

REPORT FOR: **CABINET**

Date of Meeting:	18 July 2013
Subject:	Adoption of Harrow's Community Infrastructure Levy
Key Decision:	Yes
Responsible Officer:	Caroline Bruce, Corporate Director of Environment and Enterprise
Portfolio Holder:	Councillor William Stoodley, Portfolio Holder for Planning and Regeneration
Exempt:	No
Decision subject to Call-in:	No
Enclosures:	Appendix A: Inspector's Report Appendix B: Harrow's CIL Charging Schedule

Section 1 – Summary and Recommendations

This report documents the outcome of the examination into Harrow's Community Infrastructure Levy Charging Schedule and recommends that the Charging Schedule be approved for adoption.

Recommendations:

Cabinet is requested to:

- A. Recommend that the Council adopts the CIL Charging Schedule and the Instalments Policy and Regulation 123 List appended to the Schedule.
- B. Recommend that the Council approve a commencement date of 1st October 2013 for the coming into effect of the CIL Charging Schedule.

Reason: (For recommendation)

The Community Infrastructure Levy will provide an important mechanism for the funding of infrastructure to support the implementation of the Local Plan.

Section 2 – Report

1. The Council's Local Plan is underpinned by evidence of the need for new green, physical and social infrastructure to support new development and existing communities. The adoption of the Community Infrastructure Levy (CIL) Charging Schedule will ensure that the borough continues to receive contributions from new development towards the delivery of strategic infrastructure required to support development in Harrow and the implementation of the Local Plan.

Options considered

2. It is considered that there are limited genuine alternative options to introducing a CIL. Although CIL is not a statutory requirement, boroughs without a charging schedule from April 2014 will generally not be able to secure contributions from qualifying development towards the provision of new infrastructure. To not have a CIL would raise significant concerns within the wider community about the effectiveness of the Council in managing its strategic plan for Harrow's growth.

Background

3. The CIL allows local authorities to raise funds from developers to pay for the infrastructure that is needed as a result of development. CIL takes the form of a tariff per square metre of additional floorspace. The level of the tariff is set by the Council based on the needs identified through infrastructure planning, but also tested to ensure that it will not affect the viability of developments.

4. After preparing the evidence base and consulting on proposed rates during 2012, the Council submitted its proposed charging schedule for independent examination on 2nd April 2013. The examiner's role was to consider whether the Council's proposed charging schedule meets the requirements of the Planning Act 2008 and associated regulations in respect of legal compliance and viability. The examination was held on the basis of written representations.

5. The examiner issued her report on 10 June 2013 (attached as Appendix A), concluding that the Council had taken a pragmatic approach towards setting the charging rates. She considers that the Council has tried to be realistic in seeking an appropriate balance between achieving a

reasonable level of income to address the acknowledged gap in infrastructure funding, whilst ensuring development will remain viable across the Borough.

6. The examiner concluded that the Council's CIL has satisfied the legal requirements and recommended that the charging schedule (set out below and attached as Appendix B) be approved without changes.

Harrow's Charing Schedule – Rates of CIL

Use	Charge per sqm
Residential (Use Classes C3),	£110
Hotel (Use Class C1), Residential Institutions, except Hospitals, (Use Class C2), Student Accommodation, Hostels and HMOs (Sui Generis)	£55
Retail (Use Class A1), Financial & Professional Services (Use Class A2), Restaurants & Cafes (Use Class A3), Drinking Establishments (Use Class A4), Hot Food Take-aways (Use Class A5)	£100
All other uses	Nil

7. CIL is calculated on the net increase in gross internal floor area (GIA) provided any existing floor area is in lawful use. That is, a credit is allowed for any existing GIA which is demolished. Gross internal floor area includes everything within the external walls of the buildings and so includes things like lifts, stairwells and internal circulation areas. It does not include things like external balconies or the thickness of the external walls themselves.

8. Note that a minimum threshold applies to non-residential development. If the GIA of new build is less than 100m² it does not pay CIL. This threshold does not apply to new dwellings. If a new dwelling is being created, it will pay CIL for any net increase in GIA. CIL will not be charged when the calculated amount of CIL is £50 or less.

Implementation

9. Following the receipt of the examiners report, the Council is now in a position to adopt its Charging Schedule and agree the date from which CIL will be implemented. CIL will apply to all planning permissions issued on or after the Charging Schedule comes into effect. Officers recommend Council approve a commencement date of 1st October 2013 to allow, where practicable, pending planning applications to be decided, business systems to be updated across services, final notice to be given to the development community as to the proposed change, and other transitional administration to be completed.

10. Following the adoption of the charging schedule, officers will undertake the following procedural steps to ensure compliance with section 213 of the Planning Act 2008:

- (a) publish the charging schedule on the Council's website;
- (b) make the charging schedule available for inspection at the Civic Centre and Central Library;
- (c) publish a notice in the Harrow Observer of the Council's approval of the charging schedule and where this can be inspected;
- (d) give notice to those persons who requested to be notified of the approval of the charging schedule that it has been so approved; and
- (e) send a copy of the charging schedule to each of the relevant consenting authorities.

