Dear Sir or Madam

West Lindsey Community Infrastructure Levy (CIL) Consultation

The Defence Infrastructure Organisation, on behalf of the Ministry of Defence (MOD) welcomes the opportunity to comment on the above consultation. Whilst it is understood that the three local authorities within the Central Lincolnshire area are now taking forward separate CIL proposals, it is noted that the previous round of CIL related consultation in the autumn of 2015 was undertaken on a joint Central Lincolnshire basis.

The MOD would like to reiterate its response provided to the previous round of consultation.

The MOD would like to see Service Family Accommodation (SFA) explicitly referred to as a zero rate CIL development type within the Draft Charging Schedule. SFA is housing which is exclusively constructed by the MOD or its appointed contractors for use by members of the Armed Forces and their families.

The method for assessing SFA rents is set at a national level, with service families paying a subsidised rental charge as set by the Armed Forces Pay Review Board. The Board sets the rates to be charged to service personnel for their accommodation as well as their pay. SFA rental rates are significantly lower than general market housing rental levels in recognition of the special circumstances that apply including the tied nature of the properties and lack of choice. The value of future income streams will not be sufficient to cover the basic build costs and infrastructure procurement and running costs (the latter of which will be significant).

It can be demonstrated therefore that SFA directly provided by the MOD bears similarities to affordable housing provided by a Registered Provider. In both instances, there is an element of subsidy, which sets it apart from housing that is either sold or rented, without restriction, through the open market. SFA developed by the MOD is not a commercial proposition and can only be delivered with substantial amounts of public funding. As such, there is no commercial viability in its provision. It is therefore logical that SFA should have a zero charge for CIL, following the practice that is applied to affordable housing.

---

1 SFA rates are set out in Tables 4.1 and 4.2 of the Armed Forces’ Pay Review Body 45th Report March 2016, which is available to view online at https://www.gov.uk/government/publications/armed-forces-pay-review-body-forty-fifth-report-2016
Unlike general market housing, the design and specification of SFA developments are subject to national guidance set out in Joint Service Publications (JSPs).

- JSP 464 is the definitive policy for the provision of SFA and is available to view online at https://www.gov.uk/government/publications/jsp-464-tri-service-accommodation-regulations.
- JSP315 is the Services Accommodation Code and is available to view online at https://www.gov.uk/government/publications/jsp-315-services-accommodation-code-volume-1. In accordance with Scale 25 of Volume 1 of JSP315, the MOD is required to provide Community Centres, Childcare Facilities, Youth Centres and Publicly Funded Welfare Facilities alongside their SFA development:

The requirements of the JSPs not only result in higher build costs than might normally be expected but also require that community infrastructure costs are met for all SFA residents as part of the development.

It can be seen therefore that SFA bears sufficient similarities to affordable housing both in terms of occupation (i.e. tenants occupy the properties on sub-market rents) and viability (i.e. the future rental income accrued by the MOD will be significantly lower than the development costs, leaving a shortfall that will need to be funded by Government subsidy). Accordingly SFA development should be subject to an exemption similar to that given to affordable housing under the current CIL regime and there should be an explicit mention of this exemption within the Charging Schedule. This is an approach which has been accepted elsewhere in the UK in Wiltshire.

Appendix B of the Central Lincolnshire Local Plan and Community Infrastructure Levy Viability Study 2016 (April 2016 Report and May 2016 Addendum Note), in relation to Policy LP57: Ministry of Defence Establishments, notes that the viability assessment has “not tested any MOD site specific case studies as these do not form part of the planned growth”. The background evidence base work undertaken by the Council does not appear to have given due consideration to the special case of SFA development provided by MOD. As a result, any future SFA development in this area would in CIL terms be treated the same as market housing when, as highlighted above, this is clearly not the case.

Taking the above into account it is considered that there is a case for SFA development to be exempt from CIL charges and that this should be set out in the Charging Schedule

Yours sincerely

Signed by email

Jodie McCabe BSc (Hons) MA MRTPI
Senior Town Planner, Environment & Planning Support