



AN EXAMINATION UNDER SECTION 212
OF THE PLANNING ACT 2008 (AS AMENDED)

**REPORT ON THE EAST SUFFOLK COUNCIL
COMMUNITY INFRASTRUCTURE LEVY DRAFT CHARGING SCHEDULE**

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MA MRTPI

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Main Findings - Executive Summary

In this report I conclude that the East Suffolk Community Infrastructure Levy Draft Charging Schedule, subject to a modification (**PM3**) which updates the CIL for Beccles and Worlingham Garden Neighbourhood to £0 per sqm, provides an appropriate basis for the collection of the levy in the remainder of East Suffolk.

The Council has provided sufficient evidence that shows the proposed rates, as modified, would not threaten delivery of the development plan for East Suffolk.

For completeness, I further recommend **PM1** (factual parish/ward boundary updates) and **PM2** (an erroneous table reference).¹

Introduction

1. I have been appointed by East Suffolk Council, the charging authority, to examine the East Suffolk Community Infrastructure Levy (CIL) Draft Charging Schedule. I am a chartered town planner with 35 years of experience, including 13 as a Government Planning Inspector examining development plan documents.
2. This report contains my assessment of the Draft Charging Schedule in terms of compliance with the requirements in Part 11 of the Planning Act 2008 as amended ('the Act') and the Community Infrastructure Regulations 2010 as amended ('the Regulations').² Section 212(4) of the Act terms these collectively as the "drafting requirements". I have also had regard to the National Planning Policy Framework (NPPF) and the relevant elements of the Planning Practice Guidance (PPG).³
3. To comply with the relevant legislation, the submitted Draft Charging Schedule must strike what appears to the charging authority to be an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across the district. The PPG states⁴ that the examiner should establish that:
 - the charging authority has complied with the legislative requirements set out in the Act and the Regulations;

¹ PM1 and PM2 comprise 'other modifications' recommended under section 212A(6) of the Planning Act 2008 (as amended).

² The Regulations have been updated through numerous statutory instruments since 2010, including notably the Community Infrastructure Levy (Amendment) (England)(No. 2) Regulations 2019, which came into force on 1 September 2019 (subject to a transitional arrangement in relation to Part 3 of the 2010 Regulations).

³ The CIL section of the PPG was substantially updated on 1 September 2019 and further revised on 16 November 2020, 5 April 2022 and 4 January 2023.

⁴ See PPG Reference ID: 25-040-20190901.

- the draft charging schedule is supported by background documents containing appropriate available evidence;
 - the charging authority has undertaken an appropriate level of consultation;
 - the proposed rate or rates are informed by, and consistent with, the evidence on viability across the charging authority's area; and
 - evidence has been provided that shows the proposed rate or rates would not undermine the deliverability of the plan (see NPPF paragraph 34).
4. The Council undertook a public consultation on its Draft Charging Schedule from 11 November 2021 to 23 December 2021. A summary of the responses has been published.⁵ The Council subsequently consulted upon a Statement of Modifications (2022), from 8 July 2022 to 5 August 2022, which contained alterations to the Draft Charging Schedule. The additional representations received have been taken into account. The Examination has been undertaken on the basis of the Draft Charging Schedule as modified, the written consultation representations submitted and with regard to the Hearing which was held on 11 October 2022 and the subsequent submissions.
5. Following the Hearing the Council undertook to clarify a number of matters arising.⁶ An 'Additional Evidence Note' dated 21 October 2022 was prepared with an 'Addendum Report' to include:
- Updates to the viability assessments to include all SANG (Suitable Alternative Natural Greenspace) costs (previously omitted in part);
 - Updates to the infrastructure costs in the viability assessments to reflect the recently published 2021/22 Infrastructure Funding Statement (IFS);
 - Consideration of the cashflow analysis presented by DLP Planning Ltd (representing Larkfleet) and Ingleton Wood (representing Chenery's Farm Partnership and Beccles Townlands Trust); and
 - Calculation of an updated CIL funding gap.

An East Suffolk Community Governance Review Note⁷ was also prepared which clarified intended changes to parish boundaries. Woodbridge Riverside Parish ward would be altered as detailed in the note. The applicability of the CIL rates remains justified notwithstanding that the amended ward is in CIL Zone 1. For completeness, I recommend that the draft Charging Schedule be modified to reflect the changes adopted by the Council and indicated in the Review Note (**PM1**).

6. Subsequently, a period expiring on 14 November 2022 was given to interested parties to respond as necessary in relation to the submitted

⁵ View at: <https://eastsuffolk.inconsult.uk/CILEXA2022/viewContent?contentid=937299>

⁶ Document C12 et al.

⁷ Document C11.

material. Two responses were received.⁸ All relevant evidence is on the Examination website.

7. On 6 January 2023, I corresponded⁹ with East Suffolk Council in order to identify certain matters of contention in relation to the proposed CIL rate for the strategic development site of Beccles and Worlingham Garden Neighbourhood and to invite the Council to review its position and, if practical, to agree a Statement of Common Ground (SoCG) with the site proponents which may lead to an alternative charging rate if justified.
8. The Council submitted a SoCG and additional evidence which I received on 6 February 2023. The Council confirmed that it did not wish to alter its Draft CIL charging rate for the site. Thereafter I requested from the Council additional sensitivity analysis of the proposed CIL rate, to test potential alternative charge rates. This information was received on 16 February 2023.¹⁰ In the interests of transparency and fairness, I subsequently provided a period of three weeks (to 10 March) for interested parties to comment upon all of this additional information. One response was received.¹¹ All of the submitted evidence has been taken into account. I have considered the need for a further hearing session but the SoCG is clear as are the written positions of the respondents. I have reached a judgement accordingly. My findings in relation to these site specific matters are provided in the *Strategic Sites* section below.
9. East Suffolk Council was formed by a merger of Waveney and Suffolk Coastal District Councils in 2019. Both previous authorities had introduced CIL: the Waveney CIL Charging Schedule (adopted 2013) and the Suffolk Coastal CIL Charging Schedule (adopted 2015). CIL rates in both areas have been increased annually, in line with CIL Regulations. The development plan within the new Council area includes the East Suffolk Council Suffolk Coastal Local Plan (SCLP) and the East Suffolk Council Waveney Local Plan (WLP). These cover both the former Suffolk Coastal and Waveney Districts. The Broads Authority Local Plan covers the Broads Authority area in the north.
10. The adopted Charging Schedules are relatively straightforward in their content. Within the former Suffolk Coastal area rates are levied on residential development dependent on the value of defined areas (excluding Adastral Park) with additional rates applicable to certain forms of retail development. Within the former Waveney District, varied CIL rates are applied across 4 zones in conjunction with rates applicable to holiday lets and certain retail developments.
11. The Council has decided to produce a single Charging Schedule to reflect the revised administrative boundary of East Suffolk and the associated evidence collated in respect of development, infrastructure requirements and viability

⁸ Documents C13 and C14.

⁹ Document C15.

¹⁰ Documents C16-C24.

¹¹ Document C25.

within its geographic context. The CIL Charging Schedule does not apply to the Broads.¹²

12. The submitted Draft Charging Schedule remains relatively straightforward in its approach. Tables 1.1 to 1.4 apply. It identifies 5 residential charging zones across the administrative area; three chargeable rates of CIL apply to residential development in Zones 1-3 (nil rates are set for Zones 4 and 5). Nil rates are set for specialist accommodation as described in the Charging Schedule. The Charging Schedule applies specific charging rates for the 8 strategic sites contained in the development plan (see Table 1.3). Table 3.4 (sic) sets charging rates for certain types of holiday lodge development in defined coastal areas and new convenience retail floorspace. In the interests of clarity, this table should be correctly labelled 1.4 (PM2). Nil rates apply for certain types of holiday lodge development in all other areas, comparison retail, employment and other development.
13. The Charging Schedule confirms that the CIL rates will be adjusted annually using the RICS CIL index. Appendix A of the Draft Charging Schedule identifies the relevant Charging Zones (see PM1).
14. The Council has opted to produce a Draft Instalment Policy (see page 6¹³) explaining how an effective phased payment of due rates may be made, linked to the scale of the affected development. This is not part of the current Examination.

Has the charging authority complied with the legislative requirements set out in the Act and the Regulations, including undertaking an appropriate level of consultation?

15. The Community Infrastructure Levy Regulations 2010 (as amended) apply, including the amendments made by the Community Infrastructure Levy (Amendment)(England)(No. 2) Regulations 2019.
16. Consultation on the basic assumptions underpinning the Draft Charging Schedule was undertaken between 15 March and 26 April 2021. Formal consultation was subsequently held on the Council's Draft Charging Schedule between 11 November and 23 December 2021. The process and outcomes of both consultations are summarised in the Council's Statement of Consultation.¹⁴
17. The latter consultation involved the publication of the supporting documents and the relevant Draft Charging Schedule on the Council website, alerting subscribers to the Council's planning policy updates list, informing the statutory consultation bodies and others on the consultation database, and

¹² References to East Suffolk within this report relate to the administrative area excluding the Broads.

