

Meeting of the

# CABINET

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Wednesday, 7 November 2012 at 5.30 p.m.

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## AGENDA – SECTION ONE

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### VENUE

Committee Room, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

#### Members:

Mayor Lutfur Rahman (Mayor)	– (Mayor)
Councillor Ohid Ahmed (Deputy Mayor)	– (Deputy Mayor)
Councillor Rofique U Ahmed	– (Cabinet Member for Regeneration)
Councillor Shahed Ali	– (Cabinet Member for Environment)
Councillor Abdul Asad	– (Cabinet Member for Health and Wellbeing)
Councillor Alibor Choudhury	– (Cabinet Member for Resources)
Councillor Shafiqul Haque	– (Cabinet Member for Jobs and Skills)
Councillor Rabina Khan	– (Cabinet Member for Housing)
Councillor Rania Khan	– (Cabinet Member for Culture)
Councillor Oliur Rahman	– (Cabinet Member for Children's Services)

[Note: The quorum for this body is 3 Members].

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact:

Matthew Mannion, Democratic Services,

Tel: 020 7364 4651, E-mail: [matthew.mannion@towerhamlets.gov.uk](mailto:matthew.mannion@towerhamlets.gov.uk)



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**LONDON BOROUGH OF TOWER HAMLETS**

**CABINET**

**WEDNESDAY, 7 NOVEMBER 2012**

**5.30 p.m.**

**1. APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

**2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTEREST (Pages 1 - 2)**

To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Monitoring Officer.

<b>PAGE NUMBER</b>	<b>WARD(S) AFFECTED</b>
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**3. UNRESTRICTED MINUTES**

The minutes of the Cabinet meeting held on 3 October 2012 to be circulated for information. Minutes to follow.

**4. PETITIONS**

To receive any petitions.

**5. OVERVIEW & SCRUTINY COMMITTEE**

**5.1 Chair's advice of Key Issues or Questions in relation to Unrestricted Business to be considered**

**5.2 Any Unrestricted Decisions "Called in" by the Overview & Scrutiny Committee**

(Under provisions of Article 6 Para 6.02 V of the Constitution).

The following items have been "called in" for further consideration by the Overview and Scrutiny Committee at its meeting to be held on 6 November 2012. Should the Overview and Scrutiny Committee, upon consideration, refer the item back to the Cabinet for further consideration Members will receive a copy of the report and the decision/ recommendations of the Overview and Scrutiny Committee at the Cabinet meeting.

- a) Review of Tower Hamlets Art Work
- b) Mayor's Mainstream Grants Programme

## UNRESTRICTED REPORTS FOR CONSIDERATION

### 6. A GREAT PLACE TO LIVE

- |      |                                                                         |         |               |
|------|-------------------------------------------------------------------------|---------|---------------|
| 6 .1 | Leopold Estate CPO                                                      | 3 - 20  | Mile End East |
| 6 .2 | Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule | 21 - 70 | All Wards     |

### 7. A PROSPEROUS COMMUNITY

- |      |                                                  |  |           |
|------|--------------------------------------------------|--|-----------|
| 7 .1 | Main Stream Grants Programme 2012/15 (to follow) |  | All Wards |
|------|--------------------------------------------------|--|-----------|

### 8. A SAFE AND COHESIVE COMMUNITY

Nil items.

### 9. A HEALTHY AND SUPPORTIVE COMMUNITY

- |      |                                                                               |  |           |
|------|-------------------------------------------------------------------------------|--|-----------|
| 9 .1 | Learning Disabilities Day Opportunities - Modernisation Programme (to follow) |  | All Wards |
|------|-------------------------------------------------------------------------------|--|-----------|

### 10. ONE TOWER HAMLETS

Nil items.

### 11. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT

### 12. UNRESTRICTED REPORTS FOR INFORMATION

- |       |                                              |         |           |
|-------|----------------------------------------------|---------|-----------|
| 12 .1 | Exercise of Corporate Directors' Discretions | 71 - 76 | All Wards |
|-------|----------------------------------------------|---------|-----------|

### 13. EXCLUSION OF THE PRESS AND PUBLIC

In view of the contents of the remaining items on the agenda, the Committee is recommended to adopt the following motion:

“That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the Press and Public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government, Act 1972”.

#### **EXEMPT/CONFIDENTIAL SECTION (PINK)**

The Exempt / Confidential (Pink) Committee papers in the Agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Committee Officer present.

**14. EXEMPT / CONFIDENTIAL MINUTES**

The restricted minutes of the Cabinet meeting held on 3 October 2012 to be circulated for information. Minutes to follow.

**15. OVERVIEW & SCRUTINY COMMITTEE**

**15 .1 Chair's advice of Key Issues or Questions in relation to Exempt / Confidential Business to be considered.**

**15 .2 Any Exempt / Confidential Decisions "Called in" by the Overview & Scrutiny Committee**

(Under provisions of Article 6 Para 6.02 V of the Constitution).

**EXEMPT / CONFIDENTIAL REPORTS FOR CONSIDERATION**

**16. A GREAT PLACE TO LIVE**

**16 .1 Grounds maintenance services procurement**

**All Wards**

**17. A PROSPEROUS COMMUNITY**

Nil items.

**18. A SAFE AND COHESIVE COMMUNITY**

Nil items.

**19. A HEALTHY AND SUPPORTIVE COMMUNITY**

**19 .1 Learning Disabilities Day Opportunities - Modernisation Programme (to follow)**

**All Wards**

**20. ONE TOWER HAMLETS**

Nil items.

**21. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS CONSIDERED TO BE URGENT**

**22. EXEMPT / CONFIDENTIAL REPORTS FOR INFORMATION**

Nil items.

## **SCRUTINY PROCESS**

The Overview and Scrutiny Committee, at its meeting on **Tuesday 4 December 2012** may scrutinise provisional decisions made in respect of any of the reports attached, if it is "called in" by **five** or more Councillors except where the decision involves a recommendation to full Council.

The deadline for "Call-in" is:      Friday 16 November 2012      **(5.00 p.m.)**

Councillors wishing to "call-in" a provisional decision, or members of the public wishing to submit a deputation request, should contact:      **John Williams**  
Service Head Democratic Services:  
**020 7364 4205**

# Agenda Item 2

## DECLARATIONS OF INTERESTS - NOTE FROM THE CHIEF EXECUTIVE

This note is guidance only. Members should consult the Council's Code of Conduct for further details. Note: Only Members can decide if they have an interest therefore they must make their own decision. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending at a meeting.

### Declaration of interests for Members

Where Members have a personal interest in any business of the authority as described in paragraph 4 of the Council's Code of Conduct (contained in part 5 of the Council's Constitution) then s/he must disclose this personal interest as in accordance with paragraph 5 of the Code. Members must disclose the existence and nature of the interest at the start of the meeting and certainly no later than the commencement of the item or where the interest becomes apparent.

You have a **personal interest** in any business of your authority where it relates to or is likely to affect:

- (a) An interest that you must **register**
- (b) An interest that is not on the register, but where the well-being or financial position of you, members of your family, or people with whom you have a close association, is likely to be affected by the business of your authority more than it would affect the majority of inhabitants of the ward affected by the decision.

Where a personal interest is declared a Member may stay and take part in the debate and decision on that item.

**What constitutes a prejudicial interest?** - Please refer to paragraph 6 of the adopted Code of Conduct.

**Your personal interest will also be a prejudicial interest in a matter if (a), (b) and either (c) or (d) below apply:-**

- (a) A member of the public, who knows the relevant facts, would reasonably think that your personal interests are so significant that it is likely to prejudice your judgment of the public interests; AND
- (b) The matter does not fall within one of the exempt categories of decision listed in paragraph 6.2 of the Code; AND EITHER
- (c) The matter affects your financial position or the financial interest of a body with which you are associated; or
- (d) The matter relates to the determination of a licensing or regulatory application

The key points to remember if you have a prejudicial interest in a matter being discussed at a meeting:-

- i. You must declare that you have a prejudicial interest, and the nature of that interest, as soon as that interest becomes apparent to you; and
- ii. You must leave the room for the duration of consideration and decision on the item and not seek to influence the debate or decision unless (iv) below applies; and

- iii. You must not seek to improperly influence a decision in which you have a prejudicial interest.
- iv. If Members of the public are allowed to speak or make representations at the meeting, give evidence or answer questions about the matter, by statutory right or otherwise (e.g. planning or licensing committees), you can declare your prejudicial interest but make representations. However, you must immediately leave the room once you have finished your representations and answered questions (if any). You cannot remain in the meeting or in the public gallery during the debate or decision on the matter.



# Agenda Item 6.1

<b>Committee/Meeting:</b> Cabinet	<b>Date:</b> 7th November 2012	<b>Classification:</b> Unrestricted	<b>Report No:</b> 043/123
<b>Report of:</b>  Corporate Director of Development and Renewal		<b>Title:</b>  Leopold Estate (Poplar HARCA): updated CPO Resolution	
<b>Originating officer(s)</b> John Coker / Niall McGowan		<b>Wards Affected:</b> Mile End East	

<b>Lead Member</b>	Cllr Rabina Khan
<b>Community Plan Theme</b>	A Great Place To Live
<b>Strategic Priority</b>	Providing quality affordable housing A safe and cohesive community - reducing fear of crime

## 1. SUMMARY

- 1.1 This report seeks the Mayor's/Cabinet approval for delegated authority to make a Resolution for a Compulsory Purchase Order (CPO), which would address specific land interests on Leopold Estate to facilitate the regeneration of the estate. This Resolution will assist the Council's registered provider partner, Poplar HARCA, to fulfill the joint regeneration commitment between the Council and Poplar HARCA on the estate.
- 1.2 Cabinet previously authorized a CPO on 7<sup>th</sup> November 2007. However due to the length of time that has elapsed and amendments to the regeneration proposals, a new resolution is required to reflect the current land interests to be acquired and to enable the regeneration programme to be delivered effectively.

## 2. DECISIONS REQUIRED

The Mayor in Cabinet is recommended to:-

- 2.1 Delegate to the Corporate Director of Development and Renewal, together with the Assistant Chief Executive, authority to take all necessary steps including the making of a Compulsory Purchase Order (CPO), General Vesting Declaration or Notice to Treat in respect of the land shown edged red on the plan at Appendix 2 including those interests set out in Appendix 1 including existing interests and new rights pursuant to Section 13 of the Local Government (Miscellaneous Provisions) Act 1976,
- 2.2 Delegate to the Corporate Director of Development and Renewal in consultation with the Assistant Chief Executive (Legal Services) the power to take all necessary procedural steps in making the compulsory purchase order including:-
  - 2.2.1 Making of the compulsory purchase order as described in Recommendation 2.2, including the publication and service of notices and thereafter seeking

confirmation of it by the Secretary of State (or, if permitted, by the Council pursuant to Section 14A of the Acquisition of Land Act), including the preparation and presentation of the Council's case at any Public Inquiry which may be necessary.

- 2.2.2. Acquiring all interests in land and new interests within the CPO boundary shown at Appendix 2 either by private agreement or compulsorily
  - 2.2.3. Determination as to whether an individual Order shall be made under the provisions of Section 17 Housing Act 1985, or Section 226 Town and Country Planning Act 1990, as detailed in paragraphs 4.24 to 4.27 of the report (CAB 068/078), should the Assistant Chief Executive (Legal Services) consider this appropriate;
  - 2.2.4. Monitoring of negotiated agreements by Poplar HARCA with land owners or others as applicable, setting out the terms for withdrawal of objections to the compulsory purchase order, including where appropriate seeking exclusion of land or new rights from the compulsory purchase order.
  - 2.2.5. Publication and service of notices of confirmation of the CPO and thereafter to execute and serve any general vesting declarations or notices to treat, and notices of entry, and to acquire those interests to secure the development proposals.
  - 2.2.6. Referral and conduct of disputes relating to compulsory purchase compensation at the Upper Tribunal (Lands Chamber)
  - 2.2.7. Transfer of any land interests compulsorily acquired by the Council under the terms described in Recommendations 2.2 and 2.3 above to Poplar HARCA, once vacant possession is achieved.
- 2.5. Determine that the use of CPO powers is exercised after balancing the rights of individual property owners with the requirement to obtain vacant possession of the site.
  - 2.6. Determine that the interference with the human rights of the property owners affected by these proposals, and in particular their rights to a home and to the ownership of property, is proportionate, given the adequacy of their rights to object and to compensation, and the benefit to the economic, social and environmental well-being of the areas of Tower Hamlets affected by these proposals.
  - 2.7. Note that all costs incurred by the council, to manage and deliver CPO processes will be reimbursed by Poplar HARCA.

### **3. REASONS FOR THE DECISIONS**

- 3.1. The decision requested is necessary to enable the making of a CPO, to support the delivery of major regeneration scheme by Poplar HARCA on the Leopold Estate. This estate was transferred under the Stock Transfer Scheme by the Council to Poplar HARCA who have developed plans for its renewal for existing and future residents. Poplar HARCA has confirmed that these plans cannot be implemented without the use of CPO powers.

3.2 Poplar HARCA continues to negotiate to acquire the affected land interests on a voluntary basis, and many properties have been successfully acquired since the initial CPO Resolution in 2007. Council officers are monitoring HARCA's negotiations, but this approach now needs to be supported by the formal provision of a CPO. The CPO would run in tandem with HARCA's efforts to secure vacant possession voluntarily, helping to ensure that land interests can ultimately be acquired, thus enabling the proposed redevelopment schemes to progress without indeterminate delays.

#### **4. ALTERNATIVE OPTIONS**

4.1 The alternative option is to NOT make the recommended Resolution for the proposed CPO. In this instance negotiations by Poplar HARCA with individual land interests would continue, but the absence of a back-up CPO process could potentially have negative impacts, including:

- risks of significant delays in achieving acquisitions if owners refuse to negotiate voluntary settlements, which in turn would delay or jeopardise key redevelopment proposals;
- potentially higher costs for Poplar HARCA, i.e. to complete voluntary acquisitions and/or through resultant contract penalties for delay, either of which could reduce scheme funding or overall financial viability;
- non-delivery on joint commitments by the council and Poplar HARCA to provide comprehensive regeneration, including new affordable homes for local residents;
- risk of investment in public realm and general neighbourhood regeneration being lost;
- risk of cross subsidy funding from the homes for sale to provide the affordable homes being lost

#### **5. BACKGROUND**

5.1 This report updates Members on regeneration work currently underway by Poplar HARCA on Leopold Estate, which was transferred through the housing choice process to deliver major regeneration schemes and Decent Homes. The report seeks approval for measures required to help Poplar HARCA to carry out its committed redevelopment work and achieve the regeneration aims which were integral to the transfer of the estate.

##### **5.2 Previous Approval for CPO.**

Cabinet (7<sup>th</sup> November 2007) previously authorised the Corporate Director of Development and Renewal to make CPOs to support Poplar HARCA's Leopold regeneration project. The table in paragraph 6.5 below set out the land interests included in the initial CPO Resolution and highlight that some of these can now be excluded from the updated CPO Resolution, i.e. where they have been acquired through voluntary negotiation by Poplar HARCA in the intervening period. Conversely a number of non-property land interests – such as electricity sub-stations and rights of way - are now included in the proposed updated CPO Resolution on legal advice, to ensure that any CPO taken forward is comprehensive.

##### **5.3 Meeting the Council's requirements for CPO.**

It has been the Council's approach to make CPOs to support its own or RSL partners' major regeneration projects. The need for this provision arises where acquisition of land interests (dwellings, shops, rights of way etc) is necessary to fulfil commitments to deliver new affordable homes, or to generate cross-subsidy from homes for sale to part-fund a wider regeneration programme.

5.4 Following the Cabinet Resolution of November 2007 the Leopold CPO was not required immediately, pending further scheme design work by Poplar HARCA to achieve outline planning approvals, secure financial arrangements for the projects, and confirm to the

council that voluntary negotiations with all land interests were underway. Pre-requisite outline and first phase detailed planning approvals were obtained for the Leopold scheme.

