Folkestone & Hythe District Council

Agenda

Meeting:	**Council**
Date:	**29 March 2023**
Time:	**7.00 pm**
Place:	**Council Chamber - Civic Centre Folkestone**
To:	**All Members of the Council**

YOU ARE HEREBY SUMMONED to attend a meeting of the Council on the date and at the time shown above.

Anyone who wishes to have information on any matter arising on the Agenda which is not fully covered in these papers is requested to give notice prior to the meeting to the Chairman or appropriate officer.

This meeting will be webcast live to the council's website at https://folkestone-hythe.public-i.tv/core/portal/home.

Please note there will be 37 seats available for members of the public, which will be reserved for those speaking or participating at the meeting. The remaining available seats will be given on a first come, first served basis.

Dr Susan Priest
Chief Executive

1. **Apologies for Absence**

2. **Declarations of Interest (Pages 5 - 6)**

Queries about the agenda? Need a different format?

Contact Jemma West – Tel: 01303 853369
Email: committee@folkestone-hythe.gov.uk or download from our website
www.folkestone-hythe.gov.uk

Date of Publication: Tuesday, 21 March 2023

Members of the Council should declare any discloseable pecuniary interest or any other significant interests in any item/s on this agenda.

3. **Minutes (Pages 7 - 22)**

To receive the minutes of the meeting of the council held on 22 February 2023 and to authorise the Chairman of the Council to sign them as a correct record.

4. **Chairman's Communications**

5. **Petitions (Pages 23 - 24)**

A petition asking for the development at Princes Parade to be abandoned and the site re-wilded has been received and has a total of 361 signatures. As per the petitions scheme, set out in part 4 of the constitution, petitions which receive more than 250 signatures can be presented to a meeting of Full Council.

6. **Questions from the Public**

1. **From Ms M Wheeler to Councillor Monk, Leader of the Council**

I understand that an offer has been made by Sunningdale to buy the land at Princes Parade and to build the pool. I would like to know what stage the negotiations have reached, is it a fair offer in comparison to what they offered last year and how the Council could keep some control over the progress and quality of the build should the offer be accepted?

7. **Questions from Councillors**

(Questions can be found on www.folkestone-hythe.gov.uk from noon 2 days before the meeting, on Modern.gov, under the agenda for this meeting).

Up to 45 minutes is allowed for questions from councillors.

8. **Announcements of the Leader of the Council**

To receive a report from the Leader of the Council on the business of the cabinet and on matters that the leader considers should be drawn to the council's attention. The leader shall have 10 minutes to make his announcements.

The opposition group will have an opportunity to reply to the leader's remarks. The opposition group leader shall have 5 minutes to respond after which the Leader of the Council will have a right of reply. Any right of reply will be for a maximum duration of 5 minutes.

9. **Opposition Business**

The Labour Group has raised the following matter:

Council notes that
Kent County Council operate a Kent Youth County Council
This operation is focused on only 3 issues per year
Other district, Town and Parish councils within Kent operate their own separate youth council scheme.

Council believes that:
The voices of young people are important when shaping decisions
Having a forum for young people to form ideas, debate issues and influence council policy will lead to a more inclusive council environment.
Providing a platform for young people to engage in politics from an early age will only benefit the diversity of future political leadership for the district.

Council Resolves
- To refer to the Overview and Scrutiny Committee a report on the benefit of establishing a district-based Folkestone and Hythe Youth District Council.
- To invite the current representatives from the district on the KYCC, to offer their views on the establishment of a FHYDC.
- To produce a short survey aimed at young people in the secondary schools in the district in order to determine the appetite of the districts young people to have a formal structure to discuss and influence local decision-making policy.

Debates on opposition business shall be limited to 30 minutes. If the time limit is reached or the debate concludes earlier, the leader of the group raising the item shall have a right of reply.

The Council shall:

a) Note the issue raised and take no further action;
b) Refer the issue to the cabinet or relevant overview and scrutiny committee, as the case may be for their observations before deciding whether to make a decision on the issue;
c) Agree to examine the matter as part of a future scrutiny programme;
d) Adopt the issue raised by opposition business provided that the decision so made is within the policy framework and budget.

10. **Motions on Notice**

There are no motions on notice.

11. **Local Authority Housing Fund (Pages 25 - 28)**

The Government has provisionally offered the Council £1.2m of Local Authority Housing Fund (LAHF) grant, to facilitate the purchase of ten properties to temporarily accommodate Ukrainian and Afghan refugees in the district. The timeframe for the Council to confirm it wishes to accept the grant funding is very short. The Cabinet Member for Housing and Special Projects took an individual member decision and agreed that the Council should submit a non-binding Memorandum of Understanding to the Government by their deadline of 15 March 2023. This decision was considered by Cabinet at its meeting on 22 March 2023.

12. **Pay Policy Statement (Pages 29 - 64)**

This report considers the recommendation from the Personnel Committee and presents the pay policy statement for 2023/24 for approval.

13. **Appointment of an interim Chief Financial Officer (S151 Officer) (Pages 65 - 68)**

This report sets out recommendations on the appointment of an interim Chief Finance officer (Section 151 Officer).

14. **Community Infrastructure Levy (CIL): adoption of the Council's Modified CIL Charging Schedule (Pages 69 - 248)**

The council adopted the Core Strategy Review (CSR) in March 2022, and so it has been necessary for the council to amend the adopted CIL Charging Schedule to bring it 'in step' with the adopted CSR, as well as amendments to the CIL Regulations. The Community Infrastructure Levy (CIL) Regulations (2010) as amended, outlines the process for establishing a CIL scheme in an area. At its meeting of 20th July 2022, the Cabinet approved publication of the Draft Charging Schedule and associated documents for consultation (and public consultation took place between 22 August and 3 October 2022), and authorised the Council to submit the DCS and associated documents to the appointed external Examiner for independent examination in accordance with the CIL Regulations 2010 (as amended). The DCS was submitted for external Examination in November 2022, and the Examiner’s report was received in February 2023.

15. **Call in and urgency report (Pages 249 - 252)**

The constitution provides that, when an urgent decision is made by the Cabinet or Cabinet Member, for which any delay in implementation, likely to be caused by the call-in process, would seriously prejudice the Council’s or public interest, then the ‘Call-in Rules of Procedure’, Part 6.3, rules 1-6 do not apply. Decisions, taken as a matter of urgency, must be reported to the next available meeting of the Council, together with the reasons for urgency.

Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:
Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

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FOLKESTONE AND HYTHE DISTRICT COUNCIL

Minutes for the meeting of the Council held at the Council Chamber - Civic Centre Folkestone on Wednesday, 22 February 2023

Present: Councillors Mrs Ann Berry, Danny Brook, Miss Susan Carey, John Collier, Laura Davison, Ray Field, Gary Fuller, Peter Gane, Clive Goddard, David Godfrey, Anthony Hills (Vice-Chair), Mrs Jennifer Hollingsbee, Nicola Keen, Michelle Keutenius, Jim Martin, Philip Martin (Chairman), Connor McConville, Jackie Meade, Ian Meyers, David Monk, Terence Mullard, Stuart Peall, Tim Prater, Patricia Rolfe, Rebecca Shoob, Georgina Treloar, Lesley Whybrow, David Wimble and John Wing

Apologies for Absence: Councillors Douglas Wade

51. **Declarations of Interest**

Councillors Rolfe and Mrs Berry declared an interest in respect of the agenda item relating to the General Fund Budget and Council Tax 2023/24 as they are Directors of Oportunitas.

Councillors Mrs Hollingsbee and Shoob also made declarations in respect of the agenda item relating to General Fund Budget and Council Tax 2023/24 as they are directors of Otterpool Park LLP.

52. **Minutes**

The minutes of the meeting held on 30 November 2022 were submitted, approved and signed by the Chairman.

53. **Chairman's Communications**

The Chairman gave the following communications:

"Since the last Council meeting in November, I have attended the following:

- A number of Christmas Receptions, Carol services and concerts in the district and wider area.
- Blessing of the Seas, Margate
- A number of charity events across the district and wider area
- Holocaust Memorial Services
- A number of Civic Services across the district and wider area
- Rotary Club Lunch – Celebrating 100 years".

54. **Petitions**

A petition asking for the hoarding along the entire Princes Parade site to be removed has been received and has a total of 325 signatures. As per the petitions scheme, set out in part 4 of the constitution, petitions which receive more than 250 signatures can be presented to a meeting of Full Council.

Proposed by Councillor Whybrow,
Seconded by Councillor J Martin; and

RESOLVED:
That the Petition be referred to the Overview and Scrutiny Committee for their observations before deciding whether to examine the issues raised by the petition.

(Voting figures: 15 for, 12 against, 2 abstentions).

55. **Questions from the Public**

The questions asked, including supplementary questions (if any), and the answers given are set out in Schedule 1, appended to these minutes.

56. **Questions from Councillors**

The questions asked, including supplementary questions (if any), and the answers given are set out in Schedule 2, appended to these minutes.

57. **Announcements of the Leader of the Council**

The Leader of the Council made the following announcements:

“Good evening to you all.

Following Cabinet this afternoon, I am pleased to say that it was agreed to formally accept the £19.8 million Levelling Up allocation so we can look forward to the transformation of Folkestone town centre within two years.

We have received from the government Local Authority Housing Fund £1.2 million which with match funding will be used to buy 9 houses to increase our stock. In the first instance they will be for allocation to Ukrainian and Afghan families.

Our planning and policy team have just heard that our CIL Charging Schedule has been approved which means that there will be certainty for developers of what their costs will be. The team really has done well getting this approved, along with the Places and Policy and the Core Strategy Review, that is 3 pieces of major policy confirmed in a remarkably short time. Very well done.

Our S151 officer, Mrs Spendley is leaving us for pastures new next month and in the interim while we are recruiting to replace her, I am pleased to say that her position will be covered by a very experienced officer, Ms Morrison, whose range of experience is exactly what we require now.

As I am on staff matters, I want to formally acknowledge the stirling service given to us by Karen Everett who next Monday, will have been with us for 45 years. Always cheerful, efficient and helpful. Her input has helped us achieve the high level of Customer Service Excellence that we have been awarded. Thank you Karen”.

The Leader of the Opposition responded to the announcements and extended his thanks to the staff on acquiring nearly £20 million in funding. This was not an easy task, and had been a long process. Now the funding was secured, and the council had a broad plan, but as a council, there was still a lot of work to do in terms of communication and engagement with residents and community on that project. There was still a lot of varied public opinion, particular in respect of the bus station. There were many people who believe the council are just getting rid of buses.

With regard to the housing fund, he stated that this was very good news, as the local housing market was challenging. He hoped with this funding the 9 houses could be achieved, and be of a good quality. Again, communication with residents was important, as those sorts of things could cause friction in the community.

In respect of CIL charging, he queried how much say the community had in how CIL funds were apportioned? There was a charging schedule, and the infrastructure statement, but how much engagement with residents was there?

He then wished Charlotte well in her future endeavours, and congratulated Karen on her long service.

The Leader then agreed a massive amount of communication was needed in terms of the levelling up bid and its instigation. He stated that the council were well advanced in terms of roadworks, due to KCC working wonderfully with FHDC. Creative Folkestone had also worked closely with FHDC and there had been consultation all the way along. Further consultations were built in going forward.

Proposed by Councillor Monk,
Seconded by Councillor Mrs Hollingsbee; and

RESOLVED:

That the Announcements of the Leader be noted.

(The recommendation was agreed by affirmation of the meeting).

58. **Opposition Business**

There was no opposition business.

59. **Motions on Notice**

There were no motions on notice.

60. **Temporary polling Place (station) Changes at Parliamentary, Local, Police and Crime Commissioner Elections and Parish Polls**

It is best practice to ensure delegated power is in place for elections to allow an appropriate officer to determine suitable, alternative arrangements if a polling place (station) is unavailable, or unsuitable for the needs of the election, electorate and/or legislation changes. Temporary measures could be later made permanent at a compulsory polling district and place review and this report seeks to ensure that the necessary authority is in place to ensure polling place requirements are met.

Proposed by Councillor Monk,
Seconded by Councillor Mrs Hollingsbee; and

RESOLVED:
1. That report A/22/26 be received and noted.

2. **That the Returning Officer / Acting Returning Officer be appointed with delegated authority to amend the designation of polling districts and polling places, on a temporary basis, should it become necessary to do so, in the course of conducting Parliamentary, local government, police and crime commissioner elections and parish polls.**

(The recommendations were agreed by affirmation of the meeting).

61. **Second and Empty homes Premiums**

From 1 April 2024, billing authorities will be given the ability to add a Council Tax premium to second homes and to amend existing long term empty home Council Tax premiums. The report reviewed these proposals and recommended that some changes be introduced from the financial year 2024/25.

The report sought an in-principle decision from Members to agree proposals in accordance with the Council Tax premium proposals set out within Levelling up and regeneration Bill, subject to Royal Assent being obtained. An early, in principle decision is recommended to allow timely decision to be made if and when the Royal Assent is granted.

Proposed by Councillor Monk,
Seconded by Councillor Godfrey; and

RESOLVED:
1. **That report A/22/25 be received and noted.**
2. **That a Council Tax premium be introduced to second homes from the 2024/25 financial year onwards in principle subject to the bill being enacted and guidance being published by Central Government.**
3. **That amendments to Council Tax empty home premiums be adopted from the 2024/25 financial year onwards in principle as demonstrated in Table 2 subject to the bill being enacted and guidance being published by Central Government.**

(The recommendations were agreed by affirmation of the meeting).

62. **Report to Council on a decision made in accordance with the constitution's call-in and urgency rule**

The constitution provides that, when an urgent decision is made by the Cabinet or Cabinet Member, for which any delay in implementation, likely to be caused by the call-in process, would seriously prejudice the Council’s or public interest, then the ‘Call-in Rules of Procedure’, Part 6.3, rules 1-6 do not apply. Decisions, taken as a matter of urgency, must be reported to the next available meeting of the Council, together with the reasons for urgency.

Proposed by Councillor Monk,

Seconded by Councillor Godfrey; and

RESOLVED:
1. That report A/22/23 be received and noted.

(The recommendations were agreed by affirmation of the meeting).

63. **Review of Political Balance and Committee Membership**

The report set out a summary of the need to review the political balance and membership of committees following the resignation of Councillor P Martin to leave the Conservative Group and become an independent member. The report also set out the requirement to appoint a Vice-Chairman of the Audit and Governance Committee.

Proposed by Councillor Monk,
Seconded by Councillor Mrs Hollingsbee; and

RESOLVED:
1. That report A/22/24 be received and noted.
2. That the results of the review into the political proportionality of the Council and allocation of committee seats on a politically proportionate basis be noted.

(The recommendations were agreed by affirmation of the meeting).

Proposed by Councillor Keen,
Seconded by Councillor Meade;

That Councillor Davison be elected Vice-Chairman of the Audit and Governance Committee for the remainder of the current municipal year.

The proposal was LOST.

Proposed by Councillor Monk
Seconded by Councillor Mrs Hollingbee;

RESOLVED:
That Councillor Rolfe be elected Vice-Chairman of the Audit and Governance Committee for the remainder of the current municipal year.

In accordance with the council procedure rule 17.5, five members present demanded a recorded vote.

FOR COUNCILLOR ROLFE: Councillors Mrs Berry, Brook, Miss Carey, Collier, Field, Goddard, Godfrey, Hills, Mrs Hollingsbee, P Martin, Monk, Mullard, Peall and Rolfe (14).

FOR COUNCILLOR DAVISON: Councillors Davison, Fuller, Gane, Keen, Keutenius, J Martin, McConville, Meade, Prater, Shoob, Treloar, Whybrow, Wimble and Wing (14).

ABSTENTIONS: Councillor Meyers (1).

(Voting figures: 14 for Councillor Rolfe, 14 for Councillor Davison, 1 abstention).

In accordance with council procedure rule 17.2, as there was an equal number of votes for both candidates, the Chairman used his casting vote, and Councillor Rolfe was therefore elected as the Vice-Chairman of the Audit and Governance Committee for the remainder of the municipal year.

(Voting figures: 15 for Rolfe, 14 for Davison, 1 abstention).

64. **Update to the General Fund Medium Term Capital Programme**

The report updated the General Fund Medium Term Capital Programme for the five-year period ending 31 March 2028. The General Fund Medium Term Capital Programme is required to be submitted to full Council for consideration and approval as part of the budget process.

Proposed by Councillor Prater,
Seconded by Councillor Whybrow;

That an additional recommendation be inserted, to become recommendation two that The Princes Parade allocated budget of £42,616,000 be deleted and that a future capital programme considers the required budget for a leisure centre on an alternative site, probably at Martello Lakes.

In accordance with the council procedure rule 17.5, five members present demanded a recorded vote.

FOR: Councillors Davison, Fuller, Gane, Keen, Keutenius, J Martin, McConville, Meade, Prater, Shoob, Treloar, Whybrow and Wing (13).

AGAINST: Councillors Mrs Berry, Brook, Miss Carey, Collier, Field, Goddard, Godfrey, Hills, Mrs Hollingsbee, P Martin, Meyers, Monk, Peall, Rolfe and Wimble (15).

ABSTENTIONS: Councillor Mullard (1).

(Voting figures: 13 for, 15 against, 1 abstention).

The motion was therefore LOST.

Proposed by Councillor Monk,
Seconded by Councillor Mrs Hollingsbee; and

RESOLVED:
1. **That report A/22/27 be received and noted.**
2. **That the updated General Fund Medium Term Capital Programme as set out in appendix 1 to the report, be approved.**
3. **That the Flexible Use of Capital Receipts Strategy for 2023/24 as set out in appendix 2 to the report be approved.**

(Voting figures: 15 for, 13 against, 1 abstention).

65. Capital Strategy 2023/24 and Minimum Revenue Provision Statement 2023/24

The report set out the Council's proposed strategy in relation to capital expenditure, financing and treasury management in 2023/24 to be approved by full Council. The report also set out the Prudential Indicators for capital expenditure and the Minimum Revenue Provision Statement for 2023/24 to be approved by full Council.

Proposed by Councillor Monk,
Seconded by Councillor Mrs Hollingsbee, and

RESOLVED:
1. **That report A/22/28 be received and noted.**
2. **That the 2023/24 Capital Strategy, including the Prudential Indicators, set out in appendix 1 to the report be adopted**
3. **That the Minimum Revenue Provision (MRP) Statement for 2023/24 set out in appendix 2 to the report be adopted.**

(*Voting: 19 for, 8 against, 0 abstentions).

* There were two members not present in the chamber for the consideration of this item.

66. Investment Strategy 2023/24

The report set out the Council's proposed strategy for its service and commercial investments in 2023/24 to be approved by full Council.

Proposed by Councillor Monk,
Seconded by Councillor Mrs Hollingsbee; and

RESOLVED:
1. **That report A/22/29 be received and noted**
2. **That the 2023/24 Investment Strategy, including the Investment Indicators, set out in the appendix to the report be adopted.**

(Voting: 23 for, 6 against, 0 abstentions).

67. **Draft Housing Revenue Account Revenue and Capital Original Budget 2023/24**

The report set out the Housing Revenue Account ('HRA') Revenue and Capital Budget for 2023/24 for approval and proposes an increase in weekly rents and an increase in service charges for 2023/24 both for approval.

Proposed by Councillor Monk,
Seconded by Councillor Godfrey; and

RESOLVED:

1. **That report A/22/30 be received and noted.**
2. **That the Housing Revenue Account Budget for 2023/24 be approved (Refer to paragraph 2.1 and Appendix 1).**
3. **That the Housing Revenue Account Capital Programme budget 2023/24 be approved. (Refer to paragraph 4.1 and Appendix 2)**
4. **That the increase in rents of dwellings within the HRA on average by £6.25 per week, representing a 7% increase with effect from 3 April 2023 (Refer to paragraph 3.2) be approved.**
5. **That the increase in rents of shared ownership dwellings within the HRA by 7%, be approved with effect from 3 April 2023 (Refer to paragraph 3.2).**
6. **That the increase in service charges (refer to section 3.5) be approved.**
7. **That the Housing Revenue Account Medium Term Capital Programme 2023/24 – 2026/27 be approved. (Refer to paragraph 5.1 and Appendix 3).**

(Voting figures: 20 for, 7 against, 2 abstentions).

68. **General Fund Budget and Council Tax 2023/24**

The report concluded the budget setting process for 2023/24. It set out recommendations for setting the Council Tax after taking into account the district's Council Tax requirement (including town and parish council requirements and special expenses in respect of the Folkestone Parks and Pleasure Grounds Charity), the precepts of Kent County Council, the Kent Police & Crime Commissioner and the Kent & Medway Fire & Rescue Service.

Proposed by Councillor Monk,
Seconded by Councillor Mrs Hollingsbee; and

RESOLVED:

1. **That report A/22/31 be received and noted.**
2. **That the District Council's budget for 2023/24 as presented in Appendix 1 to the report and the Council Tax requirement for 2023/24, be approved, to be met from the Collection Fund, of £14,289,513.**

3. That the following amounts be now calculated by the Council for the year 2022/23 in accordance with sections 31 to 36 of the Local Government Finance Act 1992 (the Act):

a) £106,141,220 – being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act (as in Appendix 2).

b) £91,851,707 – being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act (as in Appendix 2).

c) £14,289,513 – being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year (as in Appendix 2).

d) £357.44 – being the amount at 3(c) above divided by the tax base of 39,977.09 calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its council tax for the year.

e) £3,412,945 – being the aggregate of all special items (including parish precepts) referred to in Section 34(1) of the Act.

f) £272.07 - being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by the tax base of 39,977.09 calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates, ie Old Romney and Snargate.

g) Part of the Council's area

Folkestone	**373.97**	**Being the amounts given by adding to the amount at 3(f) above the special items relating to dwellings in those parts of the Council area mentioned here divided in each case by the appropriate tax base calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items**
Sandgate	**353.34**	
Hythe	**332.35**	
Lydd	**345.50**	
New Romney	**399.47**	
Acrise	**274.26**	
Elham	**355.68**	
Elmsted	**283.76**	
Hawkinge	**381.80**	
Lyminge	**363.56**	
Lympne	**326.29**	
Monks Horton	**281.78**	
Newington	**322.91**	
Paddlesworth	**282.84**	
Postling	**305.45**	
Saltwood	**306.61**	

Sellindge	**345.30**	**relate.**
Stanford	**323.62**	
Stelling Minnis	**298.42**	
Stowting	**292.69**	
Swingfield	**333.90**	
Brenzett	**293.02**	
Brookland	**344.91**	
Burmarsh	**313.59**	
Dymchurch	**335.88**	
Ivychurch	**325.19**	
Newchurch	**315.36**	
Old Romney	**272.07**	
St Mary in the Marsh	**310.31**	
Snargate	**272.07**	

(h) Part of the Council's area

Valuation Bands

2023/24	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish								
Folkestone	249.31	290.87	332.42	373.97	457.07	540.18	623.28	747.94
Sandgate	235.56	274.82	314.08	353.34	431.86	510.38	588.90	706.68
Hythe	221.57	258.49	295.42	332.35	406.21	480.06	553.92	664.70
Lydd	230.33	268.72	307.11	345.50	422.28	499.06	575.83	691.00
New Romney	266.31	310.70	355.08	399.47	488.24	577.01	665.78	798.94
Acrise	182.84	213.31	243.79	274.26	335.21	396.15	457.10	548.52
Elham	237.12	276.64	316.16	355.68	434.72	513.76	592.80	711.36
Elmsted	189.17	220.70	252.23	283.76	346.82	409.88	472.93	567.52
Hawkinge	254.53	296.96	339.38	381.80	466.64	551.49	636.33	763.60
Lyminge	242.37	282.77	323.16	363.56	444.35	525.14	605.93	727.12
Lympne	217.53	253.78	290.04	326.29	398.80	471.31	543.82	652.58
Monks Horton	187.85	219.16	250.47	281.78	344.40	407.02	469.63	563.56
Newington	215.27	251.15	287.03	322.91	394.67	466.43	538.18	645.82
Paddlesworth	188.56	219.99	251.41	282.84	345.69	408.55	471.40	565.68
Postling	203.63	237.57	271.51	305.45	373.33	441.21	509.08	610.90
Saltwood	204.41	238.47	272.54	306.61	374.75	442.88	511.02	613.22
Sellindge	230.20	268.57	306.93	345.30	422.03	498.77	575.50	690.60
Stanford	215.75	251.70	287.66	323.62	395.54	467.45	539.37	647.24
Stelling Minnis	198.95	232.10	265.26	298.42	364.74	431.05	497.37	596.84
Stowting	195.13	227.65	260.17	292.69	357.73	422.77	487.82	585.38
Swingfield	222.60	259.70	296.80	333.90	408.10	482.30	556.50	667.80
Brenzett	195.35	227.90	260.46	293.02	358.14	423.25	488.37	586.04
Brookland	229.94	268.26	306.59	344.91	421.56	498.20	574.85	689.82
Burmarsh	209.06	243.90	278.75	313.59	383.28	452.96	522.65	627.18
Dymchurch	223.92	261.24	298.56	335.88	410.52	485.16	559.80	671.76
Ivychurch	216.79	252.93	289.06	325.19	397.45	469.72	541.98	650.38
Newchurch	210.24	245.28	280.32	315.36	385.44	455.52	525.60	630.72
Old Romney	181.38	211.61	241.84	272.07	332.53	392.99	453.45	544.14
St Mary in the Marsh	206.87	241.35	275.83	310.31	379.27	448.23	517.18	620.62
Snargate	181.38	211.61	241.84	272.07	332.53	392.99	453.45	544.14

Being the amounts given by multiplying the amounts at 3(f) and 3(g) above by the number which, in the proportion set out in section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. To note that for the year 2023/24 Kent County Council, Kent Police and Crime Commissioner and the Kent & Medway Fire & Rescue Service have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Kent County Council	1,022.82	1,193.29	1,363.76	1,534.23	1,875.17	2,216.11	2,557.05	3,068.46
Kent Police Crime Commissioner	162.10	189.12	216.13	243.15	297.18	351.22	405.25	486.30
Kent Fire and Rescue	58.20	67.90	77.60	87.30	106.70	126.10	145.50	174.60

The major preceptor amount for Kent Fire & Rescue remains subject to confirmation at the time of preparing this report.

5. **That, having calculated the aggregate in each case of the amounts at 3(h) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2023/24 for each of the categories of dwelling shown below:**

(i) Part of the Council's area

2023/24	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish								
Folkestone	1,492.43	1,741.18	1,989.91	2,238.65	2,736.12	3,233.61	3,731.08	4,477.30
Sandgate	1,478.68	1,725.13	1,971.57	2,218.02	2,710.91	3,203.81	3,696.70	4,436.04
Hythe	1,464.69	1,708.80	1,952.91	2,197.03	2,685.26	3,173.49	3,661.72	4,394.06
Lydd	1,473.45	1,719.03	1,964.60	2,210.18	2,701.33	3,192.49	3,683.63	4,420.36
New Romney	1,509.43	1,761.01	2,012.57	2,264.15	2,767.29	3,270.44	3,773.58	4,528.30
Acrise	1,425.96	1,663.62	1,901.28	2,138.94	2,614.26	3,089.58	3,564.90	4,277.88
Elham	1,480.24	1,726.95	1,973.65	2,220.36	2,713.77	3,207.19	3,700.60	4,440.72
Elmsted	1,432.29	1,671.01	1,909.72	2,148.44	2,625.87	3,103.31	3,580.73	4,296.88
Hawkinge	1,497.65	1,747.27	1,996.87	2,246.48	2,745.69	3,244.92	3,744.13	4,492.96
Lyminge	1,485.49	1,733.08	1,980.65	2,228.24	2,723.40	3,218.57	3,713.73	4,456.48
Lympne	1,460.65	1,704.09	1,947.53	2,190.97	2,677.85	3,164.74	3,651.62	4,381.94
Monks Horton	1,430.97	1,669.47	1,907.96	2,146.46	2,623.45	3,100.45	3,577.43	4,292.92
Newington	1,458.39	1,701.46	1,944.52	2,187.59	2,673.72	3,159.86	3,645.98	4,375.18
Paddlesworth	1,431.68	1,670.30	1,908.90	2,147.52	2,624.74	3,101.98	3,579.20	4,295.04
Postling	1,446.75	1,687.88	1,929.00	2,170.13	2,652.38	3,134.64	3,616.88	4,340.26
Saltwood	1,447.53	1,688.78	1,930.03	2,171.29	2,653.80	3,136.31	3,618.82	4,342.58
Sellindge	1,473.32	1,718.88	1,964.42	2,209.98	2,701.08	3,192.20	3,683.30	4,419.96
Stanford	1,458.87	1,702.01	1,945.15	2,188.30	2,674.59	3,160.88	3,647.17	4,376.60
Stelling Minnis	1,442.07	1,682.41	1,922.75	2,163.10	2,643.79	3,124.48	3,605.17	4,326.20
Stowting	1,438.25	1,677.96	1,917.66	2,157.37	2,636.78	3,116.20	3,595.62	4,314.74
Swingfield	1,465.72	1,710.01	1,954.29	2,198.58	2,687.15	3,175.73	3,664.30	4,397.16
Brenzett	1,438.47	1,678.21	1,917.95	2,157.70	2,637.19	3,116.68	3,596.17	4,315.40
Brookland	1,473.06	1,718.57	1,964.08	2,209.59	2,700.61	3,191.63	3,682.65	4,419.18
Burmarsh	1,452.18	1,694.21	1,936.24	2,178.27	2,662.33	3,146.39	3,630.45	4,356.54
Dymchurch	1,467.04	1,711.55	1,956.05	2,200.56	2,689.57	3,178.59	3,667.60	4,401.12
Ivychurch	1,459.91	1,703.24	1,946.55	2,189.87	2,676.50	3,163.15	3,649.78	4,379.74
Newchurch	1,453.36	1,695.59	1,937.81	2,180.04	2,664.49	3,148.95	3,633.40	4,360.08
Old Romney	1,424.50	1,661.92	1,899.33	2,136.75	2,611.58	3,086.42	3,561.25	4,273.50
St Mary in the Marsh	1,449.99	1,691.66	1,933.32	2,174.99	2,658.32	3,141.66	3,624.98	4,349.98
Snargate	1,424.50	1,661.92	1,899.33	2,136.75	2,611.58	3,086.42	3,561.25	4,273.50

6. **That the District Council's basic amount of Council Tax for 2023/24 is not excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.**

The motion was put to a recorded vote in accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 as set out below:

FOR: Councillors Mrs Berry, Brook, Miss Carey, Collier, Field, Goddard, Godfrey, Hills, Mrs Hollingsbee, Meyers, Monk, Mullard, Peall, Rolfe and Wimble (15).

AGAINST: Councillors Davison, Fuller, Gane, Keen, Keutenius, J Martin, P Martin, McConville, Meade, Prater, Treloar and Wing (12).

ABSTENTIONS: Councillors Shoob and Whybrow. (2).

(Voting figures: 15 for, 12 against, 2 abstentions).

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This Report will be made public on 21 March 2023

Folkestone & Hythe District Council

Report Number **A/22/35**

To: **Council**
Date: **29 March 2023**
Status: **Non - executive decision**
Responsible Officer: **Susan Priest, Chief Executive**

SUBJECT: **PETITION – ABANDON DEVELOPMENT AT PRINCES PARADE AND RE-WILD THE SITE**

SUMMARY: A petition asking for the development at Princes Parade to be abandoned and the site re-wilded has been received and has a total of 361 signatures. As per the petitions scheme, set out in part 4 of the constitution, petitions which receive more than 250 signatures can be presented to a meeting of Full Council.

RECOMMENDATIONS:
1. **To receive and note report A/22/35.**
2. **To consider the options set out in paragraph 2.1 of the report.**

1. INTRODUCTION

1.1 A paper petition was submitted by Chris Farrell on 14 March 2023. The petition received 361 signatures.

1.2 The subject of the Petition is:

"We, the undersigned, request that the development at Princes Parade is abandoned and the site re-wilded".

1.3 The petition was submitted by a resident of the district and is valid.

2. POSSIBLE RESPONSES TO THE PETITION

2.1 As per the Petitions Scheme, set out in part of 4 of the constitution, members should consider the petition and make one of the following decisions shown below:

a) Note the petition and take no further action;

b) Refer the petition to the Cabinet or the Overview and Scrutiny Committee, as the case may be, for their observations before deciding whether to examine the issues raised by the petition;

c) Agree to examine the issues raised by the petition, by debate, at the meeting or a future meeting;

d) Agree to examine the issues raised by the petition, as part of a future scrutiny programme.

3. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

3.1 Legal Officer's Comments (AK)

Any legal issues are covered in the main body of the report.

3.2 Finance Officer's Comments (CS)

There are no financial implications to this report.

3.3 Diversities and Equalities Implications (GE)

There are no equality or diversity issues arising as a result of the report.

3. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting.

Jemma West, Democratic Services Senior Specialist
Phone: 01303 853 369
Email: Jemma.west@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report: None.

This report will be made public on 21 March 2023

Folkestone & Hythe District Council

Report Number **A/22/37**

To:	**Full Council**
Date:	**29 March 2023**
Status:	**Key Decision**
Responsible Officer:	**Andy Blaszkowicz**
Cabinet Member:	**Councillor David Godfrey, Cabinet Member for Housing and Special Projects**

SUBJECT: **LOCAL AUTHORITY HOUSING FUND**

SUMMARY:

The Government has provisionally offered the Council £1.2m of Local Authority Housing Fund (LAHF) grant, to facilitate the purchase of ten properties to temporarily accommodate Ukrainian and Afghan refugees in the district. The timeframe for the Council to confirm it wishes to accept the grant funding is very short. The Cabinet Member for Housing and Special Projects took an individual member decision and agreed that the Council should submit a non-binding Memorandum of Understanding to the Government by their deadline of 15 March 2023. This decision was considered by Cabinet at its meeting on 22 March 2023.

REASONS FOR RECOMMENDATIONS:

Full Council is asked to agree the recommendations set out in this report because: -

a) The LAHF covers 40-50% of the purchase cost for ten properties, plus a further £20K per property for other associated costs.
b) The properties will be used initially to house Ukrainian and Afghan refugees, but can subsequently be used to accommodate households on the housing list.
c) Approximately 100 Ukrainian households have been accommodated in the district under the Ukrainian Settlement Programme, some of these households are likely to need to move into alternative accommodation over the coming months.

RECOMMENDATIONS:

1. **To receive and note this report.**
2. **To agree the match funding requirements of the scheme and how this is proposed to be met from Council resources, as set out in section 1.4 of this report.**
3. **To agree that the funding required for the project of £2.9M, made up of LAHF grant and the Council's match funding should be added to the 2023/24 HRA Capital Programme.**

1. Introduction & Background

1.1 The Government has recently announced details of a national £500million scheme to enable local authorities to purchase properties in their area to accommodate both Ukrainian and Afghan refugee households for an initial period of 3 years. The properties will form part of the Council's Housing Revenue Account stock and can subsequently be used to accommodate households from the Council's housing waiting list.

1.2 The Council has been allocated a provisional grant sum of £1.2million to facilitate the purchase of ten properties in the district. Nine of the properties are required to be 2 or 3-bedroom homes and one is required to be a 4-bedroom home.

1.3 The grant will be paid in 2 tranches, the first (30%) in March 2023 and second tranche (70%) during 2023/24 as property purchases are progressed. The grant covers 40% of the purchase price for 2/3-bedroom properties and 50% in the case of the 4-bedroom property. The Government will also be providing an additional £20k grant per property to cover any additional cost incurred, including stamp duty and costs to get the property ready for occupation.

1.4 The Council is expected to fund the remaining acquisitions costs through its own resources. This is expected to be in the region of £1.2M-£1.5M. It is proposed that the Council should utilise the following existing resources for this purpose:

1. The Council's Housing Revenue Account agreed new build and acquisition resources - £700K
2. Ukrainian households grant assistance funding held by the Council (received from central Government) - £300K
3. Affordable housing developer contributions held by the Council - £500K

1.5 The Council is required to complete all the property purchases by 30th November 2023. An initial review of the local market has shown there are several suitable properties currently available, and it is fully anticipated that other viable properties will become available over the coming months.

1.6 Due to the extremely short-time frame set by the Government, the Cabinet Member for Housing and Special Projects agreed that the Council should submit the necessary Memorandum of Understanding to the Government by 15 March 2023. Cabinet was asked to agree that the Council should participate in the LAHF initiative and purchase the required ten properties at its meeting on 22 March 2023.

1.7 Council is asked to agree that the funding required for project of £2.9M, made up of LAHF and the Council's match funding should be added to the HRA Capital Programme.

2. RISK MANAGEMENT ISSUES

2.1 A summary of the perceived risks is as follows:

Perceived risk	Seriousness	Likelihood	Preventative action
The scheme cannot be delivered within resources available to the Council	Medium	Low	The proposed resources are set out in section 1.4 of this report. The grant funding from Government will cover 40-50% of the property acquisition costs. Additionally the resources outlined in 1.4 are anticipated to be sufficient to cover the match funding element. Once the final resource allocation has been determined a report to Full Council will need to be submitted.
The Council is unable to acquire the properties within the agreed timeframe.	Medium	Low	Officers will regularly review the local market to identify suitable and viable properties.

3. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

3.1 Legal Officer’s Comments (NM)

There are no legal implications arising directly from this report. The MOU is not a binding but sets out the understanding between the parties for the use of the funding. Legal Services will review the MOU and advise accordingly.

3.2 Finance Officer’s Comments (JS)

The proposed matching funding is anticipated to be in the region of £1.2-1.5 million. Section 1.4 outlines where this match funding could be identified from within existing council resources. The HRA Capital Programme for 2023/24 has £1 million allocated for the HRA acquisition programme. The Homes for Ukraine Grant currently has in the region of £400k available. And further resources are anticipated to be able to be identified from Section 106 contributions. The budget for the whole scheme (including the LAHF grant funded element) requires a decision from Full Council for it to be incorporated in the HRA Capital programme and budget.

3.3 Diversities and Equalities Implications (AH)

The properties purchased through this scheme will be specifically (initially) be made available as homes for refugee households from Ukraine and Afghanistan.

3.4 Climate Change Implications (AH)

There are no implications arising directly from this report. Wherever possible, the Council will work to improve the energy efficiency of the properties purchased.

4. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting.

Adrian Hammond, Lead Specialist, Strategic Housing
Telephone: 01303 853392
Email: adrian.hammond@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

None.

This Report will be made public on 21 March 2023

Folkestone & Hythe District Council

Report Number **A/22/33**

To: Council
Date: 29th March 2023
Status: Non-executive Decision
Chief Executive: Susan Priest
Cabinet Member: Councillor David Monk, Council Leader

SUBJECT: **PAY POLICY STATEMENT 2023/24**

SUMMARY: This report considers the recommendation from the Personnel Committee and presents the pay policy statement for 2023/24 for approval.

RECOMMENDATIONS:
1. **To receive and note Report A/22/33.**
2. **To consider the recommendation of the Personnel Committee**
3. **To approve under S38(1) Localism Act 2011 the updated Pay Policy Statement appended to this report for 2021/22**

1. INTRODUCTION

1.1 On 2nd February 2023, Personnel Committee considered report P/22/04. That report and its appendices are attached as Appendix 1 to this report.

1.2 The Personnel Committee report is self-explanatory and it is not the intention of this report to repeat the information. The reason for the recommendation from that committee is to ensure that Council is given the opportunity to approve the annual pay policy statement for publication on the Council's internet page.

2. PROPOSED RECOMMENDATION

2.1 The recommendation from personnel committee is as follows:

- *To recommend to council that it approve, under S38(1) Localism Act 2011, the Pay Policy Statement appended to this report for 2023/24.*

3 RISK MANAGEMENT ISSUES

3.1 A summary of the perceived risks follows:

No perceived risks

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

4.1 Legal Officer's Comments (AK)

There are no legal implications arising directly out of this report, relevant issues having been addressed in each of the report and the Appendices.

4.2 Finance Officer's Comments (CS)

Any financial implications arising from any reward strategy will need to be considered within the council's medium term financial planning processes.

4.3 Diversities and Equalities Implications (ASm)

There are no specific Diversities and Equalities Implications arising from this report.

5. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Andrina Smith, Chief HR Officer
Tel: 01303 853405
Email: andrina.smith@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

None

Appendices

Appendix 1 – Report P/22/04 Personnel Committee – 2nd February 2023 with appendices.

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APPENDIX 1

This Report will be made public on

Report Number **P/22/04**

To: Personnel Committee
Date: 2nd February 2023
Status: Non-executive Decision
Chief Officer: Andrina Smith, Chief HR Officer

SUBJECT: PAY POLICY STATEMENT 2023/24

SUMMARY: This report presents the revised pay policy statement for 2023/24 for approval and recommendation to council.

REASONS FOR RECOMMENDATIONS:
Personnel Committee is asked to consider the contents of the report as the policy is required to be adopted by Full Council annually.

RECOMMENDATIONS:

1. **To receive and note Report P/22/04**
2. **To recommend to council that it approve, under S38(1) Localism Act 2011, the Pay Policy Statement appended to this report for 2023/24.**

1. INTRODUCTION

1.1 All local authorities are required to annually publish, and present to Full Council for adoption, a Pay Policy Statement in accordance with the Localism Act 2011. Folkestone & Hythe District Council's Pay Policy Statement was first approved in January 2012.

1.2 The council's Pay Policy Statement was completely refreshed for April 2022 and approved by Council (report A/22/11) on 4th May 2022. Therefore, the revised Statement for 2023/24 only has minor updates to ensure the data is correct for publication.

2. PAY POLICY

2.1 The Pay Policy Statement for 2023-24 has been updated and is attached as **Appendix A**. This document is based on:

- The Department of Communities and Local Government's (DCLG)** Statutory Guidance Under Section 40 of the Localism Act, Openness and Accountability in Local Pay, published at February 2012; and
- The Department of Communities and Local Government's (DCLG) Openness and Accountability in Local Pay: Guidance under section 40 of the Localism Act 2011 – Supplementary Guidance, published February 2013.

** The Department of Communities and Local Government (DCLG) is now known as the Department for Levelling Up, Housing and Communities (DLUHC) however the guidance documents still bear the DCLG name.

2.2 The DCLG Guidance confirms that councils are not 'required to use the pay policy (statement) to publish specific numerical data on pay and reward' however it should be noted that the council is required to publish certain salary information under the Code of Recommended Practice for Local Authorities on Data Transparency and by the Accounts and Audit (England) Regulations 2011.

2.3 The Guidance further states that the Localism Act requires authorities to explain what they think the relationship should be between the remuneration of its Chief Officers and its employees who are not Chief Officers. The pay policy statement therefore explains the 'relationship' in terms of the grading systems used and by reference to the requirements set out in paragraph 2.2 above.

2.4 The only changes made to the content of the Pay Policy Statement for 2023-24 are updates to dates and data or salary information in the relevant sections. No substantial changes have been made.

2.5 The 2022-23 Pay Policy Statement is attached as **Appendix B** with tracked changes in order for members of the committee to identify where updates have been made.

2.6 At the time of writing this report no further updated guidance notes have been issued by the DLUCH, however should an update be issued that requires an amendment to the attached pay policy statement for 2023-24 then a revised statement will be presented to the Personnel Committee at a future meeting.

3. RISK MANAGEMENT ISSUES

3.1 A summary of the perceived risks are as follows:

- No perceived risks

4. LEGAL / FINANCIAL AND OTHER CONTROLS / POLICY MATTERS

4.1 Legal Officer's Comments (NM)

There are no legal implications arising directly out of this report, relevant issues having been addressed in each of the report and the Appendix.

4.2 Finance Officer's Comments (CS)

Any financial implications arising from any reward strategy will need to be considered within the council's medium term financial planning process.

4.3 Diversities and Equalities Implications (ASm)

There are no specific Diversities and Equalities Implications arising from this report.

5. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Andrina Smith, Chief HR Officer
Tel: 01303 853405
Email: Andrina.smith@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

None

Appendix

Appendix A – Draft Pay Policy Statement 2023-24
Appendix B – Pay Policy Statement 2022-23 with tracked changes for 23-24

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Appendix A

Folkestone & Hythe District Council

Pay Policy Statement – Financial Year 2023-24

Introduction and Purpose

1. In accordance with section 112 of the Local Government Act, the Council has the 'power to appoint officers on such reasonable terms and conditions as the authority thinks fit'. This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of section 38 of the Localism Act 2011 (as amended) and the 'Openness and accountability in local pay: guidance under section 40 of the Localism Act 2011 – supplementary guidance' which requires the council to produce a policy statement that covers a number of matters concerning the pay of the council's staff.

2. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees by identifying:

    - The general principles that underpin the council's approach to its pay policy;
    - Definitions of the 'lowest paid employees' and 'chief officers' for the purposes of pay comparison;
    - The methods by which salaries are determined; and
    - The relationship between the remuneration of chief officers and the remuneration of employees who are not chief officers.

3. Once approved by full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis.

Definitions

For the purpose of this pay policy statement, the following definitions will apply:

4. **Pay/remuneration** includes salary (for employees) or payment under a contract of services (for self-employed), expenses, bonuses, as well as contractual arrangements involving possible future severance payments. Also, charges, fees, allowances, benefits in kind, termination payments and increases in/enhancement of pension entitlement as a result of a resolution of the authority.

5. **Chief Officer** is defined within section 43 of the Localism Act 2011 as:

    - The head of the authority's paid service designated under section 4(1) of the Local Government and Housing Act 1989;
    - The monitoring officer designated under section 5(1) of that Act;
    - A statutory chief officer mentioned in section 2(6) of that Act;

- A non-statutory chief officer mentioned in section 2(7) of that Act; and
- A deputy chief officer mentioned in section 2(8) of that Act.

6. The following roles within Folkestone & Hythe District Council (FHDC) have therefore been identified as being chief officers for the purposes of this Pay Policy Statement:

    - Chief Executive (Head of Paid Service)* (statutory chief officer)
    - Director – Corporate Services* (non-statutory chief officer)
    - Director – Place* (non-statutory chief officer)
    - Director – Housing & Operations* (non-statutory chief officer)
    - Chief Finance Officer & s151 Officer** (statutory chief officer)
    - Monitoring Officer*** (statutory chief officer)
    - In addition, Assistant Directors and those posts which report directly, and are directly accountable, to a statutory or non-statutory chief officer in respect of all or most of their duties****, with the exception of roles which are identified as being solely administrative in nature

7. * Members of the Council's Corporate Leadership Team (CLT).
   ** This role is currently undertaken by the Director – Corporate Services.
   *** This role is currently undertaken by the Assistant Director – Governance and Law.
   **** It should be noted that, whilst identified as chief officers within the terms of the Localism Act 2011, these posts are not designated as chief officers at FHDC.

   Please note that the definition of Chief Officer in this Pay Policy Statement is different to that contained within Part 2 Article 11 of the Constitution.

8. **Lowest paid employees** refers to those staff employed within grade B of the Council's pay framework at point 8. This definition for the "lowest paid employees" has been adopted because grade B is the lowest grade on the Council's pay framework. It excludes apprentices, whose pay remains subject to other regulations, and has specific reference under this policy. There are no staff governed by National consultation groups.

   At the outset of the 2022/23 financial year –
    - Grade B Point 8 is £19,477
    - The mode (most frequently used) salary for permanent employees falls within Grade E, the maximum of which is £31,663

National Minimum Wage & National Living Wage – April 2023

9. The statutory National Minimum Wage (NMW) for employees aged 21 to 22 will be £10.18 per hour with the statutory National Living Wage (NLW)

for employees aged 23 and over increasing to £10.42 per hour from 1 April 2023.

10. The Council's lowest grade is expected to be £10.87 per hour (subject to current pay negotiations) from 1 April 2023 which will be £0.45 higher than the NLW.

General Approach

11. This pay policy statement provides a basis on which FHDC can compete in labour markets at all levels and for all roles, enabling the council to attract, retain and fairly reward people with the knowledge, experience, skills and attributes that are essential to the effective delivery of services to residents, businesses and other stakeholders within the district as well as fulfilling the council's business objectives.

In our approach to appointments, particularly senior appointments, consideration is given to the value for money for the whole of the public sector. Consideration includes avoidance of arrangements which could be perceived as seeking to minimise tax payments.

Pay and reward packages for the Chief Executive and Chief Officers will be made in an open and accountable way with a verified, accountable process for recommending any changes to their salary scales.

FHDC will be transparent on pay rises including the publication, on the Council's website, of any above inflation pay rises.

Pay Structure

12. FHDC's pay framework was implemented in 2007 and is based on:

- Local pay determination for 'all other employees who are not Chief Officers', including those Assistant Directors who hold statutory positions; and
- With effect from September 2015, local pay determination for Chief Officers who are either designated as a Chief Executive or Director. The pay for this small group of staff will be determined by the Personnel Committee with external independent advice.

13. FHDC's pay grades are locally determined taking into account national guidance, with the grade for each role being determined by a consistent job evaluation process. This followed a national requirement for all Local Authorities and other public sector employers to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer.

14. As part of this, FHDC determined a local pay framework and the overall number of grades is 11, grade B being the lowest and grade L the highest. Grade A on the pay framework was removed as part of the pay

negotiations for April 2020. Grade L was introduced during the 2019-20 financial year following a benchmarking exercise with approval from Personnel Committee. Each employee (with the exception of the Chief Executive and Directors) will be on one of the 11 grades based on the job evaluation of their role. Employees can progress to the salary range maximum of their grade by annual progression unless formal performance interventions are in place.

15. Terms and conditions of employment, including the pay framework, are determined by Personnel Committee. The Personnel Committee comprises elected Councillors and is formed in accordance with the rules governing proportionality.

16. Pay awards are considered annually by the Joint Staff Consultative Panel for all employees, with the exception of the Chief Executive and Directors, unless otherwise by agreement. These are developed using local pay determination in negotiation with the local Trades Unions and staff representatives. The last pay award was made at April 2022 with the next due to be implemented from 1 April 2023.

    The current salary scale applicable from April 2022 can be seen at **Appendix 1** which also shows the agreed pay award for April 2023 however at the time of reviewing this statement, Unison have requested to renegotiate the 2% pay award for April 2023 in light of the current cost of living increases.

17. FHDC will be transparent on pay rises including the publication, on the Council's website, of any above inflation pay rises.

18. The pay for the Chief Executive and Director roles is subject to local pay negotiation and following a benchmarking exercise undertaken by an external advisor during early 2019 the Personnel Committee approved new pay scales for these roles in June 2019.

    The current salary scales for the Chief Executive and Directors can be seen at **Appendix 2**.

19. New appointments to any of the council's pay grades are subject to the Council's recruitment and selection policy and will generally be made at the bottom pay point within a pay grade unless there are special circumstances that objectively justify payment at a higher pay point within the grade, e.g. where the candidate's current employment package would make the first point of the pay grade unattractive. This is determined following discussion with the Human Resources team and will be within the salary range for the role.

20. There are a small number of career-graded posts within the Council where advancement through a grade is based on achievement of relevant qualifications and completion of practical experience. In these cases, a job

description has been created and evaluated to cover each stage of the career in order to assess advancement through the grade.

21. For the Chief Executive and Directors, salary on appointment has regard to the relative size and challenge of the role and account is also taken of other relevant available information, including the salaries of comparable posts in other similar sized organisations.

22. FHDC operates a market supplement policy which allows an additional supplement to be applied on top of basic salary in order to attract applicants of the right calibre, and to retain employees with necessary skills and experience especially in professions where there is a particular skills shortage. A supplement of this kind can only be approved via submission of evidence from the recruiting manager to the Chief HR Officer who submits the documentation to the Corporate Leadership Team for review and approval by the Chief Executive. All such supplements are time limited and subject to appropriate review before consideration is given to an extension.

23. There may from time to time be situations where employees are transferred into FHDC from another organisations which have different pay and conditions. The employees’ terms and conditions on transfer may be subject to protection under TUPE or TUPE-like arrangements, and as such may then be outside of the council’s main pay structure until such time as it is possible for them to be integrated.

24. It is a recommendation of the DCLG[1] that Full Council should be offered the opportunity to vote before a new employee is offered a salary package of £100,000 or more in respect of a new appointment. At FHDC, all new employee appointments to chief officer posts are made in accordance with the pay grades identified within this statement (see Appendices 1 & 2), which includes those in excess of £100,000 per annum. Any proposed variation to the application of this policy in this regard will be reported to Full Council.

    Of the chief officer posts whose salary package exceeds £100,000 upon appointment the following arrangements will apply under the council’s constitution:

    - The appointment of the Chief Executive is approved and voted on by Full Council following recommendation by the Personnel Committee.
    - Directors are selected by the Personnel Committee. A report will then be prepared for Full Council on the recommended appointment enabling approval and voting by Full Council on that appointment.
    - Assistant Directors are appointed by the Chief Executive. Should the salary package be in excess of £100,000 then a report will be prepared for Full Council on the recommended appointment enabling approval and voting by Full Council on that appointment.

[1] Openness and accountability in local pay: guidance under section 40 of the Localism Act (Feb 2012)

25. Salary packages include the annual salary, bonuses, fees or allowances routinely payable to the appointee and benefits in kind to which the officer is entitled as a result of their employment.

26. The posts with a current salary package above £100,000 per annum are the Chief Executive, Directors and (due to incremental increases and pay awards) Assistant Directors who are appointed within Grade L of the FHDC pay scales.

Apprenticeships

27. With effect from 1 April 2023 the national hourly rate for the first year of an apprenticeship is –

- £5.28 per hour irrespective of age

From the second year of an apprenticeship –

- Aged 17 £5.28 per hour
- Aged 18-20 £7.49 per hour
- Aged 21-22 £10.18 per hour
- Aged 23 and over £10.42 per hour

Local Government Pension Scheme

28. Subject to qualifying conditions, all employees have a right to join the Local Government Pension Scheme. In addition, the Council operates pensions 'auto enrolment' as required by the Pensions Act 2008. The table below sets out the pension contribution bands which are effective from 1 April 2022.

Band	Actual annual pensionable pay[2]	Employee Contribution (%)
1	Up to £15,000	5.5%
2	£15,001 - £23,600	5.8%
3	£23,601 - £38,300	6.5%
4	£38,301 - £48,500	6.8%
5	£48,501 - £67,900	8.5%
6	£67,901 - £96,200	9.9%
7	£96,201 - £113,400	10.5%
8	£113,401 - £170,100	11.4%
9	More than £170,101	12.5%

The employer contribution rates are set by actuaries advising the Kent Pension Fund and are reviewed on a regular basis in order to ensure the scheme is appropriately funded. The employer contribution rate for 2023/24 is projected to increase to 20.2%.

[2] LGPS define pensionable pay as the total of all salary, wages, fees and other payments paid to an employee (Regulation 20 – Local Government Pension Scheme Regulations 2013) The Local Government Pension Scheme Regulations 2013 (legislation.gov.uk)

29. There are no locally agreed enhancements to the pension scheme. With the exclusion of the Head of Paid Service responsibility for any such enhancements would be at the discretion of the Personnel Committee. In relation to the Head of Paid Service, any such enhancements would be at the discretion, and with the approval, of Full Council.

30. Where a senior (chief officer) new starter already receives a public sector pension, this will be declared on the FHDC website and relevant abatement implemented.

