London Borough of Barking and Dagenham
Community Infrastructure Levy
Consultation Statement
(including Regulation 19(b) Statement)
October 2013

Community Infrastructure Levy Consultation Statement

This consultation statement was prepared in accordance with Regulations 15 and 16 of The Community Infrastructure Levy Regulations 2010(as amended).

Community Infrastructure Plan

In the preparation of this Plan, from Autumn 2010 to Summer 2011, input was provided by LBBD officers (Children's Services, Parks and Leisure Development, Transport Planning, Library Services, Area Regeneration, and Economic Development), NHS Outer North East London, and the Environment Agency.

Representations were also sought from:

- Lead Members
- Spatial Planning
- Development Management
- Regeneration and Economic Development
- Customer Services Department
- Adult and Community Services Department
- Resource Department
- Finance
- Legal Services

Economic Viability Stakeholder Workshops

Stakeholder consultation was undertaken as part of the economic viability work to inform the charges set out in the Preliminary Charging Schedule. A stakeholder workshop involving developers and agents was held on 27 September 2011 to discuss the assumptions used in the viability assessment. 40 stakeholders were invited, 8 attended and 8 asked to be kept informed. Further workshops took place on 25 October (5 attendees) and 7 November 2011 to discuss the results of the viability testing and the issues around affordable housing. All attendees and interested parties continued to be consulted and kept informed via email throughout the process.

Preliminary Draft Charging Schedule

Consultation was undertaken on the CIL Preliminary Draft charging Schedule for a period of six weeks from 27 February to 10 April 2012. Letters were sent out to the consultation bodies outlined in Regulation 15, contacts on the LDF database, and stakeholders from the workshops outlined above.

The Preliminary Draft Charging Schedule and the following supporting documents were made available on the Council's website and in Barking Town Hall, Dagenham Civic Centre and all libraries in the Borough:

- LBBD Community Infrastructure Plan 2012/13 2025/26
- Economic Viability Assessment, Affordable Housing and Community Infrastructure Levy/S106, GVA January 2012
- Plan showing the CIL charging zones.

A summary of representations about the Preliminary Draft Charging Schedule, along with the Council's responses are attached as Appendix 1.

Draft Charging Schedule

Consultation was undertaken on the Draft Charging Schedule for a period of six weeks from 15 March to 26 April 2013. Letters were sent out to the consultation bodies outlined in Regulation 15, contacts on the LDF database, and stakeholders from the workshops outlined above. In addition, an advert was placed in 'The Post' on Wednesday 13th March 2013.

The Draft Charging Schedule, a statement of representation procedure, and the following supporting documents were made available on the Council's website and in Barking Town Hall, Dagenham Civic Centre and all libraries in the Borough:

- LBBD Community Infrastructure Plan 2012/13 2025/26
- Economic Viability Assessment, Affordable Housing and Community Infrastructure Levy/S106, GVA January 2012
- CIL Economic Viability Study: Addendum on Retail, GVA September 2012.
- Plan showing CIL residential charging zones.
- Summary of responses to Preliminary Draft Charging Schedule

Regulation 19(b) Statement

A total of 20 representations were made in accordance with Regulation 17. A summary of the representations made on the Draft Charging Schedule, along with the Council's responses, are attached as Appendix 2.

Of the representations received, one requested to be heard at examination. This was Sanofi, represented by Catherine Mason of Savills.

Modifications

No modifications have been made to the Draft Charging Schedule following consultation.

Appendix 1

London Borough of Barking and Dagenham

Community Infrastructure Levy Preliminary Draft Charging Schedule

Summary of Comments and Reponses

January 2013

Response No.	Respondent Name	Summary of Comments	Council Response	Charging Schedule Amendments
1	English Heritage	Suggest document could benefit from reference to acknowledge that growth can have impacts on the historic environment as on other areas of planning and that heritage should be regarded as a recipient of CIL within the Council's responsibilities in relation to historic public realm, open spaces and cemeteries.	Charging schedule already refers to public realm, open space and cemeteries. Further distinction not necessary. However please note that the consultation is on the proposed charges not on what the proceeds of the levy will be spent on. The comments are noted and will be considered when the Council publishes its Regulation 123 list which lists the infrastructure types to be funded by CIL.	None

2	Brett Group	CIL does not apply to minerals extraction development and therefore Bretts do not wish to make any comments on this consultation exercise	Noted	None
3	Dron Wright Property Consultants acting on behalf of the London Fire and Emergency Planning Authority	As fire stations are a vital community facility we believe that they should be excluded from payment of this levy. This is on the basis that fire stations are community safety facilities which are included within the definition of infrastructure under the Planning Act 2008 Despite the Council's infrastructure plan saying that the borough's fire stations are not in need of investment Barking Station is in need of investment and Dagenham Station is part of a PFI project to provide nine new fire stations across London. With this in mind together with the increase in growth in the area LFEPA will be under increased financial pressure in providing the essential services that are required of	The levy can only be set on the basis of viability. No evidence has been presented that fire stations cannot afford to pay the modest charge of £10 per square metre that has been set. It is important to note that existing floorspace to be demolished/retained can be discounted where the building has been in continuous use for six months in the last twelve months. This is relevant to the LFEPA if they plan to invest in existing stations. It is also important to clarify that the consultation is on the proposed charges not on what the proceeds of the levy will be spent on. The LFEPA comments are	None

		them. It is therefore requested that consideration should be given to the provision of funding for LFEPA community facilities, from the CIL payments which are collected.	noted and will be considered when the Council publishes its Regulation 123 list which lists the infrastructure types to be funded by CIL.	
4	Highways Agency	No comment	None	None
5	Joint Nature Conservation Committee	No comment	None	None
6	Natural England	Approach seems reasonable and in line with relevant legislation, therefore Natural England does not wish to offer any substantive comments in respect of the Community Infrastructure Levy rate.	None	None
		Natural England is pleased to see the inclusion of Open Space provision within the document especially section 3.5.2 which refers to the provision of new open space and links to the east London Green Grid. This is welcomed and to be encouraged.	None	None
7	Peacock and Smith	Strongly object to proposed CIL rate of £300 sqm for large convenience retail	The levy can only be set on the basis of viability. Page 226 of the	

