Consultation: Draft Charging Schedule – Community Infrastructure Levy

Date: November 2019

Public Consultation Dates: 8\textsuperscript{th} November 2019 to 20\textsuperscript{th} December 2019 (amended from 1/11/19 to 13/12/19)

\textbf{Consultation Details:}

Please send Consultation responses to:

Planning Policy Team,
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High Road
Ilford
IG1 1NN

Or

Email to: dpd@redbridge.gov.uk

Please ensure submissions are received by 5pm on the 20\textsuperscript{th} December 2019.
1.0 Introduction

1.1 The Council has now consulted on the Preliminary Draft Charging Schedule. A report went to cabinet in September 2019 and the recommendations in the report were approved. This allowed the Council to progress to the second stage of the CIL consultation, as per the CIL regulations 2010 (as amended). While the Government announced changes in 2019 to the CIL Regulations and the processes around them, the Council felt it appropriate to continue with the second round of consultation to complete the process.

2.0 Planning Act 2008 and CIL Regulations 2010

2.1 The Community Infrastructure Levy (CIL) was established through the Planning Act 2008 (Part 11) and is bound by the Community Infrastructure Levy Regulations 2010 and subsequent amendments.

2.2 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, this is £70 per square metre (plus indexation).

2.3 The CIL charge will be additional of the Mayoral CIL of £60 per square metre, as per the rates adopted and implemented as of April 1st 2019.

3.0 Draft Charging Schedule: CIL rates

<table>
<thead>
<tr>
<th>Development type</th>
<th>Zone</th>
<th>Adopted rate</th>
<th>Proposed rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Zones A and B</td>
<td>£70</td>
<td>£175</td>
</tr>
<tr>
<td></td>
<td>Zone C</td>
<td>£70</td>
<td>£150</td>
</tr>
<tr>
<td>Retail, Hotels and Student Accomodation</td>
<td>Whole Borough</td>
<td>£70</td>
<td>£150</td>
</tr>
<tr>
<td>Offices</td>
<td>Whole borough</td>
<td>£70</td>
<td>£10</td>
</tr>
<tr>
<td>Industrial and warehouses</td>
<td>Whole borough</td>
<td>£70</td>
<td>£10</td>
</tr>
<tr>
<td>Health, education and emergency services facilities and other</td>
<td>Whole borough</td>
<td>£70</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Table 1.1

4.0 CIL Charging Areas

4.1 As the charging authority, the Council will charge differential CIL rates for two geographical zones to reflect locational differences in viability.

4.2 The 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 (Table 1.1).
5.0 Liability to Pay CIL

5.1 The levy may be payable on development which creates net additional floor space, where the gross internal area of new build is 100 square metres or more. That limit does not apply to new houses or flats, and a charge can be levied on a single house or flat of any size. There are some exclusions to this. The above is not a hard and fast rule.

6.0 What Can CIL be spent on?

6.1 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.

6.2 CIL should be spent on infrastructure including: roads and other transport, schools and other education, community facilities, health, sport / recreation and open spaces.

6.3 This is outlined in our Regulation 123 List, however due to recent government changes, pooling restrictions have been lifted and the need for a funding statement will soon become necessary.

6.4 For completeness of information, a link to the CIL Regulation 123 List: https://www.redbridge.gov.uk/media/1669/reg-123-list-november-2012.pdf

7.0 Viability in Redbridge

7.1 In setting the charging rate, Regulation 14 of the CIL Regulations (2010)(as amended) 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. This has been updated to reflect representations made.
7.2 It was found that the increased charge would not have a detrimental impact on the overall viability of schemes coming forward, and would only make up a small fraction of the overall development costs. Please see the viability evidence produced by BNP Paribas in relation to the increased CIL rates and the impact on the proposed future developments in the Borough.

7.3 Further to this, due to inflation and indexation, the actual increase in CIL charging fees are closer to £76 and £51 across the borough, as Redbridge CIL is currently charged at approximately £98 per square meter.

8.0 Consultation Responses
8.1 The consultation ran till 5pm on 16th of January 2019. A table of representations can be found in the documents associated with this document.

9.0 Funding in the London Borough of Redbridge
9.1 Infrastructure funding comes from a range of sources. Core funding is primarily from the Council’s own budget but private sector funding also has a role in particular developer contributions secured through CIL payments and site-specific section 106 agreements.

9.2 Government funding in the UK has seen spending cuts in response to the global and economic downturn in 2008/9. The government has reduced funding to Redbridge Council by £100m by 2018 and the Council is seeking costs savings of £58 million over the next three years (2016/17 – 2019/2020).

9.3 Redbridge began charging the Community Infrastructure Levy (CIL) on 1 January 2012. This is a levy of £70 (plus indexation and inflation) per square metre on all development over 100 square meters or where a new residential unit is created (with the exception of education facilities and health facilities which are zero rated). This replaced arrangements for this type of funding which was secured through Section 106 agreements associated with the grant of planning permission. Section 106 is now limited to securing affordable housing and other site-specific matters.