Spending CIL: Infrastructure Planning

11. Harrow's Infrastructure Assessment and Delivery Plan (IDP) was agreed as part of the Council's Core Strategy in 2011 and set out the major infrastructure needs of the growth planned in the Borough. Whilst the IDP demonstrates demand for infrastructure to support growth it is not comprehensive with regard to project specific requirements, costs and delivery mechanisms. It was also purposely silent on the prioritisation of spend on infrastructure. Officers therefore propose to draw up a more detailed infrastructure delivery programme to present to members in autumn. The programme will build on the IDP and provide a comprehensive picture of the borough's strategic infrastructure needs, then map out and assess the development needs and regenerative benefits associated with each infrastructure project. The IDP already demonstrates that CIL, when combined with main stream sources of funding and capital investment, will not deliver all the borough's strategic infrastructure needs. Prioritisation is therefore inevitable, and careful consideration of the individual development needs and the regeneration benefits associated with identified infrastructure projects will therefore be essential as part of a continuously managed process.

12. The infrastructure delivery programme will also need to address the procurement challenges thrown up by the introduction of CIL. Where previously developers often built out the required infrastructure under S106 agreements, now the onus will increasingly be on the Council to directly procure infrastructure works to be funded through CIL. The Council will want to ensure the best possible value for money in such cases but will also need to coordinate closely with the developer community to ensure timely delivery and that development does not stall due to lengthy procurement processes. The Council will also need to recognise that in some cases, for example larger strategic development projects where infrastructure is heavily integrated into a broader construction programme, developers may be better placed to deliver infrastructure projects and joint procurement exercises may therefore need to be undertaken (Subject to rules on "State Aid").

13. The Council's "Regulation 123" list (set out in Appendix B), sets out the types of infrastructure that it intends will be, or may be, wholly or partly funded by CIL. In addition, the government had indicated through the Localism Act, that a proportion of CIL would be spent in accordance with the wishes of the local community. Further clarification of what this will mean has now been announced by the Planning Minister and it is anticipated that the necessary Order will be in place in the autumn of this year. The proportion of CIL to be allocated for 'community spend' will be 15%, increasing to 25% within areas

covered by an adopted Neighbourhood Plan. It is understood that in areas where there are no Parish Councils, the Council will continue to control the spend and in areas covered by a Neighbourhood Plan, the Council will remain the accountable body. The government has also confirmed that there will be no relaxation or change at the present time to allow CIL receipts to be spent on affordable housing.

Implications of the Recommendation

Resource Implications

14. The implementation and collection of CIL is complex and involves officers from the Planning, Finance & Land Charge teams. Processes for the implementation and collection of CIL are already in place following the implementation of the Mayoral Crossrail CIL on 1st April 2012. However, these processes will need refinement to ensure they are robust for both CIL regimes going forward. £10k from Planning Delivery Grant has already been earmarked this year to address the “set up” costs, including the funding any necessary IT upgrades to Council’s Civica and Northgate systems to accommodate CIL add-on modules which have recently been developed.

15. The existing s106 officer post within Planning has been subject of a review exercise with revised job description to cover the implementation of the CIL. The Council has the ability to use a proportion (up to 5%) of local CIL receipts to cover administrative costs; the Council is also entitled to a proportion (up to 4%) of Mayoral CIL to cover the costs of collecting Mayoral CIL. The s106 and projected CIL fees will mean that as CIL liable development increases and is commenced, the post will be funded entirely through the CIL itself, which has not been the case under s106 admin arrangements alone. Existing job roles within the Planning Service have also been adjusted to address the need for community engagement on CIL proposals, and to provide support to the CIL officer.

Financial Implications

16. The contingency costs for any necessary IT upgrades and the CIL administration costs are outlined in the resource implications section above. While the administration fee for both CIL and s106 agreements is likely to cover the cost of the s106/CIL officer post, they are unlikely to cover the costs of all of the on-going CIL governance requirements. This is likely to include community consultation, the engagement of service providers, and financial auditing & reporting of CIL spend. While the governance costs are not projected to be significant, circa £10k p.a., these costs will need to be met within existing service budgets. In the meantime, a one off provision within this year budget has been made for establishment of the process and protocols covering the implementation from October.

17. Overall however, the introduction of CIL will mean that the Council will be able to levy new development in order to generate funds to help pay for infrastructure improvements within Harrow. The infrastructure evidence base study suggests that Harrow’s CIL should raise, on average, circa £1m p.a. These estimated funds raised by CIL are not certain as they are dependant on

the size and number of developments commencing and or completing in a year. It should also be noted that s106 funding is to be scaled back and will be replaced by the new charges under CIL. Therefore the income generated by CIL will not be entirely new money but also partly a replacement of what the Council might have got under s106. Nevertheless, the benefits of CIL, over s106, is that the Council and the community can decide the infrastructure spending priorities against which CIL can contribute towards.

