Ayshe Simsek,
Democratic Services
and Scrutiny Manager

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11 March 2022

To: All Members of the Full Council

Dear Member,

Full Council - Monday, 14th March, 2022

I attach a copy of the following reports for the above-mentioned meeting which were not available at the time of collation of the agenda:

7. TO RECEIVE THE REPORT OF THE CHIEF EXECUTIVE (PAGES 1 - 16)

To consider the draft Council calendar of meetings 2022/23 municipal year. To follow

To consider changes to political groups and changes to Committee Membership.

10. TO RECEIVE REPORTS FROM THE FOLLOWING BODIES (PAGES 17 - 128)

a) The Cabinet - Revised Community Infrastructure Levy Charging Schedule.
b) Standards Committee – Approval of Members Allowance Scheme 2022/23 & extension of Appointment of Independent persons on Standards Committee.
c) Corporate Committee – Treasury Management Quarter 3 update –

Yours sincerely

Ayshe Simsek, Democratic Services and Scrutiny Manager
0208 489 2929

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Agenda Item 7

Report for:	Full Council 14th of March
Title:	**Change to Political Composition and Appointments to Committees 2021/22**
Authorised by:	Fiona Alderman, Head of Legal and Governance & Monitoring Officer
Lead Officer:	Ayshe Simsek Democratic Services and Scrutiny Manager 0208 489 2929 ayshe.simsek@haringey.gov.uk
Ward(s) affected:	All
Report for Key/ Non-Key Decision:	Non-Key Decision

1. Describe the issue under consideration.

- To note the changes to the political groups as notified to the Chief Executive.
- To agree a change to the Committee Memberships.

2. Cabinet Member Introduction

N/A

3. Recommendations

3.1 Council is asked to:

1. Note the changes to the political composition set out at paragraph 4.3.
2. To agree the resultant changes to Council Committee memberships as detailed in paragraphs 4.5 and 4.8.

4.Background information

4.1 On the 22 of February , the Chief Executive was informed by Cllr Gideon Bull in writing that he no longer wished to be treated as a member of the Labour group; This was in accordance with Local Government (Committees and Political Groups) Regulations 1990 – 10b.

4.2 Cllr Gideon Bull further notified the Chief Executive of his resignation from the Staffing and Remuneration Committee, Adults and Health Scrutiny Panel, and Environment and Community Safety Scrutiny Panel.

4.3 The political balance of the Council of 57 councillors is now as follows:

Labour	40 councillors (70.2%)
Liberal Democrats	15 councillors (26.3%)
Independent	1 Councillor (1.75%)
Independent	1 Councillor (1.75%)

4.4 The Council is required to ensure that appointments to which the statutory political balance rules apply are made in accordance with those rules. The relevant rules are summarised below (see paragraph).The Annual Meeting of the Council appoints Committees of the Council in accordance with Article 4.02(k) of the Constitution. The Council is required to comply with the provisions of the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990 in terms of political balance when appointing ‘ordinary’ committees – that is, committees appointed under section 102(1)(a) of the Local Government Act 1972.

These rules provide that seats on ‘ordinary’ committees must be allocated in line with the following principles, so far as reasonably practicable:

(a) that not all the seats on a body are allocated to the same political group;

(b) that the majority of the seats on the body are allocated to the political group which has the majority of the Council’s membership;

(c) that, subject to principles (a) and (b) above, the proportion of seats allocated to each political group out of the total number of seats across all the ordinary committees of the Council shall be in the same proportion as their share of membership of the Council as a whole; and

(d) that, subject to paragraphs (a) to (c) above, the number of seats on each individual body shall be allocated to each political group in the same proportion as their share of membership of the Council as a whole.

4.5 The Independent Member could not remain on the Staffing and Remuneration Committee as this has a Council Member membership of with 4 Labour Members and 1 Liberal Democrat Member and would mean that compliance with rule 4.4(d) was not possible. The Labour group have advised on the nomination of Cllr Reg Rice to the Staffing and Remuneration Committee for Full Council agreement, giving effect to the wishes of the Labour group.

4.6 The number of seats currently available on all Ordinary Committees is 56. Keeping to the current seat allocation of 41 Labour and 15 Liberal Democrat would mean that Labour has **73.2%** of the total number of seats and this is **3% percent** higher percentage share, and the Liberal Democrats would have **26.8%** percentage allocation which is 0.5% higher percentage share.