representing Morrison's Supermarket	It is acknowledged that the charge has been informed by viability assessments prepared by GVA Grimley, our client is gravely concerned that the suggested 'abnormal' charge will have a significant adverse impact on the overall viability of future (large) convenience retail development in the borough. A balance has not been found between	Council's Economic Viability Report demonstrates that large convenience retail developments (>1500 sqm) can afford a levy of up to £1500 per square metre. However the Council has decided to remove the large convenience threshold and instead has tested the viability of supermarkets/superstores in general. This has evidenced that supermarkets and superstores	
	infrastructure funding requirements and viability. Effectively, supermarket operators are being used as a scapegoat. Morrisons raises concerns that the viability analysis does not take into account all likely costs associated with developing a new foodstore. For example the potential costs associated with developing a brownfield site (e.g. site remediation and preparation) can be extortionate.	can afford a charge of £175 per square metre.	

The draft charge will put undue additional risk on the delivery of foodstore proposals and will be an 'unrealistic' financial burden. This, in turn, poses a significant threat to potential new investment and job creation in the borough, especially in regeneration areas, at a time of economic recession and low levels of development activity. Furthermore, it is important to note that the proposed £300/sq m levy for convenience retail development is disproportionately higher than those being proposed by other London boroughs. By way of example, the boroughs of Lewisham, Merton and Croydon are proposing rates of £80/sq m, £100/sq m and £120/sq m respectively which, on average, are a third of the

		charge being proposed by LB Barking and Dagenham.		
8	Savills acting on behalf of Sanofi	Extremely concerned about the proposed blanket charge across the borough of £300 per square metre for 'large convenience retail' and the consequences that this would have for the viability of the recently approved Sanofi scheme. Acknowledge that approved scheme and subsequent reserved matters would not be liable to charge but are concerned about impact	The Council accepts that the permitted Sanofi development and any subsequent reserved matters are not liable for Mayor of London CIL as it was permitted before 1 April 2012 and therefore neither is it liable for the Council's CIL.	
		on any fresh applications. Sanofi consider that a charge of this level could undermine the entire proposal and would almost certainly prevent it being built.	only relevant to an entirely new planning application.	
		The Charging Schedule should be updated to take into account site location and other factors including:	Notwithstanding that the site already has the benefit of permission for a supermarket, no evidence has been provided that an entirely new planning	
		 high remediation costs associated with a development where retail and other uses 	permission for a supermarket could not afford the levy being proposed.	

subsidises less valuable uses on a scheme which delivers important community benefits, including job creation and facilities such as health care

The Charging Schedule should take these matters into account and should allow for a lower, if not 'nil', rate.

The draft Residential charge takes into account the different areas within the Borough and recognises that variable rates should apply dependent on viability considerations. Our site falls within the 'Rest of the borough' which has the lowest rate. We can not understand why the same approach has not been applied for the other uses. Furthermore, we note that the charge for B1a and health uses is Nil and it is our view that the rates for retail and other non-residential uses should also be nil in certain circumstances as set out above.

Unless changes are made to the charging schedule developments such as this, which will secure important benefits for the community, will be unviable.

All the employment and training uses on the sites would pay between £5 - £10 per square metre in comparison to the Mayor of London's charge of £20 per square metre. This is not considered unreasonable and again no evidence has been provided that this is not viable.

The Council's viability work shows that whilst there is a significant difference in the viability of residential uses across the borough this is not true for non-residential uses.

9	Gerald Eve acting	The level at which the LBBD CIL is set	Tables 31 and 32 of the Economic
	on behalf of Fresh	must have careful regard to the area's	Viability Report, model
	Wharf	market context. There is little	development viability in Barking
	Developments	development activity in the borough at	Town Centre on the basis of 0%
	limited	the moment and the market remains in a	affordable housing. This shows
		weak condition. If the CIL is set at too	that a LBBD CIL (Mayoral CIL is
		high a level it will put further pressure on	included as a cost) varying from
		an already weakened property market	£122-154 per sqm can be
		and stifle future development.	supported in Barking Town Centre
			on schemes of 250 units and
			below. However for a scheme of
			1000 units CIL is more marginal
			due to the extra cost of building to
			Code Level 5. However Local Plan
			policy does not demand Code
			Level 5 for schemes of this size
			and therefore development costs
			should be comparable to smaller
			schemes and consequently similar
			CIL levels should be supported.
			The Council is proposing a CIL of
			£70 so this is not at the margins of
			viability. This is on the basis of 0%
		It is not clear from the documentation	affordable housing.
		provided how the Council have set the	

final rates set out in the PDCS. These are not in line with the recommendations by GVA, in particular with regard to the Barking Town Centre, Leftley and Faircross residential rate of £70 sqm. Note that the GVA recommendation is made with the assumption of 10% affordable housing delivery, but it is not clear if this is either carried over to the PDCS, or increase or indeed decreased simply the document states "without an affordable housing target".

GVA have used a non-specified appraisal model. We assume that this is a bespoke appraisal as there is no specific explanation of it or software which has been used. We note that there are a number of standard models for appraising residential development including Argus Developer, the GLA Three Dragons Toolkit and the HCA model in additional to bespoke models some of which are referenced. Whilst these adopt to varying degrees standard development appraisal principles, the detailed methodology does vary in some

The approach and methodology of the viability testing is explained in Chapter 2 of the Economic Viability Report. A market value rather than existing use value approach has been applied. cases considerably. We have no objection to advocating a bespoke model approach, particularly given the limitation of the GLA Toolkit, but this needs to be transparent in order to be able to examine the appropriateness in the circumstances.

The methodology assumes that the land value is the Net Residual Land Value once all planning contributions, including affordable housing have been taken into account and this has been cross checked with benchmark land values for this area. However, there is no evidence of comparable information provided and therefore this does not conform with the recommendations of the exposure draft RICS Guidance Note on Viability in Planning. We consider that at the benchmark land value of £625,000 per acre for Barking Town Centre residential land value is low to our experience of the local property market.

