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6 April 2020

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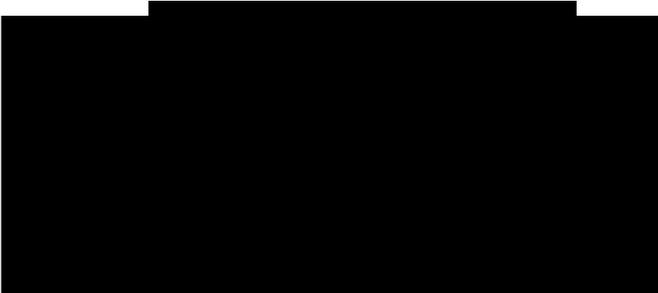
Planning Policy & Economic Development Team  
Runnymede Borough Council Runnymede  
Civic Centre  
Station Road  
Addlestone  
KT15 2AH

Dear Sirs,

**Runnymede Borough Council: Community Infrastructure Levy Draft Charging Schedule  
Representations submitted on behalf of **

 has commissioned  to collate a response to the Council's Community Infrastructure Levy Draft Charging Schedule published for consultation purposes on the 24<sup>th</sup> February 2020.

This representation is structured around the five key issues which the CIL Examiner must consider in accordance with section 212 (4) of the Planning Act 2008, as amended by the Localism Act 2011. The five key issues include the degree to which:

- 1. The charging authority has complied with the legislative requirements set out in the Planning Act 2008 and the Community Infrastructure Levy Regulations (As amended);**
  - 2. The draft charging schedule is supported by background documents containing appropriate available evidence;**
  - 3. The charging authority has undertaken an appropriate level of consultation;**
  - 4. The proposed rate or rates are informed by, and consistent with, the evidence on viability across the charging authority's area; and**
- 

**5. Evidence has been provided that shows the proposed rates would not undermine the deliverability of the Plan (as referenced in National Planning Policy Framework para 34).**

Attached at **Appendix 1** of this representation is an extract taken from The Planning Act 2008 citing issues pertinent to the preparation of a Draft CIL Charging Schedule. Section 211 (2) and (4) are relevant to the above key issues and provide additional clarification which this representation will address.

Appendix 2 presents a copy, and then a reworking of, the Viability Appraisal example based upon the format as presented in pages 66-67 of the Andrew Golland Associates Viability Report of November 2019.

Prior to commencing a review of the 5 key issues above, we refer to two general issues: charitable status exemption and missing information in relation to the CIL calculation formula as presented by the Council.

**CIL Exemption under Charitable Status**

It is clear from a review of other higher education institutions that other Local Planning Authorities have taken a varied approach in the way they treat student accommodation in relation to CIL, both in interpretation of the charitable relief and the approach to charging CIL on directly funded student accommodation. Many Local Planning Authorities accept that there should be a lower rate or indeed a CIL exemption for student accommodation development funded by universities.

The university has previously advised Runnymede Borough Council of its charitable status, and that development used wholly or mainly for charitable purposes and directly funded by the university would be exempt from CIL. In response to a previous query (2014) about whether the university's own student accommodation development would be subject to CIL, the Council responded stating that:

*'Although the university is an institution that exists for a charitable purpose and is for the public benefit, the university would have to satisfy CIL Regulation 43 for mandatory exemption from paying CIL and would need to demonstrate this to the council. ...Any decision on exemption from paying CIL could only be made once the Council has received a planning application, detailing what the use of the proposal will be.'*

Given that CIL was not in force at the time of the submission of the current planning application for Rusham Park (ref: RU.20/0098), there was (is) no current need to present a CIL exemption case. The university is working on the reasonable assumption that the Rusham Park application will be determined in advance of the introduction of CIL (targeted for 1<sup>st</sup> November 2020).

While Rusham Park represents the next phase of student accommodation ambition within the university, the university already benefits from outline planning permission RU.14/0099. The university wishes to seek confirmation that any student accommodation proposal brought forward under a reserved matters scheme linked to permission RU.14/0099 will be exempt from CIL. Once CIL is introduced, any new or alternative proposals not captured by the 2015 planning permission will be subject to CIL. In this context the university is investigating the issue of CIL exemption under its charitable status, and will issue any relevant documentation at the appropriate time. This lies at the heart of the need for the university to submit this representation.

On without prejudice basis, this representation is submitted on the grounds that if purpose built student accommodation were not be CIL exempt (under a s43 charitable definition), the draft charging schedule would apply and that, as drafted, the rate for student accommodation is based upon inaccurate and/or inappropriate evidence and would result in such development being unviable, thereby contrary to the objectives and delivery of the Local Plan.

#### **CIL Calculation (Indexation)**

The university has endeavoured to calculate its potential CIL liability by application of the formula presented in the Draft Charging Schedule. There is no current guidance published as to the base index value or the way in which the index will be applied sufficient to calculate *Ip* and *Ic*. We have made a working assumption that the current Rusham Park outline planning application will be determined in the same year as the charging schedule comes into force. The application of the formula has therefore resulted in an estimated liability which has been referenced during this representation.

In the context of the above, responses to the five key issues listed in s212 (4) are dealt with in turn.

#### **1. [Has] The charging authority has complied with the legislative requirements set out in the Planning Act 2008 and the Community Infrastructure Levy Regulations (As amended);**

The ability to test the degree to which the Council has complied with the Regulations will be an ongoing matter until such time as; the Draft CIL Charging Schedule has been examined; the Council considered the Examiners recommendations, and; the decision, or not, to adopt the examiners recommendations prior to the CIL rates coming into force. The university reserves the right to monitor the progression of the draft CIL Charging Schedule and make comment at the CIL examination, or after as appropriate, if it considers that due process has not been followed.

**2. The draft charging schedule is supported by background documents containing appropriate available evidence.**

The Council justifies its proposed CIL charging schedule for student accommodation with reference to, inter alia, the Emerging Local Plan, the Viability Report prepared by Andrew Golland Associates (November 2019) and its Technical Background Document dated December 2019.

