Community Infrastructure Levy

The Preliminary Draft Charging Schedule Consultation
(Revision of LBR Charging Zones and Rates)

November 2018
(21st of November 2018 – 16th January 2019)
Introduction

The Council introduced its Community Infrastructure Levy (CIL) in 2012. CIL is effectively a tax or ‘levy’ on new development, which will help pay for the infrastructure requirements arising from growth within the borough.

The current Redbridge CIL rate were based on development viability evidence previously prepared for the 2012 charging rates. Due to the adoption of the Local Plan, area based regeneration initiatives in Ilford, the Crossrail Corridor and increasing house values across the Borough, it is appropriate to review the existing rates.

Updated evidence, prepared by BNP Paribas, supports a review of the adopted Charging Schedule and therein, differential rates across the borough, with three specified charging zones.

This document sets out the proposed revisions to Redbridge’s adopted Charging Schedule. It is a consultation document, and seeks comments prior to the preparation of the Draft Charging Schedule document, which will be consulted upon immediately prior to the schedule being subject to independent examination in public.

What is this document

This document is a consultation paper, which is the first step in implementing the London Borough of Redbridge’s Community Infrastructure Levy (CIL). The document sets out the following information:

• What is CIL;

• What is the relationship between CIL and Section 106;

• The Mayor of London’s CIL;

• Evidence for Redbridge’s CIL including the infrastructure needs and costs;

• Background to the economic viability assessment which tested rates of CIL to determine viable rates over different areas of the borough and according to use;

• Proposed charging rates and zones;

• How CIL will be calculated and monitored;

• How to respond to this consultation and what the next steps are for adopting Redbridge’s CIL.

Consultation Period

Consultation on the Preliminary Draft Charing Schedule runs from 21st of November 2018 to 16th of January 2019

Where to find the documents:

Copies of this document are available at Redbridge CIL Link, at Redbridge Central Library, and at the Council’s offices at the addresses below:

London Borough of Redbridge, 11th Floor Front, Lynton House, 255-259 High Road, Ilford, IG1 1NY

How to make comments:

Email: dpd@redbridge.gov.uk
This preliminary draft Charging Schedule for Redbridge is produced for public consultation as the first step in reviewing the Community Infrastructure Levy in Redbridge. The Council will take into account any comments made on this document before publishing a Draft Charging Schedule for public consultation and examination, in due course.

Following the conclusion of this consultation, comments will be analysed, and a Draft Charging Schedule will be produced, which will be consulted upon prior being submitted to a suitably qualified body for Examination in Public. Dates for these next steps are:

<table>
<thead>
<tr>
<th>Stages of preparation</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary Draft Charging Schedules Consultation</td>
<td>November 2018 – January 2019</td>
</tr>
<tr>
<td>Draft Charging Schedule Consultation</td>
<td>March – April 2019</td>
</tr>
<tr>
<td>Submission to Secretary of State</td>
<td>Summer 2019</td>
</tr>
<tr>
<td>Examination in Public (PINS Depending)</td>
<td>Autumn 2019</td>
</tr>
<tr>
<td>Adoption and implementation</td>
<td>Winter 2019</td>
</tr>
</tbody>
</table>

**What is CIL?**

CIL is a standardised non-negotiable local levy or tax that is placed on new development for the purpose of helping to raise funds to support the delivery of the infrastructure that is required as a result of new development. CIL provides a more consistent and transparent mechanism to raise financial contributions, previously sought through s106 obligations.

CIL is a per square metre charge on most new development. It applies only to net additional floorspace created, (or brought back into use after a period of vacancy), with existing floorspace on a site generally netted off against proposed floorspace.

Under CIL, developers can still be required to directly provide both ‘off-site’ contributions through s106 planning obligations, and ‘on site’ improvements through planning obligations to mitigate the direct impact of the development proposed (e.g. landscaping, access roads).

There are currently two CIL rates in operation in the borough, the Mayoral CIL and Redbridge CIL. These are both applicable to certain forms of new development.

**Mayoral CIL**

The Mayoral CIL has been in effect since 1st April 2012 in accordance with Regulation 25 (a) of the Community Infrastructure Regulations 2010 (as amended). The Mayor published his CIL charging schedule on the GLA’s website, and it is intended to contribute towards the funding of Crossrail, and the Mayor has in effect declared his aim of raising £300m from Mayoral CIL towards this project. The Mayor’s target is on track to be achieved by 2019. It is very likely that further London wide infrastructure funding will be required in the future and the revision and required collection of Mayoral CIL will now form a permanent feature of the planning and development policy framework operating in London.

