of town
- Offices
- Industrial
- Warehouse
- Hotels
- Health and fitness
- Care homes (Extra Care and Sheltered picked up as separate category in residential)

Discussion

No missing uses were identified.

Values

Rents and yields were discussed:

Type	Rent/sq m	Yield
Out of centre offices	£97	6.50%
Town centre offices	£107	7.00%
Industrial units	£50	7.00%
Warehouse units	£48	7.00%
Town centre comparison shops	£164	7.60%
Retail warehouse	£135	7.50%
Small convenience store	£165	6.50%

Type	Rent/sq m	Yield
Supermarket	£175	5.50%
Full service hotel	£126	7.50%
Budget hotel	£109	6.00%
Leisure development	£102	8.50%
Care home	£140	7.75%

Discussion

Office, industrial and warehouse values were considered to be suitable.

Build costs

Build costs were discussed. These were drawn from BCIS and include a 10% allowance for external works and £20/sq m to meet Council water standards.

Type	Cost/sq m
Out of centre offices	£1,223
Town centre offices	£1,528
Industrial units	£708
Warehouse units	£530
Town centre comparison shops	£961
Retail warehouse	£650
Small convenience store	£1,183
Supermarket	£1,469
Full service hotel	£1,583

Budget hotel	£1,058
Leisure development	£1,366
Care home	£1,330

Discussion

The discussion indicated that these were suitable except for care homes, where it was suggested that a rate in the order of £90,000/bedroom construction costs would be more suitable.

Other development costs

Other development costs were also discussed:

Professional fees	12% of build costs
Marketing fees	3% of GDV
Finance	6% of development cost
Developer return	20% of development cost
Purchaser costs	5%
Acquisition costs	Varies – c 2.0% + SDLT
Void periods	Varies

£106/278 on some developments

Discussion

No alternative suggestions were made.

ANNEX 3 - RESIDENTIAL MODELLING ASSUMPTIONS

Herefordshire CIL Viability Testing Assumptions

Market Values

Type	Detached			Semi		Terrace			Flats	
Bedrooms	5 bed	4 bed	3 bed	4 bed	3 bed	4 bed	3 bed	2 bed	2 bed	1 bed
Sq m	145	124	103	97	93	97	84	70	61	50
Ledbury, Ross and Rural Hinterlands	£350,000	£315,000	£260,000	£240,000	£220,000	£215,000	£190,000	£165,000	£130,000	£100,000
Northern Rural	£325,000	£296,000	£250,000	£242,000	£220,000	£229,000	£200,000	£175,000	£140,000	£110,000
Hereford	£340,000	£290,000	£245,000	£235,000	£210,000	£215,000	£190,000	£155,000	£135,000	£115,000
Kington and West Herefordshire	£316,000	£285,000	£240,000	£208,000	£195,000	£207,000	£165,000	£150,000	£130,000	£105,000
Hereford Hinterland	£325,000	£275,000	£230,000	£210,000	£190,000	£170,000	£165,000	£150,000	£125,000	£105,000
Leominster	£280,000	£250,000	£230,000	£190,000	£170,000	£174,000	£158,000	£140,000	£115,000	£100,000
Bromyard	£290,000	£258,000	£230,000	£200,000	£180,000	£190,000	£165,000	£150,000	£105,000	£85,000

Sheltered Housing - for 1 bed flats, allow 3 bed semi SP x 75%, for 2 bed flats allow 3 bed semi SP. Also allow ground rent at £250/dwg capitalised at 5%

Dwelling Sizes

House type description	Affordable sq m	Market sq m
1 Bed Flat	50	50
2 Bed Flat	61	61
2 Bed Terrace	70	70
3 Bed Terrace	84	84
4 bed terrace/ semi	106	97
3 Bed Semi	84	93
3 Bed Detached	84	102
4 Bed Detached	100	124
5 Bed Detached	125	145

Add 10% circulation for 1 and 2 bed flats.

For sheltered housing,

1 bed flat 50 sq m

2 bed flat 75 sq m

Add 30% common area/ circulation space for sheltered housing.

Workshop –

- 2 bed terrace – 65 sq m
- 3 bed terrace - 75 sq m
- 4 bed detached – 115 sq m

However:

- Min size for 2bt is 70 sq m (nat space stds).
- Min size for 3bt is 84 sq m (nat space stds).
- Have adjusted 4 bd and 5bd down in response to workshop comments. Have not taken 4bd down to 115 as review of dwellings for sale shows there are also larger 4bd @ c135 sq m as well as some at 200 sq m+.

Dwelling mix

Market dwellings	25dph	30 dph	40 dph	50 dph
House type	%s	%s	%s	%s
1 bed flat				5%
2 bed flat			5%	15%
2 bed terrace house		5%	25%	25%
3 bed terrace house		5%	25%	35%
4 bed terrace house				
3 bed semi-det house	25%	10%	20%	10%
3 bed detached house	20%	30%	15%	5%
4 bed detached house	35%	30%	10%	5%
5 bed detached house	20%	20%		

Dwelling mix revised as original had too little coverage/ha

Affordable housing

House type description	Social Rent pw	Affordable rent pw
1 bedroom flat	£73	£86
2 bedroom flat	£95	£104
2 bedroom terrace	£95	£104
3 bedroom terrace	£107	£112
4 bedroom terrace	£116	£142

HCC 30/10/15

Affordable Housing dwelling mix

For social rent -

1 bed flat 30%
 2 bed terr 40%
 3 bed semi 25%
 4 bed terr 5%

For shared ownership

2 bed terr 50%
 3 bed terr 50%

For rental properties.

Management and maintenance £900
 Voids/bad debts 3.00%
 Repairs reserve £500

Capitalisation	5.00%
<u>For shared ownership</u>	
Share size	40%
Rental charge	2.75%
Capitalisation	5.00%

Service charges – flats (Affordable Rented only)	£12
Service charges – houses (Affordable Rented only)	£6

Other development costs

Type	Cost	
Flats (1-2 storeys)	£1,237	sq m includes 15% for external works
Flats (3-5 storeys)	£1,328	sq m includes 15% for external works
Houses	£1,080	sq m includes 15% for external works
One-off housing	£1,788	sq m includes 15% for external works – single dwellings
Sheltered housing	£1,348	Sq m, inc 15% for ext works. Based on RHG assumptions – 1- 2 storey flat build cost plus 9%
Professional fees	12% on smaller sites (1-10 dwgs) 10% on medium sites (11-100 dwgs) 8% on large sites (101+ dwgs)	of build costs
Finance	5%	of development costs
Marketing fees	3% 6%	of GDV of GDV for sheltered housing
Developer return	20%	of GDV
Contractor return	6%	of build costs
Residual s106	£2,000 tbc	Per dwelling for travel plans/ immediate site access /children's play

Type	Cost	
Strategic infrastructure costs	£100,000 / £200,000	net ha for larger sites
Affordable Housing Threshold	Over 10 dwellings	
Affordable Housing	<p>35% in Hereford, Hereford Northern and Southern Hinterlands, and Kington and West Herefordshire housing value areas.</p> <p>40% in Ledbury, Ross and Rural Hinterlands; and Northern Rural housing value areas (which includes Bromyard).</p> <p>25% in Leominster</p>	<p>53% rent (50:50 split affordable rent and social rent) and 47% shared ownership</p> <p>Except Bromyard – 24% rent (split 50:50 affordable rent and social rent) and 76% shared ownership</p>
Water efficiency	£9	per dwelling
Part Q Security	£320	Per dwelling
Allowance for Voids	£100,000	For sheltered housing only
Net to gross developable	100% 65%-80%	Smaller sites Larger sites
Agents and legal	1.75%	

Discounted Cash Flow

Annual debit interest rate 5%

Annual credit interest rate 2%
Annual discount rate 3.5%

Benchmark Land Value

Type	Location	£/gross ha	Notes
All sites (excluding strategic urban extensions)	Hereford	£600,000	Based on 30% over EUV + agents survey
	Leominster/ Bromyard	£500,000	
All sites (excluding strategic urban extensions)	Rest of Herefordshire	£800,000 - £1,000,000	Based on agents' survey
Strategic greenfield urban extensions	Hereford/Rest of Herefordshire	£300,000	12-15 x agricultural + agents survey
	Leominster/ Bromyard	£250,000	
Intermediate land values for 100+ dwellings	Hereford	£450,000	Mid-point between strategic and standard benchmarks. Reflects gradations seen in land titles
	Leominster/ Bromyard	£375,000	
	Rest of Herefordshire	£550,000	
Industrial/office	Accessible	£350,000 - £560,000	VOA + agents survey

Updated 16th February 2016

ANNEX 4 - BENCHMARK LAND VALUE

Land Value Benchmarks

3.17 The land value benchmark is an estimate of the lowest cost that a willing landowner would sell land for development. The concept of a benchmark land value attempts to balance two factors: a) land can only be worth what the highest value permissible development can afford to pay for it; and b) landowners will require some premium over the existing use value in order to incentivise a sale. Note that where development is able to pay more for land, then it is likely that transactions will be above the benchmark land value, particularly when different developers are competing for the same piece of land. Establishing suitable land value benchmarks is an important part of any viability testing and the Advice for planning practitioners⁵⁴ sets out a preferred approach in the following extract from page 29:

“We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values (noting the exceptions below.....).”

3.18 The exceptions referred to in the Advice for planning practitioners reflect the significant differences in the types of current use found within settlements and on greenfield land adjoining settlements. The exceptions are summarised as:

- Larger scale sites for urban extensions on greenfield land where the uplift on current use value (agricultural land) sought by the landowner will be significantly higher than in an urban context.
- Edge-of-settlement greenfield sites, where landowners’ required returns will be more like those for sites within the settlement.

3.19 Advice for planning practitioners states that reference to market values can still provide a useful ‘sense check’ on the benchmark values that are being used for testing, but it is not recommended that these are used as the basis for the input to a model. This is an important concept and explains why the land value benchmark used to test plan policies (and CIL rates) can be **less** than the value at which land is being traded in the market. This point was highlighted in the London Mayoral CIL examiner’s report⁵⁵:

Finally the price paid for development land may be reduced. As with profit levels there may be cries that this is unrealistic, but a reduction in development land value is an inherent part of the CIL concept. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future. In any event in some instances it may be possible for contracts and options to be re-negotiated in the light of the changed circumstances arising from the imposition of CIL charges.

3.20 In addition to the guidance advocating the use of premium over existing use value (particularly the Local Housing Delivery Group, 2012), recent RICS research⁵⁶ highlights the

⁵⁴ Local Housing Delivery Group, 2012, Viability Testing Local Plans

⁵⁵ Report to The Mayor of London, by Keith Holland January 2012

⁵⁶ RICS, 2015, Financial Viability Appraisal in Planning Decisions: Theory and Practice

issues with using market values to set land benchmarks – “If market value is based on comparable evidence without proper adjustment to reflect policy compliant planning obligations, this introduces a circularity, which encourages developers to overpay for sites and try to recover some or all of this overpayment via reductions in planning obligations”. Furthermore, there are tangible differences between the types of appraisals supporting market values and those used for area wide viability appraisals such as this CIL study. These differences further highlight the issues with using market value comparables to set benchmarks:

Appraisal Input	Area-wide viability study	Developer appraisal to inform land purchase
Sales values	Current day	Potentially inflated to take into account of market rises
Build costs	Current day full BCIS cost	Value engineered
Profit	Full target applied	Competitive and not necessarily at target level
Planning requirements	Applied in full	Potentially squeezed
Site costs	Extensive	None/limited
Development Programme	Lengthy	Short

3.21 Therefore the basis for establishing the land values is a rounded view including the benchmarks established as part of the local plan process, published reports on land values, consultation with the development industry and a review of the sale price information available from Land Registry.

3.22 Annex 1 (Transparent Viability Assumptions) to the Homes and Communities Agency guidance for its Area Wide Viability Model published in August 2010 states that in relation to the required premium above existing use value (EUV):

“Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas. For greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value”. (page 9)⁵⁷

3.23 Another report in 2011 undertaken for the Department for Communities and Local Government⁵⁸ suggested that a premium of 25% over existing use value was required to bring forward industrial land for redevelopment. The premium for greenfield land was said to be higher, recognising that while the existing use value base is low, the costs normally associated with realising new development on unserviced greenfield land are considerable.

3.24 For residential land, current use value is taken as industrial land for urban sites and agricultural land for strategic sites/urban extensions, with appropriate uplifts applied. Sites are taken as being suitable for development but not necessarily consented.

⁵⁷ Homes and Communities Agency, 2010, Annex 1 (Transparent Viability Assumptions)

⁵⁸ Turner Morum, 2011, Cumulative impacts of regulations on house builders and landowners

3.25 The benchmarks refer to sites suitable for development i.e. not constrained by abnormal conditions such as contamination from previous uses or archeological or topographical constraints etc. Where these abnormal constraints can reasonably be judged to form part of any due diligence we have assumed that they will feature in any negotiations about purchasing the land and the price adjusted accordingly. It is of course possible that in some circumstances the costs of dealing with the constraints is greater than any uplift in value from the new use. In these situations, it may be best that either the site remains in its existing use or that if it is strategically important, third party funding is sought to assist redevelopment.

Implications for Benchmark Land Values in Herefordshire

3.26 The key factors to be taken into consideration are:

- The land values used for the 2014 Whole Plan Viability Study, which were examined in 2015 as part of the Local Plan EIP.
- The land values used for the 2013 CIL Viability Study
- Published research reports on land values
- Benchmark land value discussion at the development industry workshops in 2015
- Evidence from transactions, where available.

Local Plan Viability

3.27 The Local Plan was examined in 2015 and has now been adopted. The evidence base for this plan included the 2014 Local Plan Viability Study. The discussion at the public examination and subsequent feedback from the inspector did not suggest any serious concerns with the benchmark land values used, which were:

Type	Location	£/gross ha	Notes
All sites (excluding strategic urban extensions)	Hereford	£600,000	Based on 30% over EUV + agents survey
	Leominster/ Bromyard	£500,000	
All sites (excluding strategic urban extensions)	Rest of Herefordshire	£800,000 - £1,000,000	Based on agents' survey
Strategic greenfield urban extensions	Hereford/Rest of Herefordshire	£300,000	12-15 x agricultural + agents survey
	Leominster/ Bromyard	£250,000	
Industrial/office	Accessible	£350,000 - £560,000	VOA + agents survey

3.28 These values were based upon uplifts from existing uses, with the uplifts reflecting the guidance in Viability Testing Local Plans⁵⁹, and were confirmed using a survey of agents active in Herefordshire. The benchmarks were also discussed at a development industry workshop undertaken in 2012 as part of the CIL viability work.

Published research reports on land values

3.29 DCLG has published estimates of residential land values for policy purposes, with an estimate of £1.5m/ha⁶⁰ for residential development land in Herefordshire. Note that this value is a nominal figure for market housing development only (i.e. the cost of providing affordable housing is not included) without any s106/278 or CIL; and that the development costs are lower than the standard costs used here (e.g. the DCLG estimates use lower quartile build costs and lower developer return). The DCLG report also estimated that agricultural land in the West Midlands was £24,000/ha and that industrial land in the West Midlands was £0.5m/ha.

3.30 It is possible to adjust the DCLG residential land estimate by applying the costs of policy compliant affordable housing and s106. We have done this exercise for Hereford as this is where the majority of development is planned to take place. The costs of providing policy compliant 35% affordable housing is estimated by testing 1 ha schemes at 30 dph both with the affordable housing and then with no affordable housing. This takes into account the opportunity cost of not providing market housing as well as the specific costs of providing the affordable housing. Through this process it is estimated that the average cost is £64,000 per affordable dwelling. If this is combined with a 'typical' s106/278 cost of £9,000/dwelling, then this gives a revised land value estimate of £0.56m/ha. We are aware that the DCLG estimates also use a lower developer return of 17.5% and this is equivalent to £190,00/ha compared to the 20% return used in this study. If this is applied to the land values this gives a value of £0.37m/ha, which is below the benchmarks used here.

3.31 CIL/affordable housing viability assessments have been undertaken in surrounding locations and these use residual value viability assessments with benchmark land value estimates. Some of these have variations by location/site typology. The table below illustrates the range of benchmarks used. When considering these benchmarks, it is important to note that land value benchmarks will be affected by different affordable housing policies, s106 requirements and house prices in the various authorities.

Table 3.1 Benchmark Land Values in surrounding authorities

Location	CIL status	Date	Benchmark 1 £/ha	Benchmark 2 £/ha	Benchmark 3 £/ha
Shropshire	Adopted	2012	£1,300,000	£885,000	£490,000
Monmouthshire	PDCS	2014		£650,000	
Powys	n/a	2014	£600,000	£300,000	£230,000

⁵⁹ Idid http://www.pas.gov.uk/c/document_library/get_file?uuid=90fc2589-685a-441f-be9c-1874de4f20b9&groupId=332612

⁶⁰ DCLG, 2015, Land estimates for policy appraisal

Malvern Hills	PDCS	2015	£420,000	£360,000	£330,000
Forest of Dean	2008 Affordable Housing Viability		£620,000	£185,000	

- 3.32 Research published by Savills suggests that development land has increased in value in recent years, although this is most apparent in London⁶¹, and that in the short term there has been little change⁶². Demand is flattening as housebuilders have enough consented land for their needs, with on average the listed housebuilders have 5.3 years' worth of land to build out at existing build rates.
- 3.33 Research published by Knight Frank in 2015⁶³ states that development land prices are also moderating, reflecting the increased costs of development, with a sharp rise in the cost of materials and labour in recent years. The research showed an increase in value to late 2013 followed by a fall in value of development land in 2015.
- 3.34 Colliers estimates that industrial land in Gloucester may be worth £0.56m/ha in 2015⁶⁴, and £0.62m/ha in Stafford. These values are stated to apply to sites of over 4ha in prime locations.