In relation to how costs should be defined for the purpose of viability assessment, NPPG *Paragraph: 012 Reference ID: 10-012-20180724* states:

*“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 (inter alia):*

- *build costs based on appropriate data, **for example** that of the Building Cost Information Service (**our emphasis**)*
- *abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value*
- *site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value.”*

While it is accepted that BCIS data can be used, it is considered that this data source should only be used as benchmark in the absence of relevant and up to date empirical data from across the area and/or development sector. The reference to this being an example rather than an exhaustive list of relevant data is material in this instance.

We address the detailed issues pertaining to commercial viability below. This covers, in turn, issues pertinent to assumptions relating to revenue and development costs (informing the residual value) and issues relating to a worked example based upon a 1ha (theoretical) redevelopment site in the area.

National Planning Policy Guidance (*Paragraph: 004 Reference ID: 10-004-20190509*) accepts that In relation to the use of typologies to inform CIL rates, *“plan makers can first group sites by shared characteristics such as location, whether brownfield or greenfield, size of site and current and proposed use or type of development. The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the plan.”*

For the reasons set out below, the university does not consider that the Council has adequately considered the typical nature of available sites in the area, or the capacity of such sites suitable to accommodate purpose built student accommodation.

**a. Appropriateness of Viability Evidence (Revenue and Development Costs)**

In setting draft CIL rates the Council has relied on the Andrew Golland Associates Viability Report of November 2019. The figures used in this are limited in nature and purely speculative as the only organisations that have undertaken purpose built student accommodation developments in the Egham area are Royal Holloway University of London and Ternion (Danehurst), who developed The Pad on Egham Hill. A Harvest Road student accommodation has recently been granted permission on appeal and pre-commencement conditions are currently being discharged. This site is also being progressed by Ternion (Danehurst).

The worked example on page 67 is based on a 1ha redevelopment of site with a Land Value Benchmark (LVB) for commercial development and includes the assumption that the build cost is only £1,500m<sup>2</sup>. It also assumes only 20m<sup>2</sup> per bed space, which is unrealistically small. Student study bedrooms across George Eliot Halls are based on a model where bedrooms tend to be c25m<sup>2</sup>: bedroom sizes across a range of larger student accommodation schemes are cited as being 30m<sup>2</sup>.

Stride Treglown are one of the largest student accommodation design and delivery architects' practices in the UK. We have designed or delivered in excess of 35,000 student study bedrooms over the last 20 years, working for both universities and the private sector. The practice was responsible for designing and delivering the Gower and Wedderburn; Tuke, Williamson and Butler, and George Eliot Halls for Royal Holloway, University of London. The practice is currently commissioned to progress schemes (at various RIBA Stages) involving c1,200 beds at the University of Exeter, c1,700 beds for Keele University, 2,250 beds for the University of the West of England. It has also recently completed a c950 bed scheme for the University of Northampton. The bedroom sizes relating to these schemes are a minimum of 25m<sup>2</sup> (gross), with recent and active schemes working on 30m<sup>2</sup>. Supporting evidence gathered by consultants appointed directly by the university refers to empirical evidence where average bedroom sizes are in excess of 30m<sup>2</sup>, reflecting the need for ancillary accommodation to meet student demand where the accommodation is not within the heart of a university campus setting.

With the increasing push towards passivhaus, low or zero carbon design and delivery solutions, as supported in the main by Local Planning Policy, the construction costs of student accommodation schemes is now incurring a premium.

In relation to the practical examples cited above, those (newer) schemes which are targeting higher environmental performance KPI's (such as Passivhaus) are anticipating construction values of circa £2,800m<sup>2</sup>. Low or Zero Carbon solutions are anticipated to cost considerably more. This will not necessarily be reflected in higher rents, but would reduce the operational (running) cost of the scheme over the life of the development.

Given the shift towards better environmental performance standards for new purpose built student accommodation, we consider that an average construction cost of £2,400/m<sup>2</sup> would be a conservative, but robust, assumption. The application of a "Surrey Factor" would then result in a more accurate total construction cost estimate of £2,760.00. This would reflect the need for demolition and site clearance relating to the redevelopment of a commercial site as per the assumptions used in the AGA Viability Report. Using a conservative gross floor area assumption of 30m<sup>2</sup> per student study bedroom, the figure above would equate to a cost per bedroom of £82,800.00.

In addition to the headline construction rates, there is a fundamental omission within the Andrew Golland Associates Viability Report across a range of worked examples. We refer here to only those omissions relating to Student Accommodation. The worked examples relating to allocated sites, as set out throughout Chapter 4, include site specific assumptions for planning obligations and total exceptional costs. The Student Accommodation example provided on page 67 appears to assume that construction costs are based on a cleared site with no localised contamination, drainage or other constraints. In short, the example makes no allowance for exceptional or related costs.

Given that the underlying assumption appears to be that the sample site has a Land Value Baseline (LVB) for commercial use, it is our contention that the Andrew Golland Associates example therefore significantly underestimates the headline construction cost of student accommodation. It would be reasonable to expect costs to be incurred in demolition, potential localised remediation, surface water drainage solutions, off-site highway (sustainable travel measures) and other associated enabling or abnormal costs for any redevelopment scheme involving a commercial use, particularly if the site were to extend to 1ha in size.

In addition to any enabling works which may be required to present the site for construction, it is also entirely reasonable to assume that certain student accommodation schemes will generate impacts which may require site specific mitigation measures to be implemented, both in advance of commencement, linked to the occupation of development, or as agreed following occupation. Off-site measures such as the promotion of sustainable travel measures, for example, would also add developments costs to a scheme, which the Construction Rates as presented appears to exclude.

In relation to the university's core estate and wider land ownership, there are also special characteristics of the surrounding area which should be considered. This includes the extent of the designation as an Area of Landscape Importance, and the need for amenity space, servicing and cycle parking. Development within the now extended campus (including Rusham Park) will also have to take into account a number of special factors, ecology, trees, drainage and sustainable travel measures, including ongoing investment in a dedicated bus service.