4.7 Reducing the Labour group allocation by 1 seat and allocating a seat on the Licensing Committee to the Liberal Democrat Group would mean that in consequence, Labour would receive 40 Committee seats (71.4%) of the total number of seats available) and Liberal Democrats 16 seats (28.6%) of the total number). The Liberal Democrat group would therefore have a percentage of Committee seats that is 2.3% higher than their percentage share of the total number of councillors and Labour group would have share that is 1.2% higher than their share. This allows a closer percentage allocation to the overall political balance allocations, and the Council is complying with the principle set out at paragraph 4.4(c) above, so far as reasonably practicable.

4.8 The political groups have indicated that Cllr Bob Hare will replace Cllr Reg Rice on the Licensing Committee until the end of the municipal year 2021/2022.

4.9 In calculating the allocation of seats on ordinary committees, the following bodies were excluded because these bodies are excluded from the statutory rules on political balance:

- The Cabinet.
- The disciplinary pool.
- Licensing Sub-Committees (Licensing Act 2003 and Gambling Committee).
- The Health and Wellbeing Board.

4.10 Changes to appointments can be made at any stage during the Municipal Year with the changes being reported to the Council as appropriate.

5. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

5.1 There are no financial implications arising from the report.

Head of Legal and Governance & Monitoring Officer

5.2 The report sets out those Council bodies to which the political balance rules apply. The 1989 Act requires political balance in the distribution of seats on committees to be undertaken “so far as is reasonably practicable” thus recognising that a mathematically precise split between political parties cannot always be achieved.

5.3 In section 15 of the Local Government and Housing Act 1989, principle (b) states that a party with a majority on full Council shall have a majority of seats on each individual body. This principle takes precedence over principles (c) and (d)which require political groups to be represented on the ordinary committees taken as a whole and on the bodies individually in proportion to their representation on Full Council.

5.4 Principle (c) concerning proportionate allocation of seats across all the ordinary committees of the council takes precedence over the principle (d) concerning proportionate allocation on any individual body.

5.5 There is no requirement to offer a seat to a single member as they do not constitute a "political group" under the definition in the Local Government (Committees and Political Groups) Regulations 1990 (S.I. 1553) Regulation 8.

6. Use of Appendices

None

7. Local Government (Access to Information) Act 1985

7.1 Background documents:

- *Appointments to Cttees 2021- 22*
- *Haringey Council’s Constitution*

7.2 The background papers are located at River Park House, 225 High Road, Wood Green, London N22 8HQ.

7.3 To inspect them or to discuss this report further, please contact Ayshe Simsek on 0208 489 2929.

Report for: **Full Council 14th of March 2022**

Title: **Outline of the Calendar of meetings for the Municipal Year 2022/23**

Report Authorised by: Fiona Alderman

Lead Officer: Ayshe Simsek, Democratic Services and Scrutiny Manager

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key - Information report

1. Describe the issue under consideration

To note the outline schedule of meetings for the municipal year 2022/23. The schedule of meetings is submitted annually to the Council for approval and will go forward to the Annual Meeting on the 23rd of May 2022 for approval.

2. Cabinet Member Introduction

N/A

3. Recommendations

That the attached schedule of meetings for 2022/23 be noted and comments put forward to Democratic Services Manager.

4. Reasons for decision

The early notification of the schedule of meetings for 2022/23 will allow for the effective planning of meetings and in turn decision making of the council.

Publication of forth coming committee meeting dates will further support residents, stakeholders and partners participation in council decision making.

5. Alternative options considered

The alternative was not to publish the council schedule of meetings which would not be keeping with transparency and openness objectives of the council.

6. Background information

A local authority needs a clear decision making framework to carry out its business effectively and lawfully. The Local Government Act 1972 permits a local authority to arrange for decisions about its functions to be made by a committee, subcommittee or an officer of the authority or by another local authority.

Appendix 1 sets out the committees that are expected to meet during the 2022/23 municipal year and provides councillors, residents, and partners of the dates and times of these committee meetings.

7. Contribution to strategic outcomes

Having an available and agreed schedule of committee meetings for 2022/223 will allow councillors and officers to plan, consult, and agree the required decisions to meet the objectives of the borough plan.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

There are no direct financial implications.

Legal

There are no perceived legal implications arising from this report.