Development industry feedback

- 3.35 Benchmark land values were discussed during the 2012 and 2014 development industry workshops. In 2012 the feedback stated:
- Agriculture is relatively profitable in Herefordshire and there will be landowners who do not want to sell.
 - For greenfield sites there will need to be an uplift of more than 10 times agriculture values; and this could be up to £400,000/ha.
 - For brownfield sites EUV plus 20% may not be enough to release land.
 - For open market houses land values may be £550,000 to £600,000/ha.
- 3.36 Telephone interviews with agents undertaken after the 2012 workshop provided further information:
- Industrial land in Leominster might be £310,000/ha-£370,000/ha (net developable)
 - Industrial land in Hereford might be £310,000/ha - £445,000/ha
 - Serviced residential plots can fetch £80,000 to £120,000 each.
- 3.37 In 2014 the feedback stated:
- Values for small sites especially self-build are likely to be high.
 - Greenfield land for policy compliant housing may be £1.2m/net developable ha.

⁶¹ <http://pdf.euro.savills.co.uk/uk/residential---other/market-in-minutes-development-land-september-2015.pdf>

⁶² <http://pdf.euro.savills.co.uk/uk/residential---other/market-in-minutes-uk-residential-development-land-november-2015.pdf>

⁶³ <http://content.knightfrank.com/research/955/documents/en/developmentopportunities2015-3368.pdf>

⁶⁴ <http://www.colliers.com/en-gb/uk/insights/industrial-rents-map>

Evidence from transactions

- 3.38 With the assistance of Herefordshire Council, land titles have been obtained for locations suitable for development (such as allocated sites and SHLAA sites). This provides information on land valuations and sales.
- 3.39 48 titles with some financial information were obtained, and these indicate:
- Large sites (over 10ha) had the lowest values, equivalent to £32,000/ha on average. While some of these titles may represent agricultural values there are some which are clearly above agricultural values and it is logical to assume that future development is planned. This includes for example 12 ha on the outskirts of Hereford at £62,000/ha, and 21 ha in Leominster at £47,000/ha. All of the other large sites had lower values/ha than this.
 - As sites get smaller the value increases. Sites of between 2-10 ha had an average value of £180,000/ha, although within this there are some considerable variations – for example 3 ha in Ledbury at £890,000/ha and 4 ha in Leominster at £22,000/ha. Sites of 1-2 ha had an average value of £363,000/ha and sites of less than 1 ha had an average value of £734,000/ha.
 - The highest values were £3.4m/ha for 1.56 ha in Ledbury and £1.2m/ha for 0.06ha in Hereford.
 - There are some variations between locations, with suggestions that Hereford and Ledbury having higher values and Bromyard and Leominster having lower values. However, the variation within the different locations makes it difficult to form a clear view of the scale of any location differences.
- 3.40 CoStar Suite provides some further land sale information:
- The land value associated with the Old Livestock Market redevelopment in Hereford was £18m/ha
 - 7.5 ha of industrial land sold for £93,000/ha in Malvern
 - 1 ha of industrial land for £306,500/ha in Eardisley
 - 0.8ha industrial land for sale at £150,000/ha in Leominster
 - 0.8ha industrial land for sale at £123,000/ha in Leominster
 - 0.2ha industrial land for sale at £363,000/ha in Leominster
 - 0.056 ha industrial land and building for sale at £1.7m/ha in Bromyard

Benchmark land value summary

- 3.41 The range of land factors considered suggests that the benchmark land values forming the evidence base for the local plan examination remain valid. There is some recent evidence which supports them and it is clear that they have similarities with the range of benchmarks used in similar viability exercises in nearby authorities. However, there are also indications that land is transacted at higher values locally, although this does not necessarily constitute a benchmark for this type of viability exercise.

3.42 The land values forming the evidence base for the local plan examination centred on two site types – strategic sites and smaller, urban/edge of urban sites. Some of the case studies (which have been informed by the HELAA and the rural SHLAA) sit between these two typologies, which less favourable gross to net developable land budgets and a likelihood that some opening up/site servicing costs will be incurred. The examination of values in land titles suggests that on a per ha basis, the values decrease as the site size grows and therefore we have also utilised some intermediate land values for sites of 100 dwellings or more. These are taken to be at a mid point between the urban site values and the strategic site values for the value area.

3.43 The benchmark land values used in the residential testing are therefore:

Type	Location	£/gross ha
All sites (excluding strategic urban extensions)	Hereford	£600,000
	Leominster/ Bromyard	£500,000
All sites (excluding strategic urban extensions)	Rest of Herefordshire	£800,000 - £1,000,000
Strategic greenfield urban extensions	Hereford/Rest of Herefordshire	£300,000
	Leominster/ Bromyard	£250,000
Intermediate land values for 100+ dwellings	Hereford	£450,000
	Leominster/ Bromyard	£375,000
	Rest of Herefordshire	£550,000
Industrial/office	Accessible	£350,000 - £560,000

3.44 The exception to this is for uses known to generate high values, where landowner expectations will require a premium to provide an incentive to sell. In particular, this will apply to convenience shops and out of centre comparison retail. In the absence of transaction evidence and based on experience elsewhere the testing has used the £0.8m/ha urban residential benchmark for small convenience shops, a benchmark land value of £2m per ha for out of centre comparison retail and £4m per ha for supermarkets, recognising that the latter two are well above the residential benchmark land value.

3.45 The benchmark land values used in the non-residential testing draw upon this discussion and are summarised in the non-residential section later in this report.

ANNEX 5 - 1HA RESIDUAL VALUES

Housing Market Area	DPH	Market %	Affordable %	Rental / Shared Ownership	Social Rent / Affordable Rent	Total Mkt Sq m	Residual Value	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
Ledbury, Ross, Rural Hinterland	25	60%	40%	53 / 47	50 / 50	1,741	£1,017,000	£800,000	217,000	£125
Bromyard	25	60%	40%	24 / 76	50 / 50	1,741	£549,000	£500,000	49,000	£28
Northern Rural	25	60%	40%	53 / 47	50 / 50	1,741	£901,000	£800,000	101,000	£58
Hereford	25	65%	35%	53 / 47	50 / 50	1,886	£905,000	£600,000	305,000	£162
Hereford Hinterland	25	65%	35%	53 / 47	50 / 50	1,886	£671,000	£800,000	-129,000	-£68
Kington and West Herefordshire	25	65%	35%	53 / 47	50 / 50	1,886	£728,000	£800,000	-72,000	-£38
Leominster	25	75%	25%	53 / 47	50 / 50	2,176	£487,000	£500,000	-13,000	-£6
Ledbury, Ross, Rural Hinterland	30	60%	40%	53 / 47	50 / 50	2,048	£1,204,000	£800,000	404,000	£197
Bromyard	30	60%	40%	24 / 76	50 / 50	2,048	£691,000	£500,000	191,000	£93
Northern Rural	30	60%	40%	53 / 47	50 / 50	2,048	£1,094,000	£800,000	294,000	£144
Hereford	30	65%	35%	53 / 47	50 / 50	2,219	£1,076,000	£600,000	476,000	£215
Hereford Hinterland	30	65%	35%	53 / 47	50 / 50	2,219	£805,000	£800,000	5,000	£2
Kington and West Herefordshire	30	65%	35%	53 / 47	50 / 50	2,219	£872,000	£800,000	72,000	£32
Leominster	30	75%	25%	53 / 47	50 / 50	2,561	£640,000	£500,000	140,000	£55
Ledbury, Ross, Rural Hinterland	40	60%	40%	53 / 47	50 / 50	2,116	£1,046,000	£800,000	246,000	£116

Housing Market Area	DPH	Market %	Affordable %	Rental / Shared Ownership	Social Rent / Affordable Rent	Total Mkt Sq m	Residual Value	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
Bromyard	40	60%	40%	24 / 76	50 / 50	2,116	£621,000	£500,000	121,000	£57
Northern Rural	40	60%	40%	53 / 47	50 / 50	2,116	£1,135,000	£800,000	335,000	£158
Hereford	40	65%	35%	53 / 47	50 / 50	2,292	£956,000	£600,000	356,000	£155
Hereford Hinterland	40	65%	35%	53 / 47	50 / 50	2,292	£590,000	£800,000	-210,000	-£92
Kington and West Herefordshire	40	65%	35%	53 / 47	50 / 50	2,292	£661,000	£800,000	-139,000	-£61
Leominster	40	75%	25%	53 / 47	50 / 50	2,645	£473,000	£500,000	-27,000	-£10
Ledbury, Ross, Rural Hinterland	50	60%	40%	53 / 47	50 / 50	2,409	£954,000	£800,000	154,000	£64
Bromyard	50	60%	40%	24 / 76	50 / 50	2,409	£511,000	£500,000	11,000	£5
Northern Rural	50	60%	40%	53 / 47	50 / 50	2,409	£1,162,000	£800,000	362,000	£150
Hereford	50	65%	35%	53 / 47	50 / 50	2,610	£927,000	£600,000	327,000	£125
Hereford Hinterland	50	65%	35%	53 / 47	50 / 50	2,610	£476,000	£800,000	-324,000	-£124
Kington and West Herefordshire	50	65%	35%	53 / 47	50 / 50	2,610	£529,000	£800,000	-271,000	-£104
Leominster	50	75%	25%	53 / 47	50 / 50	3,011	£328,000	£500,000	-172,000	-£57

ANNEX 6 - CASE STUDY CHARACTERISTICS

Case Study	Type	Total Dwellings	Density (dph)	Site size net ha	Site size gross ha	Dwelling Mix	S106/278 per dwg	Opening up costs	Benchmark Land Value/ha	Delivery	Notes
1	Small peripheral site - single dwelling	1	30	0.03	0.03	4bd	£0		£600,000	Yr 1	BCIS One-off development costs; +5% in value; no s106 or AH
2	Higher density small urban site - single dwelling	1	50	0.02	0.02	3bd	£0		£600,000	Yr 1	BCIS One-off development costs; +5% in value; no s106 or AH
3	Small peripheral site - 2 dwellings	2	30	0.07	0.07	2x3bd	£0		£600,000	Yr 1	+5% development costs, +5% in value; no s106 or AH
4	Higher density small urban site - 2 dwellings	2	50	0.04	0.04	2x3bs	£0		£600,000	Yr 1	+5% development costs, +5% in value; no s106 or AH
5	Small peripheral site - 3 dwellings	3	30	0.10	0.10	3x4bd	£0		£600,000	Yr 1	+5% development costs, +5% in value; no s106 or AH
6	Higher density small urban site - 3 dwellings	3	50	0.06	0.06	3x3bt	£0		£600,000	Yr 1	+5% development costs, +5% in value; no s106 or AH
7	Small peripheral site - 4 dwellings	4	30	0.13	0.13	2x3bd, 2x4bd	£0		£600,000	Yr 1	No s106 or AH
8	Higher density small urban site - 4 dwellings	5	50	0.10	0.10	5x3bt	£0		£600,000	Yr 1	No s106 or AH
9	HELAA site – 10 dwellings	10	40	0.25	0.25	40 dph mix	£2,000		£600,000	Yr 1	No AH
10	HELAA site – 15 dwellings	15	40	0.38	0.38	40 dph mix	£2,000		£600,000	Y1	Includes AH & s106
11	HELAA peripheral site – 40 dwellings	40	30	1.33	1.60	30 dph mix	£2,000		£600,000	1 yr to first completion then 30pa	Includes AH & s106
12	HELAA peripheral site – 70 dwellings	70	30	2.33	2.79	30 dph mix	£4,650	£50,000 /net ha	£600,000	1 yr to first completion then 30pa	Gross to net adjustment to incorporate greenspace requirement
13	HELAA site – 120 dwellings	120	40	3.00	3.79	40 dph mix	£2,000	£100,000 /net ha	£600,000/£450,000	1 yr to first completion then 40 pa	Gross to net adjustment to incorporate greenspace requirement

Case Study	Type	Total Dwellings	Density (dph)	Site size net ha	Site size gross ha	Dwelling Mix	S106/278 per dwg	Opening up costs	Benchmark Land Value/ha	Delivery	Notes
14	Higher density HELAA site – 120 dwellings	120	50	2.40	3.19	50 dph mix	£2,000		£600,000/ £450,000	1 yr to first completion then 45pa	Gross to net adjustment to incorporate greenspace requirement. Serviced urban site.
15	HELAA peripheral site – 250 dwellings	250	30	8.33	9.97	30 dph mix	£2,000	£150,000 /net ha	£600,000/ £450,000	1 yr to first completion then 70pa	Gross to net adjustment to incorporate greenspace requirement. Two developers on site.
16	HELAA peripheral site – 650 dwellings	600	30	20.00	23.93	30 dph mix	£2,000	£200,000 /net ha	£600,000/ £450,000	1 yr to first completion then 70pa	Gross to net adjustment to incorporate greenspace requirement. Strategic greenfield benchmark land value. Two developers on site.

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Case Study	Type	Total Dwellings	Density (dph)	Site size net ha	Site size gross ha	Dwelling Mix	S106/278 per dwg	Opening up costs	Benchmark Land Value/ha	Delivery	Notes
1	Small rural site - single dwelling	1	30	0.03	0.03	4bd	£0		£800,000 - £1,000,000	Yr 1	BCIS One-off development costs; +5% in value; no s106 or AH
2	Small rural site - 2 dwellings	2	30	0.07	0.07	2x3bd	£0		£800,000 - £1,000,000	Yr 1	+5% development costs, +5% in value; no s106 or AH
3	Small rural site - 3 dwellings	3	30	0.10	0.10	3x4bd	£0		£800,000 - £1,000,000	Yr 1	+5% development costs, +5% in value; no s106 or AH
4	Small rural site - 4 dwellings	5	30	0.17	0.17	2x3bd, 3x4bd	£0		£800,000 - £1,000,000	Yr 1	No s106 or AH
5	SHLAA site – 6 dwellings	6	30	0.20	0.20	30 dph mix	£2,000		£800,000 - £1,000,000	Yr 1	No AH

Case Study	Type	Total Dwellings	Density (dph)	Site size net ha	Site size gross ha	Dwelling Mix	s106/278 per dwg	Opening up costs	Benchmark Land Value/ha	Delivery	Notes
6	SHLAA site – 6 dwellings with access issues	6	30	0.20	0.20	30 dph mix	£4,650		£800,000 - £1,000,000	Yr 1	Includes allowance for additional s106/278 access costs; no AH
7	SHLAA site – low density 6 dwellings	6	25	0.24	0.24	25 dph mix	£2,000		£800,000 - £1,000,000	Yr 1	Lower density; no AH
8	SHLAA site – 10 dwellings	10	30	0.33	0.33	30 dph mix	£2,000		£800,000 - £1,000,000	1 yr to first completion then 10pa	No AH
9	SHLAA site – 20 dwellings	20	30	0.67	0.67	30 dph mix	£2,000		£800,000 - £1,000,000	1 yr to first completion then 20pa	Includes AH & s106
10	SHLAA site – 20 dwellings with access issues	20	30	0.67	0.67	30 dph mix	£4,650		£800,000 - £1,000,000	1 yr to first completion then 20pa	Includes allowance for additional s106/278 access costs
11	SHLAA site – 55 dwellings	55	30	1.83	2.04	30 dph mix	£2,000	£50,000 /net ha	£800,000 - £1,000,000	1 yr to first completion then 30 in yr 1 and 25 in yr2	Gross to net adjustment to incorporate greenspace requirement
12	SHLAA site – 120 dwellings	120	30	4.00	5.00	30 dph mix	£2,000	£100,000 /net ha	£800,000 - £1,000,000/ £375,000- £550,000	1 yr to first completion then 30pa	Gross to net adjustment to incorporate greenspace requirement

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Site	Total dwellings	% AH	Density dph	Net site size ha	Gross site size ha	Net to gross	Housing Delivery Yr 0 = pre-delivery preparation. Yr 1 = 1 st year of delivery	Benchmark land value/gross ha	Opening up costs/net ha	Residual s106/278 per dwg	Site specific infrastructure Yr 0 = pre-delivery preparation. Yr 1 = 1 st year of delivery
HD2 Hereford City Centre	800	35%	50	16.00	21.92	73%	70 pa	£600,000		£2,000	£0.6m (£750/dwg) <ul style="list-style-type: none"> £0.1m primary school capacity in year 4 £0.5m canal basin in year 8
HD4 Hereford Holmer West	500	35%	35	14.29	19.05	75%	20 in Yr 1, 55 in Yr 2, 85 pa thereafter.	£300,000	£200,000	£2,000	£1.16m (£2,320/dwg) <ul style="list-style-type: none"> £0.54m allotments in line with development £0.62m greenspace in line with development

Site	Total dwellings	% AH	Density dph	Net site size ha	Gross site size ha	Net to gross	Housing Delivery Yr 0 = pre-delivery preparation. Yr 1 = 1 st year of delivery	Benchmark land value/gross ha	Opening up costs/net ha	Residual s106/278 per dwg	Site specific infrastructure Yr 0 = pre-delivery preparation. Yr 1 = 1 st year of delivery
HD5 Hereford Three Elms	1,000	35%	35	28.57	40.81	70%	100 pa starting in Yr 1.	£300,000	£200,000	£2,000	£6.0m (£6,000/dwg) <ul style="list-style-type: none"> £3.0m primary school in Yr 4 £3.0m primary school in Yr 7
HD 6 Hereford Lower Bullingham	1,000	35%	35	28.57	40.81	70%	100 pa starting in Yr 1.	£300,000	£200,000	£2,000	£6.7m (£6,700/dwg) <ul style="list-style-type: none"> £3.7m primary school in Yr 4 £0.75 m secondary school capacity in Yr 3 £0.75 m secondary school capacity in Yr 5 £1.5m country park in line with development
BY2 Bromyard Hardwick Bank	250	40%	35	7.14	8.93	80%	30in Yr 1, 45pa thereafter.	£250,000	£150,000	£2,000	£0.36m (£1,440/dwg) <ul style="list-style-type: none"> £0.36m in line with development
LB2 Ledbury North of the Viaduct	625	40%	40	15.63	21.12	74%	60 in Yr1, 90 pa thereafter.	£300,000	£200,000	£2,000	£5.3m (£8,480/dwg) <ul style="list-style-type: none"> £3.7m primary school in Yr 4 £1.6 m greenspace in line with development
LO2 Leominster UE	1,500	25%	35	42.85	61.21	70%	85 in Yr 1, 100 pa thereafter.	£250,000	£200,000	£2,000	£20.65m (£13,767/dwg) <ul style="list-style-type: none"> £6.0m primary school in Yr 1 £12.0m Southern Link Road in Yr 16 (end of development) £2.65m greenspace in line with development
RW2 Ross on Wye Hildersley	200	40%	35	5.71	7.14	80%	50 pa	£300,000	£150,000	£2,000	£0.472m (£2,360/dwg) <ul style="list-style-type: none"> £0.25m secondary school capacity in Yr 3 £0.222m greenspace in line with development