Additional Information

31. In addition to incremental progression, FHDC provides the following additional payment schemes applicable to employees on the main pay framework:
    - When temporarily undertaking additional duties e.g. the full, or a proportion of, the duties of a higher graded post (acting up payment), or in carrying out election duties
    - Honorarium payments e.g. for exceptional level of performance
    - Allowances including payments for additional hours, weekend and/or public holiday working, disturbance, eye tests, first aid, car and standby
    - Additional and accelerated increments e.g. for exam success on pre-determined roles and qualifications but subject to the maximum of the pay grade not being exceeded.

    There is no provision for bonus payments across the Council.

    Any allowance, or other payments, will only be made to staff in connection with their role and/or the patterns of hours they work and must be in accordance with the Council's internal Pay Policy statement which explains related procedure and practice.

32. FHDC also provides a car allowance payment for the Chief Executive and Directors.

33. In addition to basic salary, employees (including Chief Officers) are eligible for payments under the reimbursement of expenses policy e.g. for business travel.

34. FHDC also reimburses the cost of one practicing certificate fee or membership of a professional organisation provided it is relevant or essential to the post that an employee occupies within the council. In exceptional circumstances, and with the authorisation of a Director or the Chief Executive, the Council will reimburse more than one professional fee.

35. Chief Officers (Chief Executive and Directors) are performance managed differently from the performance management process applying to other employees. This includes input from, and assessment by, identified FHDC Members on an annual basis with a 6-monthly review of objectives.

Targets are set and performance against those targets is assessed. Chief Officers receive incremental progression until the top of their grade is reached.

Charges, Fees or Allowances

36. The following charges, fees or allowances are paid to the Chief Executive: Election Duties including as Returning Officer, paid separately from salary payments. The Council's Returning Officer, who is also the Chief Executive, receives separate fees for local elections under S36 of the Representation of the People Act 1983. The Council has chosen to adopt the Kent Scale of Fees and Charges for local elections (see: Cabinet decision and report of 28 September 2011). The Returning Officer must not exceed the maximum fees and charges as laid down in the scale unless further approval is given by a decision of Cabinet or Full Council.

37. Employees receive Election Fees when participating.

Employee Benefits

38. The Council offers a discount at Folkestone Sport Centre Trust and a daily free swim at Hythe Pool to all employees.

39. An employee recognition scheme runs quarterly which recognises individual and team achievements across the council based on the core values plus a separate award for the employee of the year.

    In addition it also recognises long service with the first level of recognition at 5 years and then every five years thereafter.

    Employees recognised under this scheme receive a choice of vouchers or donation to charity.

40. The Council provides access to an Employee Assistance Programme which provides telephone and face to face counselling on a range of issues.

    The Council also has access to an Occupational Health Service which helps to ensure that employees are properly supported enabling a return to work following an absence as soon as possible.

41. Employees are able to register with F&H Rewards, provided by Reward Gateway, which is a voluntary online platform providing access to discounts for high street / online shopping, holidays, insurance and household goods.

42. As part of the F&H Rewards scheme, employees are able to participate in a salary sacrifice scheme for the purchase of bicycles under a 'Cycle to Work' scheme and the purchase of white goods and electronics under the 'SmartTech' scheme.

43. During the 2022/23 financial year a new salary sacrifice car lease scheme was successfully launched to employees via the F&H Rewards scheme in conjunction with Tusker. The scheme focusses purely on electric and hybrid vehicles.

44. These salary sacrifice schemes and their operation are regulated by HM Revenues and Customs and there are strict rules around the management of the schemes. The schemes permit employees to 'sacrifice' part of their salary in exchange for a benefit. This means that tax and national insurance are not paid on the amount sacrificed effectively reducing the cost of the benefit to the employee. These schemes are open to all employees at the council with the proviso that their salary exceeds the National Minimum Wage after the deduction.

Payments on Termination

45. We are required to publish –
- Our policy on discretionary payments on early termination of employment and our policy on increasing an employee's total pension scheme membership and on awarding additional pension (Regulation 66 of the Local Government Pension Scheme [Administration] Regulations 2008). These are covered in the Early Termination of Employment Policy which can be found on FHDC's website.
- Statements relating to remuneration. Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 requires an authority to formulate, review and publish its policy on making discretionary payments on early termination of employment.

46. FHDC pays statutory redundancy payments in accordance with the Employment Relations Act 1998, which provides for a maximum calculation of up to 30 weeks' pay. The payment will be based on an employee's actual weekly salary rather than the figure set by the Government.

47. Full council will be offered the opportunity to vote on exit packages which are greater than £100,000[3]. In such circumstances, the employee will be made aware that before an exit package can be confirmed the information will firstly be considered by the Personnel Committee who will then recommend that the decision be taken by Council.

When presenting the information to Personnel Committee and Council the components within the package will be clearly outlined. These components may include:
- Salary paid in lieu of notice
- Redundancy
- Compensation for loss of office

[3] Openness and accountability in local pay: guidance under section 40 of the Localism Act (Feb 2012)

- Pension entitlements
- Pension costs required to be paid by the council to the LGPS
- Holiday pay
- Any bonuses, fees or allowances

Any such payments will be subject to compliance with all relevant legislation.

48. It is important that the Council has flexibility to respond to unforeseen circumstances as regards re-employing a former employee as a Chief Officer. If we re-employ a previous employee who received a redundancy or severance package on leaving, or if that person returns on a 'contract for services', or if they are in receipt of a Local Government / Firefighter Pension Scheme (with same or another local authority), we require that the requirements of the following are observed:
    - The Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999

    And/or
    - Relevant abatement.

49. It is the Council's policy that in normal circumstances a FHDC employee whose employment has been terminated on grounds of voluntary redundancy and/or voluntary early retirement and who has received a severance payment and/or early retirement benefits will not be re-engaged. In exceptional circumstances there may be a justifiable case for re-engaging such an employee but this may only occur following agreement by members of the Corporate Leadership Team.

Gender Pay Gap Reporting

50. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2016 introduced a mandatory gender pay gap reporting duty for employers of 250 or more employees and came into force for qualifying public sector employers from April 2017. The pay information provided must be based on data from a specific pay period with the overall mean and median pay gap information being published before the 30th March each year.

51. As FHDC employs more than 250 staff the requirement to publish information has been met annually with the relevant calculations be presented to the Corporate Leadership Team in February before publication in March each year. The details are also provided to Personnel Committee annually in June which enables more benchmarked comparisons to be reported.

Publication and Access to Information

52. FHDC is required to publish pay related information. This includes the Code of Recommended Practice for Local Authorities on Data Transparency requirements to publish a Pay Multiple and information on

senior salaries. The Pay Multiple is the ratio between the highest paid salary and the median average salary of the whole authority's salaries.

53. For the Statement of Accounts, Accounts and Audit Regulations and CIPFA Accounting Code of Practice requires us to publish:
    - Senior officer remuneration details on a post by post level
    - Disclosure of remuneration amounting to £50,000 and over in bands of £5,000
    - Exit package disclosures

54. Information on pay will be published on the FHDC website, as follows and by:
    - 1 June – the Pay Multiple figure including the median average salary and information on senior salaries
    - 30 September – the accounts as audited by the Council's external auditors.

55. This pay policy statement, once approved by Full Council, will be published on the Council's public website.

56. This statement is for the financial year 1st April 2023 – 31st March 2024.

57. Full Council may, by resolution, amend this statement (including after the beginning of the financial year to which it relates). An amended statement will be published on the Council's public website.

Appendices:

Appendix 1 – FHDC Salary Scale

Appendix 2 – Chief Executive & Directors Salary Scale

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Grade	Point	1st April 2021	1st April 2022	1st April 2023
A	3	Grade Removed	Grade Removed	
	4			
	5			
	6			
B	7	£18,538	N/A	N/A
	8	£18,977	£19,477	£19,977
	9	£19,437	£19,937	£20,437
	10	£19,938	£20,438	£20,938
C	11	£20,435	£20,844	£21,261
	12	£20,845	£21,262	£21,687
	13	£21,642	£22,075	£22,516
	14	£22,450	£22,899	£23,357
D	15	£23,278	£23,744	£24,218
	16	£23,893	£24,371	£24,858
	17	£24,589	£25,081	£25,582
	18	£25,402	£25,910	£26,428
	19	£26,222	£26,746	£27,281
E	20	£27,061	£27,602	£28,154
	21	£27,968	£28,527	£29,098
	22	£28,898	£29,476	£30,065
	23	£30,043	£30,644	£31,257
	24	£31,042	£31,663	£32,296
F	25	£31,769	£32,404	£33,052
	26	£32,708	£33,362	£34,029
	27	£33,681	£34,355	£35,042
	28	£34,648	£35,341	£36,048
	29	£35,369	£36,076	£36,798
	30	£36,310	£37,036	£37,777
G	31	£37,340	£38,087	£38,849
	32	£38,438	£39,207	£39,991
	33	£39,695	£40,489	£41,299
	34	£40,746	£41,561	£42,392
	35	£41,827	£42,664	£43,517
	36	£42,895	£43,753	£44,628
H	37	£43,965	£44,844	£45,741
	38	£45,045	£45,946	£46,865
	39	£46,063	£46,984	£47,924
	40	£47,180	£48,124	£49,086
	41	£48,269	£49,234	£50,219
	42	£49,318	£50,304	£51,310
I	43	£50,379	£51,387	£52,414
	44	£51,467	£52,496	£53,546
	45	£52,572	£53,623	£54,696
	46	£53,709	£54,783	£55,879
	47	£54,859	£55,956	£57,075
J	48	£56,046	£57,167	£58,310
	49	£57,090	£58,232	£59,396
	50	£58,247	£59,412	£60,600
	51	£59,402	£60,590	£61,802
	52	£61,703	£62,937	£64,196
K	53	£63,381	£64,649	£65,942
	54	£65,668	£66,981	£68,321
	55	£67,195	£68,539	£69,910
	56	£69,711	£71,105	£72,527
	57	£72,231	£73,676	£75,149
	58	£74,743	£76,238	£77,763
	59	£77,264	£78,809	£80,385
L	60	£84,139	£85,822	£87,538
	61	£86,446	£88,175	£89,938
	62	£88,706	£90,480	£92,290
	63	£93,495	£95,365	£97,272
	64	£96,806	£98,742	£100,717

SENIOR MANAGEMENT GRADES

Effective 14th June 2019

(Personnel Committee report dated 13th June 2019)

	Chief Executive / Head of Paid Service	Corporate Directors
Point 1	£118,236	£99,577
Point 2	£124,148	£103,306
Point 3	£130,355	£107,039
Point 4	£136,872	£110,772
Point 5	£143,715	N/A

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Appendix B

Folkestone & Hythe District Council

Pay Policy Statement – Financial Year 2023~~2~~-24~~3~~

Introduction and Purpose

1. In accordance with section 112 of the Local Government Act, the Council has the ‘power to appoint officers on such reasonable terms and conditions as the authority thinks fit’. This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of section 38 of the Localism Act 2011 (as amended) and the ‘Openness and accountability in local pay: guidance under section 40 of the Localism Act 2011 – supplementary guidance’ which requires the council to produce a policy statement that covers a number of matters concerning the pay of the council’s staff.

2. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying:

    - The general principles that underpin the council’s approach to its pay policy;
    - Definitions of the ‘lowest paid employees’ and ‘chief officers’ for the purposes of pay comparison;
    - The methods by which salaries are determined; and
    - The relationship between the remuneration of chief officers and the remuneration of employees who are not chief officers.

3. Once approved by full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis.

Definitions

For the purpose of this pay policy statement, the following definitions will apply:

4. **Pay/remuneration** includes salary (for employees) or payment under a contract of services (for self-employed), expenses, bonuses, as well as contractual arrangements involving possible future severance payments. Also, charges, fees, allowances, benefits in kind, termination payments and increases in/enhancement of pension entitlement as a result of a resolution of the authority.

5. **Chief Officer** is defined within section 43 of the Localism Act 2011 as:

    - The head of the authority’s paid service designated under section 4(1) of the Local Government and Housing Act 1989;
    - The monitoring officer designated under section 5(1) of that Act;
    - A statutory chief officer mentioned in section 2(6) of that Act;

- A non-statutory chief officer mentioned in section 2(7) of that Act; and
- A deputy chief officer mentioned in section 2(8) of that Act.

6. The following roles within Folkestone & Hythe District Council (FHDC) have therefore been identified as being chief officers for the purposes of this Pay Policy Statement:

- Chief Executive (Head of Paid Service)* (statutory chief officer)
- Director – Corporate Services* (non-statutory chief officer)
- Director – Place* (non-statutory chief officer)
- Director – Housing & Operations* (non-statutory chief officer)
- Chief Finance Officer & s151 Officer** (statutory chief officer)
- Monitoring Officer*** (statutory chief officer)
- In addition, Assistant Directors and those posts which report directly, and are directly accountable, to a statutory or non-statutory chief officer in respect of all or most of their duties****, with the exception of roles which are identified as being solely administrative in nature

7. * Members of the Council's Corporate Leadership Team (CLT).
** This role is currently undertaken by the Director – Corporate Services.
*** This role is currently undertaken by the Assistant Director – Governance and Law.
**** It should be noted that, whilst identified as chief officers within the terms of the Localism Act 2011, these posts are not designated as chief officers at FHDC.

Please note that the definition of Chief Officer in this Pay Policy Statement is different to that contained within Part 2 Article 11 of the Constitution.

8. **Lowest paid employees** refers to those staff employed within grade B of the Council's pay framework at point 8~~ (as point 7 is removed with effect from 1 April 2022)~~. This definition for the "lowest paid employees" has been adopted because grade B is the lowest grade on the Council's pay framework. It excludes apprentices, whose pay remains subject to other regulations, and has specific reference under this policy. There are no staff governed by National consultation groups.

At the outset of the 2022/23 financial year –

- Grade B Point 8 is £19,477~~18,977~~
- The mode (most frequently used) salary for permanent employees falls within Grade E, the maximum of which is £31,663~~31,042~~

National Minimum Wage & National Living Wage – April 2023~~2~~

9. The statutory National Minimum Wage (NMW) for employees aged 21 to 22 ~~is~~ will be £10.18~~9.18~~ per hour with the statutory National Living Wage

(NLW) for employees aged 23 and over ~~is~~ increasing to £10.42~~9.50~~ per hour from 1 April 2023~~2~~.

10. The Council's lowest grade is expected to be £10.87 per hour (subject to current pay negotiations) ~~(£10.09 per hour~~ from 1 April 2023~~2 with the agreed pay award implemented)~~ which will be~~is~~ £0.45~~59~~ higher than the NLW.

General Approach

11. This pay policy statement provides a basis on which FHDC can compete in labour markets at all levels and for all roles, enabling the council to attract, retain and fairly reward people with the knowledge, experience, skills and attributes that are essential to the effective delivery of services to residents, businesses and other stakeholders within the district as well as fulfilling the council's business objectives.

In our approach to appointments, particularly senior appointments, consideration is given to the value for money for the whole of the public sector. Consideration includes avoidance of arrangements which could be perceived as seeking to minimise tax payments.

Pay and reward packages for the Chief Executive and Chief Officers will be made in an open and accountable way with a verified, accountable process for recommending any changes to their salary scales.

FHDC will be transparent on pay rises including the publication, on the Council's website, of any above inflation pay rises.

Pay Structure

12. FHDC's pay framework was implemented in 2007 and is based on:

- Local pay determination for 'all other employees who are not Chief Officers', including those Assistant Directors who hold statutory positions; and
- With effect from September 2015, local pay determination for Chief Officers who are either designated as a Chief Executive or Director. The pay for this small group of staff will be determined by the Personnel Committee with external independent advice.

13. FHDC's pay grades are locally determined taking into account national guidance, with the grade for each role being determined by a consistent job evaluation process. This followed a national requirement for all Local Authorities and other public sector employers to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer.

14. As part of this, FHDC determined a local pay framework and the overall number of grades is 11, grade B being the lowest and grade L the highest.

Grade A on the pay framework was removed as part of the pay negotiations for April 2020. Grade L was introduced during the 2019-20 financial year following a benchmarking exercise with approval from Personnel Committee. Each employee (with the exception of the Chief Executive and Directors) will be on one of the 11 grades based on the job evaluation of their role. Employees can progress to the salary range maximum of their grade by annual progression unless formal performance interventions are in place.

15. Terms and conditions of employment, including the pay framework, are determined by Personnel Committee. The Personnel Committee comprises elected Councillors and is formed in accordance with the rules governing proportionality.

16. Pay awards are considered annually by the Joint Staff Consultative Panel for all employees, with the exception of the Chief Executive and Directors, unless otherwise by agreement. These are developed using local pay determination in negotiation with the local Trades Unions and staff representatives. The last pay award was made at April 2022~~1~~ with the next due to be implemented from 1 April 2023~~2~~.

    The current salary scale applicable from April 2022~~1~~ can be seen at **Appendix 1** which also shows the agreed pay award~~s~~ for April 2023~~2 and April 2023~~ however at the time of reviewing this statement, Unison have requested to renegotiate the 2% pay award for April 2023 in light of the current cost of living increases.

17. FHDC will be transparent on pay rises including the publication, on the Council's website, of any above inflation pay rises.

18. The pay for the Chief Executive and Director roles is subject to local pay negotiation and following a benchmarking exercise undertaken by an external advisor during early 2019 the Personnel Committee approved new pay scales for these roles in June 2019.

    The current salary scales for the Chief Executive and Directors can be seen at **Appendix 2**.

19. New appointments to any of the council's pay grades are subject to the Council's recruitment and selection policy and will generally be made at the bottom pay point within a pay grade unless there are special circumstances that objectively justify payment at a higher pay point within the grade, e.g. where the candidate's current employment package would make the first point of the pay grade unattractive. This is determined following discussion with the Human Resources team and will be within the salary range for the role.

20. There are a small number of career-graded posts within the Council where advancement through a grade is based on achievement of relevant qualifications and completion of practical experience. In these cases, a job

description has been created and evaluated to cover each stage of the career in order to assess advancement through the grade.

21. For the Chief Executive and Directors, salary on appointment has regard to the relative size and challenge of the role and account is also taken of other relevant available information, including the salaries of comparable posts in other similar sized organisations.

22. FHDC operates a market supplement policy which allows an additional supplement to be applied on top of basic salary in order to attract applicants of the right calibre, and to retain employees with necessary skills and experience especially in professions where there is a particular skills shortage. A supplement of this kind can only be approved via submission of evidence from the recruiting manager to the Chief HR Officer who submits the documentation to the Corporate Leadership Team for review and approval by the Chief Executive. All such supplements are time limited and subject to appropriate review before consideration is given to an extension.

23. There may from time to time be situations where employees are transferred into FHDC from another organisations which have different pay and conditions. The employees' terms and conditions on transfer may be subject to protection under TUPE or TUPE-like arrangements, and as such may then be outside of the council's main pay structure until such time as it is possible for them to be integrated.

24. It is a recommendation of the DCLG[1] that Full Council should be offered the opportunity to vote before a new employee is offered a salary package of £100,000 or more in respect of a new appointment. At FHDC, all new employee appointments to chief officer posts are made in accordance with the pay grades identified within this statement (see Appendices 1 & 2), which includes those in excess of £100,000 per annum. Any proposed variation to the application of this policy in this regard will be reported to Full Council.

    Of the chief officer posts whose salary package exceeds £100,000 upon appointment the following arrangements will apply under the council's constitution:

    - The appointment of the Chief Executive is approved and voted on by Full Council following recommendation by the Personnel Committee.
    - Directors are selected by the Personnel Committee. A report will then be prepared for Full Council on the recommended appointment enabling approval and voting by Full Council on that appointment.
    - Assistant Directors are appointed by the Chief Executive. Should the salary package be in excess of £100,000 then a report will be prepared for Full Council on the recommended appointment enabling approval and voting by Full Council on that appointment.

[1] Openness and accountability in local pay: guidance under section 40 of the Localism Act (Feb 2012)

25. Salary packages include the annual salary, bonuses, fees or allowances routinely payable to the appointee and benefits in kind to which the officer is entitled as a result of their employment.

26. The posts with a current salary package above £100,000 per annum are the Chief Executive, Directors and (due to incremental increases and pay awards) Assistant Directors who are appointed within Grade L of the FHDC pay scales.

Apprenticeships

27. With effect from 1 April 2023~~2~~ the national hourly rate for the first year of an apprenticeship is –

- £5.28~~4.81~~ per hour irrespective of age

From the second year of an apprenticeship –

- Aged 17 £5.28~~4.81~~ per hour
- Aged 18-20 £7.49~~6.83~~ per hour
- Aged 21-22 £10.18~~9.18~~ per hour
- Aged 23 and over £10.42~~9.50~~ per hour

Local Government Pension Scheme

28. Subject to qualifying conditions, all employees have a right to join the Local Government Pension Scheme. In addition, the Council operates pensions 'auto enrolment' as required by the Pensions Act 2008. The table below sets out the pension contribution bands which are effective from 1 April 2022.

Band	Actual annual pensionable pay[2]	Employee Contribution (%)
1	Up to £15,000	5.5%
2	£15,001 - £23,600	5.8%
3	£23,601 - £38,300	6.5%
4	£38,301 - £48,500	6.8%
5	£48,501 - £67,900	8.5%
6	£67,901 - £96,200	9.9%
7	£96,201 - £113,400	10.5%
8	£113,401 - £170,100	11.4%
9	More than £170,101	12.5%

The employer contribution rates are set by actuaries advising the Kent Pension Fund and are reviewed on a regular basis in order to ensure the scheme is appropriately funded. The employer contribution rate for 2023~~2~~/24~~3 will remain~~ is projected to increase to 20.2%~~at 17.9%~~.

[2] LGPS define pensionable pay as the total of all salary, wages, fees and other payments paid to an employee (Regulation 20 – Local Government Pension Scheme Regulations 2013) The Local Government Pension Scheme Regulations 2013 (legislation.gov.uk)

29. There are no locally agreed enhancements to the pension scheme. With the exclusion of the Head of Paid Service responsibility for any such enhancements would be at the discretion of the Personnel Committee. In relation to the Head of Paid Service, any such enhancements would be at the discretion, and with the approval, of Full Council.

30. Where a senior (chief officer) new starter already receives a public sector pension, this will be declared on the FHDC website and relevant abatement implemented.

Additional Information

31. In addition to incremental progression, FHDC provides the following additional payment schemes applicable to employees on the main pay framework:
    - When temporarily undertaking additional duties e.g. the full, or a proportion of, the duties of a higher graded post (acting up payment), or in carrying out election duties
    - Honorarium payments e.g. for exceptional level of performance
    - Allowances including payments for additional hours, weekend and/or public holiday working, disturbance, eye tests, first aid, car and standby
    - Additional and accelerated increments e.g. for exam success on pre-determined roles and qualifications but subject to the maximum of the pay grade not being exceeded.

    There is no provision for bonus payments across the Council.

    Any allowance, or other payments, will only be made to staff in connection with their role and/or the patterns of hours they work and must be in accordance with the Council's internal Pay Policy statement which explains related procedure and practice.

32. FHDC also provides a car allowance payment for the Chief Executive and Directors.

33. In addition to basic salary, employees (including Chief Officers) are eligible for payments under the reimbursement of expenses policy e.g. for business travel.

34. FHDC also reimburses the cost of one practicing certificate fee or membership of a professional organisation provided it is relevant or essential to the post that an employee occupies within the council. In exceptional circumstances, and with the authorisation of a Director or the Chief Executive, the Council will reimburse more than one professional fee.

35. Chief Officers (Chief Executive and Directors) are performance managed differently from the performance management process applying to other employees. This includes input from, and assessment by, identified FHDC Members on an annual basis with a 6-monthly review of objectives.

Targets are set and performance against those targets is assessed. Chief Officers receive incremental progression until the top of their grade is reached.

Charges, Fees or Allowances

36. The following charges, fees or allowances are paid to the Chief Executive: Election Duties including as Returning Officer, paid separately from salary payments. The Council's Returning Officer, who is also the Chief Executive, receives separate fees for local elections under S36 of the Representation of the People Act 1983. The Council has chosen to adopt the Kent Scale of Fees and Charges for local elections (see: Cabinet decision and report of 28 September 2011). The Returning Officer must not exceed the maximum fees and charges as laid down in the scale unless further approval is given by a decision of Cabinet or Full Council.

37. Employees receive Election Fees when participating.

Employee Benefits

38. The Council offers a discount at Folkestone Sport Centre Trust and a daily free swim at Hythe Pool to all employees.

39. An employee recognition scheme runs quarterly which recognises individual and team achievements across the council based on the core values plus a separate award for the employee of the year.

In addition it also recognises long service with the first level of recognition at 5 years and then every five years thereafter.

Employees recognised under this~~ese~~ scheme receive a choice of vouchers or donation to charity.

40. The Council provides access to an Employee Assistance Programme which provides telephone and face to face counselling on a range of issues.

The Council also has access to an Occupational Health Service which helps to ensure that employees are properly supported enabling a return to work following an absence as soon as possible.

41. Employees are able to register with F&H Rewards, provided by Reward Gateway, which is a voluntary online platform providing access to discounts for high street / online shopping, holidays, insurance and household goods.

42. As part of the F&H Rewards scheme, employees are able to participate in a salary sacrifice scheme for the purchase of bicycles under a 'Cycle to Work' scheme and the purchase of white goods and electronics under the 'SmartTech' scheme.

43. ~~At the time of writing, a salary sacrifice car lease scheme within F&H Rewards is also being launched to employees during the 2022/23 financial year~~During the 2022/23 financial year a new salary sacrifice car lease scheme was successfully launched to employees via the F&H Rewards scheme in conjunction with Tusker. The scheme focusses purely on electric and hybrid vehicles.

44. These salary sacrifice schemes and their operation are regulated by HM Revenues and Customs and there are strict rules around the management of the schemes. The schemes permit employees to 'sacrifice' part of their salary in exchange for a benefit. This means that tax and national insurance are not paid on the amount sacrificed effectively reducing the cost of the benefit to the employee. These schemes are open to all employees at the council with the proviso that their salary exceeds the National Minimum Wage after the deduction.

Payments on Termination

45. We are required to publish –

- Our policy on discretionary payments on early termination of employment and our policy on increasing an employee's total pension scheme membership and on awarding additional pension (Regulation 66 of the Local Government Pension Scheme [Administration] Regulations 2008). These are covered in the Early Termination of Employment Policy which can be found on FHDC's website.
- Statements relating to remuneration. Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 requires an authority to formulate, review and publish its policy on making discretionary payments on early termination of employment.

46. FHDC pays statutory redundancy payments in accordance with the Employment Relations Act 1998, which provides for a maximum calculation of up to 30 weeks' pay. The payment will be based on an employee's actual weekly salary rather than the figure set by the Government.

47. Full council will be offered the opportunity to vote on exit packages which are greater than £100,000[3]. In such circumstances, the employee will be made aware that before an exit package can be confirmed the information will firstly be considered by the Personnel Committee who will then recommend that the decision be taken by Council.

When presenting the information to Personnel Committee and Council the components within the package will be clearly outlined. These components may include:

- Salary paid in lieu of notice

[3] Openness and accountability in local pay: guidance under section 40 of the Localism Act (Feb 2012)

- Redundancy
- Compensation for loss of office
- Pension entitlements
- Pension costs required to be paid by the council to the LGPS
- Holiday pay
- Any bonuses, fees or allowances

Any such payments will be subject to compliance with all relevant legislation.

48. It is important that the Council has flexibility to respond to unforeseen circumstances as regards re-employing a former employee as a Chief Officer. If we re-employ a previous employee who received a redundancy or severance package on leaving, or if that person returns on a 'contract for services', or if they are in receipt of a Local Government / Firefighter Pension Scheme (with same or another local authority), we require that the requirements of the following are observed:
    - The Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999

    And/or
    - Relevant abatement.

49. It is the Council's policy that in normal circumstances a FHDC employee whose employment has been terminated on grounds of voluntary redundancy and/or voluntary early retirement and who has received a severance payment and/or early retirement benefits will not be re-engaged. In exceptional circumstances there may be a justifiable case for re-engaging such an employee but this may only occur following agreement by members of the Corporate Leadership Team.

Gender Pay Gap Reporting

50. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2016 introduced a mandatory gender pay gap reporting duty for employers of 250 or more employees and came into force for qualifying public sector employers from April 2017. The pay information provided must be based on data from a specific pay period with the overall mean and median pay gap information being published before the 30th March each year.

51. As FHDC employs more than 250 staff the requirement to publish information has been met annually with the relevant calculations be presented to the Corporate Leadership Team in February before publication in March each year. The details are also provided to Personnel Committee annually in June which enables more benchmarked comparisons to be reported.

Publication and Access to Information

52. FHDC is required to publish pay related information. This includes the Code of Recommended Practice for Local Authorities on Data

Transparency requirements to publish a Pay Multiple and information on senior salaries. The Pay Multiple is the ratio between the highest paid salary and the median average salary of the whole authority's salaries.

53. For the Statement of Accounts, Accounts and Audit Regulations and CIPFA Accounting Code of Practice requires us to publish:
    - Senior officer remuneration details on a post by post level
    - Disclosure of remuneration amounting to £50,000 and over in bands of £5,000
    - Exit package disclosures

54. Information on pay will be published on the FHDC website, as follows and by:
    - 1 June – the Pay Multiple figure, including the median average salary, and information on senior salaries
    - 30 September – the accounts as audited by the Council's external auditors.

55. This pay policy statement, once approved by Full Council, will be published on the Council's public website.

56. This statement is for the financial year 1st April 2023~~2~~ – 31st March 2024~~3~~.

57. Full Council may, by resolution, amend this statement (including after the beginning of the financial year to which it relates). An amended statement will be published on the Council's public website.

Appendices:

Appendix 1 – FHDC Salary Scale

Appendix 2 – Chief Executive & Directors Salary Scale

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This report will be made public on 21 March 2023

Folkestone & Hythe District Council

Report number **A/22/36**

To: **Council**
Date: **29 March 2023**
Status: **Non- Executive Decision**
Chief Executive: **Susan Priest**

SUBJECT: APPOINTMENT OF AN INTERIM CHIEF FINANCE OFFICER (S151 OFFICER)

SUMMARY: This report sets out recommendations on the appointment of an interim Chief Finance officer (Section 151 Officer).

REASONS FOR RECOMMENDATIONS:
The Council has a statutory duty under section 151 of the Local Government Act 1972 to have a Chief Finance Officer, otherwise known as a Section 151 Officer. The previous Chief Finance Officer, Charlotte Spendley has left the organisation and Lydia Morrison has been appointed as the Interim Director of Corporate Services.

RECOMMENDATIONS:
1. **To receive and note report A/22/23.**

1. BACKGROUND

1.1 Chief Finance Officer (s151 Officer)

1.1.1 Charlotte Spendley, the previous Chief Finance Officer (s151 Officer), left the organisation with effect from Friday 17 March 2023.

1.1.2 The Chief Executive used her powers, in accordance with paragraph 3.24 of part 8/7 of the constitution, to delegate the vacant post of S151 Officer on a temporary basis to Lydia Morrison, pending the council's consideration of the matter at its meeting on 29th March 2023. The Leader and Chair of A&G committee were advised accordingly.

1.2 Council is asked to note that Lydia Morrison will take on the role of S151 Officer on an interim basis until further notice and a permanent appointment can be considered by Council. It should also be noted that Lydia Morrison has the required qualifications and experience to fulfil this role.

1.2.1 The Council must have a Chief Finance Officer in place as one of its statutory officers. The Council's Constitution requires full Council to approve the designation of the Chief Finance Officer (Section 151 Officer).

2. RISK MANAGEMENT ISSUES

2.1 The Council must appoint a Section 151 Officer to act as Chief Finance Officer. The role of the Chief Finance Officer is to:

- Be responsible for the proper administration of the Council's financial affairs;
- Advise on the corporate financial position and on the key financial controls;
- Prepare the budget and capital programme;
- Treasury management; and
- Advise the Council on prudent levels of reserves.

2.2 The only risk identified is a failure to appoint to this role. The Council would be in breach then of its statutory obligations.

3. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

3.1 **Legal officer's comments (AK)**

All relevant legal matters have been addressed in the main body of the report.

3.2 **Finance officer's comments (LH)**

As set out in the report, approval of this appointment enables the Council's statutory and constitutional requirements to be met.

3.3 **Diversities and equalities implications (AS)**

There are no specific diversities and equalities implications arising from this report.

4. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Susan Priest
Chief Executive
Tel: 01303 853315
Email: susan.priest@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

None

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This Report will be made public on 21 March 2023

Folkestone & Hythe District Council

Report Number **A/22/38**

To:	**Council**
Date:	**29th March 2023**
Status:	**Non-Executive Decision**
Responsible Officer:	**Lydia Morrison – Interim Director Corporate Services**
Cabinet Member:	**David Monk – Leader of the Council**
SUBJECT:	**Community Infrastructure Levy (CIL): adoption of the Council's Modified CIL Charging Schedule**

SUMMARY:

The council adopted the Core Strategy Review (CSR) in March 2022, and so it has been necessary for the council to amend the adopted CIL Charging Schedule to bring it 'in step' with the adopted CSR, as well as amendments to the CIL Regulations.

The Community Infrastructure Levy (CIL) Regulations (2010) as amended, outlines the process for establishing a CIL scheme in an area. At its meeting of 20th July 2022, the Cabinet approved publication of the Draft Charging Schedule and associated documents for consultation (and public consultation took place between 22 August and 3 October 2022), and authorised the Council to submit the DCS and associated documents to the appointed external Examiner for independent examination in accordance with the CIL Regulations 2010 (as amended). The DCS was submitted for external Examination in November 2022, and the Examiner's report was received in February 2023.

Cabinet subsequently considered the outcome of the Examination at its meeting of 22nd March 2023, and as per the requirements of the Government's CIL Regulations, agreed a recommendation to submit the Modified CIL Charging Schedule for adoption by Council at its meeting of 29th March 2023.

RECOMMENDATIONS:

1. To receive and note report A/22/38.
2. To note the findings of the Examiner's report on the Council's CIL Draft Modified Charging Schedule.
3. To adopt the Council's Modified CIL Charging Schedule and set a commencement date for the continued collection of CIL under the new regime applicable from the 1st April 2023.

1. PURPOSE OF THIS REPORT

1.1 The continued collection of CIL will ensure that the Council continues to maximise collection of developer contributions toward infrastructure costs, as part of the planning process. It will operate in conjunction with a scaled back planning obligations regime, as set out by the CIL Regulations 2010 (as amended). CIL is a non-negotiable standard rate that developers will need to pay on different types of development in different parts of the district, as set out by the final draft of the Council's Charging Schedule (appendix 1).

1.2 The Charging Schedule has undergone a round of public consultation and was submitted for independent examination in public (EIP), in November 2022. Following consideration by the Examiner, the EIP was conducted by written representations, with this process concluding in February 2023. The Inspector's written report was delivered to the Council on Wednesday 22nd February 2023.

2. EIP EXAMINER'S REPORT

2.1 The Examiner's report concluded that the revised FHDC CIL Charging Schedule provides an appropriate basis for the continued collection of the levy in the District. Further to this the Examiner concluded that the Council had sufficient evidence to support the Charging Schedule and can show that rates are set at a level that will not put proposed developments at risk on grounds of viability.

2.2 The Examiner sets out his conclusions in paragraph 58 of his report, as repeated below:

> *58. I conclude that the MDCS for the Folkestone & Hythe Community Infrastructure Levy, submitted for examination on 24 November 2022, subject to making the modifications set out in Examiner's Modification EM1 in the appendix below, satisfies the requirements of Section 212 of the 2008 Act and meets the criteria for viability in the 2010 Regulations (as amended). I therefore recommend that the Charging Schedule be approved.*

2.3 Examiner's modification EM1 is presented below. This modification has been incorporated with the final version of the DCS that is for consideration.

Modification that the examiner specifies so that the Charging Schedule may be approved:

Modification	Reference	Modification
EM1	Tables 1 and 2 CIL charges	Replace Tables 1 and 2 of the CIL charges in the MDCS with the Tables below

Table 1: CIL Charges for residential developments by zone

Development type	CIL rate (£ per sq m)			
	Zone A	Zone B	Zone C	Zone D
Residential development All development within Use Class C3	£0	£62.94	£125.88	£157.35
Residential development on strategic site allocations	£0			

Notes:

The stated rates apply from 1 January 2023 and are subject to annual revision on the 1 January each year.

Strategic site allocations comprise:

- North Downs Garden Settlement (SS6 to SS9)
- Sellindge Strategy Phases 1 and 2 (CSD9)
- Folkestone Harbour & Seafront (SS10)
- Shorncliffe Garrison (SS11)
- New Romney Strategy (CSD8)
- Nickolls Quarry strategic allocation, Hythe (Figure 5.6)

Table 2. CIL charges for retail development

Zone	Retail Development	CIL Rate (£ per sq m)
Folkestone Town Centre Area	All convenience and comparison retail and other development akin to retail	£0
Otterpool Park strategic allocation	All convenience and comparison retail and other development akin to retail	£0
Rest of district	Supermarkets, superstores, and retail warehousing (net retail selling space of over 280 sq m) (a & b)	£125.88
Rest of district	Other large-scale development akin to retail (net retail selling space of over 280 sq m) (c)	£125.88
Rest of district	Other retail development and developments akin to retail (net retail selling space up to 280 sq m)	£0

3. CIL ADOPTION

3.1 Given the findings of the EIP Examiner's report, there are no reasons why the Council should not proceed to formal adoption of its revised CIL Charging Schedule, and supporting policies on CIL payments by instalments, and discretionary payments in kind, which mirror the CIL Charging Schedule adopted in August 2016. The CIL regulations require CIL to be adopted by Council. Therefore, following Cabinet consideration, it is recommended that the Council adopts CIL at its meeting of 29th March 2023, with the 1 April 2023 set as the start date for the collection of CIL, in accordance with Regulation 25 of the CIL Regulations 2010 (as amended).

4. RISK MANAGEMENT ISSUES

Perceived Risk	Seriousness	Likelihood	Preventative Action
Cabinet does not endorse the final draft of CIL Charging Schedule for adoption	5	1	Given Cabinet and full Council's endorsement of the approach through the recent adoption of the Core Strategy Review, this is not considered a high risk.

5. IMPLICATIONS

5.1 Legal Officer's Comments (NM)

The modified CIL charging schedule has been prepared, consulted upon and independently examined under the provisions of the CIL Regulations 2010 (as amended). There are no wider legal implications.

5.2 Finance Officer's Comments (LM)

There are no direct financial implications arising from this report.

5.3 Diversities and Equalities Implications (GE)

There are no equality and diversity implications directly arising from this report.

5.4 Climate Change (OF)

There are no climate implications arising from this report.

5.5 Communications (KA)

There are no communications implications arising directly from this report.

Reporting officer

James Hammond
Strategy & Policy Senior Specialist
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Appendices

Appendix 1: Community Infrastructure Levy Charging Schedule (for adoption) (April 2023)
Appendix 2: Infrastructure Funding Gap Statement (November 2022)
Appendix 3: FHDC Infrastructure Schedule (October 2022)
Appendix 4: FHDC CIL Viability Modelling Report (October 2022)
Appendix 5: Final report on the Examination of the Folkestone & Hythe District Council Community Infrastructure Levy Modified Draft Charging Schedule (March 2023)

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FOLKESTONE & HYTHE DISTRICT COUNCIL
COMMUNITY INFRASTRUCTURE LEVY (CIL)

CHARGING SCHEDULE

April 2023

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Appendices

1.0 Background

1.1 In 2010, Government introduced the Community Infrastructure Levy (CIL) as the preferred mechanism for securing developer contributions towards infrastructure to support growth in an area.

1.2 The Council's first CIL Charging Schedule came into effect in August 2016.

1.3 This revised Charging Schedule was formally adopted by the Council on 29th March 2023 and will be implemented from 1st April 2023. It includes a brief explanation of CIL and the rationale behind the revision to the CIL Charging Schedule. It is proposed that the rates that were set in the CIL Charging Schedule adopted in August 2016 remain unchanged, other than to account for indexation.

1.4 Preparation of the Charging Schedule was supported by the following evidence documents, which can be found on the Council's website.

- The Infrastructure Delivery Plans (IDPs), which sets out infrastructure requirements to support the delivery of planned development within the Places and Policies Local Plan (adopted 2020) and the Core Strategy Review (adopted 2022) at the time each was compiled;
- A CIL viability assessment has been undertaken by consultants, Gerald Eve, on behalf of the council and is produced in a CIL Viability Report and Executive Summary, October 2022
- An Infrastructure Funding Gap Statement, which compares the likely CIL income from anticipated new developments with the cost of infrastructure identified in the Infrastructure Delivery Plans.

2.0 Introduction

2.1 The Community Infrastructure Levy (CIL) came into force in April 2010 and is a levy that local authorities can choose to charge on new development in their area. The money raised can be used to fund a wide range of infrastructure such as transport schemes, schools, community facilities, health and social care facilities, parks, green spaces and leisure facilities.

2.2 Amendments to the Community Infrastructure Levy Regulations 2010 were introduced in September 2019. Significant changes included: removal of pooling restrictions for S106 obligations (i.e. the requirement that no more than five S106 obligations can fund a single infrastructure project); removal of the requirement for a Regulation 123 list (i.e. a list of infrastructure projects that CIL might be spent on); and introduction of a new requirement to produce an annual Infrastructure Funding Statement.

2.3 Folkestone & Hythe District Council, as the local planning authority, is classed as a charging authority and may therefore charge CIL in respect of development that takes place in the District[1]. The Council adopted the Core Strategy Review (CSR) in March 2022, and so it is timely that the Council now seeks to amend the adopted CIL Charging Schedule to bring it 'in step' with the adopted Core Strategy Review, as well as amendments to the Government's CIL Regulations.

[1] Under the terms of Part 11 of the Planning Act 2008

2.4 CIL is not charged on affordable housing, buildings used for charitable purposes or self-build housing, provided the relevant exemptions are applied for and agreed. CIL applies to all 'chargeable development' which is defined as:

- All new buildings, but excluding those into which people do not usually, or only occasionally, go (e.g. only to inspect machinery or structures such as electricity pylons or substations)
- Developments of 100m2 or more of additional gross internal floorspace
- The creation of one additional dwelling, even if the gross internal floorspace is less than 100m2
- Some developments not requiring planning permission (permitted development) will also be liable for CIL if they do not meet the exemption criteria.

3 Infrastructure

3.1 The infrastructure requirements to support the growth set out in the adopted Folkestone & Hythe Core Strategy Review and Places and Policies Local Plan are set out in in the corresponding Infrastructure Delivery Plans, which provides the details of the infrastructure required to support growth in the District.

3.2 The funding of this infrastructure comes from different sources (including Section 106 agreements, CIL, and Government funding such as the Housing Infrastructure Fund. The CIL regulations require that, in order to justify charging CIL, the Council must demonstrate that there is a 'gap' between the infrastructure needs of the District and the funding that is available, including anticipated CIL income. An Infrastructure Funding Gap Report has been prepared to demonstrate this need.

4 CIL and S106 agreements

4.1 Section 106 agreements and Section 278 Highways Agreements will continue to be used to secure mitigation and affordable housing following the CIL review. The amended CIL regulations no longer contain a restriction on the pooling of monies from more than five S106 obligations to fund a single infrastructure project and both CIL and S106 funding can be secured towards the same piece of infrastructure without the limitation of pooling.

4.2 In respect of education infrastructure, Kent County Council have advised that:

> *"Section 106 is the appropriate mechanism for securing developer contributions towards the delivery of necessary education infrastructure and this is reflected in the FHDC CIL Infrastructure Funding Statement schedule. Accordingly, KCC will not us any component of its proportionate share of CIL receipts[2] to fund education infrastructure."*

4.3 The corresponding figures for education infrastructure are presented in Table 2 of the Infrastructure Funding Statement, albeit that the education infrastructure

[2] As set out in the adopted CIL Governance Framework the District Council assigns 35% of CIL receipts to Kent County Council (KCC) in order to enable KCC to spend this proportion of the receipts in accordance with their own priorities.

figures are not carried forward into the total values in Table 2 as KCC will not be utilising their proportionate share of CIL receipts to fund education infrastructure.

4.4 National Highways cannot agree to mitigation to the Strategic Road Network (SRN) through use of CIL receipts because it does not provide the necessary certainty to National Highways and, in turn, the Secretary of State for Transport, that if development occurs, so too will the required SRN mitigation.

5 Viability and rate setting

5.1 In order to establish levy rates for development, a charging authority should carry out a broad test of viability across its district, together with specific viability testing for strategic sites.

5.2 The Council commissioned consultants Gerald Eve to carry out a review of viability across the District, examining the cumulative impact of the policies in the Core Strategy Review and CIL. This review was undertaken to assess the effect that any revised CIL rates would have on development viability. The outputs from this review are set out in the CIL Viability Report and Executive Summary.

Residential Development

5.3 The viability assessment has shown that residential development across the District is viable. To account for differences in land values across the District, four residential zones are maintained with no change from the adopted CIL Charging Schedule 2016. These are: Lydd, some parts of Folkestone (zone A), Romney Marsh (excluding Dungeness & Lydd), Hawkinge, some parts of Folkestone (Zone B), Hythe, some parts of Folkestone (Zone C), North Downs area, some parts of Folkestone (Zone D).

5.4 The strategic allocations within the Core Strategy Review have also been tested against CIL as part of the Core Strategy Review viability assessments. The infrastructure requirements to bring forward these strategic sites are considerable and these sites will deliver their infrastructure requirements fully through S106/S278 agreements. These sites are shown in Figure 1 and are referred to below. Evidence to support the decision taken to exempt these sites from CIL is provided in support of this Charging Schedule.

- North Downs Garden Settlement (SS6 to SS9)
- Sellindge Strategy Phase 2 (CSD9)

5.5 It is also proposed that the balance of the Nickolls Quarry strategic site, i.e. that area of the site that does not incorporate Phases 1 and 2[3], is made exempt from CIL as part of this revision to the Charging Schedule such that it (the balance of the Nickolls Quarry strategic site) will deliver its infrastructure requirements fully through S106/S278 agreements. Evidence to support the decision taken to exempt this site from CIL is provided in support of this Charging Schedule.

[3] Approval of Reserved Matters for two parcels (in accordance with Y13/0736/SH & Y18/1306/FH) relating to Phase 1 (192 dwellings) and phase 2 (208 dwellings) part of that permission has been implemented and is being built out on land to the northeast of this site.

5.6 For clarification, phases 1 and 2 were exempt from paying CIL in the previous Charging Schedule as Reserved Matters approvals were granted in accordance with the original outline permission under planning reference Y06/1079/SH in 2010 that pre-dated the adoption of the previous CIL Charging Schedule in August 2016.

5.7 In addition, there are strategic allocations which were exempt from paying CIL in the previous Charging Schedule. Whilst all of these sites have planning permission, for completeness the exemption on these sites is carried forward into this Charging Schedule. These sites are:

- Folkestone Harbour & Seafront (SS10)
- Shorncliffe Garrison (SS11)
- New Romney Strategy (CSD8)
- Sellindge Strategy Phase 1 (CSD9)

5.8 These sites are shown spatially in Figure 1.

Non-Residential Rates

5.9 The district is currently divided into two zones for retail and related development in the first adopted CIL Charging Schedule (defined as A1 – A5 uses, now Class E – Commercial, Business and Service), although the charge only relates to the retail element. The corresponding information is presented in CIL Table 2. Both the town centre area of Folkestone and the North Downs Garden Settlement are shown in the submitted Figure 2 Map. The rural area, described for these purposes as rest of district', is not mapped, as the zone applies to all areas of the district outside the Figure 2 Map. Charging is proposed as follows:

- Folkestone town centre (Appendix E), in which all convenience and comparison retail and other development akin to retail is proposed to be charged with a rate of £0 / sq m.
- North Downs Garden Settlement (Appendix F), in which all convenience and comparison retail and other development akin to retail is proposed to be charged with a rate of £0 / sq m.
- 'Rest of district' matrix:
  - Supermarkets, superstores and retail warehousing (net retail selling space of over 280 sq m) with a rate of £100 / sq m;
  - Other large-scale development akin to retail (net retail selling space of over 280 sq m) with a rate of £100 / sq m; and development akin to retail (net retail selling space up to 280 sq m) with a rate of £0 / sq m.

5.10 As set out above, Table 2 in the adopted CIL Charging Schedule sets four different rates, one applied to the Folkestone Town Centre Area and North Down Garden Settlement shown in Figure 2 and three applied to the rest of the district. The Council proposed a zero rate for all retail and related development in the town centre area of Folkestone and for all small-scale and convenience retail in the rest of the district in the original CIL Charging Schedule that passed through examination to be adopted in August 2016. A £100 / sq m charge was applied for larger retail and related b development in in the rest of the district. It had struck a net retail selling space threshold of over 280 sq m (the large shops threshold in the Sunday Trading Act 1994 (as amended)) as the boundary between the zero rate and the £100 rate. The two retail zones are to be maintained with no change, save for the exemption of the North Downs Garden Settlement, from the adopted CIL Charging Schedule 2016 for inclusion in the draft revised CIL Charging Schedule.

5.11 The viability of non-residential development in the district has also been assessed. The viability assessment has shown that supermarkets and retail warehousing can support a CIL rate across the majority of the district. Business uses (including offices and industrial developments have been found unable to support a CIL charge.

Rate Setting

5.12 In arriving at the CIL rates, an appropriate balance must be struck between the need to fund the infrastructure required to support development and the potential effects that imposing CIL rates may have on the economic viability of development across the District. It is therefore important not to set rates at the margin of viability and so a reasoned judgment has been applied, providing a significant buffer to protect against unforeseen circumstances, such as an increase in build costs. Overall, the review has taken account of the viability evidence in setting the charging zones as set out in Table 1.

6 CIL rates

6.1 The CIL regulations allow us to set differential rates (including zero rates) for different geographical areas or for different land uses across our charging area. The CIL regulations also provide us with the ability to set differential rates in relation to scales of development.

6.2 The CIL rates, shown below in Table 1, are based on the recommendations from the CIL Viability Report. The strategic sites are zero rated and not subject to CIL charges, as they will contribute towards infrastructure solely through S106 agreements. Figure 1 is a map of the CIL charging zones (residential) for the District. Figure 2 is a map of the CIL charging zones (retail) for the District.

Table 1: CIL Charges for residential developments by zone

Development type	**CIL rate (£ per sq m)**			
Residential development	**Zone A**	**Zone B**	**Zone C**	**Zone D**
All development within Use Class C3	£0	£62.94	£125.88	£157.35
Residential development on strategic site allocations	£0			

<u>Notes:</u>

The stated rates apply from 1st January 2023 and are subject to annual revision on the 1st January each year.

Strategic site allocations comprise:

- North Downs Garden Settlement (SS6 to SS9)
- Sellindge Strategy Phases 1 and 2 (CSD9)
- Folkestone Harbour & Seafront (SS10)
- Shorncliffe Garrison (SS11)
- New Romney Strategy (CSD8)
- Nickolls Quarry strategic allocation, Hythe (Figure 5.6)

6.3 In respect of strategic site allocations there are several strategic allocations that are exempt from paying CIL in the current charging schedule (five of these already have planning permission with corresponding S106 agreements). The newly allocated sites in the Core Strategy Review will also be exempt from paying CIL. This is because strategic sites will mitigate their development impacts through site-specific S106 contributions and, in doing so, will generally not be viable to pay CIL as well.

6.4 For all other remaining sites the viability assessment has shown that residential development across the District is viable. To account for differences in land values across the District, four residential zones are to be maintained with no change from the adopted CIL Charging Schedule 2016 for inclusion in the draft revised CIL Charging Schedule. The four zones are:

- Lydd, some parts of Folkestone (zone A),
- Romney Marsh (excluding Dungeness & Lydd), Hawkinge, some parts of Folkestone (Zone B),
- Hythe, some parts of Folkestone (Zone C),
- North Downs area, some parts of Folkestone (Zone D).