¹³ View at: <https://eastsuffolk.inconsult.uk/gf2.ti/f/1402882/139312645.1/PDF/-/A2%20East%20Suffolk%20Draft%20CIL%20Instalment%20Policy.pdf>

¹⁴ View at: <https://eastsuffolk.inconsult.uk/gf2.ti/f/1402882/139312965.1/PDF/-/A4%20Statement%20of%20Consultation.pdf>

through the publication of notices in local newspapers and via the Council's social media outlets. The information made available included where the Draft Charging Schedule and supporting evidence, including the Aspinall Verdi CIL Review Update Report, were available for inspection and how responses could be made. In total, there were 37 respondents to the consultation upon the Draft Charging Schedule and 9 responses to the Draft CIL Instalment policy.

18. Modifications¹⁵ were subsequently made to the Draft Charging Schedule. These were consulted upon in similar fashion during July and August 2022, whereby further responses were received.
19. On the basis of the available evidence and subject to my findings below, I am satisfied that the charging authority complied with the legislative requirements set out in the Act and the Regulations, including in respect of:
- the statutory processes, including an appropriate level of public consultation;
 - consistency with the adopted development plan with regard to the latest IFS; and
 - and is supported by a reasonable financial appraisal.

I also consider it compliant with national policy and guidance applicable to the legislative requirements for CIL production as contained in the NPPF and PPG respectively.

Is the draft charging schedule supported by background documents containing appropriate available evidence?

20. The Draft Charging Schedule is supported and informed by a number of evidence documents. Of particular relevance¹⁶ to infrastructure and economic viability are:
- Aspinall Verdi CIL Review Update Report (June 2022);
 - Aspinall Verdi CIL Review Report (October 2021);
 - Waveney Local Plan¹⁷ and Whole Plan Viability Appraisal;
 - Suffolk Coastal Local Plan¹⁸ and Whole Plan Viability Appraisal;
 - Infrastructure Funding Statements (2019/20; 2020/21);
 - Additional Evidence Note (21 October 2022); and
 - SoCG, viability addendum and correspondence (February 2023).

Infrastructure Planning Evidence

21. The extant development plan highlights the need for the effective provision

¹⁵ View at: https://eastsuffolk.inconsult.uk/gf2.ti/f/1420066/139373221.1/PDF/-/A6%20Statement%20of%20Modifications%20_June%202022_.pdf

¹⁶ See Examination Library.

¹⁷ Including supporting evidence such as the Local Plan Infrastructure Study.

¹⁸ See evidence base for relevant infrastructure evidence.

of necessary infrastructure¹⁹ in support of the proposed levels of development across the East Suffolk area.

22. SCLP Policy SCLP3.5 establishes the intention for the Council to work with relevant partners in the provision of necessary infrastructure and carries an expectation that all development will be expected to contribute as necessary towards infrastructure provision to meet the needs generated. Such provision is intended to be secured through both CIL and Section 106 planning obligations. WLP Policy WLP1.3 also indicates that a partnership approach will be taken towards the provision of infrastructure utilising both CIL and Section 106 planning obligations.
23. The clear expectation within the development plan is that the charging of CIL will contribute to the provision of necessary infrastructure, for example in relation to flood risk, highway works and education.
24. The WLP provides for the delivery of a minimum of 8,223 dwellings (2014-2036) and 5,000 additional jobs, with the provision of 43 hectares of employment land and 2,200sqm (net) of convenience and 11,000sqm (net) of comparison retail floorspace. The spatial distribution of this development is focussed upon the Lowestoft area. The WLP contains a number of strategic site allocations.
25. The SCLP, as indicated by Policy SCLP3.1, states that over the period between 2018-2036 at least 9,756 new dwellings will be provided, 6,500 jobs will be created with 11.7ha of employment land and the provision of between 4,100 – 5,000sqm of convenience and 7,700 - 13,100sqm of comparison retail floorspace. The policy identifies the need for the provision of infrastructure to support the planned levels of growth based on a clear hierarchy of settlements, including land east of Ipswich.
26. The Council has prepared an annual IFS. The latest iteration²⁰ (2021/2022) updates that previously submitted with the Examination²¹ and estimates that, with regard to other sources of infrastructure funding available to support the growth envisaged in the development plan, there is likely to be a funding gap estimated at £68m.²² The Council's Additional Evidence Note incorporates consideration of the updated IFS for the proposed CIL.
27. The IFS provides a detailed list of infrastructure requirements linked to the implementation of the development plan.²³ Its tabular format lists the categories and types of infrastructure required in specific parts of the Council area, who will be responsible for ensuring its delivery, when it may be required, how much it may cost and from where the funding may arise. It includes highway matters, education provision, health needs, the provision of

¹⁹ See in particular Appendix 2 of the Waveney Local Plan and Appendix B of the Suffolk Coastal Local Plan.

²⁰ Document C6.

²¹ Document A27.

²² Table 1, Document C12.

²³ See Appendix C et al.

necessary utilities (e.g., electricity supply), waste management, policing, library services, community services such as centres, green infrastructure, sports and leisure provision, coastal protection and flooding. Sources of funding vary and include contributions to be derived from S106 planning obligations, developer finance and from Suffolk County Council alongside regional and national funds. It is clear from the IFS that there are challenges to ensuring the timely provision of required infrastructure. This is not a matter of dispute.

28. The IFS is based upon liaison with key infrastructure and developer partners and, whilst recognised as representative of a snapshot in time, it is a robust source of evidence which is intended to be updated on an iterative basis.
29. As far as currently practical on known projects, costs and funding sources, the Council has calculated that the funding gap between infrastructure requirements and its provision is substantial. There is no substantive evidence to the contrary. It is consequently apparent that the CIL is a relevant and necessary source of funding to mitigate risks to effective infrastructure provision. There is no reasonable contention as to the need for an appropriate CIL charge within East Suffolk.
30. In the light of the information provided and mindful of the extant CIL Charging Schedules, the submitted Draft Charging Schedule, to a relative extent, would make an appropriate contribution towards meeting the funding requirements for infrastructure. The infrastructure planning evidence demonstrates adequately the need to continue to charge a CIL across East Suffolk.

Economic Viability Evidence

31. The Council's submitted Draft Charging Schedule is supported by specific evidence commissioned from consultants Aspinall Verdi who also undertook the Whole Plan Viability Studies in support of the WLP and SCLP. As noted in the Council Cabinet Report²⁴, the consultancy was commissioned to, in effect, update and align its work in support of the development plan to underpin the Draft Charging Schedule. Aspinall Verdi published its CIL Review Update in June 2022²⁵ which includes consideration of national policy and guidance in its methodology. The Additional Evidence Note and Addendum (October 2022) plus the SoCG, evidence and analysis (February 2023) provide further updates.
32. In summary, the viability evidence of the Council indicates that the continuation of a CIL is justified to reflect current circumstances within East Suffolk and the Draft Charging Schedule is supported by background documents containing applicable available evidence.

²⁴ Document A17.

²⁵ Document A8.

Main Issue: Are the identified Value Zones and sales value assumptions used in the Council's viability evidence justified and reasonable?

33. The evidence collated by Aspinall Verdi indicates that there are variations in residential sales values across East Suffolk. This data has been used to establish 'Value Zones' across the area (as shown at Figure 5-2 and historically in Appendix 3²⁶). The CIL Review Update Report contains appropriate updates to earlier iterations of the evidence.
34. The CIL Review Update Report has assessed development market values on the basis of national and regional data, evidence from previous viability work, Land Registry data, consultation with a rural land agent and sales data. The gathered data relates to land values, new build sold prices and statistics for resales and is collated across East Suffolk. Brownfield land values ranged from £197,500 per gross ha in the Lower Value Zone and £222,300 elsewhere (including a 10% landowner premium). Greenfield values are set out in Table 5.23.
35. The CIL Review Update Report notes that the requirement for affordable housing will be considered in line with the provisions of the development plan and in particular Policies SCLP5.10 and WLP8.2. Regard has subsequently been had to the national policy requirement for First Homes which is a reasonable assumption. The CIL Review Update Report therefore assumes a baseline requirement for 33% affordable housing, within which First Homes is a specific tenure requirement that constitutes 25% of affordable provision, whilst 25% would be shared ownership and 50% affordable rent. Strategic sites are adjusted according to the development plan policy requirements which is appropriate and reasonable.
36. The CIL Review Update Report assesses affordable housing values with regard to a limited amount of market data. The transfer value of affordable housing varies between 50% and 75% of market value. In the absence of alternative evidence, the assumptions, as summarised in Table 5.16, appear reasonable.
37. I am mindful that the available data relevant to property values is frequently in a state of flux and subject to variations over relatively short time periods and, spatially, over relatively short distances. This presents challenges in establishing an accurate understanding of values which can inform judgements on development viability across any administrative area. I am also mindful that evidence in support of a CIL should be reasonable and proportionate. As a consequence, I accept that the approach outlined within the CIL Review Update Report, Section 5 and Appendix 2 in particular, and the datasets which are drawn upon are adequate for the purposes of setting the East Suffolk CIL.
38. The passage of time can age data, particularly sales values in a dynamic economy, relatively swiftly. Nevertheless, the Market Report assesses

²⁶ Document A8.

historic sales data to 2021, updated in June 2022, and is informative for the 'heat map' which broadly shows variations in sales value data across East Suffolk. I recognise that there may be localised pockets of increased (or decreased) sales values, particularly where reliance is placed on marketed prices for new homes where historic sales data is limited, for example around Oulton Broad. However, I find that the CIL Review Update Report and the conclusions consequently reached with regard to the defined Value Zones across East Suffolk are adequately justified.