- 5.5 The council also requires, when making a CPO, that its RSL partner continues to vigorously seek voluntary negotiated settlements with all the home owners or others whose interests will be acquired, offering the full market value applicable and statutory compensation, plus relocation where this is appropriate, for example for resident (i.e. not absentee) dwelling owners and reasonable reimbursement to owners for independent valuation and legal support.
- 5.6 It is emphasized that the CPO is the solution of last resort and council officers will regularly meet Poplar HARCA's representatives to monitor the RSL's progress in securing vacant possession through voluntary negotiation. For the reasons set out in Sections 3 and 4 above it is however important to commence the CPO process for the land interests included in the Appendices to this report on Leopold Estate. All land interests are set out in the Appendices to this report.
- 5.7 Poplar HARCA's approach to voluntary negotiations with land interests is outlined in paras 7.1 – 7.9 below.

## **6. LEOPOLD ESTATE REGENERATION SCHEME**

- 6.1 Leopold Estate is located in Mile End East Ward – see Appendix 3, location map. It was transferred to Poplar HARCA on 1st August 2005 with the specific intention of securing significant improvement to the quality of the homes and environment. At transfer, the estate comprised 536 homes of which 409 were tenanted and 127 were leasehold.
- 6.2 Poplar HARCA has so far invested over £15.4M to bring 335 homes on the estate up to Decent Homes Standard which includes new kitchens and bathrooms, block separation, door entry systems, new windows, re-roofing, heating upgrades and re-wiring. In addition to the Decent Homes Standard improvements to the exterior of the blocks and addressing safety, security and access issues have been delivered. The refurbishment element of the regeneration scheme is now completed.
- 6.3 **Purpose of the decant and acquisition of land interests on Leopold.**  
HARCA's programme also entails the demolition and redevelopment of 166 properties in Ackroyd Drive and Shelmerdine Close, to be replaced with a mixture of new homes for rent and shared ownership and for sale.
- 6.4 The following table in para. 6.5 outlines Poplar HARCA's redevelopment proposals for Leopold Estate including:
- 6.4.1 comparison of the redevelopment outputs projected by Poplar HARCA in 2012 with those envisaged in 2007 when the first CPO Resolution was agreed;
- 6.4.2 variations between the CPO Resolution of 2007 and the CPO Resolution proposed in this report, in terms of the land interests to be included; the number of residential and retail land interests to be acquired has decreased due to voluntarily negotiated settlements in the intervening period.

6.5 Leopold Regeneration Scheme (Poplar HARCA) and the updated CPO required.

2007	2012
<p><b><u>Proposed Redevelopment Scheme:</u></b> demolition of 166 properties and new-build of 480 properties.</p> <p><b><u>Land interests included in 2007 CPO Resolution:</u></b> 8 residential dwellings comprising:</p> <p>Ackroyd Drive E3 4JY. Nos. 1,2,3, 5 (Freehold Houses);</p> <p>Shelmerdine Close E3 4UY Nos. 57, 74, 80, 86</p>	<p><b><u>Ongoing Redevelopment Scheme:</u></b> demolition of 166 properties and new-build of 489 homes (including 173 for affordable rent and shared ownership). Phase 1 (122 homes, including 62 for rent) is nearing completion but Phase 2 requires vacant possession prior to demolition, to deliver a further 367 new homes, including 111 homes for rent and shared ownership.</p> <p><b><u>Land interests to be retained in an updated CPO Resolution.</u></b> (see Appendix 1): <b>only 2 residential dwellings remain to be acquired:</b> Ackroyd Drive E3 4JY. No 2 (freehold house – non-resident owner)</p> <p>Shelmerdine Close E3 4UY. No 86 (resident owner)</p>
	<p><b><u>Land interests to be added to an updated CPO Resolution:</u></b> 3 Electricity sub stations originally let on leases between GLC and LEB</p> <p>Possible electricity sub Station adjacent to houses in Ackroyd Drive if established that this services homes on estate. Turning area in Shelmerdine close, Rights of way, Way-leaves.</p>

6.6. Outline planning approval was obtained for partial redevelopment including: demolition of existing housing blocks, café and tenants’ hall in Shelmerdine Close / Ackroyd Drive and the new-build of 480 residential units, a 100 sq m shop, 600 sq m of offices and a 1000sqm community building. Countryside Properties (UK) is the new build developer partner in the process of delivering the first phase.

6.7. Phase 1 of the redevelopment is nearly complete, including 62 new homes for rent. Phase 2 requires demolition and council support, through a CPO, for HARCA's on-going negotiations to acquire remaining private land interests. These include 2 dwellings (of which one has a resident owner) and other non-residential land interests, such as electricity sub stations, rights of way, and way leaves (access to underground services) which are included to ensure full access to the land.

- 6.8 Public paths and Right To Buy leaseholder entitlement to access to communal greens will not be restored as the new scheme will be built over these areas. However, public access will be available for relevant pathways in the new scheme.
- 6.9 Outline and phase 1 detailed planning approval was obtained on the 7<sup>th</sup> August 2008. A detailed planning application for Phase 2 of the scheme will be submitted by Poplar HARCA in June 2012. Demolition and redevelopment start on site at Shelmerdine Close Ackroyd Drive is planned for autumn 2012, subject to achieving detailed planning approval and vacant possession of the remaining land interests. Whilst there is not a grant funding delivery deadline, there is a risk of cost penalties under the terms of the prospective contract and a delay in commencing works would delay delivery of the new rented homes.
- 6.10 Poplar HARCA contracted with Countryside to develop phase 1. Poplar HARCA is currently negotiating with Countryside to develop phase 2, but they are not currently in contract, other than to take the scheme to planning approval. There will be penalty clauses in the redevelopment contract once entered into and Poplar HARCA anticipates entering into this post planning approval. The build for sale provides the funding to deliver the homes for rent and shared ownership, but not for the refurbishment element. This cross subsidy funding is integral to enabling the scheme to progress.
- 6.11 As shown in the Table in 6.5 above the overall scheme housing outputs are similar to those envisaged in 2007, and these are already partially delivered, including 62 homes for rent and 60 homes for private sale in the first phase. To complete the redevelopment element of the regeneration Poplar HARCA states it will deliver a further 111 homes for rent and shared ownership and 256 homes for private sale. The final figures are still subject to the second stage detailed planning application.

## **7. NEGOTIATING SETTLEMENTS**

- 7.1 The proposal for a CPO, to include leaseholder interests at the addresses listed in Appendix 1, is a measure to help ensure overall delivery of the scheme. Poplar HARCA will be required to continue negotiations with the remaining dwelling owners, including the non-resident owner, to seek to achieve a complete decant without recourse to the full execution of the proposed CPO. Updating the CPO Resolution will not result in any reduction in efforts to continue negotiations to achieve vacant possession by voluntary sale. The CPO is however an important step to confirm the council's support for these schemes which the council jointly committed with Poplar HARCA to deliver through the housing choice/ stock transfer route.
- 7.2 **Leopold Estate:** there have been robust attempts to acquire all premises through negotiation. 15 residential property interests have been acquired through negotiation. Only 2 properties remain to be acquired (1 resident and 1 non-resident).
- 7.3 Poplar HARCA is continuing to liaise closely and negotiate with all the remaining owners. The Housing Regeneration Team monitors the financial and relocation offers made by HARCA to ensure compliance with the council's requirements as set out in paras. 5.3 5.6, to support the CPO route and with the stock transfer Housing Offer Document.
- 7.4 **Residential acquisitions**  
Poplar HARCA has so far been successful in acquiring the majority of residential properties via negotiated settlements. It has adopted the good practice approach used by the council and some of its other RSL partners where land interests have been acquired to facilitate regeneration.

- 7.5 When a property is to be purchased the owner is encouraged to seek independent valuation advice to assist in negotiations with Poplar HARCA's Valuer, and reasonable costs for this are reimbursed. Owners are offered the full current market value of their property. Owners who occupy their properties as their 'principal' home receive an additional 10% of the final market value as a statutory Home Loss payment. Property owners who do not occupy their homes may be eligible for an additional 7.5% of the acquisition price as a Basic Loss payment if the property has been well maintained.
- 7.6 To help displaced property owners move to their new homes, their reasonable moving costs are paid, including legal and valuation professional fees, the hire of removal companies, disconnection and reconnection of cookers, washing machines and all associated domestic costs of moving from one property to another, including an allowance for carpets and curtains etc. Where a property owner makes their own arrangements to acquire alternative premises, the Registered Provider meets the reasonable cost of stamp duty.
- 7.7 In addition to the standard options set out above, which reflect the Council's approach to resident property owner buybacks, Poplar HARCA has offered further options such as lease swaps, conversion to shared equity and reversions back to tenancies where there is insufficient capital in the existing property to enable the displaced leaseholder to purchase a new replacement home at current market values.

#### **7.8 Other Land Interests (Leopold Estate)**

On Leopold Estate there are electricity substations where land has been leased to the provider. Whilst it is likely that agreement will be made with the suppliers for the relocation and/or enhancement of this service, a CPO resolution will support the necessity to reach such an agreement.

- 7.9 There are likely to be other minor land interests and rights which will need to be extinguished by CPO. These will include such matters as:
- Way leaves
  - Rights of Way
  - Third Party rights
  - Rights to Light
  - Oversailing rights

All land interests will be established via a referencing process and where appropriate, negotiated settlements will be reached to allow the redevelopment to proceed unhindered.

### **8. COMPULSORY PURCHASE**

- 8.1 Section 17 Housing Act 1985 (the 1985 Act) provides a power for a local housing authority to acquire land for housing purposes. The types of situations envisaged by the legislation when such powers can be exercised include:
- acquisition of land for the erection of houses
  - acquisition of houses or buildings which may be made suitable as houses, together with any land occupied
  - acquisition of land to provide facilities in connection with housing accommodation, and
  - acquisition of land to carry out works in connection with providing housing

- 8.2 Land can be acquired under section 17 of the 1985 Act either by agreement or compulsorily. In summary the provisions of the legislation governing compulsory purchase contained in the Acquisition of Land Act 1981, the Compulsory Purchase Act 1965 and the Land Compensation Act 1961 apply in such cases.
- 8.3 Using compulsory purchase powers will facilitate the delivery of this regeneration project. The interests in the land currently are as listed in the body of the report.
- 8.4 Circular 06/2004 Paragraph 1 (Compulsory Purchase and the Crichel Down Rules) (“the Circular”) sets out guidance to acquiring authorities in England making compulsory purchase orders.
- 8.5 The Circular states that “Ministers believe that compulsory purchase powers are an important tool for local authorities and other public bodies to use as a means of assembling the land needed to help deliver social and economic change. Used properly, they can contribute toward effective and efficient urban and rural regeneration, the revitalisation of communities, and the promotion of business – leading to improvements in quality of life. Bodies possessing compulsory purchase powers – whether at local, regional or national level – are therefore encouraged to consider using them pro-actively wherever appropriate to ensure real gains are brought to residents and the business community without delay.”

The Circular, para 24 also sets out that “acquiring authorities should seek to acquire land by negotiation wherever practicable. The compulsory purchase of land is intended as a last resort in the event that attempts to acquire by agreement fail.”

The Circular also sets out (para 24) that acquiring authorities “should plan a compulsory purchase timetable at the same time as conducting negotiations.” This is to reflect the amount of time which needs to be allowed to complete the compulsory purchase process. The guidance goes on to state “it may often be sensible for the acquiring authority to initiate the formal procedures in parallel with such negotiations. This will help to make the seriousness of the authority’s intentions clear from the outset, which in turn might encourage those whose land is affected to enter more readily into meaningful negotiations.”

- 8.6 Paragraph 17 of The Circular refers to the balance that has to be struck between ensuring a compelling case in the public interest and that the regeneration project sufficiently justifies interfering with the human rights of those with an interest in the land affected. It reads as follows:

*“A compulsory purchase order should only be made where there is a compelling case in the public interest. An acquiring authority should be sure that the purposes for which it is making a compulsory purchase order sufficiently justify interfering with the human rights of those with an interest in the land affected.”*



8.7 Paragraph 19 of the Circular goes on to state:

*“If an acquiring authority does not have a clear idea of how it intends to use the land which it is proposing to acquire, and cannot show that all the necessary resources are likely to be available to achieve that end within a reasonable time-scale it will be difficult to show conclusively that the compulsory acquisition of the land included in the order is justified in the public interest... Parliament has always taken the view that land should only be taken compulsorily where there is clear evidence that the public benefit will outweigh the private loss.”*

8.8 Appendix E of the Circular provides guidance to local authorities considering using compulsory purchase powers under the Housing Acts. Paragraph 2 of Appendix E states that in relation to orders should not be made unless there is a compelling case in the public interest for making them.

8.9 Consideration is given to the human rights implications of the decision to make a compulsory purchase order in section 14 below.

## **9. WHEN COMPULSORY PURCHASE IS TO BE USED**

9.1 An example of the circumstances in which CPO may be used by relevant authorities is summarised as follows:

- To unlock situations where a scheme is being blocked by an owner (or owners) unwilling to dispose of property either at all or only at a price considerably in excess of market value a ransom situation.
- To ensure effective negotiations for land assembly where there is a multiplicity of ownerships and absent landlords
- Where there are unknown owners

9.2 The use of CPO in the case of the Leopold Estate accords with the first two of these circumstances.

## **10. ESSENTIAL REQUIREMENTS FOR USE OF COMPULSORY PURCHASE**

10.1 The essential requirement for use of compulsory purchase powers under section 17 of the 1985 Act may be summarised as follows:

- That the Council is satisfied that acquisition will achieve a quantitative or qualitative housing gain.

10.2 Officers consider that this requirement is met in the case of Leopold Estate. Poplar HARCA will be required to indemnify the Council in respect of all costs associated with the use of compulsory purchase powers, including compulsory purchase compensation and the costs of all specialist advice and officer time.

## **11. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 11.1 This report updates Members on Poplar HARCA's progress on the acquisition of land and properties on the Leopold Estate following Cabinet approval to initiate a Compulsory Purchase Order process in November 2007. Approval is sought to reaffirm the mechanism for CPO proceedings to be implemented should the residential leasehold interest buyback programme not succeed in acquiring all of the appropriate property interests, and also requests the inclusion of three electricity substations within the process. Arranging for these back-up procedures to be put in place now will reduce any subsequent delays in the regeneration programme that will arise if agreements cannot be reached with individual owners.
- 11.2 There are no direct financial implications for the Authority of this process. The costs of the purchases and associated compensation packages are borne by Poplar HARCA. In addition, the cost of all officer time involved in the CPO process will also be recharged to Poplar HARCA.

## **12. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

- 12.1 The Council has the power to make a Compulsory Purchase Order (CPO) under Section 17 Housing Act 1985 (as amended). This may be used to assemble land for housing and ancillary development, including the provision of access roads; to bring empty properties into housing use; and to improve sub-standard or defective properties or to facilitate the carrying out of development, redevelopment or improvement on or in relation to the land involved.
- 12.2 A CPO can be used to acquire housing land where the housing is to be provided by others and the procurement process has been completed to select a developer to regenerate the land. Since this deprives people of their property, compulsory acquisition is always the last resort and will be preceded by continued efforts to buy the land by private agreement. Confirmation of a CPO will only be made if there is a compelling case in the public interest.
- 12.3 Paragraph 22 of the memorandum to Circular 06/04 states that there must be a reasonable prospect of the scheme going ahead. Section 7 of the report sets out progress that Poplar HARCA has made in delivering refurbishment works on the estate and delivering Phase 1 of the redevelopment proposals.
- 12.4 In this case the formal making of the Order is proposed to be delegated to the Corporate Director of Development and Renewal in consultation with the Assistance Chief Executive (Legal Services). The properties and other interests to be acquired are set out in Appendix 1.
- 12.5 Whenever a Compulsory Purchase Order is made it is necessary to carry out a "balancing exercise" to judge whether it is in the public interest to make a CPO in view of the harm done to the property interests of the individual. Against this should be placed the benefit of improved housing and amenities for all occupants on the estate and the benefit to the well-being of the community gained by the scheme. The impact of this harm is lessened by the existence of rights of objection and a statutory compensation regime, which makes statutory provision for loss payments to reflect the compulsory nature of the acquisition.
- 12.6 The acquisition of land for housing development is an acceptable use of compulsory purchase powers, including where it will make land available for private development or

development by Housing Associations. Section 17(4) of the 1985 Act provides that the Secretary of State may not confirm a CPO unless he is satisfied that the land is likely to be required within 10 years. Once confirmed, compulsory purchase powers have a 3 year life. Given the proposed development timetable that Poplar HARCA are working to, the Council can be confident that the acquisition of all interests will be within the life of the CPO and will be reasonable in the context of the scheme.

