South Worcestershire Councils Community Infrastructure Levy – Statement of Modifications Response

Project name:	**South Worcestershire Councils Community Infrastructure Levy**
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Introduction

1.1. This statement has been prepared by Pegasus Group on behalf of Johnson Brothers (owners of Two Business Shires Park) to request to be heard by the Examiner in relation to the South Worcestershire Councils Community Infrastructure Levy Draft Charging Schedule, Statement of Modifications. This request is made in accordance with the instructions set out on page 2 of the Statement of Modifications (April 2026).

Relevant modifications

1.2. The relevant proposed modifications (pages 3 to 7) to our client are:

- **Mod 5**, which amends paragraph 7.13 to clarify that allocated sites over 1,000 units are excluded from residential and commercial CIL charges; and
- **Mod 6**, which inserts a new row into Table 2 confirming that strategic sites and allocated sites over 1,000 units will be charged at £0 per sq.m. for commercial development.

1.3. We support the principle recognised through Mod 5 and Mod 6 that, in some circumstances, commercial development should be subject to a nil CIL rate where viability is sensitive and where infrastructure is more appropriately addressed through other mechanisms. However, we object to the modifications being limited only to strategic sites and allocated sites over 1,000 units. The modifications do not address the concerns raised in our original representation in relation to large secondary employment allocations, and particularly Two Shires Business Park. Whilst the Council does not appear to disagree with our evidence that these types of sites cannot viably come forward with the proposed CIL rates, it declines to make any amendments. As set out below, our position remains that modifications should be made in line with the relevant CIL regulations and guidance.

Reasons for objection

1.4. Our original representation (submitted 13 February 2026) explained that Two Shires Business Park is unusual because it is a relatively large employment site but is located away from prime motorway-linked logistics locations and typically serves Small and Medium Enterprises (SME). On that basis, we requested a specific viability assessment of WYPE13 and/or additional typologies to reflect this site type and location, with engagement with the landowner on the results. The consultation responses do not address the central point that no typology appears to represent sites with characteristics similar to Two Shires Park.

1.5. The concern is not simply that Two Shires Park is an individual marginal site. Rather, the concern is that the Charging Schedule does not include an appropriate typology or locational distinction for large secondary employment locations serving SMEs, despite employment development now being proposed as a CIL contributor. The Councils' consultation report (pages 11 to 18) acknowledges several of the core points made in our representations. It acknowledges (page 12) that Two Shires Business Park primarily serves local SMEs, that those occupiers may have weaker covenant strength and be able to support lower rents than more strategic locations, and that the Park is important to the local economy.

1.6. The consultation response accepts several matters raised in our original representation, including that larger employment sites may incur greater infrastructure and servicing costs (pages 13-15), that current market conditions have increased financing costs and development risk (pages 15-16), and that occupiers at locations such as Two Shires Park may support lower rents and yields than prime locations (pages 12-13). However, rather than testing the implications of these factors, the Councils' position is that these should not influence area-wide CIL assumptions.

1.7. The Councils' response relies heavily on the proposition that site-specific (in reality typology-specific) matters can be addressed at planning application stage, through Section 106 negotiation or relief mechanisms. However, if the Charging Schedule does not properly reflect the viability characteristics of secondary employment allocations at the point of rate setting, there is no certainty that future discretionary relief will be available.

1.8. If the Council intends to rely upon Exceptional Circumstances Relief, we have been unable to identify evidence that the Councils have formally made available such relief in the consultation response or the submitted CIL Draft Charging Schedule in line with CIL guidance. It is unclear how the availability of relief can be relied upon as part of the justification for the proposed charging approach. In any event, Exceptional Circumstances Relief is discretionary and cannot be assumed to be available when landowners and developers are making decisions regarding land acquisition, preparation of planning applications (typically costing hundreds of thousands or millions of pounds) and development. As such, it provides limited certainty, will be a barrier to sites coming forward and should not be relied upon as a substitute for a robust and evidence-based charging schedule.

1.9. The role of the Charging Schedule is to ensure that CIL rates are informed by appropriate viability evidence and do not place the delivery of development at serious risk. The potential availability of discretionary relief at a later stage does not address concerns regarding the underlying viability assumptions or provide the certainty required to support investment and delivery of allocated employment land.

1.10. Despite the above, the Councils have not modified the proposed Charging Schedule to introduce either a nil CIL rate for Two Shires Park or a wider nil rate for secondary industrial/logistics locations. Instead, the Councils state that the commercial assumptions are intended to represent area-wide South Worcestershire conditions and that CIL evidence should not be based on the most marginal or weakest individual sites alone. We remain concerned that this approach does not adequately reflect the viability characteristics of large secondary employment sites as a typology (rather than the weakest sites) and therefore place delivery of these sites at risk.

1.11. The rationale for Mod 5 and Mod 6 reinforces this concern. The Councils accept that commercial development forming part of strategic sites should be charged at nil CIL because Section 106 provides a more flexible mechanism and because CIL could create additional barriers to delivery of important commercial elements. The same underlying principle applies to Two Shires Park and no dispute appears to exist as to the evidence provided on viability for such sites. Two Shires is a large employment allocation with site-specific infrastructure and servicing requirements, a non-prime market position, and an important role in supporting local SMEs. Yet the proposed modifications do not extend that position beyond strategic sites.

Modifications sought

1.12. We therefore request that the Examiner considers whether Mod 5 and Mod 6 should be amended, or whether further modification is required, to ensure that the Charging Schedule properly reflects the viability of large secondary employment allocations such as Two Shires Business Park. Consistent with our original representation, the modification sought is that the Councils should:

a) adopt a nil CIL rating for Two Shires Business Park; or

b) adopt a nil CIL rating for industrial/logistics uses outside specific prime locations where rents, yields and occupier demand may be able to support the proposed charge; or

c) adopt a nil CIL rating for industrial/logistics uses generally.

1.13. Pegasus and Johnson Brothers would welcome any further engagement with the Council on this issue.