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The resultant findings of the presented Viability Appraisal, and any revision to the same using the same metrics as applied by Andrew Golland Associates, should therefore be considered as a minimum development cost. When replacing updated empirical evidence on development costs, and after including contingency / exceptional costs, this would significantly reduce any surplus and therefore the ability to meet CIL requirements. Appendix 2 refers.

**b. Appropriateness of the Viability Assessment (Worked Example)**

The University fundamentally questions the appropriateness of the worked example as set out on pages 66-67 of the AGA Ltd Viability Report. The Viability Report provides no methodology to underpin and legitimise an approach which considers a theoretical 1ha site to help inform viability assumptions.

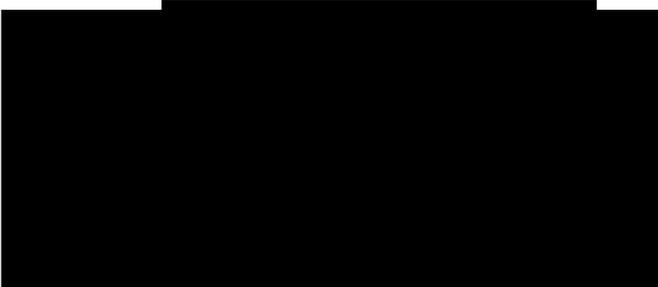
Notwithstanding this, the use of a 1ha theoretical site raises a number of key issues. By implying that the site in question has a commercial Land Value Benchmark (LVB), the assumption appears to be that the site is previously developed. In the context of the university's landholdings, the Campus and land to the south is located within the Green Belt where major redevelopment would normally be considered inappropriate. Land to the north of the Campus would fall within Englefield Green and beyond, which the Viability Report states as being the third highest residual land values behind Wentworth and Virginia Water. However, if land north of the Campus was assumed to represent the 1ha worked example, and that this was in current or last commercial use (if vacant), it would also be reasonable to assume that the redevelopment of the site would be appropriate for residential development, not student accommodation. As such, the LBV of £3,000,000 per hectare would be applied.

If the worked example were based on a site to the north of the Campus, the university would argue that no other development has come forward outside the Campus involving 5 storey student accommodation, and certainly not at the density captured within the example.

In short, there are no available commercial sites of 1ha located outside the Green Belt capable of accommodating a 5 storey student accommodation redevelopment which would not otherwise be suitable for residential use/redevelopment.

In terms of development densities, the worked example under Para 6.46 suggests that it would be reasonable to assume 30% development coverage across a 1ha site providing 15,000m<sup>2</sup> of student accommodation at 5 storeys (12,000m<sup>2</sup> of lettable bedroom floor area at 80% efficiency (a gross to net ratio of 80%).

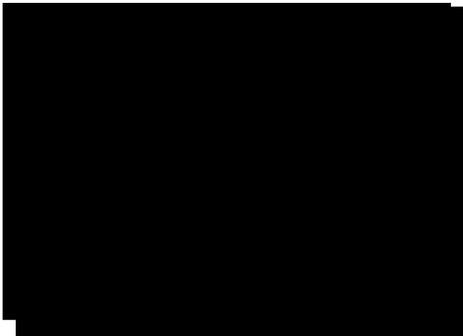
A review of recent student accommodation within the university (George Eliot Halls) has demonstrated that a 1ha sub-area of the scheme, accessed from Harvest Road, achieved a gross floor area of c10,400m<sup>2</sup> (over 3 storeys): at 80% this would be presented as a lettable floor area of 8,320m<sup>2</sup>.





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An analysis of planning permission drawings highlights that the student accommodation scheme known as The Pad (Phases 1 and 2) on Egham Hill delivered an equivalent gross floor area based on scaling the development up to a 1 ha site, of circa 10,244m<sup>2</sup>. This is within a 0.5% variance of the George Eliot Hall and presents clear evidence of the relative capacity of sites which have secured planning permission in the area.

For recent student accommodation schemes designed and delivered in Englefield Green, an average gross student accommodation floor area of c10,272m<sup>2</sup> per hectare has been achieved within a 1ha sample area of the site. The university considers that this is a more robust assessment to inform a viability appraisal to underpin a CIL draft charging charge.

Notwithstanding the current application submitted for determination in relation to the Rusham Park site (a previously developed commercial site within the Green Belt), given the Green Belt location, the planning policy framework would suggest that redevelopment for student accommodation would be regarded as inappropriate development. As the Council is aware, the university has submitted an “exceptional circumstances” case to justify redevelopment of the site.

The university considers that it is no coincidence that the characteristics of the worked example within the Viability Report are very similar to the Rusham Park site. While it is the contention of the university that exceptional circumstances exist to warrant planning permission being forthcoming, it is not appropriate for the Viability Report to assume that any commercial redevelopment site in the area is capable of accommodating 5 storeys when there are no similar examples of this type or scale of development designed and delivered in the immediate area. Assuming that previously developed land within the Green Belt is capable of accommodating such development, such a scheme would be assumed to be contrary to the Local Plan. It should not therefore be used as the basis of calculating site capacity and therefore any viability surplus the result of an appraisal.

In order to undertake a sensitivity analysis of the assumptions used in the Viability Report, Stride Treglown has defined a 1ha site as a sub-set of the emerging Estate Plan prepared to support the outline planning application for the Rusham Park site. The 1ha sample area, accessible from an adopted highway, has been tested and found to have a capacity of 11,825m<sup>2</sup> over 5 floors: significantly below the 15,000m<sup>2</sup> assumed in the worked example.

On a without prejudice basis, and for the purposes of providing a robust comparable assessment based upon available evidence, the university is prepared to accept an average of the three local project examples above. As such, and for the purposes of the Viability Assessment, a gross floor area of 10,790m<sup>2</sup> per hectare is considered reasonable.