- 12.7 When applying for confirmation of a compulsory purchase order made under these provisions the authority will include in its statement of reasons for making the order information regarding needs for the provision of further housing accommodation in its area. This information should normally include total number of dwellings in the district, unfit dwellings, other dwellings in need of renovation and vacant dwellings; total number of households and the number for which, in the authorities view, provision needs to be made. Details of the authority's housing stock, by type may also be helpful.
- 12.8 As Poplar HARCA has largely been successful in acquiring properties and decanting its own tenants, there is not a need for a site specific rehousing strategy. Poplar HARCA will rehouse the remaining tenants via the Comprehensive Housing Register and will continue to endeavor to secure voluntary agreement to acquire the remaining two privately owned properties.
- 12.9 An alternative power the Council could use is Section 226(1) of the Town and Country Planning Act 1990 (as amended) (the 1990 Act (as amended)) was amended by the Planning and Compulsory Purchase Act 2004 (the 2004 Act) to provide wider powers for local planning authorities to acquire land by compulsory purchase when the authority thinks that the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land.
- 12.10 Section 226(1A) of the 1990 Act (as amended) provides that an authority must not exercise the power under section 226(1) (a) "unless it thinks that the development, redevelopment or improvement is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental well being of their area" and be in the public interest. Land may also be acquired by agreement for the same purposes.
- 12.11 The essential requirement for use of compulsory purchase powers under section 226 of the 1990 Act (as amended) may be summarised as follows: That the Council is satisfied that the development, redevelopment or improvement is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental well being of their area
- 12.12 In summary, the making of the CPO satisfies the tests to which it will be subject on confirmation:
- Making the CPO for the scheme is within the Council's powers;
  - The Council assesses the scheme as viable;
  - The Council's Housing Association partner (Poplar HARCA) has clear proposals for the use of the acquired land;
  - There is no impediment to the grant of planning permission;
  - The promotion of the CPO is reasonable (i.e. not premature) in the context of the programme for the scheme both in terms of the exercise of compulsory powers and the completion of the scheme itself;

- Finally, there is a compelling case in the public interests for compulsory purchase powers and the human rights of those affected have been carefully considered and any interference is deemed to be justified (see section 13 below).

### **13. HUMAN RIGHTS IMPLICATIONS**

13.1. Section 6 of the Human Rights Act 1998 prohibits public authorities from acting in a way that is incompatible with the European Convention on Human Rights. Various convention rights are likely to be relevant to the Order, including:

- Entitlement to a fair and public hearing in the determination of a person's civil and political rights (Convention Article 6). This includes property rights and can include opportunities to be heard in the consultation process.
- Peaceful enjoyment of possessions (First Protocol Article 1). This right includes the right to peaceful enjoyment of property and is subject to the State's right to enforce such laws as it deems necessary to control the use of property in accordance with the general interest.
- Right to life, in respect of which the likely health impacts of the proposals will need to be taken into account in evaluating the scheme (Conversion Article 2).

13.2 The European Court has recognised that "regard must be had to the fair balance that has to be struck between the competing interests of the individual and of the community as a whole". Both public and private interests are to be taken into account in the exercise of the Council's powers and duties as a local planning authority. Any interference with a Convention right must be necessary and proportionate.

13.3 The Council is therefore required to consider whether its actions would infringe the human rights of anyone affected by the making of the CPO. The Council must carefully consider the balance to be struck between individual rights and the wider public interest. It is considered that any interference with the Convention rights caused by the CPO will be justified in order to secure the social, physical and environmental regeneration that the project will bring. Appropriate compensation will be available to those entitled to claim it under the relevant provisions of the national Compensation Code.

### **14. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

14.1 The housing stock formerly owned by the council has suffered from a backlog of investment due to lack of resources. As a consequence, these properties suffer from poor thermal efficiency and inefficient heating systems resulting in higher than necessary fuel usage and the creation of fuel poverty. As Poplar HARCA have secured the resources to improve and regenerate these areas, the schemes will improve the living circumstances of residents as well as improving the environmental performance of new and existing property in the area.

## 15. **RISK MANAGEMENT IMPLICATIONS**

15.1 The key risks arising from this report are: -

Risk	Mitigating Actions
<ul style="list-style-type: none"><li>• Failure by RSL to secure vacant possession of the leasehold interests listed in Appendix 1</li><li>• Lengthy and costly delays to works programmes, which could also jeopardise the cross-subsidy to deliver the affordable homes.</li></ul>	<ul style="list-style-type: none"><li>• Delegated authority sought to make CPO where required, to operate in tandem with negotiated procedures.</li><li>• Regular liaison with Poplar HARCA to anticipate difficulties within their buy-back programmes and address these through the measures proposed in this report.</li></ul>
<ul style="list-style-type: none"><li>• Failure to deliver the promises made to residents.</li></ul>	<ul style="list-style-type: none"><li>• Covenants put in place at transfer.</li><li>• Partnership agreement in place.</li><li>• Monitoring and reporting arrangements put in place.</li><li>• Council support to RSL partner to deliver the scheme, ie use of CPO powers.</li></ul>

## 16. **CRIME AND DISORDER REDUCTION IMPLICATIONS**

16.1 Leopold Estate has experienced issues of anti-social behaviour. The proposed redevelopments are applying the following principles to address the ASB issues:

- 16.1.1 Adopting the principles of Secured by Design and improving security throughout the estate.
- 16.1.2 Defined open spaces with better quality landscape exclusive for residential use
- 16.1.3 Well lit new street.
- 16.1.4 Reintroducing traditional street frontages overlooking public areas.
- 16.1.5 Reducing traffic speed within the estate.
- 16.1.6 Prioritising cycle and pedestrian movement.
- 16.1.7 Reducing impact of pedestrian flow patterns related to the secondary school adjacent to the estate.
- 16.1.8 Improving community facilities.

## 17. **EFFICIENCY STATEMENT**

17.1 All expenditure to be incurred in managing and delivering the proposed CPO processes, including costs arising from work by the council's Legal and Housing Regeneration Teams, will be reimbursed by Poplar HARCA.

## 18. **APPENDICES**

18.1 The report has the following appendices.

- Appendix 1: Schedule of leasehold interests to be purchased
- Appendix 2: Leopold Estate – map of land area proposed for a CPO
- Appendix 3: Leopold Estate – Location Plan

**Local Authorities (Executive Arrangements) (Access to Information) (England)  
Regulations 2000**  
**List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”

None

## **Appendix 1**

### **Land Interests to be purchased: listed for inclusion in the proposed Compulsory Purchase Order**

#### **Leopold Estate: Poplar HARCA**

##### Residential Properties

Ackroyd Drive E3 4JY. No 2

Shelmerdine Close E3 4UY. No 86

##### Other Land Interests

3 Electricity Sub Stations on Ackroyd Drive (originally let on a lease between the GLC and LEB)

Possible electricity sub Station adjacent to houses in Ackroyd Drive, if established that this services homes on estate

Turning area in Shelmerdine close

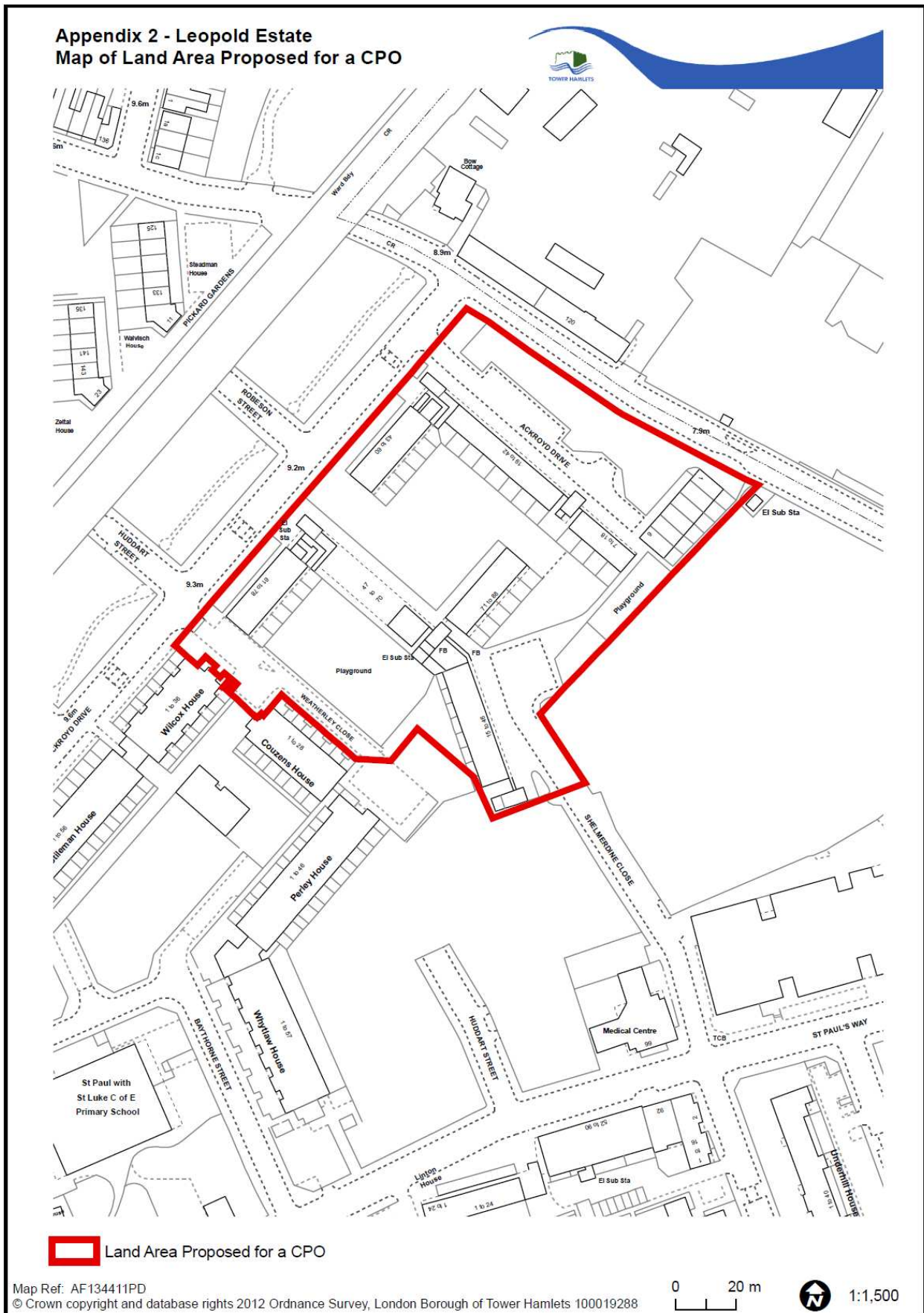
Rights of way

Way-leaves

Other non residential interests as identified during the land referencing within the red line boundary shown on the plan in Appendix 2

## Appendix 2

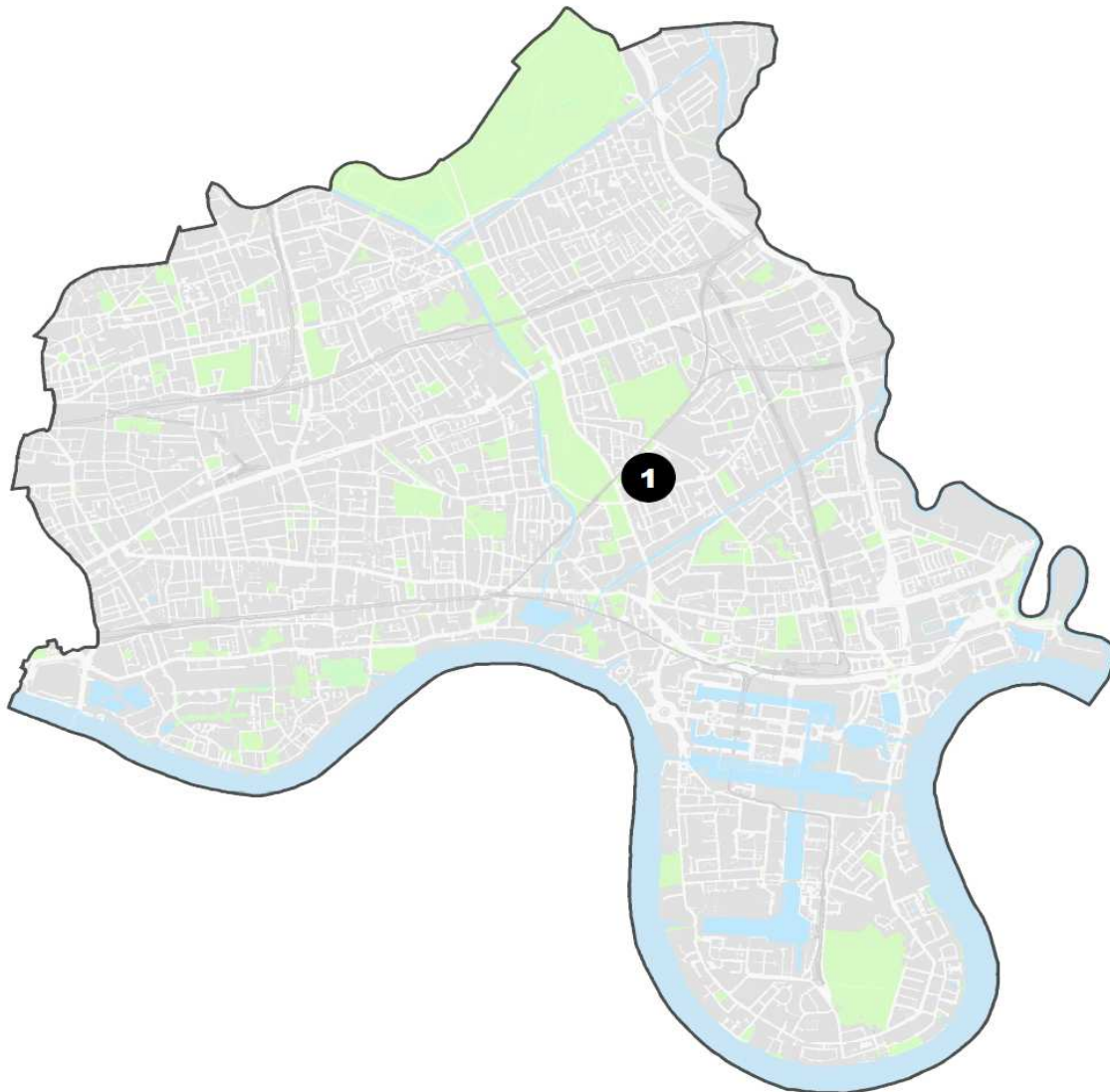
### Leopold Estate – map of land area proposed for a CPO





# Appendix 3 - Location Plan

## Appendix 3 - Leopold Estate Location Plan



**1** Leopold Estate

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# Agenda Item 6.2

<b>Committee/Meeting:</b> Cabinet	<b>Date:</b> 7 <sup>th</sup> November 2012	<b>Classification:</b> Unrestricted	<b>Report No:</b> 044/123
<b>Report of:</b>  Aman Dalvi, Corporate Director of Development and Renewal  <b>Originating Officer(s)</b> Anne-Marie Berni		<b>Title:</b>  Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule  <b>Wards Affected:</b> All	

<b>Lead Member</b>	Councillor Rabina Khan
<b>Community Plan Theme</b>	A Great Place to Live
<b>Strategic Priority</b>	Provide effective local services and facilities

## 1. **SUMMARY**

- 1.1 The Community Infrastructure Levy (CIL) is a new tariff system that enables local authorities to implement a charge on most forms of new development to fund infrastructure. The resources raised can then be used to fund a wide range of local and strategic infrastructure that is required as a result of new development such as: transport schemes; open spaces; schools and community facilities.
- 1.2 CIL will largely replace s106 planning obligations as the means to secure funding for infrastructure from development proposals. The rate at which a levy is charged is set out in a Charging Schedule which must be supported by appropriate evidence of infrastructure needs and development viability. This is subsequently subject to an independent examination.
- 1.3 Tower Hamlets is a small borough, but with significant variances in land values across the area. The Council proposes a variable rate across the CIL charging area, to ensure that the maximum value is gained to support infrastructure, but within the parameters of what is viable for new development. This will be under consistent review and a new Charging Schedule can be undertaken, as and when appropriate, to reflect market changes. It should be noted that any new Charging Schedule will need to follow the full approvals process again, in the same way and will therefore take at least 12 months to go through this process.
- 1.4 Cabinet is being asked to approve the Tower Hamlets Preliminary Draft Charging Schedule for public consultation. Further decisions will be sought from Cabinet as the proposed Charging Schedule moves through the statutory stages for adoption.