Table 2. CIL charges for retail development

Zone	Retail Development	CIL rate (£ per sq m)
Folkestone Town Centre Area	All convenience and comparison retail and other development akin to retail	£0
Otterpool Park strategic allocation	All convenience and comparison retail and other development akin to retail	£0
Rest of district	Supermarkets, superstores, and retail warehousing (net retail selling space of over 280 sq m) (a & b)	£125.88
Rest of district	Other large-scale development akin to retail (net retail selling space of over 280 sq m) (c)	£125.88
Rest of district	Other retail development and developments akin to retail (net retail selling space up to 280 sq m)	£0

Table 3. All Other Developments not Addressed by Tables 1 and 2 (B, C1, C2 & D uses)

Other	CIL rate (£ per sq m)
All other developments (district	£0

wide)	

Figure 1. District-wide CIL Charging Zones (residential)

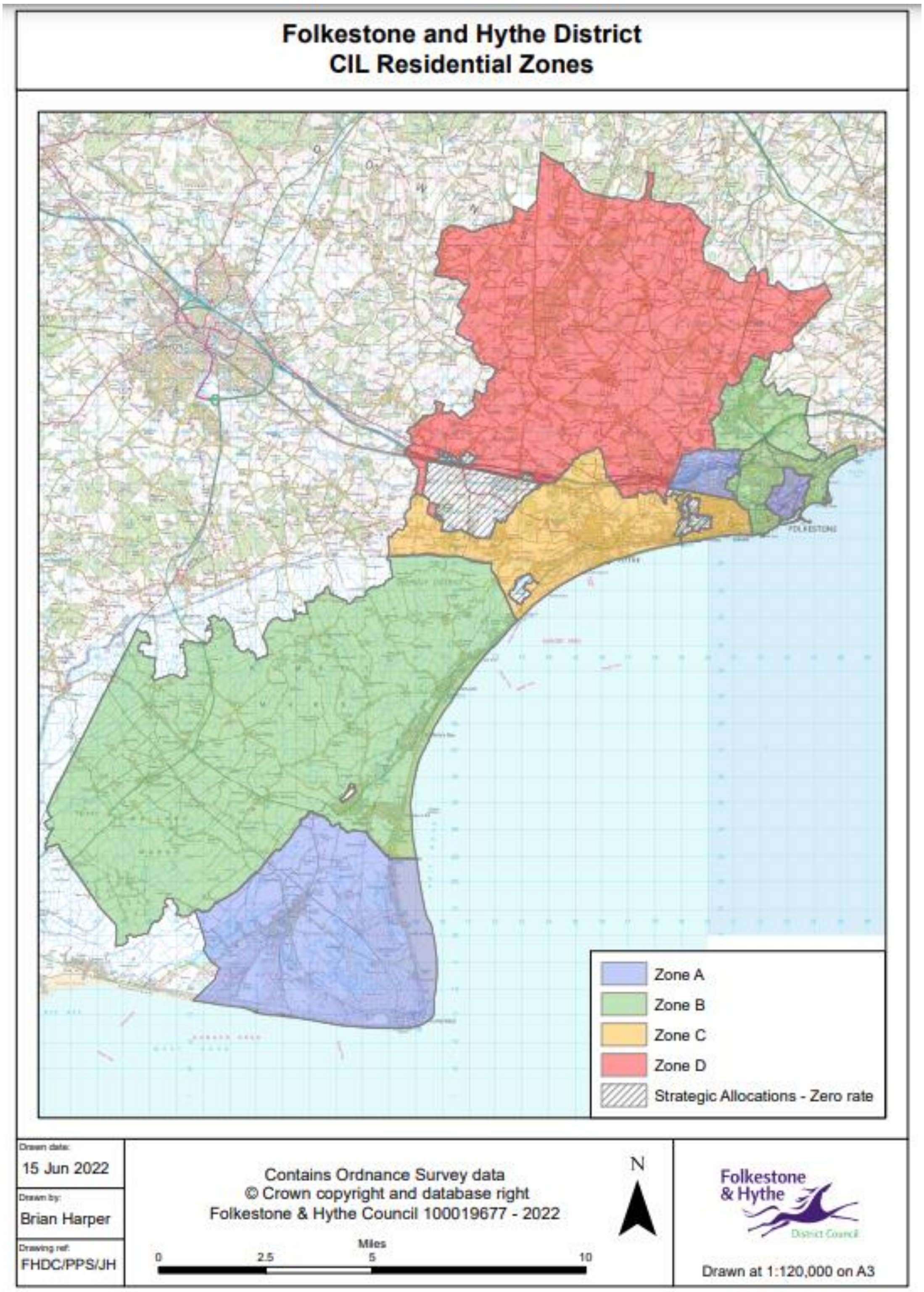
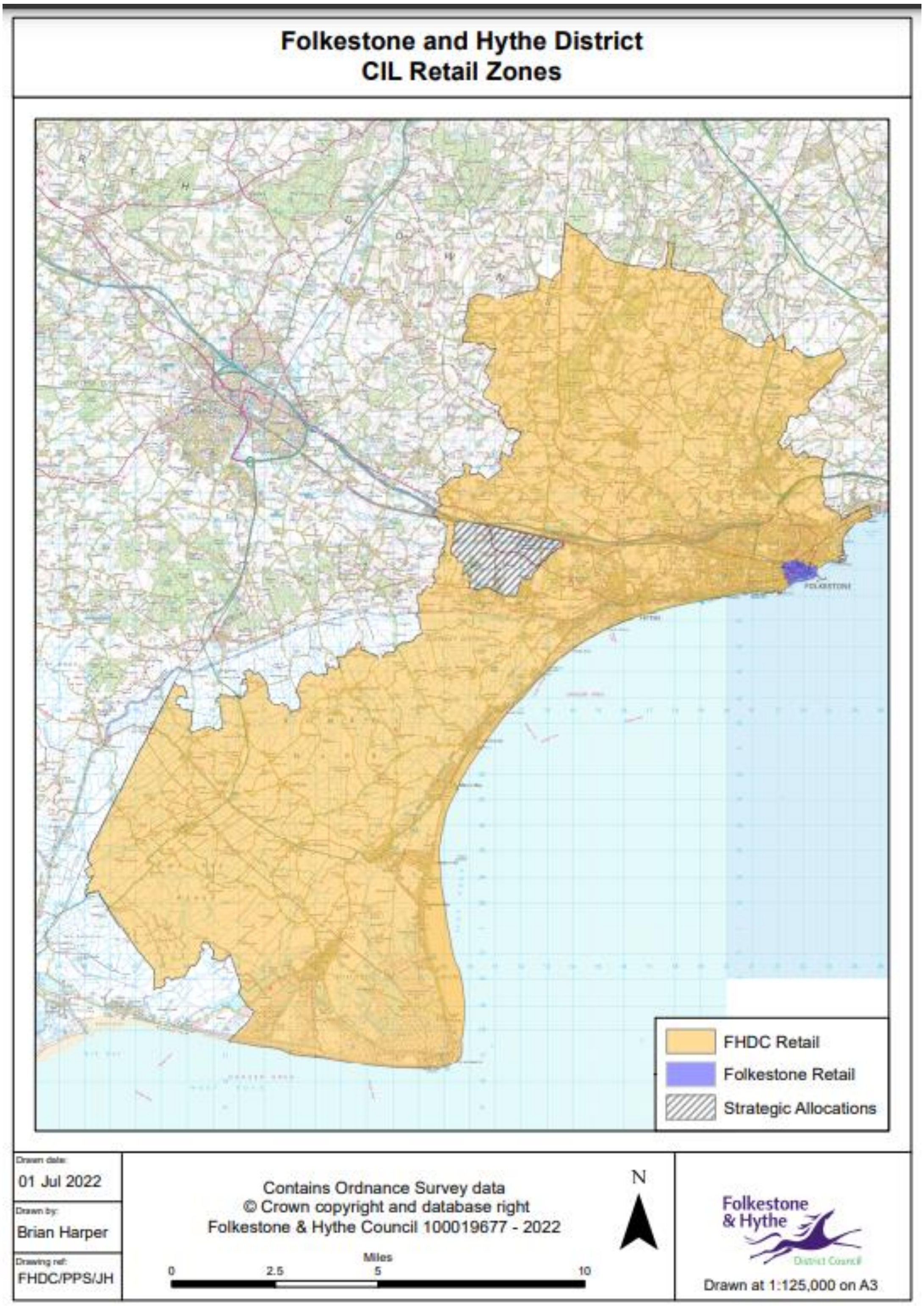


Figure 2. District-wide CIL Charging Zones (retail)



7 Neighbourhood funds

7.1 The Regulations require the Council to pass on a proportion of the revenues from CIL receipts to the towns and parishes within which the chargeable development took place. Parishes with a Neighbourhood Plan will receive 25 per cent of the CIL revenue from new development within their neighbourhood plan area. Parishes without a Neighbourhood Plan will receive 15 per cent of the levy revenue, subject to a cap of £100 per existing council tax dwelling per year.

7.2 CIL must be spent on infrastructure. To ensure transparency, both the Council and the town or parish council must report annually on how CIL receipts have been spent. By 31 December each year, the Council must produce an Infrastructure Funding Statement and the town or parish council must submit a financial report to the Council.

8 Calculating the chargeable amount

8.1 The amount of CIL charge a development is liable to pay is calculated according to Schedule 1 of the CIL (Amendment) (England) (No. 2) Regulations 2019. The method involves multiplying the relevant CIL rate for the type/location of the development by the net additional floorspace – and factoring in an inflation measure to allow for changes in building costs over time. A summary of the method is set out below:

CIL rate x Net additional new build floorspace x Inflation measure

$$\frac{R \times A \times Ip}{Ic}$$

R – the CIL rate for that use

A – the deemed net area chargeable at rate R

Ip – the index figure for the year in which planning permission was granted

Ic – the index figure for the year in which the charging schedule took effect

The All-In Tender Price Index is an inflation index published by the Royal Institute of Chartered Surveyors Building Cost Information Service

CIL calculations leading to a liability of less than £50 are treated as zero rated and are not payable.

8.2 The inflation measure used will be the national 'RICS Community Infrastructure Levy (CIL) Index' published by the Royal Institution of Chartered Surveyors (RICS) in November each year and applied 1 January of the following year. The inflation measure involves dividing the Index costs from the year planning permission is granted, by the Index costs from the year the Charging Schedule is adopted. Full details of the method are set out in the Regulations.

8.3 In certain circumstances, where a development includes the demolition of an existing building, the existing Gross Internal Area (GIA) can be deducted from the proposed floorspace. These deductions in respect of demolition or change of use will only apply where the existing building has been in continuous lawful use for at least six months in the 3 years prior to the development being permitted and is still in situ on the day planning permission is granted.

9 Exemptions

9.1 Most development that involves the creation of buildings that people normally use will be liable to pay CIL[4]. However, the Regulations provide for several exemptions to CIL[5] against which the levy will not be charged, including:

- New buildings or extensions under 100 sqm of gross internal floor space, which do not involve the creation of a new dwelling;
- Dwellings built by 'self-builders'
- The change of use, conversion or subdivision of a building that does not involve an increase in floorspace;
- The creation of a mezzanine floor within a building;
- Temporary development permitted for a limited period;
- Buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery
- Vacant buildings brought back into the same use;
- Structures which are not buildings, such as pylons or wind turbines;
- Affordable housing (defined as social rented, affordable rented, or other routes to home ownership) provided through a local housing authority, registered provider or charitable body;
- First Homes (as part of affordable housing provision) as defined by government regulations; and
- Development by charities for charitable purposes.

9.2 CIL is charged on the gross internal floorspace[6] of new development. Where planning permission is granted for a development that involves the extension or demolition and then rebuild of a building in lawful use[7], the level of CIL payable will be calculated based on the net increase in floorspace. This means that the existing floorspace contained in the building to be extended or demolished will be deducted from the total floorspace of the new development when calculating the CIL liability.

9.3 The Council can claw back any CIL relief where a development no longer qualifies for that relief within a period of seven years from the commencement of the development. For example, should a charity develop a building for charitable purposes and subsequently sell the building to the open market within seven years, then the Council will be able to claw back the CIL that would have been charged on the building had it been originally used for private use. Should a self-builder find that they must sell or rent the new dwelling within 3 years of the completion of the development then the Council will then seek to clawback any CIL relief provided.

9.4 Under CIL Regulation 55, a council can choose to offer exceptional circumstances relief, if charging CIL would have an unacceptable impact on the economic viability of a particular development. Exemptions can also be made for charitable institutions, where this would constitute State Aid (under CIL

[4] This includes development permitted by a general consent (including permitted development)
[5] Under Part 6 of the CIL Regulations 2010 (as amended)
[6] The gross internal floorspace is the internal area of the building, and should include rooms, circulation and service space such as lifts and floorspace devoted to corridors, toilets, storage, ancillary floorspace (e.g. underground parking) etc.
[7] The definition of lawful use is contained in Schedule 1 Part 1 of the CIL (Amendment) (England) (No. 2) 2019 states that "contains a part that has been in lawful use for a continuous period of at least six months within the period of three years ending on the day planning permission first permits the chargeable development.

Regulation 45). However, in Folkestone & Hythe District, neither discretionary charity relief nor exceptional circumstances relief are currently available and the Council does not propose to revise its exemptions policy.

9.5 The Community Infrastructure Levy (CIL) Regulations 2010 (as amended), provide a local authority with the discretion to accept land, buildings or infrastructure payments, as all or part of a CIL payment due in respect of a liable development. Regulation 73 specifies that an agreement to accept land and buildings as payment in kind would be where the value of CIL paid is equal to the agreed value of the land and buildings acquired in kind (as determined by an independent person). Folkestone & Hythe District Council adopted a discretionary payment in kind policy in June 2016 (as amended December 2017), in support of part or all payment of due CIL, subject to certain conditions being satisfied.

10 Spending CIL and Reporting

10.1 CIL revenue will be spent on the infrastructure needed to support development in Folkestone & Hythe District. How CIL is spent is currently set out within our CIL Governance Framework. In addition, the Council will produce an Infrastructure Funding Statement which will be published annually by 31 December. The Infrastructure Funding Statement reports on all funds secured, received and spent in the previous financial year for CIL and S106. Kent County Council will also produce its own Infrastructure Funding Statement annually in the same way.

11 CIL Payment in kind policy

11.1 It may be possible to pay your CIL liability in kind, through either land or infrastructure, and we will assess each application and make a decision on a case-by-case basis.

11.2 In adopting a CIL in August 2016, the Council adopted a Payment in Kind Policy. Whilst this policy specifically mentions both Payments in Kind via the provision of land and the provision of infrastructure to comply with the CIL Regulations, the wording of the policy only specifically referred to the transfer of land within key sections and, therefore, the policy was ambiguous as currently worded. Minor changes were proposed to the CIL Payment in Kind Policy in order to clarify that the delivery of appropriate infrastructure can satisfy a charge arising from the levy. This minor change was approved by Cabinet in December 2017.

11.3 Please note, should the district council agree to an in-kind payment of CIL liability, these payments must be agreed through a land or infrastructure agreement before starting on site and can be full or part payment of the CIL liability.

11.4 Land or infrastructure must be valued by an independent valuer to ascertain open market value of land or the cost of the infrastructure to decide how much of the CIL liability will be paid by the in kind payment. Further information regarding in kind payments is contained within the CIL regulations.

12 Instalments

12.1 The Instalment Policy is detailed below.

Residential Developments

1) Where the chargeable amount is less than or equal to £50,000, full payment will be required within 60 days of the commencement date.

2) Where the chargeable amount is more than £50, 000 but less than or equal to £100,000, two instalments will be allowed:

- The first instalment representing 50% of the chargeable amount will be required within 60 days of the commencement date; and
- The second instalment representing 50% of the chargeable amount will be required within 180 days of the commencement date.

3) Where the chargeable amount is over £100,000, an approach based on each phase of development will be allowed requiring three instalments:

Therefore, for each phase of a development:

- The first instalment representing 25% of the chargeable amount will be required within 60 days of the commencement date;
- The second instalment representing 25% of the chargeable amount will be required within 180 days of the commencement date; and
- The third instalment representing 50% of the chargeable amount will be required within 360 days of the commencement date.

Large Scale Retail Development outside of Folkestone Town Centre and the North Downs Garden Settlement

Larger scale, retail developments outside of Folkestone Town Centre and the North Downs Garden Settlement are the only other type of use proposed to pay CIL at the current time.

CIL will be payable by two instalments as follows, for all liable retail developments:

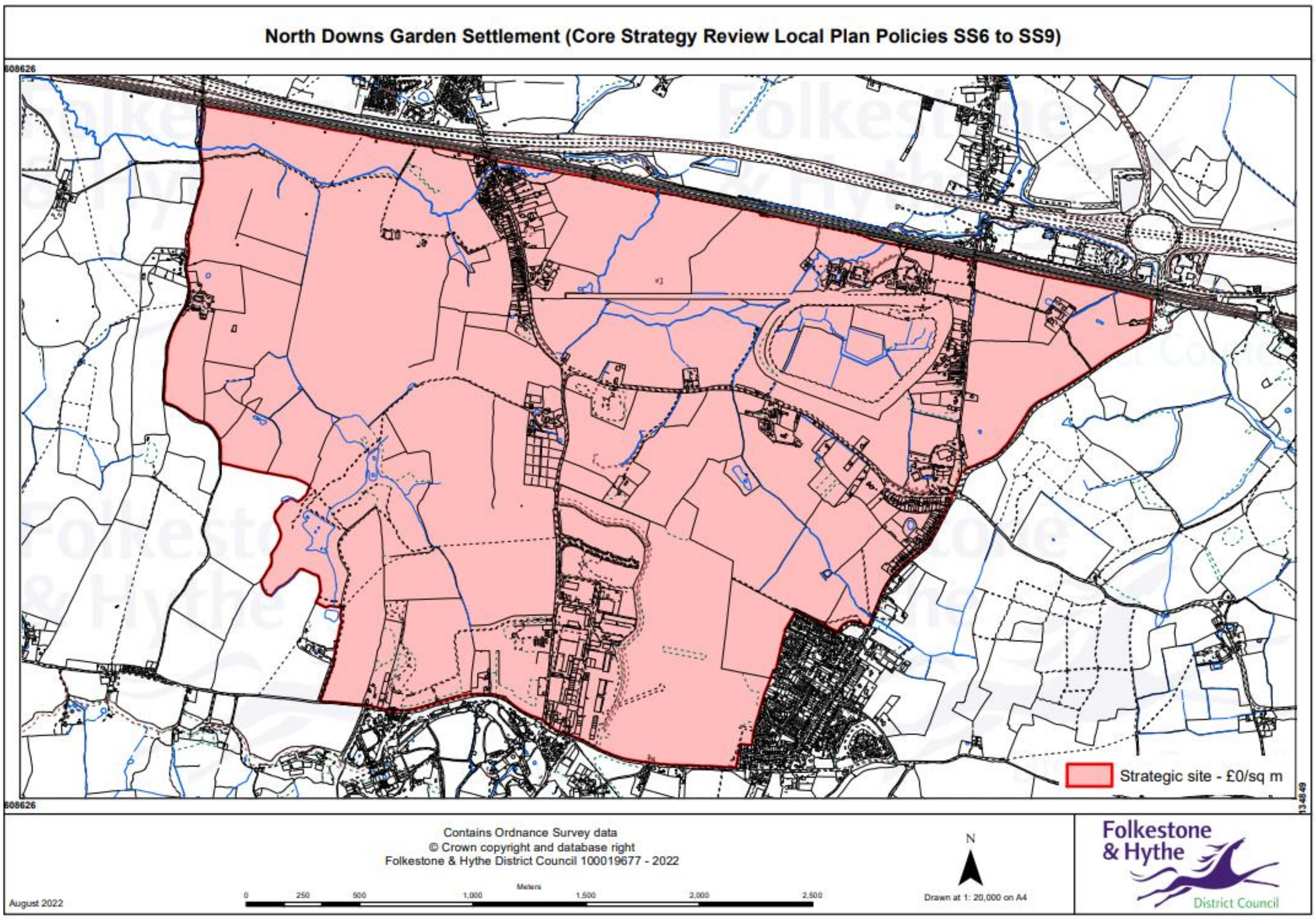
- The first instalment representing 50% of the chargeable amount will be required within 60 days of the commencement date;
- The second instalment representing 50% of the chargeable amount will be required within 240 days of the commencement date.

If the terms of instalment payments are not fulfilled, the district council will issue a Demand Notice which requires full payment immediately.

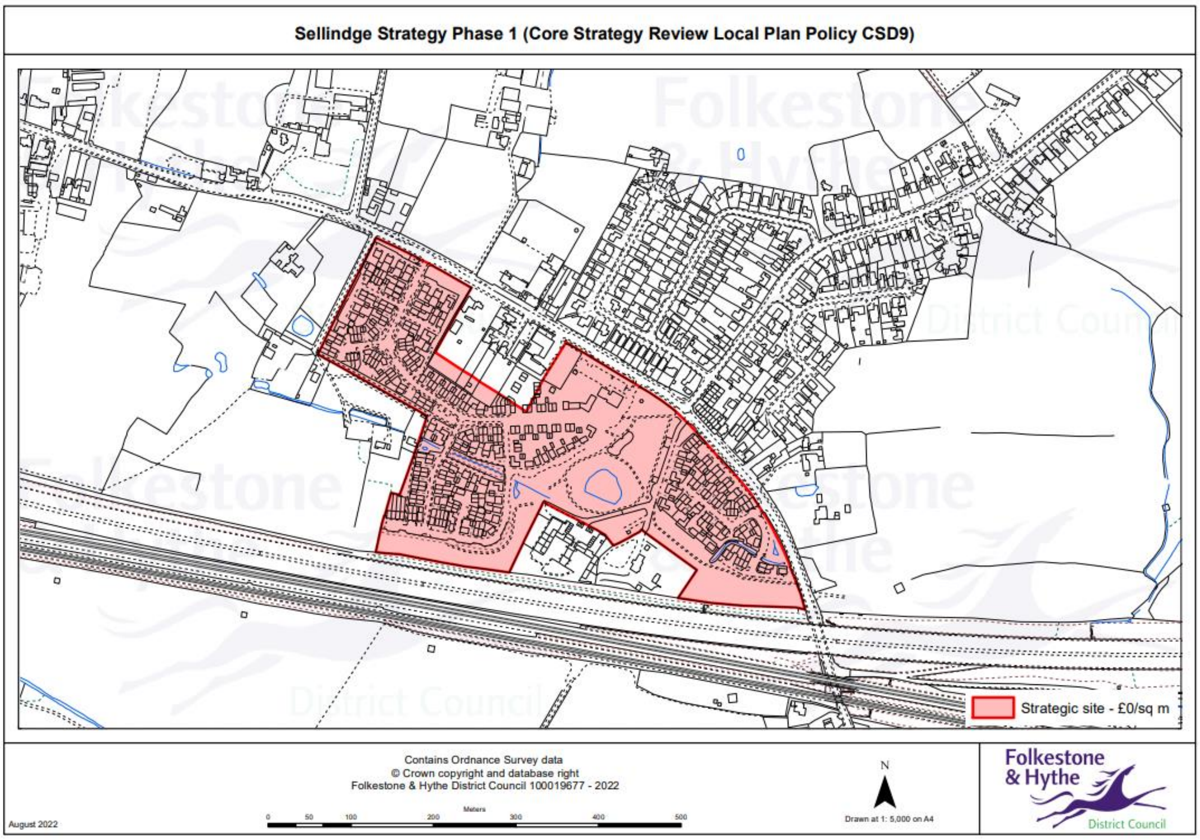
Similarly, if no Commencement Notice is received and the district council will determine the “deemed commencement” date and will issue a Demand Notice for CIL liability, which must be paid immediately in full.

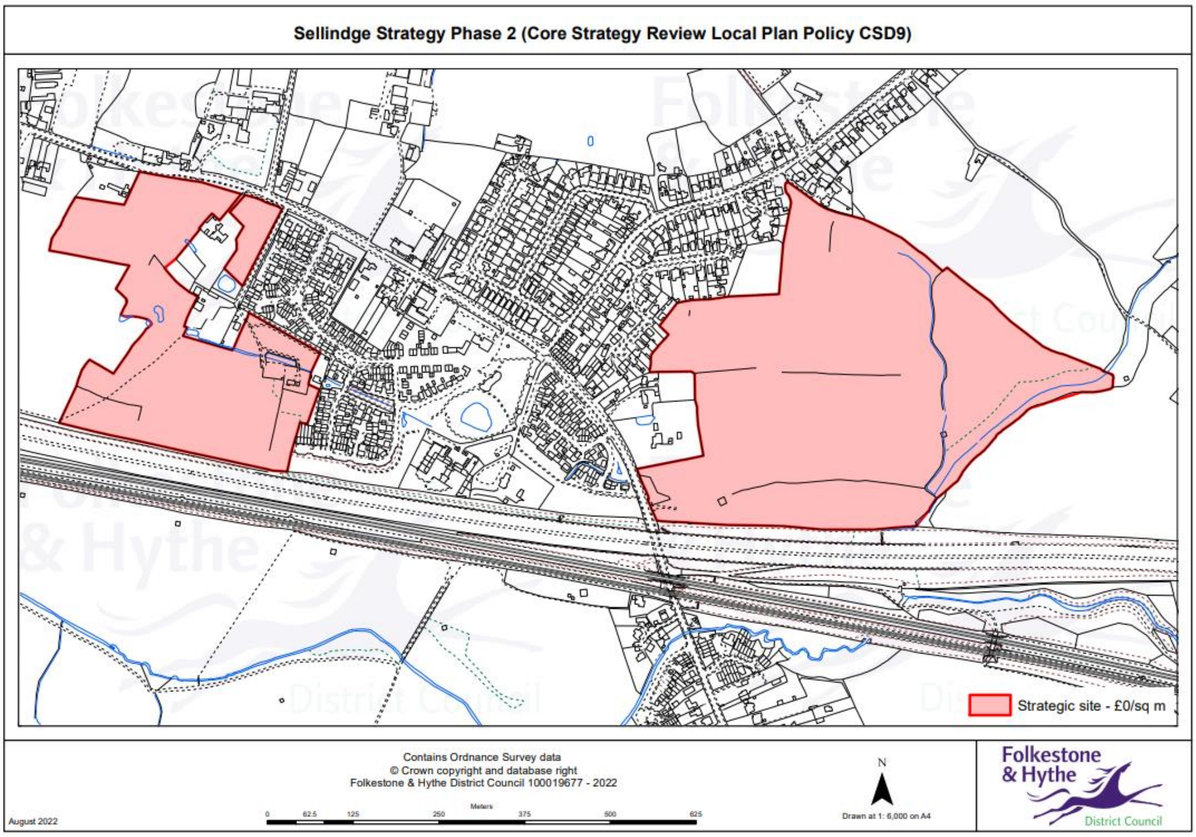
Appendices

Appendix A: North Downs Garden Settlement strategic site (residential)

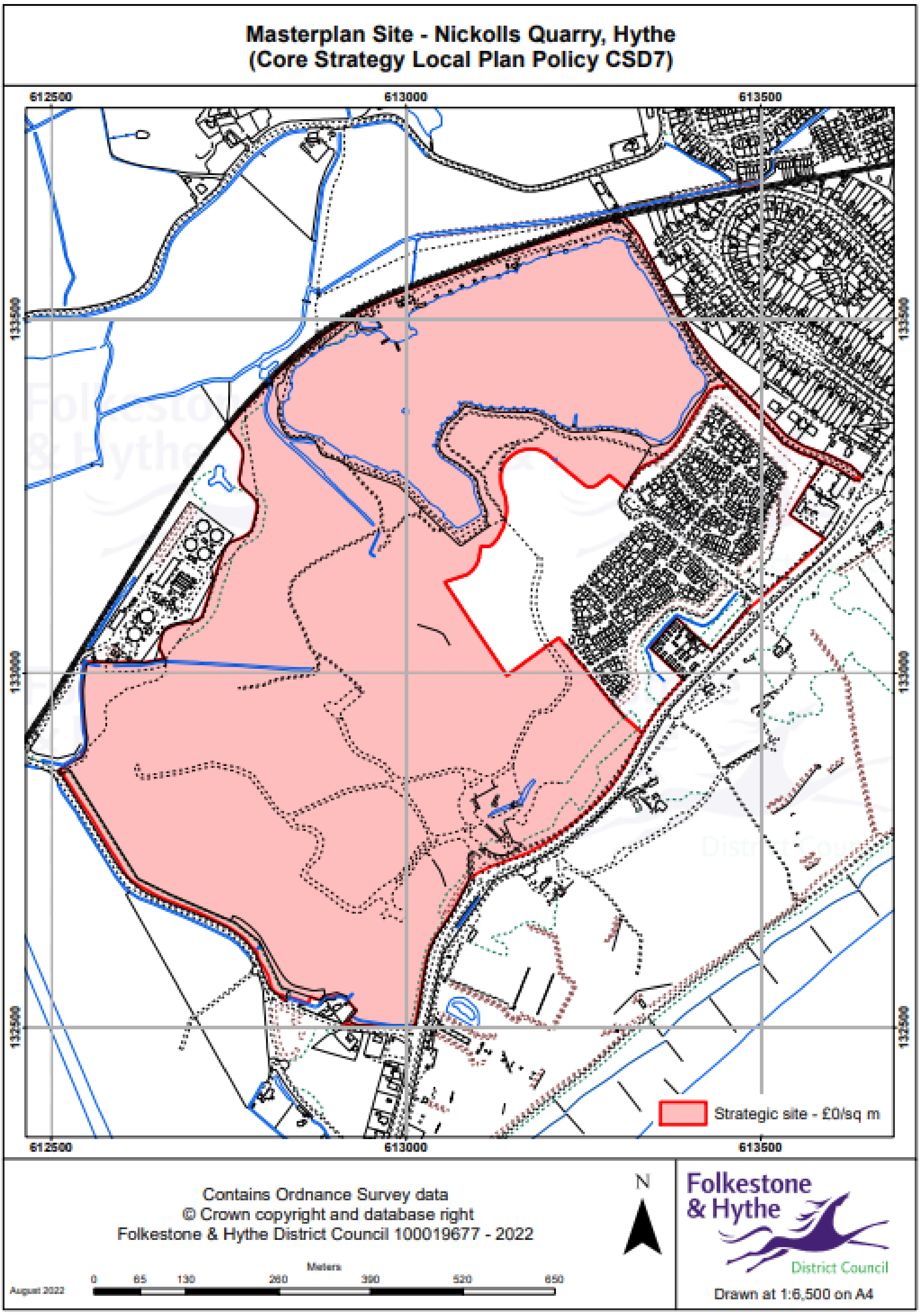


Appendix B: Sellindge Strategy Phase 1 & 2 strategic sites

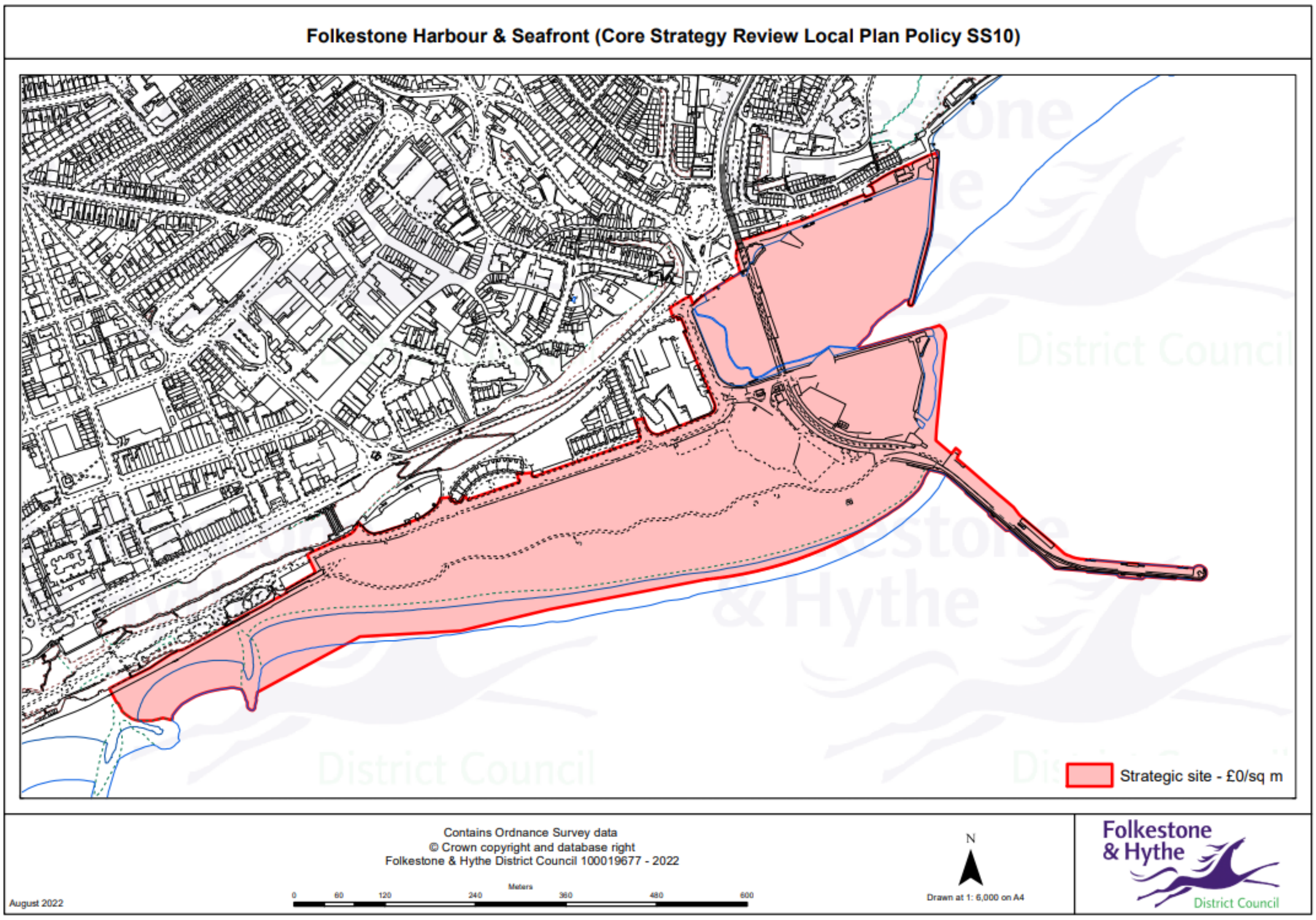




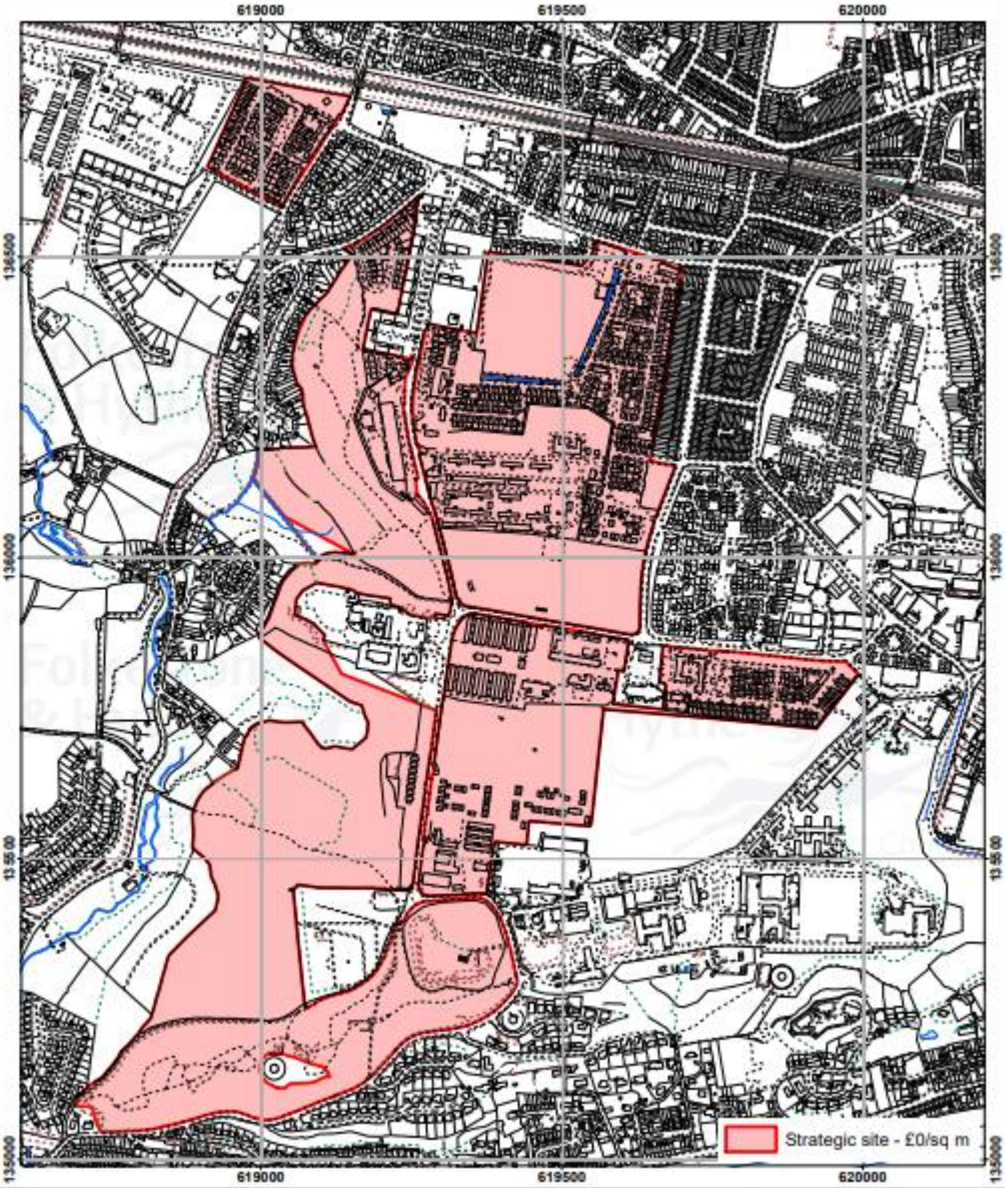
Appendix C: Hythe Strategy 'New development site' (Nickolls Quarry)



Appendix D: Core Strategy Review other Strategic Sites (SS10, SS11, CSD8)



Shorncliffe Garrison (Core Strategy Review Local Plan Policy SS11)



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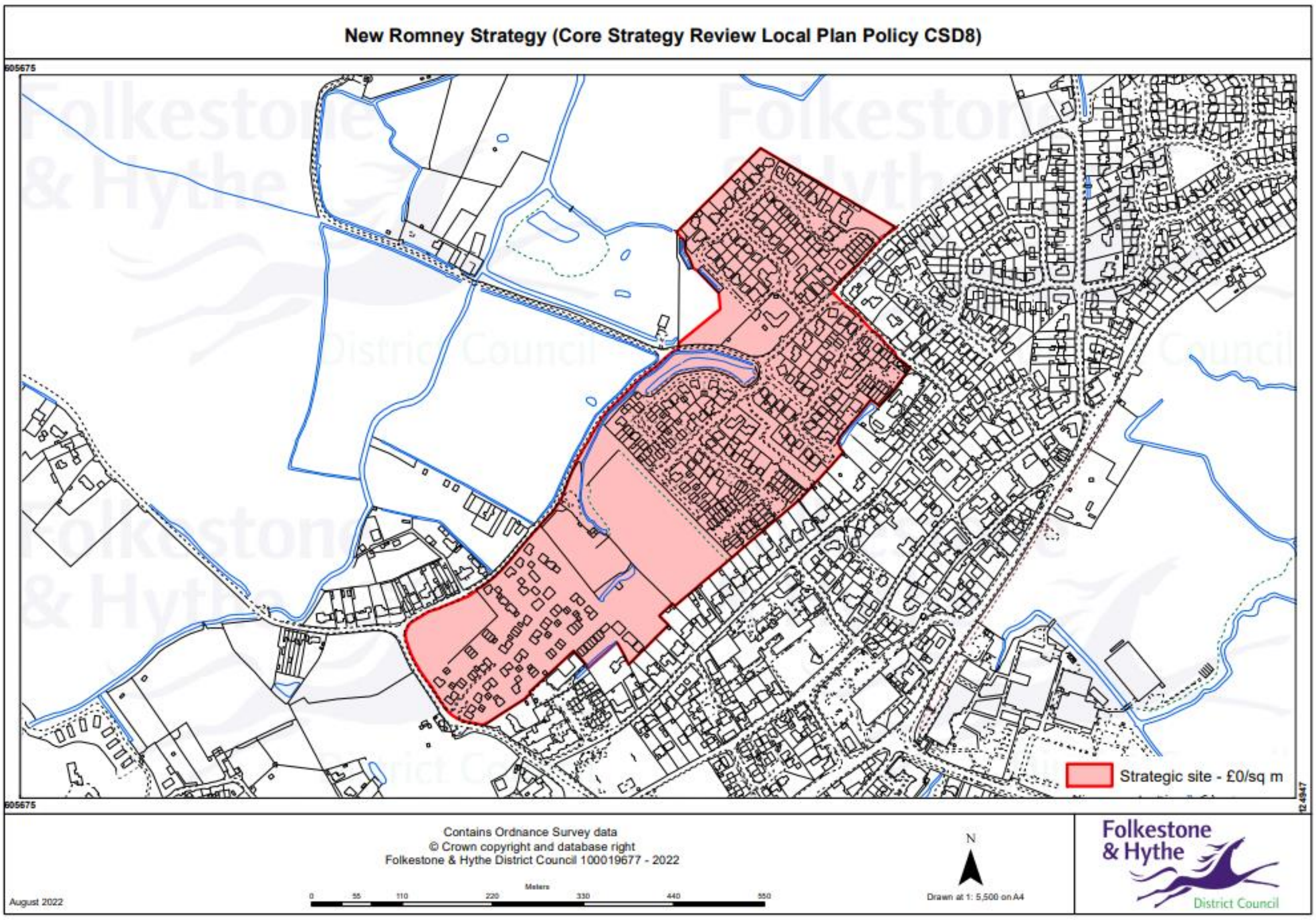
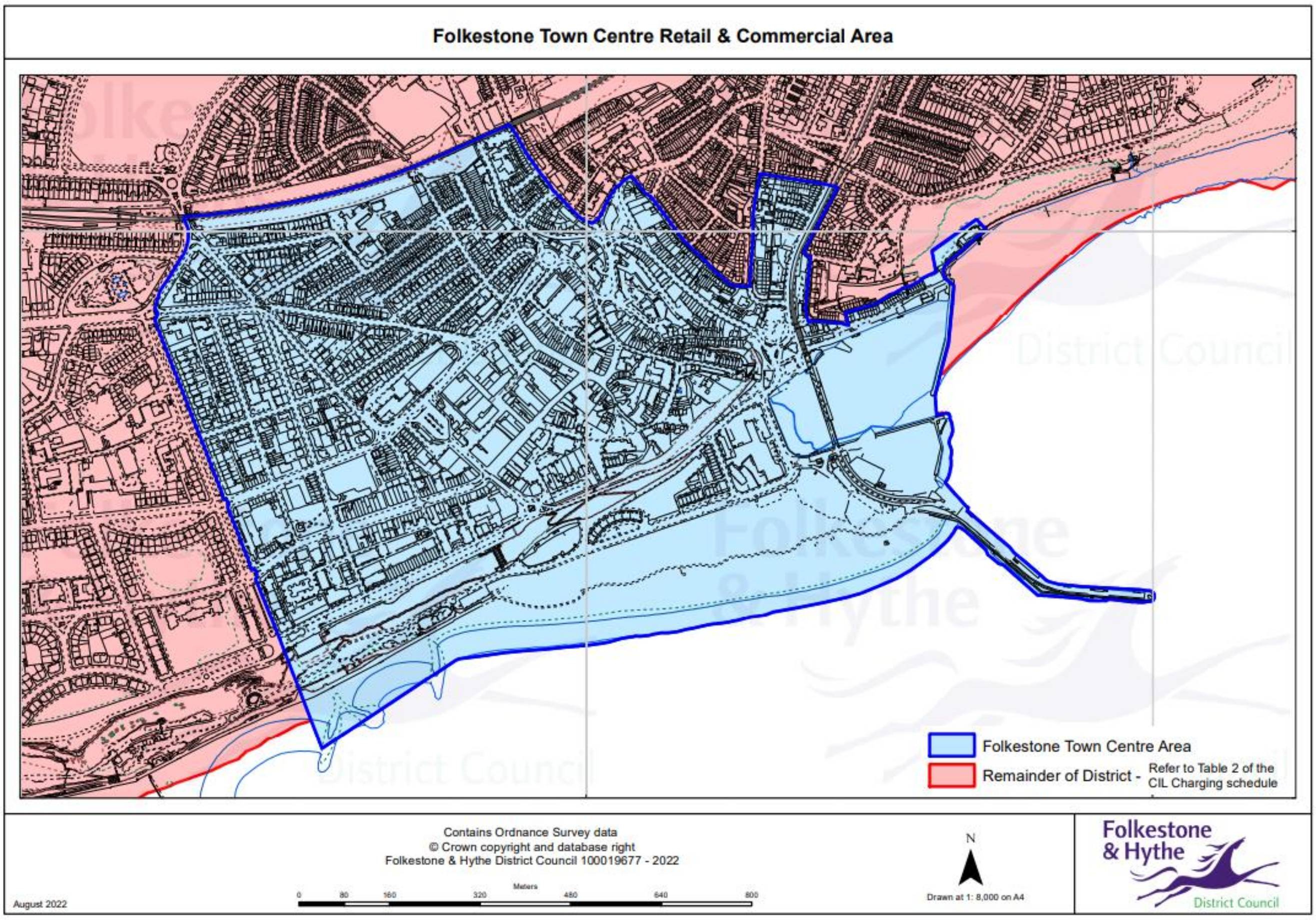
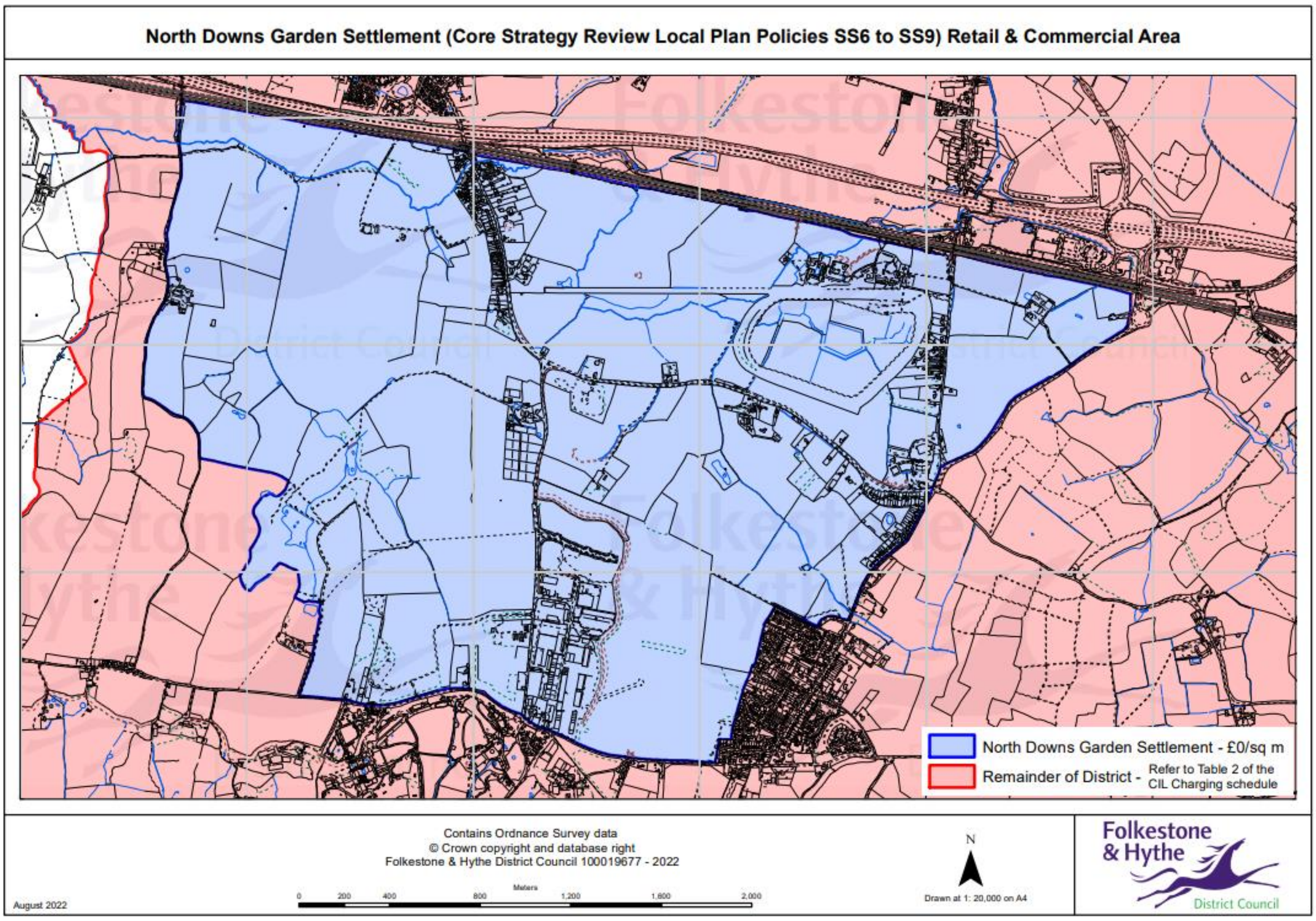

New Romney Strategy (Core Strategy Review Local Plan Policy CSD8)
Strategic site - £0/sq m
Contains Ordnance Survey data
© Crown copyright and database right
Folkestone & Hythe District Council 100019677 - 2022
August 2022
Drawn at 1: 5,500 on A4
Folkestone & Hythe District Council

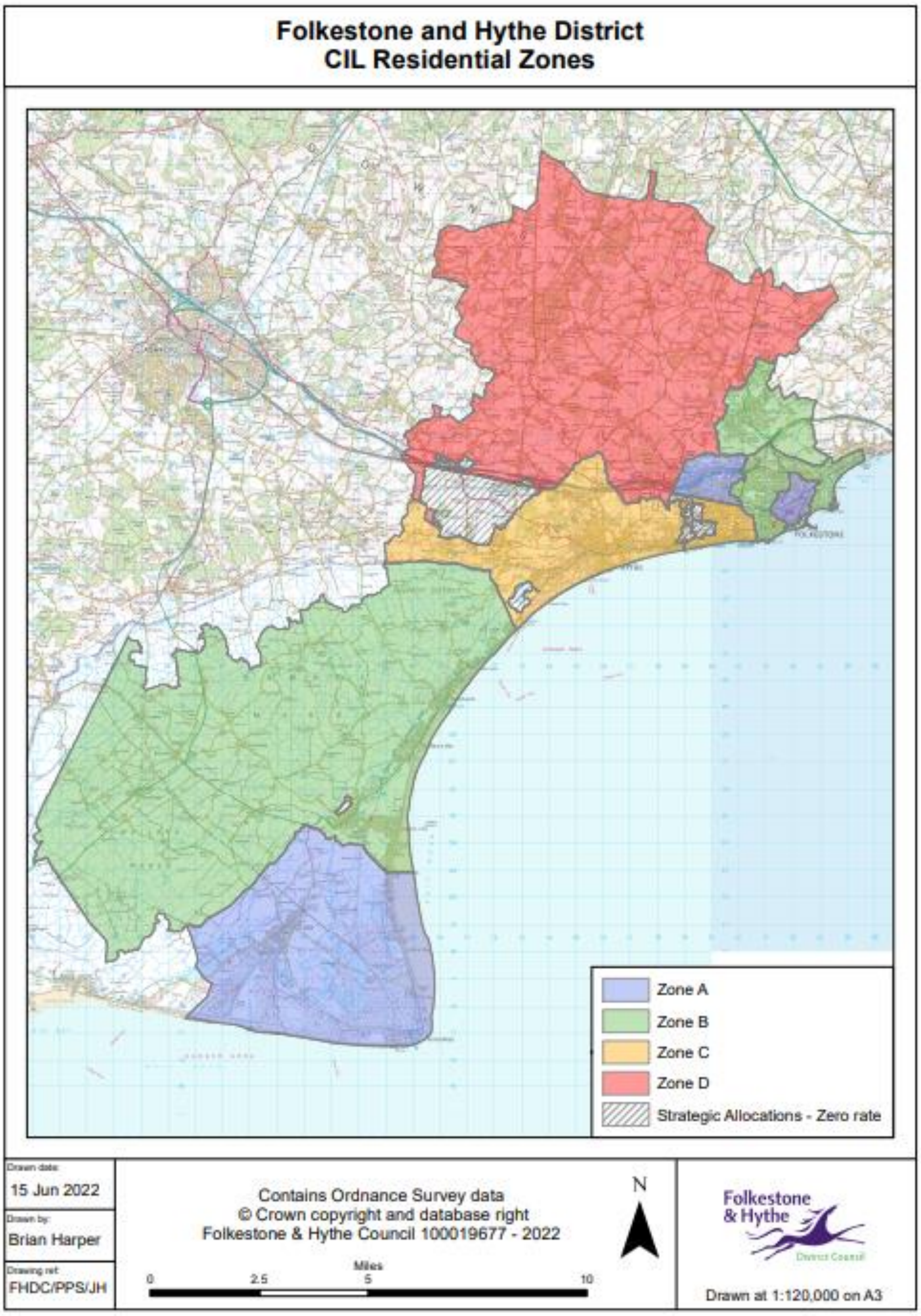
Appendix E: Folkestone inset map for retail development



Appendix F: North Downs Garden Settlement map for retail development



Appendix G: Folkestone and Hythe District CIL Residential Zones



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Folkestone & Hythe District Council

Community Infrastructure Levy (CIL)

INFRASTRUCTURE FUNDING GAP STATEMENT (as amended)

November 2022

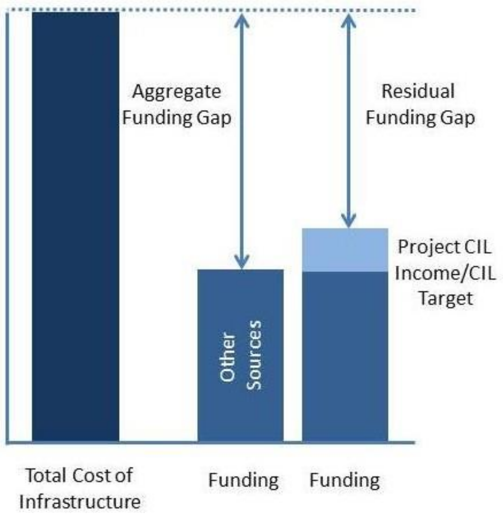
Contents

1. Introduction

1.1 This Statement has been produced to provide evidence in support of the Council's review of its Community Infrastructure Levy (CIL) Charging Schedule. CIL is a tariff that may be levied by local authorities to help to fund the provision of infrastructure to support development, alongside the use of S106 planning obligations. CIL will contribute towards funding the infrastructure as identified in the adopted Places and Policies Local Plan to 2031 and the adopted Core Strategy Review to 2037 as set out in the Infrastructure Delivery Plans (August 2018 and January 2019).

1.2 The Council's current CIL Charging Schedule came into effect in August 2016. The Council adopted the Core Strategy Review (CSR) in March 2022, and so it is timely that the Council now seeks to amend the adopted CIL Charging Schedule to bring it 'in step' with the adopted Core Strategy Review.

1.3 To be able to put in place CIL, the Regulations require charging authorities (local authorities) to demonstrate that there is an aggregate funding gap in the provision of infrastructure required to support new development in their administrative area. To do this, they must consider what infrastructure is needed in the area to support development and what other funding sources are available.



1.4 In determining the size of the aggregate infrastructure funding gap, charging authorities should consider known and expected infrastructure costs and the other sources of possible funding available to meet those costs. The government recognises there will be uncertainty in pinpointing other funding sources, particularly beyond the short term. However, a charging authority must provide evidence of an aggregate funding gap in order to charge CIL, or in order to review its adopted CIL charging rates.

1.5 This Statement demonstrates that the Council has an aggregate and residual funding gap and thus there is justification for CIL to be levied across the District. The following issues have been considered in identifying its aggregate and residual infrastructure funding gap:

- What infrastructure is needed to support development in the District as identified in the adopted PPLP to 2031 and CSR to 2037 and as set out in the Infrastructure Delivery Plans
- The likely cost of this infrastructure
- Existing and known funding sources (including from S106 contributions)
- The income projected from CIL

1.6 As the Planning Practice Guidance[1] states, the CIL examination should not re-open infrastructure planning issues that have already been considered in putting in place a sound relevant plan.

1.7 The now adopted Places and Policies Local Plan and the Core Strategy Review were both subject to an independent Examination in Public and have been found sound by the respective Inspectors. Specifically, issues of the viability and deliverability of the new Garden Settlement were examined during the hearings for the Core Strategy Review at length and in considerable detail. The Inspectors examining the Core Strategy Review endorsed the council's approach and their report found that the plan was 'sound'.

1.8 Infrastructure Delivery Plans (IDPs) were produced to support both Local Plans and, therefore, remain both current and relevant. Alongside the IDPs the Council has an extensive body of evidence that will form the evidence base to the CIL examination. This includes, but is not limited to:

- Infrastructure Funding Gap report (2022)
- Infrastructure Schedule (2022 update)
- District wide Viability Assessment and associated appendices (August 2022)

2. Background

2.1 The Places and Policies Local Plan to 2031 complements the Core Strategy that was adopted in 2013 (which is superseded by the Core Strategy Review) and sets out policies and locations for housing for the District's unmet housing need up to 2031.

2.2 The Core Strategy Review sets out the spatial strategy and strategic policies for the District to deliver sustainable development. It identifies the number of new homes and jobs to be provided in the area for the Plan period up to 2037. It makes provision for retail, leisure and commercial development and for the infrastructure needed to support them. The Core Strategy Review was adopted in March 2022.

2.3 The Council produced respective Infrastructure Delivery Plans (IDP) to support the Places and Policies Local Plan and the Core Strategy Review.

2.4 Amendments to the Community Infrastructure Levy Regulations 2010 were introduced in September 2019. Significant changes included: removal of pooling restrictions for S106 obligations (i.e. the requirement that no more than five S106 obligations can fund a single infrastructure project); removal of the requirement for a Regulation 123 list (i.e. a list of infrastructure projects that CIL might be spent on); introduction of a new requirement to produce an annual Infrastructure Funding

[1] 017 Reference ID: 25-017-20190901

Statement. This Infrastructure Schedule therefore covers specific infrastructure projects which may be funded by CIL or s106 or both and the general (not project specific) types of infrastructure which may be funded through CIL or s106 or both.