Paragraph 2.17 of the Economic Viability Report explains that the benchmark land values reflect prevailing development values. These are sourced from analysis of the current situation in Barking and Dagenham and corroborated through Valuation Office Agency

			data, GVA's own Agency Team knowledge of transactions in the Borough and local stakeholder discussions.	
10	Iceni Projects acting on behalf of Estates and Agency Properties Limited	the application of the identified charging	Unlike the Mayor of London the Council has chosen to offer Discretionary Relief for Exceptional Circumstances. So the Council is being flexible. However it is important to clarify that in exercising this relief the Council will have to comply with the provisions set out in the Community Infrastructure Regulations 2010 as amended when determining whether discretionary relief can be provided.	
		Such an approach is considered to be overly restrictive and contrary to directions from Central Government in particular the ministerial statement title "Planning for Growth" and the CLG CIL	The regulations do provide for charging authorities to accept transfers of land as a payment 'in kind' for the whole or a part of a CIL payment, but only if this is done with the intention of using the land to provide, or facilitate the	

summary document.

The PDCS does not offer any flexibility in charging where it can be demonstrated that a development would be unviable as a consequence of the requirements of CIL. Accordingly the adoption of an onerous and overly restrictive approach to CIL has the potential to undermine schemes which could otherwise be delivered in the short term and help to meet wider regeneration aims and objectives within the Borough.

The PDCS should be amended to reflect a degree of flexibility where issues of viability would causes undue delay to the achievement of wider regeneration aims through otherwise appropriate development. It should recognise that in certain instances the provision of on-site facilities and benefits will make the same – if not a greater – contribution to the Borough's infrastructure provision.

provision of, infrastructure to support the development of the charging authority's area.

The levy can only be set on the basis of viability. The CIL regulations do not allow the Council to set the levy to achieve regeneration objectives.

No evidence has been presented that large convenience retail developments (>1500 sqm) or residential in Barking Town Centre cannot afford to pay the charge that has been set. However the Council has altered the retail charges, and on the basis of further testing proposes to charge £175 per square metre for supermarkets and superstores of any size.

It is noted that there is a large disparity between the level of charging for certain uses over others and the geographical areas to which these relate. Please see response to Gerald Eve for justification of levy for residential in Barking Town Centre.

As acknowledged in the LDF the focus of future retail and residential development in the Borough will largely be upon Barking Town Centre with the aim of fulfilling wider regeneration aims and objectives on identified key sites. E&A considers that the PDCS for convenience retail floorspace combined with the lack of flexibility proposed within the charging regime would in combination have a significant effect on development values in Barking Town Centre. This could render schemes unviable and stifle the opportunity to realise wider regeneration aims and objectives as identified in adopted policy.

The PDSC should prioritise investment within Barking Town Centre by adopting

a charging regime in the Town Centre equating to 25% of the overall charge for comparable developments in locations beyond the BTCAAP boundary. This discounted rate should apply to retail and residential floorspace on the basis that the regeneration and revitilisation of the Town Centre should be the priority within the Borough. The application of such a discounted rate would increase the viability of existing stalled schemes making it more no less likely that such schemes will materialise and would incentivise developers to pursue potentially more expensive and difficult sites over easier options beyond the Town Centre boundary.

Having reviewed the PDCS there is a very real concern that the proposed level of contributions for both large retail development and residential development within town centres is disproportionate to developers reasonable expectations of a financial return and has the potential to impact upon the viability of such developments

impacting upon the achievement of wider regeneration goals. Combined with the lack of flexibility of the proposed charging schedule, it is considered that the rigidity of the document as presented has the potential to stifle development on key sites in the short to medium term. In respect of the above it is considered that the proposed charging schedule would be improved with the following changes: The removal of paragraph 3.1 to improve flexibility in the application of charges • Lowering the charge on large retail development, and spreading costs more evenly over the use classes; and, Lowering the charge on residential development within town centre areas to improve

		flexibility and viability		
11	CGMS on behalf of the Mayor's Office for Policing and Crime (MoPC) and the Metropolitan Police Service (MPS)	The provision of effective policing is of crucial importance across London to ensure safe places to live are created as part of a sustainable community, consistent with planning policy at all levels. The MoPC and MPS provide a vital community service to Barking and Dagenham and it is essential that the required community infrastructure such as policing comes forward in line with development in order to maintain safety and security in the borough.	The levy can only be set on the basis of viability. No evidence has been presented that police stations cannot afford to pay the modest charge of £10 per square metre that has been set. It is also relevant to note that whilst the Mayor of London is responsible for supervising the Metropolitan Police the Mayor of London's CIL does apply to new policing floorspace. The Mayor of London's CIL is £20 per square	
		It is noted the Council do not intend to impose a charge for new small retail, offices, leisure, health and education floorspace. This should be extended to include all new community infrastructure floorspace, in particular that proposed by the Metropolitan Police. By being subject to a CIL payment,	metre. Therefore the Council's CIL would only represent 33% of the overall CIL charge for new policing facilities.	
		community uses including policing are prejudiced in being able to provide		

essential policing facilities which will impact upon the Council's ability to deliver a safe and secure environment contrary to the aims of the NPPF, London Plan and Core Strategy. It is therefore essential that CIL is not payable for new policing floorspace in the Borough.

It should be further noted that, in providing a community infrastructure (i.e. new policing facilities) which would attract a CIL liability, the MPS contribution to infrastructure would effectively be double-counted. Therefore the MOPC/MPS strongly recommend that the draft charging schedule provides an exemption from CIL for community uses including policing facilities in additional to small retail, offices, leisure, health and education uses.