## 2. **DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

- 2.1 Approve the Tower Hamlets Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule as set out in Appendix 1 for a 6 week public consultation period from 16<sup>th</sup> November 2012 to 2<sup>nd</sup> January 2013.
- 2.2 Note the Equalities Analysis Scoping Report (Appendix 2), the Consultation Plan (Appendix 3), the Strategic Environmental Assessment Screening Report (Appendix 4) and also the LBTH CIL Viability Study Report which is a supporting document and is available upon request.
- 2.3 Delegate authority to the Corporate Director of Development and Renewal, in consultation with the Lead Members for Housing and Resources, to make editorial changes to the Preliminary Draft Charging Schedule where necessary, prior to the beginning of the consultation period.

## 3. **REASONS FOR THE DECISIONS**

- 3.1 The reason for the decision, is for Cabinet to agree the publication of rates set at a level that ensures the proper basis for the introduction of the CIL in the borough, which mitigates the impacts of development and leads to the provision of much needed supporting infrastructure.
- 3.2 The Council must set out its proposed rates in a Preliminary Draft Charging Schedule (PDCS) and invite representations from the consultation bodies set out in CIL Regulation 15, as well as residents and businesses in the Borough and other interested parties.

## 4. **ALTERNATIVE OPTION**

- 4.1 To not proceed with a Tower Hamlets Charging Schedule would mean not being able to move forward with the introduction of CIL in the borough. This will severely limit the Council's ability to raise funds, for the identified infrastructure needs of the borough, as the scope for securing infrastructure funding through s106 agreements will be more constrained from April 2014.
- 4.2 If the Council does not adopt a CIL Charging Schedule it will be difficult to deliver the required infrastructure to mitigate development impact and support improvements to the borough.

## 5. **BACKGROUND**

- 5.1 The Community Infrastructure Levy (CIL) was provided for in the 2008 Planning Act. Specific CIL Regulations were released in April 2010 (as amended in 2011) setting out the detailed provisions for its operation. The CIL is a new levy that local authorities (known as Charging Authorities in this context) can charge on developments in their area to help fund infrastructure to support the development of an authority's area.

5.2 The benefits to the Council, developers, employees and residents of the borough in introducing CIL can be summarised as follows:

- It will deliver funding for the Council to carry out a wide range of infrastructure projects across the borough that support growth and benefit the local community.
- CIL is not restricted to being spent in a specific place in the borough, having more flexibility built into its use than s106 receipts.
- It will give the Council, and its partners, a predictable funding stream that allows us to plan ahead for infrastructure delivery more effectively.
- It provides developers with much more certainty 'up front' about how much money they will be expected to contribute, which in turn encourages greater confidence in bringing development forward
- It will enable the Council to allocate a potentially small share of the levy raised in a neighbourhood, to deliver infrastructure the neighbourhood wants.

5.3 In setting the rates, CIL Regulation 14 requires that a Charging Authority “must aim to strike what appears to be an appropriate balance between:

- the desirability of funding from CIL (in whole or in part), the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and
- the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area”<sup>1</sup>.

5.4 In order to respond to the diverse nature of the borough, the Council proposes a variable CIL rate. However, the Council has sought to strike a balance between generating an overly complex set of rates and overly simplistic single rate which is in accordance with statutory guidance which states “*Charging authorities that plan to set differential CIL rates should seek to avoid undue complexity, and limit the permutations of different charges that they set within their area.*”

5.5 The Council, its partners and independent experts have produced evidence relating to infrastructure needs and development viability to inform decisions on setting CIL rates. A number of discussions with Mayor Rahman and the Lead Members for Housing and Resources have taken place in the development of the proposed Charging Schedule. A Developer Forum was held on 6<sup>th</sup> July 2012 to give the key developers in the industry opportunity to input into the rate setting exercise. Through initial consultation and evidence

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<sup>1</sup> CIL Regulations 2010 (as amended)

work, it is considered that the proposed rates strike the required appropriate balance between funding infrastructure and development viability.

- 5.6 The Charging Schedule evolves in stages, in accordance with the CIL Regulations. Further consultation will be undertaken on a Draft Charging Schedule before it is submitted to the Planning Inspectorate for independent examination, likely to be next summer (2013). If the CIL Charging Schedule is found to be sound it is anticipated that the Council's CIL Charging Schedule will come into effect in late 2013.

**Table 1: Timetable for the Introduction of CIL**

Stage	Dates
Consultation of the Preliminary Draft Charging Schedule	16 <sup>th</sup> November 2012 to 2 <sup>nd</sup> January 2013
Draft Charging Schedule to Cabinet for approval	March 2013
Consultation on the Draft Charging Schedule	March to April 2013
Submission of Draft Charging Schedule and supporting evidence to Planning Inspectorate	June 2013
Examination in Public of Draft Charging Schedule	July 2013
Final Charging Schedule for Council approval	September 2013

## **6. CIL IMPLEMENTATION**

- 6.1 CIL is a charge on most new development. The funds raised can then be used to fund a wide range of local and strategic infrastructure that is required as a result of development and that local communities want, such as transport schemes, open spaces, schools and community facilities.
- 6.2 CIL is charged per square metre on net additional floorspace of development on most development that consists of over 100 square metres of additional floorspace. It is calculated at the grant of planning permission and is payable on the commencement of development. There are a number of exemptions to the levy including affordable housing units and developments by charitable institutions for charitable purposes.
- 6.3 The introduction of CIL will mean significant changes to how and when the Council can secure planning obligations under Section 106 of the Town and Country Planning Act 1990, to address the impacts of development. The introduction of the CIL Regulations means that after 6<sup>th</sup> April 2014, s106 planning obligations will exist in a much more limited capacity. Therefore the Council needs to bring a CIL into effect before this date, if development is to continue to contribute to strategic infrastructure, which is needed to promote growth and mitigate the impacts of development.
- 6.4 The Council may still seek to pursue s106 from some developments to secure site specific improvements, to ensure developments are acceptable

in planning terms, the detail of which is still to be determined and opportunities may be more limited. Affordable housing will also continue to be secured through s106 agreements, in accordance with the writing of the current CIL Regulations.

## **Evidence Base and Rate Setting**

6.5 In order to comply with the CIL Regulations, the Council and its independent experts have produced significant evidence of infrastructure needs, based on the list of infrastructure contained within the Infrastructure Delivery Plan (IDP) and development viability. In summary:

- The total cost of infrastructure requirements for the period 2011 to 2017 has been identified at £695.3m across 10 infrastructure categories and 145 projects.
- A total of £378m of funding from various sources including third party sponsors has been identified leaving a funding gap of £317.3m.

6.6 The identified infrastructure funding gap of £317m could be addressed as follows:

- Anticipated CIL income of £12m
- Bids for other funding such as Education funding, capital programme and other funds
- Potential sale of local assets
- Sustainable and affordable levels of borrowing
- On-going reassessment of infrastructure needs and priorities
- Detailed project costing assessments to ensure efficiencies and value for money in delivery

6.7 Given 2013/14 is the likely year of the implementation of CIL, it will take some time beyond that date for the Council to receive significant income through CIL, as it is payable on the commencement of development, not upon the grant of planning permission which is when the CIL liability is assigned.

6.8 It should be noted that the IDP is an aspirational document and the projects contained within have varying degrees of priority status. Given the funding gap, it is anticipated that lower priority projects may not be delivered in the timescale currently outlined. However, further discussions will need to take place, within the Council and through its relevant infrastructure planning processes, regarding those priorities – ultimately agreed by the corporate level Strategic Projects and Infrastructure Board. The IDP is a ‘live’ document which is and will be updated annually, as projects are delivered and where there is updated evidence of need, changing priorities and as other funding options are identified.

6.9 Development appraisals, as part of the evidence base, found that the value of residential developments varies significantly across the borough. Therefore differential rates of between £35/sqm to £200/sqm (exclusive of



the London Mayor CIL) are proposed in three zones of the borough, as set out in the Preliminary Draft Charging Schedule attached at Appendix 1.

- 6.10 Research has found that small retail developments are capable of being able to sustain a levy of £100/sqm in the City Fringe and North Docklands, whilst large format retailing (e.g. supermarkets/retail warehousing) is able to sustain a levy of £200/sqm across the Borough.
- 6.11 Research has found that office developments in the City Fringe and North Docklands are capable of being able to sustain a levy of £125/sqm.
- 6.12 All other development including industrial, leisure, health and education uses have been found not to be able to sustain a levy at the current time and a zero rate is proposed across the Borough.
- 6.13 Given the level of infrastructure funding gap, it is considered justified to introduce CIL. Officers consider that the appropriate balance between viability and infrastructure funding has been met with the rates proposed.

## **7. CONSULTATION**

- 7.1 Notwithstanding consultation already taken place, as mentioned in para 5.4, the CIL Regulations and the Council's Statement of Community Involvement (SCI) set out the consultation requirements, the Consultation Plan (Appendix 3) sets out the consultation that will be carried out in relation to the Preliminary Draft Charging Schedule. A formal public consultation will take place between 16<sup>th</sup> November 2012 and 2<sup>nd</sup> January 2013, in order to allow representations to be made. As well as making the document available on the Council's website and in local libraries, the Council will invite representations from residents, businesses, voluntary bodies and other interested parties. Officers will be available to attend meetings as required, and further workshops may be held.
- 7.2 The Charging Schedule evolves in stages, in accordance with the CIL Regulations. A further report will be brought to Cabinet in March 2013 seeking approval of the Draft Charging Schedule for consultation in order for final comments to be made prior to submission for independent examination. This will include a consultation statement summarising all comments made to the PDCS and officer responses to these, explaining the reasoning why we have/have not made amendments.
- 7.3 It is anticipated the Draft Charging Schedule will be submitted for examination next summer and provided approval is gained it is anticipated CIL will be enacted in late 2013.

## **8. FUTURE PROCESSES AND THE USE OF CIL FUNDS**

- 8.1 As a Charging and Collecting authority for CIL, there will be a significant role for the Council in the administration and governance of CIL. The Council has been acting as the Collecting Authority for the London Mayor CIL since



April 2012, in accordance with the obligation in the CIL Regulations, and new systems have been developed to enable this collection. These will be further developed to ensure the smooth introduction of the Borough's own CIL.

- 8.2 It is anticipated the Tower Hamlets CIL will generate circa £4m annually between 2015 and 2017 for infrastructure spending (although accurate estimates are difficult at this stage). Transparent processes need to be put in place to arrive at decisions on the release of funds taking account of infrastructure funding priorities.

## **9. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 9.1 This report seeks Mayoral approval to commence public consultation into the Preliminary Draft Charging Schedule for the Council's Community Infrastructure Levy (CIL). It is intended that the Council's CIL comes into effect by April 2014, although in advance of this, the Borough is currently responsible for the collection of the Mayor of London's CIL which came into operation on 1 April 2012. The Mayoral CIL is independent of the Council's CIL requirement.
- 9.2 The Community Infrastructure Levy will replace elements of the current Section 106 planning process which will continue in a reduced capacity. The Authority currently generates substantial resources via the Section 106 system, and this will continue under the CIL. It is therefore important that the charges are set at a realistic level that enables the generation of significant community resources in tandem with the delivery of viable developments.
- 9.3 As outlined in this report, the Charging Schedule has been developed by officers in conjunction with external advisors, and has been prepared in accordance with the Authority's infrastructure needs and development viability. The development of the Charging Schedule is laid out in the Preliminary Draft Charging Schedule, attached at Appendix 1. It is anticipated that in the period to 2016-17, CIL will generate resources of approximately £12 million, although this is anticipated to increase significantly in subsequent years. The Charging Schedule will ultimately be subject to an independent examination to determine reasonableness.
- 9.4 Paragraphs 3.9 to 3.12 outline the likely infrastructure needs within the borough over the period to 2017. These are valued at approximately £695 million of which indicative funding of £378 million has potentially been identified across the various public agencies. It should be noted that these are the infrastructure needs of all the major public sector organisations within the borough, and it is not solely the Council which must seek additional resources to meet the assumed infrastructure need.
- 9.5 The costs of the consultation process will be met from within existing resources.

## **10. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

- 10.1 The statutory framework for CIL is set out in sections 205-225 of the Planning Act 2008 (PA 2008) and further detail is provided principally under the CIL Regulations 2010.
- 10.2 The legal requirements for the preparation of a CIL Charging Schedule are set out under s211 of the PA 2008. The Schedule must be informed by appropriate available evidence regarding viability (see part 6 of this report). The Council's Preliminary Draft Charging Schedule is set out at Appendix 1 of this report.
- 10.3 Charging authorities must consult on their proposed CIL rates before they finalise a draft charging schedule (section 211(7) of the PA 2008 and Regulation 15, CIL Regulations 2010). Following consultation, the Draft Charging Schedule is submitted for independent examination. Upon the Examiner's recommendations being issued, final approval will be required from Cabinet.
- 10.4 This report seeks members' approval to carry out public consultation on the Council's Preliminary Draft Charging Schedule in accordance with the PA 2008 and CIL Regulations 2010.
- 10.5 The legislation on CIL does not prescribe how decision making within an authority should operate in order to formulate a charging schedule. The Local Government Function Regulations have not been amended in respect of CIL charging schedules.
- 10.6 CIL is a planning policy function and forms part of the Council's Local Development Framework (LDF) (albeit it is not a statutory development plan), and to this extent the CIL Charging Schedule can be considered analogous to LDF documents such as Local Development Documents (LDDs). Therefore it is considered appropriate to follow the same decision making process used for LDDs in respect of submission for consultation and for examination, which is to seek approval from Cabinet.
- 10.7 Accordingly, Cabinet members are authorised to approve the Council's Preliminary Draft Charging Schedule for public consultation.

## **11. ONE TOWER HAMLETS CONSIDERATIONS**

- 11.1 The proposed CIL, although primarily a financial tool, may fund projects that will contribute to the One Tower Hamlets objectives of reducing inequalities; ensuring community cohesion; and strengthening community leadership.
- 11.2 An equalities analysis has been undertaken as part of the preparation of the CIL Preliminary Draft Charging Schedule and is attached at Appendix 2.

## **12. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 12.1 A Strategic Environmental Assessment Screening report is included at Appendix 4. CIL can be used to raise monies from individual development projects towards infrastructure which may include projects, to support a greener environment and aid sustainable development. However the proposed Charging Schedule is not a plan or programme but a financial tool.

