



CABINET

Tuesday 3 September 2019

WORLINGHAM COMMUNITY FACILITY CIL FUNDING – UPDATED BID

EXECUTIVE SUMMARY

1. In September 2018 Waveney District Council Cabinet authorised the award of Community Infrastructure Levy (CIL) Funding for six projects within the former Waveney District Council area. This included £70,000 toward the Worlingham Community Facility Project, a partial award of funding from an original £346,000 bid for funding made by the charitable community organisation also known as Worlingham Community Facility. The project has now progressed further towards establishing a clear way forward for the delivery of this facility alongside an enabling housing development led by a regional housebuilder. As a result of up to date information the costs of the facility and the ability to deliver it has been established.
2. A shortfall in funding is recognised by the Council and under current circumstances this essential community infrastructure could only be completed if increased CIL funding is made available. Worlingham Community Facility and their selected developer, Badger Building, require certainty of fully funded delivery before concluding on arrangements with the County Council and pursuing a new planning application. Reliance on other sources of funding is therefore very limited. The original CIL funding award was provided to cover consultancy costs incurred by the Worlingham Community Facility Trust.
3. The additional funding of £149,478 now sought and recommended to be approved would contribute directly to the capital cost of delivering the facility. It would supplement the commitment the developer can make to build the majority of the facility at a cost to them alongside the housing development. This extraordinary consideration of CIL funding is being made separate from wider CIL funding considerations as a result of this being an update to an existing award of funding and due to the urgency of this long standing commitment to redevelop this former primary school site.

Is the report Open or Exempt?	Open
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Wards Affected:	Beccles and Worlingham
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Cabinet Member:	Councillor David Ritchie Cabinet Member for Planning & Coastal Management
Supporting Officer:	Ben Woolnough Major Sites and Infrastructure Manager 01394 444 593 Ben.woolnough@eastssuffolk.gov.uk

1 INTRODUCTION

Spending of Community Infrastructure Levy

- 1.1 Waveney District Council introduced the Community Infrastructure Levy (CIL) on the 1st August 2013, following the adoption of its CIL Charging Schedule by Full Council on the 22nd May 2013. Suffolk Coastal District Council introduced CIL on 13th July 2015, following the adoption of its CIL Charging Schedule by Full Council on 28th May 2015.
- 1.2 CIL is the main way in which the Council now collects contributions from developers for infrastructure provision to support development planned in the Council's Local Plan . It largely replaces the need for Section 106 planning obligations. However, Section 106 is still used for some site specific infrastructure and affordable housing and more extensively on larger sites.
- 1.3 Both former Councils agreed, through Full Council, that decisions on what to spend CIL on should be made through an annual programming process supported by an annually updated infrastructure plan. Recommendations on what to spend CIL on were made by each Council's Local Plan Working Group and the final decisions were made by each Council's Cabinet. The last Cabinet reports setting out planned awards of annual CIL funding were in September 2018 at the Waveney Cabinet and October 2018 at the Suffolk Coastal Cabinet.
- 1.4 In the September 2018 the Waveney District Council Cabinet Report (Item 6 REP1837) listed 6 projects proposed to receive CIL funding totalling £738,962. This included the following section relevant to Worlingham Community Facility:

Worlingham Community Facility

2.7 This project seeks to provide a new community centre for Worlingham on the site of the former Worlingham Primary School. It is estimated that that the total cost of this project is £1,000,000. Most of the cost of this project is estimated to be met from the sale of 15 houses which are to be developed on the site. £70,000 has been requested to cover the cost of consultancy fees, which are estimated to account for 7% of total project costs. It is recommended that this project receive CIL funding in order to ensure delivery.

2.8 Allocation of CIL funding for the Worlingham Community Facility should be made subject to the following specific conditions:

- Details of the financing of the project, including the amount of money raised from the sale of the 15 houses, should be made available.
- Provision of a detailed quote for the construction of the new community facility should be made available. This should include a detailed breakdown of construction costs and consultancy fees.

- 1.5 The agreed funding has now been established in a deed between the Council and Worlingham Community Facility dated 15th May 2019 based on the terms set out above.
- 1.6 Since becoming East Suffolk Council, a new Local Plan Working Group is in the final stages of being established but its first meeting date has not yet been arranged. Under these circumstances this report has been prepared directly for Cabinet following consultation with the Cabinet Member for Planning. At present the wider annual CIL spending process has been placed on hold pending the commencement of the new Infrastructure Delivery Manager in September and the establishment of a new structure for the East Suffolk CIL spend process, utilising the combined CIL collection funds from both the former Waveney and Suffolk Coastal Districts.
- 1.7 Under those circumstances the consideration of awarding CIL funding for individual projects outside of a round of bids is reserved for exceptional circumstances. In this instance an update to an existing bid has been received to request further funding in addition to an existing award of CIL funds. On this basis, due to the specific circumstances of the CIL funded project and the existing unpaid CIL funding award, it is appropriate to give consideration to this individual request outside of the normal process.