References below will cite AGA Ltd estimates of construction costs which are far below industry norms as at 2019/2020 and fail to take account of increasing sustainable construction approaches, including achieving a low or zero carbon solution for student accommodation.

**a. Appropriateness of the application of CIL to student accommodation**

In setting the Draft CIL rates, the university does not consider that the Borough Council has struck an appropriate balance between:

- a) the desirability of funding infrastructure from CIL (in whole or in part) reflecting the actual and expected total cost of infrastructure required to support development of its area, taking into account other 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.

One of the key metrics used to estimate the degree to which a surplus value can be secured is the cost, size and rental levels associated with student accommodation. Empirical evidence gained in the area, and our experiences across the UK, conclude that the average gross floor space for new build student bed spaces is currently circa 30m<sup>2</sup>, although in the case of the private scheme at Egham Hill, 'the Pad', the average gross space was 32m<sup>2</sup>. An average gross floor area of 30m<sup>2</sup> per bedroom is considered appropriate and reflects our experiences and designs being progressed on sites under construction for other university clients.

On the basis of 30m<sup>2</sup> per student bed space, the average CIL cost per student bed space would be £14,850 per student bedroom. The university anticipates the gross cost per bed space for new accommodation at current prices, and reflecting a move towards low or zero carbon will be around £82,800.00 (30m<sup>2</sup>). Notwithstanding enabling works, abnormal site costs and s106 obligations, with CIL levied at £495m<sup>2</sup>, this would add an extra 18% to such headline development costs.

The image within the Viability Report on page 66 which shows the rental figures for various student residences at RHUL demonstrates that the rates are comparable to affordable rents. Effectively the accommodation provided by the university should be treated as affordable housing, because of the impact that student lets in the community has on the lower end of the housing market. No CIL is levied on affordable housing.

It will be noted from the table provided in the Viability Study that the lowest rents for university accommodation are in the older accommodation. The university accommodation will be competing with rental costs in the private market and needs to keep rents down to make them affordable. The imposition of CIL would therefore otherwise force rents to such unacceptable levels that the scheme would no longer be attractive to many students and therefore unviable.

In addition to the economic argument for providing student accommodation on university controlled land, and the harm that CIL on the university's development will have in terms of student rents and competition from accommodation outside the campus, the university considers that living communally in halls of residence is a key part of the student experience and pastoral care and guidance can better be provided to students living in such accommodation. In this context, the Council has previously published a stated aim of supporting development associated with the university on campus while discouraging off campus development.

If the university is unable to deliver the amount of student accommodation that it is proposing, this will have a significant impact on the future recruitment of students, upon which much of the university's income is derived. The availability of good accommodation at affordable rents is a key issue in terms of the student experience. In terms of recruitment, it will also affect the ability of the university to attract the best students. The Council has consistently acknowledged in its Local Plan policy documents the important role that the university plays in the economy of the borough and its desire to support the growth of the university.

#### **b. Social Infrastructure and contributions already made by the university**

Whilst it is acknowledged that CIL Regulations are not based on the same requirements as in the case of financial contributions captured by planning obligations - 'fairly and reasonably related in scale and kind to the development' - the "Runnymede Infrastructure Schedules 2015-2030 lists (throughout but summarised in the Table at Appendix A) 4 types of infrastructure that CIL will be funding: Education, Healthcare, Community Space and Green Infrastructure.

Under the headings of Education, Healthcare and Green Infrastructure, a number of more detailed categories are listed. These are presented in the Table presented at **Appendix 2** at the rear of this representation.

The university considers that it's on-site provision of social and green infrastructure is a material issue given the importance of the principle set out in Para 4.5 of the Technical Background Document (Dec 2019). This states:

*"The two contribution regimes [s106 and CIL] can operate in tandem and as such there is potential for infrastructure projects to be funded through s106 and CIL. Operating in tandem also allows opportunities to physically deliver infrastructure through s106 and mitigate the cumulative level of development through CIL."*

For the reasons set out and amplified below, we consider the university already makes a significant contribution to local infrastructure needs. The university also fully accepts the need for site specific, reasonable and proportionate use of s106 to mitigate the impact of development, where relevant.

We deal with each Type and detailed category in turn.

### **Education (Early Years, Primary and Secondary Education)**

Student accommodation will have no impact on the need for school places, as students staying in university accommodation will not have families. However, 22.6% of the CIL funding gap between 2015 and 2030 relates to education facilities and provision.

### **Healthcare (Primary and Secondary (including Mental Healthcare))**

The university acknowledges that resident students in the area are able to access both primary and secondary healthcare needs. However, the university facilitates existing primary healthcare (GP surgeries as part of its modus operandi which not only benefits students but also reduces the pressure on local surgeries.

In addition, the university undertakes to deliver to all its students a wide range of consistent student well-being and pastoral support services. These can be defined as services that support the students' well-being, their safeguarding, their health, their residential life and their overall student experience as part of a campus community. These services also extend to managing instances of student crisis, for example mental health emergencies, communicable diseases, suspected crime etc) where the university applies informal and formal mechanisms according to specific cases.

The university has an excellent reputation as a supporting and caring institution with student mental health and wellbeing central to all areas of its operations. The College Student Advisory and Wellbeing Department provides advice and guidance to all students on personal and emotional wellbeing to support their transition and integration to university life, to assist them in maintaining a healthy balanced lifestyle and to support them successfully through their studies towards graduation. Out of hours pastoral support is also provided by the Campus Security and Watch teams who are on duty overnight.

As such, it is considered that the university makes a notable contribution to both primary and secondary (mental) healthcare sufficient to reduce the pressure on public services. It is noted that the university's focus on pastoral care and mental health is such that there is an associated reduction in the demand for public services is greater, contributing a higher percentage of the CIL Funding Gap in this area.

### **Green Infrastructure (Outdoor and Indoor Sports, Play Space, Parks and Gardens and Allotments)**

The university operates extensive indoor and outdoor sporting facilities which not only meets a significant internal demand (by students and staff), but also a proportion of wider community sports needs and the public (through membership and association with formal clubs).