## **13. RISK MANAGEMENT IMPLICATIONS**

- 13.1 The 2008 Planning Act and the CIL Regulations require that the rate the CIL will be levied at, to be assessed independently. As mentioned, the aim is to strike an appropriate balance between the 'desirability of funding infrastructure through CIL and the potential effects of its introduction on the economic viability of development across the Borough. If the CIL is set too high, there is a risk that it will be challenged at examination and potentially be found unsound, because of the harm to the economic viability of development across the borough. Further significant work would then be required to reassess the level at which the CIL is set. If the CIL is set too low there is a risk that necessary social, physical and green infrastructure will not be able to be provided; putting at risk the Council's strategic objective of ensuring the borough is a great place to live.
- 13.2 It is considered that that the rates proposed as set out in the Preliminary Draft Charging Schedule strike an appropriate balance. The viability assessments have been undertaken by experienced experts involving in-depth research and subsequent assumption setting, based on the appropriate available evidence gathered. We will be further informed of the appropriateness of the rates by two rounds of public consultation. Overall it is considered that the risk of the proposed CIL rates being found unsound by an independent inspector is considered to be low.

## **14. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 14.1 CIL is a new development levy that will raise funds for infrastructure projects. This could include infrastructure that reduces the incidences and fear of crime, such as CCTV units and street lighting. Discussions on the use of CIL funds for these purposes will be held with the Community Safety manager.

## **15. EFFICIENCY STATEMENT**

- 15.1 The operation of both the London Mayor CIL and in future, the Tower Hamlet's CIL will be an administration burden on the Council with additional staff needing to be employed. The CIL Regulations enable the Council to recoup the costs of administering CIL from the levies collected. The Council are able to keep up to 4% from the London Mayoral CIL receipts to fund admin costs and up to 5% from LBTH CIL receipts.

16. **APPENDICES**

Appendix 1 – LB Tower Hamlets **Preliminary Draft Charging Schedule**

Appendix 2 – LB Tower Hamlets Preliminary Draft Charging Schedule  
**Equalities Analysis**

Appendix 3 – LB Tower Hamlets Preliminary Draft Charging Schedule  
**Consultation Plan**

Appendix 4 – LB Tower Hamlets Preliminary Draft Charging Schedule  
**Strategic Environmental Assessment Screening**

---

**Local Authorities (Executive Arrangements) (Access to Information) (England)  
Regulations 2012  
List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
LBTH CIL Viability Study BNP Paribas 2012	Anne-Marie Berni, Infrastructure Planning Manager Development & Renewal 5 <sup>th</sup> Floor Anchorage House Tel: 020 7364 5324
LBTH Local Development Framework: 2010 Adopted Core Strategy 2012 Adopted Fish Island Area Action Plan 2012 Managing Development – DPD (Submission)	



# COMMUNITY INFRASTRUCTURE LEVY (CIL)

## PRELIMINARY DRAFT CHARGING SCHEDULE

November 2012



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**APPENDIX 1: London Legacy Development Corporation area within Tower Hamlets**

**APPENDIX 2: Draft Charging Zone Maps**

## **1. Introduction**

1.0.1 This document is a consultation paper, issued as the first step in setting the London Borough of Tower Hamlets' (the Council) Community Infrastructure Levy (CIL). It contains the proposed CIL Charging Schedule and explains the general principles of CIL, as well as the method used to arrive at the proposed charging rates.

### **1.1 About CIL**

1.1.1 CIL is introduced under Part 11 of the Planning Act 2008. It is a levy that allows the local authority to raise funds from new local development, to pay for the infrastructure needed as a result of that development. CIL is a standardised, non-negotiable charge. The rates are expressed as pounds per square metre, imposed upon the granting of planning permission and payable when development commences (subject to any future instalment policy).

1.1.2 CIL will be chargeable on the net additional floor space of all new development, apart from those exempt under Part 2 and Part 6 of the Community Levy Regulations 2010 (as amended by the Community Levy Regulations 2011). Those exempt from the charge can be summarised as:

- Non-residential buildings, or extensions to buildings, less than 100 square metres
- Buildings into which people do not normally go, or enter only intermittently for the purpose of inspecting or maintaining fixed plant or machinery
- Affordable housing
- Buildings owned by charities used for a charitable purpose

### **1.2 Why is the Council Adopting CIL?**

1.2.1 The Council proposes to implement CIL for the following benefits:

- CIL will help fund the infrastructure needed to deliver the economic growth and regeneration planned in Tower Hamlets' Core Strategy.
- CIL will enable the Council to manage the flow of funding for infrastructure alongside funding sources such as the Capital Programme, New Homes Bonus and others.
- Almost all development has some impact on infrastructure, services and amenities, or benefits from them - CIL asks the majority of developments to make a contribution towards the additional infrastructure needed as a result of their manifestation.
- CIL is a modest, fixed, transparent charge that means developers have more certainty regarding what they have to contribute, from the very start of the development process.
- A proportion of CIL can be passed down to communities to make sure they benefit from development in their area.
- From April 2014, the Council will no longer be able to pool Section 106 contributions from more than 5 developments. This will have a significant impact on what S106 is able to fund.

### 1.3 The London Mayor's CIL

- 1.3.1 The Mayor of London is already charging his own CIL to help pay for Crossrail. The Council is designated as the 'Collecting Authority' for the Mayor of London's CIL. Mayoral CIL is payable on all developments that have received planning consent after 1<sup>st</sup> April 2012. Tower Hamlets falls within Zone 2, where a CIL of £35 per square metre will be levied for all eligible development (the Mayor has specifically excluded development used for health or education purposes, across London). The Council is required to have regard to the Mayoral CIL when setting its own CIL. The rates set out in this document are exclusive of the London Mayor's rate.

### 1.4 The London Legacy Development Corporation

- 1.4.1 The London Legacy Development Corporation (LLDC) is responsible for planning (plan making and decision making) in the Olympic Park and related area, from 1<sup>st</sup> October 2012. They have expressed an intention to charge CIL and they will produce a Charging Schedule for the area in due course. In the event that Tower Hamlets' CIL is in effect prior to the CIL of the LLDC then Tower Hamlets' CIL will apply across the area of the LLDC until the CIL of the LLDC comes into effect. CIL in Tower Hamlets has been considered with the LLDC area in mind, in order to consider the borough as a whole entity. A map showing the LLDC area is attached in Appendix 1.

### 1.5 CIL Preliminary Draft Charging Schedule

- 1.5.1 The proposed levy rates are set out in Figure 5 below. Representations on the Preliminary Draft Charging Schedule are invited between **5pm 16<sup>th</sup> November 2012 and 5pm 2<sup>nd</sup> January 2013** to:

Email: [cil@towerhamlets.gov.uk](mailto:cil@towerhamlets.gov.uk)

Post: Infrastructure Planning Team  
London Borough of Tower Hamlets  
Mulberry Place  
PO Box 55739  
5 Clove Crescent  
London  
E14 1BY

Alternatively, responses can be sent through the Consultation Portal on the Council's website at: [http://www.towerhamlets.gov.uk/lgs/501-550/516\\_register\\_of\\_planning\\_decis/section\\_106\\_planning\\_obligatio/communitiy\\_infrastructure\\_levy.aspx](http://www.towerhamlets.gov.uk/lgs/501-550/516_register_of_planning_decis/section_106_planning_obligatio/communitiy_infrastructure_levy.aspx)

- 1.5.2 Once the Council has considered all the representations received, it will produce a Draft Charging Schedule which will be subject to a further round of consultation. Consultation on the Draft Charging Schedule is expected to take place in April 2013 and an examination in public is anticipated later in 2013, to ensure Tower Hamlets Council meets the April 2014 deadline, when S106 will be less available.



## 2. Evidence

- 2.0.1 The Government's guidance requires that the CIL rates be informed by appropriate available evidence, which encompasses information on the infrastructure funding gap and development viability.
- 2.0.2 Preparation of the Council's Preliminary Draft Charging Schedule has been based on the proposed levels of growth and development set out in Tower Hamlets' Local Development Framework Core Strategy (adopted in September 2010). In particular, the LDF Core Strategy plans to accommodate an additional 43,275 dwellings in the Borough, from 2010 to 2025, and to stimulate local economic development and job creation (Policy SP02).

### 2.1 Tower Hamlets' Infrastructure and Funding Needs

- 2.1.1 The Council has developed an Infrastructure Delivery Plan (IDP) to accompany the Core Strategy. That IDP was assessed as part of the recent Core Strategy examination in 2010. Paragraph 18 of the Department for Communities and Local Government's Statutory Guidance entitled *Charge Setting and Charging Schedule Procedures* (2010) states "*the CIL examination should not re-open infrastructure planning that has already been submitted in support of a sound core strategy DPD or LDP. It is not the role of the CIL examination to challenge the soundness of an adopted development plan*".
- 2.1.2 For the purposes of proving an infrastructure funding gap, the Council has relied on its Infrastructure Delivery Plan, augmented by additional evidence of infrastructure costs and income where the information is appropriate and available. The additional evidence for infrastructure costs includes:
- Tower Hamlets Council's Transport Planning Strategy 2011-2031;
  - Local Implementation Plan 2 – Corridors and Neighbourhoods;
  - Local Investment Plan 2 – Major Schemes 2012; and
  - School Site Allocation Evidence Base for EIP by Tower Hamlets Education Department (as approved by Tower Hamlets Cabinet 5<sup>th</sup> September 2012).

Additional evidence of income for infrastructure from other sources is identified in the Tower Hamlets Capital Programme for 2011-2014. Figure 1 overleaf summarises the total costs and funding gap.

- 2.1.3 The residual funding gap is calculated by subtracting the projected CIL income from the aggregate funding gap and is required for a Charging Authority to be able to charge CIL:

Aggregate funding gap – Projected CIL income = Residual funding gap
---------------------------------------------------------------------

<b>£317.3m - £12.1m = c £305.2m</b>
-------------------------------------

2.1.4 The residual funding gap, after accounting for anticipated CIL income, is estimated at £305.2m for the period to 2017 and therefore Tower Hamlets is justifiably able to charge a CIL.

**Figure 1: CIL Eligible Infrastructure Requirements**

Infrastructure Category	Total Cost of Infrastructure 2011-2017	% of total
Education	£91,480,000	13%
BSF	£213,550,000	31%
Health	£14,500,000	2%
Open Space	£39,250,000	6%
Swimming Pools	£19,735,000	3%
Sports Halls	£27,600,000	4%
Idea Stores	£4,200,000	1%
Waste	£60,000,000	9%
Transport	£141,073,500	20%
Public Realm	£83,983,000	12%
<b>Total cost of infrastructure</b>	<b>£695,371,500</b>	<b>100%</b>

**Figure 2: Summary of Funding Available from Other Sources**

<b>Total Funding Gap for LB Tower Hamlets 2011/12 to 2016/17</b>	
Funding Available	Total
DfE	£57,000,000
TfL	£15,750,000
Supported Capital Borrowing	£6,000,000
Capital Receipts	£4,500,000
Borrowing	£10,000,000
S106	£71,270,000
BSF	£213,550,000
<b>Total Funding Available</b>	<b>£378,070,000</b>
<b>Total Infrastructure Costs</b>	<b>£695,371,500</b>
<b>Funding Gap</b>	<b>£317,301,500</b>
<b>Projected CIL income</b>	<b>£12,151,453</b>
<b>Residual Funding Gap</b>	<b>£305,150,047</b>

**Figure 3: Projected CIL Income**

Period	Total Income	Annual Income
<b>2014/15-2016/17</b>	£12,151,453	£4,050,484
<b>2017/18-2021/22</b>	£100,492,386	£20,098,477
<b>2022/23-2026/27</b>	£65,548,416	£13,109,683

2.1.5 The projected CIL income in Figure 3 above is based on the development pipeline as set out in the Council's Planning for Population Change and Growth Model (PPCGM) and the proposed CIL rates set out in this document. The model used future (non-consented) schemes to reach these assumptions on income.

## 2.2 Explanation of Rates & the Viability Assessment

### Factors to Consider When Setting Rates

- 2.2.1 In setting rates the Council must seek to strike a balance between, on the one hand, the need for CIL to fund the infrastructure necessary to support the sustainable development of its area, and on the other hand, the potential effects of the imposition of CIL on the economic viability of development taken as a whole across the borough.
- 2.2.2 For Tower Hamlets, supporting the sustainable development of the area specifically includes ensuring that sufficient affordable housing can be brought forward through the development process, as well as the necessary social, physical and green infrastructure required to enable development. Consequently, all of the rates below have been designed to facilitate the delivery of the Council's Core Strategy's affordable housing policy.
- 2.2.3 The Council must also take account of the Department for Communities and Local Government's Statutory Guidance entitled *Charge Setting and Charging Schedule Procedures* (2010) which directs that:
- a) recognises that CIL may potentially make some developments non-viable but requires the Council to consider economic viability as a whole across the area
  - b) advises authorities do not set their CIL at the margins of viability; so authorities tend to set a buffer (generally 30-50% or more to account for individual site circumstances)
- 2.2.4 In order to respond to the diverse nature of the borough, the Council proposes a variable CIL rate. However, the Council has sought to strike a balance between generating an overly complex set of rates and overly simplistic single rate which is again in accordance with the above mentioned guidance which states "*Charging authorities that plan to set differential CIL rates should seek to avoid undue complexity, and limit the permutations of different charges that they set within their area.*".

### Explanation of Rates by Development Type

#### RESIDENTIAL DEVELOPMENT

- 2.2.5 The ability of residential schemes to make CIL contributions varies depending on area and the current use of the site. Having regard to these variations and typical development scenarios in Tower Hamlets, residential schemes should be able to absorb a maximum CIL rate of between £80 to £300 per square metre.
- 2.2.6 The Council must take account of the London Mayor's CIL and, as noted above, DCLG guidance advises that charging authorities do not set their CIL at the margins of viability. The Council considers that setting the rates at a discount to the maximum rate, ranging from circa 30% to 50% as a buffer will help mitigate a number of risk factors (primarily the potentially adverse impact on land supply of setting the rates at a high level and 'shocking' the market).

- 2.2.7 It should be noted that the proposed rates are generally not more than 5% of typically new build residential sales in Tower Hamlets and it is considered that the application of CIL is unlikely to be the overriding factor in determining whether or not a scheme is viable. It should also be noted that buildings that are in lawful use (as defined by the CIL Regulations) that will be re-used or demolished as part of a development are deducted when determining the amount of floorspace that will be charged. Due to the densely populated nature of the Tower Hamlets, a significant proportion of floorspace in new development will replace existing floorspace. This together with the affordable housing exemption will mean that CIL will not apply to a proportion of new residential floorspace in the Borough.

## **OFFICE DEVELOPMENT**

- 2.2.8 Office development in the City Fringe and North Docklands has the potential to generate residual values that would support a CIL rate based on higher rents and yields. At current rent and yield levels, office development elsewhere in the Borough is unlikely to come forward in the short to medium term, as the capital values generated are insufficient to cover development costs.
- 2.2.9 Taking this into consideration, office development in City Fringe locations should be able to viably absorb a maximum CIL of £352 per square metre (inclusive of Mayoral CIL). In the north Docklands area, we consider that there is scope for office development to support a maximum CIL rate of £212. After allowing a buffer for site-specific issues, changes in values over time and the aim to establish a simple set of CIL rates the Council suggests a CIL of £125 per square metre could be levied without adversely impacting on development viability.
- 2.2.10 At current rent levels, base appraisals indicate that no CIL could be levied on office development in the south Docklands area and elsewhere in the Borough and therefore a nil rate is proposed for these areas. It is unlikely that office space will come forward in the short to medium term in these areas, as the capital values generated are insufficient to cover development costs.

## **RETAIL DEVELOPMENT**

- 2.2.11 Residual values generated by retail developments are higher than current use values to varying degrees across the Borough. Residual values generated by small retail developments in City Fringe and north Docklands locations are sufficiently higher than current use values to absorb a CIL of up to £150 per square metre. Allowing a buffer for site-specific issues and changes in values over time, the Council recommends a CIL of £100 per square metre.
- 2.2.12 Elsewhere in the Borough, rents for retail development are considerably lower and appraisals identify that developments are unable to viably support and absorb CIL. Therefore the Council considers a nil rate on small retail development outside the City Fringe and north Docklands locations is appropriate.

