

LONDON BOROUGH OF TOWER HAMLETS

COUNCIL MEETING

WEDNESDAY 25th FEBRUARY 2015

REPORT OF THE MAYOR IN CABINET (4th FEBRUARY 2015)

APPROVAL OF THE LONDON BOROUGH OF TOWER HAMLETS' COMMUNITY INFRASTRUCTURE LEVY (CIL) CHARGING SCHEDULE

1. SUMMARY

- 1.1 A Cabinet Report relating to the adoption of a CIL in Tower Hamlets was considered by the Overview and Scrutiny Committee on the 3 February 2015. The Mayor in Cabinet then considered the Cabinet Report on the 4 February 2015, in conjunction with the recommendations made by the Overview and Scrutiny Committee, and subsequently endorsed the recommendations within the CIL Cabinet report. One of the recommendations sought to refer the CIL Charging Schedule to Full Council.
- 1.2 An approval at Full Council is required for the adoption of a CIL Charging Schedule in Tower Hamlets. CIL is a mechanism to secure funding, from most types of new development, to provide supporting infrastructure such as schools, parks, health centres and community facilities. CIL is replacing Section 106 (S106), for the most part, as the mechanism to do this. From the 6th of April 2015 the ability to use S106 contributions to provide infrastructure that will support a wider area than an individual development will be severely limited as a result of legislation that will restrict the pooling of contributions.
- 1.3 In order to bring CIL in before the restrictions come into force, it is intended to implement a CIL by the 1 April 2015. CIL income is expected to be limited in the short term due to the fact that schemes secured under the existing S106 regime will be coming forward. However, it is expected that CIL will raise significant income in the medium to long term. Not implementing a CIL within the borough would be likely to present the Council with difficulties in securing the appropriate funding to help pay for much needed infrastructure to accompany the continuing regeneration and growth of the borough.

2. RECOMMENDATIONS

2.1 The Council is recommended to:

- Approve the Tower Hamlets CIL Charging Schedule, as modified by the Independent Examiner's report, for adoption on the 1 April 2015, as attached at Appendix A.
- Note the CIL Examination Report, attached at Appendix B.
- Note the documents which support the proposed Charging Schedule, for adoption alongside it. These documents comprise of: -
 - A Regulation 123 List, attached at Appendix C.
 - An Instalments Policy, attached at Appendix D.
 - A Payment in Kind and Infrastructure Payments Policy, attached at Appendix E.
- Note the CIL Charging Schedule Explanatory Notes document, attached at Appendix A1
- Approve an annual review of the Charging Schedule, to establish whether an update is necessary and appropriate.
- Approve the referral of CIL income information within the Capital Programme to be referred to the Budget Setting Full Council every year.

3. REASONS FOR THE DECISIONS

3.1 It is a legal requirement, set out in the CIL Regulations 2010 (as amended) ("the CIL Regulations"), to refer the decision relating to the adoption of a CIL Charging Schedule to Full Council.

3.2 The reasons for the decisions and recommendations are: -

- From the 6 April 2015, S106 will not allow for the funding of infrastructure in the same way. The Council will no longer be able to pool five or more contributions from new development. This will make it difficult to use S106 to secure appropriate funding to help deliver the level of infrastructure necessary to support development.

- 3.3 The adoption of a CIL Charging Schedule will allow the Council to secure funding to help deliver the infrastructure required to support development, in light of changes to the S106 mechanism.

4. ALTERNATIVE OPTIONS

- 4.1 An alternative option is for the Council to not adopt the proposed Charging Schedule, and instead commence the CIL rate setting process again straight away whilst continuing to secure funding for infrastructure through S106 in the interim.
- 4.2 In this scenario, the Council would unlikely to be able to implement a CIL until early 2017. From the 6 April 2015, Local Authorities will no longer be able to pool more than four S106 contributions. This will make it very difficult to ensure appropriate levels of funding can be pooled to fund the level of infrastructure that the borough requires.
- 4.3 This option is deemed not to be appropriate due to the difficulties associated with using S106 to fund infrastructure in the interim.
- 4.4 The Council could adopt the Charging Schedule and re-commence the rate setting process straight away. It is considered that this would likely produce a similar Charging Schedule. Undertaking an annual review of the Charging Schedule to establish whether an update is necessary and appropriate will allow the Council to re-commence the rate setting process at the most appropriate time, in the context of the wider market.
- 4.5 It is therefore not considered appropriate to take any alternative actions.