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ANNEX 7 - CASE STUDY RESIDUAL VALUES

Case Study Ref	Type	HMA	% AH	Total market sq m	RV	RV / gross ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
H1	Small peripheral site - single dwelling	Hereford	0%	124.0	-25,000	-£833,333	£600,000	-1,433,333	-£347
H2	Higher density small urban site - single dwelling	Hereford	0%	102.0	-16,000	-£800,000	£600,000	-1,400,000	-£275
H3	Small peripheral site - 2 dwellings	Hereford	0%	204.0	122,000	£1,742,857	£600,000	1,142,857	£392
H4	Higher density small urban site - 2 dwellings	Hereford	0%	186.0	91,000	£2,275,000	£600,000	1,675,000	£360
H5	Small peripheral site - 3 dwellings	Hereford	0%	372.0	204,000	£2,040,000	£600,000	1,440,000	£387
H6	Higher density small urban site - 3 dwellings	Hereford	0%	252.0	124,000	£2,066,667	£600,000	1,466,667	£349
H7	Small peripheral site - 4 dwellings	Hereford	0%	452.0	239,000	£1,838,462	£600,000	1,238,462	£356
H8	Higher density small urban site - 5 dwellings	Hereford	0%	420.0	194,000	£1,940,000	£600,000	1,340,000	£319
H9	HELAA site - 10 dwellings	Hereford	0%	999.0	462,000	£1,848,000	£600,000	1,248,000	£312
H10	HELAA site - 15 dwellings	Hereford	35%	974.1	441,000	£1,160,526	£600,000	560,526	£219
H11	HELAA peripheral site - 40 dwellings	Hereford	35%	2,958.8	1,426,081	£891,301	£600,000	291,301	£131
H12	HELAA peripheral site - 70 dwellings	Hereford	35%	5,177.9	2,256,497	£808,780	£600,000	208,780	£94
H13	HELAA site - 120 dwellings	Hereford	35%	6,875.7	2,761,817	£728,712	£450,000	278,712	£122
H14	Higher density HELAA site - 120 dwellings	Hereford	35%	6,263.4	2,468,872	£773,941	£450,000	323,941	£124
H15	HELAA peripheral site - 250 dwellings	Hereford	35%	18,492.5	8,102,168	£812,655	£450,000	362,655	£163
H16	HELAA peripheral site - 600 dwellings	Hereford	35%	44,382.0	17,276,024	£721,940	£300,000	421,940	£190
H17	Sheltered Housing Scheme	Hereford	35%	5,265.0	-682,922	-£853,653	£600,000	-1,453,653	-£221

Case Study Ref	Type	HMA	% AH	Total market sq m	RV	RV / gross ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
H17	Sheltered Housing Scheme 0% Affordable	Hereford	0%	8,100.0	842,483	£1,053,104	£600,000	453,104	£45

Case Study Ref	Type	HMA	% AH	Total market sq m	RV	RV / gross ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
1	Small rural site, 1 dwelling	Hereford Northern and Southern Hinterland	0%	124.0	-£37,000	-£1,233,333	£800,000	-£2,033,333	-£492
1	Small rural site, 1 dwelling	Kington and West Herefordshire	0%	124.0	-£30,000	-£1,000,000	£800,000	-£1,800,000	-£435
1	Small rural site, 1 dwelling	Ledbury Ross and Rural Hinterlands	0%	124.0	-£5,000	-£166,667	£800,000	-£966,667	-£234
1	Small rural site, 1 dwelling	Northern Rural	0%	124.0	-£20,000	-£666,667	£800,000	-£1,466,667	-£355
1	Small rural site, 1 dwelling	Leominster	0%	124.0	-£57,000	-£1,900,000	£500,000	-£2,400,000	-£581
1	Small rural site, 1 dwelling	Bromyard	0%	124.0	-£51,000	-£1,700,000	£500,000	-£2,200,000	-£532
2	Small rural site, 2 dwellings	Hereford Northern and Southern Hinterland	0%	204.0	£99,000	£1,414,286	£800,000	£614,286	£211
2	Small rural site, 2 dwellings	Kington and West Herefordshire	0%	204.0	£115,000	£1,642,857	£800,000	£842,857	£289
2	Small rural site, 2 dwellings	Ledbury Ross and Rural Hinterlands	0%	204.0	£145,000	£1,764,857	£800,000	£964,857	£331

Case Study Ref	Type	HMA	% AH	Total market sq m	RV	RV / gross ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
2	Small rural site, 2 dwellings	Northern Rural	0%	204.0	£130,000	£1,857,143	£800,000	£1,057,143	£363
2	Small rural site, 2 dwellings	Leominster	0%	204.0	£99,000	£1,414,286	£500,000	£914,286	£314
2	Small rural site, 2 dwellings	Bromyard	0%	204.0	£99,000	£1,414,286	£500,000	£914,286	£314
3	Small rural site, 3 dwellings	Hereford Northern and Southern Hinterland	0%	372.0	£168,000	£1,680,000	£800,000	£880,000	£237
3	Small rural site, 3 dwellings	Kington and West Herefordshire	0%	372.0	£191,000	£1,910,000	£800,000	£1,110,000	£298
3	Small rural site, 3 dwellings	Ledbury Ross and Rural Hinterlands	0%	372.0	£257,000	£2,570,000	£800,000	£1,770,000	£476
3	Small rural site, 3 dwellings	Northern Rural	0%	372.0	£218,000	£2,180,000	£800,000	£1,380,000	£371
3	Small rural site, 3 dwellings	Leominster	0%	372.0	£111,000	£1,110,000	£500,000	£610,000	£164
3	Small rural site, 3 dwellings	Bromyard	0%	372.0	£127,000	£1,270,000	£500,000	£770,000	£207
4	Small rural site, 4 dwellings	Hereford Northern and Southern Hinterland	0%	452.0	£199,000	£1,170,588	£800,000	£370,588	£139
4	Small rural site, 4 dwellings	Kington and West Herefordshire	0%	452.0	£230,000	£1,352,941	£800,000	£552,941	£208
4	Small rural site, 4 dwellings	Ledbury Ross and Rural Hinterlands	0%	452.0	£298,000	£1,752,941	£800,000	£952,941	£358

Case Study Ref	Type	HMA	% AH	Total market sq m	RV	RV / gross ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
4	Small rural site, 4 dwellings	Northern Rural	0%	452.0	£255,000	£1,500,000	£800,000	£700,000	£263
4	Small rural site, 4 dwellings	Leominster	0%	452.0	£162,000	£952,941	£500,000	£452,941	£170
4	Small rural site, 4 dwellings	Bromyard	0%	452.0	£174,000	£1,023,529	£500,000	£523,529	£197
5	SHLAA site, 6 dwellings	Hereford Northern and Southern Hinterland	0%	682.8	£271,000	£1,355,000	£800,000	£555,000	£163
5	SHLAA site, 6 dwellings	Kington and West Herefordshire	0%	682.8	£292,000	£1,460,000	£800,000	£660,000	£193
5	SHLAA site, 6 dwellings	Ledbury Ross and Rural Hinterlands	0%	682.8	£408,000	£2,040,000	£800,000	£1,240,000	£363
5	SHLAA site, 6 dwellings	Northern Rural	0%	682.8	£351,000	£1,755,000	£800,000	£955,000	£280
5	SHLAA site, 6 dwellings	Leominster	0%	682.8	£189,000	£945,000	£500,000	£445,000	£130
5	SHLAA site, 6 dwellings	Bromyard	0%	682.8	£217,000	£1,085,000	£500,000	£585,000	£171
6	SHLAA site, 6 dwellings with access issues	Hereford Northern and Southern Hinterland	0%	682.8	£256,000	£1,280,000	£800,000	£480,000	£141
6	SHLAA site, 6 dwellings with access issues	Kington and West Herefordshire	0%	682.8	£276,000	£1,380,000	£800,000	£580,000	£170
6	SHLAA site, 6 dwellings with access issues	Ledbury Ross and Rural Hinterlands	0%	682.8	£393,000	£1,965,000	£800,000	£1,165,000	£341

Case Study Ref	Type	HMA	% AH	Total market sq m	RV	RV / gross ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
6	SHLAA site, 6 dwellings with access issues	Northern Rural	0%	682.8	£335,000	£1,675,000	£800,000	£875,000	£256
6	SHLAA site, 6 dwellings with access issues	Leominster	0%	682.8	£173,000	£865,000	£500,000	£365,000	£107
6	SHLAA site, 6 dwellings with access issues	Bromyard	0%	682.8	£202,000	£1,010,000	£500,000	£510,000	£149
7	SHLAA site, low density 6 dwellings	Hereford Northern and Southern Hinterland	0%	696.3	£271,000	£1,129,167	£800,000	£329,167	£113
7	SHLAA site, low density 6 dwellings	Kington and West Herefordshire	0%	696.3	£292,000	£1,216,667	£800,000	£416,667	£144
7	SHLAA site, low density 6 dwellings	Ledbury Ross and Rural Hinterlands	0%	696.3	£414,000	£1,725,000	£800,000	£925,000	£319
7	SHLAA site, low density 6 dwellings	Northern Rural	0%	696.3	£354,000	£1,475,000	£800,000	£675,000	£233
7	SHLAA site, low density 6 dwellings	Leominster	0%	696.3	£173,000	£720,833	£500,000	£220,833	£76
7	SHLAA site, low density 6 dwellings	Bromyard	0%	696.3	£206,000	£858,333	£500,000	£358,333	£124
8	SHLAA site, 8 dwellings	Hereford Northern and Southern Hinterland	0%	1,138.0	£443,645	£1,344,379	£800,000	£544,379	£158
8	SHLAA site, 8 dwellings	Kington and West Herefordshire	0%	1,138.0	£475,811	£1,441,852	£800,000	£641,852	£186
8	SHLAA site, 8 dwellings	Ledbury Ross and Rural Hinterlands	0%	1,138.0	£649,043	£1,966,797	£800,000	£1,166,797	£338

Case Study Ref	Type	HMA	% AH	Total market sq m	RV	RV / gross ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
8	SHLAA site, 8 dwellings	Northern Rural	0%	1,138.0	£563,022	£1,706,127	£800,000	£906,127	£263
8	SHLAA site, 8 dwellings	Leominster	0%	1,138.0	£311,216	£943,079	£500,000	£443,079	£128
8	SHLAA site, 8 dwellings	Bromyard	0%	1,138.0	£353,990	£1,072,697	£500,000	£572,697	£166
9	SHLAA site, 20 dwellings	Hereford Northern and Southern Hinterland	35%	1,479.4	£550,438	£821,549	£800,000	£21,549	£10
9	SHLAA site, 20 dwellings	Kington and West Herefordshire	35%	1,479.4	£591,831	£883,330	£800,000	£83,330	£38
9	SHLAA site, 20 dwellings	Ledbury Ross and Rural Hinterlands	40%	1,365.6	£794,447	£1,185,742	£800,000	£385,742	£189
9	SHLAA site, 20 dwellings	Northern Rural	40%	1,365.6	£715,373	£1,067,721	£800,000	£267,721	£131
9	SHLAA site, 20 dwellings	Leominster	25%	1,707.0	£456,110	£680,761	£500,000	£180,761	£71
9	SHLAA site, 20 dwellings	Bromyard	40%	1,365.6	£474,609	£708,372	£500,000	£208,372	£102
10	SHLAA site, 20 dwellings with access issues	Hereford Northern and Southern Hinterland	35%	1,479.4	£502,873	£750,557	£800,000	-£49,443	-£22
10	SHLAA site, 20 dwellings with access issues	Kington and West Herefordshire	35%	1,479.4	£544,267	£812,339	£800,000	£12,339	£6
10	SHLAA site, 20 dwellings with access issues	Ledbury Ross and Rural Hinterlands	40%	1,365.6	£746,883	£1,114,751	£800,000	£314,751	£154

Case Study Ref	Type	HMA	% AH	Total market sq m	RV	RV / gross ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
10	SHLAA site, 20 dwellings with access issues	Northern Rural	40%	1,365.6	£667,809	£996,730	£800,000	£196,730	£97
10	SHLAA site, 20 dwellings with access issues	Leominster	25%	1,707.0	£408,050	£609,030	£500,000	£109,030	£43
10	SHLAA site, 20 dwellings with access issues	Bromyard	40%	1,365.6	£431,493	£644,019	£500,000	£144,019	£71
11	SHLAA site, 55 dwellings	Hereford Northern and Southern Hinterland	35%	4,068.4	£1,366,401	£672,000	£800,000	-£128,000	-£58
11	SHLAA site, 55 dwellings	Kington and West Herefordshire	35%	4,068.4	£1,478,438	£727,101	£800,000	-£72,899	-£33
11	SHLAA site, 55 dwellings	Ledbury Ross and Rural Hinterlands	40%	3,755.4	£2,021,795	£994,325	£800,000	£194,325	£95
11	SHLAA site, 55 dwellings	Northern Rural	40%	3,755.4	£1,807,783	£889,074	£800,000	£89,074	£43
11	SHLAA site, 55 dwellings	Leominster	25%	4,694.3	£1,167,919	£574,386	£500,000	£74,386	£29
11	SHLAA site, 55 dwellings	Bromyard	40%	3,755.4	£1,170,713	£575,760	£500,000	£75,760	£37
12	SHLAA site, 120 dwellings	Hereford Northern and Southern Hinterland	35%	8,876.4	£2,861,190	£572,238	£550,000	£22,238	£10
12	SHLAA site, 120 dwellings	Kington and West Herefordshire	35%	8,876.4	£3,097,109	£619,422	£550,000	£69,422	£31
12	SHLAA site, 120 dwellings	Ledbury Ross and Rural Hinterlands	40%	8,193.6	£4,266,227	£853,245	£550,000	£303,245	£148

Case Study Ref	Type	HMA	% AH	Total market sq m	RV	RV / gross ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
12	SHLAA site, 120 dwellings	Northern Rural	40%	8,193.6	£3,815,538	£763,108	£550,000	£213,108	£104
12	SHLAA site, 120 dwellings	Leominster	25%	10,242.0	£2,373,419	£474,684	£375,000	£99,684	£39
12	SHLAA site, 120 dwellings	Bromyard	40%	8,193.6	£2,480,524	£496,105	£375,000	£121,105	£59
12	Sheltered Housing Scheme	Ledbury Ross and Rural Hinterlands	40%	4,860.0	-£467,890	-£584,863	£800,000	-£1,384,863	-£228
12	Sheltered Housing Scheme	Ledbury Ross and Rural Hinterlands	0%	8,100.0	£1,370,690	£1,713,363	£800,000	£913,363	£90

Case Study Ref	Site	HMA	Total dwgs	% AH	Total market sq m	RV	RV / gross ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
HD2	Hereford City Centre	Hereford	800	35%	41,756	13,371,786	£610,027	£600,000	£10,026.73	£4
HD3	Hereford Holmer West	Hereford	500	35%	32,468	9,912,981	£520,366	£300,000	£220,366.46	£97
HD5	Hereford Three Elms	Hereford	1,000	35%	64,935	17,611,786	£431,556	£300,000	£131,555.65	£58
HD6	Hereford Lower Bullingham	Hereford	1,000	35%	64,935	16,863,449	£413,219	£300,000	£113,218.55	£50
LB2	Ledbury North of Viaduct	Ledbury Ross & Rural Hinterland	625	40%	33,056	8,376,603	£396,619	£300,000	£96,619.46	£46
RW2	Ross on Wye Hildersley	Ledbury Ross &	200	40%	11,988	5,467,521	£765,759	£300,000	£465,759.24	£222

Case Study Ref	Site	HMA	Total dwgs	% AH	Total market sq m	RV	RV / gross ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)
		Rural Hinterland								
LO2	Leominster UE	Leominster	1,500	25%	112,388	2,604,727	£42,554	£250,000	£207,446.05 ⁻	-£79
LO2	Leominster UE (+10% SPs)	Leominster	1,500	25%	112,388	16,118,901	£263,338	£250,000	£13,337.71	£5
BY2	Bromyard Hardwick Bank	Bromyard	250	40%	14,985	3,836,377	£429,605	£250,000	£179,605.49	£86