2.5 The evidence within this Statement is therefore based on the infrastructure needs and costs as identified in the IDPs and the Infrastructure Funding Statements. The adopted Core Strategy Review sets out the District's housing requirement of 13,284 new homes to be delivered during the Plan period 2019/20 to 2036/37 (as set out in policy SS2) and provides the contributions of all sources of housing supply expected to meet this need.

2.6 The Council's position on housing supply is set out in Table 1 below.

Table 1: Housing Requirement and Supply – insert from adopted CSR (Table 4.2)

Table 4.2

Development Types	Target amount of additional development 2019/20 - 2036/37	Delivery of plan period
Housing (Classes C2/C3)	Minimum of 13,284 dwellings delivered in four phases as set out in the right hand column.	A requirement is set to deliver land for an average of 738 dwellings a year over the plan period (18 years). This is to be delivered in four phases as follows: • 2019/20 to 2023/24 – 622 dwellings a year • 2024/25 to 2028/29 – 885 dwellings a year • 2029/30 to 2033/34 – 730 dwellings a year • 2034/35 to 2036/37 – 700 dwellings a year

3. Infrastructure Funding Gap

3.1 The starting point for identifying whether a funding gap exists is to establish the total cost of infrastructure required across the District to support planned growth up to 2037. The next step is to eliminate from the funding gap analysis any infrastructure item that the Council is not expected to contribute towards. This includes, for example, utilities infrastructure which is funded via revenue from consumer bills. The final stage is to deduct known funding from other sources which is earmarked for or likely to contribute towards the costs of some of the required infrastructure items.

3.2 Information has been gathered on likely infrastructure costs and funding sources from both IDPs for infrastructure that has not yet been delivered in the District. Inevitably, there are a number of gaps where costs are either unknown or uncertain. The CIL guidance recognises that there will be uncertainty in confirming funding sources for the provision of infrastructure, particularly beyond the short-term. The focus should be on utilising appropriate available evidence.

3.3 The IDPs provide details for a number of potential infrastructure projects (where known), alongside sources of existing and potential funding (where known) and this information has been used to enable the funding gap to be calculated. Within the IDPs, infrastructure needs are split on a site-by-site basis to demonstrate the infrastructure that is needed to support the development of that particular site. In addition, strategic infrastructure is identified separately, all of which has been included within the identification of a funding gap.

3.4 Funding for some items has already been secured from other sources and, in other items, a reasonable alternative to CIL has been identified. S106 has been considered appropriate in certain cases where a link can clearly be drawn between a new development and the need for an infrastructure item.

3.5 Table 2 below sets out the estimated funding gap taking into account infrastructure requirements identified for housing allocations and strategic projects. The difference between the total identified cost of the assessed infrastructure and the identified other sources of funding provides the estimated funding gap. Following national guidance, only infrastructure requirements which meet the following criteria have been taken into account:

- The total cost of the project is known or can be reasonably estimated
- The project is required to support future development of the district rather than addressing existing capacity issues
- The project is something tangible (i.e. not a review or feasibility study)

Table 2: Identified Funding Gap

	Cost of assessed infrastructure[2]	**Other Sources of funding[3]**	**Estimated Funding Gap**
Strategic highways	£10,000,000	£3,500,000	£6,500,000
Local highways (including pedestrian and cycle connections)	£23,159,539	£17,982,970	£5,176,569
Folkestone Place Plan Priority Projects	£49,457,945	£0	£49,457,945
Education	£41,800,000	£19,528,000	£22,272,000 *
Higher and Further Education	£8,000,000	£8,000,000	£0
Green Infrastructure	£68,560	£0	£68,560

[2] this estimate is based only on a selection of infrastructure projects where the likely costs are known. In reality the estimated funding gaps are likely to be much larger.
[3] Including Section 106 (S106), grant funding, Levelling-Up Funding

Open space and play space	£4,244,117	£2,434,117	£1,810,000
Water supply and flood defences	£32,245,500	£30,162,500	£2,083,000
Health and social care	£26,558,600	£26,558,600	£0
Waste and recycling	£7,135,000	£1,800,000	£5,335,000
Community	£1,508,153	£573,098	£935,055
Leisure and cultural facilities	£23,100,000	£20,500,000	£2,600,000
Public realm (FHDC Operations Team)	£410,000	£125,500	£284,500
Total	**£185,887,414**	**£111,636,785**	**£74,250,629**

Notes:

*the education infrastructure figures are not carried forward into the total values
*there might be a funding gap for healthcare provision, but this has not been presented in the infrastructure schedule based on currently known information

3.6 Representatives of KCC Education have advised that:

> *"Section 106 is the appropriate mechanism for securing developer contributions towards the delivery of necessary education infrastructure and this is reflected in the FHDC CIL Infrastructure Funding Statement schedule. Accordingly, KCC will not use any component of its proportionate share of CIL receipts to fund education infrastructure."*

3.7 The corresponding figures for education infrastructure are presented in Table 2 for completeness should KCC, as local education authority, decide to reverse their decision to not utilise any component of its proportionate share of CIL receipts to fund education infrastructure in future. The values for education infrastructure are not, therefore, reflected in the total figures in Table 2.

3.8 Where the estimated funding gap is noted as £0 with regards to Healthcare and Higher and Further Education, this does not mean that there will not be a funding gap for these items. The Infrastructure Schedule does not provide costs for infrastructure items where they could not be accurately estimated. As such there are infrastructure items identified where costs have not been determined yet (and consequently have not been included in the costs of infrastructure calculated) that will come forward and require funding from CIL and/or other funding sources and further increase the funding gap.

3.9 The total cost of infrastructure identified in the IDPs equates to circa £185.8 million (with rounding). When other sources of funding are discounted, an aggregate funding gap of circa £74.25 million remains. It should be noted, there are some infrastructure projects identified in the IDPs (and also infrastructure associated with windfall development) where the cost is unknown or uncertain and, therefore, it is likely that this funding gap could be higher.

Estimated CIL receipts

3.10 It is important for charging authorities to understand the likely income projections arising from proposed CIL rates as the charging authority cannot collect CIL receipts in excess of what is needed to fund the aggregate funding gap.

3.11 Accurately assessing what revenue will be generated from CIL is difficult as each development scheme differs. For example, when considering housing development, it is often unclear what size new homes will be built to and where a development site is located will dictate the proposed CIL rates to be applied. It is also often difficult to determine the proportion of affordable and market homes that will be provided on each site. An estimate of CIL income will, therefore, need to be based on a series of assumptions and should only be taken as a guide. The assumptions are as follows:

- The strategic site allocations as set out in the adopted Core Strategy Review are exempt (or proposed to be made exempt) from CIL and so will not contribute towards the revenue income.
- Expected housing growth has been determined by looking at expecting sources of housing, with allocated sites that are not exempt from CIL and windfall development projections being used to determine the number of CIL liable units coming forward;
- Only sites without planning permission have been included.
- Discount of 22% affordable housing for sites over 10 dwellings as affordable housing does not pay CIL;
- The floorspace for different types of dwellings has been determined using the typical floorspaces for different types of dwellings (gross internal area) that has been adopted within the viability assessment;
- A floorspace figure of 102 sq m per dwelling has been applied to profile the expected residential CIL income, which is the minimum gross internal floor areas and storage (m2) for a 3-bedroom dwelling based on Government Technical Housing Standards. Table 3 sets out the detail of this calculation.

3.12 An assessment of expected CIL income from supermarket retail developments is also required based on the amount of convenience retail floorspace estimated to be required in the District up to 2037, as set out in the Folkestone & Hythe Retail and Leisure Need Assessment 2018 Update (June 2019 further update). The figures can be extracted from Table 4.1 of the Core Strategy Review, which is presented below.

Table 4.1 Folkestone & Hythe District Retail Floorspace Capacity (sqm gross)

Floorspace (district-wide)	Cumulative totals			
	2022	2027	2032	2037
Convenience goods	1,100	2,700	4,600	6,500
Comparison goods	1,500	6,900	14,700	23,300
Food/beverage	900	2,500	4,100	5,900
Totals	3,500	12,100	23,400	35,700

3.13 The analysis of floorspace capacity requirements to 2037 in the context of CIL income only needs to account for convenience and comparison retail floorspace requirements, as CIL is not collected in respect of food/beverage uses. The corresponding floorspace for convenience and comparison retail equating to 6,500 sq m and 23,300 sq m respectively, with a total requirement of 29,800 sq m.

3.14 CSR Policy SS7 2(b) states that Otterpool can support 4,284 sq m of convenience floorspace and 9,108 sq m of comparison floorspace to 2037, generating a total 13,392 sq m.

3.15 On the basis that the North Downs Garden Settlement (Otterpool Park) is to be made exempt from CIL the corresponding retail floorspace will not generate a CIL receipt. As such the qualifying balance is 16,408 sq m for the District. This figure is likely to slightly over-estimate the qualifying CIL liable floorspace as the Folkestone Town Centre Retail & Commercial Area is exempt from CIL.

3.16 The 2019 Retail Study update projects a net increase in comparison and convenience retail floorspace of 8,000 sq m by 2037 for the Cheriton/Folkestone zone. Based on professional judgment, the area of Folkestone that is CIL exempt represents approximately one third of the total area across the Folkestone/Cheriton zone, and so a deduction has been made of 2,640 sq m (i.e. 8,000 sq m x 0.33). This calculation generates a gross floorspace figure of 13,768 sq m.

3.17 As set out in the Employment Densities Guide 2nd Edition (2010) 15-20% is applied as a general benchmark for converting gross to net areas in retail properties. Accordingly, the figure of 13,768 sq m (gross) translates into a figure of 11,014.4 sq m (net). This floorspace figure is presented in Table 3.

3.18 Using these assumptions, it is estimated that CIL will deliver approximately £21.7m over the remaining plan period to 2037.

Table 3: CIL income projection

Development	No of dwellings	Affordable housing	CIL Liable housing	Floor area (m^2)	CIL charging rate (sq m)	Projected CIL income
Residential windfall (1-9 dwellings)	1,235	N/A	1,235	127,019	£80.93	£10,279,647
Residential allocations (without planning consent)	1,579	347	1,232	125,664	£80.93	£10,169,987
Supermarket retail	N/A	N/A	N/A	11,014.4	£117.73	£1,296,725
Total	2,814	347	2,467	263,697	N/A	**£21,746,359**

Notes:

- *A typical floor area of 102 sq m per dwelling has been applied.*
- *In respect of the windfall allowance only development proposing (or land capable of accommodating) 6 to 10 dwellings (net gain) within the Kent Downs Area of Outstanding Natural Beauty should provide financial contributions towards the provision of affordable housing equivalent to one affordable dwelling on-site. Historically the North Downs area has provided very little in the way of windfall development*
- *In the area of the District outside the North Downs AONB there is no corresponding requirement for affordable housing provision for schemes of 10 dwellings or fewer*
- *For windfall development an average across the 4 zones equivalent to £80.93 per sq m has been used to calculate income. This is because whilst sites may come forward in the higher charge area of Zone D or in association with the lowest zone (Zone A), it is reasonable to use the average rate to estimate CIL income.*

3.19 By estimating the likely CIL receipts, it is possible to calculate a residual funding gap by subtracting the projected CIL income from the aggregate funding gap, as set out in Table 4 below.

Table 4: CIL income in the context of total infrastructure

Total assessed infrastructure	**£185,887,414**
Other sources	**£111,636,785**
Aggregate funding gap	**£74,250,629**
CIL collected to date	£2,440,542.83
Estimated total CIL income	£21,746,359
Residual funding gap (Aggregate funding gap – CIL income)	**£50,063,727.17**

3.20 The residual funding gap demonstrates that the proposed CIL charge makes a modest contribution to the aggregate funding gap. The scale of the residual funding gap clearly demonstrates the justification for the CIL charge.

4. Conclusion

4.1 CIL will play an important role in the delivery of infrastructure within the District and towards mitigating the cumulative impacts of new development. This Statement clearly demonstrates that the District has a funding gap in terms of necessary infrastructure provision, which justifies the implementation of CIL across its administrative area.

4.2 There will still remain a shortfall in funding that will need to be found from other sources e.g. the Council's Capital Programme or government grants, whose funding has yet to be determined. The Council will proactively seek additional funding opportunities where they become available with the aim of reducing the funding gap.

4.3 This Statement has been published alongside the Draft CIL Charging Schedule, as part of the supporting evidence.

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INFRASTRUCTURE SCHEDULE – OCTOBER 2022 (AS AMENDED)

Each project is prioritised as follows:

- Critical: physical constraint to growth - development cannot come forward without it.
- Essential: development cannot come forward in a sustainable/acceptable way without it.
- Important: development can come forward but some sustainability goals will need to be compromised and some adverse impacts accepted.

TRANSPORT

Strategic highways

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Strategic Highways	Alkham Valley Road roundabout junction	Critical	Specifically required to unlock growth at Otterpool Park Garden Settlement (and thus linked to the Core Strategy Review). Policy SS9 of the adopted Core Strategy Review applies				KCC / National Highways / Otterpool Park LLP / FHDC	Otterpool Park LLP / FHDC / KCC	Up to £10 m	Not funded Contribution to be secured in conjunction with Otterpool Park	£6.5 m
Strategic Highways	A260 Spitfire Way / White Horse Hill / A260 roundabout junction	Critical	Specifically required to unlock growth at Otterpool Park Garden Settlement (and thus linked to the Core Strategy Review). Policy SS9 of the adopted Core Strategy Review applies				KCC / National Highways / Otterpool Park LLP / FHDC	Otterpool Park LLP / FHDC / KCC	Captured above (up to £10 m)	Not funded Contribution to be secured in conjunction with Otterpool Park	Captured above

Notes

Policy SS9 New Garden Settlement - Infrastructure, Delivery, Phasing and Management requires that highways mitigation measures are provided through planning obligations.

Appendix 5 of the adopted Core Strategy Review: New Garden Settlement – Indicative Infrastructure Delivery, Phasing and Management Schedule, provides an indicative infrastructure delivery schedule. It shows the potential infrastructure required for the new garden settlement

Local highways (including pedestrian and cycle connections)

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Highways	New Romney A259/B2071 junction	Critical	Not directly linked to PPLP sites, but is associated with planning consent granted on 'Broad Location' sites in New Romney				KCC	Developer / KCC	£289,000	Funded	No
Highways	A20/A261/Stone Street junction (Newingreen)	Critical	Former Lympne Airfield site. The scheme is also associated with planning consent granted at Nickolls Quarry (S106 collected by KCC) and Link Park. Linked to Otterpool Park				Otterpool Park LLP / KCC	Otterpool Park LLP / FHDC / KCC	TBC in the context of capacity requirements to serve the Garden Settlement - cost will be circa £3.3 m	Funded for minor works (£330,000), but more significant upgrade proposed. Further contribution to be secured in conjunction with Otterpool Park	No Expected to be delivered in conjunction with Otterpool Park proposal
Highways	Re-alignment of the A20 from south of the M20 J11	Critical	Specifically required to unlock growth at Otterpool Park Garden Settlement (and thus linked to the Core Strategy Review)				Otterpool Park LLP / KCC	Otterpool Park LLP / FHDC / KCC	Up to £5 million	Direct delivery to be secured in conjunction with Otterpool Park	No Expected to be delivered in conjunction with Otterpool Park proposal
Highways	Signalisation of southern arm of new roundabout at northern end of new dualling	Critical	Specifically required to unlock growth at Otterpool Park Garden Settlement (and thus linked to the Core Strategy Review)				Otterpool Park LLP / KCC	Otterpool Park LLP / FHDC / KCC	£500,000	Direct delivery to be secured in conjunction with Otterpool Park	No Expected to be delivered in conjunction with Otterpool Park proposal

Highways	Dualling of A20 south of the roundabout	Critical	Specifically required to unlock growth at Otterpool Park Garden Settlement (and thus linked to the Core Strategy Review)				Otterpool Park LLP/KCC	Otterpool Park LLP / FHDC / KCC	£6,150,000	Direct delivery to be secured in conjunction with Otterpool Park	No Expected to be delivered in conjunction with Otterpool Park proposal
Highways	A20 signals on the Barrow Hill Bridge	Critical	Specifically required to unlock growth at Otterpool Park Garden Settlement (and thus linked to the Core Strategy Review)				Otterpool Park LLP / KCC	Otterpool Park LLP / FHDC / KCC	£200,000	Contribution (or direct delivery) to be secured in conjunction with Otterpool Park	No Expected to be delivered in conjunction with Otterpool Park proposal
Highways	M20 Junction 9 – Improvements to Trinity Road and Fougeres Way	Critical	Specifically required to unlock growth at Otterpool Park Garden Settlement (and thus linked to the Core Strategy Review)				Otterpool Park LLP / KCC	Otterpool Park LLP / FHDC / KCC	£373,000	Direct delivery to be secured in conjunction with Otterpool Park	No Expected to be delivered in conjunction with Otterpool Park proposal
Highways	A259 / Dymchurch Road / Military Road double yellow line scheme	Critical	Specifically required to unlock growth at Otterpool Park Garden Settlement (and thus linked to the Core Strategy Review)				KCC	Otterpool Park LLP / FHDC / KCC	£20,000	Contribution to be secured in conjunction with Otterpool Park	No Expected to be delivered in conjunction with Otterpool Park proposal
Highways	Off-site highway schemes required to be delivered in support of growth at Otterpool Park Garden Settlement	Critical	Specifically required to unlock growth at Otterpool Park Garden Settlement (and thus linked to the Core Strategy Review)				KCC / Otterpool Park LLP / FHDC	Otterpool Park LLP / FHDC / KCC	TBC	Contribution (or direct delivery) to be secured in conjunction with Otterpool Park	No Expected to be delivered in conjunction with Otterpool Park proposal

Highways	A260 Canterbury Road / Alkham Valley Road	Critical	Not specifically needed to unlock PPLP sites, but growing traffic pressure from background growth and Otterpool Park (and thus linked to the Core Strategy Review)				KCC / Otterpool Park LLP / FHDC	Otterpool Park LLP / FHDC / KCC	Cost of this scheme within £5-10m range covered under strategic highways	Not funded Contribution to be secured in conjunction with Otterpool Park	Significant proportion of total cost
Highways	A2034 Cheriton Road / A2034 Cherry Garden Avenue	Essential	Not specifically needed to unlock PPLP sites, but growing traffic pressure from background growth The Folkestone Seafront strategic site is required to make a proportionate developer contribution				KCC	Developer/ FHDC / KCC	TBC	Part funded £50,000 (index linked) Junction works could form part of the Active Travel tranche 2 scheme	TBC
Highways	A2034 / A20 / A259 / M20 on slip / M20 off slip (Castle Hill interchange)	Important	Not specifically needed to unlock PPLP sites, but growing traffic pressure from background growth				KCC	Developer/ FHDC / KCC	£190,000 (£250,000 based on 2022 costings) (note 3)	Not funded	Up to £190,000
Highways	Hammonds Corner A259 – New roundabout junction	Important	Not specifically needed to unlock PPLP sites, but growing traffic pressure from background growth				KCC	KCC	£3 million	Not funded (note 4)	£3million
Highways	Scanlons Bridge Road, Hythe – Traffic signal upgrades together with formal pedestrian crossing improvements	Important	Not specifically needed to unlock PPLP sites, but growing traffic pressure from background growth				KCC	Developer/ KCC	£628,000	Not funded (note 4)	£628,000
Pedestrian access	Coastal Park HLF project	Important	No directly, but would improve access to residents and visitors to Folkestone and Sandgate				FHDC	FHDC	£598,569	Part funded from Heritage Lottery Fund	£598,569

PROW	Bridge repair and surfacing works across the District	Important	There are 53 outstanding surfacing issues across the district, and we also have 57 bridges missing or out of repair.				KCC	KCC	£200,000	Not funded	£200,000
Cycling	Royal Military Canal greenway scheme	Important	No direct link with PPLP sites, but the project would provide a key component of a strategic cycle route				FHDC / KCC	FHDC / KCC	£500,000	Not funded	£500,000
Cycling	Folkestone Central Rail Station to Cheriton cycle scheme	Important	No direct link with PPLP and CSR sites, although of direct benefit to Otterpool Park. The project would provide a key component of a cycle network within Folkestone	To be delivered in the next 12 months			KCC	KCC	£1,000,000	Fully funded via Tranche 2 of the Active Travel Fund.	No
Public transport	Bus network enhancements (associated with major sites)	Critical	No direct link with PPLP sites, but linked with planning consent at the Shorncliffe Garrison (SS11) New bus route form Hythe to Folkestone West Rail Station Diverted bus route 71/72/73 from Church Road to Royal Military Avenue, North Road and Pond Hill Lane Long-term improvements to bus route 77 operating along Royal Military Avenue and North Road				Stagecoach	Developer / FHDC	£880,000	Funded to “kick start” service enhancements	No
Public transport	Bus service enhancement (Sellindge)	Essential	No direct link with PPLP sites, but linked with planning consent at land adjacent to the surgery, Sellindge (CSD9)				Stagecoach	Developer / FHDC	£30,000	To fund an extension to existing services	No
Public transport	Travel plan and cycle voucher contributions (New Romney)	Essential	No direct link with PPLP sites, but linked with planning consent at New Romney broad location (CSD8)				Stagecoach and local cycle provider	Developer / FHDC	£136,000	Funded	No

PROW	Improvements to public footpaths HF38 and HBX11 to Cheriton High Street and public footpath HF55 to Newington	Essential	Not specifically. Contributions secured against Shorncliffe Garrison site (SS11)				KCC	KCC	£55,000	Funded	No
Footway	Upgrade existing footpath linking Church Road and Cheriton High Street	Essential	Not specifically. Contributions secured against Shorncliffe Garrison site (SS11)				KCC	KCC	£25,000	Funded	No
Cycle routes	Improvement to cycle routes in the vicinity of the Shorncliffe Garrison site	Essential	Not specifically. Contributions secured against Shorncliffe Garrison site (SS11)				KCC	KCC	£25,000	Funded	No

<u>Notes</u>

Note 1: If the 'monitor and manage' approach shows the number of movements at M20 Junction 12-13 is consistent with the trajectory profiling and modelling assumptions, then a design would need to be shared with Highways England (to be formally agreed) in year 10 of build out, with a commitment to complete the works no later than between years 12 and 14 of build out.

Note 2: Combine this improvement with intervention 1.

Note 3: If the 'monitor and manage' approach shows the number of movements at M20 Junction 13 is consistent with the trajectory profiling and modelling assumptions, then a design would need to be shared with Highways England (to be formally agreed) in year 4 of build out, with a commitment to complete the works no later than between years 4 and 6 of build out.

Note 4: KCC have identified a number of schemes that could be funded in part through their (KCC's) proportionate share of CIL receipts

FOLKESTONE PLACE PLAN PRIORITY PROJECTS

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Improved pedestrian and cycle connections, provision of wayfinding, sustainable transport and mobility, environmental improvements (tree planting)	Station arrival and town centre connections	Important (policy) High Corporate priority					FHDC / KCC Highways / Southeastern / Network Rail	FHDC / Levelling Up Fund (DLUHC)	£3,066,255	Not funded Will be the subject of a Levelling-Up Fund bid in July 2022	£3,066,255
Public realm improvement, transport hub, green civic space	Improved gateway – town centre & Bouverie Square	Important (policy) High Corporate priority					KCC Highways/ FHDC/ Stagecoach/Radnor Estate/ Saga site landowners/NCP	FHDC / Levelling Up Fund (DLUHC)	£17,657,655	Not funded Will be the subject of a Levelling-Up Fund bid in July 2022	£17,657,655
Public realm / environmental improvements / civic space / wayfinding / cycling and skateboarding	Sandgate Road and Town Centre public realm	Important (policy) High Corporate priority					FHDC / Folkestone Town Council / Private landowners	FHDC / Levelling Up Fund (DLUHC)	£2,913,962	Not funded Will be the subject of a Levelling-Up Fund bid in July 2022	£2,913,962
Public realm / highway layout reconfiguration / active travel (leisure loop)	F51 Environs and Payers Park	Important (policy) High Corporate priority					FHDC / Folkestone Town Council / Shepway Sports Trust / Creative Quarter Strategic Regeneration Group / Private landowner	FHDC / Levelling Up Fund (DLUHC)	£2,391,228	Not funded	£2,391,228

Public realm / walking and cycling network provision	Harbour Line and Tram Road	Important (policy) High Corporate priority					Network Rail / FHDC / KCC Highways	FHDC / Levelling Up Fund (DLUHC)	£20,971,538	Not funded	£20,971,538
Public amenity / water and sea sports use facilities	Sunny Sands	Important (policy) High Corporate priority					FHDC / The Crown Estate (the foreshore?)	FHDC / Levelling Up Fund (DLUHC)	£2,437,305	Not funded	£2,437,305

EDUCATION

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Primary education	Relocation and Expansion of Seabrook CEPS by 0.5FE	Important	No direct link with PPLP sites				KCC	Developer / KCC / FHDC	£6,000,000	Part funded	TBC
Primary education	Expansion of St Nicholas CEPS to 2FE	Important	No direct link with PPLP sites				KCC	Developer / KCC / FHDC	£500,000	Funded by S106	None
Primary education	Expansion of Greatstone PS to 2FE	Important	No direct link with PPLP sites				KCC	Developer / KCC / FHDC	£500,000	Funded by S106	None
Primary education	Palmarsh Primary 0.5FE expansion to 1FE	Important	No direct link with PPLP sites				KCC	Developer / KCC / FHDC	£2,600,000	Part funded	£1,100,000
Primary education	Palmarsh Primary 0.5FE expansion to 1.5FE	Important	No direct link with PPLP sites				KCC	Developer / KCC / FHDC	£1,100,000	Not funded	£800,000
Primary education	Palmarsh Primary 0.5FE expansion to 2FE	Important	No direct link with PPLP sites				KCC	Developer / KCC / FHDC	£1,100,000	Not funded	£800,000
Primary education	Folkestone West (Shorncliffe) - New 2FE Primary School	Critical	No direct link with PPLP sites				KCC	Developer / KCC / FHDC	£10,200,000	Part funded by S106 Shorncliffe Garrison & Folkestone Seafront	£3,772,000
Primary education	Expansion of Churchill PS (Hawkinge) by 1FE to 3FE	Important	Dependent on housing delivery in Hawkinge				KCC	Developer / KCC / FHDC	£2,800,000	Not funded	£2,800,000
Primary education	0.5FE expansion of Sellindge Primary from 1 to 1.5FE	Critical	Sellindge broad location (policy CSD9) – Dependent on Otterpool				KCC	Developer / KCC / FHDC	TBC	Funded	None (assuming S106 is collected in full from all sites forming broad location)
Secondary education	Secondary 4FE	Important	Various				KCC	Developer / KCC / FHDC	£13,000,000	Not funded	£13,000,000
Secondary education	Harvey Grammar School – 1FE expansion	Essential	Dependent on Otterpool – selective				KCC	Developer / KCC / FHDC	£3,000,000-£4,000,000		TBC

			provision will need to be off-site								
Secondary education	Harvey Grammar School – land for 1FE expansion	Essential	Dependent on Otterpool – selective provision will need to be off-site				KCC	Developer / KCC / FHDC	Land		TBC

HIGHER AND FURTHER EDUCATION

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Higher and Further Education	East Kent College - Folkestone Campus - New Campus Frontage (Further Education)	Important	None specifically. Will contribute significantly to town centre regeneration, and provide an improved higher and further education offer for the District Folkestone College scheme approved in accordance with 20/0352/FH				East Kent College (Folkestone)	Developer / Higher Education provider / FHDC	£8,000,000	Funded (part enabling development)	No

GREEN INFRASTRUCTURE / SUSTAINABLE ACCESS AND RECREATIONAL STRATEGY (SARMS)

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Green Infrastructure	Sustainable Access and Recreational Management Strategy Bird surveys & reporting	Important	The SARMS was developed to mitigate recreational pressure resulting from new developments (within and outside the district) on the Dungeness complex of Natura 2000 sites. Originally identified through the HRA and now set out in Policy CSD4 of the CSR.				FHDC	FHDC	£21,410	Not funded	£21,410
Green Infrastructure	Sustainable Access and Recreational Management Strategy Visitor surveys	Important	The SARMS was developed to mitigate recreational pressure resulting from new developments (within and outside the district) on the Dungeness complex of Natura 2000 sites. Originally identified through the HRA and now set out in Policy CSD4 of the CSR.				FHDC	FHDC	£25,600	Not funded	£25,600
Green Infrastructure	Sustainable Access and Recreational Management Strategy Visitor Interpretation	Important	The SARMS was developed to mitigate recreational pressure resulting from new developments (within and outside				FHDC/EDF/ Fifth Continent	FHDC	£20,550	Some work has been carried out by EDF and	£20,550

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			the district) on the Dungeness complex of Natura 2000 sites. Originally identified through the HRA and now set out in Policy CSD4 of the CSR.							the Fifth Continent FHDC not funded	
Green Infrastructure	Sustainable Access and Recreational Management Strategy Access control and Enforcement	Important	The SARMS was developed to mitigate recreational pressure resulting from new developments (within and outside the district) on the Dungeness complex of Natura 2000 sites. Originally identified through the HRA and now set out in Policy CSD4 of the CSR.				FHDC	FHDC	£1,000	Not funded	£1,000
Green Infrastructure	Green & Blue Infrastructure Strategy projects (document currently out to consultation)	Important					FHDC / Parish Councils / Natural England / Environment Agency / White Cliffs Partnership and private landowners	FHDC	TBC	Not funded	TBC

OPEN SPACE AND PLAY SPACE

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Play space	Cheriton Recreation Ground	Important Strategic (PPA)	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£50,000	Not funded	£50,000
Play space	East Cliff/Jock's Pitch	Important Strategic (PPA)	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	TBC	Not funded	TBC
Play space	Lower Leas Coastal Park Fun Zone	Important Strategic (PPA)	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£50,000	Not funded	£50,000
Play space	Canterbury Road	Important Strategic (PPA)	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£50,000	Not funded	£50,000
Play space	Brabner Close	Important Strategic (PPA)	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£50,000	Not funded	£50,000
Play space	Princes Parade – located adjacent to proposed leisure centre	Critical Strategic (PPA)	Linked to Princes Parade PPLP site. Will provide for a strategic area of play space				FHDC	Developer / FHDC	£200,000	Funded (assuming through Princes Parade S106)	£0
Play space	Payers Park	Important Strategic (PPA)	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£50,000	Not funded	£50,000

Play space	Upper Radnor	Important	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£50,000	Not funded	£50,000
Play space	Lower Radnor Park Play Area	Important	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£50,000	Not funded	£50,000
Play space	Radnor Park Basketball Court	Important	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£15,000	Part funded	£10,000
Play space	Brockhill Country Park	Important Strategic (PPA)	Not specifically needed to unlock PPLP sites, but contributions may be sought				KCC	FHDC	£50,000	Not funded	£50,000
Play space	Dymchurch Recreation Ground	Important Strategic (PPA)	Not specifically needed to unlock PPLP sites, but contributions may be sought				Dymchurch Parish Council	Dymchurch Parish Council	£50,000	Not funded	£50,000
Play space	Fairfield Recreation Ground	Important Strategic (PPA)	Not specifically needed to unlock PPLP sites, but contributions may be sought				New Romney Town Council	New Romney Town Council	£50,000	Not funded	£50,000
Play space	The Greens	Important Strategic (PPA)	Not specifically needed to unlock PPLP sites, but contributions may be sought				New Romney Town Council	New Romney Town Council	£50,000	Not funded	£50,000
Play space	The Rype	Important Strategic (PPA)	Not specifically needed to unlock PPLP sites, but contributions may be sought				Lydd Town Council	Lydd Town Council	£50,000	Not funded	£50,000
Play space	The Green	Important	Not specifically needed to unlock				Hythe Town Council	Hythe Town Council	£50,000	Not funded	£50,000

		Strategic (PPA)	PPLP sites, but contributions may be sought								
Play space	Princes Parade – western open space	Essential	Linked to delivery of Princes Parade PPLP site. Will provide for a strategic area of play space				FHDC	FHDC	£650,000	Not funded	£650,000
Open space	Princes Parade– central open space	Critical	Linked to Princes Parade PPLP site. Will provide for a strategic area of open space				FHDC / developer of Princes Parade	FHDC / developer of Princes Parade	£300,000	Funded (assuming through Princes Parade S106)	£0
Open space	Western open space and linear park	Critical	Linked to delivery of Princes Parade PPLP site. Will provide for a strategic area of open space				FHDC	FHDC	£1,529,117	Funded	£0
Open Space	The Leas	Important	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£250,000	Not funded	£250,000
Open space	The Warren	Important	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£200,000	Part funded £200,000 (index-linked) from Folkestone Seafront	TBC
Open space	M20 Screen	Important	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£50,000	Not funded	£50,000
Open space	Folkestone West	Important	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£50,000	Not funded	£50,000
Open space	Rhodes Minnis Recreation Ground	Important	Not specifically needed to unlock				FHDC	FHDC	£50,000	Not funded	£50,000

			PPLP sites, but contributions may be sought								
Open space	Strombers Lane	Important	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£50,000	Not funded	£50,000
Open space	Underwood	Important	Not specifically needed to unlock PPLP sites, but contributions may be sought				FHDC	FHDC	£50,000	Not funded	£50,000
Open space	Shorncliffe	Critical	Committed development with planned play area provision at Shorncliffe Garrison. Classification to be fully confirmed.				To be confirmed once installed. (should be FHDC)	Developer / FHDC	£200,000	Funded	£0

PUBLIC REALM (FHDC OPERATIONS TEAM)

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Open spaces, sports, recreation, green infrastructure, public realm / environmental improvement	Refurbishment of the Coastal Park accessible play area	Important					FHDC	FHDC	£50,000	Not funded	£50,000
Open spaces, sports, recreation, green infrastructure, public realm / environmental improvement	Radnor Park Basketball Court	Important					FHDC	FHDC	£15,000	Part funded from Radnor Park Community Group (£5,500)	£,9500
Open spaces, sports, recreation, green infrastructure, public realm / environmental improvement	Repairs stone retaining walls at The Leas	Important					FHDC	FHDC	£45,000	Not funded	£45,000
Open spaces, sports, recreation, green infrastructure, public realm / environmental improvement	Refurbishment of the Zig Zag Path, Lower Leas Coastal Park	Critical	Developer contribution secured against Folkestone Seafront (SS11)				FHDC	FHDC	£300,000	Part funded £120,000 linked to Folkestone Seafront	£180,000

ENERGY

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Electricity	Stanford 33/11kV – Retrofit 11kV Switchgear	Essential	To support development generally				UKPN	UKPN	TBC	Funded	None
Electricity	Smeeth 33/11kV Reinforcement	Essential	To support development generally				UKPN	UKPN	TBC	Funded	None
Electricity	Romney Warren 33/11kV Reinforcement	Essential	To support development generally				UKPN	UKPN	TBC	Funded	None
Electricity	New secondary sub-station on sites yielding 50 dwellings or more	Essential	To support development generally Assessment undertaken on a site-by-site basis				UKPN	UKPN	£50,000 per site based on 2015 prices	UKPN/ Developer (so funded)	None

WATER SUPPLY & FLOODING DEFENCES

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Water Supply	Denge reservoir reinforcement	Essential	New Romney & Littlestone proposed allocations				Affinity Water	Developer / Affinity Water	TBC	Funded (by developer)	No
Water supply	Saltwood reservoir reinforcement	Essential (Monitor)	Saltwood and Hythe site allocations may require significant infrastructure reinforcements dependent on location of developments				Affinity Water	Affinity Water	TBC	Funded	No
Water supply	Paddlesworth reservoir reinforcement	Critical	Directly linked to North Downs Garden Settlement				Affinity Water	Developer / Affinity Water	TBC	To be funded (by developer)	No
Flood defence	Greatstone Dunes Management	Important					Folkestone & Hythe DC	Affinity Water	£75,000	Funded	No
Flood defence	Hythe to Folkestone Beach Management 2020 - 2025	Important	Folkestone and Hythe sites				Folkestone & Hythe DC	Affinity Water	£1.333 m	Funded	No
Flood defence	Hythe to Folkestone Beach Recharge	Important	Folkestone and Hythe sites				Folkestone & Hythe DC	Affinity Water	£5.035 m	Funded	No
Flood defence	Hythe Flood Alleviation Scheme	Important	Hythe sites				Kent CC	KCC	£500,000	Funded	No
Flood defence	Romney Sands Coastal Defences	Important	New Romney and coastal sites				Environment Agency	Environment Agency	£312,500	Funded	No
Flood defence	Lydd Ranges Schemes	Essential	Lydd sites				Environment Agency	Environment Agency	£21.25 m	Funded	No

Flood defence	Littlestone Beach Recharge 2020-21 & 2021/22	Essential					Environment Agency	Environment Agency	£1.2 m	Funded	No
Flood defence	Nailbourne Options Investigation	Important					Environment Agency	Environment Agency	£2.5 m	No	£2.083 m
Flood defence	Romney Marsh Living Landscape Project	Important					Environment Agency	Environment Agency	£40,000	Funded	No

HEALTH & SOCIAL CARE

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Adult Social Care	Assistive technology in Shepway	Important	No direct link	Ongoing			KCC	Developer / KCC	£150,000	Fully funded, to include £24,302 S106 funding secured	None
General provision (New surgery)	New healthcare 'hub' at New Romney	Essential	S106 contributions from site allocations in New Romney				KCC (as landowner)/ NHS Kent and Medway	KCC (as landowner)/ NHS Kent and Medway	£9,000,000	Circa £150,000 secured via S106 £1.52m secured via STP fund (NHS) KCC as landowner is keen to promote the	TBC – not expected to be a gap

										site and retain ownership	
General provision (extension)	Hawkinge Health Centre extension	Essential	Linked to general background growth within catchment				NHS Kent and Medway	NHS Kent and Medway	£300,000	£200,000 to be funded by NHSE BAU capital across 22/23	None
General provision (New surgery)	New Shorncliffe branch health/care centre	Critical	Shorncliffe Garrison site is subject to an allocation in the Core Strategy (2013)				Developer/ NHS Kent and Medway	Developer/ NHS Kent and Medway	£858,600	Funded (direct provision)	None
General provision	Expansion of Oaklands Surgery, Hythe	Critical	Direct link with PPLP sites St Saviours, Smiths Medical and Land at Station Road.				NHS Kent and Medway	NHS Kent and Medway	£250,000	At least part funded by secured S106.	TBC
General provision (New combined GP surgery	Improvement/ Re-provision of surgeries in central Folkestone. Potential to be linked to the Folkestone town centre regeneration scheme	Important (Strategically necessary)	No direct link in PPLP but contributions could be sought at planning application stage				NHS Kent and Medway / Premier Primarycare Ltd.	NHS Kent and Medway / Premier Primarycare Ltd.	£16,000,000	Funding will be the responsibility of Premier Primarycare Ltd (note 1)	No

Notes

1. Funding will be the responsibility of Premier Primarycare Ltd, as detailed in Folkestone & Hythe Cabinet report (C/21/33) dated 22nd September 2021

WASTE AND RECYCLING

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Local Waste Collection	No specific projects identified at this stage. Reviewed on an annual basis.	Important	All development	Ongoing as required			FHDC/Biffa	n/a	Unknown	FHDC/Biffa contract funded through Council Tax and KCC Enabling Payment	None
Waste disposal	New Waste Transfer Station – to be located in Folkestone & Hythe	Essential	All development	Ongoing as required			KCC and Waste Contractors	KCC	At least £7.135m required	Otterpool S106 profiled to contribute £1.8m (not secured at this time)	£5.335m

COMMUNITY FACILITIES

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Libraries	Sandgate Library additional stock, resources and services	Important	Parish Council	2022-2025 delivery			KCC and Parish Council	KCC	£50,000	S106 part-funding	TBC
Libraries	Folkestone Library and Community Services Hub comprising LRA/CLS/Youth	Important	Part of Folkestone town centre asset transformation programme	Project development ongoing			KCC	KCC	£400,000	Part-funded by sale of youth centre	£150,000
Libraries	Library Services at Folkestone Library	Important	None	Ongoing			KCC	KCC	£183,569	Part funded	£75,429
Libraries	Library Services at Cheriton Library	Important	None	Ongoing			KCC	KCC	£117,004	Part funded	£107,104
Police	Potential expansion of custody cells and necessary equipment	Important	None	Ongoing			Kent Police	FHDC / Kent Police	£504,218	None	£504,218
Youth Provision	Hythe Youth Club	Important	None	Ongoing			KCC	KCC	£49,118	Funded	None
Youth Provision	Shepway Youth Service	Important	None	Ongoing			KCC	KCC	£204,244	Part funded	£98,304

LEISURE & CULTURAL FACILITIES

Infrastructure type	Project	Priority	Interdependence with PPLP &/or CSR	Phase 1 (2022 - 2026)	Phase 2 (2027-2031)	Phase 3 (2032-2037)	Delivery body	Body/bodies responsible for ensuring funding and delivery	Indicative cost	Funding position	Expected funding gap
Leisure centre	Replacement leisure centre to Hythe Pool	Critical	Direct link with PPLP sites at Princes Parade				FHDC	Developer / FHDC	£23 m	Part funded through secured S106, capital receipts	£2.5 m
Leisure and Culture facilities	Repairs the Martello Tower No. 3	Important	None				FHDC	FHDC	£100,000	Not funded	£100,000

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Folkestone & Hythe District Council Community Infrastructure Levy Review

On behalf of:
Folkestone and Hythe District Council

Date: 20 October 2022

Prepared by: James Brierley
Fiona Kilminster
Alex Bristow
James Godfrey

RICS MANDATORAY REQUIREMENTS

Requirement	**This assessment has been produced having regard to and abiding to the requirements of RICS Professional Statement Financial Viability in Planning: conduct and reporting (1st edition 2019).**
	In preparing this viability assessment, we confirm that we have acted with reasonableness, impartiality and without interference. We have also complied with the requirements of PS2 Ethics, competency, objectivity, and disclosures in the RICS Valuation – Global Standards 2022 in connection with valuation reports.
	This document sets out our terms of engagement for undertaking this area wide viability assessment for the purposes of setting CIL rates. We declare that to the best of our knowledge there is no conflict of interest (paragraph 1.1 of the Conflict-of-Interest Professional Statement of January 2018), Other than, if necessary, where stated in the report circumstances which fall under Informed Consent (as per the Conflict-of-Interest Professional Statement).
	We confirm that our fee basis for undertaking this viability assessment is neither performance related nor involves contingent fees.
	We confirm that this area wide viability assessment has been prepared in the full knowledge that it will made publicly at some point in the future. Where we believe there to be information, which is commercially sensitive, that we have relied upon in arriving at our opinion we have stated so in our report. We request that permission is sort by the instructing/applicant prior to being made public to ensure commercially sensitive or personal information does not infringe other statutory regulatory requirements.
	We have confirmed with the instructing party that no conflict exists in undertaking the area wide viability assessment, we have also highlighted to the Council where we have previously provided advice relating any site's considered. Should this position change, we will immediately notify the parties involved. We understand that if any of the parties identified in this report consider there to be a conflict that we would immediately stand down from the instruction.
	Throughout this area wide viability assessment, we have set out a full justification of the evidence and have also supported our opinions with a reasoned justification. We note in due course the emphasis within the RICS Professional Statement on conduct and reporting in Financial Viability in Planning the need to see to resolve differences of opinion wherever possible
	In determining Benchmark Land Value (if required) we have followed NPG (Viability) (2019) setting out this in detail within the Benchmark Land Value section.
	Sensitivity analysis and accompanying explanation and interpretation of the results is undertaken for the purposes of a viability assessment. This enables the reader to consider the impact on the result of changes to key variables in the appraisal having regard to the risk and return of the proposed scheme.
	We confirm we have advocated transparent and appropriate engagement between the Applicant and Council's viability advisors.
	This report includes a non-technical summary at the commencement of the report which includes all key figures and issues relating to the assessment.
	We confirm this report has been formally reviewed and signed off by the individuals who have carried out the area wide study and confirm that this area wide assessment has been prepared in accordance with the need for objectivity, impartiality and without interference. Subject to the completion of any discussion and resolution or note of differences, we will be retained to then subsequently advise upon and negotiate the Section 106 Agreement.

	All contributors to this report have been considered competent and are aware of the RICS requirements and as such understand they must comply with the mandatory requirements.
	We were provided an adequate time to produce this report, proportionate to the scale of the project and degree of complexity of the project.

SIGN OFF

Produced by	Reviewed by	Reviewed by
James Godfrey MRICS, Surveyor	**Fiona Kilminster** MRICS, Senior Associate	**James Brierley** MRICS, Partner
For and on behalf of Gerald Eve LLP	For and on behalf of Gerald Eve LLP	For and on behalf of Gerald Eve LLP

NOTE: This report has been produced in accordance with National Planning Policy Framework (2019) and Planning Policy Guidance (as amended). Gerald Eve LLP can confirm that the report has been produced by suitably qualified Practitioners of the Royal Institution of the Chartered Surveyors (RICS) and that the report has been produced in accordance with RICS Practitioner guidance on viability in planning matters.

The contents of this report are specific to the circumstance of the area wide assessment and date of publication; and it together with any further information supplied shall not be copied, reproduced, or distributed to any third parties for any purpose other than determining the application for which it is intended. Furthermore, the information is being supplied to **the client** on the express understanding that it shall be used only to assist in the financial assessment in relation to the Application. The information contained within this report is believed to be correct as at the date of publication, but Gerald Eve LLP give notice that:

I. all statements contained within this report are made without acceptance of any liability in negligence or otherwise by Gerald Eve LLP. The information contained in this report has not been independently verified by Gerald Eve LLP.
II. none of the statements contained within this report are to be relied upon as statements or representations of fact or warranty whatsoever without referring to Gerald Eve LLP in the first instance and taking appropriate legal advice.
III. references to national and local government legislation and regulations should be verified with Gerald Eve LLP and legal opinion sought as appropriate.
IV. Gerald Eve LLP do not accept any liability, nor should any of the statements or representations be relied upon, in respect of intending lenders or otherwise providing or raising finance to which this report as a whole or in part may be referred to.
V. Any estimates of values or similar, other than specifically referred to otherwise, are subject to and for the purposes of discussion and are therefore only draft and excluded from the provisions of the RICS Valuation – Professional Standards 2014; and
VI. Due to the complexities and differences in site specific assessments, information in this report should not be relied upon or used as evidence in relation to other viability assessments without the agreement of Gerald Eve LLP and expressly with a full explanation and understanding of any implications of such reliance.

CONTENTS

EXECUTIVE SUMMARY (NON-TECHNICAL)

Instruction	i.	Gerald Eve LLP ("GE") is instructed by Folkestone and Hythe District (the "Council") to undertake a Local Plan Viability Assessment and Community Infrastructure Levy ("CIL") Charging Schedule Update Review. The object of the review is to test the appropriateness of current CIL rates to ensure that the cumulative impact of the Council's policies including affordable housing and Community Infrastructure Levy, do not compromise the delivery of the Local Plan across Folkestone & Hythe District.
		National Planning Policy Guidance and Community Infrastructure Levy
	ii.	The National Planning Policy Framework (NPPF) and National Planning Policy Guidance (NPG) provide the framework and guidance within which viability assessments at plan making stage should be set.
	iii.	The framework and guidance require among other points, collaboration with stakeholders; a development typology-based testing approach rather than testing all sites in a Local Plan area; and the need to ensure that the cumulative cost of all relevant policies including affordable housing requirements will not undermine deliverability of the plan. GE has followed the recommended approach set out in the NPPF and NPG guidance in producing this review exercise. This report provides an assessment and recommendations to the Council in line with guidance for Plan Making, but it is important to note that it is for the Council to take the decision on what policy to adopt in relation to affordable housing.
	iv.	CIL is a planning charge which allows local authorities in England and Wales, to raise funds from developers undertaking new building projects in their area to fund a wide range of infrastructure that is needed because of development. The Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019 and CIL Guidance explain what CIL is and how it operates. The CIL Guidance states that charging authorities should use an area-based approach which involves 'a broad test of viability across their area, as the evidence base to underpin their charge'. This report has been prepared in line with relevant guidance on CIL and setting CIL including NPPF, NPG and guidance produced by the Royal Institution of Chartered Surveyors (RICS)
		Folkestone & Hythe District
	v.	Folkestone & Hythe is a coastal district located in Southeast England, home to various towns, villages and natural environments. The Folkestone & Hythe district is large and covers approximately 363 sq. km (140 sq. miles) stretching from the East Sussex border (near Rye) in the southwest, across Romney Marsh and through to Folkestone and the hills of the Kent Downs to the north of Folkestone.
	vi.	In formulating the inputs and assumptions in this review we have considered the various land uses and also the planning policy within the Core Strategy Review adopted in March 2022, together with previous area wide viability work undertaken on behalf of the Council. This outlines what the future looks like for development in different areas of the district and how the Council intends to implement the policies to achieve this.

Stakeholder Consultation

vii. NPG states that plan makers must work in collaboration with stakeholders in the Local Plan to finalise their policies to ensure that they are appropriate and will result in development that is sustainable and deliverable.

viii. Two stakeholder consultation exercises were undertaken as part of this review process. These comprised two questionnaires (**Appendix 4**)and an online presentation (**Appendix 5**) in relation to the process, inputs, and initial findings of our review. Feedback was invited in relation to the inputs such as costs and values, the assumptions used, and the process undertaken. This enabled open and transparent engagement with developers and key stakeholders to assist us in informing our evidence base and our recommendations to the Council.

ix. Feedback from a range of different developers and stakeholders was received. A summary of the key points raised are set out in section 4. We had regard to this feedback in our assessment.

Methodology

x. In order to undertake our CIL review we have adopted the residual valuation method. This is in line with the NPPF, NPG, CIL Regulations and Guidance documents; RICS, LHDG and other relevant guidance as outlined in Section 2. This document should be considered an update to the previous CIL viability study undertaken by Dixon Searle in 2014. We, therefore, worked with the Council to select 34 appropriate typologies, having regard to the work previously undertaken, to test using this method, as set out in Section 6.

xi. Sensitivity analysis of the inputs was then undertaken to provide more robust analysis of these results. This includes testing of the key inputs, but also of the inputs that we are testing across different CIL rates. A bespoke Excel financial model has been used in this process. Argus Developer software has also been used to undertake site specific assessments of the Strategic Sites.

xii. As large scale developments are generally susceptible to market cycles over the long project life-spans, these sites have been assessed with a 10% viability buffer. This has been applied through sensitivity testing up to +/-5% in both costs and revenue (equating to a gross 10% buffer from base scenarios).

Key Findings

xiii. The conclusions arrived at having regard to the sensitivity and scenario analysis, and assessment of results, are set out in **Section 14**. To assist with interpretation of the results, the conclusions are split into those relating to a range of typology groupings.

xiv.

xv. Residential Geographical Zones and Typologies

xvi. Our review of the current CIL Charging Schedule adopted by Folkestone & Hythe District Council in August 2016 and applied since that time, highlighted the current adopted CIL zones and their correlation with ward boundaries. Based on our market research and analysis, it was concluded that the four adopted residential CIL zones currently should be maintained.

xvii. Our assessment has indicated that the current residential CIL charging rates should be maintained across all geographical zones, A-D.

xviii. In Zone A, 20% of the tested typologies produced viable outcomes. However, sensitivity analysis suggests that a minimal variance is required to demonstrate a positive viability in two additional typologies, which would result in an overall 60% of typologies across the zone being viable.

xix. In Zones B and C, 60% of tested typologies produced viable outcomes at the current adopted CIL rates.

xx. Zone D produced the most stable results per typology set and suggests scope to potentially increase CIL rates, with a 10% excess above the 70% minimum threshold across the zone. However, sensitivity testing suggest that potential detrimental market conditions could result in a reduction of viable typologies to 40%, being a 30% deficit to the threshold.

xxi. If the CIL rate in Zone D is increased, there is concern that it may have a negative impact on the delivery of larger schemes within the Zone and therefore a reduction in the quantum of units developed, including affordable housing. This could hinder development in an already restricted area which is largely subject to Area of Outstanding Natural Beauty (AONB) status.

xxii. Senior Living (C3), defined as ‘Age Restrictive Accommodation without Provision of Significant Care’, was not tested within Dixon Searles original assessment due to the typology being categorised as an extension to the residential use class (C3) and therefore subject to residential CIL rates. We consider this approach remains appropriate, however, due to the anticipated premium associated with the product, we were of the view that there could be potential to apply an additional premium to the residential zoning CIL rates for Senior Living schemes.

xxiii. Sensitivity results indicate that Senior Living (C3) could financially support a further premium to standard zonal residential CIL rates. Further testing suggested that an additional 10% premium would be absorbed within the financial model, in addition to the 10% buffer.

xxiv. However, we anticipate that the application of an exclusive premium for Senior Living, as part of Residential C3 use, would be challenging to implement. The concept would require legal consideration and further research into the supply/demand implications and alignment with the Council’s vision.

xxv. Individual outputs reflected that the Strategic Sites, except for Folkestone Seafront, were producing a positive surplus when compared to previously agreed benchmark land values produced as part of the Core Strategy Review. However, sensitivity analysis showed that any fluctuation in market conditions would greatly impact the deliverability of the schemes.

xxvi. With current uncertainty in the construction market and UK economy, as detailed within **Section 8**, we are of the view that when considered with a 10% 'buffer' through the use of sensitivity analysis, the Strategic Sites could not viably support an additional contribution through CIL. Additionally, we would anticipate that any potential surplus generated within the Strategic Sites could be targeted towards necessary Section 106 contributions, as required.

<u>Commercial Typologies</u>

xxvii. The analysis demonstrates that there is insufficient evidence to support an increase in CIL rates across the different commercial typologies. At present, all typologies tested that contribute a £0 per sq m, either generate a deficit or a minimal surplus. Similarly for Large Retail (>280 sqm), there is limited evidence to support any adjustment to the current CIL rate.

xxviii. Following our conclusions, we confirm that the conclusions of our CIL charging model provide a solely financial outlook regarding respective charging levels and all results must be assessed in a holistic view. As such, we recommend further consideration regarding both planning and political implications that may incur through adjusting CIL rates and alignment with the Council's vision.

<u>Recommendations</u>

xxix. Following our independent review of the Community Infrastructure Levy Charging Schedule implemented by the Council, we provide the following recommendations:

xxx. **Table 1: The Council CIL Recommendation per Zone**

CIL Zone	Original CIL Rate (2016)	2022 CIL Rate (Indexed)	Recommendation
Zone A	£0	£0	**Maintain**
Zone B	£50	£58.86	**Maintain**
Zone C	£100	£117.73	**Maintain**
Zone D	£125	£147.16	**Maintain**
Senior Living (C3)	Residential Zonal Rates	Residential Zonal Rates	**Maintain**
Large Retail (>280 sqm)	£100	£117.73	**Maintain**
Retail	£0	£0	**Maintain**
Strategic Sites	£0	£0	**Maintain**

Source: The District and GE

	xxxi.	Seafront Zone - We have concluded that at this stage it would not be reasonable to apply a premium to the seafront areas in Zones B and C. We recommend however that this is kept under review by the Council and revisited at the next CIL Charging Schedule Review.
	xxxii.	Strategic Sites - Further analysis should be undertaken to determine the potential surplus that the strategic sites could achieve moving forward. The Council should seek to determine whether additional contributions could be sought for Section 106 on a site-by-site basis, at the planning application stage.