Equality

There are no Equalities implications arising from this report.

9. Use of Appendices

Council calendar of Meetings 2022/23 – appendix 1

Council calendar of Meetings – list format 2022/23 – appendix 2

10. Local Government (Access to Information) Act 1985

The background papers are located at George Meehan House, 294 High Road Wood Gren N22 8JZ

To inspect them or to discuss this report further, please contact Ayshe Simsek on 0208 489 2929

	May	June	July	August	September	October	November	December	January	February	March	April	May
	2022	2022	2022	2022	2022	2022	2022	2022	2023	2023	2023	2023	2023
Mo	2 **Bank Holiday**			1		3 CYPSP			2 **Bank Holiday**			3	1 **Bank Holiday**
Tu	3 **Eid ul Fitr (Muslim)**			2 Training		4 Standards/ CPAC	1 HRSP/C&YPSP		3 CYPSP			4	2
We	4	1 Political group		3 Political meeting		5 **Yom Kippur (Jewish)**	2 Political Group		4 Political Group	1 Political Group	1 Political Group	5 Political Group	3 Political Group
Th	5 **LOCAL ELECTIONS**	2 **Bank Holiday**		4	1 Political Group	6 Political Group	3 Political Group	1 S&R/ LSC	5 Political Group	2 Corporate	2 Full Council Budget	6	4
Fr	6 Count	3 **Bank Holiday**	1	5	2	7	4	2	6	3	3	7 **Bank Holiday**	5
Mo	9	6 Planning	4 Planning/ Member training	8	5 Planning /C&YPSP	10 Planning	7 Planning	5 Planning	9 Planning/ LSC	6 Planning	6 Member Training	10 **Bank Holiday**	8 Planning
Tu	10	7 Member Training	5 CPAC/E&CSSP	9	6 LSC	11 **Sukkot (Jewish)**	8 Cabinet	6 Cabinet / SAC	10 Licensing	7 Cabinet	7 **Purim (Jewish)**	11	9 Cabinet
We	11	8	6 Political Group	10	7 Political Group	12	9	7 Political Group	11 Joint CSP/HWB	8 CSP (Day)	8	12	10
Th	12 Member Training	9 CCCC/SAC/ Licensing Training	7 Political Group	11	8 Alexandra Palace Open Forum	13 LSC / OSC	10 Political Group	8 AHSP	12 OSC	9 Political Group	9 AHSP/ SAC/ CC	13 **Pesach (Jewish)**	11
Fr	13	10	8	12	9	14	11 **Armistice Day (Rem. Day)**	9	13	10	10	14	12
Mo	16 Member Training	13 Member Training	11 LSC / Pensions Committee and board	15	12 Pensions /E&CCP	17 **Shemini Atzeret/Simch at Torah (Jewish)**	14 ESC SP/ AHSP	12 H&RSP	16 CPAC	13	13 Planning	17 **Yom Hashoah (Jewish)**	15 Full Council
Tu	17 Member Training	14 Cabinet	12 Cabinet	16	13 Cabinet	18 Cabinet	15 Corporate	13 APPB	17 Cabinet	14	14 Cabinet	18 Cabinet	16
We	18 Member Training	15	13 Joint CSP/HWB	17	14	19 CSP (Day)	16	14 CSP (Day)	18	15	15	19	17
Th	19 Member Training	16 Political Group	14 HRSP	18 LSC	15 AHSP/Corporate	20 S&R/ Strategic Planning	17 SAC- CC	15 ESCSP	19 OSC Budget	16	16 ECS SP/C&YPSP	20 Political Group	18
Fr	20	17	15	19	16	21	18	16	20	17	17	21 **Eid ul Fitr (Muslim)**	19
Mo	23 **Council AGM (Alexandra Palace)**	20 OSC/Member Training	18 Full Council	22	19 **Liberal Democrat Conference (TBC)**	24 Political Group	21 Full Council	19	23 Pensions	20 Strategic Planning	20 APPB	24 Planning	22 LSC
Tu	24 Member Training	21 Member Training	19 OSC/APPB	23	20 **Liberal Democrat Conference (TBC)**	25 Political Group	22 Pensions	20	24 Standards	21 S&R /LSC	21 Standards/ Pensions	25 Member Training	23
We	25 Member Training	22 Member Training	20 HWB (Day)	24	21 HWB (Day)	26 Political Group	23 HWB (Day)	21	25 HWB (Day)	22	22 **Ramadan begins**	26	24
Th	26 Member Training	23 Member Training	21 Corporate /C&YPSP/ member training	25	22 Member training	27 Political Group	24 Political Group	22	26 Political Group	23 Member Training	23 S&R	27 Political Group	25
Fr	27 Member Training	24 Morning Member training	22	26	23	28	25	23	27	24	24	28	26
Mo	30	27 S&R/ Standards Training	25	29 **Bank Holiday**	26 **Labour Party Conference/ Rosh Hashanah (Jewish)**	31 Politcal group	28 OSC	26 **Bank Holiday**	30	27 HRSP	27 **Full Council**		29 Bank Holiday
Tu	31 Member Training	28 A&HSP/LSC	26 Member training	30	27 **Labour Party Conference**		29 Member Training	27 **Bank Holiday**	31	28 CPAC	28 Corporate		30
We		29 CSP	27	31	28 **Labour Party Conference**		30	28			29 HWB (Day)		31
Th		30 Standards	28 Member training		29 APPB/ H&RSP			29			30 O&S		
Fr			29		30			30			31		