Main Issue: General Matters (methodology, typologies)

- *Is the methodology for setting CIL rates sufficiently clear?*
 - *Are the modelled typologies sufficient in breadth and number across all Value Zones such that the Charging Schedule is justified adequately?*
39. The CIL Review Update Report sets out the process by which CIL rates are set. This is graphically shown by Figure ES 2 and is based on establishing residual and benchmark land values (RLV/BLV), establishing potential viability surpluses, undertaking sensitivity analysis, identifying proposed CIL rates and necessary buffers before recommending a final CIL charge. The process is reasonable, aligned with the PPG and sufficiently clear.
40. In assessing viability and notwithstanding the defined strategic development sites, it is necessary to have regard to the type of development anticipated in East Suffolk. The use of anticipated development site types (typologies) rather than specific site examples, as contained in the supporting evidence, is an approach frequently used in CIL viability assessments. For residential development, the typologies used were developed with regard to the advice of the PPG and in the context of the spatial distribution of housing across East Suffolk. The development scenarios consequently tested, reflect a range of different types of development on sites of varying characteristics (e.g. greenfield/brownfield) which were anticipated as likely to be brought forward through the planning process within the area. This is an appropriate approach.
41. The typologies are referenced clearly within the Report (e.g., Section 5 and appendices). These include green field sites, with varying development capacities and assumed densities, and typologies for previously developed land taking into account capacities, Value Zones and variable development densities; the Report takes account of flatted development with densities up to 79 dwellings per gross hectare. I am satisfied that the number of typologies assessed across the Value Zones is proportionate to the East Suffolk context and the likely distribution of development as outlined in its development plan. I am satisfied that the inclusion of additional typologies, for example mid-sized developments in lower value areas, is not proportionately necessary.
42. The typologies have had regard to net site coverage, taking into account land required for items such as drainage, and I find the assumptions within the CIL Review Update Report to be reasonable, and not unduly optimistic, on

the basis of available evidence.

43. In considering viability, the Report takes account of the development plan policy context and the available evidence for the types and mix of housing to be delivered. This includes the relevant Strategic Housing Market Assessments (SHMA). In summary, the Report uses "... *a single housing mix for the generic residential typologies ... for strategic sites we have used a mix that reflects the local authority area in which each site is situated.*" (CIL Review Update Report paragraph 5.18). This is a reasonable approach.
44. Specific and separate consideration has been given to strategic sites.
45. The assumptions within the CIL Review Update Report include the implications of providing affordable housing, based on the differing policy positions of the two operational Local Plans, and the national policy position on First Homes. The Report includes cost assumptions for the policy provisions of the development plan as set out in paragraph 5.42. These refer to the previous Whole Plan Viability assessments undertaken for the SCLP and WLP with 2022 updates and associated explanatory commentary. Such costs include a range of matters including planning fees, professional fees, S106 costs, biodiversity mitigation, construction costs based on Building Cost Information Service (BCIS) indices, contingencies, marketing et al. I am also mindful that the development plan enables bespoke site-specific consideration of development viability (for example in relation to affordable housing provision) where necessary. Overall, the assumptions made by the Report in relation to residential development, which includes mixed uses, can be considered reasonable in the East Suffolk context.

Main Issue: Cost Assumptions

- *Are the cost assumptions used in the Council's viability evidence justified, proportionate and reasonable with due regard to government guidance?*
46. As noted above, the underlying methodology of the viability evidence is appropriately based on the concept of RLV and, with regard to the PPG, undertakes viability assessments of site typologies and strategic sites with sensitivity testing (e.g. proportions of affordable housing).
 47. The Report assesses the RLV against a BLV to inform the assessment of viability headroom. The PPG is clear that BLV should be based on the principle of existing use value plus a premium (EUV+) to incentivise the owner of the site to release it for development. The Council's evidence is explained in Section 3 of the CIL Review Update Report. It follows this approach in undertaking its assessment between RLV and BLV, established from existing experience and available data, whilst recognising the development plan strategy for East Suffolk. I am satisfied that the CIL Review Update Report sets out a rational approach to calculating RLV/BLV. The approach taken has due regard to national guidance and is appropriate.
 48. In relation to the costs of development, the Council's evidence sets out the assumptions used in the viability assessments. These are detailed in

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Sections 5-10 of the CIL Review Update Report (and as amended by the Addendum) including Table 5.17. I have noted the representations submitted that the data used and assumptions made, such as BCIS indices and abnormal site costs, could be more current. However, I am also mindful of the advice of the PPG²⁷ that, in addition to being simple, transparent and publicly available, evidence must be proportionate to the issues at hand.

49. The use of BCIS indices for residential developments, including flats, is reasonable and is common practice in viability assessments. The Council relies on average data drawn from March 2022 which, notwithstanding the shifting build costs indicated by more recent BCIS spot rates in the current economy, is a reasonable and proportionate approach. I do not find that the use of lower quartile BCIS for larger strategic sites to be anomalous or unacceptable given the scope for, at least in part, some economies of scale and reductions in comparative build cost rates even if larger sites are developed in phases and/or are subdivided. Mindful of the PPG, the absence of mean BCIS costs, as an alternative cost input, does not render the Council's assumptions relating to median rates unacceptable.
50. The Council's reliance on a figure of 15% for external costs on general typologies and 20% for strategic sites is not demonstrably unreasonable in the context of East Suffolk and falls acceptably within a common range identified by independent analysis²⁸ into viability issues within England and Wales.
51. The Council takes a PPG²⁹ compliant approach towards the consideration of 'abnormal costs' and the assumption of £110,000 per net acre for brownfield land is, based on available evidence, reasonable. Whilst abnormal costs can arise on greenfield sites, I accept that within East Suffolk the majority of residential requirements will come forward upon allocated sites which have been subject to some assessment as part of the development plan process and, if applicable, potential abnormal costs will have been identified and accounted for. There is insufficient evidence to support the inclusion of an 'abnormal cost' assumption for greenfield sites and to find the Council's approach unacceptable in this regard.
52. The Council has updated its IFS which indicates variations to the originally submitted costs of the 2020/21 IFS. As a consequence, the CIL evidence has been updated. The CIL Review Update Report Addendum has taken account of the revised IFS³⁰ in what I consider to be a proportionate manner. As a consequence and in general terms, I find that the Council has had appropriate regard to the estimated and known costs of infrastructure provision.
53. The Council's evidence includes assumptions on development costs arising such as fees, affordable housing for rent, the changes to Building

²⁷ PPG Reference ID: 25-019-20190901.

²⁸ Lichfields: 'Fine Margins: Viability Assessments in Planning and Plan-Making (2021)'.

²⁹ [PPG Viability](#)

³⁰ See Addendum Report paragraph 3.6 et al.

Regulations, the provision of charging points, administrative costs etc. When taken in the round, the general approach is based on known previous practice, the requirements of the development plan and is proportionate to the issues facing East Suffolk. There is no persuasive evidence to find that the Council's approach is unacceptably flawed.

