



**Royal Borough of Kingston upon Thames
Community Infrastructure Levy
Council Response to Representations from Kingston University
and Chessington World of Adventures Resort C/o Nathaniel
Lichfield & Partners
August 2015**

Background

Following the announcement of the examination in public the Council received representations from Nathaniel Litchfield & Partners on behalf of Kingston University (05/08/2015) and Chessington World of Adventures Resort (07/08/2015). This document provides the response from the Royal Borough of Kingston upon Thames Council and their consultants BNP Paribas Real Estate.

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ID No.	Respondent	Response Method	Comment	RBK Response
2	Kingston University (KU) Hannah Whitney Nathaniel Litchfield & Partners	Email (05/08/2015)	<p>Kingston University wishes to rely on previous representations and the additional statement received on 5th of August 2015. Kingston University refer to the British Property Federation manifesto, <i>Making the Grade – July 2015</i>, which urges the government to use its promised review of the Community Infrastructure Levy to stop Councils setting ‘sky-high’ CIL Levels, or risk constraining growth of the UK’s Higher Education sector.</p> <p>Kingston University requests that at minimum the proposed student accommodation CIL charge should be discounted to reflect the different housing markets that have been identified within the Borough.</p>	<p>We note the comments made by the University and that they wish to rely on previous representations and do not wish to appear in person at the hearing. The Council considers that they have addressed all student accommodation concerns and that the university has not presented any further substantiated evidence that the Council considers would evidence the need for a nil or reduced rate on such uses.</p>
15 (a)	Chessington World of Adventures Resort (CWoAR) Hannah Whitney Nathaniel Litchfield & Partners	Email (07/08/2015)	<p>Chessington World of Adventures (CWoAR) objects to the £20 per square meter “All other Uses” charge and requests that due to the non typical nature of the CWoAR site that a unique approach is required with respect to ensure an ‘appropriate balance’ is taken with respect to funding infrastructure in Kingston and the potential implications for economic viability of development at the Resort and the wider area.</p>	<p>CWoAR have not demonstrated that the ‘All other Uses’ rate would render development of their site unviable. CWoAR have not provided substantiated evidence for setting a nil CIL charge on this form of development.</p> <p>Royal Borough of Kingston purposely set the rate at a nominal level so as to not impact on the delivery of development, while still contributing to the delivery of infrastructure to support development.</p> <p>It is noted that in 2014 the Merlin Group (who own</p>

				<p>CWoAR) invested nearly £15 million across the resort estate launching a brand new ride experience Scorpion Express, brand new AMAZU Treetop Adventure and the launch of the Azteca Hotel, a fully themed Resort hotel located on park with 69 amazing new themed rooms, a new splash water play zone within the leisure club and a totally unique temple-themed restaurant. It is highly unlikely that the Merlin Group, a listed company, would agree to such an outlay if they did not consider it to be a viable venture that would warrant/recoup these costs and make a good return for their shareholders.</p> <p>The Council refers to the recent LB Hounslow CIL examination which addressed nominal rate of £20 psm for all other uses. The Examiner, in his report identifies at para 40 that, <i>'The Government's Planning Practice Guidance provides that there is no requirement for a CIL rate to exactly mirror the evidence. The Guidance also identifies that charging authorities do not have to set a nil rate, they can set a low rate (paragraph 21, Reference ID: 25-021-20140612). The Council has proposed a nil charge for healthcare, education and emergency service facilities but a rate of £20 psm for all other uses'</i>. He concludes on this point that, <i>'Because it would also be a small proportion of overall costs it is unlikely that the nominal rate would be a determining factor as to whether the other types of developments proceed.'</i> Further he</p>
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				<p>highlights at para 42 that, <i>'The Represents have not provided substantive evidence to contradict the Council's claims or to demonstrate that there would be harm to viability such that development that is important to the Local Plan would not proceed.</i> He goes on to conclude at Para 43 that, <i>'In the circumstances it is concluded that the application of the nominal rate is unlikely to materially affect whether development does or does not proceed and that its application is justified.'</i></p> <p>The £20 'All other Uses' levy proposed by the Council is set at a nominal rate and is unlikely to be a determining factor as to whether development proceeds. CWoAR has not provided substantive evidence to the contrary. Should CWoAR provide substantive evidence the Council is willing to consider it in detail.</p>
15 (b)	<p>Chessington World of Adventures Resort (CWoAR)</p> <p>Hannah Whitney</p> <p>Nathaniel Litchfield & Partners</p>		<p>To maintain visitor numbers and to continue its nature and wildlife conservation work and education programme at the attraction it is vital that CWoAR continues to upgrade and invest in its facilities.</p>	<p>Noted. All businesses need to ensure they continue to upgrade and invest in their facilities to continue trading. All development will be undertaken to either improve efficiency or maintain and increase visitor numbers so that the company either saves/reduces costs or increases revenue. It is noted that the Merlin group reports a year on year increase in visitors to their attractions:</p> <p>2010 – 41 million</p>