no meetings
School / bank holiday
Pre - Election Period

SAC-CC Alexandra Palace and Park Statutory Advisory Committee/ Consultative committee
HRSP Housing and Regeneration Scrutiny Panel
LSC Licensing Sub Committee
OSC Overview and Scrutiny Committee
CPAC Corporate Parenting Advisory Committee
ECSP Environment and Community Safety Scrutiny Panel
AHSP Adults and Health Scrutiny Panel
CYPSP Children and Young People Scrutiny Panel
CSP Community Safety Partnership
APPB Alexandra Park and Palace Board

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Calendar of Committee Meetings 2022/23

Key
SAC-CC: Alexandra Palace and Park Statutory Advisory Committee/ Consultative committee
HRSP: Housing and Regeneration Scrutiny Panel
LSC: Licensing Sub Committee
OSC: Overview and Scrutiny Committee
CPAC: Corporate Parenting Advisory Committee
ECSP: Environment and Community Safety Scrutiny Panel
AHSP: Adults and Health Scrutiny Panel
CYPSP: Children and Young People Scrutiny Panel
CSP: Community Safety Partnership
APPB: Alexandra Park and Palace Board

<u>May 2022</u>

Monday, 23 May	Full Council AGM (Alexandra Palace)
Tuesday, 24 May	Member Training
Wednesday, 25 May	Member Training
Thursday, 26 May	Member Training
Friday, 27 May	Member Training
Tuesday, 31 May	Member Training

<u>June 2022</u>

Monday, 6 June	Planning
Tuesday, 7 June	Member Training
Thursday, 9 June	CCCC/SAC/ Licensing Training
Monday, 13 June	Member Training
Tuesday, 14 June	Cabinet
Thursday, 16 June	Political Group
Monday, 20 June	OSC/Member Training
Tuesday, 21 June	Member Training
Wednesday, 22 June	Member Training
Thursday, 23 June	Member Training
Friday, 24 June	Morning Member Training
Monday, 27 June	S&R/ Standards Training
Tuesday, 28 June	A&HSP/LSC
Wednesday, 29 June	CSP
Thursday, 30 June	Standards

<u>July 2022</u>

Monday, 4 July	Planning/ Member Training
Tuesday, 5 July	CPAC/ E&CSSP
Wednesday, 6 July	Political Group

Thursday, 7 July	Political Group
Monday, 11 July	LSC/ Pensions Committee and board
Tuesday, 12 July	Cabinet
Wednesday, 13 July	Joint CSP/HWB
Thursday, 14 July	HRSP
Monday, 18 July	Full Council
Tuesday, 19 July	OSC/APPB
Wednesday, 20 July	HWB (Day)
Thursday, 21 July	Corporate /C&YPSP/ member training
Tuesday, 26 July	Member Training
Thursday, 28 July	Member Training

August 2022

Tuesday, 2 August	Training
Wednesday, 3 August	Political Meeting
Thursday, 18 August	LSC