GERALDEVE

1. INTRODUCTION

Instruction	1.1.	Gerald Eve LLP ("GE") is instructed by Folkestone and Hythe District Council (the "Council") to undertake a Local Plan Viability Assessment and Community Infrastructure Levy ("CIL") Charging Schedule Update Review. The object of the review is to test the appropriateness of current CIL rates to ensure that the cumulative impact of the Council's policies including affordable housing and Community Infrastructure Levy, do not compromise the delivery of the Local Plan across Folkestone & Hythe District.
Dixon Searle Report 2014	1.2.	This report acts as a review/update of the CIL & Whole Plan Economic Viability Assessment report undertaken by Dixon Searle in July 2014 – CIL adopted 2016 **(Appendix 3).** The Dixon Searle report provided viability evidence to support the proposed CIL recommendations, based on the Local Plan. The recommendations on the appropriate level of CIL were made, taking the impact of Local Plan policies into account.
Additional Work	1.3.	In addition to the Dixon Searle report, we have also had regard to the review undertaken by BPS in 2019 titled CIL Charging Schedule Review Viability Report to support the Core Strategy Review. BPS specifically assessed the CIL requirements and financial viability of two strategic allocations, Otterpool Park garden settlement and Sellindge.
	1.4.	Gerald Eve have also previously undertaken the following area wide viability studies on behalf of the Council: • Core Strategy Examination of Additional Sites – Draft (August 2020) • Folkestone & Hythe District Council CIL Charging Schedule Review in Relation to Strategic and Key Development Sites (November 2020) • Addendum Report on Viability for Otterpool Park New Garden Settlement (June 2021) We also undertook the following site-specific financial viability assessment for a key strategic site: • Development at Nickolls Road, Hythe, Financial Viability Assessment Review (October 2020)
National Planning Policy Guidance and Community Infrastructure Levy	1.5.	The National Planning Policy Framework (NPPF) 2012 (revised 2021) and National Planning Policy Guidance (NPG) 2012 (revised 2021) provide the framework and guidance within which viability assessments at plan-making stage should be set.
	1.6.	The framework and guidance require among other points, collaboration with stakeholders; a development typology-based testing approach rather than testing all sites in a Local Plan area; and the need to ensure that the cumulative cost of all relevant policies including affordable housing requirements will not undermine deliverability of the plan. GE has followed the recommended approach set out in the NPPF and NPG guidance in producing this review exercise. This report provides an assessment and recommendations to the Council in line with guidance for Plan Making, but it is important to note that it is for the Council to take the decision on what policy to adopt in relation to affordable housing.
	1.7.	CIL is a planning charge which allows local authorities in England and Wales, to raise funds from developers undertaking new building projects in their area to fund a wide range of infrastructure that is needed as a result of development. The CIL Regulations 2010 and CIL Guidance (as updated and amended in 2019) explain what CIL is and how it operates. The CIL Guidance states that charging authorities should use an area-based approach which involves 'a broad test of viability across their area, as the evidence base to underpin their charge'. This report has been prepared in line with relevant guidance on CIL and setting CIL including NPPF, NPG and guidance produced by the Royal Institution of Chartered Surveyors (RICS).

Folkestone and Hythe District	1.8.	Folkestone & Hythe is a coastal district located in Southeast England, home to various towns, villages, and natural environments. The district is large and covers approximately 363 sq. km (140 sq. miles) stretching from the East Sussex border (near Rye) in the southwest, across Romney Marsh and through to Folkestone and the hills of the Kent Downs to the north of the district.
	1.9.	The settlements and districts of Ashford, Dover and Canterbury adjoin Folkestone & Hythe district in eastern Kent. Folkestone is the primary town, accounting for just under half of the district's 109,800 population (Population and household estimates for England and Wales, Census 2021).
Core Strategy Review	1.10.	The Core Strategy Review was adopted on 30 March 2022, a long-term plan bringing together the aims and actions of the district council with the requirements of government and the aspirations of town and parish councils, residents, businesses, and voluntary groups. This replaces the previous Core Strategy, effective since 2013 which the previous CIL assessment was based on.
	1.11.	The Places and Policies Local Plan (PPLP) allocates approximately 1,600 dwellings across many small and medium-sized sites following the framework set by the 2013 Core Strategy (some of these sites now have planning permission). The PPLP also provides a new suite of development management policies and ensures that the council has sufficient allocations to meet development needs to 2030/31.
	1.12.	However, local planning authorities are now required to review their plans at least once every five years and update them as necessary. The review of the 2013 Core Strategy has now been completed and this meets development requirements over a longer period to 2036/37. The development proposed in the PPLP has been considered in setting the development targets in the Core Strategy Review.
	1.13.	Within a short period of time, since the adoption of the 2013 Core Strategy, Folkestone has seen significant change. Core Strategy Review policies SS10 and SS11 set out the policy requirements for the delivery of Folkestone Seafront and Shorncliffe Garrison, both of which now have planning permission, with Shorncliffe Garrison now in particular contributing significantly to the housing needs of the district.
Stakeholder Consultation	1.14.	NPG states that plan makers must work in collaboration with stakeholders in the Local Plan to finalise their policies to ensure that they are appropriate and will result in development that is sustainable and deliverable.
	1.15.	Two stakeholder consultation exercises were undertaken as part of this review process. These comprised of an initial questionnaire (**Appendix 4**) and an online presentation (**Appendix 5**) in relation to the process, setting out the inputs applied and initial findings of our review. Feedback was invited in relation to the typologies, key inputs such as costs and values, the assumptions used, and the process undertaken. This enabled open and transparent engagement with developers and key stakeholders to assist us in informing our evidence base and our recommendations to the Council.
	1.16.	Feedback from a range of different sizes and types of developers and stakeholder organisations was received. A summary of stakeholder feedback is set out in **Section 4**. We had regard to this in our assessment.
Methodology	1.17.	To undertake our viability assessment, we have adopted the residual valuation method. This is in line with the NPPF, NPG, CIL Regulations and Guidance documents; RICS and other relevant guidance as outlined in **Section 2**.

1.18. The following table sets out the CIL Charging Schedule, the original 2016 CIL rates have been indexed using RICS BCIS All-In Tender Price Index. An additional 10% contingency has been incorporated to ensure a level of contingency, referred to as a 'buffer'. Adopted CIL Rates are as follows:

Table 2: The Council's CIL Rates and Adopted Figures

Typology	Original CIL Rate (2016)	2022 CIL Rate (Indexed)	CIL Rate Applied (Inc. 10% Buffer)
Zone A	£0	£0	**£0**
Zone B	£50	£58.86	**£64.75**
Zone C	£100	£117.73	**£129.50**
Zone D	£125	£147.16	**£161.88**
Large Retail (>280 sqm)	£100	£117.73	**£129.50**
Retail	£0	£0	**£0**

Source: The Council

1.19. For analysis purposes we adopted a consistent approach in line with the current adopted CIL Schedule which has four designated geographical CIL zones areas within the district. We then separated the relevant residential typologies into 5 typology groupings. A further 9 typologies were considered for commercial accommodation. We also considered four strategic sites as part of the review. A total of 34 typologies were considered.

1.20. A bespoke Excel financial model has been used to test the different typologies in this process. The industry standard model, Argus, was used to test the viability of the Strategic Sites.

1.21. Sensitivity analysis of the inputs was then undertaken to provide more robust analysis of these results. This includes testing of the key inputs assumptions against a policy compliant level of affordable housing and varying CIL rates.

1.22. In assessing the Strategic Sites, the industry standard model of Argus Developer has been used. Due to the large scale developments being susceptible to the market c cycle over the long project life-span, these sites have been assessed with a 10% viability buffer, through sensitivity testing up to +/-5% in both costs and revenue (equating to a gross 10% buffer from base scenarios).

RICS Professional Guidance

1.23. This assessment has been produced having regard to and abiding by the requirements of RICS Professional Statement Financial Viability in Planning: conduct and reporting (1st edition 2019). For further details please see **Appendix 2**, which provides a guide to where in the report the requirements have been adhered to.

1.24. We declare that to the best of our knowledge there is no conflict of interest (paragraph 1.1 of the Conflict of Interest Professional Statement of January 2018); and that our fee basis for undertaking this viability assessment is neither performance related nor involves contingent fees.

1.25. We can confirm that GE has had sufficient time to complete this instruction.

2. NATIONAL PLANNING POLICY GUIDANCE AND COMMUNITY INFRASTRUCTURE LEVY

Introduction	2.1.	This section considers the planning policy guidance set out in the NPPF and the NPG regarding Plan Making for viability purposes. We consider the guidance in the context of affordable housing and CIL, and we have used this to undertake our assessment.
Plan Making and Viability in Planning Policy Guidance	2.2.	The NPPF 2012 (revised 2021) discusses "Plan Making" (i.e. the setting of policies within a local plan) at paragraphs 15 to 37. It outlines that those plans should be up to date and address the need for housing and other economic, social, and environmental priorities. As such it is important to have an up-to-date evidence base when preparing, or in this case reviewing a Local Plan.
	2.3.	The Plan Making sections of the 2021 NPPF can be linked to the sections that address viability. In particular, paragraph 58 of the NPPF sets out in the extract below: *"...All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance (NPG), including standardised inputs, and should be made publicly available"* (extract from NPPF 2021 paragraph 58)
	2.4.	Paragraphs 001 to 006 of the NPG 2012 (revised 2021) deal with Viability and Plan Making setting out how Plan Makers (i.e. The Council in this case) should set policy requirements for contributions for developments informed by evidence.
	2.5.	Paragraph 002 outlines that the role for viability assessment is primarily at the Plan Making Stage. It states that the "Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic and that the cumulative cost of all relevant policies will not undermine deliverability of the plan."
	2.6.	Paragraph 002, along with paragraph 006, outlines the need for collaboration with stakeholders which is discussed further in **Section 4.**
	2.7.	An important extract from Paragraph 002 regarding affordable housing is outlined below: *"Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision-making stage."* (extract from NPG paragraph 002)
	2.8.	Paragraphs 003 and 004 advise on what sites should be assessed for viability in plan making. This does not include testing all the sites within the Local Plan area, but instead a typology-based approach should be used. This involves grouping sites by certain characteristics, either of their current or proposed use, and reflect the nature of typical sites in the plan.
	2.9.	We have undertaken this approach in our assessment; however, it is important to note that whilst specific sites may be referenced, these sites are the typologies that the Council believe reflect the "type of development proposed for allocation in the plan" extract from Paragraph 004).
	2.10.	In conclusion, we have followed the specific guidance regarding Plan Making set out in the NPPF and NPG when undertaking this assessment. As paragraph 57 of the NPPF states (see 2.3 above) we have also undertaken the assessment in accordance with the NPG in terms of inputs as discussed further in **Sections 7** through **8**.

	2.11.	As such, we provide our assessment and recommendations to the Council in line with guidance for Plan Making, but it is important to note that it is for the Council to take the decision on what policy to adopt in relation to affordable housing.
Community Infrastructure Levy ("CIL") and Planning Policy	2.12.	The Community Infrastructure Levy is a planning charge that came into force in April 2010. It allows local authorities in England and Wales, known as "charging authorities", to raise funds from developers undertaking new building projects in their area to fund a wide range of infrastructure that is needed because of development.
	2.13.	If a charging authority decides to levy CIL, then it is required to prepare and publish a document known as "the Charging Schedule" which will set out the rates of CIL applied in the charging authority's area. Charging authorities must express CIL rates as pounds (£) per square metre, as CIL will be typically levied on the net additional gross internal area ("GIA") of the liable development.
	2.14.	A charging authority must submit its draft charging schedule for an independent examination along with evidence of economic viability and infrastructure planning for approval before being formally approved by a resolution of the full Council of the charging authority.
CIL Regulations and Guidance	2.15.	Statutory provision for CIL was introduced in the Planning Act 2008 ("the 2008 Act"). The ability to charge CIL came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010, as amended in 2011, 2014, 2019 and 2022 (the "Regulations").
	2.16.	The Ministry of Housing, Communities & Local Government has produced a CIL Guidance (Published 12 June 2014 and last updated 5 April 2022) to explain what the Community Infrastructure Levy is and how it operates, which this report has also considered.
CIL Charge Setting	2.17.	Charging authorities are to set their own CIL charging rate(s) depending on the needs of their area. Charging authorities can set different rates within their area, either for different geographical areas and/or for different uses.
	2.18.	In setting rates in the charging schedule, the charging authority needs to be consistent with the requirements of Regulation 14 which states that: 14. (1) In setting rates (including differential rates) in a charging schedule, a charging authority must aim to strike what appears to the charging authority to be an appropriate balance between— a) the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, considering other actual and expected sources of funding; and b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.
	2.19.	Therefore, according to the regulations, it is the role of the charging authority to decide what the appropriate balance is between maximising development and raising sufficient funds to provide the necessary infrastructure.
	2.20.	It follows that there may be some development schemes that could be put at risk by the introduction of a particular level of CIL; however, the charging authority must take a holistic view of the potential effects of the imposition of CIL on the economic viability of development across its area.

Preparing the Evidence Base	2.21.	The CIL Guidance states that charging authorities should use an area-based approach which involves 'a broad test of viability across their area, as the evidence base to underpin their charge'. The guidance reiterates that charging authorities should take a strategic view across their area and not focus on the potential implications of setting a CIL for individual sites.
	2.22.	The guidance sets out that the charging authority must use 'appropriate available evidence' and should draw upon existing data where available. Methodologies should also consider other development costs arising from existing regulatory requirements, including any policies on planning obligations.
	2.23.	Charging authorities should seek to illustrate that their proposed charging rate(s) would be robust over time. In setting a CIL rate(s), charging authorities will need to bear in mind that the economic circumstances could change during the lifetime of the charging schedule.
Setting Differential Rates	2.24.	Regulation 13 allows charging authorities to set varying (differential) rates as a way of accounting for different levels of economic viability within the same charging area – for example, varied by location and/or by intended uses of development. Differences in rates should be justified by reference to the economic viability of development, including exempting or setting a zero rate for a particular area or use from CIL.
	2.25.	The guidance, however, states that, a single (uniform) rate may be simpler and charging authorities should take care not to set differential rates in such a way to impact disproportionally on a particular sector or small group of developers or give rise to State Aid.
CIL in Practice	2.26.	CIL charges are expressed in terms of £/sq m of GIA net additional floorspace, after demolition of an existing building. The charge can be levied against all development over 100sq m, except in the case of residential development where a single dwelling is chargeable whatever the floorspace. Calculation is set out in a formula under the Regulations and unlike the current S106 regime, CIL is non-negotiable.
	2.27.	Liability is determined when the scheme is implementable, and is payable on commencement – either in full, or in instalments if agreed beforehand and if the charging authority has adopted an instalment policy.
National Planning Policy Guidance on CIL Charging Schedules	2.28.	The CIL Guidance states that in preparing a Charging Schedule, charging authorities should use evidence in accordance with planning practice guidance and take account of national planning policy on development contributions.
	2.29.	This report is grounded in the National Planning Policy Framework (NPPF) originally published in March 2012 and revised in July 2021 which sets out the Government's planning policies for England and how these are expected to be applied. The NPPF recognises the place of viability testing, in both plan-making and decision-making.
	2.30.	Further guidance relating to interpreting the NPPF is set out in National Planning Guidance (NPG) refers to viability both planning obligations and viability (NPG 2021) and indicates that planning viability assessments are recommended to reflect national planning guidance (NPG 2021), in determined appropriate planning obligations.

	2.31.	The NPG 2021 indicates that viability assessments are to be undertaken by suitably qualified Surveyors. The Royal Institution of Chartered Surveyors (RICS) published guidance in 2012 regarding viability assessments in planning to support qualified members of the RICS in viability assessments. The RICS produced a Professional Statement (Sept 2019) which is informed by the NPPF, NPG as well as practitioner experience.
	2.32.	In accordance with the above, this report seeks to provide a range of appropriate CIL rates for development across the District having regard to: the 2008 Act; the CIL Regulations; Department for Levelling Up, Housing and Communities (DLUHC); National Planning Policy Framework (NPPF); and best practice guidance including the RICS Financial Viability in Planning (August 2012) and Professional Statement (2019). The report also has regard to the RICS Guidance Note “Assessing viability in planning under the National Planning Policy Framework 2019 for England” (1st Edition, March 2021) (“RICS Viability GN 2021”).
	2.33.	It is however important to note that whilst we have undertaken our analysis and presented our results in this CIL Review, it is for the Council to decide what rate(s) to set CIL at within the charging schedule using this advice.
Summary	2.34.	In undertaking our assessment, we have followed the guidance as per the NPPF and NPG in consideration of viability in plan-making and affordable housing, but also followed the regulations and guidance for the assessment of appropriate CIL rates to apply and provided our advice and recommendations for both.
	2.35.	We draw on the guidance and how we have followed it further in the appropriate sections of this report.
	2.36.	As outlined above, our assessment can be used as advice to the Council, however, should not be seen as the definitive policy to be set. It is the Council’s decision as to what CIL rate(s) should be included in their Local Plan.

3. FOLKESTONE AND HYTHE DISTRICT – PLANNING OVERVIEW

Figure 1: Location Map – Source: Ordinance Survey 1:250K

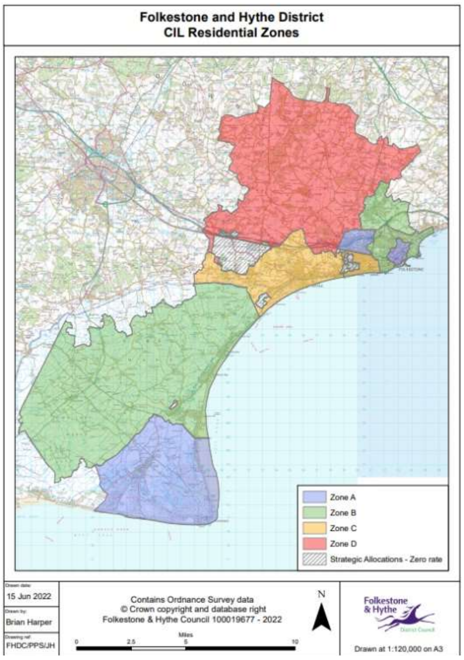
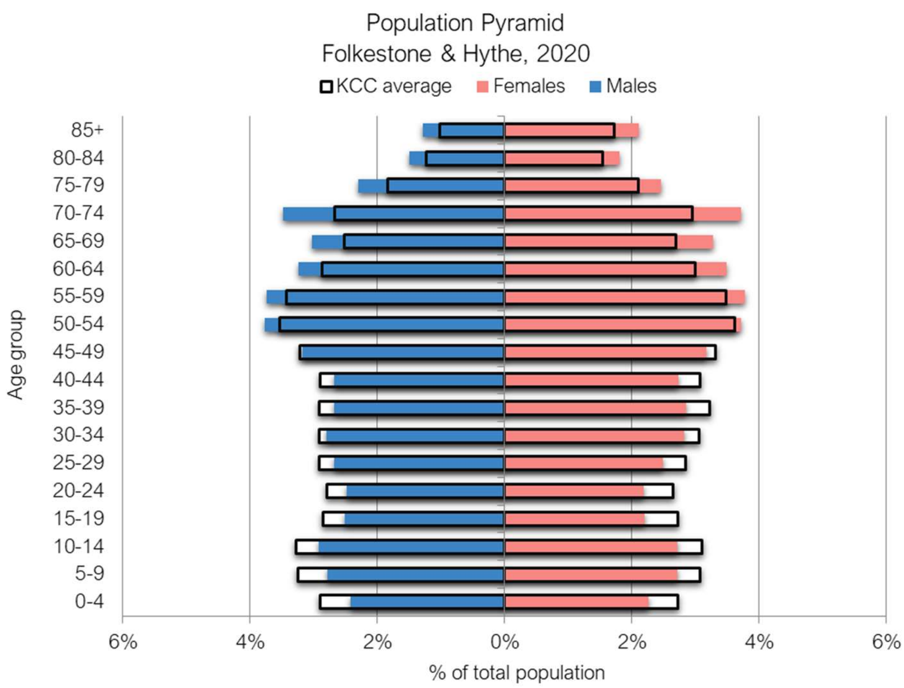


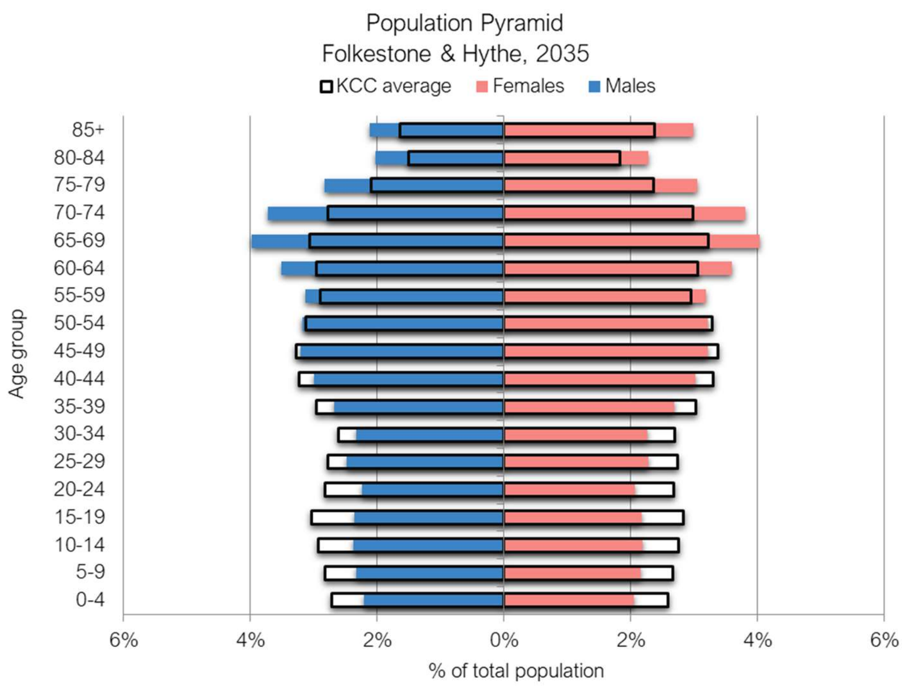
Figure 2: CIL Charging Zone Ward Boundary – Source: (THE COUNCIL)

Location	3.1.	Folkestone & Hythe is a coastal district located in Southeast England, home to various towns, villages, and natural environments. The district is large and covers approximately 363 sq. km (140 sq. miles) stretching from the East Sussex border (near Rye) in the southwest, across Romney Marsh and through to Folkestone and the hills of the Kent Downs to the north of the district. Folkestone is the primary town, which has a population of approximately 54,130 with the district comprising a population of approximately 109,800 in 2021 (census-based estimates).
Infrastructure and Transport Connections	3.2.	The district benefits from good infrastructure and transport connections, by road (M20), by rail (high speed, Eurostar and local lines) and by air (London Ashford Airport at Lydd). The Channel Tunnel (junction 12a of the M20) is set within the district, with the Port of Dover situated a short drive away.
Population	3.3.	The districts population has increased by 15.4% in the last fifteen years according to the mid-2016 population estimates, a rate outpacing the county and national average. Over this period natural change in the population has broadly balanced out and growth can be mainly attributed to domestic migration, particularly from London as well as other parts of the country, although international migration is also positive.
	3.4.	Population growth is expected to lead to an ageing population over the period to 2036/37, an important consideration when considering the demographics of the district's population. This is illustrated in **Figure 3** below.

Figures 3: Folkestone and Hythe Age Distribution – Mid 2020 estimate



Source: KCC Housing Led Forecasts (November 2020) Kent Analytics, Kent County Council



Source: KCC Housing Led Forecasts (November 2020) Kent Analytics, Kent County Council

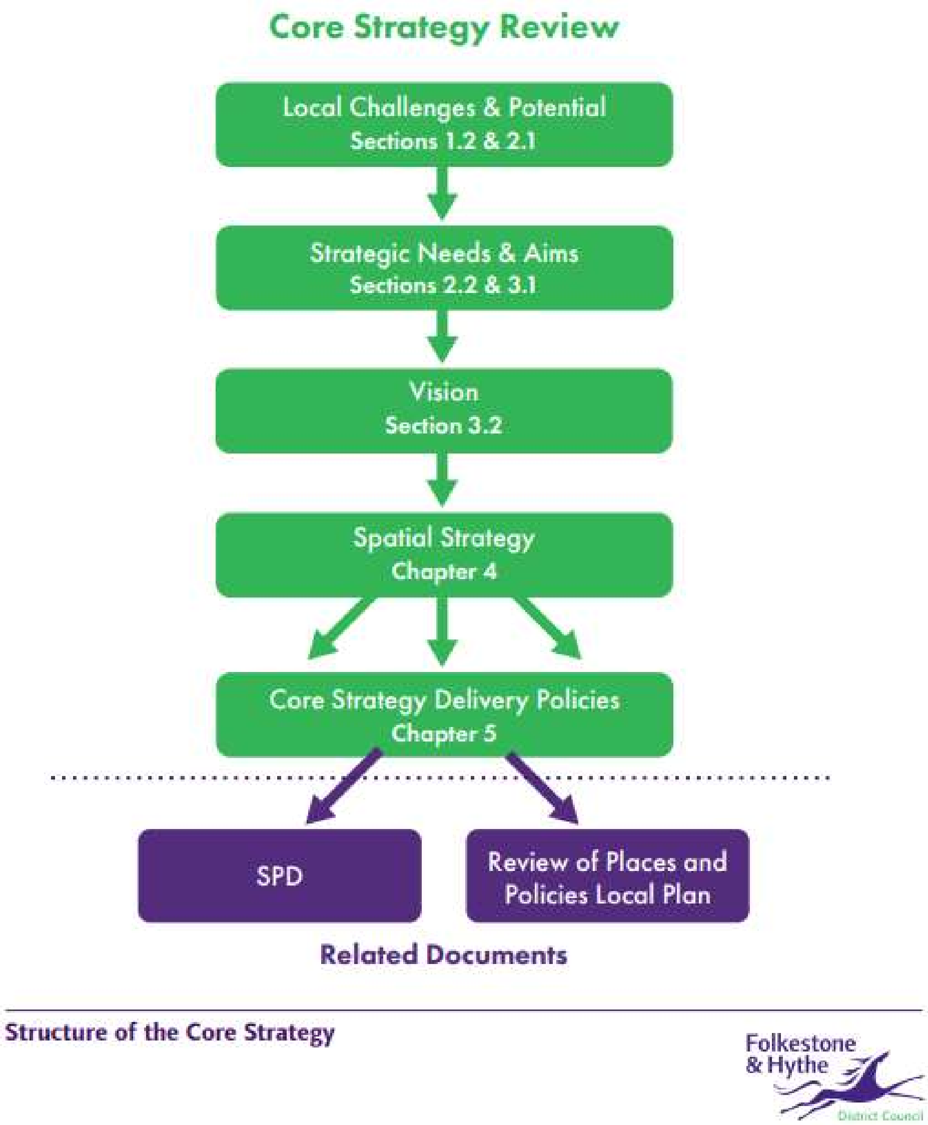
Core Strategy Review

3.5. The Core Strategy Review sets out a long-term vision for the district from 2019/20 to 2036/37. As the focus of many organisations is more immediate, the Core Strategy Review acts as a guide for forward planning and leads the co-ordination of long-term development.

3.6. The government requires plans to be reviewed every five years to determine whether updates are necessary, taken place no longer than five years after their adoption. The reviews should consider changing circumstances affecting the area, or any relevant changes in national policy.

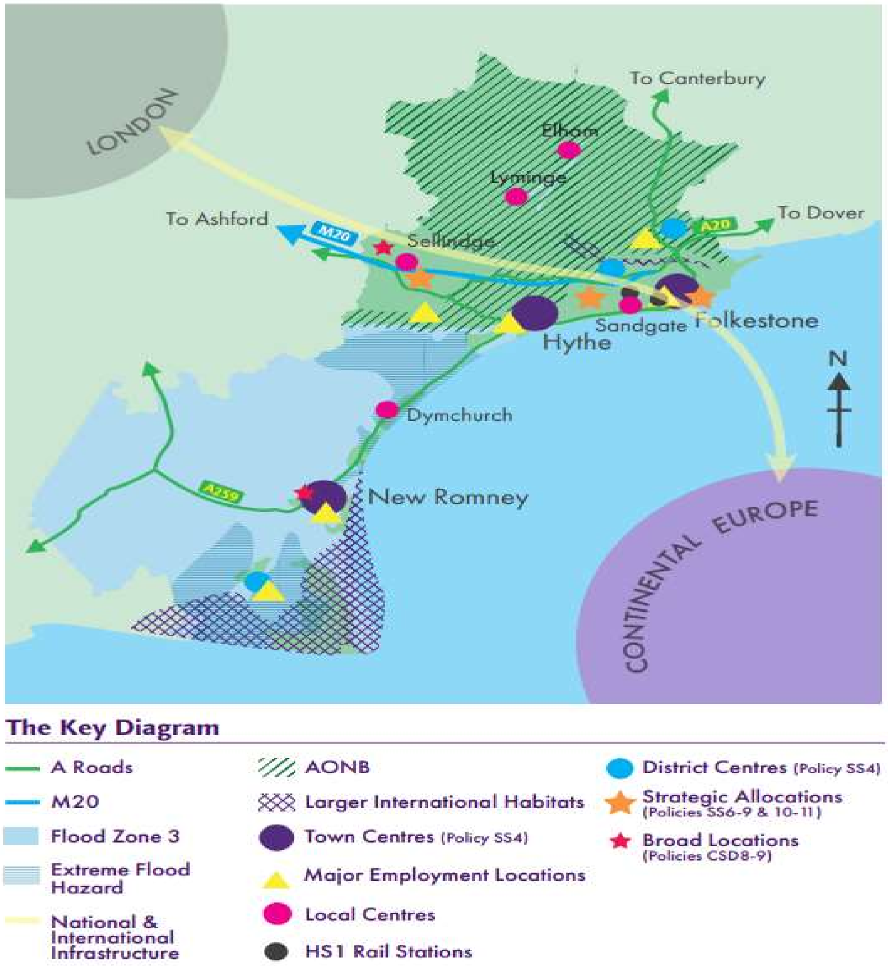
3.7. The Council's Core Strategy Review considers the context of areas within the district, to help identify key issues, needs and plan aims. The strategy then reviews spatial strategy at the heart of the document. It then focuses on implementation and the core policies and areas of change necessary for delivery. **Figure 4** illustrates the Council's Core Strategy review structure:

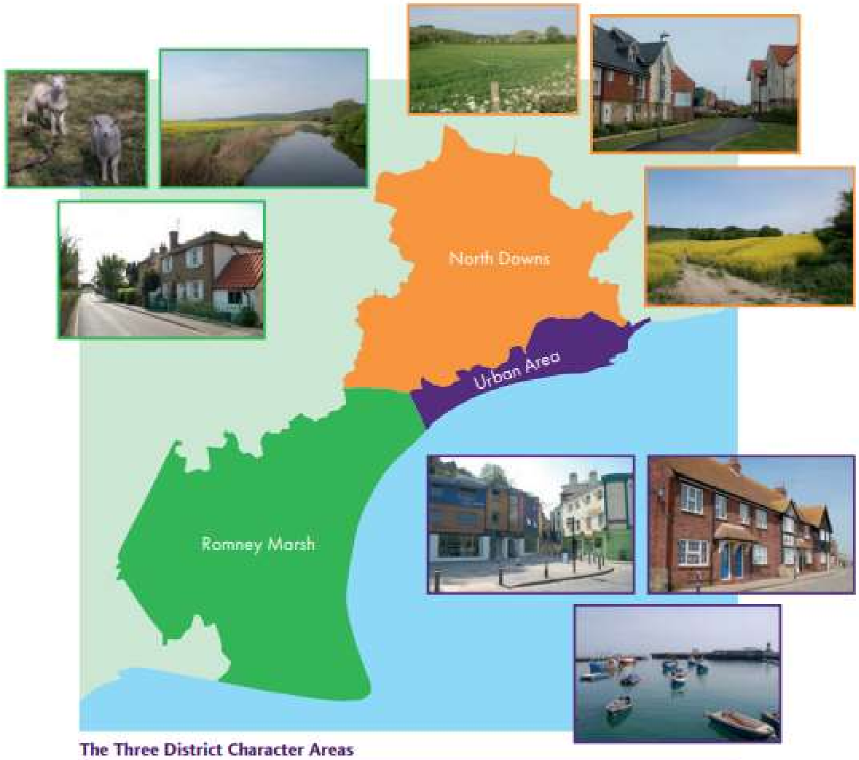
Figure 4: Council's Core Strategy Review Structure



Source: Folkestone and Hythe District Council Core Strategy Review, March 2022

District Planning Aims	3.8.	The four strategic needs set out priorities for the sustainable development of the district. The Core Strategy Review addresses the four issues below.
	3.9.	A) The challenge to improve employment, educational attainment, and economic performance. B) The challenge to enhance management and maintenance of natural and historic assets. C) The challenge to improve the quality of life and sense of place, vibrancy, and social mix in neighbourhoods, particularly where this minimises disparities. D) The challenge to plan for strategic development which fosters high quality place-making with an emphasis on sustainable movement, buildings, and green spaces.
Vision for Folkestone & Hythe	3.10.	The future vision for the district is for it to “flourish into a distinct area of high-quality towns, including a new garden settlement, complemented by the contrasting strengths and distinctiveness of attractive countryside and coastal places. This will occur through planning for a smart, self-confident, secure and low-carbon district, and through enhancing the district’s many diverse and special environments”.
	3.11.	This vision is demonstrated in **Figure 5**.

	3.12.	**Figure 5: Vision for Folkestone & Hythe**  *Source: Core Strategy Review (March 2022)*
Core Strategy – Three Character Areas	3.13.	**The Urban Area -** The towns of Folkestone and Hythe form a continuous built-up area by virtue of the connecting coastal neighbourhoods of Sandgate and Seabrook, defined as the Urban Area. The urban area is bound by the sea to the south and escarpment to the north.
	3.14.	**The North Downs Area -** The north of the district is predominantly recognised for its landscape quality, part of a wider area known as the Kent Downs Area of Outstanding Natural Beauty (AONB). The North Downs area is centred on traditional villages such as Elham and Lyminge, and the large settlement of Hawkinge within the AONB. It includes a significant rural area near Hythe, encompassing the villages of Lympne and Sellindge which lies outside the national landscape designation, where the three-character areas meet and includes the strategic infrastructure of the M20 motorway, junction 11, High Speed 1 rail and domestic services, including Westenhanger railway station. This area extends almost to district's eastern boundary with Dover, and west as far as Hythe.
	3.15.	**The Romney Marsh Area –** South and West of the North Downs Area is the distinctive area of countryside commonly known as Romney Marsh. Within this area lie New Romney and Lydd, other coastal communities, small inland villages, and the Dungeness peninsula.

	3.16.	**Figure 6: The Three District Character Areas**  *Source: Core Strategy Review 2022*
The Urban Area - Folkestone	3.17.	Folkestone, in the east, is district's largest town with a population of approximately 54,130 (2020 census-based estimate). The economy was dominated by international trade, quarrying, farming, military activity, fishing, until railway expansion in the 1840s led to new prosperity for Folkestone as a highly fashionable sea-bathing resort. Especially in its inner western and coastline area (West End), the town retains much of its Victorian and Edwardian architecture including hotels and the mile-long Leas Promenade. However, many buildings have been lost because of the two World Wars and post-war redevelopment. Communities in inner and northern Folkestone now form some of the most deprived in Kent.
	3.18.	The Channel Tunnel Terminus at Cheriton allows direct rail-based connections from London and the rest of the country to continental Europe, meaning Folkestone acts an interconnectivity hub between Europe and the UK. The nearby Shearway Business Park lies at the end of the M20 and is a key part of Folkestone's varied stock of offices and industry, with further expansion to the west shortly to commence. There is a significant concentration of business activity in Folkestone, with out-of-centre employment areas, in the most part located close to the M20. The largest single private sector employer in the district is the financial, insurance and travel services specialist Saga, based in and around Folkestone and at Sandgate and Cheriton. However, the town has seen growth in a number of other businesses, particularly within the media and digital sectors, located around the Creative Quarter.

	3.19.	In central Folkestone developments include the Lower Leas Coastal Park and Bouverie Place Shopping Centre, with significant investment in recent years transforming the Old High Street, Tontine Street, and harbour area into a cultural and leisure hub. Further investment within the town centre, including the provision of a multi-floor Urban Sports Park, and the redevelopment of Folkestone Seafront over the coming years, is expected to raise the profile of the town as a place to live, work and visit. The Folkestone Triennial, a major artistic and cultural event has raised the town's profile and contributes to its regeneration and evolution, attracting hundreds of thousands of additional visitors every three years.
	3.20.	The provision of High-Speed Rail services to Folkestone in 2009 opened significant new opportunities for the town including investment in digital technologies allowing a de-centralised approach to work. In the mid-nineteenth century the town and its hinterland benefited from the railways, and there are now opportunities to benefit further.
Hythe	3.21.	The district's second largest settlement is Hythe, a coastal town with a population of 14,516. The town has proved resilient over history and grown generally prosperous despite changes in its commercial function. It is situated behind a long stretch of beach, between Folkestone to the east, and Romney Marsh to the west.
	3.22.	Hythe nevertheless also includes certain areas hosting essential functions, for example productive small industry, and military and despoilt land. Much of this is now concentrated in the western part of the town, which is the focus of the main post-war developments, and a 'pocket' of relative deprivation.
	3.23.	Hythe has a large proportion of single-person households, with over half its residents being of retirement age. The town benefits from strong local communities with high civic interest and social activity. This provides a positive resource to strengthen the town's identity and character further, enhancing its historic environment.
Romney Marsh Area	3.24.	Romney Marsh has been reclaimed from the sea over many centuries, creating a unique environment. The rich agricultural land is crossed by a network of drainage channels and native hedgerows, with parts punctuated by small pockets of wooded scrub. The Marsh contains two small towns, some coastal resorts expanded by post-war development, and a handful of small inland villages. The A259 and the Romney, Hythe and Dymchurch Railway follow the coast south from the Urban Area through several Marsh settlements, with the A2070/A259 national route and Ashford branch-line railway to the west with a stop at Appledore, immediately adjacent to the district boundary, within Ashford borough.
	3.25.	New Romney is a market town at the heart of the Romney Marsh. Its situated (14km or around 9 miles) between Hythe and the Sussex town of Rye. Like Hythe, New Romney is one of the Cinque Ports and, while originally a harbour town at the mouth of the river Rother, the historic centre no longer lies on the coast.
	3.26.	The settlement of Lydd is a small town with a rich heritage: All Saints Church, for instance, has been described as the 'Cathedral of the Marsh'. The airport east of the town, London Ashford Airport, is well-established and has attracted significant investment proposals, with planning permission in place for the extension of the runway and expansion of terminal services.
North Downs Area	3.27.	The North Downs is characterised by its rolling topography, steep escarpments and valleys covered by a mix of woodland and open areas of plateau farmland. The significant aesthetic and ecological value of this area is recognised in that much of it falls within the Kent Downs Area of Outstanding Natural Beauty (AONB). The chalk aquifer of the North Downs also provides valuable water resources for the area. Road and bus routes provide links northwards towards Canterbury (including on the A260 or the Roman Stone Street), with the strategic corridor formed of the M20, A20 and domestic and international rail services cutting through the areas west to east, to the south of the Kent Downs AONB.

	3.28.	Most of the North Downs villages within the AONB are relatively prosperous including the attractive, traditional villages of Elham, Lyminge and the dispersed community of Stelling Minnis. These larger settlements play an important role to rural residents in providing commercial services and some public facilities. Around these villages lie several small hamlets that are relatively inaccessible but are integral to the appeal of the Downs area and community life. The attractive environment, housing stock and presence of surrounding towns and major transport connections have resulted in some of the highest house prices in East Kent.
	3.29.	The southwest of this area is outside the AONB and is bisected by major transport infrastructure, which has severed communities such as Stanford. These new routes have partly superseded the former main coastal route from London, the Ashford Road (A20), but the historic coaching route's legacy is evident with ribbons of development, creating other linear or fragmented communities, most notably within Sellindge parish. This part of the district is popular for its villages, access to services and employment opportunities, being close to the M20 junction 11 and railway stations.
Housing and Economy Growth Strategy	3.30.	The approach to housing provision is determined in part by government methodology, requiring the provision of a minimum 738 new homes on average between 2019/20 to 2036/37. This means over the 18 years, a minimum of 13,284 additional housing provision is to be provided.
	3.31.	The National Planning Policy Framework states that the supply of large numbers of new homes can often be best achieved through planning for larger scale development, such as new settlements. However, local authorities should make a realistic assessment of likely rates of delivery, given the lead-in times for large-scale sites (NPPF, paragraph 73). The delivery of large-scale developments may need to extend beyond an individual plan period and anticipated rates of delivery should be kept under review (NPPF, footnote 37).
	3.32.	The NPG (2021) recognises that a 'stepped' housing requirement (where the housing requirement is phased to reflect the level of housing expected to be delivered across the plan period) may be justified in certain circumstances. The NPG (2021) states that this approach may be appropriate where there is a significant change in the level of housing required and/or where strategic sites will have a phased delivery or are likely to be delivered later in the plan period. The Core Strategy Review will deliver a significant change in the numbers of new homes being built in the district, compared to the 2013 Core Strategy, and allocates a major strategic site in the form of a new garden town as the focus for future growth. The council considers that a stepped housing requirement is justified and appropriate and will ensure that the housing requirement is met fully within the plan period.
Affordable Housing Delivery	3.33.	The 2013 Core Strategy set a target to deliver 100 affordable homes a year. The council's Strategic Housing Market Assessment found that an average of 139 affordable homes a year now need to be provided to meet existing need and the future need that is likely to arise over the Core Strategy Review plan period.
	3.34.	Therefore, the target for affordable housing provision is 139 per year from 2018/19 to 2036/37. After discounting smaller sites which are not required to provide affordable housing, the total of 2,640 homes represents approximately 22% of the projected housing provision for the plan period. This is considered by the council to be both deliverable and realistic.
	3.35.	The affordable housing policy as set out within the adopted Core Strategy Review, is a blanket 22% across the entire district. The strategy states the importance of providing different tenures, necessary to meet individual circumstances. The review refers to affordable rented, starter homes, discounted market sales housing and shared ownership.
	3.36.	The Strategic Housing Market Assessment (SHMA) indicates that 139 new affordable homes are required a year in the district. Of these affordable homes, the SHMA indicates that 70% should be affordable rent/social rent and 30% should be shared equity.
	3.37.	In line with the SHMA, the district is expected to provide 2,640 affordable dwellings between 2018/19 and 2036/37.

Community Infrastructure Levy	3.38.	A Community Infrastructure Levy (CIL) Charging Schedule was adopted by the council on 20 July 2016 and CIL has been in operation from 1 August 2016. CIL provides financial contributions from development to support infrastructure based on a flat-rate fee per square meter of development. Proposals for a new garden settlement within the district will necessitate some amendments to the CIL Charging Schedule.
Dixon Searle Residential Zones	3.39.	Dixon Searle made a recommendation of a four-zone approach based on figures ranging between initial CIL parameters of £0-£125.sqm. This was adopted by the Council.
Zone A	3.40.	Lower-Folkestone (based on ward areas of Foord and Harbour, together with much of Cheriton and Moorhill). The recommended rate for consideration at the time of report: £0/sq. m.
Zone B	3.41.	Mid-Folkestone, New Romney/Romney Marsh and Hawkinge. The recommended rate for consideration at the time of report: £50/sq. m.
Zone C	3.42.	Upper-Folkestone & Hythe area (west). The recommended rate for consideration at the time of report: £100/sq. m.
Zone D	3.43.	North (Kent) Downs rural area settlements. The recommended rate for consideration at the time of report: £125/sq. m.
Commercial Zones	3.44.	In relation to how CIL was applied to commercial properties by Dixon Searle, a CIL rate was only applied to new larger format of retail.
Large Retail Format	3.45.	The overall parameters for commercial CIL applied by Dixon Searle were £0-£100 per sqm. The recommended rate for larger format retail, such as retail warehousing and supermarkets was a charging rate of £100/sq. m when first applied. This rate would also be applicable to extensions of any size.

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4. STAKEHOLDER CONSULTATION

	4.1.	As outlined in Section 2, NPG states that plan makers must work in collaboration with stakeholders in the Local Plan to finalise their policies to ensure that they are appropriate and will result in development that is sustainable and deliverable. This is shown in the key extract from paragraph 002 of the NPG below: *"It is the responsibility of plan makers in collaboration with the local community, developers, and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers."* (Extract from NPG paragraph 002)
	4.2.	Paragraph 6 of the NPG outlines *how* plan makers should engage with stakeholders in the Local Plan. It also outlines *who* these stakeholders are: - Landowners; - Developers; - Infrastructure providers; and - Affordable housing providers.
	4.3.	It follows by stating *what* should be consulted upon: - Costs; - Values; and - Land Value.
	4.4.	Paragraph 006 outlines that it is the responsibility of site promoters to engage in the plan making, however it is the Council's requirement to provide them the chance to be able to do this. As such GE were instructed by the Council to undertake the stakeholder engagement for which we discuss the objective, format, key responses, and conclusion below.
Objective	4.5.	The objective of the consultations was to provide a forum for open and transparent engagement with developers and key stakeholders to assist us in informing our recommendations to the Council regarding our review of the viability and CIL related policies in the Local Plan. The consultations enabled stakeholders to share their experiences of development viability within the Council and provided us with a greater pool of evidence to support our area wide assessment.
	4.6.	We sought the following information from stakeholders: • Details on the stakeholder's role in the development of the district and; • The impact of CIL; • Financial challenges that are often faced when undertaking developments in the district; • What types of developments are not usually financial viable? • Details of abnormal costs that are often faced in developments in the district, and where in these may be found; and • Key differences in development areas within the district.
	4.7.	Due to the market sensitivities, information provided was generally treated as confidential, but was of importance in forming our opinions around the evidence presented in this report.
Format of Consultations	4.8.	Initial consultations included a questionnaire sent to stakeholders within the district, included in **Appendix 4**. The list was compiled through both market research but also based on a wider consultee list that was provided by the Council. We invited written submissions and supplied the questionnaire, which provided a framework for the information we were seeking and allowed the opportunity for further comment. The questions are set out in the following section.

Survey Responses	4.9.	On 31 May 2022, Gerald Eve sent out the first consultation questionnaire, to relevant stakeholders and participants within the district. This list comprised a list of developers and actors in the district provided to us by the council, as well as research of stakeholders we undertook. We received three responses to the survey. from Invicta Planning, Quinn Estates and BDW Kent. The responses we received are summarised under each of the questions taken from the questionnaire in the paragraphs below.
Questions	4.10.	**1) How many developments have you undertaken in the district in the last 5 years?**
	4.11.	Range between 1 and 4 developments
	4.12.	**2) What type (use class) and size (sq. m) of development have you undertaken?**
	4.13.	Mixed Use and Residential. Ranging in size between 9 units and 1,050 units. Largest commercial development includes 18k local centre, 1,150sqm community sports and leisure development and 3,650 sqm open space.
	4.14.	**3) What housing types or typologies have been delivered as part of your development programme in the district?**
	4.15.	Mixture between flats, apartments, family homes and terraced housing. Flats and family homes range from one-bedroom apartments to four bedroom houses.
	4.16.	**4) Have the above typologies differed according to area or location?**
	4.17.	Most developments located in the North Downs area, although one response suggests typologies depend on how they fit into a site layout and the external factors impacting it.
	4.18.	**5) How has the level of CIL and the Council's planning policy approach affected your ability to undertake certain types of development in the district?**
	4.19.	Issues surrounding uncertainty over CIL for some strategic sites.
	4.20.	**6) Can you describe the financial challenges you face in developing in the district, e.g. land values, costs, sales and commercial values?**
	4.21.	Financial Challenges include: - Abnormal costs - Land values are high - Inflated build costs - CIL costs not fixed thus linked to inflation - Commercial demand is limited and hard to find
	4.22.	**7) Are there any developments with planning permission that you have not implemented due to financial/viability reasons? If yes, please explain why and what types of developments?**

4.23.	Reasons developments with planning granted were not implemented: - Financial recession - Issues with specific planning allocations
4.24.	**8) What do you think are the core categories of abnormal cost associated with development in the district?**
4.25.	Abnormal costs: - Nutrient Neutrality - Foundation Design - Working in/within setting of AONB - New standards that were not considered for CIL previously – Biodiversity net gain/offsetting, water efficiency, new Part L requirements etc need to form part of the considerations for the review. - Remediation costs
4.26.	**9) Are there any types of development that you are unable to make work financially in the district that you pursue elsewhere? If so, what are the reasons for this?**
4.27.	Types of developments unable to make viable in the district but can elsewhere? - Type of developments in the district is dictated by high land values / abnormal costs mentioned - Marketability and interest of specific uses required on strategic sites
4.28.	**10) What are the key differences within the district that enable some development types to be delivered in some locations and not in others, e.g. transport nodes, values, demand?**
4.29.	Key differences within the district that enable development types? - Stronger demand for flats in coastal locations - Poor connectivity in Romney Marsh
4.30.	**11) Please briefly discuss any key housing trends that you think will impact the district moving forward.**
4.31.	- Increased demand for family housing - Increased second home ownership/holiday lets/Air BNB - Lack of rental properties partly because of above - Need for housing for the elderly - Pressure for redevelopment on family plots to flats in high value areas
4.32.	The first stakeholder consultation round clearly supported our initial view that the following uses needed to be given further consideration in our analysis: - Senior Living/ Housing for Older People - Flatted Seafront developments - Build to Rent

Second Stakeholder Consultation	4.33.	A second consultation was undertaken in July with the same stakeholders and developers given the opportunity to participate. This consultation included a presentation explaining the typologies used; the methodology adopted for benchmark land value, the appraisal inputs used in relation to costs and values; the results of our assessment and our initial conclusions. A copy of the presentation is provided in **Appendix 5.**
	4.34.	The presentation also invited feedback from stakeholders in the light of information provided. The key issues raised are set out in 4.35 below. A copy of the presentation was sent to all attendees following the session and is available at **Appendix 5**.
	4.35.	Where appropriate, we have had regard to the feedback provided by stakeholders in both the initial and second rounds, in the production of this review. A summary of the key points is set out as follows: • Abnormal costs – A 10% contingency allowance was adopted for all typologies to account for additional abnormal costs including some of the items raised by stakeholders such as nutrient neutrality, Biodiversity net gain, Part L building regulation requirements. • Inflated build costs – As well as the additional contingency allowance discussed above, all the typologies were subject to extensive sensitivity testing and analysis to ensure the issue of build cost inflation was robustly considered. • High Land values - The review has been undertaken based on a mixture of both greenfield and brownfield existing uses within the different geographical zones. This has enabled us to adopt a range of land values to determine whether development is financially viable and deliverable across the district.
	4.36.	Key questions were also raised in relation to the programme and timescales for implementation of the CIL Charging Schedule. There is some concern that the progression of the strategic sites may be delayed. This was an issue for the Council, who provided a response following the session.

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5. METHODOLOGY

Introduction

5.1. In this section we set out the method adopted in undertaking the area-wide assessment

5.2. The method adopted is based upon the NPPF, NPG, CIL Regulations and Guidance documents; RICS and other relevant guidance as outlined in Section 2. It is also influenced by stakeholder consultations as outlined in Section 4. Throughout our assessment we have provided an evidence base on market research and Gerald Eve's professional experience in the district.

5.3. Later sections in the report address the typologies, appraisal assumptions and benchmarks.

Overall Method

5.4. The overall method of this assessment is to undertake a 'fine-grain' analysis of development viability in the district. In order to assess this, we have adopted the residual valuation method, in accordance with RICS guidance.

5.5. The residual method uses various inputs to establish a gross development value ("GDV") from which the gross development cost ("GDC") including developer's return (profit) is deducted resulting in a Residual Land Value ("RLV").

Figure 7: Residual Method

Source: Gerald Eve

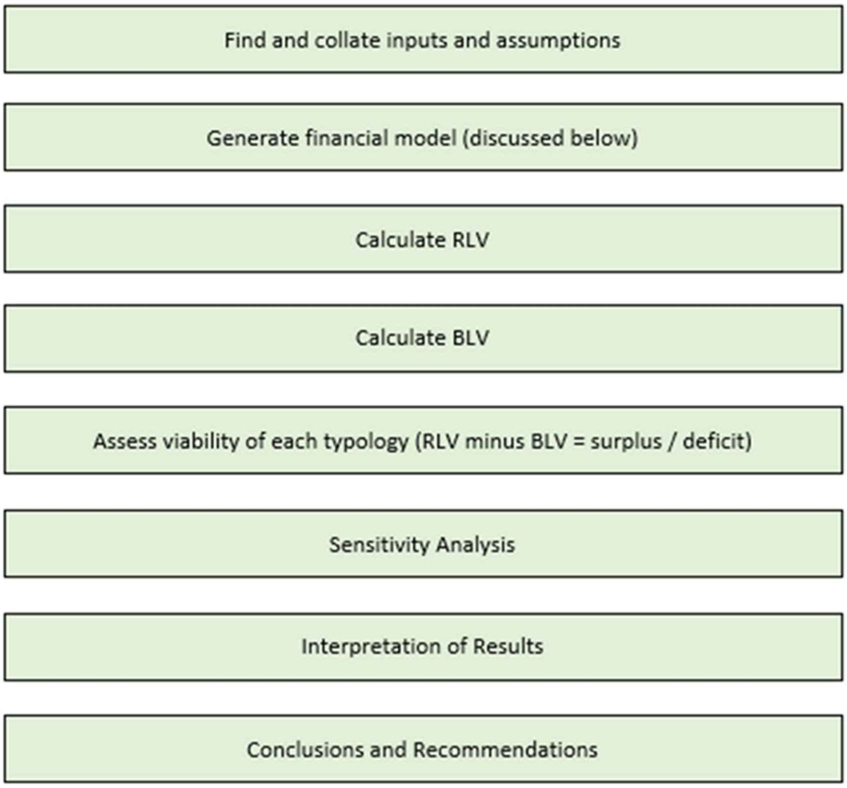
5.6. As such, we worked with the Council to select 34 typologies, which are discussed in **Section 6** to test using this method. Firstly, we ascertain the inputs for the area wide study and in each case, calculate the RLV using a financial model, which we then compare to the Benchmark Land Value (defined below and at **Section 10**). If there is a surplus (i.e. RLV is larger than the BLV), then that typology is viable at that level of planning obligation. If there is a deficit (i.e. RLV is smaller than the BLV), then that typology is unviable at that level of planning obligation.

5.7. Sensitivity analysis of the inputs can then be undertaken to provide more robust analysis of these results and to incorporate a 'buffer zone' to allow for potential variance in future market conditions.. This will include testing of the key inputs, but also of the inputs that we are testing in affordable housing levels and CIL rates.

5.8. By reviewing the results of the assessment and the sensitivity analysis, it is possible to interpret the results as a whole as opposed to on an individual typology/site-based level. This allows us to form our conclusions and recommendations to the Council about CIL rates.