- 2.2.13 Large retail (which for the purposes of CIL is defined using the Sunday Trading law threshold of 280 square metres) is likely to be viable across the Borough with a maximum CIL rate of £300 per square metre (including Mayoral CIL). After allowing a buffer for site-specific issues, the Council proposes setting a CIL of £200 per square metre.

## **INDUSTRIAL & WAREHOUSE**

- 2.2.14 Appraisals of developments of industrial and warehousing floor space indicate that these uses are likely to generate negative residual land values. Therefore, a zero rate for industrial floor space is recommended.

## **STUDENT HOUSING**

- 2.2.15 Student housing in the Borough generates sufficient surplus residual values to absorb a CIL of up to a maximum of £692 per square metre. This rate needs to account for the Council seeking to ensure Affordable Housing contributions from Student Housing developments, and a buffer allowing for site-specific factors, as well as the London Mayor's CIL, so a rate of £425 per square metre is proposed.

## **HOTEL DEVELOPMENTS**

- 2.2.16 Hotels are able to absorb a maximum CIL (inclusive of Mayoral CIL) of between £0 to £1,364 per square metre including Mayoral CIL. The Council recognises hotel development viability trends over the last 5 years may well have been skewed by applications driven by the Olympics (or even applications seeking to establish the principle of a change of use, from industrial land, on the back of the Olympic hotel demand). It is therefore prudent to exercise some caution about the on-going viability of hotels; hence the discounts applied are higher than for some other uses. After allowing a buffer, the Mayor's CIL and accounting for the need to keep rates simple, a rate of £425 per square metres is proposed.

## **LEISURE AND COMMUNITY USES**

- 2.2.17 D1 and D2 uses often do not generate sufficient income streams to cover their costs. Consequently, they require some form of subsidy to operate. This type of facility is very unlikely to be built by the private sector. The Council therefore suggests that a nil rate of CIL be set for D1 and D2 uses.

## **Conclusion**

- 2.2.18 With these factors in mind, the rates proposed for Tower Hamlets are deemed to be appropriate and within the scope of the CIL Regulations. This PDCS has sought to ensure that rates are set in a way as to not make development unviable.

### 3. Proposed CIL Rates & Charging Area

#### 3.1 Discussion on the Findings and Proposed Overall CIL Rate

3.1.1 The Council has considered these findings alongside spatial planning principles and development priorities for the area. These considerations informed the final proposed CIL rates set out below. There has been a conscious effort to keep the rates relatively simple whilst securing an appropriate contribution of funding for local infrastructure, in order to mitigate the impact from new and proposed new development. The Council proposes the following rate(s):

**Figure 5: Preliminary Draft Charging Schedule**

Development type	Proposed CIL rate		
	Zone 1	Zone 2	Zone 3
Residential	£200	£65	£35
	£425		
Student Housing and Hotel	£425		
Offices	<i>Elsewhere in Borough</i>	<i>City Fringe and North Docklands</i>	
	Nil	£125	
Small Retail (280 sq m or less)	<i>Elsewhere in Borough</i>	<i>City Fringe and North Docklands</i>	
	Nil	£100	
Large Retail (above 280 sq m)	£200		
All other uses	Nil		

3.1.2 Maps indicating the above zones can be found in Appendix 2.



## **3.2 Calculating CIL**

- 3.2.1 CIL will be calculated on the basis set out in Part 5 of the Community Infrastructure Levy Regulations 2010 (as amended 2011).
- 3.2.2 For ease of interpretation, this shall mean that CIL will be charged on the total net additional floor space created (measured as Gross Internal Area).
- 3.2.3 The CIL rates shall be tied to the Royal Institute of Chartered Surveyors' *All In Tender Price Index*; the rate of CIL charged will therefore alter depending on the year planning permission for the chargeable development is first granted.

## **3.3 Conclusions**

- 3.3.1 The Council considers that it has used appropriate available evidence in setting the proposed rates of CIL in this document, striking an appropriate balance between using CIL to fund the infrastructure required to support development and the potential effects of its proposed CIL charge, on economic viability across the borough as a whole.

## **4. Monitoring Arrangements and Review**

- 4.0.1 To ensure that CIL revenues will deliver Tower Hamlets' infrastructure requirements there will be regular reviews of both the Charging Schedule and the infrastructure proposed for delivery. The Council is conscious that CIL will be part of the long term financial planning for developments as well as infrastructure investment, so reviews of the charging rates must respect the need for a level of certainty and stability for all. Nevertheless, the CIL is being set at a time of economic uncertainty so the rates have been set at a modest level and may need to be modified should the circumstances change. Consequently, the council proposes an initial review in 2015/16 then further review as is necessary.
- 4.0.2 The Council is committed to ensuring the use of CIL is open and transparent and will therefore closely align CIL reporting with its Annual Monitoring Report. The report will clearly set out how much money has been received and what infrastructure has been delivered using CIL.

## **5. Planning Obligations**

- 5.0.1 Once the CIL Charging Schedule is adopted, the scope for pooling section 106 contributions is limited to contributions from no more than five developments for each infrastructure project. CIL will therefore become the main source of infrastructure funding available, through development management decisions, other than for affordable housing, which currently lies outside of the remit of CIL and will continue to be secured through Section 106 agreements. This is subject to the Government's amendments to the CIL Regulations.
- 5.0.2 The Council will publish on its website a 'Regulation 123' list of infrastructure projects or types of infrastructure that it intends will be, or may be, wholly or partly funded by CIL. These types of infrastructure or projects can therefore

not be funded through s106 planning obligations, to prevent double charging, in accordance with the CIL Regulations 2010 (as amended 2011).

- 5.0.3 Whilst CIL will therefore replace section 106 agreements in many cases, Section 106 could still be used for those items which sit outside the Regulation 123 list.

## 6. Next Steps

- 6.0.1 In line with the CIL Regulations the Council will undertake two rounds of consultation for this process. First, is this Preliminary Draft Charging Schedule and having considered the comments made on this, the Council will consult again on a Draft Charging Schedule. Any person who makes comments at the Draft Charging Schedule stage will have the right to be heard at the subsequent CIL public examination.

Step	When
Consultation on Preliminary Draft Charging Schedule	16 <sup>th</sup> November 2012 to 2 <sup>nd</sup> January 2013
Consultation on Draft Charging Schedule	March/April 2013
Submission of Charging Schedule to the Planning Inspectorate (PINS)	June 2013
CIL Examination	July 2013
CIL Adoption	October 2013

- 6.0.2 Following all consultations an independent examiner will be appointed and will conduct a public examination. During the hearing the examiner will consider whether the Charging Schedule meets the requirements of the Planning Act 2008 and CIL Regulations, that it is supported by appropriate evidence, and that the rate would not put at serious risk economic viability of development across the charging area as a whole.



**Appendix 1: London Legacy Development Corporation area within  
Tower Hamlets**

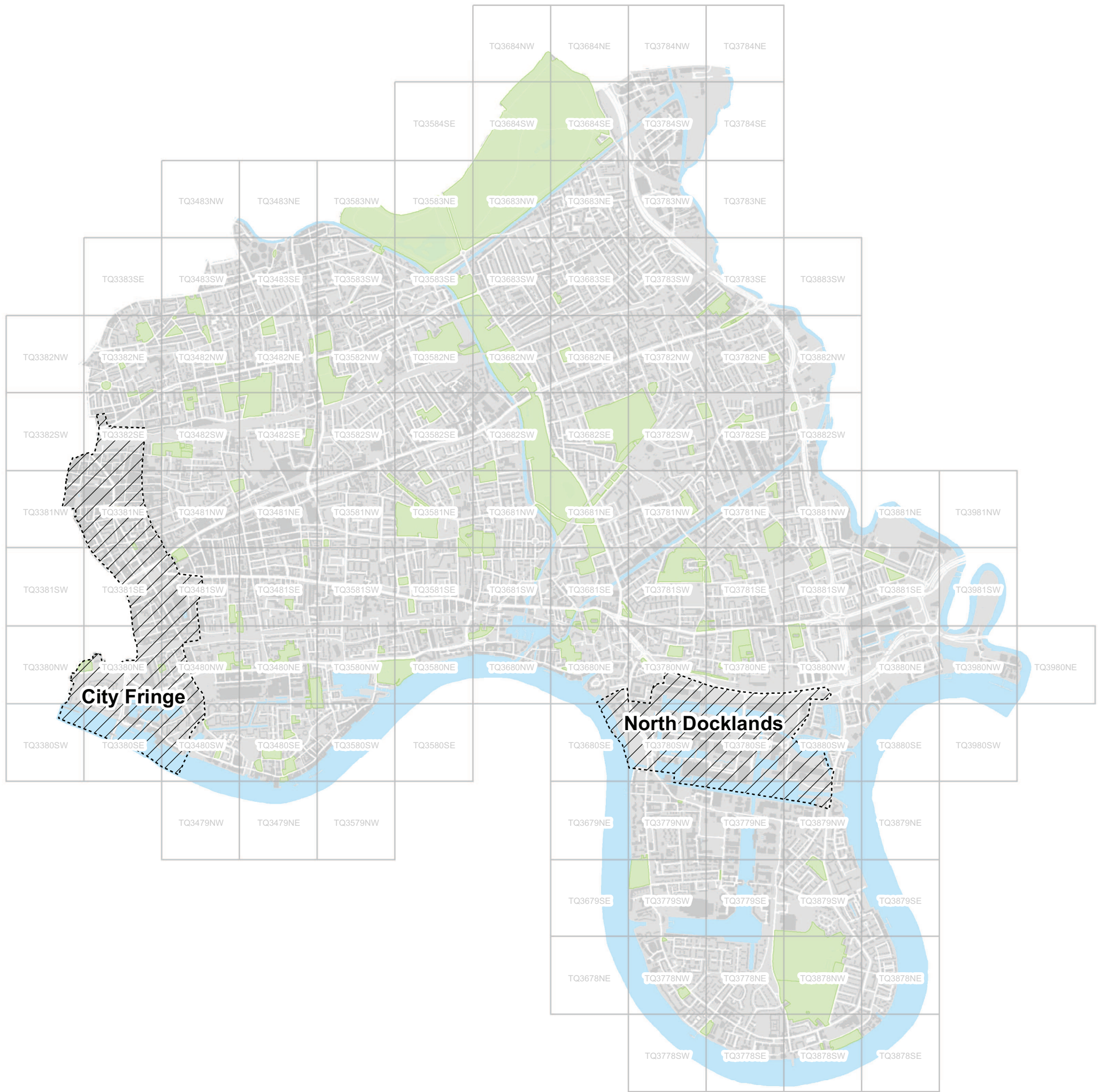


 London Legacy Development Corporation Area

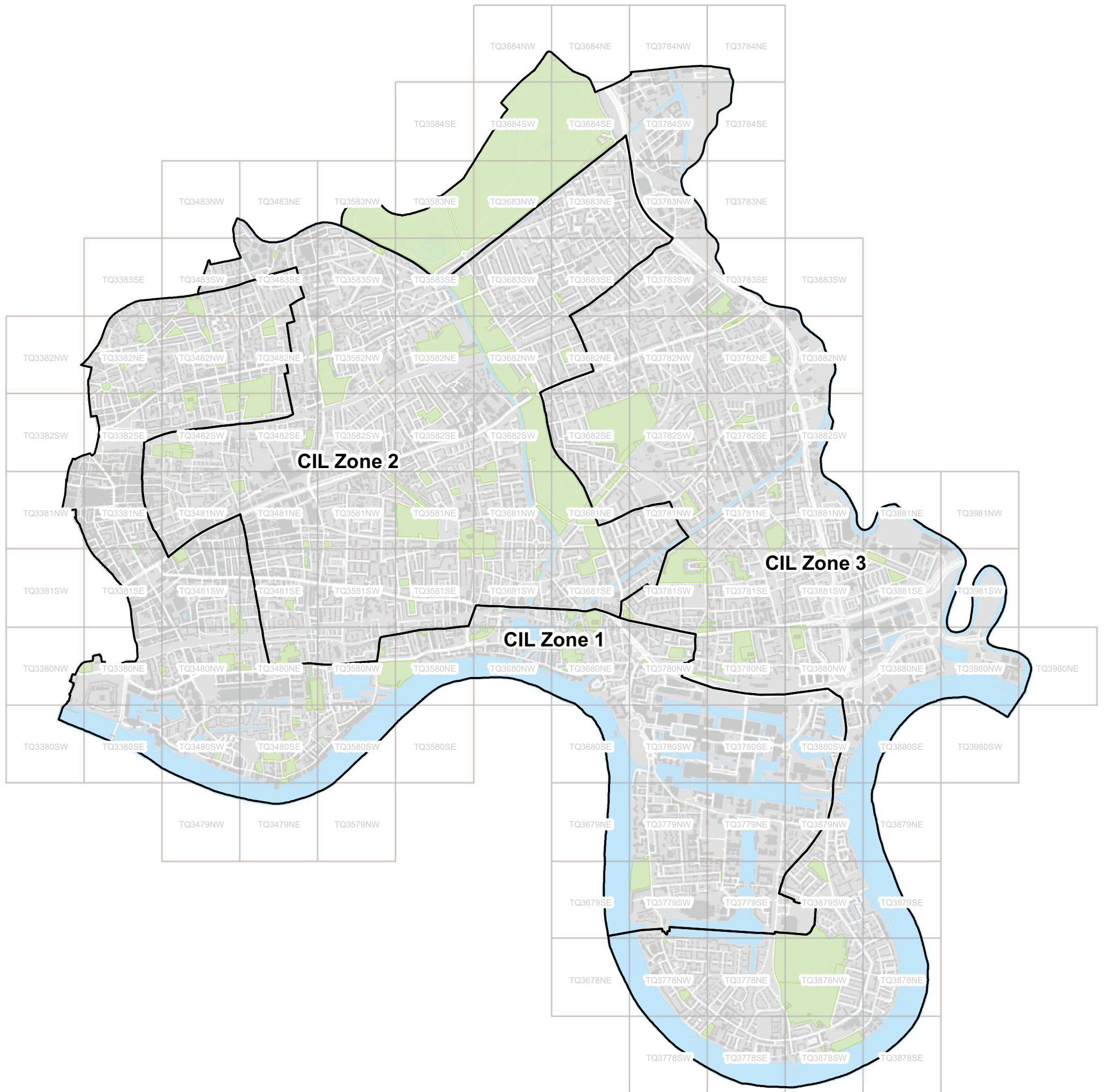


## Appendix 2: Draft Charging Zones Maps









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# **COMMUNITY INFRASTRUCTURE LEVY (CIL) PRELIMINARY DRAFT CHARGING SCHEDULE**

## **EQUALITIES ANALYSIS**

**November 2012**



# Equality Analysis (EA)

## Section 1 – General Information (Aims and Objectives)

Name of the proposal including aims, objectives and purpose:

*(Please note – for the purpose of this doc, ‘proposal’ refers to a policy, function, strategy or project)*

London Borough of Tower Hamlets Community Infrastructure Levy (CIL) Charging Schedule

Who is expected to benefit from the proposal?

The wider local community, which includes local residents, businesses and organisations within Tower Hamlets, through the provision of much needed infrastructure to support development and growth in the borough.

Service area:

Planning and Building Control

Team name:

Infrastructure Planning

Service manager:

Owen Whalley (Planning & Building Control Service Head)

Name and role of the officer completing the EA:

Hong Chen, Community Infrastructure Levy (CIL) Officer

## Section 2 – Evidence (Consideration of Data and Information)

What initial evidence do we have which may help us think about the impacts or likely impacts on service users or staff?

The Community Infrastructure Levy (CIL) is introduced under the Planning Act 2008. The purpose of the levy is to help local authorities in England and Wales to raise funds to deliver infrastructure required for the growth of the area.