The London boroughs collect the Mayor’s CIL on his behalf. The London Borough of Redbridge falls within Zone 2 of the Mayor’s Charging Schedule which means that The London Borough of
Redbridge is required to collect £35/m² on behalf of the Mayor for all development that falls within scope of the regulations, with the exception of education and health facilities, which carry a zero charge.

**Redbridge CIL**

Redbridge’s currently adopted CIL Charging Schedule is a flat rate across the borough of £70 per square metre.

**How is CIL calculated and charged?**

The regulations require two distinct aspects to be considered. Firstly, a ‘charging authority’ (the Local Authority) needs to demonstrate that new development necessitates the provision of new, or improved, infrastructure. Secondly, that the rate included in the proposed levy does not make development proposals unviable, in particular with regards to expected costs that would be associated with the provision of on-site infrastructure (for the purposes of CIL, affordable housing is regarded as an on-site requirement and will continue to be secured through s106 obligations).

The levy is expressed as a £ per m² rate, and collected on the commencement of development. CIL will be charged on the ‘gross internal floor space’ of any new development, apart from affordable housing and buildings used for charitable purposes where exemptions have been made.

Whilst the rate of CIL is determined by the charging authority, it is scrutinised by an independent examiner to assess whether the charge has regard to the evidence base and that the level of charge is reasonable and will not impact negatively on the economic viability of development.

**The Need for CIL (Infrastructure Funding Gap)**

The Council produced an Infrastructure Delivery Plan (IDP) 2017 setting out the likely infrastructure required for growth to support the Council’s new Local Plan, adopted March 2018. The outcomes of this study indicate that there is a total funding gap that CIL can contribute towards essential infrastructure.

**Proposed Changes to the CIL Charging Schedule**

There has been a significant increase in property values in the east of the borough since 2009. To identify what impact this has on the viability of development, BNP Paribas have undertaken a an economic viability study of 52 development typologies across the borough in order to understand what changes in CIL rates may be appropriate. BNP Paribas Ltd are specialist viability consultants with a particular expertise and track record in preparing robust borough viability assessments for local authorities across England in support of bringing forward a local CIL.

The BNP Paribas study has identified that there is scope to increase the current CIL rate of £70/m² flat rate across the borough to £150/m² and £175/m² in three different charging zones (A, B, and C).
The preliminary draft Charging Schedule Map, above, identifies the location and boundaries of the three charging zones for the purposes of the revised CIL charging amounts. These charging zones allow a differential rate for development to be applied across the borough, i.e. in the West (Zone A) at £175 per square metre, the South (Zone B) at £175 per square metre and the North (Zone C) at £150 per square metre.

The proposed changes to CIL rates are shown in the table below:

Table 1.0

<table>
<thead>
<tr>
<th>Development type</th>
<th>Zone</th>
<th>Proposed rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Zones A and B</td>
<td>£175</td>
</tr>
<tr>
<td></td>
<td>Zone C</td>
<td>£150</td>
</tr>
<tr>
<td>Retail</td>
<td>Whole Borough</td>
<td>£150</td>
</tr>
<tr>
<td>Offices</td>
<td>Whole borough</td>
<td>£5 - £10</td>
</tr>
<tr>
<td>Industrial and warehouses</td>
<td>Whole borough</td>
<td>£5 - £10</td>
</tr>
<tr>
<td>Hotels</td>
<td>Whole Borough</td>
<td>£150</td>
</tr>
<tr>
<td>Student Accommodation</td>
<td>Whole Borough</td>
<td>£150</td>
</tr>
<tr>
<td>Other: Health, education and</td>
<td>Whole borough</td>
<td>Nil</td>
</tr>
<tr>
<td>emergency services facilities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Council will calculate the ‘chargeable amount’ of CIL payable using the locally set rates above multiplied by the gross internal area of new buildings and enlargements to existing buildings, taking demolished floorspace into account. The formal calculation methodology is provided in Regulation 40 and Part 5 of the CIL Regulations 2010, as amended.
**What can CIL be spent on?**

The CIL Regulations set the context for the spending of CIL funds on infrastructure required to support the development of an area. The CIL Regulations encourage the accumulation of CIL funds into a ‘pot’. Unlike other obligations or charges, CIL spending does not need to be directly related to the donor development and can address infrastructure needs in general within the wider area.

The key points set out by the CIL Regulations and Guidance relating to CIL funding are:

- CIL should be spent on infrastructure including: roads and other transport, schools and other education, community facilities, health, sport / recreation and open spaces;
- The infrastructure funded must support the development of the area;
- It can only be spent on capital projects, although associated revenue spending to deliver the project or to maintain the capital infrastructure item is also permissible;
- CIL can be used to increase the capacity of existing infrastructure or to repair failing infrastructure, if needed to support development; and
- CIL and Section 106 (s106) should not be secured to fund the same infrastructure project.

