



**Community Infrastructure Levy (CIL)**  
**Supporting Evidence and Funding Gap**  
**Report**

**xxDatexx**

# **1. Introduction**

1.1 This document has been formed to describe and summarise the infrastructure planning evidence required to support the adoption of the Council's new Charging Schedule. In particular, it will set out:

- What the Council intends to fund using its CIL;
- The matters for which the Council will continue to secure using S106 planning obligations;
- The amount of funding collected in recent years through S106 Agreements;
- The extent to which the Council has met its affordable housing target;
- The Council's funding gap, in order to justify charging a CIL, alongside a levy funding target.

## **2 What the Council intends to fund using CIL**

2.1 The list of types of projects on which the Council intends to spend its CIL is described in the Council's new draft Regulation 123 List, attached at Appendix A.

2.2 The only substantive amendment currently proposed to the Council's Regulation 123 List is that it removes a specific reference to infrastructure required by the Council's Managing Development Document on the Wood Wharf, Westferry Printworks, Bishopsgate Goods Yard and London Dock sites being excluded from the list. Also removed is a reference to one type of project ("Electricity supplies to all Council managed markets") as this has been completed so is no longer relevant in CIL funding terms.

2.3 The Council is reconsidering the terminology used in the Regulation 123 List to improve clarity and will consult on any further amendments proposed. It is very unlikely that any amendments required will affect the viability work supporting the proposed Charging Schedule, affecting the rates proposed. The Council intends to adopt the new Regulation 123 List at the same time as the newly proposed Charging Schedule.

2.3 The proposed Charging Schedule will help the Council raise funding to deliver the projects described in the Council's Infrastructure Delivery Plan (IDP). The IDP identifies a range of projects required to support the development of the Council's area as described in the Local Plan and London Plan. The Infrastructure projects described in

the IDP will help ensure development in Tower Hamlets is sustainable.

- 2.4 The Council decides on the allocation of CIL and S106 funding through its Infrastructure Delivery Framework decision-making process. This process was referred to and approved by the Mayor in Cabinet in January and October 2016.

### **3 The matters for which the Council will secure S106 Planning Obligations**

- 3.1 The matters for which the Council will continue to secure using S106 planning obligations are described in detail in the Council's adopted Planning Obligations Supplementary Planning Document (SPD).

- 3.2 In summary, non-financial matters (such as the provision of affordable housing) will continue to be secured using S106 Planning Obligations. The Council intends to continue to secure a few financial non-infrastructure related matters through S106, including:

- **Construction Phase Skills and Training Contribution:** This financial contribution is sought to support and provide the training and skills needs of local residents in accessing the new job opportunities in the construction of development.
- **End User Phase Skills and Training Contribution:** This financial contribution is sought to support and provide the training and skills needs of local residents in accessing the new job opportunities created by the development.
- **Carbon Offset Contribution:** Where development proposals are unable to Development Plan carbon reduction targets on-site, contributions to a carbon offsetting fund will be sought to meet the shortfall.

- 3.3 The Council may continue to secure other site-by-site matters via S106 contributions where securing them would not conflict with the Council's Regulation 123 List.

### **4 The amounts collected in recent years through S106 and CIL**

- 4.1 The following table summarises the amounts that the Council has collected in recent years through S106 and CIL:

Table 1: Amount of CIL/S106 collected by the Council, 14/15 – 17/18

	<b>CIL</b>	<b>S106</b>
<b>2014/15</b>	N/A	£14,900,000
<b>2015/16</b>	£6,785,260	£18,600,000
<b>2016/17</b>	£18,338,813	£16,400,000
<b>2017/18</b>	£13,991,578	<b>£26,276,924</b>
<b>Total</b>	£39,115,651	<b>£76,176,924</b>

## **5 The extent to which the Council has met its affordable housing target in recent years**

- 5.1 Tower Hamlets has an overarching affordable housing target of 50%, with a target for individual schemes of 35% - 50%.
- 5.2 Using information from the London Development Database, Table 2 below evidences the Council's performance against its housing target between 2012/13 and 2016/17:

Table 2: The extent to which the Council has met its housing target

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>No. of Affordable Units Delivered</b>	262	691	730	822	1,008
<b>% of Affordable Housing Delivered (by habitable room)</b>	34%	34%	35.6%	41%	23.6%

- 5.3 More information in this regard can be found in the Council's Housing Delivery Strategy which is part of the Council's evidence base supporting its new draft Local Plan. When information relating to delivery in 2017/18 is available the Council will make it available as appropriate.