To adopt a CIL, the Council will need to prepare a robust and credible evidence base of infrastructure needs and development viability. Once adopted, the Council is required to monitor both the receipt and expenditure of CIL on an annual basis. This will include the amount raised, spent and infrastructure delivered etc. The information will be included in the Annual Monitoring Report (Planning & Building Control), as well as end of year financial reports.

In order to identify ‘likely’ equality impacts on service users or staff, there are two aspects to consider in terms of CIL:

- 1) The CIL charging rates, which apply to a development
- 2) Delivery of (whole or part of) infrastructure through CIL income

Evidence of where the Council has or intends to spend CIL will help us think about impacts or likely impacts on service users or staff.



## Section 3 – Assessing the Impacts on the 9 Groups

### How will what you're proposal impact upon the nine Protected Characteristics?

For the nine protected characteristics detailed in the table below please consider:-

- **What is the equality profile of service users or beneficiaries that will or are likely to be affected?**

The resident population of London Borough of Tower Hamlets is estimated to be approximately 254,000 in 2011 according to the census. In respect of the protected characteristics detailed in the Equalities Act 2012, the information below, sourced from 2011 census and GLA's population projections data, provide general information of equality profiles for various groups that will or likely to be affected by the LBTH CIL.

#### Age

The Tower Hamlets' population is expected to grow across all age groups; however, the growth is strongest in the older age groups, especially among those aged 50-64. The 35-49 age group and the over 65s group are also expected to show strong growth.

The young population (aged 20-34) comprises approximately 37 per cent of the Borough's population. One fifth of the Borough's population are aged under 16, with significant differences by ethnicity. The Black, Minority and Ethnic (BME) population is far younger than the White population.

Overall, the older age group is expected to increase the most over the next fifteen years in the Tower Hamlets as the peak of residents currently in their late twenties and early thirties.

#### Race

GLA estimates for 2011 show that 47 per cent of the Tower Hamlets' population are from BME groups. 41 per cent of the Borough's residents were born outside the UK. The largest ethnic group is the Bangladeshi population, which makes Tower Hamlets by far the largest Bangladeshi population in both London and England.

The BME groups are expected to continue to rise over the next 15 years in the Borough. Within the group, there is a substantial variation in the rate of population growth across ethnic groups. The Chinese population has the fastest increase; and the Black Caribbean population has the much older age profile and the lowest growth rate.

#### Religion or Belief

The Borough's largest faith groups are Christian and Muslim. The 2001 census shows that 39 per cent of residents identified themselves as Christian. In Tower Hamlets, there is a close relationship between faith and ethnicity. Over one third of residents said they were Muslim, the majority of whom was Bangladeshi. Other faith groups represented in the Borough include: Buddhists, Jews, Hindus and Sikhs.

#### Disability

By August 2010, there were more than 10,000 claimants of disability living allowance in the Tower Hamlets. 52 per cent were male and 48 per cent were female. Among them, over 7,000 people had claimed disability living allowance for 5 years and over. Age group 25-49 occupied the highest number of claimants of disability living allowance.

This group of people faces significant employment barriers, as only one third population of this group are in employment compared with almost two thirds of non-disabled group.

#### Gender Reassignment

The Council does not have information regarding the characteristic. However, this group of

people are taken into consideration as the profile of the Tower Hamlets population.

### Sex

The ONS mid-year estimates for 2010 show that the gender ratio is: 105 males for every 100 females. Table below illustrates the estimated number of females and males in the Borough in 2011. The 2011 census figures show that the number of men outnumbers females significantly within the 35-54 age groups in the Borough. Women outnumber men among the 20-24 age group, and again in the 65 – 69 age group.

Total number of male	Total number of female
131,000	123,000

Source: NOS, 2011

### Sexual Orientation

The Council does not have information regarding the characteristic. However, this group of people are taken into consideration as the profile of the Tower Hamlets population.

### Marriage and Civil Partnerships

At the time of the 2001 Census, there were more single persons (aged 16 and over) than married/re-married persons living in the Tower Hamlets, which was about 39 per cent against 32 per cent. The same-sex couple living in households were slightly over 1,000.

### Pregnancy and Maternity

From January to December 2010, the total birth in the Tower Hamlets was about 4,600. Over 50 per cent were males and about 48 per cent were females.

### Socio Economic

There has been a rapid population growth in the Tower Hamlets in recent years. This trend is expected to continue over the next 15 years. As a result of the growth, there has been a pressing need to improve the provision of local infrastructure, which can help enhance people's quality of life in the Borough. Accessing affordable housing and job market are the two main issues in the Tower Hamlets.

#### • **What qualitative or quantitative data do we have?**

1. A profile of the Tower Hamlets Population (2010)
2. Population – key facts research briefing (2011)
3. Infrastructure Delivery Plan (2009) and updated report (2011)
4. Tower Hamlets Planning for population change and growth: capacity assessment baseline report (2009)
5. Equalities Analysis for London Borough of Tower Hamlet's Development Plan Documents (2011)
6. Sustainability Appraisal for London Borough of Tower Hamlet's Development Plan Documents (2011)
7. Planning Obligations Supplementary Planning Document (2012)
8. Consultation and engagement reports for London Borough of Tower Hamlets' Development Plan Documents, Local Development Framework (2011)
9. Tower Hamlets Local Development Framework Annual Monitoring Report (2011)

10. Strategic Housing Market and Needs Assessment (2009)
11. Planning for a healthier urban environment in Tower Hamlets (2011)
12. Tower Hamlet's Parking stress study (2011)
13. Managing Travellers' Accommodation (2011)
14. London Borough of Tower Hamlets - London Heat Map Study ( 2011)
15. Tower Hamlets Green Grid Strategy (2010)
16. The Cycling Plan for Tower Hamlets (2009)
17. Tower Hamlets Strategic flood risk assessment (2012)
18. Tower Hamlets Primary school site selection and summary table (2012)
19. Tower Hamlet's Transport Planning Strategy 2011 – 2031 (2011)
20. Tower Hamlets Public transport capacity assessment (2006)
21. The walking plan for Tower Hamlets 2011-2021 (2011)
22. London Borough of Tower Hamlets Waste evidence base report update (2011)
23. Multi-faith burial site for Tower Hamlets – Criteria for site identification (2009)
24. Character area assessments (2006)

- **Equalities profile of staff?**

The development of the LBTH CIL is a process, which involves other teams across directorates. The Charging Schedule itself does not have directly impact on staff but improved infrastructure as a result of CIL will benefit staff in the same way as other residents and employees in the borough.

- **Barriers?**

Communication – Many local residents in the Tower Hamlets are from BME groups. English may not be their first languages. This may cause difficulty to understand CIL and how it may impact their lives. Any consultation will be compliant with the Council's Statement of Community Involvement approved in 2009. If requests are received the consultation material can be translated.

- **Recent consultation exercises carried out?**

The development of the LBTH's CIL has been involved proactive engagement with both internal and external stakeholders. Within the Council, an Infrastructure Planning Steering Group has been set up to discuss infrastructure requirements, costs and funding sources for the Borough on a quarterly basis. To work with stakeholders outside the Council, the Infrastructure Planning Team has successfully organised a workshop for developers/agents to discuss the potential charging rate. Discussions have also be held with the Mayor of Tower Hamlets and the Lead Members for Housing and Resources in the development of the Charging Schedule.

In addition, a consultation plan which provides a programme that describes the main consultation methods that will be used to engage different types of internal and external consultation groups in accordance to the Statement of Community Involvement (SCI) and government legislation.

- **Additional factors which may influence disproportionate or adverse impact?**

The main factor which may have equality impacts is when deciding how the money collected through CIL is to be invested in the Borough to fund local infrastructure. It is important to note that CIL is only one of the funding sources and is unlikely to be able to fund all of the identified infrastructure needs of the district. The Council has no obligation to 'balance' expenditure, neither on a geographic basis nor for types of infrastructure delivered. However, Regulations require the funding to be spent to support growth in the area

- **The Process of Service Delivery?**

Securing funding and delivering infrastructure improvements through CIL will assist service delivery in helping the Council achieve its major objectives including ensuring Tower Hamlets is a great place to live.

**Summary and next steps:**

This EA will be kept as a live document, which provides an overarching analysis of the LBTH's CIL Charging Schedule project in terms of equalities. The results of the various consultation exercises will be fed back into the EA as evidence to inform future decision making, particularly for groups where the Council does not have sufficient information at this stage.

Once the Council adopts its own Charing Schedule and starts to operate it, separate equality analysis will be undertaken for delivery of (whole or part of) infrastructure through CIL income .

Target Groups	Impact – Positive or Adverse	Reason(s)
Race	Positive	<p>The BME groups are expected to continue to rise over the next 15 years in the Borough. Within this group, unemployment levels are generally higher.</p> <p>CIL will not have direct equality impacts on this target group as it is a financial document and therefore it is not considered it will have a disproportionate effect on the targeted group. Once implemented, the monies generated through CIL from new developments can be spent on a wide range of local infrastructure that may improve access to for example, educational, community and recreational facilities that may have positive impacts on this group. Equalities needs are assessed by relevant service areas who deliver infrastructure which is required for their baseline work.</p> <p>Furthermore, evidence from the 2001 Census showed that BME residents were more likely to be in need of social housing and is amongst households with issue of overcrowding. The Regulations allow social housing relief therefore CIL will not represent an additional barrier to the delivery of social housing from this aspect.</p>
Disability	Positive	<p>The targeted group faces significant employment barriers, as only one third population of this group are in employment compared with almost two thirds of non-disabled group.</p> <p>CIL will not have direct equality impacts on this target group as it is a financial document and therefore it is not considered it will have a disproportionate effect on the targeted group. Once implemented, the monies generated through CIL from new developments can be spent on a wide range of local infrastructure. Provision of educational and community facilities such as schools, training centres and ideal stores, will help the target group to improve their education qualifications and skills which may result in gaining improved opportunities in the labour market. Equalities needs are assessed by relevant service areas who deliver infrastructure which is required for their baseline work.</p>
Gender	Positive	<p>The 2011 census figures show that the number of men outnumbers females significantly within the 35-54 age groups in the Borough. Women outnumber men among the 20-24 age group, and again in the 65 – 69 age group.</p>

		<p>CIL will not have direct equality impacts on this target group as it is a financial document and therefore it is not considered it will have a disproportionate effect on the targeted group. Once implemented, the monies generated through CIL from new developments can be spent on a wide range of local infrastructure. As a result provision of health, parks, educational and community facilities such as schools, training centres and idea stores may benefit all employees and residents of the district. Equalities needs are assessed by relevant service areas who deliver infrastructure which is required for their baseline work.</p>
Gender Reassignment	Positive	<p>The targeted group is taken into consideration as part of the profile of the Tower Hamlets population, although the data is unavailable at this stage.</p> <p>CIL will not have direct equality impacts on this target group as it is a financial document and therefore it is not considered it will have a disproportionate effect on the targeted group. Once implemented, the monies generated through CIL from new developments can be spent on a wide range of local infrastructure. As a result provision of health, parks, educational and community facilities such as schools, training centres and idea stores may benefit all employees and residents of the district. Equalities needs are assessed by relevant service areas who deliver infrastructure which is required for their baseline work.</p>
Sexual Orientation	Positive	<p>The targeted group is taken into consideration as part of the profile of the Tower Hamlets population, although the data is unavailable at this stage.</p> <p>CIL will not have direct equality impacts on this target group as it is a financial document and therefore it is not considered it will have a disproportionate effect on the targeted group. Once implemented, the monies generated through CIL from new developments can be spent on a wide range of local infrastructure. As a result provision of health, parks, educational and community facilities such as schools, training centres and idea stores may benefit all employees and residents of the district. Equalities needs are assessed by relevant service areas who deliver infrastructure which is required for their baseline work.</p>
Religion or Belief	Neutral	<p>In Tower Hamlets, there is a close relationship between faith and ethnicity. Over one third of residents said they were Muslim, the majority of whom was Bangladeshi. The BME groups are expected to continue to rise over the next 15 years in the Borough. Within this group, unemployment levels are generally higher.</p> <p>CIL will not have direct equality impacts on this target group as it is a financial document and therefore it is not considered it will have a disproportionate effect on the targeted group. In most circumstances, places of worships would be provided privately by a charitable organisation. Having considered the viability evidence, places of worship is considered as 'other uses' and it is proposed to be zero rated. Therefore, CIL does not considered to be a financial barrier to the development of places of worships. Equalities needs are assessed by relevant service areas who deliver infrastructure which is required for their baseline work.</p>
Age	Positive	<p>The older age group is expected to increase the most over the next fifteen years in the Tower Hamlets as the peak of residents currently in their late twenties and early thirties. Tower Hamlets is a relatively young Borough which comprises 37 per cent young population aged 20 -34. Under 16 years old, the BME population is far younger than the White population.</p>

		<p>CIL will not have direct equality impacts on this target group as it is a financial document and therefore it is not considered it will have a disproportionate effect on the targeted group. Once implemented, the monies generated through CIL from new developments can be spent on a wide range of local infrastructure. As a result provision of health, parks, educational and community facilities such as schools, training centres and idea stores may benefit all employees and residents of the district. Equalities needs are assessed by relevant service areas who deliver infrastructure which is required for their baseline work.</p>
Marriage and Civil Partnerships.	Positive	<p>At the time of the 2001 Census, there were more single persons (aged 16 and over) than married/re-married persons living in the Tower Hamlets, which was about 39 per cent against 32 per cent.</p> <p>CIL will not have direct equality impacts on this target group as it is a financial document and therefore it is not considered it will have a disproportionate effect on the targeted group. Once implemented, the monies generated through CIL from new developments can be spent on a wide range of local infrastructure. As a result provision of health, parks, educational and community facilities such as schools, training centres and idea stores may benefit all employees and residents of the district. Equalities needs are assessed by relevant service areas who deliver infrastructure which is required for their baseline work.</p>
Pregnancy and Maternity	Positive	<p>The targeted group is taken into consideration as part of the profile of the Tower Hamlets population.</p> <p>CIL will not have direct equality impacts on this target group as it is a financial document and therefore it is not considered it will have a disproportionate effect on the targeted group. Once implemented, the monies generated through CIL from new developments can be spent on a wide range of local infrastructure. As a result provision of health, parks, educational and community facilities such as schools, training centres and idea stores may benefit all employees and residents of the district. Equalities needs are assessed by relevant service areas who deliver infrastructure which is required for their baseline work.</p>
Other Socio-economic Carers	N/A	N/A



## Section 4 – Mitigating Impacts and Alternative Options

From the analysis and interpretation of evidence in section 2 and 3 - Is there any evidence of or view that suggests that different equality or other protected groups (inc' staff) could have a disproportionately high/low take up of the new proposal?

No

If yes, please detail below how evidence influenced and formed the proposal? For example, why parts of the proposal were added/removed?

*(Please note – a key part of the EA process is to show that we have made reasonable and informed attempts to mitigate any negative impacts. AN EA is a service improvement tool and as such you may wish to consider a number of alternative options or mitigation in terms of the proposal.)*

## Section 5 – Quality Assurance and Monitoring

Have monitoring systems been put in place to check the implementation of the proposal and recommendations?

Yes

How will the monitoring systems further assess the impact on the equality target groups?

The EqIA will be reviewed annually to assess impact of equality target groups of the Tower Hamlets Community Infrastructure Levy

Does the policy/function comply with equalities legislation?  
(Please consider the [OTH objectives](#) and [Public Sector Equality Duty](#) criteria)

Yes

If there are gaps in information or areas for further improvement, please list them below:

How will the results of this Equality Analysis feed into the performance planning process?

The results of this EA will be used to ensure that:

1. The Council is clear on any future use of CIL 'relief' in the Charging Schedule
2. The Council sets out a clear governance structure for making decisions on allocating CIL expenditure in according to the CIL Regulations and agreed principles for prioritisation based on local needs and evidence.
3. The Council should be proactively engaging with key stakeholders and local communities on the PDCS and DCS as per the CIL Consultation Plan.