**The Regulation 123 List**

Regulation 123 of the CIL Regulations requires charging authorities (the Council) to set out a list of those projects or types of infrastructure that it intends to fund, or may fund, through the levy. Government guidance indicates that this list should be based on the evidence of the infrastructure required that the Council prepared in support of its Local Plan and has relied upon, for the examination of its draft charging schedule, to demonstrate a funding gap that justifies the introduction of the levy on development.

The Council is currently considering the types of infrastructure and specific infrastructure projects for inclusion on a revised CIL Regulation 123 List. There is the potential to include the following types of infrastructure, which will be subject to further detail and assessment as the CIL review process develops:

- Education facilities
- Leisure facilities (sports facilities defined as publicly owned leisure centres, gyms and swimming pools)
- Transport improvements excepting site specific matters needed to make the development acceptable in planning terms. Site specific matters can include (but are not limited to) highways crossovers to access the site and local road junctions, deceleration and turning lanes, measures to facilitate pedestrian and cyclist access, lighting and street furniture needed to mitigate the impact of a particular development. They may include mitigation works remote from the development site where the need for such works is identified in a Transport Assessment.
- Health care facilities
- Library services
- Community Care facilities (social care institutions providing for older people and people with mental health or learning disabilities)
- Open space provision (publicly accessible open space and allotments)
Community facilities (community centres and meeting places but excluding places of worship; voluntary sector meeting places and centres and public cultural facilities)

Viability in Redbridge

In setting the charging rate, Regulation 14 of the CIL Regulations (2010) instructs the Council to strike an appropriate balance between the need for infrastructure and the impact the charge may have on the viability of development in Redbridge. The economic viability demonstrates what CIL rates will be viable in Redbridge, as previously mentioned. A primary study was received in April 2018.

The document will be made available on the Council’s website.

Exemptions

CIL charges will not be levied on:

- Development that creates less than 100m² of new build floor space measured as Gross Internal Area (GIA) and does not result in the creation of one or more dwellings.
- Buildings into which people do not normally go, or only go to perform maintenance.
- Buildings for which planning permission was granted for a limited period
- Affordable housing, subject to an application by a landowner for CIL relief (CIL regulation 49).
- Development delivering projects identified in the Infrastructure Delivery Plan.
- Development by charities for charitable purposes subject to an application by a charity landowner for CIL relief (CIL regulation 43).

The CIL Regulations 2010 set out the situations for both mandatory and discretionary exemptions. Mandatory exemptions include affordable housing and developments occupied solely for the purpose of charitable activity by a registered charity. However, the charging authority has discretionary powers to provide relief on:

- the investment activities of charitable institutions
- in exceptional circumstances where:
  - the cost of complying with s106 planning obligation is greater than the chargeable amount payable by a developer;
  - there is an unacceptable impact on the economic viability of a development
  - that the granting of relief would not constitute state aid

The Council will not expect to implement any discretionary exemptions. The Council believes the charge is viable and will monitor the charge to ensure it remains viable. Should circumstances change the Council will seek to revise the levy rather than provide any discretionary relief from the charge.
Payment in Kind

In circumstances where the liable party and Redbridge Council agree, payment of the levy may be made by transferring land. The agreement cannot form part of a planning obligation, must be entered into before the chargeable development is commenced and is subject to fulfilling the following:

- the acquired land is used to provide or facilitate the provision of infrastructure within Haringey;
- the land is acquired by the Council or a person nominated by the Council;
- the transfer of the land must be from a person who has assumed liability to pay CIL;
- the land has to be valued by an independent person agreed by the Council and the person liable to pay CIL;
- ‘Land’ includes existing buildings and other structures, land covered with water, and any estate, interest, easement, servitude or right in or over the land.

Collection of CIL


When planning permission is granted, Redbridge Council will issue a liability notice setting out the amount payable, and the payment procedure.

In the case of development enabled through permitted development orders, the person(s) liable to pay will need to consider whether their proposed development is chargeable, and to issue Redbridge Council a notice of chargeable development.