5. BACKGROUND TO THE PROCESS TO DATE

- 5.1 During January 2015, consultations were carried out with the Labour Group, the Conservative Group and a more general Members Meeting was also undertaken. These took place to ensure queries around the CIL process were addressed. Since these consultations, the Cabinet Report was considered by the Overview and Scrutiny Committee on the 3 February 2015. The Mayor in Cabinet then considered the Cabinet Report on the 4 February 2015 along with recommendations made by the Overview and Scrutiny Committee. The Mayor subsequently endorsed the recommendations within the CIL Cabinet report. One of the recommendations sought to refer the CIL Charging Schedule to Full Council.

What is CIL?

- 5.2 It is a financial charge that local authorities can levy on new development to help fund infrastructure such as schools, health, open space and transport facilities to support growth in an authority's area. CIL was

provided for in the Planning Act 2008 and is intended to replace the use of S106 agreements for securing most types of infrastructure.

- 5.3 CIL is charged on most types of development and the CIL Regulations are highly prescriptive in the way that CIL is calculated and applied to development; unlike with Section 106, there is no negotiation. However, developers may apply for relief from the CIL payment for affordable housing dwellings or for developments by charities.
- 5.4 The Mayor of London has a separate CIL charge, which is used to help raise funding to pay for the Crossrail project and is collected by Tower Hamlets on his behalf. This charge was implemented in April 2012 and is applied to most development. The rate that applies to Tower Hamlets is £35 per sq. m.

Why is it Important to Adopt a CIL?

- 5.5 From the 6 April 2015, restrictions will apply on the pooling of S106 contributions. This may make it difficult to deliver the required level of projects through S106. Under CIL, this issue does not arise as there are no pooling restrictions.
- 5.6 CIL is different from S106 in that it applies to more types of development, including smaller scale projects. Adopting a CIL will allow the Council to secure funding from projects that wouldn't have otherwise been captured under a S106 regime.
- 5.7 Not adopting a CIL could compromise the Council's ability to adequately secure funding to deliver infrastructure to support development.

How Has the Proposed Charging Schedule Been Developed?

- 5.8 The Council started to prepare a CIL Charging Schedule in the summer of 2012. The processes which the Council has followed to publish and consult on its CIL are summarised in the table below: -

Key Milestone	Dates
1. Cabinet Decision for Consultation on the Preliminary Draft Charging Schedule (PDCS)	7 November 2012
2. Public consultation on the PDCS and supporting evidence	16 November 2012 – 2 January 2013 (6 weeks)
3. Cabinet Decision for Consultation on the Draft Charging Schedule (DCS)	10 April 2013
4. Public consultation on the DCS and supporting evidence	22 April 2013 - 5 June 2013 (6 weeks)

Key Milestone	Dates
5. Cabinet Decision for Consultation on the Revised Draft Charging Schedule (RDCS)	9 October 2013
6. Public consultation on the Revised Draft Charging Schedule (RDCS) and supporting evidence	21 October 2013 – 2 December 2013 (6 weeks)
7. Submission to the Planning Inspectorate and consultation on Statement of Modifications	11 February 2014 – 11 March 2014 (4 weeks)
8. Initial Examination Hearing	28 – 30 May 2014 (3 days)
9. Public consultation on further work undertaken to address Examiner's queries	7 August 2014 – 12 September 2014 (5 weeks 1 day)
10. Further Examination Hearing	6 October 2014
11. Receipt of Draft Examination Report	28 October 2014
12. Receipt of Final Examination Report	14 November 2014

