

**Shepway District Council
Community Infrastructure Levy Examination**

Matters, Issues & Questions

Council response to:

MATTER B: Retail, Strategic & Non-residential Developments

ISSUE 1 Retail Developments (A1-A5) (Table 2)

- a) Is the zone distinction shown in Table 2 (Folkestone Town Centre Area (Map: Appendix 3) and the rest of the district) for retail and related uses justified by appropriate available evidence, or should there be different zones/boundaries, and if so, why?
- b) Particularly, why is a £0 / sq. m rate justified in the Folkestone Town Centre Area (Map: Appendix 3)?
- c) Is the rate distinction between supermarkets, superstores and retail warehousing over 280 sqm (£100); other large scale development akin to retail over 280 sqm (£100) and other retail development and development akin to retail up to 280 sqm (£0) in the rest of the district uses justified by appropriate available evidence?
- d) Are the definitions of retail and related development sufficiently clear?
- e) Overall, do the retail provisions strike an appropriate balance between helping to fund the new infrastructure required and ensuring the viability of needed retail and related development?

Question to the Council

- i. Please provide a statement setting out your responses to the questions above.

Council Response

Response to questions 'a' & 'b'

The Council considers that there is an appropriate basis and evidence for justifying the distinctions proposed on retail development CIL charges.

This basis is in place both in terms of the viability evidence (as further developed through the Supplementary Viability Report January 2015, including in response to PDCS stage representations); and how that evidence relates to (i.e. comes together with) the local area characteristics and the Council's Core Strategy Local Plan Policies.

The viability assessment process, and the in depth discussions between Dixon Searle and the Council around that, informs the setting-up of a CIL through considering the relevance of the findings as those relate to a range of locations and development types. This means that whilst the viability findings may vary with local characteristics, in terms of CIL principles the most important driver is the relevance of the CIL proposals in relation to the planned development or types most likely to come forward.

Accordingly, whilst CIL is not used as a development control or regeneration tool, in setting it up here the Council needs to be sure that its proposals do not place undue added risk to its key retail strategy thrust - i.e. to promote and secure the ongoing improvement of the retail offer and town centre in Folkestone, in the context of relevant NPPF sequential tests.

Given the way CIL works and links with the Local Plan, the Council is taking the view that larger format retail developments outside the main town centre, where pursued, are likely to be viable and be able to support CIL. However, in the event any such proposals prove unviable on an individual site basis, then this will not be prejudicial to the delivery of the plan as a whole, at the relevant level of consideration for a CIL. In contrast it is considered that the likely poor to marginal viability of town centre development, which is usually more costly to undertake, could well be placed at further risk by added cost in the form of CIL charging (being fixed, non-negotiable). Given the potential mixed nature of town centre development, the lowest common denominator of a £0/sq. m CIL charge was considered the most appropriate approach – consistent with the £0/sq. m rate charging proposed for the development of smaller retail units generally owing to the much weaker relationship typically seen between development values and costs for those - to avoid further risk to development that cannot clearly support CIL costs.

The Council does not consider that there should be different zones / boundaries and notes that the adjusted proposal to nil-rate all Folkestone town centre 'A' uses has received support from representors, as is recorded in the Council's Draft Charging Schedule Consultation Report (Statement of representations).

Response to question 'c'

The Council also considers the proposed distinction between the charging rates for larger format retail development (supermarkets, superstores and retail development) is also justified by appropriate available evidence, noting also that, as above, any incidences of non-viability would not be prejudicial to the delivery of the Local plan guided development overall.

The reasoning Sunday Trading provisions based 280 sq. m threshold is as explained in the viability assessment work and also noted in the Council's previous responses. These principles were first considered by the Council's experienced viability advisors Dixon Searle in their CIL work with Wycombe District Council. They have been used in a range of locations and charging authority types subsequently, and have been accepted at examination.

The viability assessment work sets out the level of consideration given to this, based on the only clear and specific "switch point" within what is otherwise a wide spectrum of potential retail unit types. At the present time it is considered that only a policy or requirement of that type, directly influencing the nature of the premises developed and the investment scenario around that, would create a sufficiently clear change point in the viability scenario. Beyond that it is possible that new retail units could be brought forward at any particular floor area as selected by the planning applicant, but not introducing necessarily different viability matters. Either side of the threshold selected, it has been shown that different valuation ingredients are typically relevant – driving different viability outcomes. Such viability findings are quite common across a range of CIL viability assessments. In the Council's and consultant's view, an equivalent effect (scheme type driven viability switch) is not seen at any other point based quantum of floor area; or indeed based on other clear criteria.

Response to question 'd'

Consistent with the Wycombe type approach, which was based on former PPG4 definitions, the Council considers the retail and associated definitions to be appropriate and clear. However, should the Examiner be minded to recommend the consideration of further or adjusted wording to assist the interpretation and effective use of the Charging Schedule in due course, the Council confirms that it would be open to considering adjustments and welcomes opportunities to secure added clarity if considered necessary.

Response to question 'e'

Overall the Council is not planning for nor expects to see a significant supply of new retail space, but nevertheless has used the evidence to inform its proposed approach, which is considered to strike an appropriate balance between helping to fund new infrastructure and ensuring so far as it can in respect of the influence of CIL (noting that there are much wider influences on viability) that an appropriate balance between these has been struck. As with all aspects of the proposals, the Council will be monitoring the charging once in use, and reviewing over time accordingly.