54. General policy cost assumptions have also been made for non-strategic site typologies in relation to S106 obligations which are predicated on the development plan and which I find reasonable.
55. The Council's evidence assumes potential developer profit levels, in the round, at 20% on market housing and 6% on affordable homes. Whilst I note submissions which suggest a blended rate of at least 20% on Gross Development Value (GDV) should be assessed, I am satisfied that the Council's approach aligns reasonably with the advice within the PPG³¹ that a suitable return to developers may be in the range of 15-20%. There is insufficient evidence to indicate that lending institutions require a minimum blended rate of 20% or that the Council's assumptions are insufficient or erroneous.
56. I am satisfied that the Council's evidence is proportionate and sufficiently current, taking into account some, if not all, changes in the market economy, such as residential values and costs, since 2021. The conclusions drawn on development viability are reasonable. Overall, I find the evidence to be suitably robust for the general purposes of the Draft Charging Schedule.
57. As set out in the CIL Review Update Report, the viability assessments undertaken include sensitivity analysis linked to varying proportions of affordable housing provision, potential CIL rates and variations in GDVs. As recommended by the PPG, the Report takes account of an appropriate viability buffer (see Chapter 11). This is intended to establish a suitable 'cushion' between the recommended CIL rate and the maximum potential CIL rate which is identified in the Report; generally the 'cushion' for general typologies is considerably in excess of 30% of the latter providing reasonable scope for contingencies. This is distinct from the approach taken towards strategic sites where more specific development details generally exist. In the context of East Suffolk where the development plan anticipates that the majority of its development needs will arise on allocated sites, I find this to be reasonable and proportionate.
58. The general cost assumptions used in the Council's viability evidence are justified, proportionate and reasonable with due regard to government guidance.

Main Issue. Strategic Sites

- *Is the viability evidence appropriate, including the assumptions made in the residential appraisals for sales values (market and affordable*

³¹ PPG Reference ID: 10-018-20190509.

housing), land values, build costs, residual S106 costs, developer profits and residential densities?

59. The Council undertook specific testing of 8 strategic sites identified from the development plan. This aligns with the advice of the PPG in assessing the viability of strategic sites in plan making.³² These are shown in the CIL Review Update Report at Figure 6-1 and detailed in Chapter 6. Appropriate assumptions on BLV are set out in the site appraisals. Adjustments are made for the affordable housing values, provision and costs relative to the strategic site location within the former local authority areas. The Report includes specific consideration of each site's strategic site infrastructure and S106 costs (see Table 6.2 and Addendum Summary Table et al) and utilises a 20% rate of external costs to act, in part, as a form of contingency for unknown infrastructure costs which is pragmatically reasonable. The Council evidence includes consideration of suitable viability 'buffers' and I am mindful that the PPG recommends that it would be appropriate to ensure that a 'buffer' is included, so that the levy rate is able to support development when economic circumstances adjust. To be effective in supporting the relevant Local Plan strategy, I consider that a buffer should be of sufficient scale to support the delivery of development as circumstances may alter.
60. The Report assesses the gross to net site area assumptions for the provision of residential development within each site which excludes other uses. This is an appropriate methodology and I agree with the resulting data. As clarified in paragraph 1.3 of the draft Charging Schedule, *"The residential CIL rates for these sites are set out in Table 1.3 ... (other forms of development will be charged at the relevant CIL rate for that development)."*
61. The Council's Additional Evidence Note and Addendum Report provides an update to take account of the latest IFS. Increased IFS costs applicable to the strategic sites are taken into account in revised appraisals. Whilst the baseline values remain unaltered, I consider this to be an appropriate and equitable approach to avoid inconsistencies in applying variable values and costs over time. In addition, the Council's evidence has been revised to incorporate estimated delivery timescales and trajectories for specific infrastructure relevant to some of the strategic sites with a consequent effect upon cashflows. Additional evidence, including the SoCG, has been provided in relation to Beccles and Worlingham Garden Neighbourhood.

Brightwell Lakes, Martlesham

62. Policy SCLP12.19 applies to land at Brightwell Lakes. The site has planning permission for 2,000 homes and other mixed uses. The outline permission has a completed S106 which enables necessary infrastructure. The site is zero rated for CIL under the existing Suffolk Coastal charging schedule. To avoid double counting of infrastructure costs/provision, the CIL Review Update Report concludes that the site should remain zero rated for CIL, particularly as there is no expectation that the site should contribute to infrastructure through CIL. The Report does not appraise the site.

³² PPG Reference ID: 10-005-20180724.

63. The conclusions reached in the Report are reasonable and the nil charge in the Draft Charging Schedule is appropriate.

South Saxmundham Garden Neighbourhood

64. Policy SCLP12.29 applies to land to the south of Saxmundham. The site is approximately 67.8ha of greenfield land allocated for mixed uses including 800 dwellings known as South Saxmundham Garden Neighbourhood. The policy identifies the need for a masterplan approach to the site and prescribes various infrastructure requirements.
65. The site is identified by the CIL Review Update Report as residing in the Mid-Higher Value Zone which I am satisfied is justified adequately by the CIL Review Update Report and market evidence. Whilst the evidence indicates that there are lower value properties within the settlement, sales in more peripheral locations are generally at higher values and therefore the Mid-Higher Value Zone is reasonable. The site is proposed with a development density (net) of 24 units/ha and an affordable housing requirement of 33%.
66. Table 5.1 of the CIL Review Update Report Addendum provides the outcome of the revised viability testing for the allocation, the details of which are contained in the accompanying tables which include sensitivity analysis.
67. The CIL Review Update Report and its Addendum identify the anticipated GDV of the site and input likely assumed costs relevant to the allocation, including affordable housing provision, site specific S106 costs, infrastructure costs and an anticipated CIL charge (£100/sqm). I have noted the representations submitted in relation to this strategic site, which include concerns at the veracity of the Council's assumptions, and the scale of the proposed CIL charge.
68. The value of affordable homes is set out within the CIL Review Update Report and I am satisfied that, on the balance of the evidence, these are reasonable. As noted above (pages 12-14), I consider the Council's approach towards development costs, including the use of lower quartile BCIS, is reasonable, proportionate and sufficiently up to date. Assumed profits of 20% on GDV (blended at 17%) are included.
69. Taking into account the RLV and BLV, the proposed CIL charge is shown to be viable retaining a surplus of nearly £20m (net) and a buffer for the site equating to £24,872 per dwelling (81% from the maximum CIL that may be feasible). I find this to be a reasonable and sufficient contingency cushion which would accommodate variances that may arise, for example in relation to the cost of garage provision.³³ I also find that the South Saxmundham considerations are not directly comparable to Beccles and Worlingham Garden Neighbourhood which has a lower anticipated gross to net development ratio, different infrastructure requirements and is located in a different Value Zone. Each must be considered on their own characteristics.
70. I find that the cost and value assumptions to be reasonable such that the

³³ See further discussion on garage provision at paragraph 114 onwards.

proposed CIL charge of £100/sqm is justified and viable.

North Felixstowe Garden Neighbourhood

71. Policy SCLP12.3 identifies approximately 143ha of greenfield land for a new garden neighbourhood following a masterplan approach and incorporating mixed uses including 2,000 dwellings. Planning permission has been granted for 560 dwellings. The policy prescribes various infrastructure requirements and confirms that necessary off-site infrastructure requirements will be required through developer contributions.
72. The site is identified by the CIL Review Update Report as residing in the Mid-Higher Value Zone, with a development density (net) of 28 units/ha and an affordable housing requirement of 33%.
73. Table 5.1 of the CIL Review Update Report Addendum provides the outcome of the revised viability testing for the allocation, the details of which are contained in the accompanying tables which include sensitivity analysis.
74. The CIL Review Update Report and its Addendum identify the anticipated GDV of the site and input likely assumed costs relevant to the allocation, including affordable housing provision, site specific S106 costs, infrastructure costs and an anticipated CIL charge. Assumed profits of 20% on GDV (blended at 17%) are included.
75. Taking into account the RLV and BLV, a surplus indicates that the proposed CIL charge is viable retaining a buffer of over £35m (net) for the site which equates to approximately £17,500 per dwelling (83% from the maximum CIL that may be feasible). I find this to be a reasonable and sufficient contingency cushion which would accommodate variances that may arise, for example in relation to the cost of garage provision.
76. I find that the cost and value assumptions to be reasonable. As noted in the CIL Review Update Report, the site attracts significant infrastructure costs for education provision which will likely affect cashflow warranting a flexible buffer. I conclude that the proposed CIL charge of £65/sqm to be viable and justified.

Land off Howlett Way, Trimley St Martin

77. The site off Howlett Way is identified by SCLP Policy SCLP12.64 for approximately 360 dwellings. The policy prescribes various infrastructure requirements.
78. The site is identified by the CIL Review Update Report as residing in the Mid-Higher Value Zone, with a development density (net) of 42 units/ha and an affordable housing requirement of 33%.
79. Table 5.1 of the CIL Review Update Report Addendum provides the outcome of the revised viability testing for the allocation, the details of which are contained in the accompanying tables which include sensitivity analysis.
80. The CIL Review Update Report and its Addendum identify the anticipated

GDV of the site and input likely assumed costs relevant to the allocation, including affordable housing provision, site specific S106 costs, infrastructure costs and an anticipated CIL charge. Assumed profits of 20% on GDV (blended at 17%) are included.

