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23 December 2013

Dear Ms. Simmonds

**Examination of the Caerphilly County Borough and Merthyr Tydfil County Borough Community Infrastructure Levy Charging Schedule-  
Written Representation.**

Following our previous correspondence on this subject I have pleasure in submitting a Written Representation on behalf of the Country Land and Business Association (CLA) on behalf of our membership.

The CLA represents more than 35,000 members who collectively manage and/or own about half of all rural land in England and Wales. CLA members can be individuals, businesses, charities, farmers and estate managers who represent around 250 different types of rural businesses. They generate jobs, provide land and buildings for investment, housing for local people as well as producing food and a whole range of land-based environmental goods and services. They also manage and/or own as much as one third of all heritage in England and Wales, making the CLA by far the largest heritage-owner group.

CLA members include every size and type of holding, from estate owners to the smallest land holding of less than a hectare. The membership encompasses all traditional agricultural and forestry from the most sophisticated dairy and arable enterprises, pigs and poultry, through to highly productive intensive horticulture and vegetable production and more extensive livestock systems. The majority of our landowning membership is made up of family farm owner-occupiers many of whom have diversified into other business activities in response to the pressure on farm incomes.

The CLA also represents the interests of owners of other types of rural businesses including, for example: forestry enterprises, mineral and aggregate operators and owners, hotels, golf courses, tourist enterprises, equestrian establishments, a myriad of small rural enterprises and also institutional land owners such as water companies, pension funds, and development companies. Our members have businesses in the countryside and live in its rural communities and villages. All of this frequently brings CLA members into contact with local authorities and in particular your Planning team.

The CLA is unique in that it lobbies for the development of the rural economy and is concerned that no unnecessary restriction is placed on that process. Many of our rural businessmen and farmers experience growing regulation as more red tape emerges from all levels of government. Furthermore, rural businesses and communities suffer from remoteness, and exclusion; indeed many feel that their needs for jobs, housing and services are not catered for by an urban-biased planning system. But they are also at risk of being left behind economically because of flawed CIL viability assessments that will affect potentially beneficial rural economic development.

The CLA represents the wide diversity of the rural community and is the only single organisation able to do so in quite so comprehensive a manner. We are glad of the opportunity to be an active partner in any consultation exercises or decision making processes in which rural business and the communities form part.

### **Viability Assessments for CIL Charging Schedules**

The Welsh Government's policy guidance on CIL makes it very clear that charging authorities wishing to introduce a CIL charging schedule must ensure that they propose a rate(s) that does not put at serious risk the overall development of their area and they must provide evidence on economic viability and infrastructure planning. CIL is expected to have a positive economic effect on development across an area.

A key consideration for charging authorities is the balance between securing additional investment for infrastructure to support development and the potential negative economic effect of imposing CIL upon development in their area. In their background evidence on economic viability to the CIL examination, charging authorities are required to explain why they consider that their proposed CIL rate(s) will not put the overall development across their area at serious risk. The CLA is picking up a number of concerns that the particular circumstances of a site may mean the CIL charge renders development unviable even though the planning authority's viability evidence may suggest otherwise.

The viability of a development is crucial to the delivery of economic growth and jobs whether in rural or urban areas. CIL is intended to be a pro-growth tool. But we are seeing charging schedules that are imposing urban-focussed CIL charges on new development in rural areas. It would be ironic if CIL charges had the effect of making the already dire development climate even more difficult with the obvious knock-on effects for the Government's growth and housing agendas.

The CLA has analysed a number of CIL front-runners' viability assessments and preliminary charging schedules and we are very concerned that agricultural, horticultural and forestry developments, and small scale rural developments, are being swept up with urban-focussed development charges. Clearly this would be to the detriment of the rural economy as a whole as urban-focussed charges would stop critically needed development in the countryside. The CIL regulations do allow for differential rates subject to being underpinned by clear evidence.

It is hard to square the Welsh Government's calls for local authorities to moderate their s106 demands to get development going, with the emergence of CIL charging schedules that appear to be going in a totally different direction. If the viability assessment for a proposed CIL is not robust then a flawed CIL regime will be put in place which could hold back development within an authority for years.