ANNEX 8 - NON-RESIDENTIAL VIABILITY TESTS

Non-residential Viability Assessment Model					
Office development of two storeys out of town (a/c multiple units) - BCIS costs					
	Size of unit (GIA)	1500 sq m			
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	1500 sq m			Produced by model
	NIA as % of GIA	95%			Key results
	NIA	1425 sq m		GEA	Gross external area
	Floors	2		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	0.19 Hectares			
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£97	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 97	
	Annual rent for assesment (total) - NIA			£ 138,225	
	Yield			6.50%	
	(Yield times rent)			£ 2,126,538	
	Less purchaser costs	5.80 % of yield x rent			
	Gross Development Value				£ 2,009,961
SCHEME COSTS					
	Build costs	£ 1,130 per sq m		£ 1,695,000	
	Additional build costs	£ - per sq m		£ -	
	Water efficiency	2.00% of base build costs		£ 33,900	
	External costs	10% of base build costs		£ 169,500	
	Total construction costs				£ 1,898,400
	Professional fees	12.00% of construction costs		£ 227,808	
	Sales and lettings costs	3% of GDV		£ 60,299	
	S106 costs (not covered by CIL)			£ 20,000	
	Total 'other costs'				£ 308,107
	Finance costs	5.0% Interest rate			
	Build period	10 Months			
	Finance costs for 100% of construction and other costs			£ 91,938	
	Void finance/rent free period (in months)	36 Months		£ 330,976	
	Total finance costs				£ 422,914
	Developer return	20% Scheme value			£ 401,992
	Total scheme costs				£ 3,031,413
RESIDUAL VALUE					
	Gross residual value				-£ 1,021,452
	Less purchaser costs	0.00 % Stamp duty land tax			£ -
		2.00 % Agent/legal purchase fees			£ -
	Residual value				
		For the scheme			-£ 1,041,881
		Equivalent per hectare			-£ 5,556,699
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 534,000	
	Equivalent benchmark land value for site			£ 100,125	
	Potential for CIL for the scheme				-£ 1,142,006
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Office development of four storeys town centre (a/c) - BCIS costs					
	Size of unit (GIA)	2000 sq m			
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	2000 sq m			Produced by model
	NIA as % of GIA	95%			Key results
	NIA	1900 sq m		GEA	Gross external area
	Floors	4		GIA	Gross internal area
	Site coverage	75%		NIA	Net internal area
	Site area	0.07 Hectares			
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£107	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 107	
	Annual rent for assesment (total) - NIA			£ 203,300	
	Yield			7.00%	
	(Yield times rent)			£ 2,904,286	
	Less purchaser costs	5.80 % of yield x rent			
	Gross Development Value				£ 2,745,072
SCHEME COSTS					
	Build costs	£ 1,388 per sq m		£ 2,776,000	
	Additional build costs	£ - per sq m		£ -	
	Water efficiency	2.00% of base build costs		£ 55,520	
	External costs	10% of base build costs		£ 277,600	
	Total construction costs				£ 3,109,120
	Professional fees	12.00% of construction costs		£ 373,094	
	Sales and lettings costs	3% of GDV		£ 82,352	
	S106 costs (not covered by CIL)			£ -	
	Total 'other costs'				£ 455,447
	Finance costs	5.0% Interest rate			
	Build period	14 Months			
	Finance costs for 100% of construction and other costs			£ 207,933	
	Void finance/rent free period (in months)	36 Months		£ 534,685	
	Total finance costs				£ 742,618
	Developer return	20% Scheme value			£ 549,014
	Total scheme costs				£ 4,856,199
RESIDUAL VALUE					
	Gross residual value				-£ 2,111,127
	Less purchaser costs	0.00 % Stamp duty land tax			£ -
		2.00 % Agent/legal purchase fees			£ -
	Residual value	For the scheme			-£ 2,153,350
		Equivalent per hectare			-£ 32,300,248
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 534,000	
	Equivalent benchmark land value for site			£ 35,600	
	Potential for CIL for the scheme			-£ 2,188,950	
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Four industrial/warehouse units in a block of 1,600 sqm edge of town - BCIS					
	Size of unit (GIA)	1600	sq m		
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	1600	sq m		Produced by model
	NIA as % of GIA	95%			Key results
	NIA	1520	sq m	GEA	Gross external area
	Floors	1		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	0.40	Hectares		
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£50	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEM premium			£ 50	
	Annual rent for assesment (total) - NIA			£ 76,000	
	Yield			7.00%	
	(Yield times rent)			£ 1,085,714	
	Less purchaser costs	5.80	% of yield x rent		
	Gross Development Value				£ 1,026,195
SCHEME COSTS					
	Build costs	£ 912	per sq m	£ 1,459,200	
	Additional build costs	£ -	per sq m	£ -	
	Water efficiency	2.00%	of base build costs	£ 29,184	
	External costs	10%	of base build costs	£ 145,920	
	Total construction costs				£ 1,634,304
	Professional fees	12.00%	of construction costs	£ 196,116	
	Sales and lettings costs	3%	of GDV	£ 30,786	
	S106 costs (not covered by CIL)			£ 20,000	
	Total 'other costs'				£ 246,902
	Finance costs	5.0%	Interest rate		
	Build period	8	Months		
	Finance costs for 100% of construction and other costs			£ 62,707	
	Void finance/rent free period (in months)	12	Months	£ 94,060	
	Total finance costs				£ 156,767
	Developer return	20%	Scheme value		£ 205,239
	Total scheme costs				£ 2,243,213
RESIDUAL VALUE					
	Gross residual value				-£ 1,217,018
	Less purchaser costs	0.00	% Stamp duty land tax		£ -
		2.00	% Agent/legal purchase fees		£ -
	Residual value				
		For the scheme			-£ 1,241,358
		Equivalent per hectare			-£ 3,103,395
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 534,000	
	Equivalent benchmark land value for site			£ 213,600	
	Potential for CIL for the scheme				-£ 1,454,958
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Warehouse/industrial unit of 5,000 sqm edge of town, accessible location					
	Size of unit (GIA)	5000	sq m		
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	5000	sq m		Produced by model
	NIA as % of GIA	95%			Key results
	NIA	4750	sq m	GEA	Gross external area
	Floors	1		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	1.25	Hectares		
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£48	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 48	
	Annual rent for assesment (total) - NIA			£ 228,000	
	Yield			7.00%	
	(Yield times rent)			£ 3,257,143	
	Less purchaser costs	5.80	% of yield x rent		
	Gross Development Value				£ 3,078,585
SCHEME COSTS					
	Build costs	£ 565	per sq m	£ 2,825,000	
	Additional build costs	£ -	per sq m	£ -	
	Water efficiency	2.00%	of base build costs	£ 56,500	
	External costs	10%	of base build costs	£ 282,500	
	Total construction costs				£ 3,164,000
	Professional fees	12.00%	of construction costs	£ 379,680	
	Sales and lettings costs	3%	of GDV	£ 92,358	
	S106 costs (not covered by CIL)			£ 50,000	
	Total 'other costs'				£ 522,038
	Finance costs	5.0%	Interest rate		
	Build period	8	Months		
	Finance costs for 100% of construction and other costs			£ 122,868	
	Void finance/rent free period (in months)	24	Months	£ 368,604	
	Total finance costs				£ 491,472
	Developer return	20%	Scheme value		£ 615,717
	Total scheme costs				£ 4,793,226
RESIDUAL VALUE					
	Gross residual value				-£ 1,714,641
	Less purchaser costs	0.00	% Stamp duty land tax		£ -
		2.00	% Agent/legal purchase fees		£ -
	Residual value				-£ 1,748,934
					-£ 1,399,147
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 534,000	
	Equivalent benchmark land value for site			£ 667,500	
	Potential for CIL for the scheme				-£ 2,416,434
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Town centre comparison retail 800 sqm					
	Size of unit (GIA)	800	sq m		
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	800	sq m		Produced by model
	NIA as % of GIA	95%			Key results
	NIA	760	sq m	GEA	Gross external area
	Floors	2		GIA	Gross internal area
	Site coverage	80%		NIA	Net internal area
	Site area	0.05	Hectares		
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£185	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEM premium			£ 185	
	Annual rent for assesment (total) - NIA			£ 140,600	
	Yield			7.60%	
	(Yield times rent)			£ 1,850,000	
	Less purchaser costs	5.80	% of yield x rent		
	Gross Development Value				£ 1,748,582
SCHEME COSTS					
	Build costs	£ 997	per sq m	£ 797,600	
	Additional build costs	£ -	per sq m	£ -	
	Water efficiency	2.00%	of base build costs	£ 15,952	
	External costs	10%	of base build costs	£ 79,760	
	Total construction costs				£ 893,312
	Professional fees	12.00%	of construction costs	£ 107,197	
	Sales and lettings costs	3%	of GDV	£ 52,457	
	S106 costs (not covered by CIL)			£ -	
	Total 'other costs'				£ 159,655
	Finance costs	5.0%	Interest rate		
	Build period	12	Months		
	Finance costs for 100% of construction and other costs			£ 52,648	
	Void finance/rent free period (in months)	12	Months	£ 52,648	
	Total finance costs				£ 105,297
	Developer return	20%	Scheme value		£ 349,716
	Total scheme costs				£ 1,507,980
RESIDUAL VALUE					
	Gross residual value				£ 240,602
	Less purchaser costs	0.00	% Stamp duty land tax		£ -
		2.00	% Agent/legal purchase fees		£ 4,812
	Residual value				£ 235,884
					£ 4,717,690
					Go to next stage
Potential for CIL					
	Benchmark land value (per hectare)			£ 17,319,160	
	Equivalent benchmark land value for site			£ 865,958	
	Potential for CIL for the scheme			-£ 630,074	
	Potential per sq m			NONE	

Non-residential Viability Assessment Model					
Town centre comparison retail 800 sqm					
	Size of unit (GIA)	800	sq m		
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	800	sq m		Produced by model
	NIA as % of GIA	95%			Key results
	NIA	760	sq m	GEA	Gross external area
	Floors	2		GIA	Gross internal area
	Site coverage	80%		NIA	Net internal area
	Site area	0.05	Hectares		
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£140	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 140	
	Annual rent for assesment (total) - NIA			£ 106,400	
	Yield			7.60%	
	(Yield times rent)			£ 1,400,000	
	Less purchaser costs	5.80	% of yield x rent		
	Gross Development Value				£ 1,323,251
SCHEME COSTS					
	Build costs	£ 997	per sq m	£ 797,600	
	Additional build costs	£ -	per sq m	£ -	
	Water efficiency	2.00%	of base build costs	£ 15,952	
	External costs	10%	of base build costs	£ 79,760	
	Total construction costs				£ 893,312
	Professional fees	12.00%	of construction costs	£ 107,197	
	Sales and lettings costs	3%	of GDV	£ 39,698	
	S106 costs (not covered by CIL)			£ -	
	Total 'other costs'				£ 146,895
	Finance costs	5.0%	Interest rate		
	Build period	12	Months		
	Finance costs for 100% of construction and other costs			£ 52,010	
	Void finance/rent free period (in months)	12	Months	£ 52,010	
	Total finance costs				£ 104,021
	Developer return	20%	Scheme value		£ 264,650
	Total scheme costs				£ 1,408,878
RESIDUAL VALUE					
	Gross residual value				-£ 85,627
	Less purchaser costs	0.00	% Stamp duty land tax		£ -
		2.00	% Agent/legal purchase fees		£ -
	Residual value				
		For the scheme			-£ 87,339
		Equivalent per hectare			-£ 1,746,782
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 13,575,624	
	Equivalent benchmark land value for site			£ 678,781	
	Potential for CIL for the scheme				-£ 766,120
	Potential per sq m				NONE

Non-residential Viability Assessment Model				
Out of centre comparison retail multiple units totalling 6,000 sqm - BCIS costs				
	Size of unit (GIA)	6000 sq m		
	Ratio of GEA to GIA	100.0%		User input cells
	GEA	6000 sq m		Produced by model
	NIA as % of GIA	95%		Key results
	NIA	5700 sq m	GEA	Gross external area
	Floors	1	GIA	Gross internal area
	Site coverage	40%	NIA	Net internal area
	Site area	1.50 Hectares		
SCHEME REVENUE				
	Headline annual rent (in £s per sq m)		£135	
	Rent premium		0%	
	Headline annual rent (in £s per sq m) with BREEAM premium		£ 135	
	Annual rent for assesment (total) - NIA		£ 769,500	
	Yield		7.00%	
	(Yield times rent)		£ 10,992,857	
	Less purchaser costs	5.80 % of yield x rent		
	Gross Development Value			£ 10,390,224
SCHEME COSTS				
	Build costs	£617 per sq m	£ 3,702,000	
	Additional build costs	£ - per sq m	£ -	
	Water efficiency	2.00% of base build costs	£ 74,040	
	External costs	10% of base build costs	£ 370,200	
	Total construction costs			£ 4,146,240
	Professional fees	12.00% of construction costs	£ 497,549	
	Sales and lettings costs	3% of GDV	£ 311,707	
	S106 costs (not covered by CIL)		£ 500,000	
	Total 'other costs'			£ 1,309,256
	Finance costs	5.0% Interest rate		
	Build period	14 Months		
	Finance costs for 100% of construction and other costs		£ 318,237	
	Void finance/rent free period (in months)	12 Months	£ 272,775	
	Total finance costs			£ 591,012
	Developer return	20% Scheme value		£ 2,078,045
	Total scheme costs			£ 8,124,552
RESIDUAL VALUE				
	Gross residual value			£ 2,265,672
	Less purchaser costs	4.00 % Stamp duty land tax		£ 90,627
		2.00 % Agent/legal purchase fees		£ 45,313
	Residual value	For the scheme		£ 2,137,426
		Equivalent per hectare		£ 1,424,951
		Go to next stage		
Potential for CIL				
	Benchmark land value (per hectare)			£ 1,000,000
	Equivalent benchmark land value for site			£ 1,500,000
	Potential for CIL for the scheme			£ 637,426
	Potential per sq m			£ 106

Non-residential Viability Assessment Model					
Small Convenience Store 300 sqm					
	Size of unit (GIA)	300 sq m			
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	300 sq m			Produced by model
	NIA as % of GIA	95%			Key results
	NIA	285 sq m		GEA	Gross external area
	Floors	1		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	0.08 Hectares			
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£170	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 170	
	Annual rent for assesment (total) - NIA			£ 48,450	
	Yield			7.50%	
	(Yield times rent)			£ 646,000	
	Less purchaser costs	5.80 % of yield x rent			
	Gross Development Value			£ 610,586	
SCHEME COSTS					
	Build costs	£ 1,081 per sq m		£ 324,300	
	Additional build costs	£ - per sq m		£ -	
	Water efficiency	2.00% of base build costs		£ 6,486	
	External costs	10% of base build costs		£ 32,430	
	Total construction costs			£ 363,216	
	Professional fees	12.00% of construction costs		£ 43,586	
	Sales and lettings costs	3% of GDV		£ 18,318	
	S106 costs (not covered by CIL)			£ -	
	Total 'other costs'			£ 61,904	
	Finance costs	5.0% Interest rate			
	Build period	6 Months			
	Finance costs for 100% of construction and other costs			£ 10,628	
	Void finance/rent free period (in months)	0 Months		£ -	
	Total finance costs			£ 10,628	
	Developer return	20% Scheme value		£ 122,117	
	Total scheme costs			£ 557,865	
RESIDUAL VALUE					
	Gross residual value			£ 52,721	
	Less purchaser costs	0.00 % Stamp duty land tax		£ -	
		2.00 % Agent/legal purchase fees		£ 1,054	
	Residual value	For the scheme		£ 51,688	
		Equivalent per hectare		£ 689,168	
					Go to next stage
Potential for CIL					
	Benchmark land value (per hectare)			£ 600,000	
	Equivalent benchmark land value for site			£ 45,000	
	Potential for CIL for the scheme			£ 6,688	
	Potential per sq m			£ 22	

