

HS7: Matter 3 – Are the rates informed by, and consistent with, the evidence available?

Issue 4 – Industrial and Distribution and Logistics

QUESTION 1

What is the justification for introducing a nil rate for the Brentwood Enterprise Park, but not other non-residential sites?

1. Brentwood Enterprise Park is a large strategic site at the junction of the M25 and A127 and is expected to come forward as a major Logistics site (a planning application is awaiting determination).
2. Paragraph 10-005-20180724 of the PPG suggests that Strategic Sites are tested individually, however this was not tested individually through the Local Plan process. As this is the major non-residential development, that has very substantial Strategic Infrastructure and mitigation costs, it is now appropriate to test it as a strategic site. To this end, the Council and the site promoter have submitted a Statement of Common Ground (Document PSED1) that expands on the high-level testing included in CSD6, Viability Assessment Update (August 2022).
3. Document CSD6, Viability Assessment Update (August 2022) assumed strategic infrastructure and mitigation costs of £13,247,138. Through the development management process the updated equivalent figure is a bit less at £11,177,492. However, a significant amount of extra highway and strategic infrastructure work has been identified. The apportionment of the costs of this work is ongoing, however the proportion attributed to the Brentwood Enterprise Park allocation will be more than £40,000,000. The additional works include the following items:
 - West Horndon Station Interchange improvements.
 - Improved access to West Horndon Railway Station.
 - M25 Junction 28 improvements.
 - A127/B186 Mitigation: B186 Warley Street improvements and additional bridge over A127 and highway works north of A127 for BEP.
 - A127/B186 Mitigation: Warley Interchange bridge and new link road connecting to M25 Junction 29. Cost excludes the new mini roundabout and additional bridge for BEP.
 - M25 Junction 29 improvements.

4. The above (i.e. £40,000,000) costs were derived by St Modwen and have been reviewed for the Council (by AECOM).
5. As this is a strategic site, critical to the delivery of the plan, it is agreed that the additional £40,000,000 of strategic infrastructure and mitigation costs should be added to the assumption of £11,177,492.
6. It is important to note that cost of strategic infrastructure and mitigation is, very approximately equivalent to £400/m².
7. The other employment sites identified within the Local Plan are considered important in meeting the identified needs but are of a smaller scale and are in part extensions to existing developed sites. Whilst they will be liable for delivering local infrastructure and contributing towards strategic infrastructure items, it would not be of the scale expected for site E11. Further details of what the other employment sites comprise is set out below:
 - **E12 Childerditch Industrial Estate** – Allocation comprises existing employment land (14.96ha) and two small extensions (5.58ha).
 - **E10 Codham Hall Farm** – Allocation comprises existing employment land (9.01ha) and a small extension (0.61ha).
 - **E13 East Horndon Hall** – Allocation for 5.5ha of employment land which received planning permission prior to the examination of the Local Plan.
 - **E08 Land adjacent to A12 and Slip Road, Ingatestone** – Allocation for 2.06ha of employment land which may comprise offices, light industrial, and research and development (within Class E), B2, B8 or sui generis employment uses.
8. In addition there are employment provision requirements as part of the strategic residential-led allocations:
 - **R01 Dunton Hills Garden Village** – Allocation includes provision for 5.5ha of employment development distributed across the village that may include office, light industrial and research and development uses coming within use class E and other employment development that is complementary to, and compatible with, the residential development.
 - **R02 Land at West Horndon Industrial Estate, R03 Land north of Shenfield and R04 Ford Headquarters and Council Depot** – Each of these allocations include provision of 2ha of land for employment purposes which may include light industrial, offices, research and development (within class E) or other sui generis employment uses which are compatible with the residential development.

QUESTION 2

Why does the charging schedule differentiate between greenfield and brownfield sites for general industrial uses, but not distribution and logistics?

9. Industrial uses and distribution and logistics uses were tested on both greenfield and brownfield sites. See Table 11.1 of CSD6, Viability Assessment Update (August 2022).
10. The constraining test for distribution uses is CIL as a proportion of the total Development Value. As shown in Tables 11.3a and 11.3b this is the same on both greenfield and brownfield sites.

QUESTION 3

What is the justification for excluding space associated with car parking and landscaping? Do the same reasons apply to other types of development, such as large retail or retail warehouse schemes?

11. CIL is only applicable to 'net additional floor space' (Paragraph 25-001-20190901 of the PPG) and (under Paragraph 25-005-202001116 of the PPG) the following types of development are exempt.
 - development of less than 100 square metres, unless this consists of one or more dwelling and does not meet the self-build criteria below, in which case the levy is payable (see regulation 42 on minor development exemptions);
 - buildings into which people do not normally go (regulation 6(2));
 - buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery (regulation 6(2));
 - structures which are not buildings, such as pylons and wind turbines;
 - specified types of development which local authorities have decided should be subject to a 'zero' rate and specified as such in their charging schedules.
12. On this basis space associated with car parking and landscaping is not subject to CIL. However, the modelling does include areas of open space for parking and reflects the Councils normal net / gross developable area assumptions. So, these are reflected in the appraisals.
13. The assumptions in relation to employment uses are set out from paragraph 9.26 of CSD6, Viability Assessment Update (August 2022), and for retail uses from paragraph 9.28 of CSD6, Viability Assessment Update (August 2022).

QUESTION 4

Are the levy rates of £80 and £140 per square metre for industrial (on greenfield sites) and distribution and logistics uses justified by appropriate available evidence?

14. Yes. The testing of CIL in relation to these types of development is consistent with the testing of the other types of development.
15. Tables 11.3a and 11.3b of CSD6, Viability Assessment Update (August 2022) shows the results of appraisals run with rates of CIL of up to £400/m². The table also considers CIL as a proportion of the Residual Value, and CIL as a proportion of the total development costs. This analysis is in line with Paragraph 25-021-20190901 of the PPG – to include a buffer the BLV has been lifted by 30%.
16. When taken together this analysis suggest that these rates are appropriate.