Play space is aimed at Children, which, for reasons set out under the Education section above, would not be appropriate to apply to purpose built student accommodation.



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The university operates an extensive Green Infrastructure network across its main Egham Campus, accessible to not only staff and students, but also the general public: the Campus is open in this regard. Further Green Infrastructure investment is scheduled in connection to the improvement of accessible routes through the Woodland areas, and as part of a campus wide management regime and Framework. This includes significant areas of Amenity Greenspace.

It should be noted that only a very small part of the university's campus is within a 5km radius of the Thames Basin Heaths SPA. The likelihood of students visiting the SPA, in particular on a regular basis, is considered to be low and therefore any impacts on these sites which could occur are considered to be insignificant. Finally, encouraging student accommodation on campus will be most sustainable from a travel point of view.

### **Transportation**

In the context of Highways and wider transportation infrastructure requirements, Para 1.12 of the Technical Background Document (Dec 2019) states that critical road infrastructure (and SANGS) are to be funded through s106 obligations and not CIL.

In the context of transportation issues, the university has, and accepts the need to, fund localised sustainable travel measures to ease the movement of staff and students in the context of the wider highway network. Indeed, the University agreed to make a financial contribution of £100,000 towards off-site highway measures necessary to mitigate the impact of the Estate Plan proposals as set out in planning application RU.14/0099 dated 5<sup>th</sup> April 2015.

In addition to financial contribution(s), the university currently runs a free to use Bus Shuttle Service between the Kingswood Hall, Main Campus and Egham Railway Station. Subject to any forthcoming planning permissions in relation to the redevelopment of the Rusham Park site (application ref: RU.20/0098) and new internal road connection through the Campus (application ref: RU.20/0260) the university will be revising the route of the Shuttle Bus Service to serve the Rusham Park site. The redevelopment of this site will also be expected to make a contribution towards replacing the existing Level Crossing (as committed by Network Rail) and fund the erection of a pedestrian bridge over the railway. The latter is a significant planned expenditure item which has an impact on the wider viability of the scheme.

The university is working in conjunction with its appointed Transport Consultants to develop a Campus-Wide Car Parking Management Strategy. This is designed to align the residential addresses for a sub-set of students eligible to bring a car onto campus with the most appropriate and directly accessible car park. This objective is to ease the flow of vehicles on the network, reduce total miles travelled and, alongside other sustainable transport measures, seek to manage parking demand.



The university see the wider community benefit of such an arrangement and are prepared to invest to deliver these changes. While the cost of this initiative is not solely linked to purpose built student accommodation, the fact that the university will incur such costs is evidence to demonstrate the wider community benefits generated by its operations and that it continues to operate functions which have a draw upon its finances.

### **Total Funding Gap contribution**

Appendix A of the Infrastructure Schedule states that the total Plan Period cost (2015-2030) is £71.48m. In the period 2020/21 to 2024/25 during which Phase 1 of the Rusham Park student accommodation scheme is scheduled to be delivered, the CIL Funding Gap is estimated to be £31.263m.

In context, as per the indicative phasing plan submitted within the integrated Planning, Design and Access Statement in support of the Rusham Park outline planning application, and assuming that the Draft CIL Charging Schedule is in force, Phase 1 of the scheme would be required to make a CIL contribution of c£13.479m (at 2020). This also assumes that all existing buildings are removed in the first phase. We have applied an "off-set" assumption in accordance with the Councils draft formula, though have not been able to estimate the effect of any indexation at this time (see page 3 above). The working estimate is that Phase 1 CIL liability of the scheme would equate to 43.1 % of the Total Borough Wide Funding Gap in that Local Plan phase.

Assuming that the 600 unit Phase 2 of the Rusham Park scheme would come forward in the period 2025/26 to 2029/30, this would incur a CIL charge of c£5.777m (at 2020) which would equate to 27% of the Total Borough wide Funding Gap in that Local Plan phase (£21.371m). This assumes that Phase comprises only student accommodation and is based on a cleared site.

In reality, if CIL were to come in force before the Rusham Park scheme were to be granted planning permission, the Council would be unlikely to receive any CIL income, as the Rusham Park scheme would not considered to be viable. In this scenario, the university may be forced to revert to delivering its original Estate Plan intentions as set out within the 2015 outline planning permission: where CIL would not be liable.

In summary, the Table at **Appendix 3** indicates that 38.5% of the total Borough-wide Total Plan period Infrastructure requirement is not relevant to purpose built student accommodation. In addition, the university already provides supporting facilities, services and green infrastructure in areas aligned with 18.5% of the Borough-wide need. The residual percentage contribution towards infrastructure needs which is considered appropriate to purpose built student accommodation is 43%. This does not mean that 43% of the total borough-wide funding gap is to be funded by purpose built student accommodation, but all eligible developments. The residual 43% figure takes no account of the value of secondary (mental) healthcare provision and support facilitated by the university for the benefit of its students and staff.

As such, it is fundamentally wrong that one student residential development scheme would be required to contribute over 43% of the Borough's entire CIL funding gap between 2020/21 and 2024/25 by application of a CIL rate which is higher than any residential development CIL rate across the Borough. This, despite residential land values in the immediate vicinity of the university being some of the highest in the United Kingdom.

In summary, the university considers that the evidence used to support a CIL rate of £495m2, is unrealistic and not appropriate. It significantly underestimates development cost, overestimates densities and, therefore, rents will need to be much higher than assumed in the model. This would significantly reduce the attractiveness, and general affordability of any scheme. This is in the wider context of the university operating in an increasingly competitive and global marketplace where students are now discerning customers who demand effective teaching and learning programmes, in fit for purpose environments and which positively contribute to their experiences as a student.

The University does not therefore consider that a rounded evaluation of the levy and the economic viability of the student accommodation has been undertaken. Accordingly the draft charging schedule is not considered to be sound.