- 5.9 Cabinet approval was sought for each of the three initial drafts for consultation and Members have been kept apprised of the progress to adopting a Charging Schedule.
- 5.10 Three public consultations were undertaken in compliance with the CIL Regulations and the Council's Statement of Community Involvement. The proposed Charging Schedule was submitted to the Planning Inspectorate for Examination after these consultations.
- 5.11 The Planning Inspectorate appointed an Examiner and an initial hearing took place at the end of May 2014. This involved the Examiner receiving written and verbal statements from numerous parties including the development industry, the Greater London Authority (GLA), Transport for London (TfL) and the Council.
- 5.12 The focus of the Examination was overwhelmingly on the viability of the CIL rates; the main issues that arose are summarised below: -
- Developers of strategic sites (primarily Wood Wharf and Bishopsgate Goods Yard) objected to the rates on the basis that the appraisal assumptions were inappropriate to their sites and would risk delivery and also the development plan. They also questioned the legal practicalities of delivering in kind facilities through CIL.
 - The Greater London Authority (GLA) and Transport for London (TfL) objected to the Council's approach of 'sharing' available monies between the Council CIL and Crossrail S106 Top-up¹ for offices in North

Docklands. Linked to this they also challenged the Wood Wharf site viability appraisal.

- There were concerns about the impact on affordable housing delivery – particularly in the context of estate renewal schemes.
- Hotel and Student accommodation providers contended that the borough wide rates were too high and should be lower.

5.13 At the initial hearing the Examiner asked the Council to produce some further evidence in anticipation of a potential further hearing. This included:

1. Information on opportunity areas and site allocations including relevant housing targets and job growth.
2. Further appraisals, including sensitivity testing of assumptions, of the strategic sites tested.
3. Further Hotel appraisals testing different scenarios.
4. An explanation as to the approach to the Crossrail Section 106 top up payment by other relevant boroughs.

5.14 The Examiner's decision to seek further information was not expected but is not without precedent, this also occurred in the Examination of the Council's Managing Development Document and in relation to the Examination of other CIL Charging Schedules, such as the London Borough of Southwark. It should be acknowledged that the level of challenge at the Examination was high and probably the most contentious to date at a CIL hearing.

5.15 The further work undertaken by the Council, as requested by the Examiner, was the subject of a 5 week consultation which took place from August to September 2014. Beyond the close of this consultation, a further hearing was held on 6 October 2014. This hearing was much more limited in scope and focussed on the further work undertaken by the Council.

5.16 On the 28 October 2014 the Examiner published a draft 'Fact Check' report, which proposed a number of modifications that the Council must make in order to implement its CIL Charging Schedule.

What Modifications to the Charging Schedule Did the Independent Examiner Propose?

5.17 The Examiner's Report found that the vast majority of the rates proposed were sound and can be adopted without modification. These rates represent the vast majority of the Council's projected CIL income and is a positive result for the Council.

¹ North Docklands Crossrail S106 Charge (£190 sqm) – Mayoral CIL (£35 sqm) = North Docklands Crossrail S106 Top-up Charge (£155 sqm)

5.18 However, a few modifications were proposed. The Council must make modifications to address the issues raised in order to adopt the Charging Schedule. The modifications are summarised below: -

1. Reducing the North Docklands area rate for offices to nil to ensure that CIL does not result in an inappropriate reduction in funding secured through the Mayor of London's SPG.
2. Setting a nil rate for all development within the boundaries of the Bishopsgate Goods Yard (LBTH proportion), Wood Wharf, Westferry Printworks and London Dock allocated sites as defined in the Tower Hamlets Local Plan Managing Development Document.
3. For the sake of clarity and to provide for fair and transparent implementation, a more detailed definition of Convenience Supermarket/Superstores and Retail Warehousing to be included in the Charging Schedule.
4. Setting a nil rate for Student Development, led by a registered University, let at below market rent.

5.19 It is not expected that the modifications numbered 3 and 4 in paragraph 5.18 above will have a demonstrably negative impact for the Council. The modification that relates to the definition of Convenience Supermarket/Superstores and Retail Warehousing will just involve the Council applying an already established and agreed upon definition to the Charging Schedule.

5.20 The modification that relates to setting a nil rate for Student Housing let at below a market rent, will likely have a limited impact because the University developing the accommodation will have a charitable exemption to pay CIL in any case.