## Section 6 - Action Plan

As a result of these conclusions and recommendations what actions (if any) **will** be included in your business planning and wider review processes (team plan)? Please consider any gaps or areas needing further attention in the table below the example.

Recommendation	Key activity	Progress milestones including target dates for either completion or progress	Officer responsible	Progress
<ul style="list-style-type: none"> <li>The local community, key stakeholders are consulted appropriately as required by the Statement of Community Involvement and Government legislation</li> </ul>	Undertake 6 weeks consultation Undertake a further 4 weeks Examination in Public	Winter 2012 - 2013 Spring 2013 Summer 2013	CIL Project Officer	Developing Preliminary Draft Charging Schedule

**Section 7 – Sign Off and Publication**

<b>Name:</b> (signed off)	Anne-Marie Berni
<b>Position:</b>	Infrastructure Planning Manager
<b>Date signed off:</b> (approved)	18/10/2012

**Section 8 Appendix – FOR OFFICE USE ONLY**

This section to be completed by the One Tower Hamlets team

**Policy Hyperlink :**

<b>Equality Strand</b>	<b>Evidence</b>
Race	
Disability	
Gender	
Gender Reassignment	
Sexual Orientation	
Religion or Belief	
Age	
Marriage and Civil Partnerships.	
Pregnancy and Maternity	
Other Socio-economic Carers	
<b>Link to original EQIA</b>	<b>Link to original EQIA</b>
<b>EQIAID</b> <b>(Team/Service/Year)</b>	

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of

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# **COMMUNITY INFRASTRUCTURE LEVY (CIL) PRELIMINARY DRAFT CHARGING SCHEDULE**

## **CONSULTATION PLAN**

**September 2012**



## INTRODUCTION

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### 1. Background and Context

- 1.1 London Borough of Tower Hamlets (LBTH) is proposing to introduce a Community Infrastructure Levy (CIL) Charging Schedule for the Borough. CIL is a new tariff system that enables local authorities to charge on most forms of new development to fund infrastructure that is required as a result of new development such as transport schemes; open spaces; schools and community facilities.
- 1.2 This consultation plan describes the main consultation methods that will be used to ensure the most effective engagement relating to the CIL Preliminary Draft Charge Schedule. This consultation plan is an evolving document and will be updated as the proposed Charging Schedule evolves.
- 1.3 The benefits of introducing CIL include increased certainty for the development industry, increased certainty for the funding and delivery of infrastructure and increased transparency for local people.
- 1.4 The rate at which a levy is charged is set out in a Charging Schedule which must be supported by appropriate evidence, of infrastructure needs and development viability. This is subsequently subject to an independent examination.
- 1.5 The Charging Schedule evolves in stages, in accordance with the CIL Regulations. The first formal consultation stage is the Preliminary Draft Charging Schedule. Further consultation will be undertaken on a Draft Charging Schedule before it is submitted to the Planning Inspectorate for independent examination, likely to be next summer. If the CIL Charging Schedule is found to be sound it is anticipated that the Council's CIL Charging Schedule will come into effect in late 2013 or early 2014.

### 2. Consultation on the Preliminary Draft Charging Schedule

- 2.2 Regulation 15 of the 2010 CIL Regulations (as amended) sets out the consultation requirements for the Preliminary Draft Charging Schedule. The consultation plan is also in line with the Council's Statement of Community Involvement.
- 2.3 The overarching aim of the consultation on the Preliminary Draft Charging Schedule is to provide an opportunity for involvement from a wide range of groups and individuals and to proactively encourage participation.
- 2.4 All responses to the Preliminary Draft Charging schedule will be collated and analysed and amendments may be made to proposed Charging

Schedule if required. We will publish the Draft Charging Schedule for summarising all comments made to the PDCS and officer responses to these, explaining the reasoning why we have/have not made amendments.

- 2.5 This consultation plan should be read in conjunction with the following documents:
- Preliminary Draft Charging Schedule
  - Infrastructure Delivery Plan
  - CIL Viability Assessment, 2012
  - Equalities Analysis Scoping Report
- 2.6 All of these documents can be found on our website at: [http://www.towerhamlets.gov.uk/lgsi/501-550/516\\_register\\_of\\_planning\\_decis/section\\_106\\_planning\\_obligatio/community\\_infrastructure\\_levy.aspx](http://www.towerhamlets.gov.uk/lgsi/501-550/516_register_of_planning_decis/section_106_planning_obligatio/community_infrastructure_levy.aspx)
- 2.7 Hard copies of these documents are proposed to be made available in the locations listed in Appendix 1.

## CONSULTATION PROGRAMME

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### 3. Consultation Programme

3.1 Regulation 15 of the CIL Regulations 2010 (as amended 2011) states the following:

*15.—(1) A charging authority which proposes to issue or revise a charging schedule must prepare a preliminary draft charging schedule for consultation.*

*(2) The charging authority must—*

*(a) send a copy of the preliminary draft to each of the consultation bodies; and*

*(b) invite each of those bodies to make representations on the preliminary draft.*

*(3) For a charging authority in England, the consultation bodies are—*

*(a) each of the following whose area is in or adjoins the charging authority's area—*

*(i) a local planning authority within the meaning of section 37 of PCPA 2004(1),*

*(ii) a local planning authority within the meaning of section 78 of PCPA 2004,*

*(iii) a county council,*

*(iv) a responsible regional authority;*

*(b) each parish council whose area is in the charging authority's area;*

*(c) the Mayor if the charging authority is a London borough council;*

(d) any other person exercising the functions of a local planning authority (within the meaning of TCPA 1990) for an area within, or which adjoins, the charging authority's area. .

(5) The charging authority must also invite representations on the preliminary draft from—

(a) persons who are resident or carrying on business in its area; and .

(b) such of the following as the charging authority consider appropriate— .

(i) voluntary bodies some or all of whose activities benefit the charging authority's area, and .

(ii) bodies which represent the interests of persons carrying on business in the charging authority's area. .

(6) The charging authority must make such arrangements as it considers appropriate for inviting representations under paragraph (5).

(7) The charging authority must take into account any representations made to it under this regulation before it publishes a draft of the charging schedule for examination in accordance with section 212 of PA 2008.

3.2 The following tables set out the indicative programme of consultation to take place on the Preliminary Draft Charging Schedule.

**Table 1: Statutory Consultation**

Types of Consultation	Process/ events	Aim/ details	Targeted/ groups	Dates	Expected outcomes
Invite representations from each of the consultation bodies outlined in CIL Regulation 15, residents and businesses.	Process	Seek views and responses from statutory consultees on the proposed PDCS	Land owners, developers and planning agents active in the Borough; local interest groups; charitable bodies, neighbouring planning authorities, London Mayor	16 Nov 2012 to 2 Jan 2013	Formal comments on the PDCS received will be analysed and relevant changes made, prior to publication of Draft Charging Schedule.

**Table 2: Additional Consultation**

Types of Consultation	Process/ events	Aim/ details	Targeted/ groups	Dates	Expected outcomes
Display the PDCs and supporting documents on the Council's website	Process	To enable all information and documents relating to consultation to be readily available for interested parties	Land owners, developers and planning agents active in the Borough; local interest groups; charitable bodies	16 Nov 2012 to 2 Jan 2013	All information readily available for interested parties.
Display the PDCS and supporting documents at the Council's offices, Idea stores and some libraries.	Process	To enable all information and documents relating to consultation to be readily	Land owners, developers and planning agents active in the Borough; local interest groups;	16 Nov 2012 to 2 Jan 2013	All information readily available for interested parties.



		available for interested parties	charitable bodies		
Place a press notice in the East End Life newspaper to advertise consultation, how documents can be viewed, to advertise the time and place of the workshop event and how to respond to the consultation.	Process	Inform local people of the consultation how to view documents and invite representations	Land owners, developers and planning agents active in the Borough; local interest groups; charitable bodies	16 Nov 2012	Local residents and those undertaking business in the borough informed about the consultation
Consultation drop-in event	Event	Provide information to and seek views from locally active developers, agents, community groups and residents	Land owners, developers and planning agents active in the Borough; local interest groups; charitable bodies	3 Dec 2012, 4pm – 7pm, Whitechapel Idea Store	Interested parties better informed in order to provide formal comments and their initial views received by officers
Member Workshop	Event	To discuss emerging proposals with all relevant Ward Members	Ward Members	tbc	Feedback and input into emerging proposals

## 4. Conclusion

- 4.1 This Consultation Plan sets out the Council's initial intentions for consultation on the PDCS and will be amended further to the outcomes of the 7<sup>th</sup> November 2012 Cabinet.

**Appendix 1: List of locations where documents will be made available**

- Planning Reception, LB Tower Hamlets, 2<sup>nd</sup> Floor Mulberry Place, 5 Clove Crescent, London E14 2BG
- Idea Store Bow
- Idea Store Canary Wharf
- Idea Store Chrisp Street
- Idea Store Watney Market
- Idea Store Whitechapel
- Bethnal Green Library
- Cubitt Town Library
- Watney Market Library



# **LB Tower Hamlets Community Infrastructure Levy (CIL) Proposed Charging Schedule**

## **Strategic Environmental Assessment Screening**

**November 2012**



## 1. Background and Context

- 1.1 The Community Infrastructure Levy (CIL) is a new tariff system that enables local authorities to make a charge on most forms of new development to fund infrastructure. The revenue raised can then be used to fund a wide range of local and strategic infrastructure that is required as a result of new development such as transport schemes, open spaces, schools and community facilities.
- 1.2 This statement outlines the Council's consideration whether the proposed CIL Charging Schedule should be subject to a Strategic Environmental Assessment (SEA).

## 2. SEA Determination

- 2.1 Under the requirements of the European Union Directive 2001/42/EC (Strategic Environmental Assessment (SEA) Directive) and Environmental Assessment of Plans and Programmes Regulations (2004) specific types of plans and programmes that are likely to have significant environmental effects that set the framework for the future development consent of projects must be subject to an environmental assessment.
- 2.2 The process for determining whether or not an SEA is required is called screening. In order to screen, it is necessary to determine if a plan may have significant environmental impacts.
- 2.3 However, under Article 3(8) of the SEA Directive certain types of plans and programmes are not subject to the requirements for SEA including financial or budget plans and programmes.
- 2.4 The proposed Charging Schedule has been defined as a financial document and in accordance with Article 3(8) is exempt from the requirement to undertake SEA.
- 2.5 The consideration that the proposed Charging Schedule is a financial document has been confirmed by central government when determining whether the development of a Charging Schedule should be subject to sustainability appraisal. Paragraph 19 of the CLG statutory guidance document 'Charge setting and charging schedule procedures' states that "Charging Schedules will be short financial documents so will not require a Sustainability Appraisal".
- 2.6 While the CIL will be used raise money from new developments towards infrastructure that will contribute to sustainable development, it is not a plan or a programme in itself but a financial tool. It does not or cannot set policy guidance or interventions to deal with environmental issues.
- 2.7 It is therefore considered that a screening of significant environmental effects of the proposed Charging Schedule is not necessary.

# Agenda Item 12.1

<b>Committee:</b> Cabinet	<b>Date:</b> 7 <sup>th</sup> November 2012	<b>Classification:</b> Unrestricted	<b>Report No:</b> 046/123
<b>Report of:</b> Corporate Director Resources  <b>Originating officer(s)</b> Oladapo Shonola Chief Financial Strategy Officer; Lisa Stone Finance Officer		<b>Title:</b> Exercise of Corporate Directors' Discretions  <b>Wards Affected: All</b>	

## 1. **SUMMARY**

- 1.1. This report sets out the exercise of Corporate Directors' discretions under Financial Regulation B8 which stipulates that such actions be the subject of a noting report to Cabinet if they involve expenditure between £0.100 million and £0.250 million.

## 2. **DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

- 2.1 Note the exercise of Corporate Directors' discretions as set out in Appendix 1.

## 3. **REASONS FOR DECISIONS**

- 3.1 Financial Regulations requires that regular reports be submitted to Council/Committee setting out financial decisions taken under Financial Regulation B8.
- 3.2 The regular reporting of Corporate Director's Discretions should assist in ensuring that Members are able to scrutinise officer decisions.

## 4. **ALTERNATIVE OPTIONS**

- 4.1 The Council is bound by its Financial Regulations (which have been approved by Council) to report to Council/Committee setting out financial decisions taken under Financial Regulation B8.

4.2 If the Council were to deviate from those requirements, there would need to be a good reason for doing so. It is not considered that there is any such reason, having regard to the need to ensure that Members are kept informed about decisions made under the delegated authority threshold and to ensure that these activities are in accordance with Financial Regulations.

## **5. BACKGROUND**

5.1 Regulation B8 sets out the Cabinet Reporting Thresholds for specific financial transactions.

## **6. FINANCIAL REGULATION B8**

6.1 Financial Regulation B8 sets out the reporting thresholds for the following financial transactions: -

Virements

Capital Estimates

Waiving Competition Requirements for Contracts and Orders (Subject to EU threshold)

Capital Overspends

Settlement Of Uninsured Claims

6.2 Under Financial Regulation B8, if the transaction involves a sum between £0.100 million and £0.250 million it can be authorised by the Corporate Director under the scheme of delegation but must also be the subject of a noting report to the next available Cabinet.

6.3 Appendix 1 sets out the exercises of Corporate Directors' discretions, under the stipulations in 4.2 above, that have taken place since the previous Cabinet

## **7. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

7.1 The comments of the Director of Resources have been incorporated into the report and Appendix.

**8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

- 8.1. The report sets out the individual exercises of Directors' Discretions as required by Financial Regulations.
- 8.2 The legal implications of each of the individual decisions would have been provided as part of the decision making process. These will be recorded on the "Record of Corporate Directors' Actions" maintained by Directorates
- 8.3 The procedure for recording and reporting Corporate Director's Actions has recently been revised and strengthened. All proposed actions where the value exceeds £100,000 are now required to be agreed with the Mayor prior to officer's sign off and approval. The revised procedure came into effect in December 2011.

**9. ONE TOWER HAMLETS CONSIDERATIONS**

- 9.1 This report is concerned with the notification of officers' discretions under Standing Orders and has no direct One Tower Hamlets implications. To the extent that there are One Tower Hamlets Considerations arising from the individual actions, these would have been addressed in the records of each action.

**10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 10.1 There are no Sustainable Action for A Greener Environment implications arising from this report.

**11. RISK MANAGEMENT IMPLICATIONS**

- 11.1 The risks associated with each of the Corporate Directors' discretions as set out in Appendix 1 would have been identified and evaluated as an integral part of the process, which lead to the decision.

**12. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 12.1 There are no Crime and Disorder Reduction Implications arising from this report.

**13. EFFICIENCY STATEMENT**

- 13.1 The works referred to in the report will be procured in line with established practices, taking account of best value.

**14. APPENDICES**

Appendix 1 – Exercise of Corporate Directors’ Discretions under Financial Regulation B8

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**Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012**

**List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
Record of Corporate Directors actions	Stephen Adams, Finance and Resources Manager, Communities, Localities and Culture Ext. 5212



**Appendix 1: Exercise of Corporate Directors Discretions under Financial Regulation B8**

Corporate Director	Amount	Description of Exercise of Discretion	Justification for Action	Contractor's Name and Address (including postcode)	Contact
CLC (Ref:12 12)	£168,000	<b>Waiver of financial regulations</b> for the procurement of the Prison Link service.	Extension of the current contract is required to ensure continuity of the service whilst the future funding is secured and the procurement process can commence.	RAPt Riverside House, 27-29 Vauxhall Grove, London, SW8 1SY	Elizabeth Hamer, Drugs Intervention Programme (x3056)
CLC (Ref: 12 16)	£250,000	<b>Adoption of capital estimate</b> for St Paul's Way	Confirmation of additional funding from TfL.	J B Riney Ltd 455 Wick Lane London E3 2TB	Elise Boon, Transportation & Highways (X6832)

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