### **3. The charging authority has undertaken an appropriate level of consultation;**

As required by legislation (S211 (2) of The Planning Act 2008) the Council is required to have regard to "*matters specified by CIL regulations relating to the economic viability of development (which may include, in particular, actual or potential economic effects of planning permission or of the imposition of CIL)*"; and "*other actual and expected sources of funding for infrastructure*".

National Planning Policy Guidance (Paragraph: 006 Reference ID: 10-006-20190509) is also relevant in this case. This states:

*"Plan makers should engage with landowners, developers, and infrastructure and affordable housing providers to secure evidence on costs and values to inform viability assessment at the plan making stage."*

In the context of Draft CIL rates relating to Student Accommodation, it is important to note that Royal Holloway, University of London is the largest Higher Education Institution within the Borough, and therefore has an influential role in attracting and retaining students within the area. The university is also the largest provider of student accommodation within the Borough and benefits from an outline planning permission (RU.14/0099) dated 5<sup>th</sup> April 2015 relating to new academic and student accommodation floor space.

Given the need for the Council to demonstrate a robust and appropriate evidence base to underpin the Draft CIL Charging Schedule, the University confirms that it has not been approached to discuss or provide evidence relating to the provision of student accommodation. This would include information relevant to recent, ongoing proposals or those planned during the Local Plan period.

As such, the University does not consider that the Council has undertaken an appropriate level of consultation with key stakeholders. In this context, this representation refers to inter-related evidence which the university could have provided the Council to more accurately prepare a CIL rate for Student Accommodation. This evidence would have included the degree to which the University provides on-site supporting social infrastructure to meet the needs of its students, and therefore reduces the burden on wider public facilities. Other information would relate to development costs, sustainable development and building performance targets, rental levels and likely student study bedroom sizes.

**4. The proposed rate or rates are informed by, and consistent with, the evidence on viability across the charging authority's area;**

While the university accepts that the Council has demonstrated that there is a sufficient infrastructure funding gap to implement a CIL charging regime, there is no clear justification, based on appropriate evidence, to warrant the introduction of the proposed CIL rates for student accommodation, or that one rate is applied to the whole of the Borough.

Para 3.4 of the Viability Report states that "*It is important to have a robust and practical approach to dealing with the challenge of modelling location impacts*". In a similar vein, Para 1.6 of the Technical Background Document reports also acknowledges that rates can be different in defined areas taking account of viability evidence. Yet there is no evidence presented to justify why a flat rate CIL charge of £495m<sup>2</sup> is applicable to all 9 sub-market areas across the Borough.

The university has witnessed a down-turn in the general level of interest in relation to students wishing to reside within its Kingswood Hall, despite rental levels being modest in comparison to other university controlled residences. Empirical evidence suggests that students are now looking to reside on, or very close to, the main campus. It would therefore follow that purpose built student accommodation in locations such as the northern edge of West Byfleet, east of Chetsey or south of Addlestone would not be an attractive proposition, even without the imposition of a significant CIL charge.

A uniformly high CIL charge for all forms of student accommodation development could have the perverse effect of incentivising off campus development and increasing the propensity to reside in HMOs in Englefield Green and adjacent areas. This would work against stated policies of the Council. A selective CIL exemption for residences on campus (defined as the full extent of RHUL current landholdings and any acquisitions contiguous with RHUL's current property) could produce the right conditions to realise the Council's Local Plan policies.

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For the reasons set out and amplified throughout this representation, the university therefore requests that development directly funded by the university on its campus should be CIL exempt to encourage the implementation of the much needed student accommodation in a sustainable location. Differential rates for different areas are permissible under the CIL Regulations.

If it is concluded that a CIL rate should be applied to purpose built student accommodation, the university considers that a justifiable rate would be circa £24m2 in accordance with the reworking of the Viability Appraisal at set out in Appendix 2.

The concluding comments of Chapter 6 “Commercial Property and Other Uses” of the Andrew Golland Associates report (para 6.18) states, in underlined text, that:

*“It is important [to] stress that what is defined here are surpluses. These are not recommendations for the CIL Charges as this will need to be determined by the Council taking into account the advice in the NPPG regarding balancing revenue for infrastructure and viability of development. However, the surpluses do show that there is scope for the Council to set CIL charges.”*

We consider that this paragraph should be read in conjunction with two related paragraphs within Chapter 7 “Main Findings and Conclusions” within the AGA Nov 2019 report:

Para 7.7

*“It is important to emphasise that the report identifies financial surpluses available for CIL and/or other (than Affordable Housing) contributions. These surpluses are very significant and if translated directly to CIL charges would mean that Runnymede were “out of sync” with neighbouring authorities charges. Therefore, further discussion around the charges is needed, ideally taking into account the actual requirement for infrastructure.”*

Para 7.13:

*“However, as with residential, it is recommended that the Council consider also how CIL has been set for these uses in neighbouring authorities”.*

We can find no published evidence within the Technical Background Document to justify the Draft CIL Charging Schedule with reference to the approach adopted by neighbouring Local Planning Authorities.

Our own research highlights the CIL rates for authorities sharing a boundary with Runnymede Borough Council:

Local Planning Authority	Community Infrastructure Levy for Student Accommodation schemes (m2)
Windsor and Maidenhead	£ nil
Spelthorne	£120.00
Elmbridge	£ nil
Woking	£ nil
Surrey Heath	£ nil

The AGA worked example presents an estimated surplus of £2,000m2 for student accommodation. The Council's Draft Charging Schedule for Student Accommodation is presented at £495.00 or 25% of the stated surplus.

As set out in Appendix 2, the university considers that a student accommodation scheme would generate a surplus of £98m2. Applying the same AGA Ltd discount to the surplus as calculated by application of updated construction rates, rental levels, room sizes, development densities (reflecting actual and proposed student accommodation schemes in the area) and reference to an alternative commercial land value benchmark, a revised CIL Charging Rate of £24m2 is generated.