5.21 The most significant modifications proposed by the Examiner are numbered 1 and 2 in paragraph 5.18 above. The impacts of these modifications are set out in paragraphs 5.22 to 5.30 below: -

Modification 1: Reducing the North Docklands area rate for offices to nil to ensure that CIL does not result in an inappropriate reduction in funding secured through the Mayor of London's SPG.

5.22 This modification will mean that the Council will not be able to collect CIL funding from office development in the North Docklands area. Please refer to pages 5 and 6 of the Council's proposed Charging Schedule (Appendix A) for a map which shows the area to which this modification will apply.

5.23 Apart from the Wood Wharf development (which is dealt with under Modification 2 below), there is no significant office development expected within this area in the life of the initial Charging Schedule. Therefore, it is

likely that this modification will have a very limited impact on the Council, in line with current development forecasts.

Modification 2: Setting a nil rate for all development in Tower Hamlets within the boundaries of the Bishopsgate Goods Yard, Wood Wharf, Westferry Printworks and London Dock allocated sites as defined in the Tower Hamlets Local Plan Managing Development Document.

- 5.24 This modification means that the Council will not be able to collect CIL funding from development on these sites. This modification was proposed because it was argued by the owners/developers of these sites that CIL cannot be viably accommodated if the full requirements of the development plan are accounted for, the Examiner upheld this despite the Council's counter arguments.
- 5.25 The impact of this modification is not as significant as it may seem. Two of these sites (Wood Wharf and London Dock) already have a planning permission under the current S106 regime. If they implement the permission (London Dock already has) and develop the sites in accordance with it then the Council will experience no loss of CIL receipts as financial contributions will be delivered under already agreed S106 agreements.
- 5.26 If the developers of Wood Wharf do not implement the planning permission on this site and apply for planning permission again under the initial Charging Schedule then the Council will not be able to charge CIL on the new scheme.
- 5.27 The Westferry Printworks and Bishopsgate Goods Yard sites do not have current planning permissions so it can be reasonably assumed that they will be delivered under a CIL regime.
- 5.28 These sites are required to deliver certain items of infrastructure on-site under the Council's Local Plan. The cost of delivering these items can be deducted from the chargeable CIL. Given this, it is likely that the CIL payments for these sites would have been significantly reduced.
- 5.29 As a nil CIL rate has been applied to these sites, the required on-site infrastructure has been excluded from CIL. The Council will seek to secure this infrastructure through a S106 agreement. It does not mean that no planning obligations will be made available.
- 5.30 As there is no CIL payable on these sites, the development cost is reduced. As a result, there may be scope for securing an increased level of affordable housing and/or enhancements to the required on-site infrastructure. This will be a matter for detailed discussion and negotiation with applicants.

What Does the CIL Charging Schedule Look Like?

5.31 Please refer to Appendix A for the Council's proposed Charging Schedule, including zone maps. Table 1 below sets out the rates that would apply in Tower Hamlets: -

Table 1

Development Type	Proposed CIL Rate Per sq m (GIA) of Development			
	Zone 1	Zone 2	Zone 3	Large Allocated Sites
Residential	£200	£65	£35	Nil
	City Fringe	North Docklands	Large Allocated Sites	Rest of Borough
Offices	£90	Nil	Nil	Nil
	£70	£70	Nil	Nil
Retail (Except Convenience Supermarkets/ Superstores and Retail Warehousing)				
Convenience Supermarkets/ Superstores and Retail Warehousing	Borough Wide, except Large Allocated Sites			Large Allocated Sites
	£120			Nil
Hotel	Borough Wide, except Large Allocated Sites			Large Allocated Sites
	£180			Nil
Student Housing Let at Market Rents	Borough Wide, except Large Allocated Sites			Large Allocated Sites
	£425			Nil
Student Housing Let at Below Market Rents	Borough Wide, except Large Allocated Sites			Large Allocated Sites
	Nil			Nil
All Other Uses	Borough Wide			
	Nil			

5.32 It should be noted that the area of the London Legacy Development Corporation (LLDC) within Tower Hamlets will be the subject of separate rates, set and administered by the LLDC and not by the Council. The boundary of this area is detailed on the maps in the CIL Charging Schedule.