Appendix 2

London Borough of Barking and Dagenham

Community Infrastructure Levy Draft Charging Schedule

Summary of Comments and Reponses

October 2013

Response No.	Respondent Name	Summary of Comments	Council Response	Charging Schedule Amendments
1	H.G. Rent & Co. (Highbury) LTD	Concerned that the CIL charge, combined with the cost of implementing planning conditions, will prevent investment and drive away small businesses. Suggest that the charge should be related to the project build cost, the size of the business and whether it is owner occupied.	The Council's Economic Viability Assessment evidences that industrial uses can sustain a charge of £10 per square metre. This is based on current build costs which reflect current policy requirements and takes into account the Mayor of London's CIL which is £20 per square metre. The Council has set a charge of £5 per square metre. Varying the CIL charge on the basis of build cost, business size and ownership would be far too complex as it would result in a different rate per square metre for every single planning application. However the Council has taken a more fine grained approved than for example Redbridge who	None

2 3 4	Highways Agency Michael Cullen Natural England	No comment on the charging schedule. No comment on the charging schedule. No comment on the charging schedule, but suggest infrastructure items that they would like CIL to be spent on.	charge £70 per square metre for all uses and the Mayor of London. The Council will consider the infrastructure items suggested, along with those included in the community infrastructure plan, in the development of our Regulation 123 list.	None None None
5	Dron & Wright Property Consultants on behalf of the London Fire and Emergency Planning Authority (LFEPA)	Suggest that, as fire stations are a vital community safety facility, they should be excluded from the payment of the levy. Also say the charge would render new fire station development unviable. Request to be considered for CIL funding.	The levy can only be set on the basis of viability and no evidence has been submitted to show that a £10 per metre charge is unviable. No justification has been provided as to why it is legitimate for the Mayor of London to charge £20 per square metre for LFEPA but not for the Council to charge £10 per square metre. The LFEPA request for funding is noted and will be considered in the development of our Regulation 123 list.	None
6	Barry Kitcherside on behalf of Friends Life Ltd	Suggests that the generic convenience retail tariff should be revised to reflect each individual proposal to be judged on their merits and location. £175 per square metre is still too high increasing the viability tensions.	The CIL Regulations do not allow collecting authorities to judge each planning application individually in terms of CIL. Once the CIL charging schedule is adopted is must be charged on all CIL liable	None

		T	11	
			developments.	
			No evidence has been submitted to show that a £175 per metre charge for convenience retail is unviable.	
7	Peacock and Smith in behalf of WM Morrison Supermarkets Plc	The property market review in respect of retail contains no supporting market evidence for supermarkets. No data is given to support rents, values, yields or land values for supermarket developments. The consultants have not presented any market evidence in respect of	Rent and yield assumptions are based on GVAs local knowledge and research including their retail agency and development teams. They have acted previously on a number of schemes in the borough.	
		supermarket values to underpin the appraisal Only limited commentary is provided as to how benchmark land values have been arrived at. RICs guidance emphasises importance of comparable market evidence. CIL should not be set at the margins of	The benchmarks set out in table 10 of the Economic Viability Assessment report where used for retail. The results of the modelling presented in the Retail Addendum demonstrate that the proposed	
		viability. There is no specific market evidence of	CIL of £175 per sqm is not at the margins of viability. The benchmarks set out in table 10 of the Economic Viability Assessment report where used for	

commentary within the Property Market Review on the commercial benchmarks. A benchmark value for retail land is required.

No allowance is made for rent free. There is no explanation for this given the strong rent and yield selected. More realistic yield of 5.5-5.75% should be selected which would significantly impact on viability. Council is effectively saying that "supermarkets can only be developed by the national retailers".

Assessment is made on an operator led approach. Results of the developer led approach have not been presented.

No actual residual development appraisals have been made available and we have not been able to review such models. These should reflect appropriate timescales, land assembly costs and requirements, brownfield development remediation and site preparation costs, for larger schemes S278 and S106 costs.

retail.

Rent and yield assumptions are based on GVAs local knowledge and research including their retail agency and development teams. They have acted previously on a number of schemes in the borough.

CIL testing is intended to provide robust evidence at the point of Examination, and not rely on assumptions which reflect a snapshot of the market at the time the testing is undertaken.

The Addendum on Retail models Developer Led and Operator Led scenarios and the proposed CIL charge has been set accordingly.

The Retail Addendum demonstrates that for the larger schemes to which the most significant S106 often apply (D, E and F) CIL and a S106 of £100 per sqm can be supported whether developer led or operator led.

No conclusions or recommendations are presented in the Economic Viability Assessment regarding retail development.	Recommendations are provided in the Executive Summary.	
Addendum No data is given to support rents, values, yields or land values for supermarket developments. No detail on build costs or any other assumptions necessary to produce the residual development appraisals. Impossible to comment on validity of potential maximum CIL charge without this information.	Data on build costs is given in table D4. More detailed information requested will be published on website in advance of examination.	
Previous comments apply for Benchmark Land Values and rent free, yield and profit and viability findings.	See previous comments	
CIL levy rates calculating CIL as a proportion of GDV and build cost bear no resemblance to the levy proposed for supermarket development in the charging schedule. Table needs updating.	Table has been updated	
Imposition of a high CIL levy will jeopardise the potential financial report that retail development can currently offer.	The addendum demonstrates that £175 sqm is affordable whether developer led or operator led.	

		The build costs needs to be provided in full. Details of developers profit levels need to be provided Checks made that double dipping have been avoided.	Build costs and developer profits are provided in Table 7 of the Economic Viability Assessment. The retail addendum demonstrates that the CIL charge has been set at a level which also allows S106 to be afforded.	
8	Sustrans	No comment on the charging schedule. Request that funds raised through CIL are spent on improving the urban realm and improving provision for pedestrians and cyclists throughout Barking and Dagenham, whilst reducing car reliance.	Sustrans request for funding is noted and will be considered in the development of our Regulation 123 list.	None
9	Savills on behalf of Thames Water Utilities Ltd (Thames Water) Property Services	Considers that water and wastewater infrastructure buildings should be exempt from CIL because CIL would impact on the ability to deliver water and wastewater infrastructure required to support growth and because this type of development has no significant impact on wider infrastructure provision.	The levy is set on the basis of viability and no evidence has been presented to show that the charge is unviable. No justification has been provided as to why it is legitimate for the Mayor of London to charge £20 per square metre for this type of infrastructure but not for the Council to charge £5 per square metre. It should be noted that buildings that people do not normally go in to are exempt from CIL.	