**5. Evidence has been provided that shows the proposed rates would not undermine the deliverability of the Plan (as referenced in National Planning Policy Framework para 34).**

For ease of reference, Para 34 ("Developer Contributions") of the NPPF states:

*"Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan."*

The principle outlined above is appropriately referenced in Para 1.7 of the Technical Background Document issued by the Council in December 2019.

Notwithstanding the generally supportive Emerging Local Plan Policy SL23, Para 1.7 of the CIL Technical Background Document states that the Council *"must show and explain how any proposed rates will contribute towards the implementation of the Local Plan and support development across the Borough by striking an appropriate balance between additional investment and the potential effect on development viability"*.

In relation to student accommodation, the Draft CIL Charging Schedule is proposed to be set at £495m2 as a “blanket” rate across the whole Borough. The CIL Charging Schedule is also assumed to come into force only once the “Emerging” Local Plan 2030 has been adopted.

Emerging Local Plan Policy SL23 supports the provision of purpose built student accommodation where there is a link with a higher education institution within Runnymede, the development is located in a sustainable location within easy access to local services and facilities and where the specific needs of students are met, particularly in respect of refuse storage, cycle parking and internal space.

Para 6.61 of the July 2018 Emerging Local Plan refers to the fact that Para 50 of the NPPF in force at that time did not list students as a group with specialist housing needs. This has been rectified in the updated Para 61 of the current NPPF. Policy SL23 of the Local Plan is therefore consistent with Paras 61 and 64 of the NPPF.

Notwithstanding the now superseded reference to student accommodation being a specialist housing requirement, the July 2018 Local Plan accepts that student accommodation forms part of the overall housing strategy for the Borough.

While Policy SL 23 is a generally supportive policy, Para 6.59 of the Local Plan (July 2018) acknowledges that windfall sites in sustainable locations may be acceptable for purpose built student accommodation, *“however, the Council will resist purpose built student accommodation in accordance with the criteria contained in policy SL23.”*

Para 6.60 of the Local Plan (July 2018) acknowledges that the Council’s housing target includes some provision for future Runnymede-based students opting to live in market housing. Delivery alongside windfall sites (see the 6.59 reference above) is considered by the Council to enable Royal Holloway, University of London *“to grow at a sustainable rate whilst limiting the impact on the local housing market”*.

The University therefore reasonably considers that a wider policy objective of Local Plan Policy SL23 is to limit the impact generated by student accommodation on the local housing market.

In this context, Table 1 embedded within Emerging Local Plan Policy SD2 “Spatial Development Strategy” identifies an “Expected Minimum Growth Delivery” for a range of uses. Reference is made to a minimum expected number of student accommodation bed spaces of 3,389 beds, comprised of 171 beds in Egham and 3,211 in Englefield Green. The University does not consider that this is a maximum limit, and therefore the Local Plan seeks to build in flexibility to respond to the demand for student accommodation provision, so long as the local housing market is protected.

Appendix A of the Local Plan (July 2018) sets out the “Monitoring Framework” of the Local Plan from 2015. Given student accommodation is a specialist housing category, it falls within Objective 2 of that Appendix. The objective is stated as follows:

*“To support the delivery of at least 7,480 homes...and **maximise opportunities** to deliver high quality housing including affordable housing, starter homes, **housing for those with specialist needs** and plots for those who wish to build their own homes”. (our emphasis)*

In relation to the Local Plan target, Appendix A clearly states that there is *“No target for students – contextual”*.

The wording of Emerging Local Plan Appendix A is at odds with Table 2-1 as set out in the CIL Technical Background Document. Rather than relaying the policy objective of seeking to maximise opportunities for delivery high quality specialist housing needs in accordance with Local Plan Policy SL23, and that there is no target imposed by the Council in relation to Student Accommodation, Table 2-1 includes reference to a “Local Plan Requirement” of 3,513 bed spaces. This is identical to the number of bedrooms which the Council states as being completed or with planning permission. The residual Local Plan requirement is therefore stated as zero.

Although the university considers that there is no clear evidence to support the Council’s contention as to why the number of student accommodation bed spaces completed or with planning permission should represent the “Local Plan Requirement”, Para 2.17 of the Technical Background Document does acknowledge that *“this does not discount further development of this type coming forward”*. If this is reflective of the Local Plan position, it is reasonable to assume that further student accommodation over and above the 3,513 stated as having permission will make a contribution towards managing specialist housing demand and limiting the impact on the local housing market.

The university does not consider that Table 2-1 of the Technical Background Document is consistent with Emerging Local Policy SL23 (July 2018) and Appendix A of the Local Plan: Policy SL23 and Appendix A clearly stating that there is no target student accommodation provision and that the wider objective of the Council is to, in part, protect the local housing market from an increase in students residing in houses in multiple occupation.

For the reasons set out and amplified above, the university considers that the proposed introduction of a £495m2 CIL rate is entirely counter to the positive approach cited in Emerging Local Plan Policy SL23. If the proposed rate were to be introduced, the university would no longer be able to proceed with alternative purpose built student accommodation proposals to that captured under outline planning permission RU.14/0099.

As such, the introduction of the proposed CIL student accommodation rate would result in the university reverting to its previous (2015) Estate Plan and therefore seek to redevelop purpose built student accommodation close to existing residential areas within its estate adjacent to the established residential communities in Englefield Green and Spring Rise: the principle of this accommodation being established and therefore not liable for CIL.

The effect of the CIL will be to slow down the increase in the number of university controlled residences on campus, with two potential, but important consequences:

1. Private developers could look to increase the provision of purpose built student accommodation close to the University Campus, but would need to charge premium rents to offset CIL. The level of rent required to be imposed by private development would need to be significant, and above that which would potentially be politically unacceptable for the University to charge, therefore would be unlikely to be affordable to many students.
2. A delay in the provision of a net increase in purpose built student accommodation could increase the demand within Englefield Green for students to seek alternative accommodation: this being likely to increase the attractiveness of Houses in Multiple Occupation within the immediate area around the Campus.