What Documents Support the Charging Schedule?

5.33 The Charging Schedule will be supported by three documents: -

- A Regulation 123 List, attached at Appendix C. This is the list of types of projects that the Council will be able to spend CIL on. The Council is required to produce this list by the CIL Regulations.

- An Instalments Policy, attached at Appendix D. This will allow the payment of CIL in instalments on large developments and is consistent with the policy adopted by the Mayor of London in relation to his CIL.
- A Payment in Kind and Infrastructure Payments Policy, attached at Appendix E. This will allow the Council to use CIL to secure land and/or on-site strategic infrastructure in lieu of CIL monetary payments where it is deemed necessary and appropriate.

What CIL Income is the Council Expecting and What Will it be Spent On?

- 5.34 In the Council's Infrastructure Planning and Funding Gap Report, approved for consultation at Cabinet on the 9 October 2013, it is estimated that the Council is likely to receive a CIL income of approximately £170m between 2014/15 and 2026/2027. This works out at an average annual income of £13m whereas between 2009 and 2012 the Council received an average of £11m per annum from S106.
- 5.35 However it is likely that the initial years of CIL will yield a lower income than this due to the fact that many developments commenced in this period will still fall under the current S106 regime, so S106 received may be higher than the CIL secured for the first few years. However, these are estimates only and are entirely dependent upon the development cycle, which is difficult to predict. Separate reporting on infrastructure planning and income/expenditure on CIL can be provided on to Full Council as part of the Capital Programme, annually. Further work and discussions will be undertaken, in due course, to establish procedures for planning and delivering infrastructure projects, supported by funds collected through CIL and other mechanisms.
- 5.36 The list of types of projects that the Council will be able to spend CIL on is referred to as a Regulation 123 List, which is attached at Appendix C. The Council is required to produce this list by the CIL Regulations.
- 5.37 In summary, the Council's Regulation 123 List directs that the Council will use CIL funding to deliver any infrastructure necessary to support development in its area, apart from infrastructure required to be provided on the Bishopsgate Goods Yard, Wood Wharf, Westferry Printworks and London Dock sites, as these sites have been nil rated and the infrastructure must therefore be delivered using S106.

Overview and Scrutiny Committee considerations

- 5.38 At its meeting on 3rd February 2015 the Overview and Scrutiny Committee noted that an approval at Full Council is required for the adoption of a CIL Charging Schedule in Tower Hamlets. O&S noted that the risks of not implementing a CIL in the Borough would be likely to result in difficulties in securing the appropriate funding to help pay for much needed

infrastructure, to accompany the continuing regeneration and growth of the borough.

5.39 As a result of a full and wide ranging discussion on this report the Chair moved and the Committee resolved to:-

1. Endorse the proposed course of action that the report should be put before Cabinet and Full Council for the adoption of a CIL in Tower Hamlets; and
2. To inform the Commissioners of their concerns about the use of Section 106 and in the future the use of CIL and to suggest that the process of allocations should be included in the Best Value Improvement Plan.

6. LEGAL COMMENTS

6.1 This report recommends that the Council adopt the CIL Charging Schedule attached at Appendix A on the 1st of April 2015. The recommendation follows the receipt of the Independent Examiner's report which was issued following an examination held over dates in May and October 2014. In accordance with s213 of the Planning Act 2008 ("PA 2008") the Charging Schedule must be adopted by a majority of votes of the Full Council.