81. Taking into account the RLV and BLV, a surplus indicates that the proposed CIL charge is viable retaining a buffer of over £10m (net) for the site which equates to approximately £28,500 per dwelling (76% from the maximum CIL that may be feasible). This provides a reasonable contingency for cost variances, for example in relation to garage provision.
82. I find that the cost and value assumptions to be reasonable. As noted in the CIL Review Update Report, the smaller size of the site attracts comparatively reduced infrastructure costs, for example education provision, and reduces the risk and uncertainty for future infrastructure expenditure. The buffer remains adequate such that I conclude that the proposed CIL charge of £160/sqm to be viable and justified.

Land south of The Street, Carlton Colville

83. The site, of 54.88 ha, is allocated by WLP Policy WLP2.16 for approximately 900 dwellings, including a retirement community. The policy prescribes density expectations and various infrastructure requirements.
84. The site is identified by the CIL Review Update Report as residing in the Mid Value Zone, with a development density (net) of 35 units/ha and an affordable housing requirement of 20%.
85. Table 5.1 of the CIL Review Update Report Addendum provides the outcome of the revised viability testing for the allocation, the details of which are contained in the accompanying tables which include sensitivity analysis.
86. The CIL Review Update Report and its Addendum identify the anticipated GDV of the site and input likely assumed costs relevant to the allocation, including affordable housing provision, site specific S106 costs, infrastructure costs and an anticipated CIL charge. Assumed profits of 20% on GDV (blended at 18%³⁴) are included.
87. Taking into account the RLV and BLV, a surplus indicates that the proposed CIL charge is viable retaining a buffer of nearly £26m for the site which equates to approximately £28,750 per dwelling (84% from the maximum CIL that may be feasible). This provides a reasonable contingency for cost variances, for example in relation to garage provision.
88. I find that the cost and value assumptions to be reasonable. As noted in the CIL Review Update Report, the site has a higher anticipated density of development and a lower affordable housing requirement than others in the same Value Zone. Whilst there are specific infrastructure costs applicable such as for flood risk and highway works, I conclude that the proposed CIL

³⁴ Figure of 18% given in CIL Review – Post Examination in Public (EIP) Addendum Report Summary Table Appendix 2 page 40.

charge of £90/sqm to be viable and justified with an adequate buffer provision.

Beccles and Worlingham Garden Neighbourhood

89. A variety of representations have been made to the Examination in relation to the Beccles and Worlingham Garden Neighbourhood, some suggesting the proposed CIL charge is too low and others suggesting it is set impractically high. WLP Policy WLP3.1 allocates land for mixed uses including approximately 1,250 dwellings which contains a retirement community. The policy prescribes the need for a detailed masterplan plus density expectations (net) of 30 units/ha and various infrastructure requirements which are notably different from other strategic sites such that endeavours to make direct comparisons between strategic sites are of limited value.
90. The site is identified by the CIL Review Update Report as residing in the Mid Value Zone. The Council relies on the CIL Review Update Report and Market Assessment in identifying the Value Zone within which Beccles and Worlingham Garden Neighbourhood is located. The Report recognises that there is very limited sales data available although regard has been had to marketed prices for new homes, such as those developed by Hopkins Homes.
91. The CIL Review Update Report assesses sales values for 1, 2, 3 and 4 bed houses. The rationale for the unit sizes assessed is set out in the Report. Notwithstanding representations made that smaller or larger unit sizes should have been assessed, and whilst recognising that there may be a demand for larger homes above 120sqm, I do not find the unit sizes underpinning the Council's approach to be unreasonable in the East Suffolk context for the purposes of setting CIL. The Report is clear that it has taken into account the original sales values used in the earlier October 2021 assessment and newly adopted sales values for the June 2022 document, including percentage adjustments to allow for house price increases.
92. Whilst I note the submissions made that marketed prices and sales values may have increased and be higher than used in the CIL Review Update Report, I also note that build costs have increased. I accept the Council's submissions that it is not practical to constantly update new iterations of evidence to account for changes in costs and sales values such that I find the CIL Review Update Report is proportionately up to date for the purposes of the submitted CIL.
93. Additional house value data based on the NR34 postcode has been collated and submitted to the Examination by representors. This is more locationally specific to the strategic site and indicates the potential for increased new build indicative sales values above those used in the Council's evidence. I note that some of the submitted figures, and consequently the differential with the Council's evidence, are increased by the decision to not account for homes sold at below £2,000/sqm in order to reflect a potential new build premium. Value differences are also enhanced by differences between house type and size, where bungalows, particularly detached, appear to attract a further premium and impact notably on average sales values.

94. Whilst cognisant of the representations made, I am of the view that the Council has reasonably endeavoured to take a proportionate approach to the issue of identifying market values across the District as a whole, taking into account data sets which indicate broad variations in historic values in different areas including around Beccles and Worlingham.
95. At a more micro level, there may be the potential for an increase in values in the vicinity of the Garden Neighbourhood site as a consequence of specific local variations in house values. However, I am not satisfied that the potential effects are of the magnitude suggested by representors, mindful of the net density expectations for the development, or that the Council's evidence can be deemed flawed such that it cannot be relied upon for the purposes of setting a CIL charge.
96. When taken in the round and to be consistent with the approach for all other strategic sites, I find that the Council's evidence is sufficient and proportionate to justify the Mid Value Zone identified within the Charging Schedule.
97. The site is required to be developed with an affordable housing requirement of 30%. Table 5.1 of the CIL Review Update Report Addendum provides a summary of the outcome of the revised viability testing for the allocation, the details of which are contained in the accompanying tables, including sensitivity analysis.
98. The CIL Review Update Report, its Addendum and further updates identify the anticipated GDV of the site and input likely assumed costs relevant to the allocation, including affordable housing provision, site specific S106 costs, infrastructure costs and an anticipated CIL charge. Assumed profits of 20% on GDV (blended at 17%) are included.
99. The proposed Garden Neighbourhood will be of a significant size in the East Suffolk context. Partly as a consequence, a broad range of infrastructure is required in support of delivering an effective scheme. These include various highway works involving a main road and junction provision/improvements, the provision of adequate electricity supplies, pedestrian and cycle links, woodland enhancement/retention and a range of other infrastructure matters.
100. Based on the available evidence, I am satisfied that the infrastructure costs applicable to the Garden Neighbourhood are different to other East Suffolk Strategic Sites. Furthermore, whilst noting representations which suggest that the proposed infrastructure may, in part, be unnecessary, the Council and developer interests have developed a SoCG and appear to agree the basis of the infrastructure required to enable the site such that I have insufficient reason to disagree.
101. There is a clear difference of judgement between interested parties, including site proponents, on the costs of developing the site and the implications for

cashflow management, including the costs of interest payments. A SoCG³⁵ was provided (dated February 2023) by the Council and Larkfleet Group Ltd, Chenery's Farm Partnership and Beccles Townlands Trust albeit differences remain between these signatories.

102. The Council's original evidence found that a maximum potential CIL charge that enables a viable development would be £167/sqm and specified an applicable CIL Charge of £30/sqm. On this basis it identified a potential surplus of just over £10m for the site and a resulting per dwelling buffer of approximately £8,178 (82% from the maximum CIL). The Council's Addendum Report³⁶ provides an updated analysis of the site with regard to revised S106/infrastructure costs. It concludes that, even though reduced, the scale of the available buffer is adequate based on the percentage of CIL relative to the available headroom (77% or c.£6,200 per dwelling).
103. The Council's originally calculated buffer lies within a similar percentage range as other strategic sites. Nevertheless, this is not the only measure of an effective buffer. Indeed, it is considerably lower when calculated as a per dwelling figure, some 45% below that for North Lowestoft and 71% less than that for Carlton Colville. Whilst each strategic site falls to be considered against its own specific circumstances, the available viability cushion for the Beccles and Worlingham Garden Neighbourhood, by the Council's calculations, is the least generous and therefore the least able to allow for expenditure/revenue contingencies.
104. As noted elsewhere in this report, I am mindful that the PPG advocates a proportionate, simple and transparent approach to the matter of development viability. Whilst particularly pertinent to plan making, the PPG is also clear that: *In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies.*³⁷ The Beccles and Worlingham Garden Neighbourhood is a key site within the Waveney Local Plan. As such, it is important that any applicable CIL charge is justified in terms of viability and does not jeopardise the effective delivery of the development plan strategy. As noted by the Council's evidence in relation to strategic sites: *The level of detail available to support our assumptions and inputs of the larger site testing is limited because most of the sites are still in the early stages of being brought forward. Due to the size of the development, development viability is very sensitive to small changes in the inputs used. We would therefore recommend a cautious approach is taken when setting CIL charges (i.e. a higher buffer).*³⁸
105. Contrary evidence was submitted to that of the Council indicating that the costs of development will be higher than assumed. This is specified in consultation responses to the Draft Charging Schedule (2021 and 2022) and to the Examination process thereafter. Whilst I support the premise for

³⁵ Document C17.