Performance Issues

18. As set out in the section above, CIL is not entirely new money (it replaces s106 contributions for strategic infrastructure) and will not be the primary source of funding for new infrastructure. Rather the purpose of CIL is to help close the existing gap in funding the infrastructure required to support new development. In this context the introduction of the CIL will be positive, in that it should assist the Council's performance in the delivery of strategic infrastructure. It remains for the Council to determine through the infrastructure delivery programme and the alignment of this with the allocation of capital spending, bidding for grants, property disposal etc. which type of infrastructure to prioritise.

19. To assist officers and provide a forum for member consultation and engagement on the CIL, in addition to Cabinet, the terms of reference of the Major Development Panel (MDP) have been adjusted to enable CIL and the infrastructure delivery schedule to be reported to, monitored by and informed by the Panel meetings.

Environmental Impact

20. There are no environmental impacts associated with the introduction of a Harrow CIL. Environmental issues are at the heart both of the planning process and the delivery of supporting infrastructure. The Council's Local Plan, which CIL seeks to help delivery, has been the subject of detailed Sustainability Appraisal, incorporating the requirements for Strategic Environmental Assessment.

21. The site specific environmental impacts of development will continue to be mitigated through the negotiation of appropriate s106 obligations.

22. Ultimately it is for the Council to decide what infrastructure projects they wish to fund in full or part through CIL receipts, which may or may not include environmentally beneficial infrastructure projects.

Risk Management Implications

Risk included on Directorate risk register? Yes

Separate risk register in place? No

23. The key risk associated with implementing a CIL is in ensuring that CIL receipts are used effectively to deliver the strategic infrastructure identified as being required in the Infrastructure Delivery Schedule. Once CIL is adopted, the Council will not be in a position to refuse planning applications on the basis of inadequate provision of strategic infrastructure. Both the community and developers will expect the Council be transparent in the use of CIL receipts and to monitor and report on its effectiveness.

Equalities implications

Was an Equality Impact Assessment carried out? No

24. CIL is effectively a tax on new development. The Regulations are limiting in terms of how CIL is to be applied and any exemptions, and were subject to a central government equalities assessment, which found there to be no negative consequences of introducing a CIL. In this context, a local EqIA is not considered necessary.

Corporate Priorities

25. The CIL will provide funding and a system to help support the implementation of the following corporate priorities:

- Keeping neighbourhoods clean, green and safe – through the delivery of funding for strategic infrastructure projects aimed at improving the quality of our existing green spaces, such as the expansion of the Green Grid network.
- United and involved communities: A Council that listens and leads – CIL provides scope to support communities in the shared delivery of infrastructure – particularly through the provisions for consultation and local implementation through the requirement for 15% of local CIL receipts to be given over to the local community in which they were raised to spend local priorities for infrastructure enhancement.
- Supporting and protecting people who are most in need – through provision of new or enhanced health care and other community facilities.
- Supporting our town centre, our local shopping centres and businesses - through the provision of physical infrastructure including public transport and new public realm that can assist in generating economic growth and town centre vitality.

Section 3 - Statutory Officer Clearance

Name: Kanta Hirani



on behalf of the
Chief Financial Officer

Date: 25 June 2013

Name: Abiodun Kolawole



on behalf of the
Monitoring Officer

Date: 25 June 2013

Section 4 – Performance Officer Clearance

Name: Martin Randall



on behalf of the
Divisional Director
Strategic
Commissioning

Date: 21 June 2013

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker



on behalf of the
Corporate Director of
Environment &
Enterprise

Date: 24 June 2013

Section 6 - Contact Details and Background Papers

Contact: Matthew Paterson, Senior Professional Planning Policy,
Place Shaping,
Tel: 020 8736 6082

Background Papers:

Cabinet Paper of 19 July 2012 on the Draft Charging Schedule

<http://www.harrow.gov.uk/www2/documents/g61070/Public%20reports%20pack%20Thursday%2019-Jul-2012%2019.30%20Cabinet.pdf?T=10>

Cabinet Paper of 11 October 2012 on the Draft Charging Schedule

<http://www.harrow.gov.uk/www2/documents/g61072/Public%20reports%20pack%20Thursday%2011-Oct-2012%2019.30%20Cabinet.pdf?T=10>

Harrow's Infrastructure Assessment and Delivery Plan

http://www.harrow.gov.uk/downloads/file/10168/infrastructure_assessment_and_delivery_plan

CIL Regulations 2010 (as amended)

<http://www.legislation.gov.uk/ukdsi/2010/9780111492390>

DCLG CIL Guidance Note, April 2013

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/197687/Community_Infrastructure_Levy_2013.pdf

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in does not apply as the decision is reserved to Council]</i>
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