10	Savills on behalf of Sanofi	Concerned about the £175 charge for supermarkets and superstores and the consequences for viability. A charge of £175 could have undermined the entire proposal and would almost certainly prevent it being built. Suggest the charging schedule should be updated to take into account site location and other factors including: • High remediation costs • Retail and other valuable uses on a scheme cross subsidise the less valuable uses which provide community benefits.	It is important to stress that in setting CIL charges the Council must consider the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area. The CIL guidance published by the CLG April 2013 further clarifies that in meeting the requirements of regulation 14(1), charging authorities should show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant Plan and support the development of their area. As set out in the National Planning Policy Framework in England, the ability to develop viably the sites and the scale of development identified in the Local Plan should not be threatened. The Council's proposed CIL rates are consistent with the regulations and guidance in this regard. The Sanofi site already has outline planning permission so only new separate applications will be CIL liable. A reserved matter planning application is due for the Sainsbury's supermarket on the	
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Sanofi site. This will not be CIL liable. Therefore the proposed CIL charge has no impact on the viability of this scheme.

Sanofi are hypothesising that if the Sanofi application were subject to the Council's proposed CIIL charges that it would have undermined the entire proposal. This misses the point that the Sanofi outline was approved in March 2012 and was not liable for Mayoral or LBBD CIL and therefore was subject only to a S106. Sanofi are correct that had the outline have been submitted in March 2014 a different approach to securing the same benefits would have been necessary.

There will be greater scrutiny in future on whether agreements satisfy the S106 tests set out in the CIL regulations 2010 as amended. CIL will change the way developments are delivered, this is not an issue though about the rate of the levy

Reforms to CIL propose that the land or cash in kind will be able to

Suggest that a differential retail rate should be set based on location.

Suggests that the £5 business rate should be geographically specific. Also suggests that the rate does not take account of abnormal costs.

be discounted against CIL, so any benefits a supermarkets funds within the wider development will be able to be taken into account.

Viability evidence Retail CIL rate

Sanofi have provided no evidence that the superstore/supermarket charge should be varied across the borough. Moreover page 21 of Appendix B of the GVA report shows that supermarket rents and yields are consistent across the borough. The same applies to the £5 charge for other uses.

Retail CIL rate

GVA did additional testing for retail charges and these are presented in the addendum to the Economic Viability Assessment. This testing tested stores from 280 square metres to 10,000 square metres in size in Barking Town Centre, Barking Riverside and the Rest of the Borough. The results of the testing show that the proposed charge of £175 per square metre is far from the margins of viability and therefore has sufficiently flexibility for

abnormal or sunkcosts. **Business CIL rate** Table C2 tests rents between £75 and £86 per square metre which is within the range of £65-97 per square metres advised by agents. Since the Sanofi site is within the "Rest of the Borough" rents of £75 per square would have been used. However the resultant charge is only £5 per square metre. The Council considers, that even if the evidence supported a more fine grained approach, this would be contrary to guidance published by the CLG which states that: "Charging authorities that plan to set differential levy rates should seek to avoid undue complexity, and limit the permutations of different charges that they set within their area. " It is also important to note that the proposed charge is a quarter of that levied by the Mayor of London.

11	Turley Associates on behalf of Sainsbury's Supermarkets Ltd	There is no adequate evidence that the sale of retail goods within a supermarket or superstore is a different intended use (Reg 13) to the sale of goods from all other class A1 to A5 uses. Viability evidence does not reflect the characteristics of local market conditions or variations in land values across the borough.	Paragraphs 34 and 35 of the latest CIL guidance make clear that: • differences in rates need to be justified by reference to the economic viability of development • the definition of use is not tied to the classes in the Use Classes Order The definition of superstores and supermarkets provided in the draft charging schedule is taken from Annex B of PPS4 which identified them as distinct types of development. The GVA study and addendum clearly evidences that these uses can sustain a charge of £175 per square metre. No evidence has been submitted to demonstrate that the charge proposed for supermarkets and superstores is not viable. Whilst the assessments are high level they are relevant to Barking and Dagenham and local market land values have been used. Table 7 shows the costs and rental values that have been used.	
		Imposing a high CIL charge would	The experience in LBBD has been	

lessen the financial support they could that the value supermarket/superstore generates provide to other uses within scheme as a is captured by the S106. Since whole S106 has been reigned in and will be diluted further in 2015 it is entirely appropriate to set the CIL at the proposed level. Reforms to CIL propose that the land or cash in kind will be able to be discounted against CIL, so any benefits a supermarkets funds within the wider development will be able to be taken into account. The Council is currently dealing with three supermarket applications. An extension to the Morrison's in Wood Lane. No other uses are involved. A new Sainsbury's superstore on the Abbey Retail Park. No other uses are involved. It has recently lost a High Court challenge to approve an extension to Tesco's in London Road. No other uses were involved. It has recently approved the variance of a condition to allow an ASDA supermarket. No other uses were involved. Whilst the Council has recently approved an ASDA in Barking

Town Centre which helped fund a Skills Centre and public realm improvements and an Outline Permission for a supermarket on the Sanofi site which has helped deliver benefits for sport and recreation and employment, CIL will demand in future that such developments are dealt with differently. This is not a problem with the level at which CIL is set but is due to the realities of delivering development under the new CIL regime and the reforms to the scope of S106. The Council has not encountered When applications are made, particularly for smaller retail units, the operator will

not be known, so the authority will not

know whether a £10 or a £175 charge

should be levied.

The Council has not encountered this situation in Barking and Dagenham. Without exception all applications have either been made with a known operator or where the operator was not known, such as at Sanofi, the retail use and type was clearly stated. This was necessary in order to undertake the retail impact assessment.

Usually smaller retail units are located in existing buildings so would not incur a CIL charge. For example none of the six Tesco

Metros which have recently opened in the borough would have been liable for CIL. Supermarkets and superstores sell an The latest CIL guidance makes clear that rates must be set in overlapping range of goods with many other shops and compete in the same such a way so as not to give rise market. There is no consideration in the to notifiable State aid - one available evidence on the state aid element of which is selective implications of this or whether it is advantage. Authorities who objectively justified. choose to differentiate rates by class of development or by reference to different areas. should do so only where there is consistent evidence relating to economic viability that constitutes the basis for any such differences in treatment. As previously explained LBBD's CIL charge for supermarkets and superstores is based on economic viability and appropriately evidenced. Sainsbury consider it essential that The Council have stated their intention on the CIL webpage to Barking and Dagenham also prepare and adopt an instalments policy in line adopt the Mayoral instalment with Regulation 69B. policy. Sainsbury's suggest the Council offer The Council have, in the draft exceptional circumstances relief. charging schedule, stated their intention to allow exceptional circumstances relief.