³⁶ Document C18.

³⁷ PPG Reference ID: 10-003-20180724.

³⁸ CIL Review Update Report paragraph 11.17.

proportionate evidence, I am also mindful that a CIL charge must strike an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the viability of development. In this regard, it is helpful that the Council has updated its evidence to account for its latest IFS.

106. However, a number of the detailed assumptions within the Council's evidence are specifically disputed. These include the way in which BCIS costs have been applied, the input assumptions for general development costs, including professional fees, electricity sub stations, highway works, the manner in which garage provision is accounted, the assumed rate of site 'build out', the method of applying interest costs and the absence of transparent cashflow details. Concerns are also raised at revised timescales for infrastructure delivery through the lifespan of the development. Some alternative assumptions, costs and implications for development viability are provided.
107. The SoCG now supplied for this strategic site is helpful in some respects by clarifying certain matters, albeit I note that the Council has been unable to share its cashflow projections. A number of key matters arise.
108. The SoCG confirms that the costs of ensuring an adequate electricity supply to the site involve onsite sub-stations and an offsite primary sub-station. The onsite sub-station cost of £720,000 is agreed while the best available evidence for the cost of the offsite primary sub-station suggests it may fall beyond £6m (as at March 2022).
109. I note that within the Addendum Report the Council considers strategic infrastructure costs to be those which are over and above 'normal' BCIS build costs and 'normal' (20%) externals allowances (which are designed to cover some of the unknown infrastructure costs and enable suitable buffers to maintain development viability³⁹), and these could include spine roads, roundabout, electricity substations, pumping stations etc. Nevertheless, the Council considers that the primary sub-station costs should fall within the 20% 'externals' allowance for strategic sites which conflicts with the site proponents' perspective that this should be considered as an abnormal cost separate from the 'externals' allowance.
110. I am satisfied on the balance of the available evidence that the pumping stations and offsite drainage costs referenced within the site proponents' submissions (March 2022 et al) can reasonably be considered to fall within an 'externals' allowance designed to absorb some unknown infrastructure costs and should not be considered as an abnormal cost. However, in cognisance of the agreed requirement for an offsite primary electricity sub-station which has been broadly costed and given the Addendum Report, which must be read alongside the SoCG which includes the statement that the offsite primary sub-station is an abnormal cost (paragraph 14) and agreement that the onsite sub-station costs are an extra cost outside of the 20% "externals" allowance (paragraph 15), it is consequently not justified to reasonably include the cost of the primary sub-station within the externals allowance for the site. As a result, the inclusion of a specific primary sub-

³⁹ Document A8. Paragraph 6.7.

station infrastructure cost, potentially in excess of £6m, would affect development viability to a greater extent than the Council's analysis allows.

111. The SoCG agrees a more realistic time frame for the construction of the key spine road for the development site with an associated effect upon development costs (total estimated at £6.25m). Furthermore, the SoCG reassesses the likely housing delivery timescale to be slower than originally assessed by the Council. This would have an associated impact upon generated revenue. In addition, the delivery of certain elements of the necessary infrastructure for the development will be affected which alters the original analysis of the Council. I note that it is agreed that the spine road delivery, housing completions timescale and the timing of specific infrastructure delivery have implications for the overall modelling, cashflow and interest calculations for the site.
112. The Council remains of the view that it is neither necessary nor appropriate to release its cashflow analysis. This conflicts with the perspective of the site proponents who have supplied simplified cashflow analysis. Nevertheless, both parties agree that the results of the unpublished cashflow model will worsen the viability of the scheme; in summary, revenue streams are delayed whilst certain costs are increased and brought forward in time. Based upon the Council's calculations, the 'break-even' point for the development is now considered to be at month 78 of the development (rather than month 29) based on an interest rate of 6.5%. The site proponents consider this to be at month 110. If an interest rate of 8% is assumed, the break-even points are further delayed.
113. It is clear that even if the revised Council cashflow position is accepted, the costs of developing the Beccles and Worlingham Garden Neighbourhood are increased in comparison to the Council's earlier analysis. This is illustrated at page 24 of the SoCG, where Section B notes the costs of interest accruing. I note that the site proponents consider that the actual costs of interest would be greater than the Council's figures which should be adjusted to reflect base interest rate changes between October 2021 and March 2022, leading to a variance of c£7.9m on an assumed interest rate of 6.5%.
114. Furthermore, I note the submissions made in relation to the applicability of BCIS build costs as set out in Section C of the SoCG table, which consequently identifies a considerable variance in attributed sums and overall costs. Based on the available evidence, it is likely that the number of garages to be constructed as part of the development will exceed the Council assumption of 405 albeit it may not extend to the site proponents' figure of 569. Regardless, the cost of garage provision, based on BCIS data, is also likely to exceed the single garage cost of £8000 assumed by the Council. The BCIS data (c£13,500) is a 'median' cost which, on the basis of the applied lower quartile costs by the Council that I consider generally justified, is therefore likely to be lower in practice. Nevertheless, the evidence indicates that the cost of garage provision will be materially greater than assumed by the Council with a consequent impact upon development viability. In addition, on the basis that CIL is payable on garages, the Council perspective that it is not possible to know the sizes of houses and

garages and therefore is a matter that should not be meaningfully considered, is unpersuasive. Garage sizes can reasonably be assumed and, as indicated by the site proponents, a six figure cost may likely arise. On this premise, to not account for CIL payable on garages where evidence has been provided for consideration is unjustified. This would affect development viability.

115. The SoCG identifies the difference in approach towards the costs of highway works which include 2 junctions to the relief road and access to the employment site. The Council maintains a cost assumption of £1.5m notwithstanding the submissions of the site promoters that the costs will exceed £3m. The evidence is contrary and there are no submissions which enable a clear judgement to be drawn on the specific costs on these matters. The site proponents have provided a basic breakdown on likely costs which, notwithstanding uncertainty as to the need for a new roundabout, and in the absence of commensurate opposing evidence, suggest that the Council is at risk of underestimating the total costs of provision.

116. The SoCG confirms that while development viability is not disputed, in terms of the available buffer, the revised analysis of the Council (compared to Oct 2022) based on a CIL rate of £30/sqm is as follows:

Oct 22	Maximum CIL	Buffer %	Total buffer	Buffer per dwelling
6.5% interest	£167.78	82%	£10,222,269	£8,178

Jan 23	Maximum CIL	Buffer %	Total buffer	Buffer per dwelling
6.5% interest	£131.54	77.2%	£7,856,937	£6,286
8% interest	£115.29	74.0%	£6,580,381	£5,264

117. It has been brought to my attention⁴⁰ that an analysis of relevant East Suffolk Strategic Sites reveals:

Strategic Site	Total Buffer	Buffer per Plot	Buffer as % of Revenue	Buffer as % of Costs
Beccles & Worlingham	£7,856,937	£6,286	2.42%	2.71%
North Lowestoft	£16,236,532	£14,760	5.69%	6.55%
North Felixstowe	£35,107,025	£17,554	6.54%	7.70%
South Saxmundham	£19,897,956	£24,872	9.27%	11.31%
Colville	£25,878,214	£28,754	10.61%	13.03%
Trimley St Martin	£10,261,389	£28,504	10.62%	12.55%

118. Notwithstanding key differences between the strategic sites and their infrastructure requirements, the broad analysis set out in the tables above

⁴⁰ Document C25.

indicates, by the Council's own reckoning, that the Beccles and Worlingham Garden Neighbourhood has a comparatively lower buffer than all other sites which is therefore potentially least resilient to variations in revenue and costs.

119. Whilst recognising that the assessment of the costs of developing a strategic site is challenging, an underestimation of costs likely renders the calculation of a viability buffer ineffective. As a consequence, the scope of any buffer to act as a sufficient contingency would be undermined and the overall viability of development would be potentially threatened.
120. I consider that the scale of any viability buffer should be sufficient to absorb some of the variable cost factors affecting the site delivery. Even if the Council's evidence on costs and revenues is accepted, including interest at 6.5%, then it indicates that of all its assessed strategic sites, the buffer applicable to Beccles and Worlingham Garden Neighbourhood, the second largest residential allocation, is the lowest by a number of measures. This is emphasised by the revised evidence including the SoCG and Addendum Report.
121. As summarised above, the balance of evidence suggests that the costs of developing the Beccles and Worlingham Garden Neighbourhood will exceed the Council's assumptions and analysis; this includes the costs of off-site power provision, the likely increased costs arising from interest and cashflow management, the cost of garages and their CIL implications. The totality of evidence does not give sufficient assurance that the proposed CIL rate of £30/sqm and the proposed buffer would secure development viability with a suitable buffer and that the Charging Schedule therefore strikes an appropriate balance.
122. The Council, following my request, has provided additional sensitivity analysis of CIL rate options of £10 and £20/sqm applicable to the Beccles and Worlingham Garden Neighbourhood⁴¹ and has confirmed that it did not wish to alter its position that a £30/sqm CIL charge is appropriate.
123. The additional analysis of the Council utilises the same assumptions as its evidence for CIL rates of both £30/sqm and £0/sqm previously submitted. The Council has provided a summary table using an interest rate of 6.5% as follows:

CIL rate psm	Buffer %	Total Buffer	Buffer per dwelling
£30	77.2%	£7,856,937	£6,286
£20	84.8%	£8,626,716	£6,901
£10	92.4%	£9,395,196	£7,516
£0	100%	£10,163,677	£8,131

124. The use of a figure as a percentage of maximum CIL available is one

⁴¹ Documents C20-C24.

indicator of a potential buffer but this can reasonably be considered alongside other means of assessing whether a sufficient and practically useful buffer may exist to absorb changes in development revenues and costs. These can include absolute buffer values and per dwelling figures. As noted above (paragraph 117) other measures can include the buffer as a percentage of revenues and costs.