Non-residential Viability Assessment Model					
Supermarket of 1,100 sqm					
	Size of unit (GIA)	1100 sq m			
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	1100 sq m			Produced by model
	NIA as % of GIA	95%			Key results
	NIA	1045 sq m		GEA	Gross external area
	Floors	1		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	0.28 Hectares			
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£145	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 145	
	Annual rent for assesment (total) - NIA			£ 151,525	
	Yield			5.50%	
	(Yield times rent)			£ 2,755,000	
	Less purchaser costs	5.80 % of yield x rent			
	Gross Development Value				£ 2,603,970
SCHEME COSTS					
	Build costs	£ 1,356 per sq m		£ 1,491,600	
	Additional build costs	£ - per sq m		£ -	
	Water efficiency	2.00% of base build costs		£ 29,832	
	External costs	10% of base build costs		£ 149,160	
	Total construction costs				£ 1,670,592
	Professional fees	12.00% of construction costs		£ 200,471	
	Sales and lettings costs	3% of GDV		£ 78,119	
	S106 costs (not covered by CIL)			£ 100,000	
	Total 'other costs'				£ 378,590
	Finance costs	5.0% Interest rate			
	Build period	8 Months			
	Finance costs for 100% of construction and other costs			£ 68,306	
	Void finance/rent free period (in months)	12 Months		£ 102,459	
	Total finance costs				£ 170,765
	Developer return	20% Scheme value			£ 520,794
	Total scheme costs				£ 2,740,741
RESIDUAL VALUE					
	Gross residual value				-£ 136,772
	Less purchaser costs	0.00 % Stamp duty land tax			£ -
		2.00 % Agent/legal purchase fees			£ -
	Residual value	For the scheme			-£ 139,507
		Equivalent per hectare			-£ 507,298
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 2,000,000	
	Equivalent benchmark land value for site			£ 550,000	
	Potential for CIL for the scheme				-£ 689,507
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
70 bedroom budget hotel out of town - BCIS costs					
	Size of unit (GIA)	2450	sq m		
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	2450	sq m		Produced by model
	NIA as % of GIA	95%			Key results
	NIA	2327.5	sq m	GEA	Gross external area
	Floors	3		GIA	Gross internal area
	Site coverage	50%		NIA	Net internal area
	Site area	0.16	Hectares		
SCHEME REVENUE					
	Capital value per room			£	55,000
	Rooms				70
	Gross capital value			£	3,850,000
	Less purchaser costs	5.80	% of gross capital value		
	Gross Development Value			£	3,638,941
SCHEME COSTS					
	Build costs	£ 990	per sq m	£	2,425,500
	Additional build costs	£ -	per sq m	£	-
	Water efficiency	2.00%	of base build costs	£	48,510
	External costs	10%	of base build costs	£	242,550
	Total construction costs			£	2,716,560
	Professional fees	12.00%	of construction costs	£	325,987
	Sales and lettings costs	3%	of GDV	£	109,168
	S106 costs (not covered by CIL)			£	10,000
	Total 'other costs'			£	445,155
	Finance costs	5.0%	Interest rate		
	Build period	10	Months		
	Finance costs for 100% of construction and other costs			£	131,738
	Void finance/rent free period (in months)	6	Months	£	79,043
	Total finance costs			£	210,781
	Developer return	20%	Scheme value	£	727,788
	Total scheme costs			£	4,100,285
RESIDUAL VALUE					
	Gross residual value			-£	461,343
	Less purchaser costs	0.00	% Stamp duty land tax	£	-
		2.00	% Agent/legal purchase fees	£	-
	Residual value			-£	470,570
		For the scheme		-£	470,570
		Equivalent per hectare		-£	2,881,042
			Not viable		
Potential for CIL					
	Benchmark land value (per hectare)			£	534,000
	Equivalent benchmark land value for site			£	87,220
	Potential for CIL for the scheme			-£	557,790
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Edge of centre mixed leisure development					
	Size of unit (GIA)	3800 sq m			
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	3800 sq m			Produced by model
	NIA as % of GIA	95%			Key results
	NIA	3610 sq m		GEA	Gross external area
	Floors	2		GIA	Gross internal area
	Site coverage	80%		NIA	Net internal area
	Site area	0.24 Hectares			
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£102	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 102	
	Annual rent for assesment (total) - NIA			£ 368,220	
	Yield			8.50%	
	(Yield times rent)			£ 4,332,000	
	Less purchaser costs	5.80 % of yield x rent			
	Gross Development Value				£ 4,094,518
SCHEME COSTS					
	Build costs	£ 1,197 per sq m		£ 4,548,600	
	Additional build costs	£ - per sq m		£ -	
	Water efficiency	2.00% of base build costs		£ 90,972	
	External costs	10% of base build costs		£ 454,860	
	Total construction costs				£ 5,094,432
	Professional fees	12.00% of construction costs		£ 611,332	
	Sales and lettings costs	3% of GDV		£ 122,836	
	S106 costs (not covered by CIL)			£ 20,000	
	Total 'other costs'				£ 754,167
	Finance costs	5.0% Interest rate			
	Build period	12 Months			
	Finance costs for 100% of construction and other costs			£ 292,430	
	Void finance/rent free period (in months)	0 Months		£ -	
	Total finance costs				£ 292,430
	Developer return	20% Scheme value			£ 818,904
	Total scheme costs				£ 6,959,933
RESIDUAL VALUE					
	Gross residual value				-£ 2,865,415
	Less purchaser costs	0.00 % Stamp duty land tax			£ -
		2.00 % Agent/legal purchase fees			£ -
	Residual value				
	For the scheme				-£ 2,922,723
	Equivalent per hectare				-£ 12,306,203
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 534,000	
	Equivalent benchmark land value for site			£ 126,825	
	Potential for CIL for the scheme				-£ 3,049,548
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Care home 60 bedrooms					
	Size of unit (GIA)	3000	sq m		
	Ratio of GEA to GIA	100.0%			
	GEA	3000	sq m		User input cells
	NIA as % of GIA	95%			Produced by model
	NIA	2850	sq m		Key results
	Floors	2		GEA	Gross external area
	Site coverage	40%		GIA	Gross internal area
	Site area	0.38	Hectares	NIA	Net internal area
SCHEME REVENUE					
	Capital value per room			£	118,000
	Rooms				60
	Gross capital value			£	7,080,000
	Less purchaser costs	5.80	% of gross capital value		
	Gross Development Value			£	6,691,871
SCHEME COSTS					
	Build costs	£	1,318 per sq m	£	3,954,000
	Additional build costs	£	- per sq m	£	-
	Water efficiency	2.00%	of base build costs	£	79,080
	External costs	10%	of base build costs	£	395,400
	Total construction costs			£	4,428,480
	Professional fees	12.00%	of construction costs	£	531,418
	Sales and lettings costs	3%	of GDV	£	200,756
	S106 costs (not covered by CIL)			£	75,000
	Total 'other costs'			£	807,174
	Finance costs	5.0%	Interest rate		
	Build period	12	Months		
	Finance costs for 100% of construction and other costs			£	261,783
	Void finance/rent free period (in months)	0	Months	£	-
	Total finance costs			£	261,783
	Developer return	20%	Scheme value	£	1,338,374
	Total scheme costs			£	6,835,811
RESIDUAL VALUE					
	Gross residual value			-£	143,939
	Less purchaser costs	0.00	% Stamp duty land tax	£	-
		2.00	% Agent/legal purchase fees	£	-
	Residual value			-£	146,818
				-£	391,515
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£	534,000
	Equivalent benchmark land value for site			£	200,250
	Potential for CIL for the scheme			-£	347,068
	Potential per sq m				NONE

Preliminary Draft Charging Schedule consultation questions March 2016

1. Do you agree with the proposed residential rates?

Yes

No

If no please explain.....
.....

2. Do you agree with the proposed retail rates?

Yes

No

If no please explain.....
.....

3. Do you agree with the proposed hotel and leisure rates?

Yes

No

If no please explain.....
.....

4. Do you agree with the proposed office and industrial rates?

Yes

No

If no please explain.....
.....

5. Do you agree with the proposed storage and distribution rates?

Yes

No

If no please explain.....
.....

6. Any other comments.....

.....
.....
.....

Please provide your contact details

Name

Address.....

.....

Email.....

All contact details other than from company representatives will be kept confidential. However views may be published following the close of consultation.

Please indicate how you heard about this consultation:

Email

Letter

Hereford Times newspaper

Ledbury Reporter

Herefordshire Council website

Social media - please state which one in the space below

Other - please specify in the space below

If social media or other, please specify.....

Number of responders 52

Preliminary Draft Charging Schedule consultation questions March/April 2016

1. Do you agree with the proposed residential rates?

Yes 14

No 21

If no please explain

Subject to appeal court ruling on developments of fewer than 10 houses, CIL should be paid on all residential developments, but at a lower rate. CIL rates are too high and are a significant contributor to the high cost of housing.
Planners are being encouraged to do more small scale sustainable ecologically sound development so it seems large development should have a much higher levy imposed where as smaller development should be encouraged with much lower levies. None profit making residential for individual private use should not be prohibitive. Let the larger more damaging development pay.
We need more houses, so don't put people off from building them
The Three Dragons report refers to various housing market areas. Can I suggest an even clearer expression in the Three Dragons report "Hereford Hinterlands North & South" is commonly used throughout the report
Seems to be a very unfair geographical variation across the county with the Ross area being particularly badly treated.
The differential of levy rates between areas is too great. The overall funding that is to be raised may be sensible, but the range of levy charges is not acceptable.
Concerned the high rate of CIL attracted by housing developments in Ross will prevent the development taking place.
I don't agree with some areas, particularly, Ross being charged much more than other areas. Especially as the money raised is being spent in other areas
The residential CIL should be higher to supplement reduced industrial and office CIL. The logic for this that industrial and office development improves employment capability with corresponding improvement in unemployment levels in the production and services industries which are more beneficial than retail and leisure by encouraging the increase of a more skilled workforce. Residential expansion should follow a raised level of affluence derived from lower unemployment and higher salary levels generated from an improved skill level of the general workforce.
They are based on grandiose plans for expansion and spending that do not

<p>reflect the precarious state if the economy of Herefordshire (or indeed of England generally).</p>
<p>We believe that the charges are too high compared to our neighbouring Kington Housing Market Area villages. They should be more evenly distributed to facilitate equal housing opportunities. We do not understand why Pembridge is supposedly part of the KHMA in other surveys and yet with regard to the CIL we are not treated the same as our neighbours. There should be a balance to ensure we all are able to be deliver growth. We feel that levies of £100 and £110 are too high to encourage investment.</p>
<p>I think that they are too arbitrary and could result in unwanted problems.</p>
<p>The reason that Stretton Sugwas Parish Council cannot agree with the proposed rate per sq m is that it is an arbitrary figure which does not necessarily take account of local needs or local Parish Council Neighbourhood Plan ambition's, for example the promoting of good architecture and landscaping design which enhances the built environment and demonstrates quality of both design and build could be discounted from the arbitrary rate to encourage others. In addition the rate set does not permit variation to encourage the building of bungalows and/or single storey accommodation which is better suited for older people and which would permit those residents to remain in their own homes for longer. We therefore could accept the proposed £100 per sq m in most scenarios but believe a series of discounts or penalties should apply to the basic rate to encourage or discourage developments which do not serve or enhance the community and meet the objectives of Local Neighbourhood Plans.</p>
<p>Should be higher</p>
<p>The research on which the rates are based is substantially inaccurate and flawed</p>
<p>I do not understand why Leominster has such a low rate, when its population is poorer than the other market towns. We need the opportunity for more 'infrastructure'; such as schools, health centres etc. etc.</p>
<p>I am concerned that in the more rural areas where it most likely that single dwellings will be built rather than 2 or more, no infrastructure monies will be received and the Parish Councils concerned will receive no income. 10 or more dwellings built on single plots in a parish will ultimately impact upon the parish. I believe the proposals discriminate against the more rural areas.</p>
<p>We have various concerns and objections - in brief: The charges for Ledbury/Ross and Northern Rural Areas are too high - the idea that property or land in large areas of Herefordshire can sustain a tax of between £100 - £200 per m2 is misguided. We would suggest that a figure closer to £50.00 - 80.00 max would sit within the spectrum of viability. The charges for large sections of the county would render Herefordshire non competitive given the level CIL in our neighbouring counties (and indeed Nationwide - some of the Herefordshire Zone charges are much higher than charges adopted in high value areas of the London Boroughs). Herefordshire has some of the highest proposed CIL charges in the UK and yet is one of the lowest house value areas. Our neighbouring area CIL charges are significantly less. We have a</p>

shortage of development land and a shortage of housing in the county - we desperately need to attract external investment, build new homes and we need families to move to the county - the benefits of New Homes Bonus, Council Tax and personal spend are ignored in the report and the CIL is so high that it will prevent homes being built and any that are will be too expensive for the economically active to purchase. It is likely that developers and people will look at other neighbouring areas such as Gloucester and Shropshire. A typical three bedroom family home of 150m² could be faced with a £30,000 CIL fee - with s106, s278 and Affordable Housing obligations development would be unviable and non deliverable. If very few homes are built then there will be no little CIL revenue to collect. The proposed charges are highly likely to prevent land coming forward - further exacerbating the 5 Year Land Supply issue - or will make development prohibitive and unviable - further exacerbating the housing shortage and affordability. Should a landowner and developer proceed with a development project the CIL will need to be added (fully or in part) to the end house values, extending the asking price of property and stretching the gap of affordability. It seems unfair that no infrastructure upgrades are proposed for rural areas under the CIL delivery schedule and yet rural areas will be expected to contribute the greatest amount of CIL. We feel that the accompanying evidence is too convoluted and contradictory to be relied upon or even digested by most - it seems to be deliberately complicated and long winded. There are many inaccuracies in the assessment of country land and development dynamics, which have been communicated (and ignored) in great detail to the consultants. The consultants suggestion that large speculative developments are more expensive to deliver than small rural schemes is not correct - and the acknowledgement that single home schemes have unique associated extra costs should be extended to all schemes under 10 units in rural areas. Why are some rural areas divorced from their Housing Market Areas? For example Pembridge is within the Kington Housing Market Area for all other assessments and yet have been given a significantly higher CIL than other villages in the KHMA. Pembridge has been asked to accommodate 60 + homes in the next 15 years and are keen to see new family homes built to support their rural facilities, especially the school and shop, and yet would be too expensive to develop with a £100 - 110 CIL compared to neighbouring villages such as Lyonshall and Almley. It would be better to balance the CIL rates in rural areas so that they were more reflective. A middle ground between £20.00 and £100.00 would not only give a more level playing field but would also ensure all areas had a greater chance of collecting a meaningful amount of CIL to undertake infrastructure upgrades.

There needs to be an equitable fee across all sites having reduce fees for the large strategic site seems outrageous and unjust. At least with current system the sites contribute to the services that the site places pressure on. Whilst CIL is meant to provide an easier system to work with it should be fairer

Referring to recommended CIL rates for Residential development on strategic sites: LB2 North of viaduct - the rate of £30 per m² should be increased to £50 per m².

Table 6-9 and para 6.21. there seems to be no logic for the choice of the CIL rate in that in the final column of the table, where CIL can be supported, either

'all case studies can support this rate' or 'only one case study is not able to support this rate'. No reason is given for which choice is made in each case. As values are likely to increase over time it would make sense to choose 'only one case study is not able to support this rate'. For Leominster, based on para 6.15 for small sites the rate would then be £100. This would make much more sense as the bulk of samples were in the range £107 to £170.

2. Do you agree with the proposed retail rates?

Yes 21

No 11

If no please explain

Small convenience retail should be encouraged by exemption from CIL
Larger developments should pay much more so that smaller more ecologically sound ones can be economically encouraged
Too high, will not encourage investment.
Unlikely to be applicable in Pembridge. We support rural enterprise in the Parish and wouldn't like to see barriers imposed upon business.
Stretton Sugwas Parish Council has not received any representations or comments from those business interests who have operations within this category within the Parish boundary relating to this proposal and therefore have objected on the basis that there is not a tick box that covers "no comment".
Should be lower to encourage business
No view

3. Do you agree with the proposed hotel and leisure rates?

Yes 23

No 7

If no please explain

Hard to see the logic of charging CIL on hotels when other commercial uses are exempt. Tourism is the county's most important industry. If hotels are liable, so should other commercial developments be.
We support rural enterprise in the Parish and wouldn't like to see barriers imposed upon businesses such as leisure and tourism.
Stretton Sugwas Parish Council has not received any representations or comments from those business interests who have operations within this category within the Parish boundary relating to this proposal and therefore have objected on the basis that there is not a tick box that covers "no comment".
No view

4. Do you agree with the proposed office and industrial rates?

Yes 19

No 11

If no please explain

The same rate of CIL as proposed for hotels would be appropriate
The Council does not currently charge CIL on Intensive Livestock Units The council could charge CIL on these if it chose to and it should - they have enormous impacts, not least on the roads and make no contribution because they are not liable for CIL, business rates or council tax.
Office and Industrial CIL should be lower as explained in question 2.
We are assuming the rate is £0 which we support but the information is not clear on the draft charging schedule.
Stretton Sugwas Parish Council has not received any representations or comments from those business interests who have operations within this category within the Parish boundary relating to this proposal and therefore have objected on the basis that there is not a tick box that covers "no comment".
Should be lower to encourage
No view
We don't think there should be any charges on offices, especially in rural areas as they provided employment and generate much need income.

5. Do you agree with the proposed storage and distribution rates?

Yes 23

No 7

If no please explain

Ditto Above
We are assuming the rate is £0 which we support but the information is not clear on the draft charging schedule.
Stretton Sugwas Parish Council has not received any representations or comments from those business interests who have operations within this category within the Parish boundary relating to this proposal and therefore have objected on the basis that there is not a tick box that covers "no comment".
How does this encourage the provision of plots/housing???
No view

Any other comments

The Marine Management Organisation (MMO) is a non-departmental public

body responsible for the management of England's marine area on behalf of the UK government. The MMO's delivery functions are; marine planning, marine licensing, wildlife licensing and enforcement, marine protected area management, marine emergencies, fisheries management and issuing European grants.

Marine Licensing

Activities taking place below the mean high water mark may require a [marine licence](#) in accordance with the [Marine and Coastal Access Act \(MCAA\) 2009](#). Such activities include the construction, alteration or improvement of any works, dredging, or a deposit or removal of a substance or object below the mean high water springs mark or in any tidal river to the extent of the tidal influence. You can also apply to the MMO for consent under the Electricity Act 1989 (as amended) for offshore generating stations between 1 and 100 megawatts in England and parts of Wales. The MMO is also the authority responsible for processing and determining harbour orders in England, and for some ports in Wales, and for granting consent under various local Acts and orders regarding harbours. A wildlife licence is also required for activities that that would affect a UK or European protected marine species.

Marine Planning

As the marine planning authority for England the MMO is responsible for preparing marine plans for English inshore and offshore waters. At its landward extent, a marine plan will apply up to the mean high water springs mark, which includes the tidal extent of any rivers. As marine plan boundaries extend up to the level of the mean high water spring tides mark, there will be an overlap with terrestrial plans which generally extend to the mean low water springs mark. Marine plans will inform and guide decision makers on development in marine and coastal areas. On 2 April 2014 the [East Inshore and Offshore marine plans](#) were published, becoming a material consideration for public authorities with decision making functions. The East Inshore and East Offshore Marine Plans cover the coast and seas from Flamborough Head to Felixstowe. For further information on how to apply the East Inshore and Offshore Plans please visit our [Marine Information System](#). The MMO is currently in the process of developing marine plans for the South Inshore and Offshore Plan Areas and has a requirement to develop plans for the remaining 7 marine plan areas by 2021.

Planning documents for areas with a coastal influence may wish to make reference to the MMO's licensing requirements and any relevant marine plans to ensure that necessary regulations are adhered to. For marine and coastal areas where a marine plan is not currently in place, we advise local authorities to refer to the [Marine Policy Statement](#) for guidance on any planning activity that includes a section of coastline or tidal river. All public authorities taking authorisation or enforcement decisions that affect or might affect the UK marine area must do so in accordance with the [Marine and Coastal Access Act](#) and the UK Marine Policy Statement unless relevant considerations indicate otherwise. Local authorities may also wish to refer to our [online guidance](#) and the [Planning Advisory Service soundness self-assessment checklist](#).

Minerals and waste plans and local aggregate assessments

If you are consulting on a mineral/waste plan or local aggregate assessment, the MMO recommend reference to marine aggregates is included and reference to be made to the documents below:

The Marine Policy Statement (MPS), section 3.5 which highlights the importance of marine aggregates and its supply to England's (and the UK) construction industry.

The National Planning Policy Framework (NPPF) which sets out policies for national (England) construction minerals supply.

The Managed Aggregate Supply System (MASS) which includes specific references to the role of marine aggregates in the wider portfolio of supply.

The National and regional guidelines for aggregates provision in England 2005-2020 predict likely aggregate demand over this period including marine supply.

The NPPF informed MASS guidance requires local mineral planning authorities to prepare Local Aggregate Assessments, these assessments have to consider the opportunities and constraints of all mineral supplies into their planning regions – including marine. This means that even land-locked counties, may have to consider the role that marine sourced supplies (delivered by rail or river) play – particularly where land based resources are becoming increasingly constrained.

We support the nil rate for all other uses as community and cultural facilities are generally unable to bear the cost of CIL for viability reasons. They make a positive contribution to the provision of cultural wellbeing in an area, and are often run by charities or trusts.