				<p>2011 – 47.3 million 2012 – 54 million 2013 – 59.8 million 2014 – 62.8 million</p> <p>Further we also note that the Merlin Group’s strategy is: “To create a high growth, high return, family entertainment company based on strong brands and a global portfolio that is naturally balanced against the impact of external factors.”</p>
15 (c)	<p>Chessington World of Adventures Resort (CWoAR)</p> <p>Hannah Whitney</p> <p>Nathaniel Litchfield & Partners</p>	<p>CWoAR regularly invests in facilities at the Park, typical CIL liable development includes the following:</p> <ul style="list-style-type: none"> • Indoor attractions/rides • New accommodation • Food and beverage buildings within the park • Operational buildings, such as maintenance and storage buildings • Animal welfare and back of house zoo facilities • General theme park back of house facilities <p>A number of these types of development will result in large-scale buildings, where a significant level of new floorspace will be provided. As a result the £20 per sqm RBK CIL, in combination with the £35 per sqm Mayoral CIL, will place a significant financial burden on CWoAR.</p>	<p>We reiterate our comments above that the Merlin Group have publicised that in 2014 that they invested nearly £15 million across the CWoAR estate. Further the Merlin Entertainments plc results for the 52 weeks ended 28 December 2013 identifies that major launches such as ‘Zufari: Ride into Africa!’ at Chessington World of Adventures ‘delivered significant volume and revenue growth’.</p> <p>The Merlin Group’s view on accommodation provided on their resort sites is that ‘Developing our theme parks into short break destinations: extending the catchment area, creating new revenue streams and improving guest satisfaction. The key driver of this transformation is the presence of on-site themed accommodation. To date, all investments whether themed hotels or Holiday Villages have been highly successful; delivering against our investment criteria; driving multi-day stays; and significantly</p>	

				<i>increasing the level of pre-booked business, hence providing an element of protection against the impact of adverse weather.</i>
15 (d)	Chessington World of Adventures Resort (CWoAR) Hannah Whitney Nathaniel Litchfield & Partners		<p>CWoAR disagree with the assumptions made in the viability assessment prepared by BNP Paribas Real Estate, that most developers in use classes D1 and D2 will be able to absorb the proposed CIL charge without it having a significant impact on viability. The following examples demonstrate why this is not the case at CWoAR.</p> <p>CWoAR has a number of warehouse buildings on site. In the next few years it is aiming to relocate a number of these to other areas of the park (freeing up space in the main part of the Resort). The intention is to re-provide double the amount of floorspace to allow more direct storage space on site. This investment will allow the company to decrease the number of regular deliveries to and from the site and will result in more efficient working practices.</p> <p>However, assuming a doubling of existing floorspace CWoAR would be faced with a total CIL charge of £112,640 (£71,680 towards the Mayoral CIL and £40,960 towards the RBK CIL). It is estimated that the Kingston CIL represents approximately 8% of the construction costs associated with such a building, which CWoAR would be making no direct profit from. This cost is likely to delay or even halt CWoAR's decision to invest in such improvements to the Park, and as such, limit the range of</p>	<p>CWoAR identifies that the borough CIL would be an additional charge. This is not an entirely correct statement as the ability to seek S106 contributions has now been scaled back as of April 2015 and CIL replaces a large proportion of S106 charges sought through development.</p> <p>In addition to 15(b) and 15(c) above: All development will be undertaken to either improve efficiency or maintain and increase visitor numbers so that the company either saves/reduces costs or increases revenue.</p> <p>We note CWoARs intention to relocate a number of warehouse buildings within the park. The CIL regulations provide that only new build floorspace is required to pay the Levy, the proposed development will be able to discount any existing floorspace from the total proposed. Therefore the Levy cost of doubling the existing floorsapce might be half the charge identified, however CWoAR have not provided any detail as to their calculation of this assumed liability.</p> <p>The identified Mayoral CIL liability of £71,680 at £35 per sq m and borough liability of £40,960 at £20 per sq m would equate to a floorspace of 2,048</p>