## **6 The Council's funding gap**

- 6.1 Detailed information on the Council's Funding Gap is set out in chapter 2 ('Infrastructure Funding Position') of the Council's draft Infrastructure Delivery Plan supporting the Council's Regulation 19 version of its new draft Local Plan. The work in this section has been updated slightly to reflect new information on projects.

### **Cost of Infrastructure Described in the IDP**

- 6.2 The following table describes the cost of the infrastructure projects set out in the Council's IDP.

Table 3: Costs of infrastructure projects in the Council's IDP

Infrastructure Category	Total Combined Cost of Projects	% of Total Cost	Number of Projects	Number of uncosted projects
Early Years Infrastructure	£1,047,768	0%	18	0
Primary Education Infrastructure	£123,240,000	6%	12	2
Secondary Education Infrastructure	£222,200,000	12%	9	1
Special Education Infrastructure	£15,000,000	1%	2	0
Health Facilities	£14,640,665	1%	21	8
Leisure and Sports Facilities	£550,000	0%	11	10
Idea Stores and Libraries	£38,500,000	2%	7	0
Transportation, Connectivity and Public Realm Infrastructure	£1,319,140,000	69%	72	7
Publicly Accessible Open Space	£74,910,000	4%	38	32
Employment and Enterprise Infrastructure	£40,000,000	2%	3	0
Community Centres	£2,240,000	0%	6	2
Youth Centre Facilities	£350,000	0%	2	1
Strategic Energy and Sustainability	£4,000,000	0%	2	0
Strategic Flood Defence Infrastructure	£1,600,000	0%	2	1
Council Managed Markets Infrastructure	£2,950,000	0%	5	0
Public Safety and Emergency Services Infrastructure	£31,936,000	2%	5	0
Utilities and Telecommunications Infrastructure	£4,500,000	0%	3	2
Waste Management Infrastructure	£4,000,000	0%	3	2
<b>Total</b>	<b>£1,900,804,433</b>	<b>100%</b>	<b>221</b>	<b>68</b>

6.3 Please note that the amount set out relating to Transportation, Connectivity and Public Realm Infrastructure includes an upgrade to the entire DLR network, costing approximately £700m. This amount cannot yet be disaggregated to establish what only applies to the Council's authority area. Note that this amount is assumed to be funded entirely by TfL's Business Plan so does not affect the Funding Gap.

6.4 There are 68 projects for which the Council does not yet have costs as these projects are not yet developed enough. The Council estimates that these projects would cost in the region of £150m - £300m to deliver although this figure depends on a number of unknown factors.

## Potential Funding Sources

- 6.5 The following table summarises the Council's position with regard to the availability of funding to spend on infrastructure. Please note that the Council is not necessarily in receipt of the amounts stated, rather it reasonably expects these amounts to be available based on the information available.

Table 4: Availability of funding for infrastructure

Type of Funding	Amount Available	Source
<b>1. Capital Grants</b>	£792.68m	Council's Capital Programme 2017/18 – 2020/21.
<b>2. S106 Funding: Existing account and projections up to 2028/29</b>	£183.5m	Council's bespoke projections.
<b>3. CIL Funding, existing and projections up to 2030/31</b>	£292.75m	Council's bespoke Projections
<b>Total</b>	£1.268m	

### Capital Grants

- 6.6 This funding projection was partially derived from the Council's adopted Capital Programme which sets out the Council's funding position from 2017/18 to 2020/21. The draft Isle of Dogs and South Poplar Opportunity Area Planning Framework has also identified potential funding from TfL's Business Plan and this funding is also included under this category.
- 6.7 The table below provides a breakdown of the funding sources that fall under this category:

Table 5: Capital grant funding sources

Funding Source	Amount	Notes
<b>Schools Basic Need/ Expansion Grant</b>	£53.85m	
<b>Transport for London's Local Improvement Programme</b>	£10.828m	
<b>Transport for London's Business Plan</b>	£728m	Assumed to be spent on DLR Improvement Programme and the Crossharbour Station project.
	£792.68m	

## S106 Funding

- 6.8 S106 is payable in accordance with triggers set out in S106 agreements. The Council's S106 income will, like CIL, depend upon the timings for delivery of individual development sites. The below table provides a breakdown of these funding sources.