This seems vastly overcomplicated and heavily penalises small developers (2 or 3 dwellings) in an arbitrary fashion. Would it not be more equitable to have one list rather than two, with one common set of exceptions. Thus being demonstrably fair and the same for all, along the following lines:

I cannot understand why you have not included industrial farming applications in this - these are the most common and most controversial form of planning in the county and I fail to understand as they generate such wealth for a few individuals while negatively impacting on the rest of the community and ability for other business growth why they have not even been considered

The Council does not currently charge CIL on Intensive Livestock Units The council could charge CIL on these if it chose to and it should - they have enormous impacts, not least on the roads and make no contribution because they are not liable for CIL, business rates or council tax.

I fail to see why there are no CILs on intensive livestock units! They have a large impact on the roads and do not even have to pay council tax or business rates! It doesn't make sense!

The rates should be on all developments including industrial, like chicken and turkey sites and industrial sized pig rearing sites. They put nothing into the maintenance of the roads, put a lot of stress on the already fragile environment. Employment on these sites is non-existent in most areas, the feeding and

<p>cleaning is all mechanical so needs no help until it has to have maintenance. Let's have a fair system and put the levy on all constructions including the farming community.</p>
<p>I think the Herefordshire Council should charge CIL on all intensive livestock units in the county. These units have a very considerable impact on the area and environment around them, not least on our roads, and yet their owners already pay no Council Tax or Business Rates. Surely they should contribute to the Community Infrastructure Levy in the same way that an individual wanting an extension to their house will be expected to contribute?</p>
<p>I feel that affordable housing requirement should be necessary for less than 11 houses. Small villages are quite likely to have sites of less than 11 houses and therefore unlikely to receive any affordable housing. One in 4 should be affordable with a maximum requirement of 2 affordable houses. The affordable houses should have a levy of £0/sq m. Otherwise villages will only be for the rich and there will be no housing for young, local people.</p>
<p>I strongly propose that HCC should charge CIL on all intensive livestock units</p>
<p>This MUST be applied to intensive agricultural/industrial developments such as Broiler Sheds. It would be completely unfair to do otherwise as these developments currently pay no Council Tax or Business rates and have a severely detrimental effect on the countryside and the communities who live in the vicinity. This would be a simple way for them to make at least SOME contribution to the parishes in which they operate.</p>
<p>There is no reference to intensive livestock units-- the pressure that these units put on infrastructure--roads and services is significant. I note that in general such units bring little or no extra employment or other benefits to the rural areas on which they are imposed. They should carry a significant level of levy</p>
<p>I strongly agree that industrial agriculture should be levied, as this, more than any other development causes the worst air and water ground source pollution, smell, disgusting product, extra large truck traffic and an unsightly blight on an otherwise beautiful landscape in Herefordshire.</p>
<p>I can't see any provision for agricultural buildings! Intensive livestock units should be treated in the same way as other businesses. Since they impact on the roads they ought to be paying a tax. After all they do not have to pay council tax or business rates.</p>
<p>The Council should charge CIL on All Intensive Livestock Units!</p>
<p>I propose that a charge should be made under the Community Infrastructure Levy for all intensive livestock units.</p>
<p>I propose that a Community Infrastructure Levy should be made for all types of Intensive Livestock Units.</p>
<p>It is glaringly inequitable to Ross to take money for development in the town and spend it all in the north of the county. Investment in Ross is tragically poor as it is and this adds insult to injury.</p>
<p>Also, money raised should be spread more evenly around the county. Ideally</p>

<p>to support declining facilities such as public toilets and county roads</p>
<p>This proposal is at best naïve. It has a 'cliff edge', so astute developers will construct 9-10 units over the border in a cheap area, not a dear one.</p> <p>If you want to raise cash, charge capital gains tax on the unearned, inflation-adjusted profits from house sales and keep the rate at near the top income tax rate.</p> <p>This is a bureaucratic nightmare. The only means to improve the UK development control process is to make it more like Germany and countries where in built-up areas the public sector buys land at existing use value, gives it planning consent and sells it to self builders or developers.</p> <p>The New Towns Development Corporation did this in Milton Keynes and elsewhere. The profits from such a process mostly go to the public sector and help fund local services.</p> <p>Outside AONBs and National Parks, stop imposing such dirigiste design rules and relax it to be more like the suburban USA where anyone who complies with the 'default' lists of materials (brick, render, glass, tile, slate et al), setbacks, ridge heights, etc needs no further planning permission.</p> <p>But given that this is the UK, which is immune to rational proposals, I forecast zero progress and predict that house prices will continue to be out of reach of 60-80% of the working population.</p>
<p>Why are intensive agricultural developments excluded from the CIL payment? They are one of the main causes of pollution and nuisance to the environment and should pay their way too.</p> <p>This is a big industry and they can afford to pay the CIL payment. Why does Herefordshire Council always favour the farming industry whilst penalising other businesses?</p>
<p>Given it's polluting effects and damage to roads the exclusion of intensive agricultural developments is indefensible. This contradicts the generally accepted principle of the polluter pays!</p> <p>This multi-million pound industry is in effect being subsidised by the ratepayers of Herefordshire. Intensive poultry and animal rearing units are factories and should be rated and treated as such. This is not farming it is industry. It should pay its way. If this were done there revenue would go a long way to repairing our crumbling roads.</p>
<p>Why is there no proposal to charge CIL on intensive livestock units? This is the most rapidly growing sector in the county representing hundreds of thousands of square metres of new development each year. They generate large volumes of traffic movements, but make no contribution to the infrastructure because they are not liable for business rates.</p>
<p>It should be charged at the same rate across the county if we are going to do this at all.</p>
<p>The Council could not see any credible rationale behind the allocation of charges. Whilst we acknowledge that the schedule is informed by an</p>

assessment of head room and viability on projected development returns, it is hard to see how this has been applied rationally. The proposal to apply no CIL to larger residential developments in the Hereford Hinterlands is directly contrary to the stated aim of the Council (via Cllr Paul Rone – Cabinet Member) that CIL should be applied to helping to fund the western relief road. A situation where CIL is charged on developments away from Hereford to fund infrastructure which will benefit the City and its traffic flows is likely to be robustly challenged by developers, possibly to the point of a judicial review as it appears to violate the principals of proportionality and locality implicit in CIL. If this is not corrected now a charging schedule will be imposed which makes CIL unworkable across the County.

The high level of CIL suggested for smaller residential developments in Hereford suggests that this is considered a buoyant property market and yet the City Centre Urban Village site is proposed for zero CIL. This is the site that will benefit most from the infrastructure investment around the Edgar Street Grid site, and yet will make no contribution to it. It is hard to see how smaller residential developments in the city have head room for a £200 per square metre CIL charge, but the most sought after site does not. This appears to be another semi opaque subsidy to the developer who has already benefitted enormously from Herefordshire Council's progressive reductions in land prices to support the retail site, and the substantial infrastructure development which makes the construction possible.

The CIL charge on the Hereford strategic sites is to be welcomed although given the pressure for housing in Hereford and the large investment of public funds in supportive infrastructure necessary to facilitate these developments, £35 per square metre seems low.

Following consideration Committee **RESOLVED** to submit the following initial response:

- The Town Council has concerns that the draft CIL charges assumes that the proposed Leominster southern link road, which will service the Leominster Southern Urban Extension (SUE), will be funded by the development as there is no formal funding allocation contained in the proposals;
- There is an assumption that the additional infrastructure required to service the SUE will be funded by the development. This includes the provision of a new school, open spaces, leisure facilities and other community infrastructure;
- The Town Council has concerns that there is no flexibility within the draft CIL to ensure that the required infrastructure will be delivered by the SUE development;
- Details regarding the provision of the required infrastructure when the SUE is developed should be included in the final adopted CIL policy in addition to how that funding will be raised;
- A mechanism needs to be included in the allocation of CIL to allow local communities to access CIL funding if planned infrastructure is altered, changed or not delivered. This will

<p>enable communities to try to mitigate against a potential shortfall to reduce the potential impact of any infrastructure shortfall.</p>
<p>We are concerned that the high rate of charge on schemes of 2-10+ units will put landowners and developers off and risk our ability to meet the proposed proportional growth targets. It is unlikely that we can meet our target delivery on single schemes alone. We anticipate that our most appropriate rural schemes will be proposals of 2-10 units and yet these are penalised to the point in non deliverable and non viability. This would mean we would get 25% of nothing as there will be no development or a surge of single applications producing no income. We are also concerned that there are no Rural Area infrastructure plans on the delivery draft and so rural areas are being asked to provide 75 % of a levy without any discernible benefit. We cannot fund our own infrastructure delivery projects with 25% (if we even get 25%!) and so will once again be left without crucial investment.</p>
<p>I would suggest that there needs to be an element of flexibility to cater for specific situations - difficult those this may be to quantify.</p>
<p>Thank you for your consultation, I note the schedule and other details. I have no comments to make on the material but appreciate being consulted. It is likely that we will advance our own CIL when the present examination of the Allocations Plan is concluded.</p>
<p>Stretton Sugwas Parish Council is not convinced that CIL income which is a capital receipt will not be ring fenced and used to offset Local Authority grant or precept in respect of revenue expenditure, this of course, would be entirely unsustainable. As we set out in our response to question 1, we believe that there should be a formalized discounting structure to encourage a series of criteria to be met to meet local needs ranging from quality design, sustainability in terms of green energy and waste management as well as appropriate house types and layouts for local occupation. These discounts could be reviewed as soon as criteria are met and new ones emerge. We remain deeply concerned that CIL should not be used to do anything other than enhance the quality of life and the built environment through modest infrastructure projects in local communities and should never be used to cover shortfalls in revenue income and expenditure items.</p>
<p>Please can you explain why this for rural communities in close vicinity of chicken broiler units cannot benefit from this proposal?</p> <p>I ask because the owners of this type of livestock unit reap financial profit, which is fine, however it is at a cost to the local community (undeniable) who receive no financial benefit to enhance community facilities, and who instead suffer from real downsides:</p> <ul style="list-style-type: none"> i/ significant property value drop ii/ increases heavy traffic iii/ very frequent foul odour: who would choose to buy a house in within an environment where the air is so unpleasant as to make one's eyes water. <p>Contrary to the often cited 'creation of employment' benefit, this is mostly</p>

<p>negligable to the point of irrelevant.</p> <p>I cannot see a fair reason as to why rural communities should not be included in the CIL.</p>
<p>Natural England does not consider that this Revised Preliminary 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>Brampton Abbots & Foy Group Parish Council agrees with the CIL payment instalment policy</p>
<p>On 21 March 2015, the Government updated paragraph 021 of the National Planning Policy Guidance (NPPG) putting a greater emphasis on Councils making provision for the changing needs of older residents.</p> <p>Indeed, the guidance stresses that older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (use class C2).</p> <p>It states that "The need to provide housing for older people is critical" [my emphasis].</p> <p>I note that within the Revised Preliminary Draft Charging Schedule (PDCS) there are a range of rates required for residential development set in two categories- namely developments of 11 dwellings or more (£100 per m2 or developments of fewer than 11 dwellings (£110 per m2). There are exceptions to this, with different rates (including a level of £0) in certain areas of the Authority.</p> <p>I strongly believe that a nil rate across the Authority should also be applied to specialist accommodation such as retirement housing.</p> <p>Reference to 'C3 Sheltered/Retirement Houses' should be explicitly added to the recommended CIL rates summary table.</p> <p>Viability testing in other Authorities in the South West demonstrates that sheltered retirement housing, which is classified as use class C3, is very challenging.</p> <p>It is my firm belief that applying CIL rates to retirement developments will be to constrain the delivery of schemes. I therefore hope that any adopted CIL Charging Schedule can be adapted in a way that does not constrain this much needed form of development.</p> <p>Indeed, paragraph 018 of the NPPG supports this assertion, advising that "For older people's housing, the specific format and projected sales rates may be a factor in assessing viability".</p> <p>Our homes have many features which allow versatility as and when it is required or necessary.</p> <p>As such, I truly believe that a Blue Cedar home helps reduce the likelihood of needing to move into a residential home, due to frailty in later life. All of the properties benefit from estate maintenance -both communal and individual.</p> <p>Factors such as higher build costs and a longer selling period for our properties make retirement housing less viable than new homes in general.</p>

Therefore, it is imperative that when determining CIL rates, the Authority completes an accurate development scenario for specialist accommodation for the elderly to ascertain whether it can support the same level.

I note that in the report on the Examination of the Draft Hertsmere Borough Council Community Infrastructure Levy Charging Schedule, December 2013 (PINS/N1920/429/12), developers of specialist retirement housing, McCarthy and Stone and Churchill Retirement Living, and Hertsmere Borough Council recognised the important difference between retirement housing and general needs housing in their charging schedule.

The same approach should be considered and taken by Herefordshire Council in its CIL Charging Schedule.

Currently, I believe there is no reasonable justification for a CIL charge on retirement housing in any area of the Authority and, at the same level as general needs housing.

I believe that a housing scheme which provides a real need for specialist housing, such as retirement dwellings, should be exempt from CIL as well as affordable housing, similar to the C2 use class. Indeed, the Revised PDCS has a nil contribution for other non-residential uses which includes care homes (C2 use class).

Furthermore, it should also be recognised that by providing this type of housing for the elderly to downsize, larger family homes would become vacant. As a minimum, all forms of C3 retirement housing should be explicitly exempt from CIL.

The CIL proposal has been ongoing for a very long time and seemingly becomes more and more convoluted and contradictory. At the proposed level it will prevent delivery, stifle investment, put jobs at risk and make housing less affordable. What everyone now needs is some certainty - and a viable and pragmatic approach that won't stifle development, but will enable the delivery of new homes that are affordable and desirable and contribute fairly (rather than being penalised). We would urge HC to look at the charges adopted in others areas (available on the internet) and to listen to those who own potential development land and are involved in land purchases, planning approvals, development projects etc rather than the consultants in isolation.

The revised proposed rates for CIL for future residential building affecting Bircher Ward and Luston Group of Parishes in particular appear to be an improvement on those proposed initially.

If my understanding is correct, a single dwelling in the Rural Hinterlands will attract a zero rating whereas the development of a greater number but less than eleven dwellings will be charged £200 per sq m per property.

We are a group of villages and hamlets which have been added to as the need for more houses became necessary, one at a time in a balanced and somewhat organic way. Over the last 40 years, as the car and commuting became more popular, 5 small developments have appeared within the then newly designated conservation area of Luston. They did not happen all at

once but they had a profound effect upon the village. The amenities are minimal; no shop, no post office, no garage, no restaurant or a working public house. There is a primary school which is very popular with people outside the parishes so it is not dependent on a pool of children being created within the boundaries.

For the last decade development of the villages and hamlets has reverted to the historical pattern of 'as and when needed' rather than imposed speculative development. This has allowed for the character of the area to absorb small changes without it being lost.

The CIL proposed for this part of Herefordshire has the potential to support this kind of environmentally friendly growth without the potential swamping of the parts of Herefordshire which have helped to make it the attractive county it is.

We are confident that the housing obligations for this area expressed in the Core Strategy will be met by 2031 following historical growth patterns.

Please indicate how you heard about this consultation:

Email	27
Letter	1
Hereford Times newspaper	3
Ledbury Reporter	
Herefordshire Council website	3
Social media	
Other	7
If social media or other, please specify.....	

Raised in parish meeting	2
Word of mouth	2
Member of council	2
Papers in Leintwardine Library	1

Task & Finish Group Report

**Community Infrastructure Levy
(CIL) Task & Finish Group**

**For consideration by the General
Overview & Scrutiny Committee –
10 December 2012**



Task & Finish Group Report

Community Infrastructure Levy (CIL)

What is the Community Infrastructure Levy?

The Community Infrastructure Levy (CIL) is a new local tax on capital gain that local authorities in England and Wales can choose to charge on new developments in their area.

The money can be used to support development by funding infrastructure projects that the council, local community and neighbourhoods want – for example, new or safer road schemes, or park improvements. It applies to most new buildings and charges are based on the size and type of the new development. The term ‘infrastructure’ in this instance, is used in its broadest sense to mean any service or facility that supports the county and its population. For examples of ‘infrastructure’ see Appendix 1.

Background

1. Cabinet on 28 July 2011 considered the Economic Development Strategy, Local Development Framework (LDF) and the Local Transport Plan 3 (LTP3). Arising out of that debate Cabinet invited the Overview and Scrutiny Committee to inform the preparation of a Community Infrastructure Levy charging schedule for Herefordshire. The Committee accepted and the work was to be part of the Task & Finish review of income and charging, however, at that time the CIL guidance was unclear and therefore the CIL element was deferred until it was practical to undertake the review. The guidance was somewhat improved by the summer of 2012 and the terms of reference of this task and finish group were agreed as being:
 - To review national guidance and best practice on the issue;
 - To review the applicability of CIL charging regimes elsewhere in the UK to Herefordshire;
 - To make recommendations to the Cabinet for the scope / scale / geographic applicability of the CIL.
2. The full scoping statement for the review is set out at Appendix 2.
3. This report addresses the key questions from the scoping statement and sets out a number of recommendations.
4. In undertaking this review, the Task & Finish Group has not looked at:
 - Input into the evolving Local development Framework or its associated Infrastructure Delivery Plan (however the Group have been kept advised of relevant progress and areas of concern).
 - Scrutiny of national legislation or guidance.
5. The Task & Finish Group comprised of Councillors: EPJ Harvey (Chair); B Durkin, J Hardwick; MAF Hubbard; GR Swinford. Councillor P Watts and Councillor EMK Chave have kept a watching brief on the review and have contributed some key comments. The Group were supported by Mr A Ashcroft, Assistant Director

Economic, Environment & Cultural Services (Lead Officer); Mrs Y Coleman, Planning Obligations Manager; Siobhan Riddle, Senior Planning Officer; Mr P James, Democratic Services Officer.

6. Prior to the start of the review the Group were provided with a substantial briefing pack and this has been supplemented by a number of further documents (listed at Appendix 3). Between 17 September 2012 and 20 November 2012 the Group carried out research, convened meetings; undertook interviews (see appendix 3) and undertook a visit to Shropshire Council.
7. The Group would like to thank all those who participated or supplied information during the course of this review.