5.9. A simple step by step diagram of this method is shown below:

Figure 8: Step by Step Methodology of a Financial Model to Test Viability in this Assessment



Source: Gerald Eve

Financial Model	5.10.	To undertake this analysis and test the viability of development across the district against the policy compliant level of affordable housing and differing CIL rates, a bespoke model has been developed on Microsoft Excel. The model tests a large number of development typologies (which are discussed further in the following section) having regard to CIL contributions, in order to assess the potential impact upon area wide development viability in the district.
	5.11.	The model has a table of inputs for each of the 34 typologies that are tested as part of this study. The inputs can be categorised into three groups, qualitative, quantitative and lookups.
	5.12.	Qualitative inputs are descriptive in nature and are helpful to the user to understand the typology that is being tested. Qualitative inputs do not affect the calculations of the model. Examples of qualitative inputs include site addresses and descriptions of the site.
	5.13.	Quantitative inputs are numbers that are used in the calculations to determine the outputs. These inputs can include number of units, areas, commercial rents, and yields.
	5.14.	Lookups are inputs which are descriptive but also have an impact on the numbers. Examples of lookups include the residential zone which although is descriptive in nature, is used to determine the value of the residential spaces. Similarly, the CIL zone lookup which describes whether a site is in either Zone A, B, C or D, is used to determine the appropriate CIL rate to apply in the model.
	5.15.	The inputs table feeds into the appraisal section of the model. The calculations use Excel formulae to calculate values which feed through to the cashflow and finance section of the model. Examples of these values include residential GDV, construction costs and professional fees.
	5.16.	The cashflow and finance section of the model takes the values which have been calculated and profiles them into a timeline. The profile and timings of the calculated values will be set out in the inputs table. An example of this might be a 12-month construction phase followed by a 12-month sales phase. In this example the cashflow will set out the timings of these cash inflows and outflows so that the net cash position can be calculated in each month of the development.
	5.17.	The finance calculations use the net cash position to calculate the finance cost of the development. For example, if a development has a negative £100,000 cash position and the finance assumptions is 7%, there would be a £583 finance cost in that month which is calculated as 7% / 12 x £100,000.
	5.18.	The finance cost in each month is deducted from the net cash position so that the finance cost is compounded each month.
	5.19.	As unit sales occur, the cash receipts are used to reduce the negative cash balance until there is no negative balance at which point finance is no longer a cost to the development.
	5.20.	The calculated values including the finance costs are used to determine the RLV of each typology in accordance with the formula depicted in **Figure 8**.
	5.21.	The outputs are then pulled through into an outputs appraisal which summarises the values that are used to calculate the RLV.

6. GEOGRAPHICAL ZONES AND DEVELOPMENT TYPOLOGIES

Introduction	6.1.	This section of the report relates to the selection of the geographical zones and site typologies that were chosen for the area-wide viability assessment.
	6.2.	The NPG states that there is no requirement to assess every site for viability in plan making, stating that (paragraph 003[1]): *"Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site compliant typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence."*
	6.3.	In selecting typologies, we worked with the Council to select a representative sample of the typical development sites that are expected to come forward in the district over the plan period. This allowed us to classify developments according to their type, such as 'Retail – Larger format (A1) Convenience (Large Supermarkets) or 'Development of 25 Mixed units (brownfield)'.
	6.4.	The overall aim was to achieve a good balance of policy compliant development types and locations to ensure a thorough and realistic assessment, while recognising that not every site can plausibly be assessed for the purposes of this study.
Geographical Zones	6.5.	Our review of the current CIL Charging Schedule adopted within Folkestone and Hythe highlighted the current adopted CIL zones and their correlation with ward boundaries. As detailed within **Section 3**, each ward holds its own characteristics that could impact the anticipated demand and revenues anticipated within each zone.

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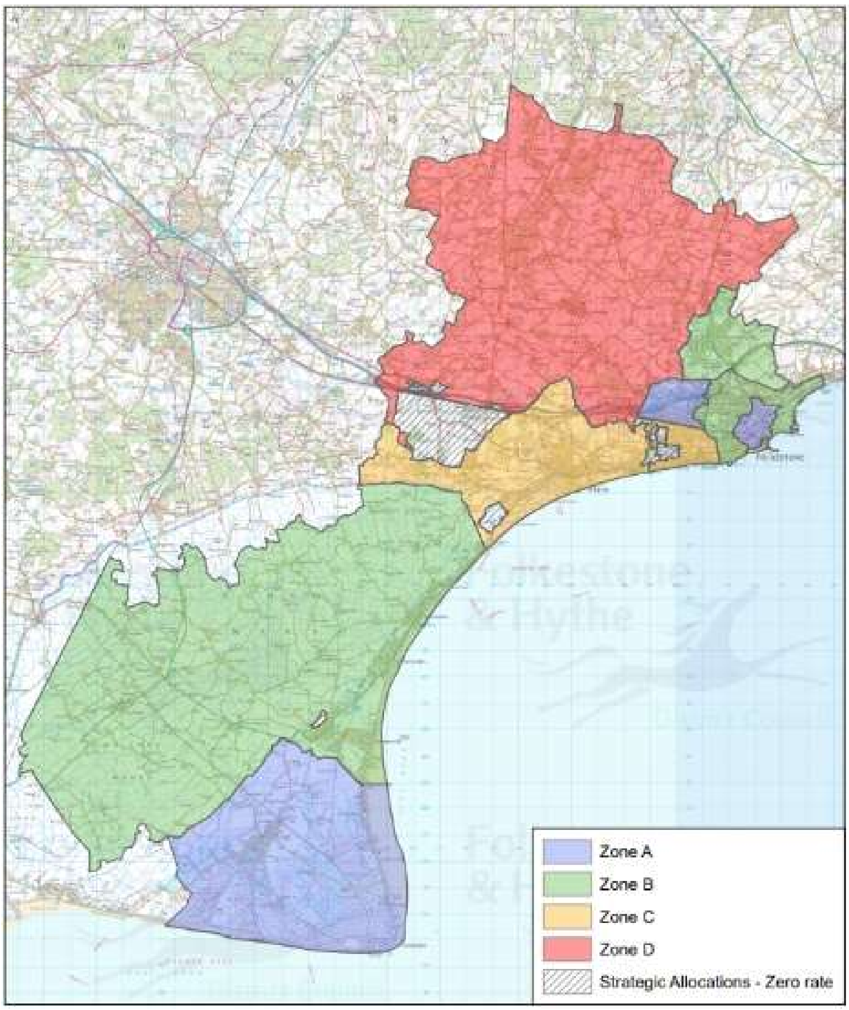
6.6. As part of our review, it was necessary to assess the current CIL Zones to check whether they remain appropriate or if there would be a more appropriate method moving forward.

Figure 9: Map of Folkestone and Hythe CIL Zones



Source: Gerald Eve

6.7. To support our research, we conducted an inspection of the district, visiting each of the zones to form our own opinion of the quality of urban settlements, current stock and whether the zones are still applicable.

6.8. Our inspection provided clarity as to the existing developments within each zone, ongoing projects and the positioning of ward boundaries. As such, a disparity between CIL zones became apparent in terms of which areas seemed more affluent and of higher demand.

6.9. During our inspection, it was clear that the current ward profiles reflect the character areas and the respective boundary lines were generally evident by using main roads throughout the district. Along with our research on market evidence, we concluded that the current four CIL zones incorporating local wards provides a suitable designation for designating CIL rates and should therefore be maintained.

Residential Typologies	6.10.	As an initial basis, we identified and reviewed the selected typologies and scheme mixes that were adopted by Dixon Searle within their CIL charging assessment for the district ('CIL & Whole Plan Economic Viability Assessment, Ref: DSP14260', July 2014 - page 17).

6.11. Dixon Searle adopted the following residential typologies and scheme mixes:

Table 3: Dixon Searle Residential Scheme Types

Scheme / Typology	Overall Scheme Mix
1 House	1 x 4BH
4 Houses	4 x 4BH
5 Houses	5 x 3BH
9 Houses	9 x 4BH
10 Houses	10 x 4BH
15 Houses	10 x 3BH, 5 x 4BH
15 Flats	5 x 1BF, 10 x 2BF
25 Mixed	5 x 1BF, 3 x 2BF, 4 x 2BH, 10 x 3BH, 3 x 4BH
30 Flats (Sheltered)	22 x 1BF, 8 x 2BF
50 Flats	8 x 1BF, 42 x 2BF
50 Mixed	10 x 1BF, 6 x 2BF, 8 x 2BH, 20 x 3BH, 6 x 4BH
100 Mixed	10 x 1BF, 15 x 2BF, 15 x 2BH, 40 x 3BH, 20 x 4BH
100 Flats	45 x 1BF, 55 x 2BF

Note: BH = bed house; BF = bed flat; Mixed = mix of houses and flats.

Source: Dixon Searle

6.12. An area-wide inspection was conducted to ascertain the current typology mixes that are prevalent within each zone and how the Dixon Searle typologies were reflected within the zones. Additionally, the inspection aided in our due diligence to gain an understanding of where there may be potential demand for certain asset types.

6.13. We discussed the above set of typologies and our inspection findings with the Council to determine if it was representative of the developments that they were seeing come forward in the planning application process since the Dixon Searle assessment in 2014. It was agreed that the existing typology set should be reviewed to ensure it remains reflective of the current and future development pipeline within the district.

Planning Applications

6.14. The Council provided GE with details of numerous ongoing/recent planning applications within each of the existing four CIL zones, for inclusion as example 'Example Sites' within our assessment. In each instance, sites have been matched to their most applicable Dixon Searle typology set/mix and where appropriate, adapted schemes (all inputs) on a pro-rata basis to match the closest typology set.

6.15. To assist with our analysis of schemes within the district, the following range of information was recorded from each planning permission with the salient details as follows:

- Address
- Type of Development
- Policy Allocation
- Site Area
- Current Use Class
- GIA of Existing Building(s)
- GIA of Proposed Development, by Use Class
- CIL Zone

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6.16. The provided information was reviewed, and the relevant planning applications and allocated sites were matched with the corresponding Dixon Searle typology set, to establish which typology delivery is more prevalent within the district.

6.17. **Table 4: Dixon Searle Residential Scheme Types**

No. Units	Unit Mix	Example Site	Zone
1	House		
4	Houses		
5	Houses	Land rear of Varne Boat Club	B
9	Houses		
10	Houses	The Cherry Pickers Public House, Cheriton	C
		Camping and Caravan Site, Stelling Minnis	D
15	Houses		
15	Flats		
25	Mixed	Station Yard, Station Road, Lydd	A
		Former Hope All Saints Garden Centre	B
		Brockman Family Centre, Cheriton	C
		Land east of Broad Street, Lyminge	D
30	Flats (Sheltered)		
50	Flats		
50	Mixed	Marsh Potato Site	B
		Shepway Close, Folkestone	C
100	Mixed	Land off Victoria Road West, Littlestone	B
		Smiths Medical, Hythe	C
100	Flats		

Source: Dixon Searle

6.18. In the majority of typologies, we have used a real planning application as the sample for the assessment. However, real examples were not available for all typologies, so in some cases hypothetical 'Scenario Sites' were created using averages of the real planning applications in our assumptions.

Allocated Sites

6.19. In certain situations, we were aware that real planning applications were not available, however, we have had regard to the Council's 'Places and Policies Local Plan', highlighting allocated sites and their policy compliant proposals. These allocated sites have then been included with standard assumptions derived through existing planning applications.

Scenario Sites

6.20. In order to create the 'Scenario' sites, a schedule of all know example sites was formulated to ascertain the average set of units mix (e.g. 1 bed-flat / 2 bed-house / 3 bed-house) and the respective unit areas (adopting minimum space standards) to form average scheme area, to be used within our model.

6.21. During our inspection, we were able to form a view as to the current typography of each CIL zone and interpret appropriate existing use assumptions for each scenario site, as to whether they were to be assessed as either brownfield or greenfield developments.

Residential Typology Set	6.22.	The outcome of the typology assessment and ongoing discussions with the Council identified certain typologies that did not appear to be prominent within the district and therefore not reflective of the current development market. We were therefore of the view that it would be reasonable to condense the typology set, providing a more accurate representation of the development pipeline within Folkestone and Hythe.
	6.23.	The residential scenarios were chosen to reflect and further test viability across a broad range of scenarios whilst also allowing us to test the adopted affordable housing policy requirement of 22%. We understand that individual schemes may be subject to further viability testing. However, for the purposes of this review, we have assumed that any potential development would be policy compliant.
	6.24.	We have had regard to a range of different development types, use types, and sizes. The refined residential typologies assessed include: • 5 Houses; • 10 Houses; • 25 Mixed; • 50 Mixed; • 100 Mixed.
	6.25.	It should be noted that the residential typologies are split into 'Houses' and 'Mixed'. Through our research into the developments within the area and discussions with the Council, we are of the opinion that the smaller developments within the district would incorporate solely houses to maximise profitability. Therefore, flats have not been included within typology unit mixes for developments below 25 units. Developments that include a provision of flats are designated as 'Mixed'.
	6.26.	Due to the scheme specific nature of each typology example chosen, we have followed Dixon Searle's approach in applying the minimum space standards ('Technical Housing Standards - Notionally Described Space Standard', Department of Communities and Local Government, 2015), to the specific unit mixes of each scheme, providing a consistent approach within our model.
	6.27.	This information allowed us to build a residual appraisal for each individual typology in order to assess their viability. Where we did not have this information, for example in the case of notional schemes, we have made reasonable assumptions regarding the size and nature of the development that we would expect to be typical of that typology within the district.
	6.28.	Regarding the reasoning set out above, the following set of residential typologies have been assessed, detailing the example development chosen for each typology and Scenario site, where applicable:

6.29. **Table 5: Residential Typologies**

Site Number	Typology Description	Example Site
1	Zone A: 5 Houses	Scenario Site (A5)
2	Zone A: 10 Houses	Scenario Site (A10)
3	Zone A: 25 Mixed	Station Yard, Station Road, Lydd
4	Zone A: 50 Mixed	Scenario Site (A50)
5	Zone A: 100 Mixed	Scenario Site (A100)
6	Zone B: 5 Houses	Land rear of Varne Boat Club
7	Zone B: 10 Houses	Scenario Site (B10)
8	Zone B: 25 Mixed	Former Hope All Saints Garden Centre
9	Zone B: 50 Mixed	Marsh Potato Site
10	Zone B: 100 Mixed	Land off Victoria Road West, Littlestone
11	Zone C: 5 Houses	Scenario Site (C5)
12	Zone C: 10 Houses	The Cherry Pickers Public House, Cheriton
13	Zone C: 25 Mixed	Brockman Family Centre, Cheriton
14	Zone C: 50 Mixed	Shepway Close, Folkstone
15	Zone C: 100 Mixed	Smiths Medical, Hythe
16	Zone D: 5 Houses	Scenario Site (D5)
17	Zone D: 10 Houses	Camping and Caravan Site, Stelling Minnis
18	Zone D: 25 Mixed	Land East of Broad Street, Lyminge
19	Zone D: 50 Mixed	Scenario Site (D50)
20	Zone D: 100 Mixed	Scenario Site (D100)

Senior Living (C3)

6.30. As part of our due diligence, we have identified the aging population documented within the district, as reported within **Section 3** of this report. Therefore, we have reviewed the planning policy definition and held discussions with our in-house alternatives team to identify the demand for Senior Living products, defined as 'Age Restrictive Accommodation without Provision of Significant Care', within the district. We have also considered anticipated sales vales and how the product should be incorporated within our model.

6.31. For the purposes of this review, we have assumed that the delivery of a senior living product would be new build and therefore zone-specific residential CIL rates would be applicable.

6.32. In reviewing the current CIL rates within the district, we are of the view that it is important to identify potential trends in future scheme delivery. In terms of value, a C3 senior living product would generally achieve a 5-15% premium in comparison to private residential products, following general residential assumptions. This premium reflects the amenities anticipated in an age restrictive product and the additional care available (not significant level of care). Therefore, it would be anticipated that the added premium may result in greater levels of potential return to developer and therefore, could be assessed on a separate basis to standard residential (C3) typologies. In doing so, there may be scope for a CIL rate premium for a Senior Living typology.

6.33. Therefore, a Senior Living (C3) scenario, reflecting 'Age Restrictive Accommodation without Provision of Significant Care' has been included within the residential section of our model.

6.34. **Table 6: Senior Living Typologies (Age Restrictive Accommodation without Provision of Significant Care)**

Site Number	Typology Description	Example Site
30	Senior Living (C3)	Scenario Site (Senior Living)

Care Homes (C2)

6.35. Review of the Dixon Searle assessment highlighted that Care Homes (C2) had been included as a commercial asset, with nil CIL rates applied. This typology differs from Senior Living (C3) due to no age restrictions and the additional level of care provided onsite. Discussions with the Council have indicated that they wish to promote the delivery of assets that would be considered to benefit the local community, such as Care Homes. Whereas a product such as Senior Living is modelled for private revenue, a Care Home typology would be considered as a potential contribution to the local area, of which should not inhibit delivery.

6.36. As such, it has been agreed with the Council that Care Homes (C2) would maintain their current nil CIL rate and would therefore not be included within the area-wide CIL review.

Build to Rent

6.37. As part of the review, we consulted with the GE Build to Rent (BTR) team to understand the current supply, market trends and potential demands for the product.

6.38. It is evident that BTR is an actively growing typology around the UK, with ongoing projects in some Southeast locations such as Ashford. It is understood that the BTR product requires a minimum of 100 units and must be located in a position to capitalize on strong communication links and rental demand. Within the district, it is understood that a BTR product may be attractive in close proximity to the railway stations and with sea views. However, we have been informed that the BTR model would not outweigh a private sales product in coastal locations due to the premium anticipated for sea views in sales.

6.39. Following a review of comparable evidence for both BTR products and private sales in coastal locations, we formed the opinion to concur with the specialists and that a reasonable developer would prioritise a build to sell product within the district. Therefore, a BTR typology has not been tested within this study.

Strategic Sites

6.40. Within the district, there are a number of 'Strategic Sites' that have been highlighted by the Council for exclusion of CIL charges. The Council removed the Strategic & Key Development Sites from CIL as sites of this nature typically have high levels of infrastructure costs and require early delivery of key infrastructure items. Removing these Sites from CIL obligations maximises the funding that can be secured through S106 and S278 Agreements to ensure that these infrastructure items can be delivered earlier and with a higher degree of flexibility in comparison to monies collected through CIL.

6.41. GE have previously conducted financial viability and deliverability assessments of a number of strategic sites, in order to support the Core Strategy Review. A summary of the work undertaken, and reports are set out as follows:

- Core Strategy Examination of Additional Sites – Draft Form (August 2020)
- Development at Nickolls Road, Hythe, Financial Viability Assessment Review (October 2020)
- Folkestone & Hythe District Council CIL Charging Schedule Review in Relation to Strategic and Key Development Sites (November 2020)
- Addendum Report on Viability for Otterpool Park New Garden Settlement (June 2021)

6.42. We have re-assessed a selection of Strategic Sites to assess the return to developer of such schemes and whether they could be liable for future CIL.

6.43. It must be noted that these schemes involve multiple complexities such as their cash flows and delivery programme when assessing their viability and thus require a master developer approach. Our model provides a high-level assessment of each typology, and we would therefore anticipate a level of variance when compared to a detailed viability assessment. The purpose of the CIL Charging model is to provide a basis of assessing multiple development typologies at once, on the same basis for comparison. It is not possible to include such complexities and the Strategic Sites have therefore been assessed using Argus Developer, to ensure accuracy in our testing.

6.44. The four Strategic Sites that we have considered as part of this review have been identified below, with a brief summary:

Table 7: Strategic Sites

Site Number	Typology Description	Example Site
31	Strategic Site	Otterpool Park
32	Strategic Site	Nicholls Quary “Martello Lakes”
33	Strategic Site	Folkestone Seafront
34	Strategic Site	Sellindge Phase 2

6.45. **Figure 10: Map Identifying Strategic Sites**

Source: Google Maps

6.46. **Otterpool Park (North Downs Garden Settlement) – Core Strategy Review Policies SS6 to SS9**

- Proposals for the North Downs Garden Settlement (also referred to as Otterpool Park development).

- Approximately 1,890 acres allocated for the delivery of circa 10,000 homes and other uses to create a Garden Community.

6.47. **Nicholls Quary (Martello Lakes)**

- A 3-Phased Scheme to deliver 1,050 homes (subject scheme) over a gross acreage of 167.60 acres.
- Phases 1 & 2 incorporate 400 homes and construction is currently ongoing.
- Phase 3 comprises an application for 650 homes.

6.48. **Folkestone Harbour & Seafront – Core Strategy Review Policy SS10**

- Granted outline permission in January 2015 for a mixed-use scheme comprising up to 1000 residential homes, and up to 10,000 square metres of commercial floorspace.
- Construction of the first phase (84 units) began in early 2020.
- Formerly industrial but has since been cleared and comprises an open beach with 'meanwhile' uses in situ, comprising shipping container structures.
- Developable area of approximately 23 acres.

6.49. **Sellindge Phase 2 – Core Strategy Review Policy CSD9**

- The Sellindge Sites consist of 2 phases. The first phase, has been delivered by Taylor Wimpey and comprises solely the Land Adjacent to the Surgery site. The second phase comprises Site A and Site B, situated to the West and to the East of Phase 1, respectively.
- We understand all three Sellindge sites comprise, or formerly comprised, predominantly undeveloped greenfield land, with some residential and light commercial uses throughout.

1. Land Adjacent to The Surgery:

    - Comprises 250 units under construction on a 26.6-acre site.

2. Sellindge Site A – Land to the West:

    - Allocated for 188 units on a 13.8-acre site.

3. Sellindge Site B – Rhodes House:

    - Outline planning permission for 162 units on a 46.7-acre site.

- For the purposes of this assessment, we have included Sellindge Phase 2 within the Strategic Sites.

6.50. Pictures conveying the current progression of each Strategic Site are included within **Appendix 6**, captured during an investigative site visit to the district, during June 2022.

Commercial Typologies

6.51. As an initial basis, we identified and reviewed the selected typologies that were adopted by Dixon Searle CIL & Whole Plan Economic Viability Assessment.

6.52. As per Dixon Searle's 2014 report, the following commercial scenarios were tested:

Table 8: Dixon Searle Commercial Scenarios

Development Type	Example Scheme Type(s) and potential occurrence	GIA (m^2)	Site Coverage	Site Size (Ha)
Retail - larger format (A1): convenience	Large Supermarket	2500	40%	0.63
Retail - larger format (A1): comparison	Retail Warehousing - edge of centre	1500	25%	0.60
A1- A5: Small Retail	Other retail - town centre	300	70%	0.04
A1-A5: Small retail	Convenience Stores	300	50%	0.06
A1-A5: Small Retail	Farm shop, rural unit, café or similar	200	40%	0.05
B1(a) Offices: Town Centre	Office Building	500	60%	0.08
B1(a) Offices: Out of town centre	Office Building (business park type - various)	2500	40%	0.63
B1(a) Offices: Rural	Farm diversification, rural business centres, ancillary to other rural area uses	250	40%	0.06
B1, B2, B8: Industrial / Warehousing	Start-up / move-on unit	500	40%	0.13
B1, B2, B8: Industrial / Warehousing	Larger industrial / warehousing unit including offices - edge of centre	2000	40%	0.50
C1 - Hotel	Hotel - various types - tourism-led (range dependant on market / type). 60-bed.	2800	80%	0.35
C2 - Residential Institution	Nursing home / care home	3000	60%	0.50

Note: 300 sq. m retail ('small retail') scenarios representative of smaller shop types also permitting Sunday Trading Act related trading hours (see also subsequent information in this report).

Source: Dixon Searle

6.53. The commercial scheme scenarios reviewed were developed through the evaluation of the information provided by the Council and the adopted scenarios within the Dixon Searle charging schedule. This information was further supplemented and examined against wider information including the local commercial market activity, ongoing developments, and future pipeline.

6.54. Furthermore, we have consulted the Council as to high level trends that are noticeable within the district regarding commercial development types and applications. This information, along with discussions held with our in-house market experts, have enabled us to form a view as to the whether all scenarios would be required and suitable.

6.55. We are of the view that the schemes of convenience stores and farm shops/cafes would have similar market conditions and should therefore be merged into 'secondary retail'. Additionally, we concluded that rural offices and out of town offices should be merged as 'secondary offices'. Therefore, we have split commercial assets into 'primary' and 'secondary' classes.

6.56. We have reviewed the Dixon Searle assumptions regarding GIA area, site coverage and site size. These inputs appear to still be reasonable and have therefore been incorporated into the GE model.

6.57. From our experience, we are of the opinion that a provision of commercial floorspace within residential development schemes of sizes included within our typology selection would be notional in aid of S106 negotiations and in attaining planning resolution. Therefore, such commercial uses would not be revenue driven and be able to afford additional CIL charges in lieu of such residential charges that are already exerted on the site. As such, we have not considered mixed uses within our typology set. However, this is in exception of Strategic Sites, which incorporate master planning for the key development sites.

6.58. We provide tables below of all the commercial typologies, which we have separated into groups of similar typologies. These groups feed into the analysis and assessment of results that can be found at Section 11 to 13. These typology groups are listed below with their example sites shown in the tables that follow:

a) Retail;
b) Offices;
c) Industrial;
d) Hotel.

6.59. **Table 9: Retail Typologies**

Site Number	Typology Description	Example Site
21	Retail - Larger format (A1) Convenience (Large Supermarket)	Scenario Site (Supermarket)
22	Retail - Larger format (A1) Comparison (Retail Warehousing)	Scenario Site (Retail Warehouse)
23	Primary: Retail (A1-A5)	Scenario Site (Primary Retail)
24	Secondary: Retail (A1-A5)	Scenario Site (Secondary Retail)

6.60. **Table 10: Office Typologies**

Site Number	Typology Description	Example Site
25	Primary: Office (B1) (Town Centre)	Scenario Site (Primary Office)
26	Secondary: Office (B1) (Out of Town)	Scenario Site (Secondary Office)

6.61. **Table 11: Industrial Typologies**

Site Number	Typology Description	Example Site
27	Large Industrial (B2, B8)	Scenario Site (Large Industrial)
28	Small Industrial (B2, B8)	Scenario Site (Small Industrial)

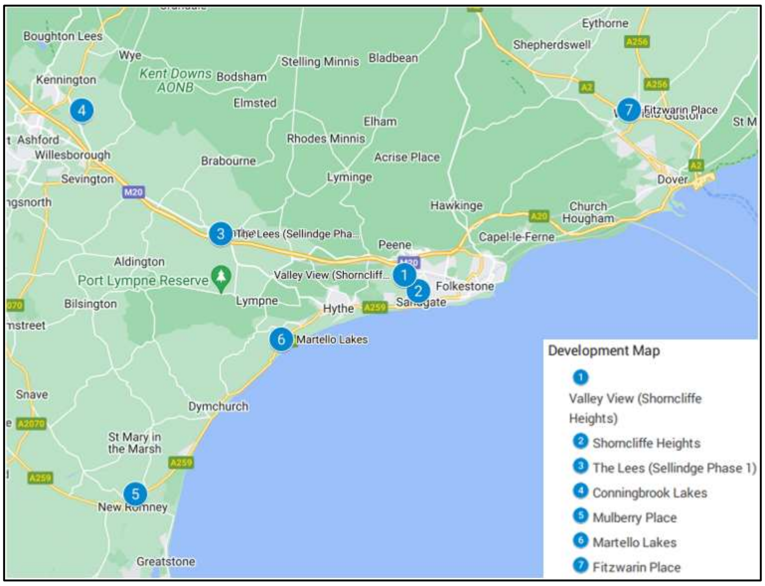
6.62. **Table 12: Hotel Typologies**

Site Number	Typology Description	Example Site
29	Hotel	Scenario Site (Hotel)

7. REVENUE INPUTS AND ASSUMPTIONS

Introduction	7.1.	This section outlines the evidence base for the Revenue inputs used in our viability appraisals. It references the current market conditions for the different typologies and provides the source for each of the inputs.
	7.2.	The NPG defines Gross Development Value as: *"Gross development value is an assessment of the value of development. For residential development, this may be total sales and/or capitalised net rental income from developments. Grant and other external sources of funding should be considered. For commercial development broad assessment of value in line with industry practice may be necessary."*
	7.3.	Specifically, for area-wide studies, the NPG notes that: *"For broad area-wide or site typology assessment at the plan making stage, average figures can be used, with adjustment to take into account land use, form, scale, location, rents and yields, disregarding outliers in the data."*
Residential Revenue Assumptions	7.4.	We estimated private sales values based on previous financial viability assessment work undertaken within the area, and evidence from local new build developments, whilst also referring to second-hand sales.
	7.5.	We have undertaken a review of private sales values for new build properties in Folkestone & Hythe and the surrounding Southeast areas using the Land Registry databases such as Land Insight and REalyse. These databases provide us with the sales values and floor areas for recent transactions from Q1 2021 to present, of which are analysed on basis of average and blended rates per bedroom, per sq ft and highlights the maximum and minimum results from our comparable evidence.
	7.6.	Using Land Registry data, we are also able to separate the sales evidence we have obtained out into houses and apartments, assessing the different average £ per sq ft rates for these in the different CIL zones. They are then applied appropriately to the typologies that include apartments or houses.
	7.7.	In our analysis, significant weight was apportioned to evidence sourced from recent new build developments within the district. These schemes include recent Strategic Sites, such as Martello Lakes, Shorncliffe Heights and Sellindge. In our opinion, these developments provide a strong basis of the appropriate sales values within the area and for larger typologies. **Figure 11** shows the locations of the new build sites within the district and surrounding areas.

Figure 11: Map of New Build Developments Around Folkestone & Hythe District



Source: Google Maps

7.8. We are aware of several developments within the district that are currently under construction. We have had regard to these in respect to the future pipeline. Photos of current developments, such as the 85-unit flatted scheme on Dymchurch Road, St Marys Bay are included within **Appendix 6**.

7.9. We have supported the Land Registry data by researching asking price data from online sources such as Rightmove, although we gave less weight to this evidence as we expect asking prices to vary from the eventual sales price.

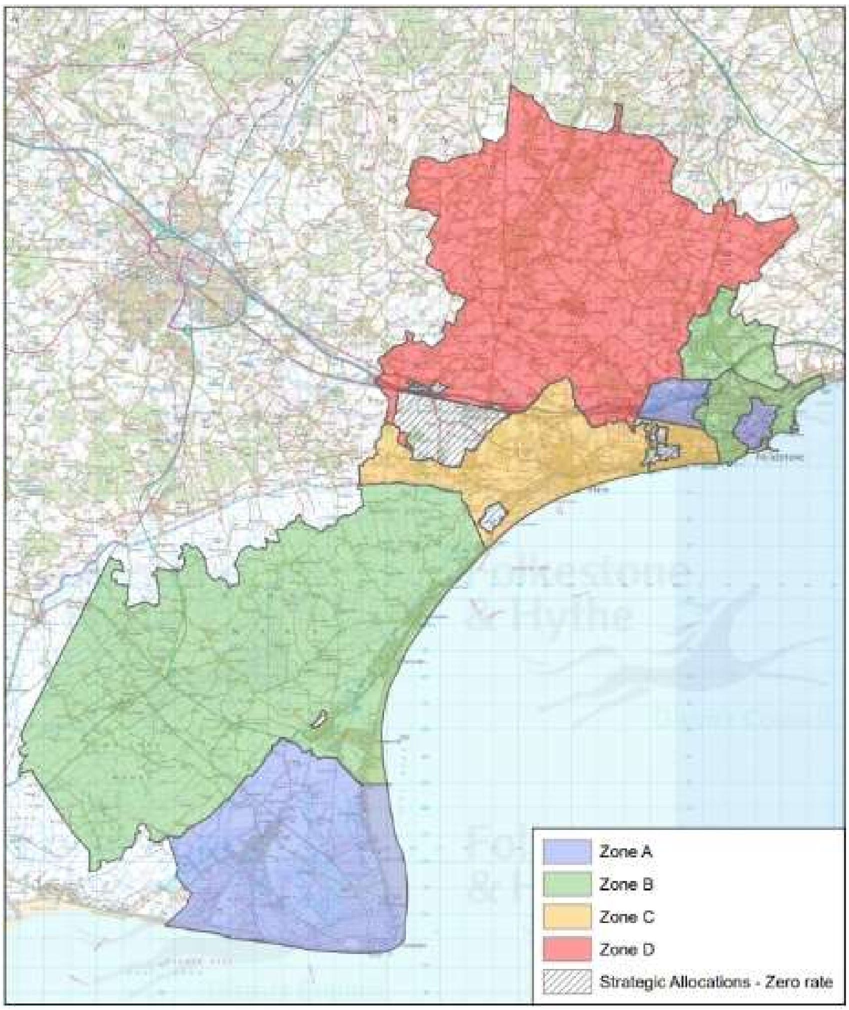
7.10. Using these combined resources allows us to form a view on the sales values in different areas or "zones" of the district. Evidence suggested a range of sales values varying dependent on the location within the zones and proximity to the seafront.

7.11. During our inspection, it was evident that there was a differentiation between wards regarding the affluence and the quality of housing stock in areas across the district. This further supported the adaptation of the current CIL boundaries in the first instance of this exercise.

7.12. A schedule of our comparable evidence and more detailed analysis of average private sales value for each Zone of a £ per sq ft basis can be found in **Appendix 7.**

7.13. By undertaking this exercise, we are able to divide the district into different private residential value zones, following the Council's adopted CIL zones and as a review of the Dixon Searle report. The designated CIL zones are shown on the map below and our derived private residential values for house and flats included below:

7.14. **Figure 12: Map of adopted CIL Zones**



Source: Gerald Eve

7.15. **Table 13: Summary of Private Residential Values per Zone**

Residential Type	Zone A	Zone B	Zone C	Zone D
Apartments (psm)	£3,014	£3,444	£3,660	£3,014
Apartments (psf)	£280	£320	£340	£280
Houses (psm)	£3,337	£3,660	£3,660	£3,983
Houses (psf)	£310	£340	£340	£370

Source: Gerald Eve

7.16. Our analysis showed that there was a significant difference between new build sales values per sq ft throughout the district, in the most notably in the North Downs of Zone D, compared to the South, within the marsh areas of Zone A.

	7.17.	It was evident within our inspection and desktop research that there is a disparity in terms of the quality of apartment stock within Zones A & D. In this, the standard of second-hand flats is anticipated to be far lower than potential new build products, especially in seaside locations. Therefore, we have also had regard to asking prices of flats within the district, assisting in our interpretation of private residential values for flats in each CIL zone.
Sales Velocity	7.18.	Having regard to our experience of similar typologies within the Southeast and other development projects, we are of the view that the following assumption mix of off-plan sales and respective sales velocity is reasonable:

Table 14: Adopted Residential Sales Velocities

Typology	Off-Plan Sales	Sales Rate (Units per Month)
5 Houses	50%	3
10 Houses	50%	3
25 Mixed	40%	3
50 Mixed	30%	5
100 Mixed	20%	5

Source: Gerald Eve

Senior Living (C3) Revenue	7.19.	As previously covered, it is understood that a senior living product (Age Restrictive Accommodation without Provision of Significant Care) would generally anticipate a 5-15% premium in value when compared to private residential products, due to the amenities for an age restrictive product. Furthermore, with the attractive seaside locations available for possible developments in the area, we have been advised that a 10% premium could be expected within the district. Therefore, we have attributed a capital value of £374 per sq ft, realising a 10% premium in regard to Zone B & C private residential values.
Affordable Residential	7.20.	We have tested 22% affordable housing as a base level in our assessment, as per the Council's 'Strategic Housing Market Assessment 2016/17', as referenced by the 'Folkestone & Hythe District Council Core Strategy Review 2022' (for typologies with 10 residential units or over).
	7.21.	We have applied a policy compliant tenure split of 70% Affordable Rent and 30% Intermediate (to be delivered as Shared Ownership).
	7.22.	We have reviewed Dixon Searles approach of applying a percentage of open market value (OMV) for each tenure, to ensure consistency across all residential typology mixes. Whilst the Dixon Searle method is considered reasonable, we have adopted an investment model approach whereby the net rent has been capitalised having regard for appropriate management and maintenance deductions. We have also reviewed the wider work undertaken by Gerald Eve for the district council and other viability consultants to inform the value assumptions, which are summarised in the table below:
	7.23.	

7.24. **Table 15: Summary of Affordable Residential Values**

Affordable Housing Assumptions	Input (% of OMV / Capital Value)
Houses: Social Rent (£psf)	£195 psf
Houses: Intermediate (£psf)	80% OMV
Flats: Social Rent (£psf)	£195 psf
Flats: Intermediate (£psf)	80% OMV

Source: Gerald Eve

7.25. We are of the view that this is an appropriate method for ascertaining affordable values and assumptions for an area wide assessment.

Commercial Revenue

7.26. We have undertaken a review of the different commercial property markets within the district and similarly to the residential inputs we have deduced that the values for commercial property and non-residential schemes achieved throughout the district vary enormously by specific type of development and location. To ensure consistency in considering the viability of various commercial development types, a range of assumptions are required in regard to the rental values and yields anticipated to drive the values within completed schemes.

7.27. Despite the broad variation in commercial values across the district, we are of the view that such values are derived through the quality of stock, in terms of specification and condition, included within recent transactional evidence rather than being specific to the geographical location within the district. Thus, we consider that the recent comparable evidence does not support the justification to split commercial values between four separate CIL Zones.

7.28. Therefore, we have differentiated the commercial values through denoting 'Primary' and 'Secondary' values for commercial uses, dependent on product/scheme mix/location, over the entire District rather than split across the four residential CIL Zones.

7.29. A schedule of our comparable evidence for the various commercial inputs can be found in **Appendix 8.**

Retail Value Assumptions

7.30. We have undertaken a review of the retail market using evidence from Costar and Estates Gazette Interactive (Egi) property databases and by liaising with internal Gerald Eve commercial property teams. We provide our evidence at **Appendix 8**, where a rental range of circa 11.00 psf to circa £25.00 psf and yield range of 4.50% to 8.50% is demonstrated.

7.31. Having regard to the comparable evidence, the assumptions used in our appraisals for the typologies including a retail element is outlined in the table below:

Table 16: Retail Value Assumptions Summary

Retail Value Assumptions	Input	Primary	Secondary
Retail - Larger format (A1) Convenience (Large Supermarket)	Rent (psf)	£25	£20
	Yield (%)	4.5%	4.5%
	Rent Free (Months)	24	24
	Term (Years)	15	15
	Years to Break (Years)	5	5
Retail - Larger format (A1) Comparison (Retail Warehousing)	Rent (psf)	£15	£15
	Yield (%)	5.5%	6.5%
	Rent Free (Months)	24	24
	Term (Years)	15	15
	Years to Break (Years)	5	5
Retail (A1-A5)	Rent (psf)	£35	£20
	Yield (%)	5.5%	6.5%
	Rent Free (Months)	24	24
	Term (Years)	10	10
	Years to Break (Years)	5	5

Source: Gerald Eve

Office Value Assumptions

7.32. We have undertaken a review of the office market using evidence from Costar and Egi databases and by liaising with the Gerald Eve Office Investment Team. We provide our evidence at **Appendix 8**, where a rental range of circa £7.00 psf to circa £17.00 psf and yield range of 5.80% to 8.00% is demonstrated.

7.33. Having regard to the comparable evidence, the assumptions used in our appraisals for the typologies including an office element is outlined in the table below:

Table 17: Office Value Assumptions Summary

Office Value Assumptions	Input	Primary	Secondary
Primary - Office (B1) (Town Centre)	Rent (psf)	£20.00	£14.00
	Yield (%)	5.80%	8.00%
	Rent Free (Months)	24	24
	Term (Years)	10	10
	Years to Break (Years)	5	5
Secondary Office (B1) (Out of Town)	Rent (psf)	£14.00	£10.00
	Yield (%)	5.80%	8.00%
	Rent Free (Months)	24	24
	Term (Years)	10	10
	Years to Break (Years)	5	5

Source: Gerald Eve

Industrial Value Assumptions

7.34. We have undertaken a review of the industrial market using evidence from Costar and Egi databases and by liaising with the Gerald Eve Industrial Investment Team. We provide our evidence at **Appendix 8**, where a rental range of circa £5.00 psf to circa £11.50 psf and yield range of 5.50% to 9.00% is demonstrated.

7.35. Having regard to the comparable evidence, the assumptions used in our appraisals for the typologies including an industrial element are outlined in the table below:

Table 18: Industrial Value Assumptions Summary

Industrial Value Assumptions	Input	Primary	Secondary
Large Industrial (B2, B8)	Rent (psf)	£17.50	£15.00
	Yield (%)	5.50%	7.00%
	Rent Free (Months)	12	12
	Term (Years)	10	10
	Years to Break (Years)	5	5
Small Industrial (B2, B8)	Rent (psf)	£17.50	£15.00
	Yield (%)	5.50%	7.00%
	Rent Free (Months)	12	12
	Term (Years)	10	10
	Years to Break (Years)	5	5

Source: Gerald Eve

Hotel Value Assumptions

7.36. We have liaised with the Gerald Eve Hotels Team, and they have undertaken a review of hotel values in the district. They have provided us with a view with regard to the market and the values that hotels should be expected to achieve. This can be found at **Appendix 8.**

7.37. Using this information, we have formulated assumptions to apply to the typologies that contain a hotel element on a price per key basis which is a common metric for valuing hotels. Our hotels team, which have experience of working within the district and its surrounding area have advised the expected value per key would be c. £100k, on the assumption of the delivery of a 60 bedroom budget hotel, of a 3-star standard. This is summarised in the table below:

Table 19: Hotel Value Assumptions Summary

Hotel Value Assumptions	Input	£/Key
Hotel (60 Keys)	Value (£/key)	£100,000

Source: Gerald Eve

Strategic Sites

7.38. In assessing the Strategic Sites, we are aware of the high level of sensitivity reflected when manipulating the assumptions and inputs adopted within the viability assessments. Therefore, we have taken the approach to assess each strategic site in isolation, rather than include them within the model. Therefore, we are able to adopt site specific assumptions and master developer approaches to ensure accuracy in our conclusions.

7.39. As part of previous instructions for the Council, Gerald Eve have assessed the Strategic Sites regarding their CIL charging schedules. These assessments were included in the following reports, with the respective, most recent, Argus Developer appraisals sourced:

- 'Folkestone & Hythe District Council CIL Charging Schedule Review in relation to Strategic and Key Development Sites', dated November 2020.
  - Folkestone Seafront;
  - Sellindge Phase 2 (Sites A & B)
- 'Addendum Report on Viability for Otterpool Park New Garden Village', Dated June 2021.
  - Otterpool Park.
- 'Financial Viability Assessment Review – Development at Nicholls Road, Hythe, CT21 4NE', Dated December 2020.
  - Martello Lakes

7.40. In each of the appraisals highlighted above, the inputs were derived through extensive due diligence and are site specific for each key development site. These inputs were subsequently reviewed and accepted by independent inspectors. If these inputs were to be altered to include the generic CIL zone assumptions utilized within the model, there would be substantial variation between previously reported figures and thus increasing margin of error in assessing the potential for additional CIL charging.

7.41. With consideration to the above, we have adopted the inspector approved inputs within our individual appraisals and indexed the sales values and construction costs to present day, relying upon the UK House Price Index and BCIS General Build Cost Index, respectively. As such, we are of the opinion that the site-specific assumptions will best reflect current market conditions whilst maintaining their salient accuracy.

7.42. **Table 20: Strategic Sites Index**

Strategic Site	Input (Source)	Index Date at Previous Report	Index 1	Index Date at Present	Index 2	INDEX
Otterpool	Sales (HPI)	Jun-21	129.9	Apr-22	161.1	19%
	Costs (BCIS)	Jun-21	381.4	May-22	430.5	11%
Martelo Lakes	Sales (HPI)	Nov-20	134.8	Apr-22	161.1	16%
	Costs (BCIS)	Nov-20	363.3	May-22	430.5	16%
Folkestone Seafront	Sales (HPI)	Nov-20	134.8	Apr-22	161.1	16%
	Costs (BCIS)	Nov-20	363.3	May-22	430.5	16%
Sellindge	Sales (HPI)	Nov-20	134.8	Apr-22	161.1	16%
	Costs (BCIS)	Nov-20	363.3	May-22	430.5	16%

Source: UK House Price Index & BCIS

7.43. Adopted index figures have been sourced from the published dates of which each Strategic Site was previously reported.

7.44. In assessing the commercial revenue within the Strategic Sites, we formed the opinion that the specific rents and yields adopted within the appraisals were aligned with wider comparable evidence and were therefore not indexed.

8. COST AND PROGRAMME INPUTS AND ASSUMPTIONS

Introduction

8.1. This section considers the different construction costs applied. Costs associated with Site value and development return are addressed in later sections.

8.2. We have had regard to the NPG (paragraph 012[2]), which states the following:

> *"Assessment of costs should be based on evidence which is reflective of local market conditions. As far as possible, costs should be identified at the plan making stage. Plan makers should identify where costs are unknown and identify where further viability assessment may support a planning application.*
>
> *Costs include:*
>
> - *build costs based on appropriate data, for example that of the Building Cost Information Service*
> - *abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites…*
> - *site-specific infrastructure costs…*
> - *the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and any other relevant policies or standards…*
> - *general finance costs including those incurred through loans*
> - *professional, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site."*

Construction Costs

8.3. GE has undertaken a high-level analysis of the costs having regard to the RICS Building Cost Information Service ("BCIS") data for the Folkestone & Hythe District (referred to as "Shepway District" by BCIS). Construction costs were sourced from BCIS on a £ per sqm basis and applied to the GIA of the new build floorspace in each typology.

8.4. For each use class, the BCIS data was rebased to Shepway, Kent and to Q2 2022, and we took the Median average of the available data.

8.5. It is important to note that BCIS has its limitations as a database, particularly for building uses where there are relatively few schemes which the dataset uses as evidence. It is therefore important to note that, as this is an area-wide assessment, construction costs may vary on individual application schemes on site-by-site basis, due to site-specific circumstances.

8.6. The data obtained from BCIS is shown in the table below, with the evidence downloaded (last updated Jun-22) also shown at **Appendix 9.**

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8.7. **Table 21: Construction Costs Assumptions Summary**

Use Class	£/sqm	Information Selection	Source (Jun-22)
Houses (< 3)	£2,288	Median	'One-off' housing detached (3 units or less) (2-storey)'
Houses (> 3)	£1,411	Median	Estate Housing (General)
Flats (3-5 storeys)	£1,620	Median	Flats (apartments) (3-5 storeys)
Flats (6+ storeys)	£1,935	Median	Flats (apartments) (6+ storeys)
A1-A5 Retail	£1,432	Median	Shops (General)
C3 - Senior Living	£1,712	Median	Supported Housing (General)
B1 Offices	£2,098	Median	Offices (General)
B2-B8 Industrial	£854	Median	Industrial (General)
C1 Hotels	£2,358	Median	Hotels

Source: Gerald Eve

8.8. We have reviewed the adopted construction costs with reference to the Dixon Searle study. It is evident that construction costs have generally increased on the whole since 2014, with an average increase in costs by 32%. The only exception regards the construction cost anticipated for B2-B8 Industrial typology, showing an 8% decrease in comparison to the Dixon Searle adopted costs.

8.9. BCIS General Build Cost Index calculate that as of February 2022, there has been a 28% increase in build costs since June 2014. We view that the adopted BCIS figures are in correlation with historic levels of inflation and an appropriate assumption for this exercise.

Construction Market Overview

8.10. BCIS has recently published the following statement regarding the current volatility regarding construction costs within the UK:

"Tender prices continue to increase driven mainly by the current unprecedented material cost increases and labour shortages. BCIS expect tenders to rise by 8% this year falling back to around 4% per annum for the next 4 years.

During the first half of 2022, the BCIS Materials Cost Index has continued to grow at an annual growth in excess of 20%, a rate not seen since 1980. The annual material increase is now expected to be 15% on the year falling back to between 1 and 3.5% over the following 4 years.

The high inflation and general economic uncertainty could lead to clients delaying projects and a slowing down in construction activity.

Series	BCIS All-in TPI		BCIS GBCI		BCIS MCI	
Common Base Date	2022					
Downloaded	23-Jun-2022					
Date	**Index**	**On year**	**Index**	**On year**	**Index**	**On year**
2022	100	8.00%	426	10.10%	426	14.80%
2023	104	3.90%	434	1.90%	434	0.30%
2024	108	3.70%	446	2.80%	446	2.40%
2025	112	3.80%	460	3.10%	460	3.30%
2026	116	3.90%	474	3.00%	474	3.20%

8.11.

The results of a recent BCIS survey of housebuilders revealed that the additional cost complying with new Building regulations is estimated be 6%."

Source: BCIS

8.12. The construction industry has been hampered over recent years, through impacts of Brexit, Covid-19 and more recently, the severe consequences of Russia's invasion of Ukraine has become the top risk to global supply, prompting a spike in energy costs and a consequent resumption of an inflationary trend. Rising energy prices will invariably impact the manufacturing costs for many construction products and materials. Indeed, the CLC has confirmed that manufacturers have increased prices by between 5-10% so far this year, with the cost of the most energy-intensive products rising by as much as 20%.

8.13. While the UK is not as reliant on Russian energy and commodities as mainland Europe, the shockwaves stemming from the crisis will be far-reaching. There have been notable impacts in the market including supply chain disruption, shortages, and price hikes will affect materials and deliveries. The reallocation of certain types of materials will only intensify the situation.

8.14. With rising costs of materials and inflation, the use of fixed-price contracts could be problematic for some contractors and could result in financial stress and, in the most extreme, insolvencies. Therefore, the use of historic BCIS tender prices ensues the limitation of backward-looking data that does not correspond with the current market and future volatility.

Construction Contingency

8.15. We have used a standardised approach in relation to construction contingency which is in line with NPG para 012[3] and also consistent with our experience of undertaking financial viability assessments elsewhere in the district and throughout the UK. It is also consistent with the experience of council officers based on discussions in relation to other schemes coming forward in the area, including the strategic sites and incorporation of risk in construction within flood risk zones and marshlands.

8.16. Further consideration has been attributed to potential scheme specifications and abnormal costs that may come to fruition within the district, following future market demands and supply variance. Therefore, we have incorporated an additional allowance to encompass potential factors such as carbon reduction, net gain in biodiversity and adaptable housing and space standards, which may be experienced across differing typologies.

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	8.17.	With special consideration given to the above information regarding the current construction market and additional risks, we have applied a contingency cost to all construction rates of 10%. This represents an amount held in reserve for the unknown risks associated with the different projects.
	8.18.	It should be noted that this additional 10% contingency allowance has only been applied to the typology schemes and not the strategic sites.
Professional Fees	8.19.	The general, industry standard range for professional fees is between circa 10-12%. This would include architects, mechanical and engineering consultants, structural engineers, quantity surveyors, project managers, etc.
	8.20.	We have applied 10% professional fees across all typologies, which is a reasonable assumption, based on our knowledge of development in the district.
Other Construction Costs	8.21.	The BCIS data includes the base build cost and does not allow for External Works, Environmental Costs, or Site Preparation.
	8.22.	We have therefore applied an additional cost to allow for these items within the appraisal. These are summarised in the table below:

Table 22: Other Construction Costs Summary

Other Construction Costs	Rate Applied
External Works	10%
Environmental Costs	2%
Site Preparation	2.5%

Source: Gerald Eve

	8.23.	As part of the information provided by the Council regarding Strategic Development Sites, we have included further additional costs, where appropriate. For instance, where we have been provided with a specific quantum for additional infrastructure costs, these have been included within our model.

Table 23: Additional Infrastructure Costs

Strategic Site	Infrastructure Cost
Otterpool Park	£217,471,832
Nicholls Quary	£13,383,978
Folkestone Seafront	£19,000,000
Sellindge Phase 2	£3,240,737

Source: Gerald Eve

	8.24.	Where relevant, an allocation of costs has also been included for 'Abnormal' Infrastructure Items. This is where the discussions on the potential additional costs are still ongoing between the Council and the developers. A key example of this relates to the nutrient neutrality issues previously raised by Natural England in relation to the Sellindge Sites being delivered as part of Phase 2.
Marketing and Disposal Costs	8.25.	We have applied standard disposal costs across the various typologies based on industry standards and our knowledge of the Southeast development market.

8.26. For the typologies with all or part residential use, we have applied a flat rate of 4% which incorporates agency fees (1%), legal fees (0.5%), and marketing costs (2.5%).

8.27. For the typologies with all or part commercial uses, we have adopted 10% of the estimated rental value (ERV) for the letting and legal fees, and 5% for the sales agency and legal fees.

8.28. These assumptions are summarised in the below table:

Table 24: Marketing and Disposal Costs Summary

Marketing and Disposal Costs	Rate Applied
Residential Sales Agents, Legal & Marketing	4%
Commercial Letting Agents & Legal	10%
Commercial Sales Agents & Legal	5%

Source: Gerald Eve

Section 106

8.29. To determine an appropriate estimate for the Section 106 (S106) costs across the typologies, we discussed the notional rate with the Council and considered evidence of S106 costs on a per unit basis from existing schemes.

8.30. Current guidance for S106 within the district is detailed in Core Strategy Policy SS5, which states:

> *"Development should provide, contribute to or otherwise address the district's current and future infrastructure needs. Infrastructure that is necessary to support development must exist already, or a reliable mechanism must be available to ensure that it will be provided at the time it is needed."*

8.31. As such, there is no standard assumption that can be assessed and incorporated within our model. Each site and typology would be inspected on an individual basis in order to maximise its provision to the Council and incorporate all nuances presented in each case. However, in order to ensure that all potential costs are captured within our model, a high-level assumption for S106 costs has been applied.

8.32. As part of our assessment, the Council has provided information regarding the agreed Section 106 (S106) for a selection of example typologies within our assessment, most notably the Strategic Sites. Where actual S106 contributions are unknown, we have assumed an average of all known S106 costs, to be allocated on a 'per unit' basis across all residential typologies.

Table 25: Section 106 Contribution

Cost	Rate Applied Per Unit
Section 106 Contribution	£3,365

Source: Gerald Eve

Build Programme

8.33. Having regard to all the information that we have available to us and with our experience of similar scheme typologies, we are of the view that a minimum build programme totalling 12-months, including pre-construction, for 5-dwelling typology. We would then anticipate for the construction period to incorporate a level of economies of scale regarding deliverability. Therefore, we have adopted the following residential build programmes:

Table 26: Residential Build Programme

Period	Pre-Construction (months)	Construction (months)	Total (months)
5 Houses	3	9	**12**
10 Houses	3	12	**15**
25 Mixed	3	18	**21**
50 Mixed	6	24	**30**
100 Mixed	6	36	**42**

Source: Gerald Eve

8.34. To ensure consistency with our review of the Dixon Searle assessment, we have reviewed the original build programmes assumed for the commercial typologies.