The setting of inappropriate rates for rural economic development, and some forms of rural housing, will have the long-term effect of constraining all forms of land-based development and farm-based diversification development opportunities with consequential impacts on the long term sustainability of the rural economy and jobs, rural communities and ultimately on the goods and services, both environmental and food-related, that are delivered by CLA members.

**Viability assessments must be underpinned by robust evidence that takes account of the differences in economic viability between urban and rural developments.**

**Clearly for those charging authorities, who have urban areas and rural hinterlands, they can take advantage of setting differential rates and we strongly urge the authority to consider the use of different rates for rural areas if the charging schedule is not to prevent critically needed rural development from coming forward.**

### **Farm-based diversification**

We are very concerned about the potential impact of CIL charges on farm-based diversification. All land managers are encouraged by the Welsh Government (which is clearly stated in the recent revision of TAN 6) to find alternative sources of income other than from agriculture (or forestry) to remain profitable and to be able to underpin uneconomic agricultural (and forestry) enterprises. This largely means that land managers must find new uses for traditional, including listed, farm (or forestry) buildings, which are redundant for modern agricultural (or forestry) needs, or to find new uses for land many of which will require planning permission for change of use. As a result many land managers continue to seek to diversify and attempt to bring back into use traditional rural buildings for commercial (including equestrian), or community, use and/or to provide new build small scale commercial development on redundant farmsteads to support, for example, incubator units for new micro/small-business start-ups.

It is accepted by the CLA that this re-use of farm (or forestry) buildings may, but not always, have an increased impact on local infrastructure through such consequences as additional traffic movements. Welsh Government guidance is clear that CIL is not chargeable on changes of use which do not involve an increase in floorspace. Therefore, I note your CIL charging schedule does not include any rate(s) for change of use of redundant farm buildings to new uses.

**However, we request that a nil rate or a reduced rate is set for any new build rural buildings in this category, as the current proposal makes no differentiation between urban or rural focussed development. This would also include adding an extension and/or a new build that, for example provides for incubator units for new small business start-ups (whether for office or light industrial work space).**

### **Farm Shops**

Again most front-runner charging schedules are sweeping all retail up into one urban-biased charge rate, which is the case in your proposals. Little attention appears to have been given to rural retail units, such as farm shops or even new village shops and post

offices. Urban-biased CIL charges will have an adverse impact on the provision of much needed rural retail outlets of all types.

**We request that you consider the matter of farm shops as part of an up-to-date farm shop viability assessment. In any event we suggest a nil rate is in order to encourage small-scale retail activity in and around rural communities.**

### **Rural Enterprise Dwellings**

We note the proposed CIL charging schedule makes no allowance for new housing where it is required to enable rural enterprise workers to live at or in the immediate vicinity of their place of work. Our view is that the **CIL should not apply** to these dwellings, which will have been justified as a requirement for the specific business. Such properties are not sold for development gain and are usually restricted by some form of occupancy condition which has already had a negative impact on the value of the development. In fact as part of the revision of TAN 6 in 2010 the policy extends to an element of affordable housing being one of the tests required to lift a rural enterprise restriction. We note under the published proposals affordable housing is afforded a nil rate, we thus feel as stated above a **Nil rate** should apply for Rural Enterprise Dwellings.

Under your proposals a rate of up to £40 per sq metre is being proposed, given the reasons stated above this would simply be an additional cost of construction and is likely to render many such projects unviable, and could lead to new farming entrants being priced off the land they wish to farm and the curtailment of new business start ups in rural areas.

**As these properties are crucial to the operation of, in general, land-based businesses and sustainable rural communities, we ask that they be considered separately, and classified with affordable housing for CIL purposes and thus zero-rated for CIL.**

### **Including A Provision To Regularly Review CIL Charging**

In addition to the proposals above, we would propose a regular review process being included so where specific types of development were seen to be unduly burdened by the imposition of CIL, the Authority has suitable powers to review any CIL rates so to allow any log jams to be freed where projects would be financially viable other than for the rate CIL is levied at.

We hope this covers the areas of particular concern to ourselves and our Membership. I also attach information from West Lancashire where Similar Rural Enterprise Workers dwellings have in fact been given a nil CIL allocation.

Please come back if you require any further information.

Yours sincerely,

CBP de Winton MRICS  
Chartered Surveyor- CLA Cymru.