Addressing issues from the Terms of Reference

8. In undertaking this review the Group have taken into account national guidance 'The Community Infrastructure Levy – Summary' produced by the Department for Communities and Local Government (November 2012). The Group have received information on how CIL regimes have been introduced in the few local authorities who have already implemented this new tax, principally Shropshire Council and Newark & Sherwood District Council. The Group has also received information concerning the number of CIL rate areas (zones) and the charging rates set by those authorities. Information concerning the scope, scale and geographic applicability of CIL is set out later in this report.

Commentary and Findings on the Key Questions

9. It must be emphasised that CIL is expected to provide additional monies for infrastructure but will not replace existing mainstream funding. Core public funding will continue to bear the main burden, and the Council will need to utilise CIL alongside other funding streams to deliver infrastructure plans locally.
10. The flexibility provided by CIL is that, unlike Section 106 which is site specific, funds from CIL do not have to be spent on projects local to the development and do not have to be spent within a fixed period of time. However, legislation requires that such projects need to be identified at county level and to be published in a regularly updated Infrastructure Delivery Plan (IDP).

Q1 - Examine appropriate CIL charging rates, and the effect of these rates on the viability of development in the County; and whether different CIL rates should be applied in different parts of the County.

11. Since CIL is a new and additional 'tax' on development it will, inevitably, impact upon the overall costs of development in parts of the country where the levy is implemented.
12. Legislation requires a Charging Authority (Herefordshire Council) to use 'appropriate available evidence' to inform the drafting of the charging schedule it implements. Government guidance recognises that the available data is unlikely to be fully comprehensive or exhaustive. However the Charging Authority will need to demonstrate that the proposed CIL rate or rates are informed by what information is

available and that the rate/s are consistent with that evidence across the whole County.

13. The Guidance indicates that where different rates are considered for application in different parts of the County then Charging Authority should use an area-based approach. This involves a broad test of development viability, informed by the evidence base, to ensure the CIL rates for an area are achievable. In doing this, the Charging Authority is advised to take a strategic view across its areas rather than to focus on the potential implications of setting a CIL for individual development sites within a charging area.
14. The Regulations recognise that the introduction of CIL may put some potential development sites at risk. It is for the Charging Authority to decide what CIL rate sets an appropriate balance between the need to fund infrastructure, and the potential implications for the economic viability of development across its area of responsibility.
15. The Council has contracted with consultants Three Dragons to produce the evidence base for Herefordshire; collating and interpreting inputs from land owners, developers and estate agents. Unfortunately, the timescales for this work have slipped and are now not compatible with the timescales to which this Task & Finish Group is working. This has impacted upon a number of aspects of this Group's review and recommendations to address these shortfalls will be referred to later in the report.
16. **Review process:** In setting a CIL rate, the Charging Authority will need to bear in mind that the economic circumstances and land values could change significantly during the lifetime of the charging schedule; and that it will be necessary to plan to review the CIL rates at appropriate points in the lifetime of the core strategy. Any such review may be achieved by considering the proposed CIL rates in the context of projected trend levels, over the longer term, of property prices and land values in the area; and will require that CIL rates are adjusted to maintain optimum revenue generation and broad alignment with market conditions. It is recommended that the initial implementation of CIL in Herefordshire should be reviewed after 12 months of operation.
17. The Council's three strategic documents comprising the Local Development Framework, the CIL Charging Mechanism and the Infrastructure Development Plan are all linked and interdependencies exist between them – see *Figure 1*. Some of these plans look ahead up to 20 years and all will be 'living documents' being updated and revised throughout their lifetimes.

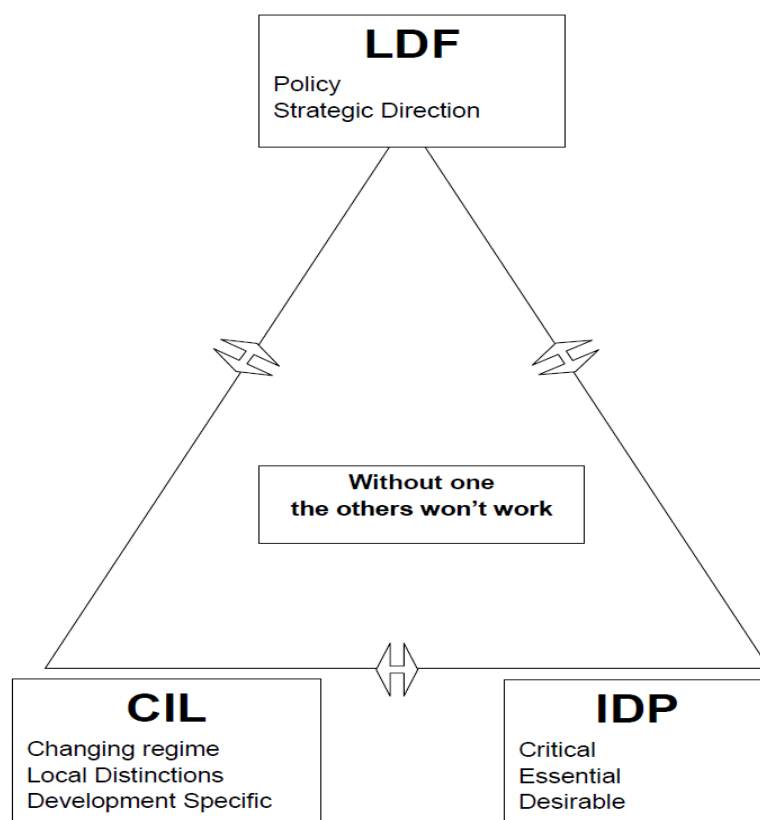


Figure 1: Interdependencies between strategic policy documents and processes

18. The Group recommend that both the LDF and IDP should contain implementation plans which identify the following:
 - a) where strategic developments sit geographically within the county;
 - b) when they are anticipated to be needed;
 - c) what infrastructure projects are associated with those developments;
 - d) whether their implementation needs to lead or lag the developments;
 - e) who is responsible for their implementation (NOTE: Not all projects in the IDP are the responsibility of the Council to deliver)
19. This will enable developments to be identified against localities and for a timeline view of developments planned within an area to be built and maintained as part of the annual update cycle of the IDP.
20. The Group consider that this approach will also allow the segmentation of the three interlinked strategic documents (LDF/CIL/IDP) into fixed timeframes. This will assist in setting CIL rates for the near-term timeframe with a degree of confidence, supported by the current evidence base. It will also allow all stakeholders to see when future rate reviews are planned so that they can make allowance for possible

variations in charging rates in negotiations on future developments. This will assist both in managing development timescales and in reduce uncertainty regarding development cost/profit modelling.

21. **CIL Rates:** There are a number of different ways in which CIL rates can be structured. The Charging Authority may consider setting uniform rates, because they are simple to understand and to manage. Alternatively, the Charging Authority may consider setting differential rates as a way of both optimising revenue generation and recognising variations in economic viability within the County.
22. If differential rates are set the regulations require that the geographical zones are precisely defined on an Ordnance Survey map so that it is immediately clear which charging zone any particular development is in thereby providing a developer with certainty regarding what rate they should expect to pay. The Charging Authority also needs to be mindful that complex patterns of differential rates need to be compliant with state aid regulations. Examples of approaches to the zoning of charges are given in *Table 1*

Council Name	Residential (new houses & extensions over 100sqm)		
	Differential Payment	Lowest Charge per square metre	Highest Charge per square metre
Mid Devon District Council	1 Standard Charging Zone	£90	£90
Shropshire	2 Charging Zones – Urban & Rural	£40	£80
Mid Sussex District Council	3 Charging Zones – Rural, Village & Town	£150	£235
Newark & Sherwood	7 Charging Zones	£0	£75

Table 1: Example differential CIL rates

23. The Group consider it to be important that infrastructure projects prioritised within the IDP are enabled by CIL. Therefore it is the responsibility of the Charging Authority to optimise the revenue generated by CIL payments, within the moderating framework of the county’s market conditions and supported by an independently assured and regularly updated evidence base.
24. The Group hasn’t been able to review the evidence collected by the Three Dragons consultants. However, the Group has heard evidence that would strongly suggest that there are varying degrees of development viability across the County. It is therefore recommended that the Council implement a differential CIL rate approach in Herefordshire. Differential CIL rates would require a charging matrix to be created which prescribes the CIL rate to be applied to specific developments according to a variety of assessment criteria.
25. The criteria associated with setting of differential CIL rates may include the following:
- a) The geographical market area e.g. Locality - this will be specific to the general location of a development

- b) Any development zoning defined within the Locality e.g. Urban, Village, Rural – this will be specific to the particular location of a development
 - c) The development type, e.g. residential, employment, retail, agricultural, etc. – this will be specific to the nature of a development
26. In developing differential rates it will be important to include sufficient variables in the charging mechanism to reflect the range of market conditions within the County. However, it must also be borne in mind that the more variables introduced into the charging mechanism the more complex the process will be both to administer and to communicate to developers and land owners as indicated by the table above.
27. There may be two or more localities in Herefordshire which have similar market conditions and may therefore be able to use a common set of differential rates – which would make the system easier to administer. However, the evidence base is not currently available to enable this report to make specific recommendations regarding a CIL charging matrix. The Group consider it important that the evidence base is examined before making any detailed recommendations on a differential CIL charging matrix for Herefordshire.
28. **Recommendation: - that a differential rates approach, in terms of both areas and zoning within areas, be taken to setting CIL in Herefordshire.**
29. **Recommendation: - that this Task & Finish Group be recommissioned early in 2013 to review the available documentation, engage with stakeholders on the proposed charging schedule and make recommendations.**
- Q2 - Examine whether charges should be applied for some types of development, or for all.**
30. The Regulations allow the Authority to vary CIL rates according to the intended uses of development (e.g. residential, retail, business, etc.) across their charging area provided that the different rates can be justified by a comparative assessment of the economic viability of those categories of development. Where the Authority has applied differential rates in this way, the charging schedule should reflect those rates by reference to the appropriate use categories.
31. The Charging Authority should not exempt or set a zero rate for a particular zone or category of development from CIL, unless it can demonstrate that this is justifiable in economic viability terms and aligns with the guidance already in place on Income and Charging.
32. **Recommendation – That the guidelines set out in the Income & Charging Review be applied to the application of CIL rates.**
33. **Recommendation - It is important to include all types of development in the CIL charging framework – although some categories may be given a £Nil rate in a particular charging timeframe.**
34. **Phasing of CIL Payments:** CIL payments must be paid. They are not negotiable. It is therefore vital that when setting its payment schedule the Charging Authority is open and transparent about how the charges will be imposed (e.g. the percentage

payable at any defined key point in the development) and sensitive to the type and scale of the likely development so as not to make the development unviable. The Charging Authority has to get the payment schedule right first time.

35. Once set, the phasing of the payment schedule against the staged completion of a development will have a significant impact on the cash-flow of the developer and ultimately the viability of the development in the round. Examples of payment phasing adopted in other authorities are given in *Table 2*.

Council Name	Details of Payment Phasing		
	Phasing Criteria	Phases	Schedule of Payment Instalments
Bath & North East Somerset	Up to £35,000	1	100% within 60 days of commencement
	Greater than £35,000	3	33% within 60 days of commencement 33% within 12 calendar months after commencement 34% within 18 calendar months after commencement
Newark & Sherwood	Less than £50,000	1	100% within 60 days of commencement
	£50,000 to £250,000	2	25% within 90 days of commencement 75% within 270 days of commencement
	Greater than £250,000	4	25% within 90 days of commencement 25% within 180 days of commencement 25% within 360 days of commencement 25% within 540 days of commencement
Shropshire Council	1 dwelling	2	15% within 60 days of commencement 85% within 270 days of commencement
	2 – 4 dwellings	3	15% within 60 days of commencement 20% within 270 days of commencement 65% within 365 days of commencement
	5 – 25 dwellings	3	15% within 60 days of commencement 25% within 270 days of commencement 60% within 365 days of commencement
	26+	2	25% within 60 days of commencement 75% within 365 days of commencement
Huntingdonshire	Less than £16,000	1	100% within 120 days of commencement
	£16,000 to £50,000	3	25% within 120 days of commencement 50% within 210 days of commencement 25% within 270 days of commencement
	£50,000 to £100,000	3	25% within 120 days of commencement 50% within 240 days of commencement 25% within 365 days of commencement
	£100,000 to £500,000	3	25% within 150 days of commencement 25% within 300 days of commencement 25% within 450 days of commencement
	Greater than £500,000	3	25% within 180 days of commencement 50% within 450 days of commencement 25% within 720 days of commencement

Table 2: Examples of CIL payment phasing policies

36. The Group consider this to be an important aspect of the successful implementation of CIL and **Recommend - That this Task & Finish Group be re-commissioned early in 2013 to review the available documentation, and to engage with local**

stakeholders on the options for phasing of CIL payments before making further recommendations.

37. **Apportionment of CIL:** The implementation of CIL needs to be undertaken in a manner which encourages positive behaviours in all stakeholder groups. This includes the local communities and the parish councils hosting the developments, as well as landowners, financiers and developers.
38. Once collected, CIL needs to be apportioned against a variety of activities. How this is done will have a huge impact on how CIL and the whole development strategy for the county as a whole is perceived by local communities across the county.
39. There are now a few CIL models around the country and some, due to local circumstances, seem quite complex. However Shropshire, has implemented a more straight forward model which appears well aligned to the needs of Herefordshire.
40. The Group were most impressed by the positive behaviours engendered in local communities, and the contribution this makes to realising county level strategies, that has been enabled by the approach to CIL implementation adopted in Shropshire. Their astute model both delivers major top-down infrastructure projects and encourages community support for bottom-up local developments by the way in which they have handled the apportionment of CIL and the Locality planning of infrastructure projects.
41. To drive positive behaviours in the 'Shropshire model' they assign even major infrastructure projects to the Localities in which they are sited; and these are then contributed to by the 77% portion of the total CIL payment from any development that is retained in that Locality.

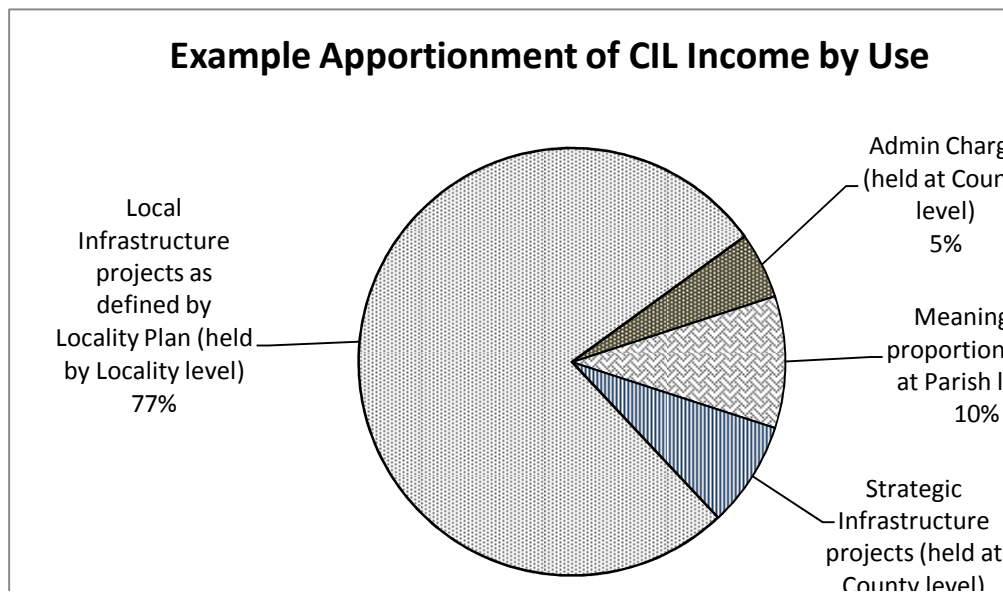


Figure 2: CIL apportionment to use category and level of local government

42. In Shropshire, they assign 5% of any CIL payment to overall administration and 10% as the 'meaningful proportion' of the CIL required by legislation to be returned to the parish in which the development takes place. Of the remaining 85%, 90% of it is

retained at a 'Locality' level, with only 10% going towards county-level strategic infrastructure projects.

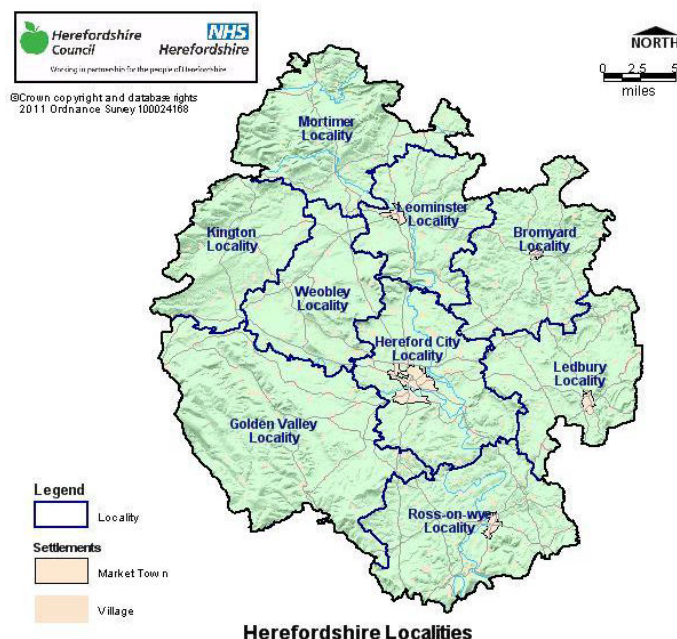


Figure 3: Herefordshire Localities

43. This approach requires that each Locality develop an area plan which is refreshed annually to reflect the infrastructure projects which are proposed for the coming year. These are then aggregated and used to update the county level IDP – which is required by legislation. The currently defined Herefordshire Localities are given in Figure 3.
44. In addition to strategic developments which are assigned to their Localities, local communities are actively coming forward to propose development projects in the villages and rural areas – where they are starting to see the resulting CIL being an important enabler for local community projects.
45. The Group consider that this is an important point for the Charging Authority to address. Roughly a third of the total development planned for Herefordshire over the next 20 years in the LDF is expected to be small scale developments, infill projects and individual dwellings built across and throughout the whole county, evolving out of local need. It is important to have mechanisms in place which will actively encourage the bringing forward of this development. It is also important to have CIL, and the infrastructure projects it funds, regarded in a positive light across the county as this will reduce resistance to these developments and will increase local 'ownership' of the county level plans.
46. **Recommendation - That a Locality-based approach to managing both the encouragement of development and the implementation and ownership of infrastructure projects – including those designated as 'strategic' at county level, is recommended for Herefordshire.**

Q3 - Examine whether charging regimes could relate to building sustainability as part of a wider encouragement for improved building efficiency standards

47. The Group consider that economic conditions and changing social priorities make it essential that the council delivers on its targets for affordable and social housing, perhaps even to exceed those targets. In addition the Group is concerned that housing built from now on is both affordable to buy/rent and also affordable to live in. The layout of houses on building plots, their roof geometry and aspect and their overall build to advanced standards of energy efficiency while delivering low impact on local resource and utilities are all crucial to the sustainable nature of the county's future housing stock.
48. **Recommendation - To ensure that the implementation of CIL encourages and supports the Councils targets for affordable and social housing and advances the standards of building sustainability of the county's housing stock.**
49. In addition, the Group recommends that careful consideration should be given to the creation of a special development category for high energy efficient, lifetime sustainable developments by the setting of a CIL rate that reflects the increased up-front cost of developments which meet these higher build standards. By implementing this via the means of a special development category the Group believe it will encourage this type of industry sector within the County.
50. **Recommendation – That a special development category be included in the CIL rate recognising high energy efficient, lifetime sustainable developments.**

Q4 - Examine and understand the transitional arrangements that will be required between Section 106 agreements and the introduction of CIL.