Table 27: Commercial Build Programme

Period	Pre-Construction (months)	Construction (months)	Total (months)
Retail – Larger Format (Large Supermarket)	3	12	**15**
Retail – Larger Format (Retail Warehousing)	3	7	**10**
Primary Retail	3	6	**9**
Secondary Retail	3	6	**9**
Primary Offices (Town Centre)	3	6	**9**
Secondary Offices (Out of Town)	3	12	**15**
Large Industrial	3	9	**12**
Small Industrial	3	6	**9**
Hotel	3	14	**17**
Senior Living (C3)	3	16	**19**

Source: Dixon Searle

Finance

8.35. We have applied a rate of 7% finance costs within the appraisal across all typologies. We consider that this reflects the current market position and is in accordance with recent schemes that have been reviewed. We have applied this rate on the basis of our market knowledge, and our full approach and reasoning behind this are set out at **Appendix 10.**

District CIL Rates	8.36.	For testing purposes, as advised by the Council, we have initially applied the rates of CIL as per the Council's CIL Charging Schedule indexed to 2022. We recognise that indexation is variable and given that we have applied other assumptions based on the best available evidence, as provided by the Council (having regard to the impact of Covid-19), we have applied a CIL indexation on a consistent basis. However, we have then gone on to test a range of CIL rates, as part of our analysis.
	8.37.	The current CIL charging schedule for the district is as follows:

Table 28: Current Residential CIL Charges (2022 Indexed)

Development Type	Current CIL Rate			
Residential Development	Zone A	Zone B	Zone C	Zone D
	£0	£58.86	£117.73	£147.16
Residential Development on Strategic Site Allocations	£0			

Source: The Council

Viability Buffer	8.38.	Throughout our assessment, we have ensured that we have had regard to the need to allow for a viability "buffer". This is a margin or allowance in relation to typology viability having regard to potential future market movements and changes to development types within the district, such as interest rates and developer's profit returns.
	8.39.	So for example, the current CIL rate per zone we have applied includes an element of viability 'buffer', by way of a 10% increase per zone; the fact that we are testing many typologies in an area-wide study seeks to ensure no development is unreasonably limited in terms of viability; and we have applied sensitivity testing to ensure our results have regard to potential future changes in costs and values.
	8.40.	Most notably, the sensitivity 'buffer' is vital in allowing for potential impacts on the construction industry in the UK, as detailed earlier in this report. It is integral that the information and conclusions provided to the council, to assist with their decision making, does not implicate the viability of future developments, if market conditions change.
	8.41.	The adopted CIL charging schedule for the district, including a 10% buffer, is as follows:

Table 29: Adopted Residential CIL Charges (2022 Indexed) with 10% Buffer

Development Type	Current CIL Rate			
Residential Development	Zone A	Zone B	Zone C	Zone D
	£0	£64.75	£129.50	£161.88
Residential Development on Strategic Site Allocations	£0			

Source: The Council/Gerald Eve

	8.42.	Strategic Sites have been tested with the exclusion of CIL charges. Therefore, the viability 'buffer' is incorporated in a 10% 'buffer' through sensitivity testing of key appraisal inputs.

Strategic Sites

8.43. As detailed within **Section 7**, the Strategic Sites have been analysed through the adaptation of previous viability models that had been constructed for site specific assessments, as instructed by the council. Therefore, the Strategic Site appraisals incorporate specific master developer build programs/phasing, infrastructure and inspector approved revenue assumptions.

8.44. With consideration to the above, we have adopted the inspector approved inputs within our individual appraisals and indexed the sales values and construction costs to present day, relying upon the UK House Price Index (HPI) and BCIS General Build Cost Index (BCIS), respectively. As such, we are of the opinion that the site-specific assumptions will best reflect current market conditions whilst maintaining their salient accuracy.

8.45. **Table 30: Strategic Sites Index Calculation**

Strategic Site	Input (Source)	Index Date at Previous Report	Index 1	Index Date at Present	Index 2	INDEX
Otterpool	Sales (HPI)	Jun-21	129.9	Apr-22	161.1	19%
	Costs (BCIS)	Jun-21	381.4	May-22	430.5	11%
Martelo Lakes	Sales (HPI)	Nov-20	134.8	Apr-22	161.1	16%
	Costs (BCIS)	Nov-20	363.3	May-22	430.5	16%
Folkestone Seafront	Sales (HPI)	Nov-20	134.8	Apr-22	161.1	16%
	Costs (BCIS)	Nov-20	363.3	May-22	430.5	16%
Sellindge	Sales (HPI)	Nov-20	134.8	Apr-22	161.1	16%
	Costs (BCIS)	Nov-20	363.3	May-22	430.5	16%

Source: UK House Price Index & BCIS

8.46. It is assumed that site specific cost plans regarding abnormal costs would incorporate an allowance for inflation. Therefore, abnormal fees have not been inflated within our assessment of the Strategic Sites.

8.47. To ensure that consideration is made regarding potential shifts in market conditions for such large and complex sites, sensitivity testing is required when assessing the viability of such schemes against their benchmark land values. Further details regarding the appropriate level of sensitivity buffer adopted for the Strategic Sites is included in **Section 12**.

9. RETURN TO THE DEVELOPER (PROFIT)

Introduction

9.1. This section of the report sets out the proposed return applied to the appraisal and the basis upon which a reasonable competitive return to a willing Developer has been considered.

9.2. A significant factor in undertaking viability assessments for development purposes is the level of return which a developer might reasonably require from undertaking the development and in turn on what basis the Scheme could be funded and financed. This will depend on a number of factors including the size of the development, the perceived risks involved, the degree of competition between funding and finance institutions for the Scheme, the state of the market in terms of demand for and lot size of the completed development and the anticipated timescales for development and for receiving a return.

9.3. In relation to a reasonable return to the Developer, the NPG states (paragraph 018[4]):

> *"For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development."*

9.4. Furthermore, the NPG recognises that lower returns are considered more appropriate for affordable housing where risk to receipt of income are lower.

9.5. We have taken into consideration the risks involved, the nature of the market, the types of development coming forward in the district and the nature of Developers likely to be bringing forward these developments.

9.6. We have applied a rate of 20% profit on GDV to the Private Residential, 6% to the Affordable Residential, and 15% to the Commercial uses. These return to developer levels have been arrived at having regard to the risk of future property market movement which may impact on viability, and therefore include an element of viability "buffer" taking this risk into account.

9.7. **Table 31: Required Profit on GDV**

GDV	Profit on GDV
Private Residential	20%
Affordable Residential	6%
Commercial	15%

Source: Gerald Eve

9.8. GE understand that the growing risks to developments, including increasing construction costs and interest/funding rates may have potential impact on future profit margin requirements. Therefore, such risk must be reflected within our review, by applying the 10% CIL buffer within the model.

9.9. It should be noted that the term 'Profit' included in the summary appraisals at Appendix 11 represents an output and reflects the Developer Return, which as discussed above is considered reasonable to include, under the NPG for plan making.

[4] 0-018-20190509

10. BENCHMARK LAND VALUE

Introduction	10.1.	This section sets out the underlying basis of the adopted Benchmark Land Value (BLV). Our views are formed having regard to the NPPF, the NPG, RICS Guidance Note 'Financial Viability in Planning' published August 2012 (RICS GN) and the RICS Professional Statement 'Financial Viability in Planning: conduct and reporting' published NPG in May 2019 (effective September 2019).
	10.2.	NPG indicates that viability is to determine a Benchmark Land Value (BLV) which reflects the aggregate of the Site's Existing Use Value (EUV) (Component 1) and a premium for the landowner to release the land for development (Component 2), or an assessment of an Alternative Use Value (AUV) which has regard to planning policy. Therefore, in accordance with NPG (2019) this section looks to establish the BLV for each typology.
Methodology	10.3.	The below outlines our methodology for determining the BLV of each typology having regard to the EUV and premium.
	10.4.	We have assessed the BLV for each typology dependent on an assumed existing use, which we have broken into two categories: greenfield (agricultural) and brownfield (previously developed land).
	10.5.	In determining whether the site is assumed to be greenfield or brownfield we have first had regard to the scenario sites. For the scenario sites the existing use is known, and as such we have determined the existing use based on the known use.
	10.6.	For the remaining non-scenario site typologies, we have assumed an existing use dependent on the characteristics of the CIL zone, principally the level of development within the zone, as well as the nature and use of development. In determining the assumed existing use of the non-scenario sites, we have also had regard to the principles of the NPPF (specifically paragraph 119).
	10.7.	We have therefore assumed brownfield existing use for smaller sites in the more developed zones (Zones B, C and D). Collectively this has enabled us to produce a holistic and robust approach which captures and assess the mixture of existing uses within Folkstone and Hythe, whilst also reflecting the principles of the NPPF.
	10.8.	To summarise, in determining a site's existing use, we have followed the below existing use assessment hierarchy: 1. Scenario Sites: existing use known and adopted. 2. Zone A non-scenario sites: Rural and therefore assumed **all** non-scenario sites to be greenfield. 3. Zone B non-scenario sites: More developed than Zone A and therefore assumed greenfield except for the 100-mixed typology. 4. Zone C non-scenario sites: Most developed therefore assumed brownfield except for the 50-mixed typology to reflect zone specific characteristics. 5. Zone D non-scenario sites: More rural than Zones B and C therefore assumed greenfield except for the 5-houses typology to reflect Paragraph 119 of the NPPF.
EUV (Component 1)	10.9.	EUV is the first component of calculating BLV. EUV can be established in collaboration between plan makers, developers, and landowners by assessing the value of the specific site or type of site using published sources of information, such as appropriate capitalised rental levels at an appropriate yield. The NPG (2019) sets out sources of data that can be used and at paragraph 015 indicates that EUV can reflect the land in its existing use.

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	10.10.	NPG (2019) indicates that EUV should reflect the land and property in its existing-use, un-refurbished and excluding any hope value for redevelopment.
Premium (Component 2)	10.11.	NPG (2019) indicates that the 'Premium' is the second component of BLV and is the amount above the EUV that should provide a reasonable incentive for a landowner to bring forward the land for development, while allowing a sufficient contribution to comply with policy requirements.
	10.12.	NPG (2019) at paragraph 016 indicates that establishing a reasonable premium to the landowner is an iterative process informed by professional judgement and must be based upon the best available adjusted market evidence or from FVAs.
	10.13.	Furthermore, the RICS GN outlines that it is essential to have regard to sales prices of comparable development sites, para 3.16 states: *"The importance…of comparable evidence cannot be over-emphasised, even if the supporting evidence is very limited, as evidenced in Court and Land Tribunal decisions."*
	10.14.	NPG (2019) at paragraph 017 provides guidance for undertaking an alternative use value (AUV) on the basis that there is a planning permission or reasonable prospect of planning permission being granted, and a demand for such a scheme can be demonstrated.
Existing use assessment	10.15.	As part of the EUV and BLV assessment of the various sites, we considered the existing policy evidence available:
		Shepway District Places and Policies Local Plan – Preferred Options Viability Assessment (September 2017)
	10.16.	In this assessment a Market Value approach was considered, although where relevant the sites should be tested against their existing use values, where the site can continue to be used for beneficial economic purpose without the requirement of alternative development.
	10.17.	They comment that values of between £500k and £750k+/ gross hectare are sought for development sites which equates to a private sale plot value of between £25k and £35k before concluding that the study adopts a EUV of £500k per gross acre.
		Shepway District Council CIL and Whole Plan Economic Viability Assessment (July 2014)
	10.18.	In this study consideration was given to the development land market values to inform BLV based on the EUV plus a premium methodology.
	10.19.	A range of £500k to £1.2m per gross hectare was considered, concluding that the minimum land value to incentivise release for development would be £500k per hectare. However, they acknowledge that values of between £150k and £400k per gross hectare maybe relevant for less attractive locations or land for improvement, supported by the principle of adopting an uplift factor of 10 to 20 times base agricultural land value of between £15k to £20k per gross acre.
		Ashford Borough Council Local Plan Viability Report Update (2017)
	10.20.	Whilst this study relates specifically to Ashford, its close proximity to F&H makes it useful comparable information.

	10.21.	The study considers an EUV plus landowner premium in respect of BLV. A premium of 45% was adopted over industrial land uses values, generating a BLV of £700k per gross hectare for urban/ edge of urban sites.
	10.22.	When considering agricultural uses, 15 x the agricultural use value was adopted to establish a BLV of £300k per gross hectare for greenfield strategic sites.
Typologies in assumed Greenfield use – EUV (Component 1)	10.23.	Based on policy evidence and our experience of reviewing EUV in the context of agricultural uses, we have had regard to the Ministry of Housing, Communities & Local Government, Land Value Estimates for Policy Appraisal (2017). The guidance suggests that circa. **£10,000 per acre** would be considered reasonable as a base point for EUV.
Typologies in assumed Greenfield use – EUV Plus Premium (Component 2)	10.24.	As set above, in line with the NPG (2019), to ascertain the BLV, we also need to consider the 'Premium' as the second component of BLV, ensuring that a reasonable incentive is provided to the landowner to bring forward the land for development, whilst allowing a sufficient contribution to comply with policy requirements.
	10.25.	In our assessment, we have considered policy guidance as well as our own market knowledge of assessing the BLV of large-scale agricultural sites. As set out above, both the Shepway District Council CIL and Whole Plan Economic Viability Assessment (2014) and the Ashford Local Plan Viability Report Update (2017) supported the principle of adopting an uplift factor of between 10 to 20 times base agricultural land value, 15 times for the latter.
	10.26.	We have also had regard to the Homes and Communities Agency (HCA) guidance: "Transparent Assumptions: Guidance for the Area Wide Viability Model" which states that for greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value.
	10.27.	Taking this guidance into account, it would suggest that in this instance, the Premium would equate to this uplift in agricultural value. Given the potential level of infrastructure requirements associated with the greenfield sites, we consider that applying the lower rate of x10 would be more realistic, equating to £240,000 per Hectare, or c.£100,000 per acre.
	10.28.	A valuation of c.£100,000 per gross acre does appear to be consistent with other land values applied for predominantly agricultural land which we have assessed nationally. We have worked on numerous projects including Braintree, Alconbury, Oxford, West Winch and Waterbeach Barracks, where this value per acre was considered acceptable and in line with the market.
	10.29.	We note that several of the sites currently being assessed are within agricultural uses or were at the time the policy was formulated. We therefore consider it reasonable to apply the above methodology to the assessment of BLV in respect of the agricultural sites.
Adopted BLV for Greenfield typologies	10.30.	To summarise, for the greenfield typologies we have therefore adopted a BLV of **£100,000 per acre**.
Typologies in Brownfield Use – EUV (Component 1)	10.31.	Based on policy evidence and our experience of reviewing EUV in the context of brownfield sites, we have had regard to the Ministry of Housing, Communities & Local Government, Land Value Estimates for Policy Appraisal (2017). Whilst this guidance is slightly dated, we consider it still relevant and have therefore had regard to it, along with current comparable evidence of land transactions.

	10.32.	The guidance is however unclear on the average value that should be applied for the sites located in the district. We have therefore considered the value range provided for comparable areas.
	10.33.	The values for the Southeast range from £1.8-£3m per hectare. Whilst the district is within the Southeast, we consider it relatively remote in comparison to other locations being considered. It is also useful to review other coastal locations to offer a comparison. For example, Brighton has been allocated a value of £1.8m, whereas Bournemouth and Poole are both at £1m per hectare, equating to c.£400k per acre. In our view these locations are all superior to the district in terms of the land values and a deduction should be applied to the baseline figure.
	10.34.	We therefore consider the EUV for brownfield land in this area to be in the region of £300-£400k per acre. However, we have undertaken additional research to sense check this assumption and ensure our assessment is in line with the market in the section below.
Typologies in Brownfield Use – EUV plus Premium (Component 2)	10.35.	We have analysed comparable evidence from brownfield land transactions to determine a relevant EUV Premium for sites that have an existing brownfield use.
	10.36.	We have also considered a premium to the landowner, reflecting a reasonable incentive for a landowner to bring forward the land for development.
	10.37.	For brownfield land, in line with the policy guidance discussed in the above sections, we consider a 20% uplift on the EUV is standard practice to incentivise the landowner to sell. We have therefore adopted Benchmark Land Value of **£420k per acre**, which we consider to be reasonable.
	10.38.	We have also sensed checked the proposed BLV against local comparable evidence. The comparable evidence demonstrates industrial land achieves values in the range of circa £273,000 to £730,000 per acre in Kent and the wider south-east region.

10.39. **Table 32: Summary of brownfield land transactions**

Address	Date	Price	Gross Size (Acres)	Price per gross acre	Planning position at sale
Leacon Road, Ashford, Kent, TN23 4TU	Jan-22	£3,500,000	4.8	£729,166	None
Former Gasholders Brielle Way, Sheerness Kent, ME12 1YW	Aug-21	£835,000	1.5	£542,208	None
Sevington Rail Depot, Waterbook Avenue, Ashford, Kent	Apr-20	£8,400,000	13.3	£631,579	Outline planning permission for employment uses.
Land at Roundabout Farm, Canterbury, Kent, CT6 8LW	Aug-19	£2,400,000	8.8	£273,660	Full planning permission for 2,125 sq m retail unit

Source: Gerald Eve / Landinsight

BLV Summary

10.40. To summarise, we have adopted the following BLVs dependent on existing use:

Existing Use	Benchmark Land Value per acre
Greenfield	£100,000
Brownfield	£350,000

10.41.

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10.42. Strategic Site BLV's have been calculated as Greenfield land, with the exception of Folkstone Seafront. The following Strategic BLV's have been adopted for the Strategic Sites:

Strategic Site	Existing Use	Land Value per acre	Gross Acreage (Acres)	Benchmark Land Value
Folkstone Seafront	Brownfield	£350,000	42	£14,700,000
Martello Lakes	Greenfield	£100,000	167.60	£16,760,000
Otterpool	Greenfield	£60,000[5]		£95,000,000
Sellindge Phase 2	Greenfield	£100,000	58	£5,800,000

[5] Greenfield Land Value of £100,000 per acre incorporating an allowance for abnormals.

11. OUTPUTS

Introduction	11.1.	This section provides a summary of the outputs produced in the model which form the basis for the conclusions of this report. A comprehensive table of outputs is attached at **Appendix 11**, but this section summarises the base assessments of each of the typologies in the different groups as outlined in **Section 6**.
	11.2.	For reference, these groups are: a) Residential; b) Retail; c) Office; d) Industrial; e) Hotel;
	11.3.	A detailed qualitative assessment of the typologies within these groups based on the outputs below is undertaken in **Section 13**. A summary of the outputs for each typology group is included below:

11.4. **Table 33: Residential Development Output Summary**

Site Number	Typology Description	Example Site	Surplus / Deficit (c£10,000)
1	Zone A: 5 Houses	Scenario Site (A5)	-£370,000
2	Zone A: 10 Houses	Scenario Site (A10)	£310,000
3	Zone A: 25 Mixed	Station Yard, Station Road, Lydd	-£520,000
4	Zone A: 50 Mixed	Scenario Site (A50)	-£10,000
5	Zone A: 100 Mixed	Scenario Site (A100)	-£60,000
6	Zone B: 5 Houses	Land rear of Varne Boat Club	-£280,000
7	Zone B: 10 Houses	Scenario Site (B10)	£220,000
8	Zone B: 25 Mixed	Former Hope All Saints Garden Centre	£90,000
9	Zone B: 50 Mixed	Marsh Potato Site	-£2,990,000
10	Zone B: 100 Mixed	Land off Victoria Road West, Littlestone	£970,000
11	Zone C: 5 Houses	Scenario Site (C5)	-£440,000
12	Zone C: 10 Houses	The Cherry Pickers Public House, Cheriton	£220,000
13	Zone C: 25 Mixed	Brockman Family Centre, Cheriton	£310,000
14	Zone C: 50 Mixed	Shepway Close, Folkstone	£850,000
15	Zone C: 100 Mixed	Smiths Medical, Hythe	-£1,520,000
16	Zone D: 5 Houses	Scenario Site (D5)	-£410,000
17	Zone D: 10 Houses	Camping and Caravan Site, Stelling Minnis	£440,000
18	Zone D: 25 Mixed	Land East of Broad Street, Lyminge	£510,000
19	Zone D: 50 Mixed	Scenario Site (D50)	£570,000
20	Zone D: 100 Mixed	Scenario Site (D100)	£1,170,000

Source: Gerald Eve

11.5. **Table 34: Senior Living / Extra Care Development (C3) Output Summary**

Site Number	Typology Description	Example Site	Surplus / Deficit (c£10,000)
30	Senior Living (C3)	Zone A (Senior Living)	£663,299
30	Senior Living (C3)	Zone B (Senior Living)	£1,165,754
30	Senior Living (C3)	Zone C (Senior Living)	£986,903
30	Senior Living (C3)	Zone D (Senior Living)	£1,578,769

Source: Gerald Eve

11.6. **Table 35: Retail Development Output Summary**

Site Number	Typology Description	Example Site	Surplus / Deficit (c£10,000)
21	Retail – Larger format (A1) Convenience (Large Supermarket)	Scenario Site (Supermarket)	£2,710,000
22	Retail – Larger format (A1) Comparison (Retail Warehousing)	Scenario Site (Retail Warehouse)	-£320,000
23	Primary: Retail (A1-A5)	Scenario Site (Primary Retail)	£190,000
24	Secondary: Retail (A1-A5)	Scenario Site (Secondary Retail)	-£420,000

Source: Gerald Eve

11.7. **Table 36: Office Development Output Summary**

Site Number	Typology Description	Example Site	Surplus / Deficit (c£10,000)
25	Primary: Office (B1) (Town Centre)	Scenario Site (Primary Office)	-£820,000
26	Secondary: Office (B1) (Out of Town)	Scenario Site (Secondary Office)	-£7,840,000

Source: Gerald Eve

11.8. **Table 37: Industrial Development Output Summary**

Site Number	Typology Description	Example Site	Surplus / Deficit (c£10,000)
27	Large Industrial (B2,B8)	Scenario Site (Large Industrial)	-£280,000
28	Small Industrial (B2,B8)	Scenario Site (Small Industrial)	£140,000

Source: Gerald Eve

11.9. **Table 38: Hotel Development Output Summary**

Site Number	Typology Description	Example Site	Surplus / Deficit (c£10,000)
29	Hotel	Scenario Site (Hotel)	-£6,010,000

Source: Gerald Eve

11.10. **Table 39: Strategic Sites Development Output Summary**

Site Number	Typology Description	Site	Surplus / Deficit (c£100,000)
31	Strategic Site	Otterpool Park	
32	Strategic Site	Nicholls Quary "Martello Lakes"	£8,850,183
33	Strategic Site	Folkestone Seafront	-4,499,724
34	Strategic Site	Sellindge Phase 2	£3,222,639

Source: Gerald Eve

12. SENSITIVITY AND SCENARIO ANALYSIS

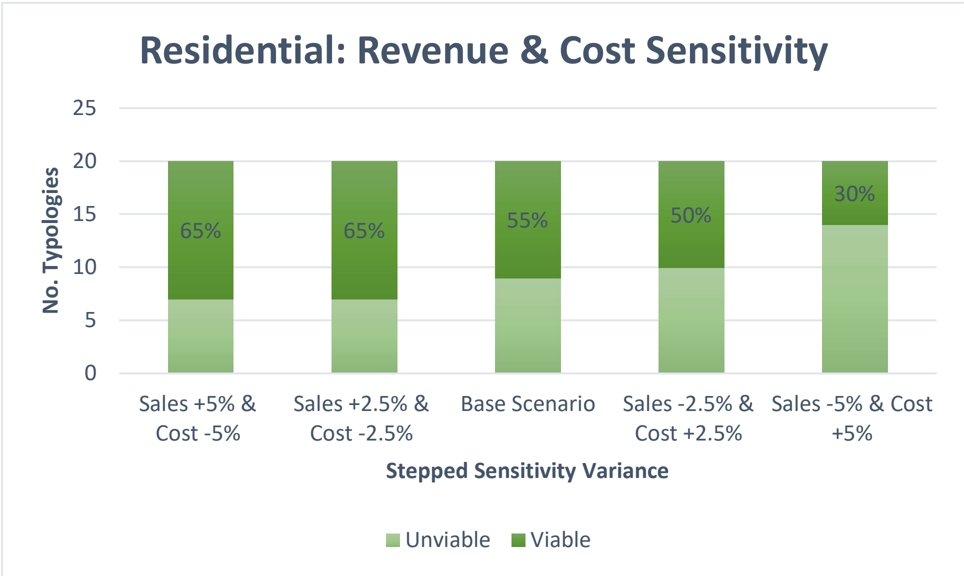
Introduction	12.1.	In accordance with relevant RICS guidance we have undertaken sensitivity and scenario testing on the appraisal outputs to determine the impact that changes in costs, values, affordable housing levels, and CIL levels has on the viability of the various typologies and typology groups.
RICS	12.2.	The RICS[6] requires that all valuations of development property must provide a sensitivity analysis of the results and an accompanying explanation and interpretation of respective calculations on viability, having regard to risks and an appropriate return(s). This is to: • Allow the applicant, decision- and plan-maker to consider how changes in inputs to a financial appraisal affect viability, and; • Understand the extent of these results to arrive at an appropriate conclusion on the viability of the application scheme (or of an area-wide assessment). This also forms part of an exercise to 'stand back' and apply a viability judgement to the outcome of a report.
Sensitivity – present day	12.3.	A sensitivity analysis is a simplistic (but widely used) approach for testing viability and the robustness of the Scheme. Uncertainties can be identified in respect of the inputs and their effects can then be looked at in terms of the development return and then the level of planning payment. In short, this is a straightforward deterministic approach from which a judgement needs to be made as to the appropriateness of the outcome. Benchmarks can be used as performance measures. A prudent developer will also consider the sensitivities of a development and assess the risks of the project.
Sensitivity	12.4.	In this section, we summarise the findings from the sensitivity analysis. Detailed tables are set out at **Appendix 12**.
Minimum Residential Typology Threshold	12.5.	In determining whether a group of typologies is viable at the current CIL level, we have assumed a **minimum threshold of 70%** of those residential typologies in that CIL zone need to be viable when tested through stepped sensitivity, incorporating potential market conditions.
	12.6.	In arriving at this minimum reasonable threshold level, we have had regard to the following factors:
	12.7.	(a) As part of the process of selecting our appraisal inputs and assessing these through sensitivity analysis, we have incorporated a level of "viability buffer" to allow for changes in the market and variation cost or values. This therefore allows a level of flexibility and margin of error having regard to the current market uncertainty and the number of typologies tested.
	12.8.	(b) Some typologies tested are not viable with any level of affordable housing or CIL contribution using the area wide assessment inputs we have assumed. For this reason, there will always be certain schemes which will need to be viability tested on a site-specific basis when they are brought forward.

[6] Paragraph 4.3.1 in 'Assessing Viability in Planning Under the National Planning Policy Framework 2019 For England', issued March 2021.

	12.9.	Each step in the component sensitivity testing has been benchmarked against the BLV, with the corresponding surplus/deficit for each step per typology formatted to convey the respective changes in viability.
Commercial Typology Threshold	12.10.	Our assessment models commercial assets across the entire District and therefore, these typologies are not Zone specific. As such, the commercial typologies are analysed on an individual basis to determine their viability positions with current CIL rates and how resulting sensitivity analysis impacts them. Therefore, a minimum viability threshold would not be suitable in assessing commercial typologies.
Variation in Residential Sales Values	12.11.	This sensitivity analysis is shown at **Appendix 12(i)** and tests the viability of the Zoned typologies to changes in the private sales values, in 2.5% increments, from -5% to +5%, whilst keeping the costs consistent with the base position. As per standard market assumptions, affordable housing values have not been tested and such variance only corresponds to the private residential values that have been identified for each CIL Zone.
	12.12.	Initial analysis identifies that the level of sensitivity has differing impact per CIL zone, highlighting the contract in anticipated private sales values throughout the district.
	12.13.	Zone A, which assumes the lowest private residential values within the district, expresses a 40% increase in viability through an increase of +2.5% in sales values, increasing from a base position of 20% of units generating a surplus, to 60% (10% below the threshold).
	12.14.	Zones B & C indicate acute variance when private sales values are tested to a +/- 5% limit. When assessed together, 10% of typologies become unviable when sales revenues are decreased by -5%. When sales values are increased by +5%, nil properties change position to generate a surplus when compared to the BLV.
	12.15.	Within Zone D, sensitivity testing of +/-5% does not impact the respective viability per typology, indicating a more stable basis for development within the zone. When considering variance in sales revenue in isolation, the typology set reflects 80% generating a surplus, breaching the set 70% threshold. Therefore, further testing will be required, as covered further below.
Variation in Commercial Revenue	12.16.	This sensitivity analysis is shown at **Appendix 12(i)** and tests the viability of the individual commercial typologies to changes in the assumed revenue, in 2.5% increments, from -5% to +5%, whilst keeping the costs consistent with the base position.
	12.17.	The overall range of 10% in revenue sensitivity, from +5% to -5% resulted in nil commercial typologies shifting viability position, to either creating a surplus or a deficit. The results indicate there may be difficulties posed in the development of typologies in perceived secondary locations.
Variation in Residential Construction Costs	12.18.	This sensitivity analysis is shown at **Appendix 12(ii)** and tests the viability of the Zoned typologies to changes in all construction costs, in 2.5% increments, from -5% to +5%, whilst keeping the private residential sales values with the base position. Unlike sensitivity to sales values, the construction cost variance impacts all aspects of the scheme, including affordable housing.
	12.19.	Within Zone A, sensitivity variance to residential typologies has generated a similar outcome, reflecting a 40% increase of typologies generating a surplus through construction costs reducing by -2.5%. This results in a 40% variance between the baseline position and -2.5% costs. Despite the most viable position of the sensitivity reaching 60% of typologies being viable, this falls below the 70% threshold.
	12.20.	A +5% variation in construction costs within Zones B & C result in a 10% increase in typologies becoming unviable and generating a deficit. At this level of increased construction costs, 50% of typologies within the two zones reflect positive positions, where they could potentially contribute further affordable housing.

	12.21.	Zone D indicates that 0% of typologies would change viability position when tested to sensitivity in construction costs, resulting in a 10% excess in viable typologies against the 70% threshold.
Variation in Commercial Construction Costs	12.22.	This sensitivity analysis is shown at **Appendix 12(ii)** and tests the viability of the individual commercial typologies to changes in the BCIS construction costs assumed, in 2.5% increments, from -5% to +5%, whilst keeping the revenue with the base position.
	12.23.	Commercial typologies have experienced slight shifts in surplus/deficit, however nil typologies were subject to their viability position shifting.
Simultaneous Sales & Cost Sensitivity	12.24.	Our assessment reflects the potential market positions within the district until the next CIL charging review. It is anticipated that there could be variation in both construction costs and sales values during this period. To reflect a more realistic view of future market conditions, **Appendix 12(iii)**, incorporates simultaneous steps in both revenue assumptions and construction costs.
Residential Simultaneous Variation	12.25.	When the sensitivity of residential costs and sales values were assessed in isolation, results indicated limited impact on the viability of the typologies in the different zones. However, when simultaneously impacting the model, a more expansive outcome of results is attained for assessing the viability against the chosen threshold. With a 10% range in stepped sensitivities, the model generates a 35% range in viability positions for residential typologies across all four zones, from a position of +5% costs & -5% values to -5% costs & +5% values.

Figure 13: Stacked Bar Graph Conveying the Sensitivity Variance in Residential Viability Positions Across the District



Source: Gerald Eve

	12.26.	When each zone is assessed in isolation, Zone A becomes 60% viable when experiencing a +2.5% increase in revenue and a -2.5% reduction in construction costs, reflecting a 40% increase from the baseline position.

12.27. Zone B does not present any typologies becoming profitable when construction costs are reduced and revenues increase, however the zone demonstrates greater sensitivity when experiencing detrimental market conditions. When revenues are reduced by -2.5%, coupled with an increase of +2.5% in construction costs, only 40% of zonal typologies are in a viable position. When stepped further to +/-5% variances, 80% of typologies are unviable, falling 50% below the threshold.

12.28. Zone C reflects a baseline position of 60% of typologies generating a surplus. Sensitivity testing only experienced a reduction in revenue by -5% and increase in costs by +5%, where only 40% of typologies are viable, 30% below the threshold.

Further Zone D Sensitivity

12.29. Initial baseline results for Zone D indicated that 80% of the tested typologies presented viable positions, being greater than the 70% threshold set. Therefore, further sensitivity testing has been conducted to ascertain the Zone's robustness when incorporating potential shifts in market conditions, in addition to the standard 10% CIL Buffer. The resulting sensitivity is included below:

12.30. **Table 40: Zone D Sensitivity Analysis (Including Standard 10% Buffer)**

Sensitivity Analysis	Sensitivity Variance	Zone D: 5 Houses Brownfield	Zone D: 10 Houses Greenfield	Zone D: 25 Mixed Greenfield	Zone D: 50 Mixed Greenfield	Zone D: 100 Mixed Greenfield
	BLV	£240,000	£115,000	£520,000	£610,000	£755,000
Surplus / Deficit (Against BLV)	Sales +5% & Cost -5%	-£271,266	£623,413	£912,228	£1,239,908	£2,535,154
	Sales +2.5% & Cost -2.5%	-£338,909	£532,927	£713,311	£904,836	£1,852,504
	Base Scenario	-£406,552	£442,442	£513,767	£569,091	£1,169,031
	Sales -2.5% & Cost +2.5%	-£474,195	£351,956	£313,900	£233,346	£482,381
	Sales -5% & Cost +5%	-£541,837	£261,471	£114,033	-£102,398	-£205,388

Source: Gerald Eve

12.31. As part of our further sensitivity analysis for Zone D we have tested a further assumption of a 15% CIL buffer, to determine whether the scheme viability outputs are as a direct result of CIL rates or through other model assumptions.

12.32. **Table 41: Zone D Sensitivity Analysis (Including an Increased 15% Buffer)**

Sensitivity Analysis	Sensitivity Variance 5% CIL Buffer	Zone D: 5 Houses Brownfield	Zone D: 10 Houses Greenfield	Zone D: 25 Mixed Greenfield	Zone D: 50 Mixed Greenfield	Zone D: 100 Mixed Greenfield
	BLV	£240,000	£115,000	£520,000	£610,000	£755,000
Surplus / Deficit (Against BLV)	Sales +5% & Cost -5%	-£274,648	£618,279	£900,602	£1,219,680	£2,491,685
	Sales +2.5% & Cost -2.5%	-£342,291	£527,794	£701,686	£884,493	£1,808,789
	Base Scenario	-£409,934	£437,308	£502,076	£548,748	£1,125,317
	Sales -2.5% & Cost +2.5%	-£477,577	£346,823	£302,209	£213,003	£438,420
	Sales -5% & Cost +5%	-£545,220	£256,337	£102,343	-£122,741	-£249,598

Source: Gerald Eve

12.33. As indicated in the sensitivity tables, the respective level of CIL rates incorporated within the model have limited impact to the viability of the tested schemes. However, in both sensitivity tests, the number of viable typologies reduces to 40% at -5% revenue and +5% costs. Further analysis of the Zone D CIL rates results is included within **Section 13**.

Seafront Scenario	12.34.	It was evident from our market research that private residential units positioned on the seafront within the district could achieve a minimum 10% premium when compared to similar products located in-land. Furthermore, evidence of coastal developments in the pipeline, including Folkestone Seafront and Princes Parade suggest that flatted schemes would be most prevalent, maximising the efficiency in regard to space available.
	12.35.	Following discussions with the Council regarding our initial hypothesis, we have tested an additional typology scenario, reflecting a new CIL band along the coastline, running through and overarching current CIL Zones of A, B & C.
	12.36.	During our due diligence process, our area-wide inspection suggested that apartment developments tended to be within c.100 meters from the seafront, with the example of **Figure 14**. Therefore, the hypothetical 'Zone S' banding would be considered to be 100 metres wide, along the coast front.
	12.37.	**Figure 14: Seafront Development, St Mary's Bay (Zone B)**  *Source: Gerald Eve*
	12.38.	Therefore, the residential typology set has been tested for a new 'CIL Zone S', for schemes designed as 100% apartment units, with private residential sales values reflecting c.£380 per sq ft. Furthermore, specific assumptions regarding existing uses and areas have been formed due to the reduced space requirements for solely apartment developments. Additionally, the model assumptions regarding off-plan sales have been increased to a minimum of 50% off-plan sales, reflecting the anticipated premium and demand for seafront dwellings.
	12.39.	We formed the opinion that for typologies of 50 units or greater, the existing land would generally be sourced as brownfield land due to the composition of existing seafront uses.
	12.40.	With the tested 'Zone S' being positioned over three existing CIL zones, we have attributed the higher CIL rate from Zone C within our testing, with the addition of a 10% buffer. Therefore, 'Zone S' has been assessed with a CIL rate of £117.73 per sq m (including 10% buffer).

12.41. **Table 42: Seafront Residential Development Output Summary**

Site Number	Typology Description	Example Site	Surplus / Deficit (c£10,000)
21	Zone S: 5 Flats	Scenario Site (S5)	£110,000
22	Zone S: 10 Flats	Scenario Site (S10)	£120,000
23	Zone S: 25 Flats	Scenario Site (S25)	£330,000
24	Zone S: 50 Flats	Scenario Site (S50)	-£310,000
25	Zone S: 100 Flats	Scenario Site (S100)	-£360,000

Source: Gerald Eve

Seafront Sensitivity

12.42. **Table 43: Seafront (Zone S) CIL Zone Sensitivity Analysis**

Sensitivity Analysis	Sensitivity Variance	Zone S: 5 Houses Greenfield	Zone S: 10 Houses Greenfield	Zone S: 25 Mixed Greenfield	Zone S: 50 Mixed Brownfield	Zone S: 100 Mixed Brownfield
	BLV	£55,000	£85,000	£125,000	£1,280,000	£1,585,000
Surplus / Deficit (Against BLV)	Sales +5% & Cost -5%	£177,597	£248,641	£637,142	£291,195	£755,005
	Sales +2.5% & Cost -2.5%	£142,457	£185,245	£481,400	-£7,808	£196,585
	Base Scenario	£107,317	£121,849	£325,658	-£306,812	-£364,676
	Sales -2.5% & Cost +2.5%	£72,177	£58,453	£169,917	-£607,204	-£927,645
	Sales -5% & Cost +5%	£37,037	-£4,943	£14,175	-£907,764	-£1,492,665

Source: Gerald Eve

12.43. At a baseline level, the tested typologies reflect a 60% viable position, falling 10% below the threshold. The scenario zone seems to be highly sensitive, with 100% of typologies generating a surplus with +5% revenue and -5% costs. And when inversed, the typology viability shifts by 60%, reflecting 40% of typologies with a viable output. Further analysis of the Seafront Sensitivity is included within **Section 13**.

Senior Living (C3) Scenario

12.44. As previously detailed within **Section 6**, Senior Living typology has not been previously assessed within past CIL Charging Reviews as a separate residential typology, due to falling within the (C3) asset class. With an aging population in the district driving demand and the understood revenue premiums applicable for the asset class, additional testing has been conducted to ascertain where the correct CIL rates are currently being charged for an 'Age Restrictive Accommodation without Provision of Significant Care' typology.

12.45. As such, the typology has been tested within the four CIL Zones, with the current 2022 rates, with a 10% buffer. The four zoned typologies produced the following outcome:

Table 44: Senior Living CIL Rate Adopted per Zone and Output Summary

Typology	BLV	CIL Rate Applied (Inc. 10% Buffer)	Surplus / Deficit (c£10,000)
Zone A	£55,000	£0	£660,000
Zone B	£55,000	£64.75	£1,170,000
Zone C	£55,000	£129.50	£990,000
Zone D	£55,000	£161.88	£1,580,000

Senior Living (C3) Sensitivity

12.46. With the scenario testing implying a surplus within each zone, when applying zonal CIL rates, further sensitivity testing has been conducted to establish the durability of the typology in withstanding potential changes in market conditions. Therefore, simultaneous impacts of varying construction costs and sales values have been assessed, identifying whether the minimum threshold is met within the set viability buffer zone.

12.47. **Table 45: Senior Living CIL Zone Sensitivity Analysis (10% Buffer)**

Sensitivity Analysis	Sensitivity Variance	Senior Living Zone A	Senior Living Zone B	Senior Living Zone C	Senior Living Zone D
	BLV	£55,000	£55,000	£55,000	£55,000
Surplus / Deficit (Against BLV)	Sales +5% & Cost -5%	£1,320,208	£1,856,727	£1,677,877	£2,303,806
	Sales +2.5% & Cost -2.5%	£991,754	£1,511,241	£1,332,390	£1,941,287
	Base Scenario	£663,299	£1,165,754	£986,903	£1,578,769
	Sales -2.5% & Cost +2.5%	£334,844	£820,267	£641,417	£1,216,250
	Sales -5% & Cost +5%	£6,389	£474,781	£295,930	£853,732

Source: Gerald Eve

12.48. Following market sensitivity, the Senior Living typology suggests that 100% of tested sites are viable through testing. Therefore, further tests have been conducted to establish the impact of introducing a CIL premium to each zone.

12.49. Analysis of the Senior Living Sensitivity is included within **Section 13**.

Strategic Sites

12.50. In assessing the four Strategic Sites, sensitivity testing has been conducted within the bespoke Argus Developer appraisals. As such, the stepped sensitivity variation of +/-2.5% increments, up to a 5% variance (up and down) for each site is included in **Appendix 12(iv)**, showing steps in private sales, construction costs and both inputs simultaneously.

12.51. The sensitivity analysis has been identified as a method of incorporating an appropriate viability 'buffer' of 10% in assessing the viability positions of the Strategic Sites against their respective BLV's. As such, the range between +/-5% in costs and revenue would encapsulate an allowance for potential market variances. Therefore, we believe that each sensitivity level would require a surplus in order to consider additional charging through CIL.

12.52. Due to the length of programme and quantum of homes, we would anticipate that variation in market conditions would have considerable impact on the viability of the Strategic Sites over the course of their life-span. In regard to recent market conditions, we understand that it is plausible for conditions to potentially vary further than the tested +/-5% changes over the construction programmes and therefore consideration must be made during analysis of results.

12.53. As a base position, the Strategic Sites indicate an improved viability position when compared to their previous assessments undertaken in November 2020 and June 2021 (Otterpool Park), through indexing the respective inputs. Of the four sites, three viability outputs represent a potential surplus when compared to their benchmark land values, indicating that an additional contribution could be supported through CIL charging. However, when tested through sensitivity to establish the 10% viability 'buffer', all four Strategic Sites reflect either a substantial deficit or a position that does not support additional CIL obligations to the scheme.

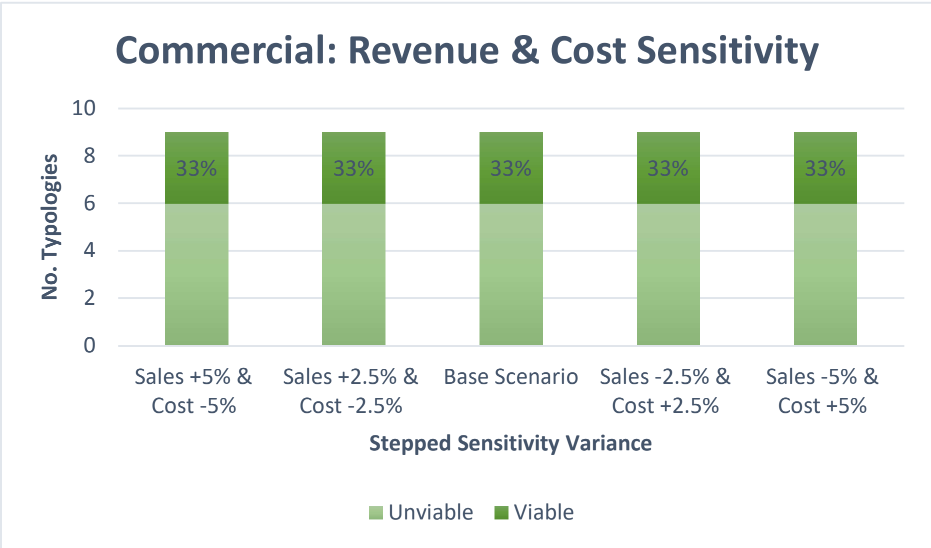
12.54. It is evident that due to the length of programme, quantum of units within the design of each Strategic Site and the respective infrastructure cost requirements, the schemes are very sensitive to small changes to the key inputs.

12.55. As an additional point, specifically in relation to Otterpool Park, if the scheme generates a surplus above a reasonable Developer Return, as the Council is a beneficiary party of the LLP, there should be an opportunity for the surplus to be reinvested in the project to further support the development and meet planning policy requirements. This statement is made in accordance with evidence given to the Examination of the Core Strategy Review.

Commercial Simultaneous Variation

12.56. In assessing simultaneous variation within the commercial typologies, market conditions have been tested to a +/-5% level, in 2.5% stepped increments. The market inputs that have been tested are commercial revenues and construction costs. The commercial simultaneous sensitivity table is included within **Appendix 12(iii)**.

12.57. **Figure 15: Stacked Bar Graph Conveying the Sensitivity Variance in Commercial Viability Positions Across Folkestone & Hythe District**



Source: Gerald Eve

12.58. The results indicate that at all tested levels of variance produce 33% of commercial typologies producing a positive surplus. The remaining 67% of tested typologies generate a deficit when tested with current CIL rates (including a 10% buffer, where rates apply).

Supermarket Scenario

12.59. In analysing the results, it is evident that the 'Retail – Larger Format (Supermarket)' typology generates a large surplus, when tested with current 2022 CIL rates (£117.73 psm +10% buffer) and the adopted commercial assumptions for the area.

12.60. Initial testing for a supermarket typology assumed development on undeveloped land, resulting in a lower benchmark land value in our assessment. To assist with the council's decision making, a further scenario financially test has been conducted to establish the typology's viability if it were to be delivered on previously developed land.

12.61. **Table 46: Supermarket Sensitivity: Greenfield vs Brownfield Existing Use**

Sensitivity Analysis	Construction Costs & Revenue Sensitivity Variance	Retail - Larger format (A1) Convenience (Large Supermarket) Greenfield	Retail - Larger format (A1) Convenience (Large Supermarket) Brownfield
	BLV	£155,000	£655,000
Surplus / Deficit (Against BLV)	Sales +5% & Cost -5%	£3,296,808	£2,796,808
	Sales +2.5% & Cost -2.5%	£3,002,841	£2,502,841
	Base Scenario	£2,708,875	£2,208,875
	Sales -2.5% & Cost +2.5%	£2,414,909	£1,914,909
	Sales -5% & Cost +5%	£2,120,942	£1,620,942

Source: Gerald Eve

12.62. Further analysis of the supermarket scenarios has been included within **Section 13.**

13. ASSESSMENT OF THE RESULTS

Introduction

13.1. This section, as outlined in our methodology in Section 5, reviews the results of the assessment and the sensitivity analysis to interpret the results based on our assumptions. We provide a qualitative view based on the quantitative assessment and our knowledge of viability and of Folkestone & Hythe itself.

13.2. As outlined in **Section 11**, we have grouped the typologies and provide a qualitative assessment of these below.

13.3. In assessing the results of our review, consideration must be made to current CIL charging rates and how such rates will continue to be indexed per annum as per the Royal Institution of Chartered Surveyors (RICS) Building Cost Information Services (BCIS) 'All In Tender Prices Index'. Therefore, in the event that the financial viability outcome within this report indicates that there could be a potential to increase CIL levels, the new rate would additionally be subject to annual indexation.

13.4. Current volatility in construction market conditions and the potential fallback that could incur on revenues suggest that significant evidence must be required in order to justify implementing additional costs to future schemes, at present. Therefore, the modelled results must be considered within their basis of sensitivity, to ensure that the threshold of 70% of typologies per zone are viable, when tested to all potential market conditions.

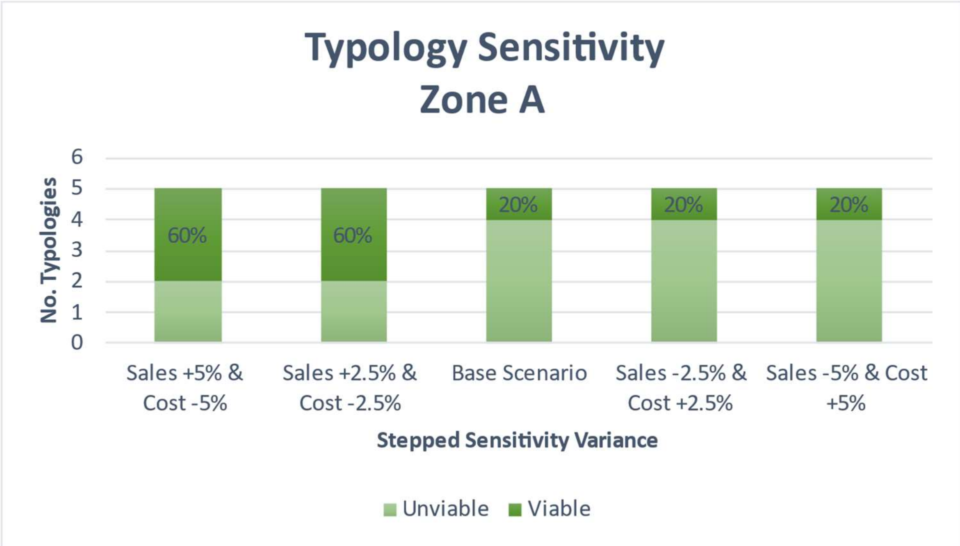
13.5. For the purposes of our modelling, the current 2022 indexed CIL rates have been adopted. To ensure a contingency due to variation in schemes/design/external factors, a 'buffer zone' has been incorporated in testing, with an additional 10% applied to the tested CIL rates. The current CIL rates that have been reviewed are as follows:

Table 47: The Council's CIL Rates and Adopted Figures

Typology	Original CIL Rate (2016)	2022 CIL Rate (Indexed)	CIL Rate Applied (Inc. 10% Buffer)
Zone A	£0	£0	**£0**
Zone B	£50	£58.86	**£64.75**
Zone C	£100	£117.73	**£129.50**
Zone D	£125	£147.16	**£161.88**
Large Retail (>280 sqm)	£100	£117.73	**£129.50**
Retail / Commercial	£0	£0	**£0**

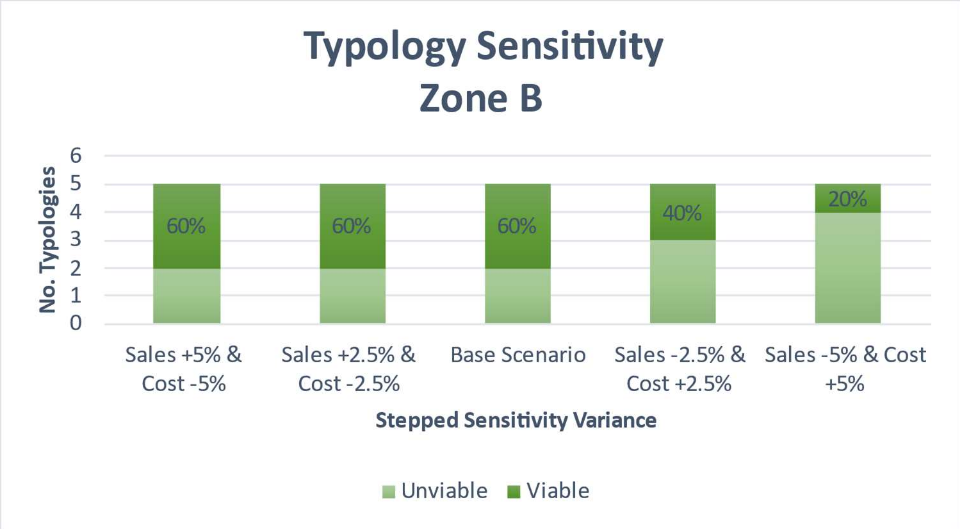
Source: The Council

13.6. It is of note that it is not necessary for the modelling to cover every potential scheme type and as such, it is more necessary to consider the more relevant schemes and typologies aligned with the anticipated delivery within Folkestone and Hythe.

	13.7.	In regard to the tested schemes, some individual typologies (residential and commercial) may not be in a position to support the collective requirement, especially when delivered on certain existing use types, such as brownfield land. However, the schemes producing a deficit may be unviable either prior to or following the inclusion of CIL rates, among other costs and site requirements. As such, it is unlikely that an unviable position would be as a direct result of solely imposing CIL. The viability would most likely be impacted through wider market conditions, requirement for affordable housing, design/specification of a scheme, legislations such as environmental requirements and wider planning objectives.
	13.8.	An example of an unviable typology has been identified as the 5-Houses scheme. The typology has been tested in all four CIL zones, with base positions and sensitivity producing viability deficits. As previously noted, all typologies have been modelled with a 10% buffer in regard to current CIL rates. However, the results indicate that wider assumptions implicate the financial viability of the typology and the deficit is not solely caused through inclusion of CIL.
Zone A	13.9.	At present, Zone A is subject to nil CIL rates due to the anticipated impact of reduced private residential sales values in the area. Results indicate that 20% of the five tested typologies produce a surplus when tested against the calculated BLV.
	13.10.	**Figure 16: Stacked Bar Graph Conveying the Sensitivity Variance in Commercial Viability Positions in Zone A**  *Source: Gerald Eve*
	13.11.	Sensitivity analysis reflects flexibility in improving the viability outcome, with 60% of typologies producing a surplus with a 2.5% increase in sales values. However, this 'best case' instance would still fall below the 70% threshold required for potentially applying a CIL rate for the zone. Furthermore, the typologies become further unviable when tested for harsher market conditions.
	13.12.	Therefore, the evidence suggests that the current nil rate of CIL for Zone A is adequate, and the financial results of CIL testing do not provide evidence to implement a charging rate.
Zone B	13.13.	CIL Zone B represents the largest zone within the district, incorporating a coastal stretch to the East and largely inland rural areas to the West, in addition to urban areas within Folkestone town. Within our model, Zone B contained the highest proportion of example sites (4/5) to be used as typologies, including the Former Hope All Saints Garden Centre and Land at Rear of Varne Boat Club. With use of example sites, the indicative outcomes can be attributed further weight in our recommendations.

	13.14.	On the basis of the adopted inputs, Zone B modelling implies that 60% of tested typologies could produce a viable outcome at the current CIL rate (including a 10% buffer).

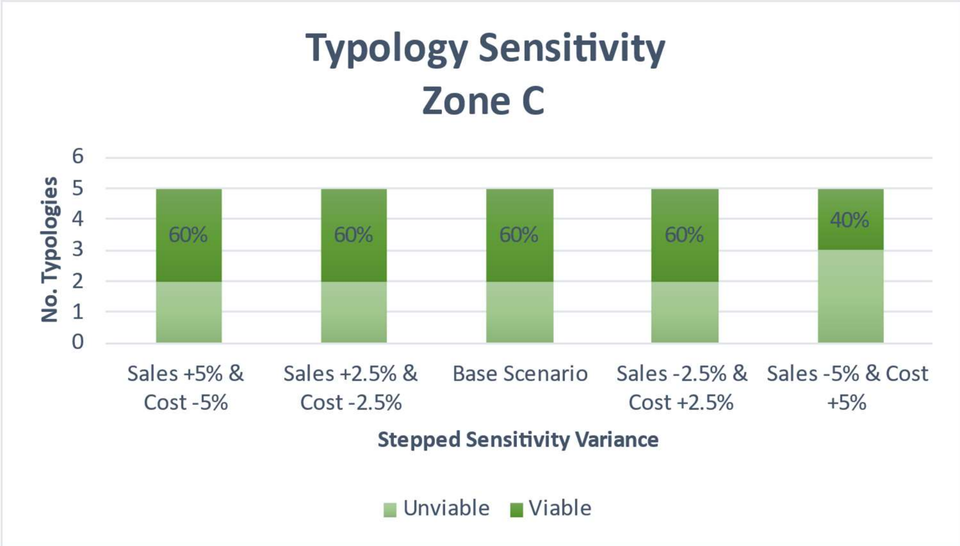
13.15. **Figure 17: Stacked Bar Graph Conveying the Sensitivity Variance in Commercial Viability Positions in Zone B**



Source: Gerald Eve

	13.16.	As previously noted with the impact of sensitivity, Zone B is considered to be highly sensitive in respect to market conditions, resulting in a single viable scheme when tested by +5% costs and a reduction of -5% in sales values, with the sole surplus being circa £14,000. Additionally, there seems to be a potential implication of developing on brownfield land, due to the respective BLV calculated within the model. It is understood that a 50-unit scheme within Zone B could realistically be delivered on greenfield land, resulting in a reduced BLV for comparison within our assessment, however the chosen typology is based upon an example within the district. Therefore, the scheme is a valid representation of potential developments that could be bought forward.
	13.17.	Due to high levels of sensitivity within Zone B and the viability outputs not surpassing the threshold, evidence suggests that the Zone could maintain the current CIL rates, however there is no justifiable evidence to increase rates.
Zone C	13.18.	Zone C has produced a relatively stable set of results, with tested typologies being acutely impacted through sensitivity testing. As such, only one additional typology shifts to become unviable within sensitivity.
	13.19.	CIL Zone C incorporates the most populated areas of the district with a large coastal stretch incorporating Hythe and positioning of Strategic Sites. With the area being predominantly urban, the assumption of existing land use would generally entail previously developed land. Therefore, the respective results are in regard to higher BLVs, and further justify the stability of the results within the zone.