Worlingham Community Facility updated CIL bid

- 1.8 The original Worlingham Primary School on the site closed in 2013 as part of the Suffolk middle schools restructuring. The existing Worlingham Middle School was then converted into a primary school covering pupils age 4 – 11.
- 1.9 As was the case with a wide number of school sites across the County, the County Council sought alternative uses of those sites, whether for education, community or housing uses. In this case the Worlingham Primary School site was seen to be of importance to the community to provide a community hall facility, a provision which is presently absent from this large village. The only facility which previously existed was the Church Hall and that closed in 2008.
- 1.10 The Worlingham Community Facility, as a community group, established itself to bring forward this community development. They and the County Council recognised that it would be necessary to develop the primary school site for both 13 homes and the facility in order to ensure that it could be delivered. The County Council has made it a requirement that any development of the site must provide the facility and it will transfer ownership of the land at no cost subject to the facility being built in conjunction with the housing. Previously Worlingham Community Facility gained its own planning permission for both developments, seeking to then involve a housebuilder to build the comprehensive project. This planning permission was granted in November 2015.
- 1.11 The primary school building was then demolished by the County Council. However, pre-commencement conditions on the permission were not discharged and therefore the original planning permission can no longer be implemented. Worlingham Community Facility have since engaged Badger Building to partner with them in building the homes on the site and building the Community Facility. They both recognise the need to apply for a new planning permission and are in the process of preparing that submission. Before Badger Builder are able to proceed with a planning application they require certainty that they can cover the cost of the Community Facility to both meet the expectations of a planning permission and the covenants of the County Council in transferring the land.
- 1.12 The detailed design of the proposals and costing of the construction of the community facility by the developer has now provided a clear picture of the viability of this development. It is now apparent, that the proposal submitted in 2015 is considerably more expensive to construct than was predicted four years ago. At that time the cost of the same

proposed facility was expected to be £650,000 and the CIL liability of the residential development (as a cost to the developer) was approximately £62,000. The proposal has now been estimated in greater detail by the developer to be £914,582 and the CIL liability of a new residential proposal, based on current CIL charging rates, would be £149,478. This up-to-date appraisal of costs is also a prerequisite in the release of the existing committed CIL funding to ensure that those funds are released for a deliverable project.

- 1.13 The comprehensive development does include 15 new homes to enable this development. The developer still rightfully expects to make a profit on those homes and the delivery of the community facility has to be factored in as a cost of this development. Whilst the land is provided by the County Council at no cost to the developer or Worlingham Community Facility, the proposed development is still presenting a lack of viability. Specifically the developer is citing the cost of the Community Infrastructure Levy as the leading cause for this development to fall below a viable position. The cost of CIL to development is not something which can be deducted when attempting to make a development viable within the consideration of a planning application. It is a necessary and unavoidable cost for the developer to bear and is important in ensuring that the effects of development on the infrastructure of the District are mitigated.
- 1.14 When it comes to rationalising on a development's provisions it is affordable housing and elements of the design which may typically be reduced in order to make a development viable. Under the current circumstances the viability and affordable housing position will need to be appraised within the planning application viability assessment process. This report does not prejudice that subsequent more detailed appraisal. It is however very clear that the long-standing community aspirations of this development and the County Council's expectations of the site rely upon a well serviced and modern community facility being delivered and a design for that has been established for over 4 years.
- 1.15 The updated bid requests a total of £192,769 in CIL funding, which is the full funding gap currently identified in the project. £43,291 of this shortfall is not as a result of the effect that CIL liability has on the development. It is recommended that that aspect of the shortfall should not be addressed through the award of CIL funding and the additional funding hereby considered should be limited to the equivalence of CIL that would be received from this development. The developer, Badger Builder, has confirmed that the £149,478 of funding will go some way to facilitate this project and that the projected £43,291 shortfall should not be seen as a stumbling block. They confirm that they are working with the Worlingham Community Facility team on the specification and are confident (subject to planning) that they can make the project work, even if Badger Building have to take an overall view of their return on the scheme.