9.4 By September 2019, the Council had collected, £14,788,097.61 (inclusive of Mayoral CIL), however, and while CIL represents an important funding stream, the amounts involved are insufficient on their own to fund significant new major capital infrastructure items such as schools or area wide public realm schemes. CIL will however, provide useful top-up funding when combined with other infrastructure funding sources.

9.5 Therefore, and given the other funding streams available to the Council, there is a large funding gap between what the Council gains in funding, and what it needs.

10.0 Infrastructure Delivery Plan
10.1 This Infrastructure Delivery Plan (IDP) identifies the infrastructure needed to deliver planned growth sustainably, effectively and at the right time in Redbridge. This was approved alongside the Local Plan at an examination in public.

10.2 The IDP will be reviewed on a regular basis and treated as a ‘live’ document which is updated as new information and evidence become available informed by engagement with key stakeholders.

10.3 This identifies a cost for infrastructure at £427,613,566.00. This represents a minimum cost as the costs of delivery at later plan stages, but likely to be higher, especially given delays to Crossrail.

10.4 Following on from this, the Council’s capital spending programme established in 2016/17 has been re-profiled to achieve cost savings informed by consultation with
communities on budget savings. This still has two years left to run, 2019/20 and 20/21. This is set out in Table 4A of the IDP (pg. 9 & 10).

10.5 The agreed capital spending in 2016/17 over the course of the IDP was £238,877,00, resulting in a shortfall of £188,736,566 in infrastructure spending.

11.0 Exemptions

11.1 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).

11.2 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

11.3 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.

12.0 Payment in Kind

12.1 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.

13.0 Collection of CIL
13.1 The London Borough of Redbridge is the collecting authority for the purpose of Part 11 of the Planning Act 2008 and CIL Regulations 2010 (as amended by Regulations 2011, 2012, 2013, 2014, 2015, 2016). 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

14.0 Payment Instalments Policy
14.1 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 amount within 120 and 180 days of commencement of development.</td>
</tr>
<tr>
<td>Any amount greater than £500,000</td>
<td>Four Instalments</td>
<td>£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.</td>
</tr>
</tbody>
</table>

Table 1.2
15.0 Appeals
15.1 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.

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

16.0 Discretionary Matters
16.1 The Community Infrastructure Levy regulations make a number of provisions for authorities to give relief from the levy. Some types of relief are compulsory, others are offered at the charging authority’s discretion. ‘Community Infrastructure Levy relief’ means any exemption or reduction in liability to pay the levy.

- mandatory charitable relief
- discretionary charitable relief
- mandatory social housing relief
- discretionary social housing relief
- self-build exemption (for a whole house)
- self-build exemption (for a residential annexes or extension)
- exceptional Circumstances Relief

16.2 The Council also offers Exceptional Circumstances Relief. This can be found at the following link https://www.redbridge.gov.uk/media/6781/exceptional-circumstances-relief-lbr-cil-2019.pdf

17.0 Administrative Costs
17.1 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.
18.0 New proposed CIL Regulation 123 List

18.1 The current Regulation 123 List dates from 2012 and has not been updated since. As part of this consultation we propose changes to the list to reflect the changes in infrastructure requirements needed by the Borough.

18.2 The new Regulation 123 List will include the following:

<table>
<thead>
<tr>
<th>Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education – including further, higher institutions, early years and SENs</td>
</tr>
<tr>
<td>Sports, Leisure and Cultural facilities – including swimming pools</td>
</tr>
<tr>
<td>Local Community Facilities - Community Hubs, centres and halls (not including places of worship)</td>
</tr>
<tr>
<td>Civic and Community Hubs</td>
</tr>
<tr>
<td>Business Hubs – Co-working Space</td>
</tr>
<tr>
<td>Health Care Facilities</td>
</tr>
<tr>
<td>Full Fibre Broadband, where appropriate</td>
</tr>
<tr>
<td>Cycling improvements excluding those secured through s106 or s278 Pedestrian improvements excluding those secured through s106 or s278</td>
</tr>
<tr>
<td>Public Realm schemes such as Ilford Town Centre and other identified schemes across the borough</td>
</tr>
<tr>
<td>Open Space provision (publicly accessible open space &amp; allotments)</td>
</tr>
<tr>
<td>Support investment of Ilford Gyratory</td>
</tr>
<tr>
<td>Meanwhile uses linked to allocated sites within Investment &amp; Growth Areas</td>
</tr>
</tbody>
</table>

Table 1.3

18.3 This will be replaced with an infrastructure list, published no later than 31st December 2020. The list will include a list of ‘the infrastructure projects or types of infrastructure which the charging authority intends will be, or may be, wholly or partly funded by CIL’ (121A).

18.4 This will be published on the Council’s website.