			benefits which would occur as a result.	<p>sq m. NLP have identified the CIL to be 8% of development costs which at this level would identify a build cost of £512,000 (£250 per sq m or £23.23 per sq ft). In our experience this is a significantly low level of base build costs to be incurred, and is identified on the BCIS database as the very lowest build cost that can be achieved on agricultural storage buildings and general warehouses, however in order to put this into perspective, BCIS reports the average agricultural storage building cost as being £629 per sq m and for warehouses £857 per sq m. At these more normal levels of costs the CIL charge would equate to 3.18% and 2.33% of base build costs respectively. This figure would be lower still if the scheme related to replacement floorspace, for which there would be a discount to the liable floorspace.</p> <p>In addition to the above, RBK and BNP Paribas Real Estate would highlight that CWoAR would not only have to pay for base build costs, they would also incur other professional fees, finance costs etc. and potentially a small amount of external works and demolition costs. Thereby further reducing the CIL charge as a % of overall development costs.</p> <p>It is noted that such development has been identified as being undertaken to reduce the number of deliveries to the site and therefore would improve efficiency and reduce costs. This supports</p>
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				<p>our earlier comment that all decisions to undertake development by the CWoAR will be either to improve efficiency or maintain and increase visitor numbers so that the company either saves/reduces costs or increases revenue. In this regard such development cannot be viewed the same as a speculative warehouse development, rather this is being undertaken for operational reasons. We note that the Examiner of LB Bexley's CIL Charging Schedule agreed with the Council's view that there was a difference between owner occupier's development of their sites and speculative developments. He commented in Para 37 that, <i>'Up to date evidence (Response to Examiners Question – November 2014) relating to actual local projects also clearly shows that, where owner/occupiers are involved at least, the introduction of the Mayoral CIL has not had a harmful impact on the propensity of such prospects to proceed. In addition, that evidence also points to materially improving yields locally and to the fact that the "nominal" rate would represent a very small percentage, normally below 1%, of overall development costs in such cases.'</i></p> <p>He concludes at Para 38 that, <i>'Given that the sums likely to be raised are not insignificant in terms of prospective CIL income over the plan period and that the infrastructure to be funded or helped to come forward will have a wider community benefits, it is reasonable to conclude that the Council has drawn an appropriate balance, as the £10 psm CIL</i></p>
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15 (e)	<p>Chessington World of Adventures Resort (CWoAR)</p> <p>Hannah Whitney</p> <p>Nathaniel Litchfield & Partners</p>		<p>In order to keep up with modern standards of and legislation for animal welfare the Resort needs to make a significant ongoing investment in the type and number of buildings supporting the operation of the Zoo.</p>	<p>The Borough recognises the need for continued investment where such buildings relate to the welfare of animals or contribute to the conservation and educational work as part of the Zoo. We also recognise that many Zoo's in the United Kingdom are registered charities (e.g, London, Chester, and Whipsnade Zoo's). CWoAR is not a registered charity and therefore does not benefit from relief. it is noted that the Zoo is part of the resort offer that attracts visitors. The need to house and maintain the animals is a business cost. The marginal additional cost of the RBK CIL (circa 3% taking earlier calculations, but highlighting our concerns that it is likely to be lower as a percentage of total costs, including professional fees, and that CIL will replace the majority of S106 costs so is not an entirely new charge) will make little to no difference.</p>
15 (f)	<p>Chessington World of Adventures</p>		<p>The Mayoral CIL charge for the recent 69 bedroom hotel extension at CWoAR was £138,915. CWoAR has retrospectively reviewed the implication of the additional</p>	<p>Again CWoAR identifies that the RBK CIL would be an additional charge. We reiterate that this is not an entirely correct statement as the ability to seek</p>

	<p>Resort (CWoAR)</p> <p>Hannah Whitney</p> <p>Nathaniel Litchfield & Partners</p>		<p>RBK CIL charge (£79,380 on the basis of 3,969 sqm net floorspace) noting that the budget for the hotel project was extremely tight with limited headroom available.</p>	<p>S106 contributions has now been scaled back as of April 2015 and CIL replaces a large proportion of S106 charges sought through development.</p> <p>Although CWoAR identify that <i>'the hotel project was extremely tight, with limited headroom available'</i> they do not provide any evidence to substantiate this. We also do not know if this only relates to funds available to develop the scheme or whether the 'limited budget' takes into consideration the full picture of the costs of development vs the revenue that a hotel will generate. Moreover, CWoAR confirm that the scheme would have proceeded regardless of the proposed CIL charge, and provide no evidence to demonstrate that the application of CIL would result in an unviable scheme.</p> <p>The examples provided by CWoAR do not provide sufficient evidence to demonstrate that D1 and D2 use classes will be unable to absorb the proposed CIL charge. We also note that a hotel use is a Class C1 use. Full viability evidence would be required.</p>
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<p>15 (g)</p>	<p>Chessington World of Adventures Resort (CWoAR)</p> <p>Hannah Whitney</p> <p>Nathaniel Litchfield & Partners</p>		<p>CWoAR takes a responsible attitude towards Section 106 contributions and provide the 2007 payment for a new signalised junction as an example.</p>	<p>In certain circumstances, major infrastructure works, such as a new signalised junction, may be required to make a development acceptable in planning terms. Where CIL and Section 106 Obligations are required in tandem they will cover different infrastructure projects and types, development will not be charged twice for the same items of infrastructure.</p> <p>The CWoAR needs the Council to maintain and improve the infrastructure in the area in order to ensure they are able to continue to meet their strategic aspirations of high growth and high return year on year. It is entirely reasonable for the Council to expect the CWoAR to contribute towards this infrastructure as and when they develop their site further.</p> <p>Furthermore, given the scaling back of S106 contributions the Council cannot rely on the ability to always seek S106 contributions.</p>
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