2 CIL INFRASTRUCTURE PLAN FOR 2018/19

- 2.1 The CIL Infrastructure Plan for 2018/19 outlines the infrastructure which is needed to support development planned for in the Waveney Local Plan. The plan is updated annually and it should be noted that further projects will be added to the plan as they are

developed. The plan has been prepared in consultation with relevant infrastructure providers, including Suffolk County Council.

2.2 The Worlingham Community Facility is included in the CIL Infrastructure Plan as 'Essential' infrastructure and a cost of up to £1,000,000 to build the facility is recognised in that plan.

2.3 In order for a project to receive CIL funding, it should:

- Be a type of infrastructure included on the Council's Regulation 123 List (though 123 lists will be replaced by Annual Funding Statements from 1st September 2019).
- Be identified in the latest Infrastructure Plan.
- Be a project on which work can usually start or be committed to within the current financial year.
- Be broadly in line with the phasing of infrastructure outlined in the Infrastructure Plan unless there are exceptional reasons for earlier/later delivery.

3 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

3.1 The CIL spend programme and governance arrangements have many links to the East Suffolk Business Plan and the three-pronged strategy contained within it.

3.2 Enabling Communities – the introduction of CIL across the district ensures that local communities receive funds through the Neighbourhood Funds outlined in the CIL Regulations. These additional funds will further enable communities to feel proud of where they live and to support the services and infrastructure within their community.

3.3 Economic Growth – the CIL Charging Schedule was developed through detailed viability assessment of typical development seen across the district. Introducing CIL has not had an impact on the overall viability of development in the district and will generate funds which can be used to support the infrastructure requirements outlined in the East Suffolk Business Plan and other economic strategies such as the East Suffolk Growth Plan.

3.4 Financial self-sufficiency – the CIL Regulations allow for a local authority to retain some CIL funds to cover administrative costs. Retaining 5% of the CIL funds generated across the district will help cover the costs of the CIL programme and enable East Suffolk to become financially self-sufficient.

4 FINANCIAL AND GOVERNANCE IMPLICATIONS

4.1 Setting up and administering the CIL spend programme and governance arrangements is covered in existing budgets. However, as described in section 3, 5% of CIL receipts can be retained each year to help cover these costs.

5 OTHER KEY ISSUES

5.1 This report has been prepared having taken into account the results of an Equality Impact Assessment.

6 CONSULTATION

6.1 No consultation has been necessary for this recommendation.

7 OTHER OPTIONS CONSIDERED

7.1 Members have the option of not agreeing CIL funding for this project and retaining CIL funds for future use or deferring consideration of this increased bid as part of a more comprehensive round of bids. These options would cause delays and uncertainty over the

delivery of the community facility and housing development. As a vacant site with a former community use its return to use for both a community and housing function is a sustainable use of a brownfield site with wide reaching benefits.

- 7.2 If this alternative approach was taken then the developer may not proceed in acquiring the site or the Community Facility Trust would need to consider whether the proposed facility needs to be reduced in size, specification or quality to achieve cost savings.

8 REASON FOR RECOMMENDATION

- 8.1 This community led development is an important part of the local community infrastructure provision and a recognised shortfall in provision for this large village. The Council is committed to supporting its delivery and enabling this to happen without delay, particularly as it is already partly funded through CIL. As a community infrastructure project this represents a good example of a community group, a private developer, the District Council and County Council playing important roles together to deliver a substantial community benefit. Based on the effect that CIL liability has on the viability of this development, and that the development will pay into CIL as well as take from it, the use of a further £149,478 of CIL funding to enable this essential community facility to progress should be supported.

RECOMMENDATIONS

1. That this exceptional case for an increased award of CIL funding £149,478 for the construction of the Worlingham Community Facility is agreed.
2. That the CIL funding is released to Worlingham Community Facility at a later stage in its build to ensure that its construction is predominantly led by the developer's own direct delivery (consistent with the planning expectations and County Council landowner expectations).
3. That the existing award of CIL funds (£70,000) is maintained and paid in accordance with the current deed.

BACKGROUND PAPERS

Community Infrastructure Levy Infrastructure Plan 2018

<https://www.eastsuffolk.gov.uk/assets/Your-Council/WDC-Council-Meetings/2018/September/Cabinet-12-09-18/06a-Appendix-A-Infrastructure-Plan-18-19-Cabinet.pdf>

September 2018 Waveney District Council Cabinet Report (Item 6 REP1837)

<https://www.eastsuffolk.gov.uk/assets/Your-Council/WDC-Council-Meetings/2018/September/Cabinet-12-09-18/06-CIL-reportFINAL-2.pdf>

Please note that copies of background papers have not been published on the Council's website www.eastsuffolk.gov.uk but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	Type	Available From