12	Iceni Projects on behalf of Estates and Agency Properties Limited (EAPL)	Highlights the current consultation on CIL reforms and advise that LBBD should take another year to better justify its CIL and take account of the reforms	Council is satisfied that its current evidence is adequate and satisfies the CIL regulations 2010 as amended.	
		Concerned that the charging schedule is a one size fits all approach, which provides no flexibility for bespoke proposals which would deliver significant regeneration and community benefits. Paragraph 6.1 of the schedule (which offers Exceptional Circumstances Relief) does not offer any flexibility in charging where it can be demonstrated that a development would be unviable as a consequence of CIL.	The Council are being flexible by allowing exceptional circumstances relief. The Council can only operate this relief in line with the CIL Regulations which clearly specify when it can be applied.	
		Concerned that the £175 retail charge is abnormally high and will have a significant adverse impact on the overall viability. Suggests the schedule should be updated to take into account that retail development can subsidise less valuable uses on a site. It will burden the retail proposals for Abbey Retail Park.	GVA found that supermarkets were highly viable and could afford to pay up to £1,500 per sqm. We have chosen a charge of £175 per sqm which is significantly below the margins of viability to allow for the fact retail may cross subsidise other development in mixed used schemes. Abbey retail Park could receive a discount on the CIL charge for all current retail space which is in use and being demolished (subject to CIL	

		Suggest a discounted or nil rate for residential development in Barking Town Centre on the basis that regeneration and revitalisation of the Town Centre should be the priority in the borough.	Regulations). The residential rates are set based on viability evidence and cannot be set on any other basis, such as to achieve policy aims.	
13	Iceni Projects on behalf of Hanbury Healthcare Limited (HHL)	Highlights the current consultation on CIL reforms and advise that LBBD should take another year to better justify its CIL and take account of the reforms.	Council is satisfied that its current evidence is adequate and satisfies the CIL regulations 2010 as amended.	
		Of the opinion that the proposed CIL charging regime represents an inflexible approach that provides no relief for bespoke residential proposals which could deliver community benefits in their own right.	Rates are set on the basis of viability and once they are set there is no negotiation over payments on a case by case basis. There are, however, circumstances where relief is allowed, which is set out in the CIL Regulations. The Council must operate within the CIL Regulations.	
		The current approach to CIL has the potential to create unnecessary financial burdens on the delivery of residential schemes.	No evidence has been submitted to demonstrate that the rates make development unviable.	
		Strongly disagree with the inclusion of paragraph 6.1 of the draft charging schedule as currently draft as it does not	These two statements are contradictory. Paragraph 6.1 says the LBBD will offer exceptional	

offer any flexibility in charging where it can be demonstrated that a specific development would be unviable as a consequence of CIL. Recommend that a policy providing for LBBD to offer discretionary relief from the CIL payments should be adopted.

It is not clear how LBBD have set the final residential rates, which do not appear to be in line with the evidence of recommendations from consultants.

There is a significant disparity between levels of charging for residential development based on geographical locations. A single low rate charge for residential development would be a more fair approach

circumstances relief .Exceptional circumstances relief must be operated within the confines of the CIL Regulations. LBBD cannot offer further flexibility.

Pages 31 and 32 of the GVA study show that Scheme, 3, 45 and 6 all generate a CIL of over £100 per square metre. Scheme 6 does not due to the increase build costs of meeting Code Level 5. In practice Council would not require this and therefore Scheme 6 is likely to generate a similar CIL level to smaller schemes. The consultants recommendations in paragraph 5.8 are based on 10% affordable housing CIL charges have been set on basis of 0%. The rates have been set based on viability evidence and development in Barking Town Centre is more viable than other areas of the borough. Notwithstanding this the charge set for Barking Town Centre (including Mayoral CIL) is lower than neighbouring Redbridge which exhibits similar

		Strongly recommend the adoption of an instalments policy.	development viability characteristics. The Council have stated their intention to adopt the Mayoral instalment policy on the CIL pages of the website.	
14	Transport for London (TfL)	TfL comment on the transport projects within the Infrastructure plan and the need to understand how transport projects will be prioritized. It suggests updates to a number of the projects, including the DLR extension, Renwick Road Junction, Barking Station and East London Transit.	LBBD welcome TfLs comments and suggestions and are happy to work with them in the development of the Regulation 123 list. LBBD will update the Infrastructure Plan in the light of their comments. TfLs comments do not alter the fact that their remains a significant funding gap which justifies LBBD proceeding with CIL.	
15	Barton Willmore on behalf of Goodman	Comments are made in relation to the development of the London Sustainable Industries Park (LSIP). The draft charging schedule bears no clear relation to the suggested cost of required local infrastructure. GVA are seriously inaccurate in their assumptions as to development viability. The draft charging schedule fails to	There is no Regulatory requirement to relate the charge to the individual infrastructure impacts of a development. The funding required for infrastructure far exceeds what we will collect from CIL. The charges are based on the viability of development, not the infrastructure needs each development creates. A minimal £5 charge has been	

	the bol	ntiate between different parts of rough for industrial development.	suggested for industrial development. Whilst each local planning authority has to determine the viability of its own CIL charges it is not true to say that no other Thames Gateway authority has adopted a CIL in respect of B class uses. Thurrock charges up to £25 per square metre and Bexley is proposing £10 per square metre Table 6 of the GVA report makes clear that base build costs of £700 per square metre have been used to industrial waste uses and not £450 per square metre. Recent planning permissions in Dagenham Dock include 11/00460/FUL where a \$106 was agreed for £96,000 for a building of 5,656 square metres and 10/00287/LBBD where a \$106 for £300,000 was agreed for a building of 18,296 square metres. This demonstrates that the Council's proposed CIL charges are comfortably within the margins of viability.	
16 Bartor	n Willmore Conce	rned that any revised applications	S73 variations do not trigger CIL	S