As such, the imposition of an excessively high CIL charging rate for new purpose built student accommodation will seek to undermine the Local Plan policy framework, increase the risk that the university will not be able to provide on-site specialist housing needs and increase the impact of students living in established residential areas.

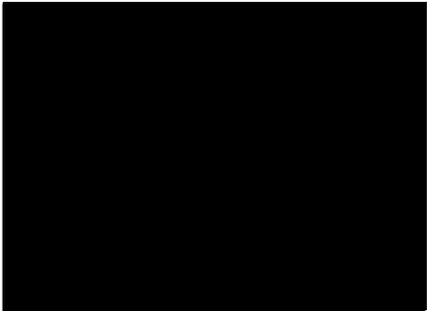
In this regard, a key issue in Egham and Englefield Green has been the loss of family housing to student HMOs. By imposing additional pressures on purpose built student accommodation through CIL, the risk is that the percentage of students residing in university controlled accommodation will decrease, placing greater pressure on the existing housing stock to meet demand.

For the reasons set out and amplified above, the university wishes to provide students with a choice of attractive and affordable accommodation and where it is able to offer pastoral care. It is more appropriate to deliver student accommodation on, or immediately adjacent to, the Campus and provide the necessary support for the student population in a sustainable location. The university has embarked upon a strategy to provide purpose built student accommodation to meet demand, but this strategy is now under threat from the emerging CIL Drafting Schedule.

#### **CIL procedural notifications and examination participation**

Royal Holloway University of London confirm that it wishes to:

- be heard, in person, at the CIL Examination.
- be notified when the Draft Charging Schedule has been submitted to the Examiner.
- be notified when the Examiner's report is published.
- be notified when the Borough Council adopts it's CIL Charging Schedule.



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### **Summary**

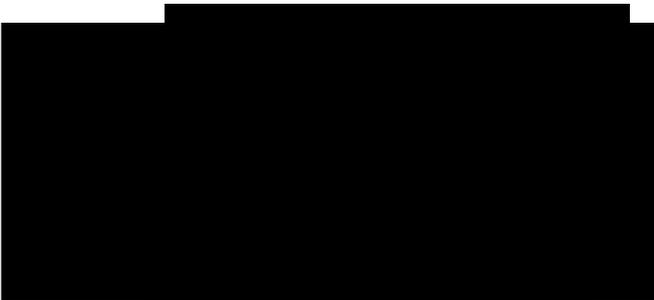
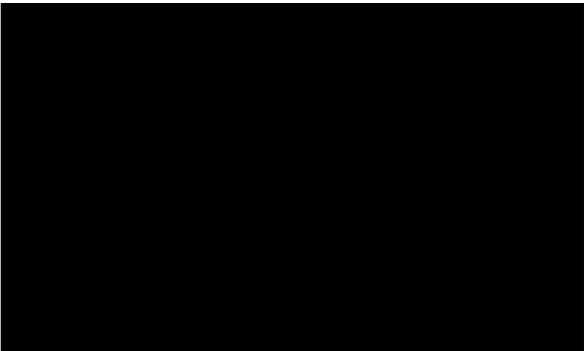
In summary, the university considers that the evidence used throughout the Viability Report of November 2019 is outdated and/or questionable. Factors affecting the viability of student accommodation have been omitted from the worked example used to justify the draft CIL rates.

The university considers that the viability assessment has grossly underestimated the construction cost of student accommodation and the average study bedroom sizes (reflecting ancillary accommodation). It has over-estimated the realistic floor area density which might be achieved in the local areas and has had no regard to the provision of social infrastructure facilities and services offered by the university and which reduces the pressure on the public purse. It also fails to acknowledge that student accommodation development may require financial contributions towards off-site highway and sustainable travel measures via a s106 obligation: contributions which will, by definition, add to development costs and therefore reduce viability. The Viability Report also appears to undervalue the accommodation the university provides as affordable specialist housing to meet a recognised societal need.

We trust that the issues above and as set out within the attached Appendices are clear. We look forward to hearing from you and the opportunity to present and discuss the pertinent issues at the CIL examination.

Please do not hesitate to make contact should you wish to discuss aspect of the above and attached.

Yours sincerely,



**Appendix 1: Relevant extract from The Planning Act 2008 (referring to CIL provisions)**

**Section 211: Amount**

- (1) A charging authority which proposes to charge CIL must issue a document (a “charging schedule”) setting rates, or other criteria, by reference to which the amount of CIL chargeable in respect of development in its area is to be determined.
- (2) A charging authority, in setting rates or other criteria, must have regard, to the extent and in the manner specified by CIL regulations, to—
  - (a) actual and expected costs of infrastructure (whether by reference to lists prepared by virtue of section 216(5)(a) or otherwise);
  - (b) matters specified by CIL regulations relating to the economic viability of development (which may include, in particular, actual or potential economic effects of planning permission or of the imposition of CIL);
  - (c) other actual and expected sources of funding for infrastructure.
- (3) CIL regulations may make other provision about setting rates or other criteria.
- (4) The regulations may, in particular, permit or require charging authorities in setting rates or other criteria—
  - (a) to have regard, to the extent and in the manner specified by the regulations, to actual or expected administrative expenses in connection with CIL;
  - [F1(aa) to have regard, to the extent and in the manner specified by the regulations, to actual and expected costs of anything other than infrastructure that is concerned with addressing demands that development places on an area (whether by reference to lists prepared by virtue of section 216(5)(a) or otherwise);
  - (ab) to have regard, to the extent and in the manner specified by the regulations, to other actual and expected sources of funding for anything other than infrastructure that is concerned with addressing demands that development places on an area;]
  - (b) to have regard, to the extent and in the manner specified by the regulations, to values used or documents produced for other statutory purposes;
  - (c) to integrate the process, to the extent and in the manner specified by the regulations, with processes undertaken for other statutory purposes;
  - (d) to produce charging schedules having effect in relation to specified periods (subject to revision).