125. At this stage of the development process, costs of site delivery are challenging to specifically identify but, as set out previously, the balance of the evidence suggests that costs of development will exceed the Council's assumptions and analysis; this includes the costs of off-site power provision, the likely increased costs arising from interest and cashflow management, the cost of garages and their CIL implications. Such additional costs would significantly reduce the scale of the likely buffer arising and potentially nullify it entirely. I note for example the off-site primary substation, garage costs, highway costs and interest rate implications as calculated by the site proponents⁴² would exceed £12m and that a considerably higher variance is concluded for the site as a whole.
126. Even when using the Council assumptions, CIL rates of £10 and £20/sqm will result in a buffer per dwelling significantly below that of any other strategic site. When expressed as a total value, the buffer available for Beccles and Worlingham Garden Neighbourhood is similarly below that of other relevant strategic sites. If expressed as a percentage of revenue or costs, the available buffers utilising the Council's assumptions remain notably below that of other relevant sites. The available buffer with a potential CIL rate of £10/sqm is calculated by the Council to now be lower than that originally calculated in 2022 for a £30/sqm rate.
127. I am mindful that there was recognition during the Examination that the Beccles and Worlingham Garden Neighbourhood has higher infrastructure costs to recover than some of the other strategic sites. This is further acknowledged in the SoCG notwithstanding the fact that there remains a large element of disagreed costs. As such, there is a higher cost base which would be potentially sensitive to changes and to which a reasonable buffer is required.
128. The Beccles and Worlingham Garden Neighbourhood is a significant and key site for the development plan within East Suffolk. As noted in the SoCG, there are significant costs to bringing the site into fruition. I find that the balance of evidence shows that the Council is at risk of underestimating such costs which are sensitive to changes and which logically would warrant an adequate buffer to ensure development viability. Such a buffer does not persuasively exist even if a CIL charge is reduced from £30 to £10/sqm. There is no indication that values will increase sufficiently to offset such costs. I agree with the Council's advisors⁴³ that a cautious approach should be taken when setting CIL charges. As a consequence, the proposed rate would result in a low and inadequate buffer that unacceptably risks the

⁴² See SoCG Table p24.

⁴³ See footnote 38.

delivery of the site and as consequence would undermine the deliverability of the development plan. No other charge is evidentially justified with an adequate buffer, and I therefore conclude that a nil charge is warranted. Should additional evidence arise in the future, the Council will be able to review the position.

129. I therefore recommend a modification to the Charging Schedule to set a charging rate of £0 per square metre at this time for Beccles and Worlingham Garden Neighbourhood (**PM3**).

North of Lowestoft Garden Village

130. 71ha of land is allocated by WLP Policy WLP 2.13 for a mix of uses including approximately 1,300 homes albeit an emerging masterplan indicates 1,000-1,150 is more likely. The Report assesses viability against a figure of 1,100 homes as a consequence which is reasonable. The policy prescribes various infrastructure requirements.
131. The site is identified by the CIL Review Update Report as residing in the Mid Value Zone. I note the preceding Value Zones for the area also included the land as being within the Mid Value Zone and am satisfied that the available evidence, including the Market Report, warrants its edge of Lowestoft location to be included as a mid-value zone and not a mid-lower value zone. The site is proposed with a development density (net) of 33 units/ha and an affordable housing requirement of 30%.
132. Table 5.1 of the CIL Review Update Report Addendum provides the outcome of the revised viability testing for the allocation, the details of which are contained in the accompanying tables which include sensitivity analysis.
133. The CIL Review Update Report and its Addendum identify the anticipated GDV of the site and input likely assumed costs relevant to the allocation, including affordable housing provision, site specific S106 costs, infrastructure costs and an anticipated CIL charge. Assumed profits of 20% on GDV (blended at 17%) are included.
134. Taking into account the RLV and BLV, a surplus indicates that the proposed CIL charge is viable retaining a buffer of just over £16m for the site which equates to approximately £14,760 per dwelling (81% from the maximum CIL that may be feasible). This provides a reasonable contingency for cost variances, for example in relation to garage provision.
135. I find that the cost and value assumptions to be reasonable. As noted in the CIL Review Update Report, the site has some particular infrastructure costs, such as a new junction with the A47 dual carriageway, as well as primary school and other requirements. It is towards the middle of the range of the overall surplus in the Mid Value Zone and benefits from a marginally higher density than some other sites. It is not directly comparable to Beccles and Worlingham Garden Neighbourhood which has a lower anticipated gross to net development ratio and different infrastructure requirements. The identified buffer is not unduly generous particularly being mindful of the cost of garage provision but, on balance, I conclude the proposed CIL charge of

£60/sqm to be viable and justified.

Kirkley Waterfront and Sustainable Urban Neighbourhood.

136. WLP Policy WLP2.4 allocates land for mixed uses including 1,380 homes, employment development and a retirement community. The policy prescribes various infrastructure requirements.
137. The site is identified by the CIL Review Update Report as residing in the Lower Value Zone, with a development density (net) of 50 units/ha.
138. The CIL Review Update Report summarises the issues affecting the site as follows: *This site is not viable even at 0% affordable housing. The site is in the lowest value zone and flattened sales values are particularly low. The site is brownfield which requires higher site remediation cost and there are significant S106 contributions expected. The site is considered very unviable without external financial support (to assist with decontamination, for example). A zero CIL rate is the only possible recommendation.*
139. Based on the available evidence, including the specific site appraisals, I agree.

Strategic Site Viability Outcomes

140. Notwithstanding Beccles and Worlingham Garden Neighbourhood, I find the viability evidence appropriate, including the assumptions made in the residential appraisals for values and costs. The balance of the evidence adequately supports the proposed CIL rates for all strategic sites with the exception of Beccles and Worlingham Garden Neighbourhood.

Main Issue: Specialist and Holiday Accommodation

- *Is the approach taken by the Council towards other specialist housing and holiday accommodation justified and appropriate?*

Specialist Residential Accommodation

141. The CIL Review Update Report tests three types of specialist residential accommodation, namely sheltered housing, extra care housing and registered care. In doing so, the Report has noted the available SHMA data which indicates levels of accommodation need within East Suffolk.
142. In testing typologies for specialist accommodation, the Report has appropriate regard to the definitions within the PPG, the SHMA evidence and approved schemes across East Suffolk. Value assumptions as set out in Table 8.3 are not substantively disputed whilst cost assumptions are reasonably drawn from those used for market residential development with updates in Table 8.4.
143. In summary, I accept the viability testing result for sheltered housing and extra care housing which, regardless of whether greenfield or brownfield, and

even allowing for the absence of affordable housing, does not support scope for a CIL charge.

144. Care homes are, with a precautionary caveat related to applicable business models, found to be viable such that there is potential scope for a CIL charge. However, when accounting for a buffer, viability is diminished for greenfield sites and disappears for brownfield sites such that the Council has determined not to set a CIL charge for this type of development. On the balance of the available evidence, I agree.

Holiday Accommodation

145. The CIL Review Update Report incorporates specific consideration of holiday accommodation, including new build lets, barn conversions and holiday lodges. With the exception of the latter, where certain coastal locations⁴⁴ command a premium in sales values compared to the rest of East Suffolk, there is insufficient data to confirm different value zones across the Council area. These conclusions are reasonable.
146. The Report includes a range of costs applicable to holiday accommodation, tested on greenfield and brownfield sites as set out in CIL Review Update Report paragraph 7.10 and Table 7.2. These also appear reasonable. The viability testing (Appendix 7) indicates that new build flats for holiday lets, barn conversions and holiday lodges are viable, to varying degrees, and provide scope for an appropriate CIL charge in the higher value defined coastal areas. Based on all available information, I have no reason to disagree with the Charging Schedule which sets a CIL rate of £210 for holiday lodges not complying with the Caravan Act in defined coastal areas.