Figure 18: Stacked Bar Graph Conveying the Sensitivity Variance in Commercial Viability Positions in Zone C



Source: Gerald Eve

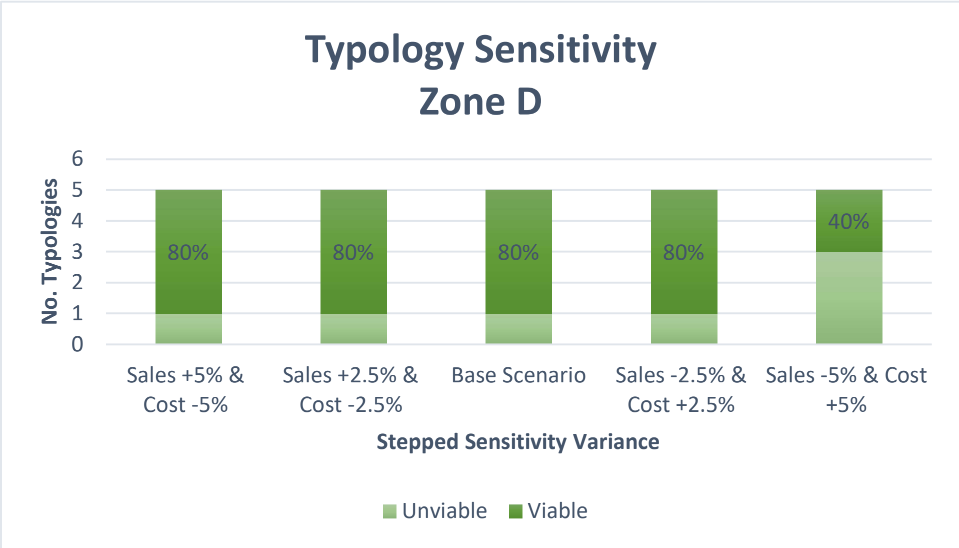
13.20. The sample set presents 60% of the tested schemes producing a surplus when delivered at the current CIL level, whilst including the 10% buffer. The results suggest that the current rate is maintainable within Zone C and further sensitivity does not justify for the CIL rate to be adjusted.

Zone D

13.21. As per the sensitivity testing detailed within **Section 12**, initial findings indicated that Zone D could have potential for adjusting the current CIL rate applicable for new developments. Initial baseline tests with the 10% CIL buffer presented 80% viability within the tested typologies. This initial testing indicated an excess of 10% above the threshold.

13.22. As per our methodology, further sensitivity testing was conducted to ascertain the impact through varying levels of market conditions, and whether the threshold would still be met.

Figure 19: Stacked Bar Graph Conveying the Sensitivity Variance in Commercial Viability Positions in Zone D



Source: Gerald Eve

13.23. The sensitivity analysis expressed an additional two typologies becoming unviable if market conditions were to aggravate costs and sales. Most notably, the larger schemes were the most effected. Therefore, the minimum requirement of viable typologies would fall to 40% and does not meet the threshold.

13.24. To further assess the CIL implications within Zone D, we conducted two further sensitivity tests with an increased 15% buffering to CIL, to determine how sensitive the developments within the Zone are to solely CIL levels. As detailed within the sensitivity tables included in **Section 12**, there seems to be minimal variance in deficits for the 50 & 100 Mixed Schemes, with a circa 20% variance per step. This therefore indicates that the resulting deficits are not solely due to the applied CIL levels and more the potential market conditions impacting the financial viability.

13.25. Despite initial findings indicating that the 70% viability threshold being met within Zone D, further analysis has concluded that the threshold is not met with variance to market levels. It is evident that changes in CIL rates have limited impact within the Zone, however the financial evidence does not support any adjustment to CIL rates due to the uncertainty in future market conditions and its relation to potential sensitivity results.

13.26. It is understood that the financial analysis is to aid the Council in their decision regarding the appropriate CIL rates to be applied within the district. As such, the high levels of surplus presented at a base level and the other sensitivity levels could suggest that an increase in CIL rates could be possible with the caveat that certain typologies could be greater impacted. If the rate was to increase within Zone D, there may be a reduction in future delivery of larger developments and therefore a large proportion of potential CIL payments not being bought forward. Therefore, we would not recommend an adjustment, as to maximise the potential CIL captured within the Zone.

Senior Living (C3)

13.27. As detailed within **Section 12**, the Senior Living typology produced a greater surplus than standard residential typologies (including the 10% CIL buffer) within our financial modelling due to the revenue premium impacting the potential schemes. Due to the typology's link to residential CIL charging, we have conducted scenario testing to determine whether the typology could financially afford to support an additional premium to the respective residential CIL zone rates and whether it would be appropriate.

13.28. As such, the typology CIL inputs have been amended to test additional CIL contribution by incorporating percentage increases. Therefore, we have applied an additional 10% above the standard 10% buffer, resulting in a 20% CIL sensitivity test on applied each zonal CIL Rate.

13.29. **Table 48: Senior Living Sensitivity Table Reflecting a 10% Premium (20% Buffer) to Residential CIL rates per Zone:**

Sensitivity Analysis	Sensitivity Variance (20% CIL Buffer)	Senior Living Zone A	Senior Living Zone B	Senior Living Zone C	Senior Living Zone D
	BLV	£55,000	£55,000	£55,000	£55,000
Surplus / Deficit (Against BLV)	Sales +5% & Cost -5%	£1,320,208	£1,840,471	£1,645,361	£2,263,162
	Sales +2.5% & Cost -2.5%	£991,754	£1,494,984	£1,299,874	£1,900,644
	Base Scenario	£663,299	£1,149,498	£954,388	£1,538,125
	Sales -2.5% & Cost +2.5%	£334,844	£804,011	£608,901	£1,175,606
	Sales -5% & Cost +5%	£6,389	£458,524	£263,414	£813,088

Source: Gerald Eve

13.30. Base level outputs indicate that all four zones could support up to a 10% premium to the current CIL levels, allowing for an additional 10% buffer. At a sensitivity variance of +5% costs and -5% revenue, the typology experiences 100% viability across all four zones. Therefore, there could be potential to apply a premium to the relative residential CIL rate for Senior Living products.

13.31. The above sensitivity conveys that at a 20% buffer, Senior Living would still generate excess surplus, portraying scope to potentially increase a potential CIL premium further, however in our experience, we would not recommend a substantial increase to CIL rates, due to the potential implications to developer appetite.

13.32. Additionally, further consideration would be required by the Council to establish relevant planning guidance and policies relating to the definition of Senior Living and the required criteria/specification to capture the potential CIL premium. As such, we believe that application of a CIL premium may prove challenging and would require legal consultation, if it is to be considered.

Seafront

13.33. Due to the anticipated premium to be achieved at seafront developments, an initial hypothesis was considered for the implementation of a new CIL zone banding along the coast, overarching Zones A, B and C. A new 'Zone S' would apply a singular CIL rate for a strip of c.100m from the seafront.

13.34. With the tested typology and assumptions being adjusted to emulate the delivery of 100% apartment schemes, further testing was conducted regarding sensitivity. Testing indicated that general viability surpluses were generated along the coast, however the typology appears to be sensitive to the existing land use, specifically the financial implications of developing on brownfield land.

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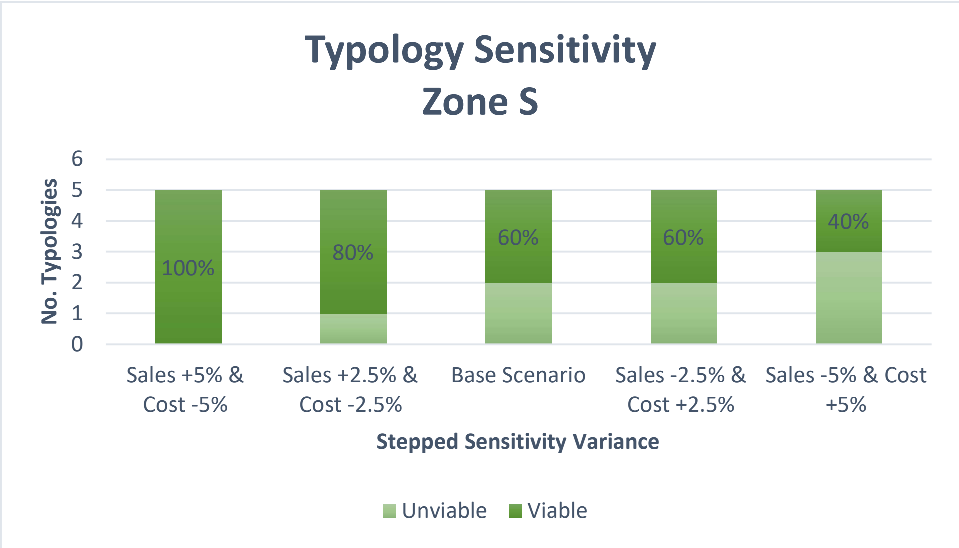
Figure 20: Stacked Bar Graph Conveying the Sensitivity Variance in Commercial Viability Positions in Zone S



Source: Gerald Eve

	13.35.	Due to implications of expected development land within close proximity to the seafront being previously developed, the resulting model outputs do not support the proposed Zone S CIL charging band. Additionally, upon further review of a new band, we believe that its implication would be difficult in practice due to developers potentially setting back their developments to avoid being captured within the band.
Strategic Sites	13.36.	Analysis of the bespoke appraisals constructed for the chosen Strategic Sites indicate that at a Base level, three of the four sites reflect a positive surplus in respect t the BLV, when incorporating the assumptions detailed within this report..
	13.37.	The Strategic Sites are understood to be susceptible to changes in market conditions over their project life-spans due to the quantum of homes and respective programme lengths. Therefore, a 10% viability 'buffer' is required to capture the potential for a scope of variance in future market conditions in our analysis.
	13.38.	As detailed within **Section 12**, the Strategic Sites have been tested in stepped (up and down) increments of +/-2.5% in revenues and construction costs, up to +/-5%, resulting in an overall 10% variance buffer to the base RLV. Incorporating the required 'buffer', the scope of the sensitivity analysis indicates that if revenues were to be reduced and construction costs increased, the sites would be all express an unviable position or positions that would not justify implementing CIL.
Commercial	13.39.	The sensitivity analysis of commercial typologies demonstrated that nil typologies are implicated by potential market conditions in terms of changing viability position. At present, all typologies tested that contribute a £0 per sq m either generate a deficit or a minimal surplus. Therefore, no evidence is substantiated in order to adjust the nil CIL rate.
Supermarket	13.40.	It should be noted however that the 'Retail - Larger format (A1) Convenience (Large Supermarket)' typology generates an excess when tested for development on both greenfield and brownfield. Additionally, market sensitivity also demonstrates a surplus for both existing uses, when revenue decreases -5% and construction costs increase +5%.

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13.41. On a financial basis, our model implies that supermarkets could viably afford further CIL contributions within the district. Calculations have been conducted with the adopted CIL rate of c.£118 per sq m rate, plus a +10% buffer. The outcome of our model is purely financial and is to assist the Council in their decision making regarding potential CIL levels. Therefore, these results are to be considered in addition to further research to supply/demand for supermarkets within the district, planning policies and the Local Plan.

14. CONCLUSION

Introduction	14.1.	As a result of the above assessment of results we can make the following conclusions:
Residential CIL Zones	14.2.	At a base level, the financial modelling generates an output of 55% of policy compliant residential typologies generating a surplus at current CIL levels, including the 10% buffer. This figure rests 15% below the set minimum viability threshold of 70%.
	14.3.	As per Section 12, our assessment has indicated that the current residential CIL charging rates should be maintained across all geographical zones, A-D.
	14.4.	In Zone A, 20% of the tested typologies produced viable outcomes. However, sensitivity analysis suggests that a minimal variance is required to demonstrate a positive viability in two additional typologies, which would result in 60% of typologies across the zone.
	14.5.	In Zones B and C, 60% of tested typologies produced viable outcomes at the current adopted CIL rates.
		Zone D produced the most stable results per typology set and suggests scope to potentially increase CIL rates, with a 10% excess above the 70% minimum threshold across the zone. However, sensitivity testing suggest that potential detrimental market conditions could result in a reduction of viable typologies to 40%, being a 30% deficit to the threshold.
	14.6.	If the CIL rate in Zone D is increased, there is concern that it may have a negative impact on the delivery of larger schemes within the Zone and therefore a reduction in the quantum of units developed, including affordable housing. This could hinder development in an already restricted area which is largely subject to Area of Outstanding Natural beauty (AONB) status.
Seafront	14.7.	Based on initial research of sales values, a hypothesis was drafted with the Council suggesting developments located on the seafront in Zones B and C may be able to absorb a higher CIL contribution than currently applied. Through our analysis, we therefore tested an additional scenario – seafront CIL band (Zone S). However, the initial results indicate that there is not sufficient evidence to justify increasing the CIL charge in this location, with under 70% of the typologies being viable.
	14.8.	We understand that there may be instances where some seafront schemes could benefit from current CIL rates charged within their respective zone. However, an increase in CIL rate may result in an overall reduction in the quantum of developments due to other schemes no longer being viable and thus a reduction in overall CIL contribution.
	14.9.	Practically, it would also be difficult to set the boundary for the seafront zone, for example, distance from the seafront. In our view this could lead to complex discussions between developer and the Council moving forward.
	14.10.	The above combined factors demonstrate that a new 'Zone S' would not beneficial, in practice.

Senior Living (C3)	14.11.	Senior Living (C3) was not tested within Dixon Searles original assessment due to the typology being categorised as an extension to the residential use class (C3) and therefore subject to residential CIL rates. We agree with this approach, however, due to the anticipated premium associated with an 'Age Restrictive Accommodation without Provision of Significant Care' product, we were of the view that there could be potential to apply an additional premium to the residential zoning CIL rates for Senior Living (C3) schemes. Therefore, the typology was included within our residential model.
	14.12.	Sensitivity results indicate that Senior Living (C3) could financially support a further premium to standard zonal residential CIL rates. Further testing suggested that an additional 10% premium would be absorbed within the financial modal, in addition to the 10% buffer.
	14.13.	However, we anticipate that the application of an exclusive premium for Senior Living, as part of Residential C3 use, would be challenging to implement. The concept would require legal consideration and further research into the supply/demand implications and alignment with the Council's vision.
Strategic Sites	14.14.	At a base level, the individual assessments of the Strategic Sites suggest that three out of four sites indicate the potential of producing a viable position in respect to their BLV's. However, when incorporating the required 10% viability 'buffer' into our analysis, it is evident that the schemes are highly sensitive to external market influences. As such, 100% of the tested Strategic Sites express a position of relative viability deficit when experiencing negative market conditions, such as increased construction costs or a reduction in sales values.. u
	14.15.	With current uncertainty in the construction market and UK economy, as detailed within Section 8, and the potential impact posed to the large schemes over their programme length, we are of the view that the Strategic Sites could not viably support an additional contribution through CIL.
	14.16.	Additionally, we would anticipate that any potential surplus generated within the Strategic Sites could be targeted towards necessary Section 106 contributions, as required.
Commercial	14.17.	The analysis demonstrates that there is insufficient evidence to support an increase in CIL rates across the different commercial typologies. At present, all typologies tested that contribute a £0 per sq m, either generate a deficit or a minimal surplus. Similarly for Large Retail (>280 sqm), there is limited evidence to support any adjustment to the current CIL rate.
	14.18.	Following our conclusions, we confirm that the conclusions of our CIL charging model provide a solely financial outlook regarding respective charging levels and all results must be assessed in a holistic view. As such, we recommend further consideration regarding both planning and political implications that may incur through adjusting CIL rates and alignment with the Council's vision.

15. RECOMMENDATIONS

Introduction	15.1.	This section provides our recommendations to the Council having regard to our overall review and conclusions made in the previous section. These recommendations are not proposed policy changes and the Council is the final plan maker as set out in the NPPF and NPG.
Residential CIL Zones	15.2.	As outlined within our review, there is economic uncertainty currently and it should be noted that our stakeholder consultation responses indicate an increase in CIL beyond the current charging schedule level (allowing for indexation); or an increase in affordable housing obligations was considered by developers to potentially create an additional impact on viability. In our opinion, we have taken reasonable steps to reflect this concern in our assessment.
	15.3.	Following our independent review of the Community Infrastructure Levy Charging Schedule implemented by the Council, we provide the following recommendations:

15.4. **Table 49: THE COUNCIL CIL Recommendation per Zone**

CIL Zone	Original CIL Rate (2016)	2022 CIL Rate (Indexed)	Recommendation
Zone A	£0	£0	**Maintain**
Zone B	£50	£58.86	**Maintain**
Zone C	£100	£117.73	**Maintain**
Zone D	£125	£147.16	**Maintain**
Senior Living	Residential Zonal Rates	Residential Zonal Rates	**Maintain**
Large Retail (>280 sqm)	£100	£117.73	**Maintain**
Retail	£0	£0	**Maintain**
Strategic Sites	£0	£0	**Maintain**

Source: The Council

	15.5.	We have concluded that at this stage it would not be reasonable to apply a premium to the seafront areas in Zones B and C. We recommend however that this is kept under review by the Council and revisited at the next CIL Charging Schedule Review.
	15.6.	Due to their site specific complexities and ongoing discussions with the Council, further analysis should be undertaken to determine the potential surplus that the strategic sites could achieve moving forward. The Council should seek to determine whether additional contributions could be sought for Section 106 on a site-by-site basis, at the planning application stage.
	15.7.	As highlighted within this review, the development market is currently experiencing high levels of uncertainty of which may impact future delivery within the District. Where substantial evidence is not present to support adjusting CIL rates, we recommend that the figures are maintained.

Appendices

Report to the Folkestone & Hythe District Council

by Terrence Kemmann-Lane JP DipTP FRTPI MCMI
an Examiner appointed by the Council

Date: March 2023

PLANNING ACT 2008 (AS AMENDED)
SECTION 212(2)

REPORT ON THE EXAMINATION OF THE FOLKESTONE & HYTHE DISTRICT COUNCIL COMMUNITY INFRASTRUCTURE LEVY MODIFIED DRAFT CHARGING SCHEDULE

Charging Schedule submitted for examination on 24 November 2022 through Penny O’Shea Consulting

Non-Technical Summary

This report concludes that the Folkestone & Hythe District Council Community Infrastructure Levy Modified Draft Charging Schedule provides an appropriate basis for the collection of the levy in the district. The proposed rates will not put the majority of developments at risk, and subject to a minor modification to the text of the Schedule of CIL charges, to reflect changes to the Use Classes Order, it can be recommended for approval. The modification has no effect on the rates of charge, other than to reflect the obligatory response to inflation.

Table of Abbreviations

BCIS	Building Cost Information Service
CIL	Community Infrastructure Levy
CSR	Core Strategy Review
DCS	Draft Charging Schedule
DS	Dixon Searle
FHDC	Folkestone & Hythe District Council
GE	Gerald Eve
IDP	Infrastructure Delivery Plan
IFGS	Infrastructure Funding Gap Statement
IFS	Infrastructure Funding Statement
LR	(Local Plan and Community Infrastructure) Levy Review
MDCS	Modified Draft Charging Schedule
PPG	Planning Practice Guidance
PPLP	Places and Policies Local Plan

Introduction

1. I have been appointed by Folkestone & Hythe District Council (FHDC), the Community Infrastructure Charging Authority, to examine the FHDC Community Infrastructure Levy (CIL) Modified Draft Charging Schedule (MDCS). I am a chartered town planner, being a Fellow of the Royal Town Planning Institute, with more than 50 years' experience, including 35 years' experience holding inquires and examinations into development plans and CIL charging schedules as a Planning Inspector, and managing other Inspectors in development plan work. I have been examining CIL proposals for planning authorities since 2013.

2. The consultation on the Draft Charging Schedule (DCS) and the MDCS produced no representation that questioned the methodology of the viability evidence or the proposed charges that were recommended and adopted by the council (see paragraphs 5 to 7 below). Nor was there any request to be heard. The documentation put before me was straightforward and not controversial. I was able to explore matters that concerned me in writing, and I found no need to hold an examination hearing. That correspondence was put on the council's CIL webpage.

3. This report contains my assessment of the FHDC CIL MDCS in terms of Section 212 of the Planning Act 2008 as amended (the Act). It considers whether the Schedule is compliant in legal terms and whether it is economically viable as well as reasonable, realistic and consistent with national guidance. The requirements are set out in Part 11 of the Act, and in the Community Infrastructure Levy Regulations 2010 as amended (the Regulations). I have also had regard to the National Planning Policy Framework (the Framework) and the CIL section of the Planning Practice Guidance (PPG).

4. To comply with the relevant legislation the local charging authority has to submit a charging schedule that strikes what appears to the charging authority to be an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across the district.

5. The council's first CIL Charging Schedule came into effect in August 2016 (when it was called Shepway District). Amendments to the Community Infrastructure Levy Regulations 2010 were introduced in September 2019. Significant changes included: removal of pooling restrictions for s106 obligations (i.e. the requirement that no more than five S106 obligations can fund a single infrastructure project); removal of the requirement for a Regulation 123 list (i.e. a list of infrastructure projects that CIL might be spent on); and introduction of a new requirement to produce an annual Infrastructure Funding Statement.

6. The council adopted the Core Strategy Review (CSR) in March 2022, and so it was timely for the council to amend the adopted CIL Charging Schedule to bring it 'in step' with the adopted CSR, as well as amendments to the CIL Regulations. The revised DCS was put out for public consultation between 22 August and 3 October 2022.

7. In the light of representations received during that period, the council produced a schedule of minor modifications. Under Regulation 19(4) of the Regulations, the council may modify the CIL DCS following publication and consultation. A Statement of Modifications was published in accordance with Regulation 19(1)(d), and consulted on during the 4-week period following the formal submission date of the DCS, that is, from 24 November to midnight on 22 December 2022. It is the modified version of the DCS that is now the subject of my examination.

8. There were five modifications in the consultation, relating to the use of s106 as the appropriate mechanism for funding infrastructure in relation to National Highways and Kent County Council, as education authority; the assignment of CIL receipts to Kent County Council; and references to an amended Infrastructure Schedule and Infrastructure Funding Gap Statement. At the same time, modifications to the Levy Review prepared by Gerald Eve on behalf of the council were publicised, again responding to representations made in the earlier consultation period. None of the modifications affect the tables of charges (the tables of £ per m^2) that were published in August 2022.

9. The 2016 Charging Schedule made CIL payable on residential and retail developments. These charges varied within different zones of the district. The CIL rates are updated each year in accordance with inflation as established in the "All-in Tender Price Index" published by the Building Cost Information Service (BCIS) in November of the previous year. The following table shows the CIL rates for the different uses and zones for Charging Schedule Year 6 – 1 January to 31 December 2022.

CIL charging schedule Year 6 – 1 January – 31 December 2022		
Residential Uses	Price per square metre	Zone area(s)
Zone A	£0	Lydd, some parts of Folkestone
Zone B	£58.86	Romney Marsh (excluding Dungeness & Lydd), Hawkinge, some parts of Folkestone
Zone C	£117.73	Hythe, some parts of Folkestone
Zone D	£147.16	North Downs area, some parts of Folkestone
Class E – commercial, Business and Service	Price per square metre	Floorspace/ type of use proposed
Folkestone Town Centre (see map 3)	£0	Convenience and comparison retail & other development akin to retail
Rest of District	£117.73	Supermarkets, superstores and retail warehousing & other large scale development akin to retail (net retail space of over 280 sqm) and
	£0	Other development akin to retail (net retail selling space of up to 280 sqm)

Strategic & key development sites	Price per square metre	Policy area
Core Strategy Policy SS6	£0	Folkestone Harbour & foreshore
Core Strategy Policy SS7	£0	Shorncliffe Garrison
Core Strategy Policy CSD8	£0	Core Development Area New Romney Masterplan
Core Strategy Policy CSD9	£0	Strategic redevelopment Sellindge

10. There is additional text added under the heading 'CIL and S106 agreements' that explains the arrangements that have been agreed with Kent County Council and National Highways over the use of section 106 agreements and Strategic Road Network mitigation, and not using CIL receipts.

Is the charging schedule supported by background documents containing appropriate available evidence?

Infrastructure planning evidence

11. The council's development plan consists of FHDC Places and Policies Local Plan (PPLP), adopted in September 2020, and the FHDC Core Strategy Review (CSR), adopted in March 2022. To support the preparation of these two development plan documents, Infrastructure Delivery Plans (IDPs) were prepared, in August 2018 and January 2019 respectively.

12. These were produced to enable an understanding of what infrastructure was required to deliver the planned growth and wider objectives of the council, and to properly account for the funding, timing and delivery of projects. In addition, for the purposes of producing a new DCS, the council has produced an Infrastructure Schedule updated to October 2022. Among other things, the Schedule lists the infrastructure type, the project, its priority, the phasing, the delivery body, an indicative cost, the funding position, and the expected funding gap.

13. With the removal of the requirement for a Regulation 123 list in an amendment of the CIL Regulations on 1 September 2019 (mentioned in paragraph 5 above), there is a requirement for an annual Infrastructure Funding Statement (IFS). I have been provided with the final draft of the council's IFS for the year 2021/2022.

14. The IFS provides information on the monetary (and some non-monetary) contributions sought and received from developers for the provision of infrastructure to support development in Folkestone & Hythe District, and the subsequent use, or intended use, of those contributions by FHDC. It also provides a statement of the infrastructure projects or types of infrastructure which the council as CIL charging authority intends will be, or may be, wholly or partly funded by CIL. The report covers the financial year 1 April 2021 – 31 March 2022. It deals with both CIL contributions and those produced through section 106 agreements.

15. The IFS has the following sections dealing with CIL: Headline Figures, CIL infrastructure expenditure in 2021/22, Other CIL expenditure in 2021/22, CIL receipts retained (allocated and unallocated), CIL receipts retained (Regulation 59E and 59F), and the (CIL) Infrastructure List. For Section 106, the following are included: Planning Obligations Report, Headline Figures, Section 106 infrastructure expenditure in 2021/22, Section 106 receipts retained (allocated and unallocated), and Receipts from Planning Obligations transferred to other organisations. It has two annexes: ANNEX A: The Regulatory Requirements for Infrastructure Funding Statements, and Annex B: List of Schedule 2 requirements for the Infrastructure Funding Statement. It is accompanied by an Infrastructure List (required under Regulation 121A (1)(a)).

16. An Infrastructure Funding Gap Statement (IFGS), dated November 2022, has been submitted in support of the MDCS, meeting the requirement that the authority must consider what infrastructure is needed in the area to support development and what other funding sources are available. In determining the size of the aggregate infrastructure funding gap, charging authorities should consider known and expected infrastructure costs and the other sources of possible funding available to meet those costs. The government recognises there will be uncertainty in pinpointing other funding sources, particularly beyond the short term. However, a charging authority must provide evidence of an aggregate funding gap in order to charge CIL, or in order to review its adopted CIL charging rates.

17. The IFGS considers what infrastructure is needed to support development in the district, as identified in the adopted PPLP to 2031 and CSR to 2037, and as set out in the IDPs; the likely cost of this infrastructure; existing and known funding sources (including from s106 contributions); and the income projected from CIL.

18. The starting point for identifying whether a funding gap exists is to establish the total cost of infrastructure required across the district to support planned growth up to 2037. The next step is to eliminate from the funding gap analysis any infrastructure item that the council is not expected to contribute towards. This includes, for example, utilities infrastructure which is funded via revenue from consumer bills. The final stage is to deduct known funding from other sources which is earmarked for or likely to contribute towards the costs of some of the required infrastructure items.

19. Table 2: 'Identified Funding Gap' in the IFGS (below) sets out the estimated funding gap, taking into account infrastructure requirements identified for housing allocations and strategic projects. The difference between the total cost of the assessed infrastructure and the identified other sources of funding provides the estimated funding gap. Following national guidance, only infrastructure requirements which meet the following criteria have been taken into account: the total cost of the project is known or can be reasonably estimated, the project is required to support future identified development of the district rather than addressing existing capacity issues, and the project is something tangible (i.e. not a review or feasibility study).

Table 2: Identified Funding Gap

	Cost of assessed infrastructure[2]	**Other Sources of funding[3]**	**Estimated Funding Gap**
Strategic highways	£10,000,000	£3,500,000	£6,500,000
Local highways (including pedestrian and cycle connections)	£23,159,539	£17,982,970	£5,176,569
Folkestone Place Plan Priority Projects	£49,457,945	£0	£49,457,945
Education	£41,800,000	£19,528,000	£22,272,000*
Higher and Further Education	£8,000,000	£8,000,000	£0
Green Infrastructure	£68,560	£0	£68,560
Open space and play space	£4,244,117	£2,434,117	£1,810,000
Water supply and flood defences	£32,245,500	£30,162,500	£2,083,000
Health and social care	£26,558,600	£26,558,600	£0*
Waste and recycling	£7,135,000	£1,800,000	£5,335,000
Community	£1,508,153	£573,098	£935,055
Leisure and cultural facilities	£23,100,000	£20,500,000	£2,600,000
Public realm (FHDC Operations Team)	£410,000	£125,500	£284,500
TOTAL	£185,887,414	£111,636,785	£74,250,629

Notes:
[2] this estimate is based only on a selection of infrastructure projects where the likely costs are known. In reality the estimated funding gaps are likely to be much larger.
[3] Including Section 106 (S106), grant funding, Levelling-Up Funding
* the education infrastructure figures are not carried forward into the total values
* there might be a funding gap for healthcare provision, but this has not been presented in the infrastructure schedule based on currently known information.

20. Table 2 shows that the total cost of infrastructure identified in the IDPs equates to circa £185.9m. When other sources of funding are discounted, an aggregate funding gap of circa £74.25m remains (figures rounded). It should be noted, there are some infrastructure projects identified in the IDPs (and also infrastructure associated with windfall development) where the cost is unknown or uncertain, and therefore it is likely that this funding gap could be higher.

21. From Table 2, it can be seen that the likely aggregate finding gap is £74,25m, as a minimum. It is important for charging authorities to understand the likely income projections arising from proposed CIL rates as the charging authority cannot collect CIL receipts in excess of what is needed to fund the aggregate

funding gap. Using a number of assumptions, set out in the IFGS, it is estimated that CIL will deliver approximately £24.19m (rounded), including Levy collected so far, to the end of the plan period to 2037 (IFGS, Table 4: CIL income in the context of total infrastructure). Thus, there is a likely residual funding gap of £50.06m after the estimated CIL receipts of £24.19m are accounted for.

22. From these documents it can be seen that there is an estimated cost of assessed infrastructure (where known) of £185.9m, other sources of funding (including Section 106 (S106), grant funding, Levelling-Up Funding) producing £111.6m, leaving a funding gap of £74.3m (these figures rounded). This funding gap will need to be at least part funded through CIL, which is estimated to provide £21.75m between now and 2037. This demonstrates the need to continue to levy CIL in the district. Whilst, in practice, it is likely that the funding gap will be higher, the proposed CIL charges would make a significant contribution towards meeting the funding gap.

Economic viability evidence

23. The council commissioned the FHDC Local Plan and Community Infrastructure Levy Review (LR) from Gerald Eve LLP (GE), the latest update of which was published in October 2022. The LR uses a residual valuation method, an industry standard approach that follows the policy in the Framework, PPG and the CIL Regulations. It involves calculating the value of completed development schemes and deducting development costs (construction, fees, finance, sustainability requirements, CIL and other plan policy costs) and developer's profit. The residual amount is the sum left after these costs have been deducted from the value of the development, and guides the amount available for site acquisition. A 'Benchmark Land Value' is used, being the value above the existing use value a reasonable landowner would accept, including a premium as an incentive to sell, to bring the site to market for development. Thus a gross development value is established from which the gross development costs, including developer's profit, is deducted, resulting in a residual land value. If the residual land value is sufficient, including a buffer, the possibility and extent of CIL charges can be assessed.

24. The objective of the LR was to test the appropriateness of current CIL rates to ensure that the cumulative impact of the council's policies, including affordable housing and CIL, do not compromise the delivery of the Local Plan. The LR acts as a review/update of the CIL & Whole Plan Economic Viability Assessment report undertaken by Dixon Searle (DS) in July 2014.

25. The DS report provided viability evidence to support the proposed CIL recommendations, based on the Local Plan. In addition to the DS report, GE also had regard to the review undertaken by BPS in 2019 titled CIL Charging Schedule Review Viability Report to support the CSR. BPS had specifically assessed the CIL requirements and financial viability of two strategic allocations, Otterpool Park garden settlement and Sellindge. The LR is an update on the DS CIL Viability Study in 2014. The DS viability study recommended a four-zone approach, and CIL charges on residential and retail developments, and this was adopted by the council.

26. As part of the LR, it was necessary to assess the current CIL zones to check whether they remain appropriate. GE conducted an inspection of the district, visiting each of the zones to form an opinion of the quality of urban settlements, current stock and whether the zones are still applicable. The inspection revealed that the current ward profiles reflect the character areas and the respective boundary lines were generally evident by using main roads throughout the district. Along with the research on market evidence, it was concluded that the current four CIL zones incorporating local wards provides a suitable basis for designating CIL rates and should therefore be maintained.

27. The DS assessment adopted 13 residential typologies, which GE reviewed to determine whether they remain representative. The review found that certain typologies were not reflective of the current development market. As a result, 20 residential typologies were developed that better reflect the likely form of housing coming forward in the district. Consideration was given to a 'build-to-rent' typology, but it was determined that this was not likely to be prevalent in the district and consequently was not tested.

28. The LR re-assessed the strategic sites to check the return to developer of such schemes and whether they could be liable for future CIL. These schemes involve multiple complexities such as their cash flows and delivery programme when assessing their viability and thus require a master developer approach. The model provides a high-level assessment of each typology, and therefore a level of variance when compared to a detailed viability assessment should be anticipated. The purpose of the CIL Charging Model is to provide a basis of assessing multiple development typologies at once, on the same basis for comparison. It is not possible to include such complexities, and the strategic sites were therefore assessed using Argus Developer, to ensure accuracy in testing.

29. As to commercial typologies, a review was made of those adopted in the DS assessment. GE adopted and assessed 4 retail, 2 office, 2 industrial typologies and 1 for hotels.

30. The full results of the LR are set out in a separate volume of appendices, as follows:
Appendix 7. Residential Comparable Evidence Analysis
Appendix 8. Commercial Comparable Evidence Analysis
Appendix 9. BCIS Construction Costs
Appendix 10. Finance Analysis
Appendix 11. Model Outputs
Appendix 12. Sensitivity Testing

31. Having considered the results of the analysis and outputs, the recommendations in the LR, which the council accepted, were that the existing categories of uses, the CIL zones and the CIL rates should be maintained.

32. The LR inevitably, when dealing with the viability of development district wide, will be a high-level study. Thus the inputs are generalised, as opposed to those that deal with site specific developments. This means, among other things, that a degree of professional judgement is called for, based on using the best available evidence. For this reason, along with the requirement that care should be taken not to set charging rates at, or near to, the limits of viability, it is

important to ensure that there is an appropriate buffer, so that charges are sufficiently set below the theoretical maximum that could be levied. It is noteworthy that, throughout the consultation period on the MDCS and the DCS before it, no representations were submitted that criticised the LR method, inputs or conclusions on the recommended CIL rates

My conclusions

33. The MDCS is supported by evidence of community infrastructure needs and a continuing need to charge CIL is identified. I am satisfied that the LR follows good and accepted practice and there is evidence for the various inputs used and adequate headroom is allowed for. It is notable that the consultation responses raised no objections to the MDCS, or the initial submission version, which I see as a clear indication that the assessments are reasonable. There has also been no evidence put to me to suggest that the current rates have had any deleterious effect on development coming forward in the district on the basis of the development plan. The lack of objections might also suggest that there could be scope for some modest increase in some/all of the rates, but I view the outcome of the LR as being a thorough analysis, making appropriate judgements about the degree of buffer that should be allowed in setting the rates.

34. The LR was undertaken following a tried and tested industry standard approach, using the residual land value method, that follows the policy in the Framework, PPG and the CIL Regulations. I am satisfied that the MDCS is supported by background documents containing appropriate available evidence that justifies the proposed CIL rates: the charging rates are informed by and consistent with the appropriate available evidence.

Matters raised during the consultation period

35. As I have reported at paragraphs 7 and 8 above, the revised DCS was put out for public consultation between 22 August and 3 October 2022. In the light of representations received during that period, the council produced a schedule of minor modifications. A Statement of Modifications was published and consulted on during the 4-week period following the formal submission date of the DCS, that is, from 24 November to midnight on 22 December 2022.

36. There were five modifications in the consultation, relating to the use of s106 as the appropriate mechanism for funding infrastructure in relation to National Highways and the education authority and assignment of CIL receipts to Kent County Council, together with references to an amended Infrastructure Schedule and IFGS. At the same time modifications to the LR were publicised, again responding to representations made in the earlier consultation period. None of the modifications affect the charges tables themselves (the tables of £ per m^2) that were published in August 2022.

37. The consultation responses are reported on in Document CIL1.2 'Statement of Representations'. These matters included support for the Schedule, a query about methodology (which was resolved with the respondent), matters in the Infrastructure Schedule, the IFGS, Sections 278 and 106 agreements, text relating to sources of infrastructure funding, and use of CIL receipts. None of

these matters questioned the methodology or the outcomes of the LR, or challenged the proposed charging rates of CIL. The were no representations in response to the consultation on the Statement of Modifications.

38. The PPG[1] states that the examiner should establish that:
- the charging authority has complied with the legislative requirements set out in the Act and the Regulations;
- the draft charging schedule is supported by background documents containing appropriate available evidence;
- the charging authority has undertaken an appropriate level of consultation;
- the proposed rate or rates are informed by, and consistent with, the evidence on viability across the charging authority's area; and
- evidence has been provided that shows the proposed rate or rates would not undermine the deliverability of the plan (paragraph 34 of the National Planning Policy Framework).

39. Therefore all the matters raised in the consultation responses do not come within the range of matters that I, as examiner, should establish. They are, therefore, matters for the council (which the council has dealt with) and not matters for me.

Matters that I raised

40. Following my initial reading of the examination documents submitted to me I raised a number of questions with the council. The first related to the references in the LR to a typology 'Senior Living', referred to as Care Homes Use Class C2 in paragraphs 6.34 and 6.35, and also referred to as C3 in paragraph 6.36. This is picked up again at paragraph 8.7 in Table 21, where the typology is referred to (sixth entry) as C3/C4 – Extra Care (Senior Living), although C4 is in fact 'housing in multiple occupation'. My first concern was to know exactly what form of housing was being referred to. Senior Living can simply refer to housing for over-55-year-olds, but also is applied to some forms of care homes.

41. My attention had been drawn to this because I had noted that in the LR, at paragraphs 6.34 and 6.35, it stated:
"*6.34 Review of the Dixon Searle assessment*[2] *highlighted that Care Homes (C2) had been included as a commercial asset, with nil CIL rates applied. Discussions with the Council have indicated that they wish to promote the delivery of assets that would be considered to benefit the local community, such as Care Homes. Whereas a product such as Senior Living is modelled for private revenue, a Care Home typology would be considered as a potential contribution to the local area, of (sic) which should not inhibit delivery.*
6.35 As such, it has been agreed with the Council that Care Homes (C2) would maintain their current nil CIL rate and would therefore not be included within the area-wide CIL review."

[1] The Planning Practice Guidance, Reference ID: 25-040-20190901.
[2] The Dixon Searle assessment refers to the CIL & Whole Plan Economic Viability Assessment undertaken by that consultancy in July 2014 which formed the viability evidence for the Charging Schedule that came into effect in 2016.

42. This caused me concern for two reasons, firstly that there should not be any confusion about which use classes were being referred to in the LR, and secondly senior living developments and care homes are both C Class residential uses, and on the face of it are not nil rated – there are no exclusions in the Residential CIL rate table. With regard to the reference to C4, (houses in multiple occupation), it has been explained that this arose because the Building Cost Information Service of the Royal Institution of Chartered Surveyors for 'supported housing' includes costs for both C3 and C4 – the latter reflecting flats in multiple occupation. However, it is confirmed that the assessment solely tested Senior Living, Class C3, and that Senior Living was meant to relate to housing for 'people over or approaching retirement age', which does not provide a significant level of care, as set out in the CSR.

43. As a result, my concern has been allayed, since I now understand that Senior Living does not encompass homes where a significant level of care is provided. The LR has been updated to Senior Living 'Age Restrictive Accommodation without Provision of Significant Care' throughout the report.

44. In addition to the above, in LR paragraph 6.32 states: *"In terms of value, a C3 senior living product would generally achieve a 5-15% premium in comparison to private residential products, following general residential assumptions. Therefore, it would be anticipated that the added premium may result in greater levels of potential return to developer and therefore, could be assessed on a separate basis to standard residential (C3) typologies. In doing so, there may be scope for a separate CIL rate for Senior Living".*

45. This led me to question whether a separate rate for senior living would be justified on the basis of the viability indication given. As a result of my question, a further review of the evidence base shows that the predominant future delivery of C3 (age restricted) accommodation will be on those strategic sites that are proposed to be exempt from CIL. There is no history of age restricted housing being delivered in the district and therefore it is unlikely that 'windfall' development in this category will arise outside of the CIL exempt strategic sites. As a result there is no basis for adding a separate senior living category under the residential charging rates. That makes sense to me.

46. The council have, however, agreed that it would add clarity if 'All development within Use Class C3' was added within the MDCS Table 1: 'CIL Charges for residential developments by zone'.

47. In respect of the MDCS Table 2 setting charges for retail use, the table itself carries the heading for the types of use as "Class E – Commercial, Business and Services". Use Class E came into effect by virtue of The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020. These regulations specified, among other things, that from 1 September 2020 buildings or other land that had been, on 31 August 2020, in a use within Use Classes Class A1 (Shops), Class A2 (Financial and professional services, Class A3 (Restaurants and cafes), or Class B1 (Business), shall be treated as if being used for a purposed specified in Class E. Class E includes use for any of all of 7 basic uses, which included for instance, retail sale; sale of food and drink, mostly on the premises; financial and professional services; offices and 'light' industry.

48. Whilst the itemised uses with a CIL rate are clearly identified as types of retail, the heading does not reflect the sole typology being charged. I suggested that this is potentially misleading, not accurately reflecting the content of the Charging Schedule. The council has agreed with me that the heading of these typologies should be simply stated as 'Retail development'.

49. A final matter under this heading relates to the charges themselves. The MDCS was published in October 2022 and submitted for examination in November 2022. The CIL rates shown in the Schedule were proposed not to change from those in the Charging Schedule that came into effect in August 2016, but updated each year in between by the inflation rate (see paragraph 9 above) in accordance with inflation. The tables of rates in the DRAFT CHARGING SCHEDULE - SUBMISSION VERSION (AS MODIFIED) dated November 2022 had two columns for the rates: one for the proposed rates and one for the current rates. Because it was the intention to continue with the rates unchanged, both columns showed the same figures.

50. Since this report on my examination would not be provided to the council until sometime in 2023, the inflation rates for the previous year would come into operation. I checked with the council as to whether it was intended to keep the 2023 rates when the new Charging Schedule came into effect at the rates published in the consultation MDCS, or whether they should be at the updated rates for the year. It was confirmed that the intention was that the rates would be uplifted by the 2022 inflation rate.

51. For clarity about how the figures have changed following inflation as at last October, I will make the revised tables a formal recommendation. It should be clear that this recommendation for the updated rates does not amount to a change that should be advertised and consulted upon, because it is the simple operation of the Regulations that require indexation to be part of the calculation of the chargeable amount. The recommendation also deals with the titles of the classes of development to be charged CIL.

Minor matters

52. The council will no doubt wish to ensure that there are no references in the Charging Schedule when it is approved that continue to repeat out of date matters or refer to proposed intentions when the document will no longer be a proposal.

53. I will mention a few examples that caught my eye, in the hope that this will be helpful. In paragraph 5.9 there is a reference to A1 – A5 uses and to Class E; the heading of Table 2 continues to refer to Proposed and Current charges (which will be dealt with by my recommended modification); there are a number of references to 'proposed', such as in paragraphs 1.3, 5.5, and the first two bullet points under that paragraph.

Overall conclusion

Are the legal requirements met?

54. I conclude that the MDCS complies with national policy and guidance. The Charging Schedule complies with the 2008 Planning Act and 2010 Regulations

(as amended), including in respect of the statutory processes and public consultation. In stating this I have taken account of the submitted council document CIL 1.4: Statement of Compliance, which I find to be an adequate demonstration of meeting the requirements.

55. In preparing the DCS and MDCS account has been taken of the Development Plan for the area (the Folkestone & Hythe District Council Places and Policies Local Plan adopted September 2020 and the Folkestone & Hythe District Council Core Strategy Review adopted March 2022); the supporting IDPs for each of the development plan documents and the annual IFS; and the viability work undertaken by consultants acting for the council.

56. The revised DCS was consulted on from 22 August 2022 for 6 weeks, and the Statement of Modifications was consulted on from 24 November 2022 for 4 weeks. Both sets of consultations were online on the council's CIL Consultation webpage, and emails/letter notification was sent to 166 consultees on the consultation database, which included all the bodies set out in Regulations 16(1A) and 16(2)

57. I conclude that, in setting the CIL charging rates in the MDCS, and the revised DCS that went before it, the council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in the Folkestone & Hythe District. The council has been realistic in terms of achieving a reasonable level of income to address a gap in infrastructure funding, while ensuring that, in general, development remains viable across most of the district. It has made decisions about its priorities for bringing in funds through CIL and obtaining contributions through section 106 agreements. An appropriate balance has been struck.

Recommendation

58. I conclude that the MDCS for the Folkestone & Hythe Community Infrastructure Levy, submitted for examination on 24 November 2022, subject to making the modifications set out in Examiner's Modification EM1 in the appendix below, satisfies the requirements of Section 212 of the 2008 Act and meets the criteria for viability in the 2010 Regulations (as amended). I therefore recommend that the Charging Schedule be approved.

Terrence Kemmann-Lane

Examiner

3 March 2023

Appendix

Modification that the examiner specifies so that the Charging Schedule may be approved:

Modification	Reference	Modification
EM1	Tables 1 and 2 CIL charges	Replace Tables 1 and 2 of the CIL charges in the MDCS with the Tables below

Table 1: CIL Charges for residential developments by zone

Development type	**CIL rate (£ per sq m)**			
Residential development	**Zone A**	**Zone B**	**Zone C**	**Zone D**
All development within Use Class C3	£0	£62.94	£125.88	£157.35
Residential development on strategic site allocations	£0			

Notes:
The stated rates apply from 1 January 2023 and are subject to annual revision on the 1 January each year
Strategic site allocations comprise:

- North Downs Garden Settlement (SS6 to SS9)
- Sellindge Strategy Phases 1 and 2 (CSD9)
- Folkestone Harbour & Seafront (SS10)
- Shorncliffe Garrison (SS11)
- New Romney Strategy (CSD8)
- Nickolls Quarry strategic allocation, Hythe (Figure 5.6)

Table 2. CIL charges for retail development

Zone	**Retail Development**	**CIL Rate (£ per sq m)**
Folkestone Town Centre Area	All convenience and comparison retail and other development akin to retail	£0
Otterpool Park strategic allocation	All convenience and comparison retail and other development akin to retail	£0
Rest of district	Supermarkets, superstores, and retail warehousing (net retail selling space of over 280 sq m) (a & b)	£125.88
Rest of district	Other large-scale development akin to retail (net retail selling space of over 280 sq m) (c)	£125.88
Rest of district	Other retail development and developments akin to retail (net retail selling space up to 280 sq m)	£0

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This report will be made public on 21 March 2023

Folkestone & Hythe District Council

Report Number **A/22/34**

To: Council
Date: 29 March 2023
Status: Non- Executive Decision
Head of Paid Service: Susan Priest
Responsible Officer: Amandeep Khroud, Assistant Director – Governance, Law and Regulatory Services

SUBJECT: Report to Council on decisions made in accordance with the constitution's call-in and urgency rule

SUMMARY: The constitution provides that, when an urgent decision is made by the Cabinet or Cabinet Member, for which any delay in implementation, likely to be caused by the call-in process, would seriously prejudice the Council's or public interest, then the 'Call-in Rules of Procedure', Part 6.3, rules 1-6 do not apply. Decisions, taken as a matter of urgency, must be reported to the next available meeting of the Council, together with the reasons for urgency.

REASONS FOR RECOMMENDATIONS:
This report is recommended to Council, to note for information, in accordance with the constitution, Part 6.3, rule 7.

RECOMMENDATION:

1. **To receive and note report A/22/34.**

1 INTRODUCTION

1.1 The constitution (paragraph 7, part 7.3, Call-In Rules of Procedure) provides that, when an urgent decision is made, for which any delay in implementation, likely to be caused by the call-in process, would seriously prejudice the Council's or public interest, then the call-in rules of procedure, Part 6.3, rules 1 to 6, do not apply. Decisions, taken as a matter of urgency, must be reported to the next available meeting of the council, together with the reasons for urgency.

1.2 On 22 February 2023, Cabinet considered report C/22/86, which sought approval to accept the Levelling Up Fund grant award following the success of the Council's application for Folkestone - A Brighter Future. The report sought approval to proceed with the project and provides an overview of the governance and delivery arrangements. The report also sought agreement to enter into delivery agreements with Kent County Council and Creative Folkestone, and agreement to explore the potential for the Council to relocate from the Civic Centre to Folca.

The Cabinet resolved:

1. **That report C/22/86 be received and noted.**
2. **That the successful outcome of the Levelling Up Fund bid: Folkestone - A Brighter Future be noted.**
3. **That the Government's Levelling Up Fund award of £19,791,819 be accepted**.
4. **That the Council enter into a Memorandum of Understanding with Department for Levelling Up, Housing and Communities (DLUHC)**.
5. **That the arrangements detailed for governance and delivery of the overall project be noted.**
6. **That the Council enters into delivery partnership agreements with Kent County Council and Creative Folkestone.**
7. **That the Director of Place, in consultation with the Leader of the Council, project related Cabinet Portfolio Holders and the Corporate Leadership Team be authorised to progress delivery of the Levelling Up Fund project Folkestone - A Brighter Future.**
8. **That it be noted that a Stakeholder and Communications Strategy will be developed and implemented.**
9. **That it be noted that Member briefings will be held at key stages throughout the project.**
10. **That it be noted that progress on delivery of the Levelling Up Fund project will be reported as part of the Council's quarterly corporate performance reporting.**
11. **That officers explore the potential of the Council relocating from the Civic Centre to some of Folca 2 and that the outcome of this be reported to Cabinet for further consideration ahead of a decision being made.**

This decision was taken using General Exception urgency provisions (Part 6.4, Rule 12). It was necessary to take the decision under the constitution's 'Call in and Urgency' rule (Part 6.3, rule 7) because the bid has been successful and Cabinet approval was required to accept the grant award and to enter into related delivery agreements with KCC and Creative Folkestone. Government announcement of the award had been delayed significantly and we needed to press on with delivery as soon as possible in order to meet deadlines set for the whole project. Therefore an urgent decision of Cabinet was required.

1.3 Also on 22 February 2023, Cabinet considered report C/22/94 which informed Members of the progress relating to the High View development site since the last report in January 2022. The site now has planning permission for the development of 30 highly energy efficient homes for affordable rent (25) and shared ownership purchase (5). The report provides an update on the tender activity, levels of tenders received and the applications for external funding and the wider financial package for the scheme. The report also considered the scheme in the wider context of a changed financial environment of higher interest rates, rising costs and the anticipated and competing capital costs of works on the existing stock, including the retrofit programme to raise energy performance levels. The report went on to consider alternative delivery options and makes recommendations to members on next steps.

The Cabinet resolved:

1. **That report C/22/94 be received and noted.**
2. **That the works completed by officers to get the council to this point be noted.**
3. **That the significant financial implications and impact upon the overall HRA Capital Programme if the new build scheme was to go ahead be noted.**
4. **That option 4 be agreed (pause the project and reconsider options when the financial outlook is more positive and market conditions are more favourable be approved).**
5. **That officers explore Option 5 (to sell the site with the benefit of planning permission and demolition / ecology works completed).**
6. **That it be noted that officers will bring back a report following a marketing exercise for further decisions.**
7. **That it be noted that a small revenue budget of £20K per annum will be required for site maintenance and ecology management.**
8. **That the award of £465,000 from the Brownfield Land Remediation fund (BLRF) from One Public Estate and the fact that this may need to be repaid should the scheme not progress be noted.**

This decision was taken using General Exception urgency provisions (Part 6.4, Rule 12). It was necessary to take the decision under the constitution's 'Call in and Urgency' rule (Part 6.3, rule 7) because all three contractors who have bid for the contract have confirmed that they will hold their prices until the end of February. Cabinet needed to consider the options and next steps before this date.

1.4 On 14 March 2023, the Cabinet Member for Housing and Special projects considered report C/22/97 which asked for urgent consideration to enable the Council to take up the Government's offer of £1.2m of Local Authority Housing Fund (LAHF) grant. The funding will facilitate the purchase of ten properties to temporarily accommodate Ukrainian and Afghan refugees. The timeframe for the Council to confirm that it wishes to accept the grant funding is very short and it is required to submit a Memorandum of Understanding to the Government by 15 March 2023.

The Cabinet Member for Housing and Special Projects resolved:

1. **To receive and note this report.**
2. **To confirm that the Council should submit the signed Memorandum of Association and participate in the LAHF initiative and purchase the ten properties.**
3. **That the Individual Cabinet Member decision be reported to Cabinet at the earliest opportunity.**

This decision was taken using General Exception urgency provisions (Part 6.4, Rule 12). It was necessary to take the decision under the constitution's 'Call in and Urgency' rule (Part 6.3, rule 7) because the Memorandum Of Understanding (MOU) needed to be signed by 15th March. The decision will also be reported to Cabinet at their meeting scheduled for 22 March 2023.

2 LEGAL, FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

2.1 **Legal Officer's comments (AK)**
There are no legal issues arising from this report.

2.2 **Finance Officer's comments (LW)**
The financial implications of this report were addressed in the Cabinet reports to which this report relates.

2.3 **Diversity and Equalities Implications (ST)**
There are no diversity and equality implications arising from this report.

3 CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Jemma West
Democratic Services Senior Specialist
Tel: 01303 853 369
E-mail: jemma.west@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

None