6.2 The statutory framework for CIL is set out in sections 205-225 of the PA 2008 and further detail is provided under the CIL Regulations. The legal requirements for the preparation of a CIL Charging Schedule are set out under s211 of the PA 2008 and this report demonstrates that the statutory requirements have been met. The PA 2008 and the CIL Regulations set out requirements for adopting a Community Infrastructure Levy and provide that a draft Charging Schedule must be submitted to an Independent Examiner who is empowered to make findings and recommendations on it. Where pursuant to s212A of the PA 2008 the Independent Examiner has made recommendations as to modifications that the Independent Examiner considers sufficient and necessary to remedy a non-compliance, then pursuant to s213 the Council are only able to adopt the Charging Schedule with modifications that are sufficient and necessary to remedy the non-compliance. As noted in this report the Independent Examiner appointed to examine the Council's draft Charging Schedule has recommended approval of the Council's draft Charging Schedule subject to modifications and the nature of the modifications are detailed herein. The Council may therefore only adopt the Charging Schedule if it does so with the necessary modifications and the Council should have regard to the recommendations and the Independent Examiner's reasons for them.

6.3 Once adopted the Council must publish and give notice of the approval of the Charging Schedule in accordance with Regulation 25 of the CIL Regulations. The Charging Schedule will come into effect on the day specified within the schedule but this must not be earlier than the day after it is published.

- 6.4 As noted in this report, pursuant to Regulation 123 of the CIL Regulations, from the 6th of April 2015 the Council's ability to pool s106 contributions will be severely restricted which will impact on the Council's ability to deliver infrastructure from contributions secured under s106 agreements. It is therefore important for the Council to adopt the CIL Charging Schedule so that the Council can continue to deliver infrastructure with flexibility, free of the incoming restraints. Regulation 123 also allows the Council as Charging Authority to publish a list of infrastructure projects or types of infrastructure that it intends will be, or may be wholly or partly funded by CIL ("relevant infrastructure"). The Council's Regulation 123 list is attached to this report as Appendix C. Where such a list has been published a planning obligation may not constitute a reason for granting planning permission for the development to the extent that the obligation provides for the funding or provision of relevant infrastructure.
- 6.5 Regulation 69B of the CIL Regulations allows the Council to publish an instalments policy and sets out the information which must be provided in it. The Council's Instalments Policy is attached to this report as Appendix D. The policy will take effect on the date specified in the policy but this cannot be earlier than the day after it has been published on the Council's website. The policy must also be made available for inspection at the Council's offices and other appropriate locations.
- 6.6 Regulation 73 of the CIL Regulations provides that the Council may accept one or more land payments in satisfaction of the whole or part of the CIL due in respect of a chargeable development. The amount of CIL paid is an amount equal to the value of the acquired land and the value of the acquired land must be determined by an independent person and secured by a legal agreement.
- 6.7 Regulation 73A of the CIL Regulations allows the Council to make infrastructure payments available in its area in satisfaction of CIL, and the amount of CIL paid is an amount equal to the value of the infrastructure provided, as determined by an independent person. The infrastructure being provided must be relevant infrastructure and the Council must be satisfied that it is not necessary to make the development granted permission acceptable in planning terms. The infrastructure must be secured by an agreement entered into before the chargeable development is commenced. In order to allow infrastructure payments in the Council's area, the Council are required to issue a document giving notice of this and to state the date on which the Council will begin accepting infrastructure payments and the types of infrastructure projects or infrastructure which it will consider accepting (Regulation 73B). The Council's notice is attached to this report as Appendix E. This document must be published on the Council's website and made available for inspection at the Council's offices and such other places that the Council considers appropriate.
- 6.8 When considering whether to adopt the proposed Charging Schedule and policies, the Council must have due regard to the need to eliminate

unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). An equality analysis is required which is proportionate to the functions in question and the potential impacts.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 This report seeks approval for the adoption of the charging schedule for the Tower Hamlets Community Infrastructure Levy following the completion of the Examination in Public and the subsequent issuing of the Independent Examiner's report. Approval is sought for the Council's CIL to come into effect from 1 April 2015.
- 7.2 As outlined in previous reports, 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.
- 7.3 The Charging Schedule was developed and revised by officers in conjunction with external advisors, and prepared in accordance with the Authority's infrastructure needs and development viability. Following the completion of the Examination in Public, the charging schedule has been amended to take into account the recommendations of the Examiner – the main modifications are outlined in paragraphs 5.21 to 5.30 and relate to the reduction of the CIL rate for offices in the North Docklands area to nil, and the establishment of a nil CIL rate for all development within the boundaries of the Bishopsgate Goods Yard, Wood Wharf, Westferry Printworks and London Dock sites.
- 7.4 Although the Council will lose CIL resources through the setting of the zero CIL rate in these areas, as stated in paragraphs 5.29 and 5.30, the Council will still seek to secure infrastructure through Section 106 agreements and there may be scope for securing an increased level of affordable housing and enhancements to the required on-site infrastructure.
- 7.5 The revised charging schedule is attached at Appendix A. Based on the latest development assumptions and the revised charging schedule, it is anticipated that in the period to 2026/27, CIL will generate resources of approximately £170 million.
- 7.6 The revised likely infrastructure needs within the borough over the period to 2026-27 were assessed as part of the evidence base that was prepared to support the introduction of the CIL. These are valued at approximately £528.7 million of which indicative funding of £151.4 million has potentially been identified across the various public agencies. This leaves a funding gap of approximately £377 million before CIL charges. 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.

- 7.7 The infrastructure needs and the likely resources available must be continually reviewed, but based on assessments within the evidence base, the funding gap of £377 million will be significantly filled through the estimated CIL income of £170 million, leaving an overall indicative funding need of £207 million across the organisations within the Borough.
- 7.8 The costs of the consultation and Inspection processes were met from within existing resources.
- 7.9 In addition to the Council's own CIL, the Borough will continue to be 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.

8. ONE TOWER HAMLETS CONSIDERATIONS

- 8.1 An Equalities Analysis was undertaken as part of the preparation of the CIL Preliminary Draft Charging Schedule, a copy of which is appended to the report. The document indicated that the impact of CIL is neutral and means it was not necessary to repeat this process for later iterations of the Charging Schedule because it is not considered that the modifications will have an impact on the conclusions.
- 8.2 There is the potential for CIL receipts to be used to fund appropriate projects that will contribute to the One Tower Hamlets objectives of reducing inequalities; ensuring community cohesion; and strengthening community leadership.

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 9.1 A Strategic Environmental Assessment Screening was undertaken at the Preliminary Draft Charging Schedule stage of preparing the Schedule and can be provided upon request. This document concluded that it was not necessary to prepare a Strategic Environmental Assessment. Government guidance is clear that CIL is not required to be subject to a Sustainability Appraisal (Community Infrastructure Levy Guidance, CLG, 2013, paragraph 7).
- 9.2 There is the potential for CIL receipts to be applied to infrastructure which support a greener environment and aid sustainable development.

10. RISK MANAGEMENT IMPLICATIONS

- 10.1 From the 6 April 2015, S106 will not exist in the same way. The Council will no longer be able to pool five or more contributions. This may make it difficult to use S106 to secure appropriate funding to help deliver infrastructure to support development.
- 10.2 CIL rates have been set at a level that enables development and, along with other funding sources, the delivery of infrastructure to support that development. Having CIL rates that were too high would prejudice the delivery of the development plan for Tower Hamlets (that is the London Plan and the Council's own Local Planning Documents).
- 10.3 It is considered that the rates set out in the Charging Schedule strike an appropriate balance based on the viability evidence and will enable the delivery of the development plan as a whole.

11. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 11.1 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. The potential use of CIL funds for these purposes will be developed through consultation with the Community Safety Manager.

12. EFFICIENCY STATEMENT

- 12.1 The preparation of the Charging Schedule and its proposed adoption will continue to give rise to staff costs. The CIL Regulations enable the Council to recoup the costs of establishing the Charging Schedule from CIL from the levies collected. The Council are also able to up to 5% from LBTH CIL receipts to fund the administrative costs of collecting CIL.

Linked Reports, Appendices and Background Documents

Linked Reports

- None

Appendices

- Appendix A: Proposed Charging Schedule.
- Appendix A1: Charging Schedule Explanatory Notes
- Appendix B: The Final CIL Examination Report.

- Appendix C: A Regulation 123 List.
- Appendix D: An Instalments Policy.
- Appendix E: A Payment in Kind and Infrastructure Payments Policy.
- Appendix F: Equalities Analysis

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:

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