on behalf of Barking Riverside Limited (BRL)	for Barking Riverside will mean a further cost liability.	liability unless there is a increase in floorspace.
Limited (BKL)	Suggest that a £25 per sqm CIL charge cannot be justified for Barking Riverside.	The £25 rate has been set on the basis of viability evidence from GVA. The only reason there is a cross against scheme 14 in Table 13 is that this includes Code Level 5 costs. In practice the Council would accept Code Level 4 as with the other schemes and therefore viability would be
		comparable to at least scheme 13. It is also the case that GVA have modelled without grant scenarios and the likelihood is that affordable housing could only be provided with grant. Finally the Council has varied charges across the borough. It is because the Council does not want to set
		charges at the margins of viability that it is proposing a far lower charge in Barking Riverside than Barking Town Centre.
	Disagrees with the assumptions used by GVA, particularly residential sales values/rates.	A representative from Barking Riverside Limited (Bellways) was involved in initial stakeholder meetings and inputted into discussions about the setting of the assumptions for the viability

study. In addition, LBBD will be offering exceptional circumstances relief in line with the CIL Regulations. Moreover the sales value suggested by Barking Riverside Limited are very low. They evidence a sales value of £168 per square foot. For an average home of 1000 square feet this gives a sales price of £168,000. This compares to the build costs of between £91-£139 per square. BRL then state a £9.30 per square metre infrastructure cost, The point is that the CIL charge will not apply to current permissions, only future permission. In this regard CIL will have a marginal impact on viability. All things being equal increasing sales value by £2.32 per square foot would cover the cost of the CIL.

It is also important to note that the existing outline planning permission includes a £2000 per new home contribution to bus service improvements.

Argue that the CIL test should be against the full affordable housing amount of

LBBD does not have a 50% affordable housing policy, but

refers to the Mayor's policy which 50%, not against reduced levels. seeks the maximum amount based on viability on a case by case basis. The GLA have confirmed they are satisfied with the Council's approach in this regard. There does not appear to be an CIL, S106 and Affordable Housing allowance in GVAs viability assessment will be drawn from value left in for S106 costs development once all other costs including market land value have been accounted for. GVA work demonstrates that a CIL charge of £25 per square metre can be sustained with zero affordable housing without grant. Considers that with proposed CIL rate The fact that a development might Barking Riverside is unviable and be unviable at the time a planning therefore should qualify for relief for application is considered unlikely exceptional circumstances. to constitute an exceptional Concerned that they may be charged circumstance in relation to CIL twice for infrastructure as they have regulations. already entered into a S106 agreement. CIL Regulations state that Section 73 applications will only create a CIL liability for additional floorspace.

		Considers it imperative that an instalments policy is outlined at the earliest opportunity.	The Council has stated its intention to adopt the Mayor's instalment policy as outlined on the CIL pages of the LBBD website. The proposed CIL reforms propose to treat each phase as a new chargeable development.	
		There are no details of when LBBD is intending to review its charging schedule and under what circumstance LBBD may reduce or increase its charge.	There is no requirement to publish a proposed review date at this time – a review will be carried out when market conditions have changed significantly enough to warrant a review of rate.	
17	Greater London Authority (GLA)	Have some concerns about the extent to which the proposals take full account of the CIL rates set by the Mayor as required by Regulation 14(3) of the CIL Regulations 2010 (as amended). They appreciate the work already undertaken to address these concerns but suggest a meeting to explore these issues further.	Following further discussions the Mayor of London has confirmed that the Mayor's CIL has been taken fully into account in bringing forward the Council's proposals as required by regulation 14(3) of the Community Infrastructure Regulation 2012 as amended.	
18	Thomas Eggar on behalf of Asda Stores Limited	Impact on policies promoting growth and employment opportunities Proposed rate would not ensure that the relevant retail and employment aims of the Core Strategy are met. The Council may find it difficult to attract retail development and redevelopment at	The CIL rates have been set on the basis of viability evidence. The CIL funds collected by the borough are only likely to represent a low percentage of the funding which is required for infrastructure.	

these rates and there is a risk that the borough will lose potential developers to surrounding areas where CIL rates may be lower.

The Retail Addendum demonstrates that for the larger schemes to which the most significant S106 often apply (D, E and F) CIL and a S106 of £100 per sqm can be supported whether developer led or operator led.

The example provided by Thomas Eggar proves that the CIL charge is affordable. Whilst the S106 items listed may not be affected by the inability to pool S106 in future, there will be greater scrutiny in future on whether agreements satisfy the S106 tests set out in the CIL regulations 2010 as amended.

CIL will change the way developments are delivered, this is not an issue though about the rate of the levy but due to the reigning in of S106 and their reduced scope. The proposed reforms to CIL aim to address this inflexibility by allowing land/cash in kind improvements to be discounted against the CIL charge.

The proposal to split convenience and comparison retail development

To date the Council only appears to have assessed the impact of CIL on one specific retail warehouse scheme. This is hardly sufficient evidence to demonstrate the comparison retail in all its possible formats and proposed locations has a different viability profile to comparable convenience stores.

Government guidance is clear that a charging authority must use "appropriate available evidence" to inform its charging schedule. Due to the changing retail landscape the Council does not expect to receive many if any applications for comparison retailing which will be liable for CIL over the plan period. The Council has tested a retail warehouse scheme of 1500 but even this form of development is unlikely to materialise given that the borough's retail warehouse parks are not expanding. This is in stark contrast to the continuing pressure for new convenience floorspace in borough as epitomised by the conversion of a former B&Q warehouse to an ASDA supermarket and the proposal for a Sainsbury's supermarket on the Abbey Retail Park.

The financial assumptions and viability assessments contained in the Council's viability study.

The viability study and addendum do not make sufficient allowance for section 106 and s278 contributions or costs involved in obtaining planning

The Retail Addendum demonstrates that for the larger schemes to which the most significant S106 often apply (D, E and F) CIL and a S106/S38 of £100 per sqm can be supported whether developer led or operator

permission for a development scheme. This underestimates true cost of retail developments and artificially inflated residual land values used and in turn inflated CIL values.

