



Your Ref

Our Ref LDF 17/SH

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Dear Ms Feeney

## WAVENEY COMMUNITY INFRASTRUCTURE LEVY (CIL) EXAMINATION RESPONSE TO LETTER REGARDING INITIAL MATTERS

Thank you for your letter dated 2<sup>nd</sup> January 2013, detailing some initial matters the Examiner seeks clarification on. The response to the various points is as follows:

### ***Retail Definitions***

It is the Council's intention that all supermarkets, superstores and retail warehouse developments of any size (above and below 280sqm) will be liable to pay the £130 per sqm rate of CIL. All other types of retail, such as shop units providing comparison goods, will fall under the zero rate.

The CIL Viability Study (Document B3) examined the viability of the following types of retail development:

- Non-food town centre retail (units of less than 280 sqm floorspace based on Sunday Trading Law)
- Local centre non-food (units of less than 280 sqm floorspace based on Sunday Trading Law)
- Retail Warehouse of 3500sqm (trading floorspace)
- Retail Supermarket of 3500sqm (trading floorspace)

The CIL Viability Study (Document B3) found that local centre non-food and non-food town centre retail was only marginally viable and therefore could not support a CIL charge. It also found that retail warehouses and supermarkets could support a CIL rate of £130 per sqm. As such the Preliminary Draft Charging Schedule proposed a rate of £130 per square metre for supermarkets, superstores and retail warehouses with floorspace above 280sqm. The definitions of these types of use were based on the former Planning Policy Statement 4 definitions.

Following a number of challenges to other Charging Schedules on differentiating retail use by size, the Council gave more thought to the definitions. The Council considered that a size threshold would be difficult to operate in practice and could lead to challenges during the operation of CIL. The Draft Charging Schedule (Document C1, October 2012) therefore removed the 280sqm threshold. It was considered that as the Waveney Local Development Framework (Documents B6, B7, B8 and B9) does not contain any specific proposals for small supermarkets (below 280sqm), the proposed rate of CIL would not undermine the overall development of the area if the Charging Schedule did render these developments unviable. Additionally it is unlikely that any new-build 'windfall' developments of small food stores will occur over the plan period and there has only been two constructed in the District since 2001 and one of these would fall under the 100sqm threshold. It is anticipated that any new small food stores will be developed through conversions rather than new build.

Following the consultation on the Draft Charging Schedule (October 2012) the Council decided to propose a modification (Document A4) to the definition of supermarkets and superstores in response to concerns raised

by Indigo Planning on behalf of Sainsbury (Comment ID20). The definition has been strengthened by removing subjective terms. The representations by Indigo Planning on behalf of Sainsbury (Comment ID20) and Peacock Smith and Aspinal Verdi on behalf of Morrisons (Comment ID 12/13) also questioned whether there was enough fine grained evidence to support the proposed differentiation. As such the Council asked BNP Paribas Real Estate to provide some additional evidence on retail viability covering a greater range of store types. This evidence is found in Document B4. Document B4 provides the following additional appraisals:

- Supermarket (3000sqm trading floorspace)
- Supermarket (1500sqm trading floorspace)
- Small in-town food store (250sqm trading floorspace) (Tesco Metro or equivalent)
- In town retail (500sqm trading floorspace) (non-food)
- Retail warehouse (5000sqm trading floorspace)

The additional appraisals in Document B4 show that even the development of smaller food stores (less than 280sqm) are likely to be able to support the £130 per sqm charge. It is considered that the above evidence, together with the original evidence in the CIL Viability Study (Document B3) demonstrates that the proposed £130 per sqm rate for supermarkets, superstores and retail warehouses as defined in the submitted version of Draft Charging Schedule is justified and consistent with the evidence. The evidence justifies that the types of retail not covered by the definitions in the submitted Draft Charging Schedule should fall within the zero rate. The table below summarises the evidence for all types of retail covered by the CIL Viability Study (Document B3) and Document B4.

Type of Retail Development	Viable?
Non-food town centre retail (units of less than 280 sqm floorspace)	Marginal
Local centre non-food (units of less than 280 sqm floorspace)	No
In town retail (500sqm trading floorspace) (non food)	Marginal
Retail Warehouse (3500sqm trading floorspace)	Yes with £130 sqm CIL
Retail warehouse (5000sqm trading floorspace)	Yes with £130 sqm CIL
Retail Supermarket (3500sqm trading floorspace)	Yes with £130 sqm CIL
Supermarket of (3000sqm trading floorspace)	Yes with £130 sqm CIL
Supermarket of (1500sqm trading floorspace)	Yes with £130 sqm CIL
Small in-town food store (250sqm trading floorspace)	Yes with £130 sqm CIL

### **Projected income**

The projected income of £2.44 million in the Background Document (Document B1) will not change as a result of the modifications. It was based on development planned and projected in the Council's Local Development Framework. £2.18 million was expected from residential development and £260,000 from supermarket development. No residential care homes were included in these projections and therefore the deletion of the rate for care homes will have no effect. The change to the retail definition will have no effect on the projected income as the single supermarket development expected to come forward in the plan period would still meet the updated definition.

Yours sincerely,



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