Main Issue: Retail and Employment

- *Do the retail levy rates strike an appropriate balance between helping to fund the new infrastructure required and the potential effect on the economic viability of retail schemes?*
147. The Report appropriately notes the requirements of the extant development plan for East Suffolk and the introduction of Class E within the Town and Country Planning (Use Classes)(Amendment)(England) Regulations 2020. In this context, and noting the planned developments for specific parts of the Council area, the Report identifies two typologies for 'Express' convenience retail floorspace and 'Budget' convenience floorspace. This is reasonable. The typologies are satisfactorily identified as not being as location sensitive compared to residential development and have been tested on greenfield and brownfield sites. These conclusions are reasonable as are the undisputed figures assumed for BLV.
148. Cost assumptions are drawn from preceding work in support of the WLP and SCLP and are indicated in CIL Review Update Report Table 9.2. These are sensible. Allowing for land values set out reasonably in paragraph 9.10,

⁴⁴ CIL Review Update Report Figure 7-1.

convenience retail floorspace is viable and would, dependent on the scale of provision and land characteristics, result in viable developments sufficient to support a variable CIL charge.

149. Whilst adopting a similar assessment for comparison retail floorspace, albeit with appropriately amended assumptions, the viability testing indicates that comparison retail floorspace is unviable in all scenarios and would not support a CIL charge. I agree.
150. I consider that the Draft Charging Schedule retail rates strike an appropriate balance between helping to fund the new infrastructure required and the potential effect on the economic viability of retail schemes.
151. The CIL Review Update Report acknowledges the employment objectives and requirements of the development plan, particularly the scale of anticipated economic growth, land provision and the necessary spatial distribution with a focus on Lowestoft, North Felixstowe and South Saxmundham et al.
152. The CIL Review Update Report considers a BLV of £100,000 per net acre to be appropriate for greenfield land, for both office and industrial development, and there is no contrary evidence to suggest such an approach is inappropriate.
153. Due to the limited variation in value of office space across East Suffolk, only one typology was tested as follows: 425sqm net internal area/500sqm gross internal area (gross to net 85%) and 40% site coverage. Cost assumptions are reasonably explained within the Council's evidence with the inclusion of Table 10.2. Based on the greenfield benchmark land value, office development is found not to be viable and there is no justification for a CIL charge.
154. A similar approach is taken with regards to industrial floorspace where a single scenario was tested: 1,000sqm gross internal area (as a single building or subdivided) with 40% site coverage. The report reasonably notes that build costs have fallen since the development plan was prepared yet, assuming BLV of £100,000/ha, such development is unviable and does not justify a CIL charge.
155. In relation to both retail and employment development, I find that the Charging Schedule strikes an appropriate balance and is acceptable.

Are the proposed rates informed by and consistent with the evidence on viability across the charging authority's area?

Residential Development

156. Given the nature of East Suffolk and its development needs, a primary focus of the viability evidence relates to residential development which, based on the development plan, represents the greater proportion of proposed new development. Such an approach is reasonable. As noted above, the Report uses a common methodology to assess viability in relation to a variety of

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residential site typologies.

157. As set out in paragraph 12 above, the Council proposes five separate charging zones (excluding strategic sites). In general terms, the costs of development are reasonably identified as being similar across the Council area, whilst I consider the benchmark and potential development values within the Report to be realistic and based on adequate evidence.
158. Based on the supporting evidence, Appendix A of the Draft Charging Schedule reasonably identifies the respective charging zones.
159. The CIL Review Update Report indicates the RLVs arising against the various tested development typologies on greenfield and previously developed land. This includes testing of varying affordable housing proportions. Whilst there is some variation in the RLVs, overall, this data supports the conclusion contained within the Draft Charging Schedule that a higher CIL charge rate (£300) is justified in the Higher Value Zone of East Suffolk with a £200 charge applicable to Zone 2 and £100 in Zone 3. Adequate buffers are maintained in excess of 30% from the maximum potential viable CIL rate. Nil charges are justified adequately for Zones 4 and 5. Overall, the separated charging zones at the rates proposed for residential development within the Draft Charging Schedule are justified.

Specialist Accommodation

160. The report makes clear that there is no viable justification for charging CIL for specialist housing and therefore the nil rates included within the Draft Charging Schedule are warranted.

Strategic Sites

161. The CIL Review Update Report and its Addendum support the proposed CIL rates applicable to strategic sites. With the exception of Beccles and Worlingham Garden Neighbourhood and on the balance of all evidence, sufficient buffers are taken into account which could facilitate unknown development cost increases or related factors. The Draft Charging Schedule, as modified below, is reasonable in these regards.

Other Rates

162. The charging rates for holiday lodges (£210/sqm) in defined coastal areas and for convenience retail (£70/sqm) are justified by the analysis of the CIL Review Update Report. The former effectively incorporates a 30% buffer. Furthermore, the evidence supports the setting of nil rates for the other types of development identified in the Draft Charging Schedule.
163. The proposed rates are informed by and consistent with the evidence on viability across the charging authority's area.

Has evidence been provided that shows the proposed rate or rates would not undermine the deliverability of the plan (see National Planning Policy Framework paragraph 34)?

164. The Council's decision for its differential charging zones is based on reasonable assumptions about land values, development values and likely development costs.
165. In setting the CIL charging rates, the Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in East Suffolk. The Council has sought to be realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure funding, while ensuring that a range of development remains viable across the Borough. Buffers are incorporated into its viability evidence that are designed to ensure that the effective delivery of development, including adequate housing to meet identified needs, is achieved. As ever, this will need to be subject to suitable monitoring and management.
166. The Council has confirmed that it intends to prepare a single East Suffolk Discretionary Social Housing Relief Policy and bring this into effect when the East Suffolk CIL Charging Schedule also comes into effect. The Council does not propose an Exceptional Circumstances Relief policy as site specific circumstances can be resolved through a viability assessment as allowed for in Local Plan policies.
167. I consider the CIL Review Update Report, the Addendum and associated evidence to be substantively robust notwithstanding the approach towards Beccles and Worlingham Garden Neighbourhood. I conclude that the residential and other rates proposed, as modified below, would not undermine the deliverability of the development plan. The proposed rates are therefore justified and strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments.

Overall Conclusion

168. I conclude that the Draft Community Infrastructure Levy Charging Schedule, subject to modification, satisfies the drafting requirements. I recommend that the submitted Draft Charging Schedule, following modification, be approved.

Andrew Seaman

Examiner

Appendix: Modifications

Note: deletions shown with ~~strike-through~~ and additions shown in *italics*.

Proposed modification number (PM)	Page no./ other reference	Modification																		
PM1	Appendix A	Amend Appendix A to reflect final adopted changes to parish/ward boundaries.																		
PM2	2	Correct numbering in table on page 2: “Table 3.4 1.4 – Other Rates”.																		
PM3	2	<div>Amend Table 3.1:</div> <table><thead><tr><th>Strategic Sites Charging Zone</th><th>Rate of CIL per sqm</th></tr></thead><tbody><tr><td>Policy SCLP12.29: South Saxmundham Garden Neighbourhood</td><td>£100</td></tr><tr><td>Policy SCLP12.3: North Felixstowe Garden Neighbourhood</td><td>£65</td></tr><tr><td>Policy SCLP12.64: Land off Howlett Way, Trimley St Martin</td><td>£160</td></tr><tr><td>Policy SCLP12.19: Brightwell Lakes/Adastral Park, Martlesham</td><td>£0</td></tr><tr><td>Policy WLP2.16: Land south of The Street, Carlton Colville/Gisleham</td><td>£90</td></tr><tr><td>Policy WLP3.1: Beccles and Worlingham Garden Neighbourhood</td><td>£30 £0</td></tr><tr><td>Policy WLP2.13: North of Lowestoft Garden Village</td><td>£60</td></tr><tr><td>Policy WLP2.4: Kirkley Waterfront and Sustainable Urban Neighbourhood</td><td>£0</td></tr></tbody></table>	Strategic Sites Charging Zone	Rate of CIL per sqm	Policy SCLP12.29: South Saxmundham Garden Neighbourhood	£100	Policy SCLP12.3: North Felixstowe Garden Neighbourhood	£65	Policy SCLP12.64: Land off Howlett Way, Trimley St Martin	£160	Policy SCLP12.19: Brightwell Lakes/Adastral Park, Martlesham	£0	Policy WLP2.16: Land south of The Street, Carlton Colville/Gisleham	£90	Policy WLP3.1: Beccles and Worlingham Garden Neighbourhood	£30 £0	Policy WLP2.13: North of Lowestoft Garden Village	£60	Policy WLP2.4: Kirkley Waterfront and Sustainable Urban Neighbourhood	£0
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