Without evidence of how CIL compares to previous S106 it is difficult to see how the Council can be certain that the proposed CIL levy will not prohibit the viability of retail development.

led.

Build cost assumptions are set out in Table 7. No evidence has been submitted to challenge these.

Whatever S106 has been achieved historically on supermarkets has not been evidence based but the result of a negotiation process and the need to mitigate the impact of the development. CIL charges are based on viability evidence they are not moderated by the need to meet S106 tests nor are they affected by the vagaries of a negotiation process. That said the Council's CIL charges are not dissimilar to the developer contributions agreed on the Tesco's Extension on London Road, ASDA on Whalebone Lane (where incidentally there was no increase in floorspace), and on the London Road/North Street ASDA.

The Council will need to apply the Community Infrastructure Regulations as amended when calculating CIL charges for change of use and conversion

Concerns about the Council's approach to setting CIL charges generally

Concerns relating to change of use and conversion projects

Concerns on CIL payments and the infrastructure requirements

Charging schedule does not make the connection between the CIL charges proposed and the infrastructure requirements of the particular development upon which they are being levied.

Exceptional circumstances policy

This is supported

Instalment policy

Welcome the fact that the Council is considering a draft instalments policy

Flat rate levy

A fairer solution would be to divide the Council's estimate for infrastructure costs over the charging period by total expected floorspace and apply to all forms of development.

projects.

There is no requirement to do this for each individual development but only across the area as a whole. The CIL collected in the future will only represent a very small percentage of the funding required for infrastructure.

LBBD is proposing to adopt an exceptional circumstance policy and the Mayor's instalment policy.

The cost of deliverable infrastructure far exceeds the funding that can potentially be achieved through CIL. A flat rate calculated on this basis would likely to be much higher than the rates currently being proposed and would render most development unviable.

Exceptional circumstances relief is not intended to be applied in anything other than exceptional

		CIL reform Consider delaying CIL until CIL reform consultation is finished and outcome known	circumstances. The Council is satisfied that there is nothing in the proposed CIL reforms which challenges its current CIL charges and methodology.	
19	Planning Potential on behalf of Aldi Stores Ltd	Consider that the proposed £175 retail rate is too high. Much of the infrastructure highlighted is intrinsically linked to residential development although acknowledges that a foodstore may require some highways improvements. It is confusing as to why the rates for residential development are lower than for retail Concerned that the viability does not appear to be based on a discount operator	No evidence is provided to demonstrate that this rate is unviable. There is no Regulatory requirement to relate the charge to the individual infrastructure impacts of a development. The funding required for infrastructure far exceeds what we will collect from CIL. The assumptions that the Council has used are clearly set out in the GVA Economic Viability Assessment and the Addendum on Retail. No evidence has been provided to challenge their accuracy.	
20	The Theatres Trust	A nil rate for municipal leisure is supported if this includes theatres.	The nil rate does not apply to theatres but charitable relief would likely apply.	None

Appendix 3

Stakeholder Workshop Invite List

Mr	Neeraj	Dixit	LagMar (Barking) Limited c/o CB Richard Ellis	
Mr	Javiera	Maturana	London Development Agency	Planning Manager
Mr	Graham	Oliver	Countryside Properties plc and Freshwharf Developments Ltd c/o GERALD EVE	
Mr	Andrew	Boyd	Savills on behalf of Swan Housing Group	Associate
Mr	Steve	Flowers	Swan Group	
Mr	Robert	Ham	HCA	Planning Manager
Mr	John	Parry	Glenny	Partner, Professional Services
Mr	Keith	Brelsford	Glenny	Partner, Residential
Mr	John	Bell	Glenny	Managing Partner,Head of Business Space Agency
Mr	lan	Wickerson	Bidwells	Director
Mr	Guy	Jenkinson	Bidwells	Director
Mr	Jonathan	Branch	Bidwells	Carrier Discoving Landau and Alice
Ms	Alice	Leach	London Thames Gateway Development Corporation	Senior Planning Implementation Officer
Mr	Peter	Elliot	London Thames Gateway Development Corporation	Development Manager

Ms	Jennie	Bean	Tesco Stores Ltd c/o GL HEARN	Planning Director
Mr	Ed	Kemsley	Peacock and Smith Limited (WM Morrison Supermarkets Pla)
Ms	Eilidh	Campbell	Sainsbury's Supermarket Ltd c/o Turley Associates	Planner
Mr	lan	Anderson	Estates and Agency c/c Iceni Projects Limited	Director
Mr	Paul	Gibbs	Persimmon Homes	Development Director
Mr	Stephen	Yates	Axa Sunlife	
Mr	Kevin	Sullivan	LBBD Property Services	Group Manager Assets
Mr	David	Evans	LBBD Property Services	
Mr	Neil	Rowley	Savills	Director, Planning
Mr	Tony	Fisher	Lambert Smith Hampton	
Mr	Richard	Burrows	Bellway Homes Limited (Essex)	Managing Director
Mr	Jim	Atkinson	Bouygues UK	
Mr	Guy	Price	ASDA	
Mr	Simon	Brown	Taylor Wimpey	Managing Director
Mr	Daniel	Butcher	Kemsleys	Commercial Agent
Mr	Colin	Herman	Kemsleys	Director of Agency
Mr	Richard	Payne	Weston Homes	Development Director
Mr	Steve	Hearn	Laing O'Rourke	
Mr	Lee	O'Neill	Cluttons	Associate, Residential Agency
Ms	Kari Trajer	Trajer	Cluttons	Lettings Manager, Residential Lettings

Mr	Chris	Collins	Strettons	Head of Retail & Residential
Mr	lan	Stevenson	Porter Glenny Estates	Managing Director
Mr	Andrew	File	Sandra Estate Agents	Managing Director
Mr	Micheal	O'Brian	Ramsey Moore Estate Agents	
Ms	Melanie	Mcintosh	Mace Group	Marketing
Mr	Drew	Pindoria	Bairstow Eves	Manager