Payment Instalments Policy

This policy has been prepared in accordance with Regulation 69B of the Community Infrastructure Levy (Amendment) Regulations 2011. This came into effect on 1st January 2012, and will be maintained. The Council will allow payment of CIL by instalments according to the total amount of the liability as follows:

<table>
<thead>
<tr>
<th>Amount of CIL Liability</th>
<th>Number of Instalments</th>
<th>Payment Periods and Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than £100,000</td>
<td>No Instalments</td>
<td>Total amount payable within 60 days of commencement of development.</td>
</tr>
<tr>
<td>Amounts from £100,000 to £250,000</td>
<td>Two Instalments</td>
<td>£100,000 payable within 60 days of commencement of development. Balance payable within 120 days of commencement of development.</td>
</tr>
<tr>
<td>Amounts from £250,000 to £500,000</td>
<td>Three instalments</td>
<td>£100,000 payable within 60 days of commencement of development. Balance payable in a further two instalments of equal</td>
</tr>
</tbody>
</table>
Any amount greater than £500,000  Four instalments  £250,000 payable within 60 days of commencement of development. Balance payable in a further three instalments of equal amount within 120, 180 and 240 days of commencement of development.

Table 1.2

**Appeals**

A liable person can request a review of the chargeable amount by the charging authority within 28 days from the issue of the liability notice. CIL Regulations allow for appeals on:

- the calculation of the chargeable amount following a review of the calculation by the Council.
- disagreement with the Council’s apportioned liability to pay the charge.
- any surcharges incurred on the basis that they were calculated incorrectly, that a liability notice was not served or the breach did not occur.
- a deemed commencement date if considered that the date has been determined incorrectly.
- against a stop notice if a warning notice was not issued or the development has not yet commenced.

A person aggrieved by the levy (or attempt to levy) of a distress can appeal to the Magistrates Court.

**Discretionary Matters**

The Council proposes to offer ‘discretionary relief for exceptional circumstances’ from liability to pay CIL. Offering exceptional circumstances relief would provide the Council with some flexibility to deal with individual sites where development is desirable, but which are proved to have exceptional costs or other requirements which make them unviable. Exceptional circumstances relief can be activated and deactivated at any time and a notice of intention will be published by the Council.

The Council proposes, at its discretion, to allow the value of land, where the land is transferred to the Council, and infrastructure provided to be offset against the chargeable amount of CIL. The Council proposes, at its discretion, to enter into agreements for a land payment to discharge part or all of a levy liability and may also enter into agreements to receive infrastructure as payment. The value of land acquired and infrastructure provided as ‘payment in kind’ will be determined by the District Valuer (at the cost of the developer).

The Council may offer ‘discretionary charitable relief for investment activities’ where a charity landowner will hold the development as an investment from which the profits are applied for charitable purposes. This discretionary relief can be activated and deactivated at any time and a notice of intention will be published by the Council.
Administrative Costs

A maximum amount of 5% of total Redbridge CIL revenue will be ringfenced to cover the costs of administering the Community Infrastructure Levy. This charge will support the Council in monitoring and enforcement of the charge as well as providing infrastructure planning support to manage and coordinate the delivery of infrastructure improvements that address the impacts resulting from development.

CIL and S106 Obligations

Unlike s106, the levy is to provide infrastructure to support the development of an area, not to make individual planning applications acceptable in planning terms. It breaks the link between a specific development site and the provision of infrastructure and thus provides greater flexibility for delivery of infrastructure when and where it is needed.

Section 106 obligations and Section 278 highways agreements will continue to be used to secure site-specific mitigation and affordable housing. In some instances, S106 agreements may be used in large development sites needing the provision of their own specific infrastructure for which delivery may be more suitably dealt with through s106s. Type of s106 obligations may include, but exclusive to, the following:

- Specific infrastructure requirements that directly arises from five or fewer developments, section 106 arrangements may continue to apply if the infrastructure is required to make the development acceptable in planning terms
- Affordable housing contributions
- New access roads/ junction improvements serving the site
- Connections to a renewable/ decentralised energy network
- On-site open space requirements
- Employment and training provision & Affordable and Managed Workspace
- Travel plans / Car clubs / Cycle parking
- Telecommunications

Redbridge is currently drafting its Planning Obligations SPD.

Responding to the Consultation

The Council welcomes written representations from anybody with an interest in CIL in Redbridge. Representations can be sent by post or email to the addresses below, and should arrive no later than 5pm on 16th of January 2019. The Council supports the submission of representations electronically to minimise paper waste, and wishes to stress that electronic representations will be considered in the same way as written representations.
Please send your representation to:

Post: London Borough of Redbridge, 11th Floor Front, Lynton House, 255-259 High Road, Ilford, IG1 1NY

Email: dpd@redbridge.gov.uk

All responses must be received by 5pm on the 16th of January 2019.

Please note that all representations received will be made publicly available, while also personal details will be redacted.