51. Traditionally Section 106 agreements have been applied to the more substantial developments which involve professional developers who are aware of the Section 106 system. While larger developers will be involved in the CIL process it is likely that smaller developers will become increasingly involved as buildings are extended or small developments over 100 square metres take place. It is therefore important that the Charging Authority policy on CIL is open, transparent and clear and provides good advice as early in the development process as possible.
52. **Recommendation – That a communication plan and workshops be instigated in advance of the implementation date to ensure that clear advice is available to both the development industry and the general public.**

Other Matters

53. The Group has sought assurance that the council has the software tools, staff cover and processes in place to enable the implementation of CIL to be handled effectively and efficiently. That assurance has been given, but has not been tested as part of this review.

54. The Group identified the need to set up an Infrastructure Delivery Working Group to oversee the delivery of CIL. A mechanism to deal with any appeals that may arise may also be required.
55. The Group also recognises that CIL management is an important area both in terms of the Council's ability to manage its own resources and to provide transparency to both the developers and the public alike. The Group has been briefed by the Planning Obligations Manager on the current arrangements for managing Section 106 monies, and is satisfied that these systems are both robust and effective. It was however clear that different mechanisms will need to be introduced once CIL is in place to project manage major infrastructure schemes, to provide annual statements, and to ensure a correct and sustainable balance between debt repayment and CIL payments.
56. In the timeframe of this review, the Group has not been able to obtain clear guidance on how the use of CIL payments will operate with respect to the other mechanisms open to the council for raising funds to pay for infrastructure projects. The way in which the cost of infrastructure projects are budgeted for and managed will have a major bearing on how CIL can be used at local and at county levels to enable community and more strategic infrastructure investments.
57. The group considers that this is an important area of discussion which may well impact on how infrastructure projects are scheduled in the IDP, and how the payment schedule for development projects can be phased. The group recommends that this is a subject which is investigated in more detail when the group is recommissioned to address outstanding questions in the New Year.
- 58. Recommendation – That the question of how the cost of infrastructure projects are budgeted for and managed be investigated in more detail when the Task & Finish Group is recommissioned.**

The Recommendations contained in this report This table needs updating:

Paragraph No	
28	Recommendation: - that a differential rates approach, in terms of both areas and zoning within areas, be taken to setting CIL in Herefordshire.
29	Recommendation: - that this Task & Finish Group be recommissioned early in 2013 to review the available documentation, engage with stakeholders on the proposed charging schedule and make recommendations.
32	Recommendation – That the guidelines set out in the Income & Charging Review be applied to the application of CIL rates.
33	Recommendation - It is important to include all types of development in the CIL charging framework – although some categories may be given a £Nil rate in a particular charging timeframe.

36	Recommend - That this Task & Finish Group be re-commissioned early in 2013 to review the available documentation, and to engage with local stakeholders on the options for phasing of CIL payments before making further recommendations.
46	Recommendation - That a Locality-based approach to managing both the encouragement of development and the implementation and ownership of infrastructure projects – including those designated as ‘strategic’ at county level, is recommended for Herefordshire.
48	Recommendation - To ensure that the implementation of CIL encourages and supports the Councils targets for affordable and social housing and advances the standards of building sustainability of the county’s housing stock.
50	Recommendation – That a special development category be included in the CIL rate recognising high energy efficient, lifetime sustainable developments.
52	Recommendation – That a communication plan and workshops be instigated in advance of the implementation date to ensure that clear advice is available to both the development industry and the general public.
58	Recommendation – That the question of how the cost of infrastructure projects are budgeted for and managed be investigated in more detail when the Task & Finish Group is recommissioned.

Examples of Infrastructure

1. The term “infrastructure”, in this instance, is used in its broadest sense to mean any service or facility that supports the county and its population. It includes but is not restricted to the following:

- a. Table 1.1 Defining Infrastructure

Physical Infrastructure	Social Infrastructure	Green Infrastructure
Road Improvements and Travel Management	Affordable housing - social rented/intermediate	Parks
Rail	Education - Nursery and pre-school; primary, secondary; further education, higher education, adult education	Children’s play areas
Buses and other Public Transport	Health - Hospitals; Health centres/GP surgeries; Public health and prevention	Sports pitches and ball courts
Cycle Network	Community services - Libraries, Community centres, Youth services, Social services/over-50s/support, police, fire & rescue, ambulance, cemeteries and crematoria, courts, prisons, hostels, places of worship, post offices, Children’s centres; special needs and disability	Country parks & Accessible Natural Green space
Footway Improvements	Public Art and Public Realm	Green public realm
Car Parking	Sport and Recreational Facilities	Allotments
Gas and Electricity generation and provision	Culture - Museum/galleries, Theatres / Venues, Cinemas, events, festivals and town centre programmes, Markets	Public Rights of Way
Water supply, waste water treatment, drainage, flood defences		Rivers
Telecommunications e.g. broadband		Canals

TITLE OF REVIEW:	Community Infrastructure Levy
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SCOPING

Reason for Enquiry

To assist in the formulation of the Community Infrastructure Levy (CIL) policy and rates throughout the County.

Links to the Community Strategy

The review contributes to the following objectives contained in the Herefordshire Sustainable Community Strategy, including the Council's Corporate Plan and other key plans or strategies:

Summary of Review and Terms of Reference

Summary

This review is to consider the setting of the Community Infrastructure Levy in the County.

Terms of Reference

- To review national guidance and best practice on the issue.
- To review the applicability of CIL charging regimes elsewhere in the UK to Herefordshire.
- To make recommendations to the Cabinet for the scope/scale/geographic applicability of the CIL.

What will NOT be included

- Input into the evolving Local Development Framework (although the group will need to be kept advised of relevant progress and to comment on areas of concern).
- Scrutiny of national legislation or guidance.

Potential outcomes

To

- Influence the setting of the CIL within the County.
- Assess the applicability of recently introduced CIL models elsewhere in the UK to Herefordshire.

Key questions

To

- Examine appropriate CIL charging rates, and the effect on these rates on the viability of development in the County.
- Examine whether charges should be applied for some types of development, or for all.
- Examine whether charging regimes could relate to building sustainability as part of a wider encouragement for improved building efficiency standards.
- Examine whether different CIL rates should be applied in different parts of the County.
- Examine and understand the transitional arrangements that will be required between Section 106 agreements and the introduction of CIL.

Cabinet Member (s)

Councillor Russell B Hamilton

Key Stakeholders/Consultees

- Community Groups in Herefordshire.
- Development Industry / land owners.
- Highways Agency.
- Infrastructure Providers (including Environment Agency).

Potential Witnesses

- Community representatives from other counties.
- Landowners/agents involved in proposed strategic sites.
- Technical experts (Highways Agency / Environment Agency).
- Retained consultants (Three Dragons).

Research Required

Largely completed – national legislation / other authorities work.

Potential Visits

To

- Shropshire
- Newark and Sherwood

Publicity Requirements

Launch of Review
 During Review
 Publication of the Review and its recommendations
 Herefordshire Matters

Outline Timetable (following decision by the Overview and Scrutiny Committee to commission the Review)

<i>Activity</i>	<i>Timescale</i>
Collect current available data for circulation to Group prior to first meeting of the Group.	Completed
Confirm approach, programme of consultation/research/provisional witnesses/meeting dates	First meeting of the Review Group. Early September 2012
Collect outstanding data	Early September 2012
Analysis of data	
Final confirmation of interviews of witnesses	
Carry out programme of interviews	Early October 2012
Agree programme of site visits as appropriate	Early October 2012
Undertake site visits as appropriate	Early October 2012
Present interim report to Overview and Scrutiny Committee, if appropriate.	
Final analysis of data and witness evidence	
Prepare options/recommendations	
Present Final report to Overview and Scrutiny Committee	
Present options/recommendations to Cabinet (or Cabinet Member (s))	
Cabinet/Cabinet Member (s) response (Within 2 months of receipt of Group's report)	
Consideration of Executive's response by the Overview and Scrutiny Committee.	
Monitoring of Implementation of agreed recommendations (within six months of Executive's response)	
Members	Support Officers – Yvonne Coleman, Planning Obligations Manager. Siobhan Riddle, Senior Planning Officer.
Councillors: Cllr EPJ Harvey (Chairman of Review Group) Cllr BA Durkin Cllr J Hardwick Cllr MAF Hubbard Cllr GR Swinford	Lead Support Officer – Andrew Ashcroft – Assistant Director Economic, Environment & Cultural Services. Democratic Services Representative Paul James – Democratic Services Officer

Evidence and Interviews

Documents in initial briefing pack:

(Note many of these documents are available from the respective web sites)

Doc No.	
1	Communities and Local Government – The Community Infrastructure Levy (CIL) Summary
2	Newark & Sherwood District Council - CIL
3	Newark & Sherwood District Council – CIL Charging Schedule including Instalment Policy
4	Newark & Sherwood District Council – List of CIL Funded Projects (Reg.123)
5	Newark & Sherwood District Council – CIL Form Form to Accompany Planning Application Form
6	Newark & Sherwood District Council – CIL Form 2 Assumption of Liability Notice of Chargeable Development
7	Newark & Sherwood District Council – CIL Form 3 Liability Notice (Reg 65)
8	Newark & Sherwood District Council – CIL Form 4 Claim for Relief (Affordable Housing or Charitable Purposes)
9	Newark & Sherwood District Council – CIL Form 5 Commencement Notice (Reg 69)
10	Newark & Sherwood District Council – CIL Form 6 Demand Notice (Reg 69)
11	Newark & Sherwood District Council – CIL Appeals Procedure Note
12	Newark & Sherwood District Council – Paying CIL in the form of land note
13	Newark & Sherwood District Council –CIL Guide – Newark & Sherwood
14	Shropshire Council – Community Infrastructure Levy
15	Shropshire Council –CIL Form 0 v3
16	Shropshire Council –CIL Form Guidance note v3
17	Shropshire Council – CIL Form 1 assumption of liability
18	Shropshire Council – CIL Form 2 claiming exemption and or relief
19	Shropshire Council – CIL Form 3 withdrawal of assumption of liability
20	Shropshire Council – CIL Form 4 transfer of assumed liability
21	Shropshire Council – CIL Form 6 commencement notice
22	Shropshire Council – Guide to CIL relief
23	Shropshire Council – Notification of CIL relief
24	Shropshire Council – Instalment Policy
25	Shropshire Council – CIL FAQ for communities April
26	Shropshire Council – CIL Detailed notes for applicants April 2012
27	Shropshire Council – CIL Reg 123 list for April 2012
28	Shropshire Council – Shropshire CIL Charging Schedule
29	Herefordshire Council: Economic Viability Assessment Final Report – June 2011 Three Dragons and Roger Tym & Partners
30	CIL Charges – by various Councils (Charging Authorities)
31	FAQ's about the CIL

Documents received during the Review:

A	Members seminar 6 September (postponed) PowerPoint presentation 'Community Infrastructure Levy'
B	Comments on Scoping for CIL (LC August 2012) from Cllr Chave
C	Comments for T&FG – CIL meeting 17 September 2012 from Cllr Chave.
D	Link to the DCLG website to an overview of the CIL. (e-mail from Y Coleman 19.9.12)
E	List of examples of 'infrastructure' (e-mail from Y Coleman 19.9.12)
F	Draft Herefordshire Core Strategy Infrastructure Delivery Programme.
G	Torbay Council – CIL – Preliminary draft Charging schedule consultation document – Dec 2011.
H	List of Local Authority (collection authority) 'Phasing Amounts' (Bristol; Bath & North East Somerset; Shropshire; Huntingdonshire).
I	Article in on line publication 'Planning' by Jamie Carpenter 'Official hints that CIL will not fund affordable homes'. (e-mail from Y Coleman 14.10.12)
J	CIL Charging Comparisons – various charging authorities (excel sheets)
K	Flip chart notes of meeting 29 October 2012
L	PowerPoint presentation by Lin Cousins, Three Dragons, to the meeting on 10 October with some post meeting updating.

Interviews have been held with:

Shropshire Council – a visit was undertaken on Monday 8 October 2012.
Lin Cousins, Three Dragons Consultancy – Wednesday 10 October 2012.
Jane Thomas, Strategic Housing Manager, and Hayley Crane, Housing Development Officer – Wednesday 10 October 2012.



Meeting:	General overview and scrutiny committee
Meeting date:	4 May 2016
Title of report:	Draft work programme
Report by:	Governance services

Classification

Open

Key decision

This is not an executive decision.

Wards affected

Countywide

Purpose

To consider the committee's work programme and related scrutiny activities.

Recommendation

That the draft work programme (Appendix 1) be noted, subject to any amendments the committee wishes to make.

Alternative options

- 1 It is for the committee to determine its work programme to reflect the priorities facing Herefordshire. The committee needs to be selective and ensure that the work programme is focused, realistic and deliverable within existing resources.

Reasons for recommendations

- 2 The committee needs to develop a manageable work programme to ensure that scrutiny is focused, effective and produces clear outcomes.

Key considerations

Draft work programme

- 3 The work programme needs to focus on the key issues of concern and be manageable allowing for urgent items or matters that have been called-in.
- 4 Should committee members become aware of issues please discuss the matter with the Chairman and the Statutory scrutiny officer.
- 5 A revised work programme is appended (Appendix 1). The work programme will remain under continuous review during the year.
- 6 Revisions to the work programme include:
 - Cancellation of the 10 May meeting of the committee due to unforeseen circumstances. The item *Economic Masterplan* is deferred to the work programming session to be held on May 25 for members to select the appropriate date and format for this item.
 - A workshop for members on work programming for scrutiny committees is to be held on 25 May 2016. It is intended for the work programme for the municipal year of 2016/17 to be agreed at this session. A number of items to be discussed at the session are identified within the draft work programme.
 - The Chairman has agreed an appropriate time scale for the consideration of Gypsy and Traveller site policy by the committee. Members will have an opportunity to consider options for this area at the work programming session on 25 May 2016.

Forward plan

- 7 Committee members are reminded that the current Forward plan is available through the Councillors' handbook intranet site.

Community impact

- 8 The topics selected for scrutiny should have regard to what matters to residents.

Equality duty

- 9 The topics selected need to have regard for equality and human rights issues.

Financial implications

- 10 The costs of the work of the committee will have to be met within existing resources. It should be noted the costs of running scrutiny will be subject to an assessment to support appropriate processes.

Legal implications

- 11 The council is required to deliver an overview and scrutiny function.

Risk management

- 12 There is a reputational risk to the council if the overview and scrutiny function does not operate effectively. The arrangements for the development of the work programme should help mitigate this risk.

Consultees

- 13 The Chairman and Statutory scrutiny officer meet on a regular basis to review the work programme.

Appendices

Appendix 1 Draft work programme

Background papers

None identified.

General Overview and Scrutiny Committee: Draft Work Programme 2015/16

Agenda items

Wednesday 4 May 2016 at 09.00 am	
Community Infrastructure Levy	To receive an update on the work of the Local Enterprise Partnership.
Suggestions from the Public	Make members aware that a briefing note will be circulated in regard to Mr McKay's concerns shortly. The committee will consider further scrutiny work in relation to this briefing note at the first available meeting.

Tuesday 10 May 2016 at 10.00 am (provisionally to be cancelled)	
Economic Masterplan	To receive an update on the economic masterplan. Proposed that this item instead be considered for an all member briefing, or deferred to the May 25 work programming session.

Issues for possible future scrutiny activity

Topic	Status:
Digital strategy	Members are invited to reflect on the strategic overview provided at the seminar on 1 December 2015 in order to assess whether to progress any scrutiny activity in the near future.
Parking charges	Potential scrutiny activity to coincide with a consultation period later in the year
Finance and borrowing	A budget and policy framework item, format for this item suggested to be deferred into the work programming session 25 May. It has been proposed for there to be an all member briefing with an additional session for scrutiny.
Home to School Transport	Scrutiny activity will be considered following a further update on Home to School Transport later in the year.
Roads/ BBLP Performance	A recent area of scrutiny work. It is proposed that whether or not this item be considered, and a format were it to be considered be discussed at the scrutiny workshop on 25 May.

Briefing Notes

The following topics shall be dealt with via briefing notes:	Status:
Joint customer services hub	A briefing note to be provided ahead of the next committee
Gypsy and traveller site allocation and management policy	To be discussed

Task and Finish Groups

Topic	Status:

Community infrastructure levy	A seminar is being arranged for 26 February 2016. A task and finish group report will be presented at the meeting of GOSC on 10 May 2016.
Future customer services/libraries	Potential area for pre-scrutiny ahead of cabinet decisions