Table 6: S106 on account and forecasted income

Year	Annual Amount (£)
<b>Funding on account as at 31/03/2017</b>	<b>£79,535,461</b>
<b>2017/18 (estimate)</b>	<b>£26,276,924</b>
<b>2018/19 – 2028/29 (estimate)</b>	<b>£77,760,019</b>
<b>Total</b>	<b>£183,572,404</b>

## CIL Funding

- 6.9 The following table sets out projected income over the period of the Council's Regulation 19 version of its new draft Local Plan, assuming both the existing and proposed rates:

Table 7: Projected CIL income

	Proposed CIL Charging Schedule	Current CIL Charging Schedule
<b>2017/18</b>	£13,991,578	£13,991,578
<b>2018/19</b>	£16,033,797.17	£16,033,797
<b>2019/20</b>	£13,866,385.13	£13,866,385
<b>2020/21</b>	£16,178,203.78	£16,178,204
<b>2021/22</b>	£29,390,322.70	£25,775,569
<b>2022/23</b>	£28,158,376.68	£24,944,980
<b>2023/24</b>	£27,943,086.64	£24,426,533
<b>2024/25</b>	£23,897,568.74	£20,742,081
<b>2025/26</b>	£19,713,478.01	£16,674,785
<b>2026/27</b>	£19,912,020.84	£16,819,327
<b>2027/28</b>	£19,684,062.60	£16,593,499
<b>2028/29</b>	£16,795,060.20	£14,317,851
<b>2029/30</b>	£15,572,846.86	£13,099,898
<b>2030/31</b>	£6,492,564.94	£5,458,111
<b>Total</b>	<b>£292,753,425</b>	<b>£264,046,670</b>

- 6.10 Note that income projections above assume a new Charging Schedule is adopted in 2019/20 and the applications permitted after this point start to come forward from the year 2021/22.
- 6.11 The Council has to date collected £39m in CIL funding. In accordance with table 1 above, approximately £25m of those receipts were collected in the years 2015/16 and 2016/17. The remainder was collected in the year 2017/18 to date.

## **Funding Gap**

### **Aggregate Funding Gap**

6.12 The aggregate funding gap is the total cost of infrastructure, less funding from sources other than CIL:

Table 8: Aggregate funding gap for CIL

<b>Total cost of infrastructure</b>	<b>£1,900,804,433</b>
<b>Less</b>	
<b>Funding from sources other than projected CIL Income</b>	<b>£1,011,360,000</b>
<b>Equals</b>	
<b>Aggregate Funding Gap</b>	<b>£889,444,433</b>

### **Residual Funding Gap**

6.13 The residual funding gap is calculated by subtracting the projected CIL income from the aggregate funding gap:

Table 9: Residual funding gap for CIL

<b>Aggregate Funding Gap</b>	<b>£889,444,433</b>
<b>Less</b>	
<b>CIL Funding Projections up to 2030/31</b>	<b>£292,753,425</b>
<b>Equals</b>	
<b>Residual Funding Gap</b>	<b>£596,691,000</b>

6.14 The Council are able to demonstrate a significant residual funding gap so are able to continue to charge a local CIL, in accordance with paragraph 16 of the CIL Planning Practice Guidance.

6.15 The scale of growth projected in Tower Hamlets means that the vast majority of funding for infrastructure will need to come from sources other than CIL.

### **Levy Funding Target**

6.16 Given the Council has a significant funding gap, the Council's funding target for CIL will represent the maximum viable amount over the Local Plan period which has been identified as £292.75m (see table 7 above).



**Appendix A: The Council's Regulation 123 List**



**Community Infrastructure Levy (CIL)**

**Regulation 123 List**

**xxxDatexxx**

# Regulation 123 List

## List of Infrastructure Projects

**xxxDatexxx**

The list below sets out those types of infrastructure projects that Tower Hamlets Council intends will be, or may, be wholly or partly funded by CIL.

The inclusion of a type of infrastructure in this list does not signify a commitment from the Council to wholly or partly fund it through CIL.

**Types of strategic infrastructure (including new provision, replacement or improvements to existing infrastructure, operation and maintenance)\*: -**

- **Community facilities**
- **Employment and training facilities**
- **Energy and sustainability (including waste) infrastructure**
- **Flood defences**
- **Health and social care facilities**
- **Infrastructure dedicated to public safety (for example, wider CCTV coverage)**
- **Leisure facilities such as sports facilities, libraries and Idea Stores**
- **Open space, parks and tree planting**
- **Public art provision**
- **Public education facilities**
- **Roads and other transport infrastructure**

\* For the purposes of the CIL Regulation 123 List, 'strategic' is defined as infrastructure that is designed to serve more than those residents or workers within one particular development by contributing to infrastructure improvements across the wider Borough.