September 2022

Thursday, 1 September	Political Group
Monday, 5 September	Planning/ C&YPSP
Tuesday, 6 September	LSC
Wednesday, 7 September	Political Group
Thursday, 8 September	Alexandra Palace Open Forum
Monday, 12 September	Pensions /E&CCP
Tuesday, 13 September	Cabinet
Thursday, 15 September	AHSP/Corporate
Monday, 19 September	Lib Dem Conference (TBC)
Tuesday, 20 September	Lib Dem Conference (TBC)
Wednesday, 21 September	HWB (Day)
Thursday, 22 September	Member Training
Monday, 26 September	Labour Political Party Conference
Tuesday, 27 September	Labour Political Party Conference
Wednesday, 28 September	Labour Political Party Conference
Thursday, 29 September	APPB/ HRSP

October 2022

Monday, 3 October	CYPSP
Tuesday, 4 October	CPAC/ Standards
Thursday, 6 October	Political Group
Monday, 10 October	Planning
Thursday, 13 October	LSC/ OSC
Tuesday, 18 October	Cabinet

Wednesday, 19 October	CSP (Day)
Thursday, 20 October	S&R/ Strategic Planning
Monday, 24 October	Political Group
Tuesday, 25 October	Political Group
Wednesday, 26 October	Political Group
Thursday, 27 October	Political Group
Monday, 31 October	Political Group

November 2022

Tuesday, 1 November	HRSP/C&YPSP
Wednesday, 2 November	Political Group
Thursday, 3 November	Political Group
Monday, 7 November	Planning
Tuesday, 8 November	Cabinet
Thursday, 10 November	Political Group
Monday, 14 November	ESC SP/ AHSP
Tuesday, 15 November	Corporate
Thursday, 17 November	SAC-CC
Monday, 21 November	Full Council
Tuesday, 22 November	Member Training
Wednesday, 23 November	HWB (day)
Thursday, 24 November	Political Group
Monday, 28 November	OSC
Tuesday, 29 November	Member Training

December 2022

Wednesday, 1 December	S&R/ LSC
Monday, 5 December	Planning
Tuesday, 6 December	Cabinet/ SAC
Wednesday, 7 December	Political Group
Thursday, 8 December	AHSP
Monday, 12 December	Pensions/ H&RSP
Tuesday, 13 December	APPB
Wednesday, 14 December	CSP (Day)
Thursday, 15 December	ESCSP

January 2023

Tuesday, 3 January	CYPSP
Wednesday, 4 January	Political Group
Thursday, 5 January	Political Group
Monday, 9 January	Planning/ LSC

Tuesday, 10 January	Licensing – Main Committee
Wednesday, 11 January	Joint CSP/HWB
Thursday, 12 January	OSC Budget
Monday, 16 January	CPAC
Tuesday, 17 January	Cabinet
Thursday, 19 January	OSC Budget
Monday, 23 January	Pensions
Tuesday, 24 January	Standards
Wednesday, 25 January	HWB (Day)
Thursday, 26 January	Political Group

February 2023

Wednesday, 1 February	Political Group
Thursday, 2 February	Corporate
Monday, 6 February	Planning
Tuesday, 7 February	Cabinet
Wednesday, 8 February	CSP (day)
Thursday, 9 February	Political Group
Monday, 20 February	Strategic Planning
Tuesday, 21 February	S&R/ LSC
Thursday, 23 February	Member Training
Monday, 27 February	HRSP
Tuesday, 28 February	CPAC

March 2023

Wednesday, 1 March	Political Group
Thursday, 2 March	Full Council Budget
Monday, 6 March	Member Training
Thursday, 9 March	AHSP/ SAC/ CC
Monday, 13 March	Planning
Tuesday, 14 March	Cabinet
Thursday, 16 March	ECS SP/ C&YPSP
Monday, 20 March	APPB
Tuesday, 21 March	Standards/Pensions
Thursday, 23 March	S&R
Monday, 27 March	Full Council
Tuesday, 28 March	Corporate
Wednesday, 29 March	HWB (day)
Thursday 30th of March	OSC

April 2023

Wednesday, 5 April	Political Group

Tuesday, 18 April	Cabinet
Thursday, 20 April	Political Group
Monday, 24 April	Planning
Tuesday, 25 April	Member Training
Thursday 27 April	Political Group

<u>May 2023</u>

Wednesday, 3 May	Political Group
Monday, 8 May	Planning
Tuesday, 9 May	Cabinet
Monday, 15 May	Full Council
Monday, 22 May	LSC

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REPORT OF CABINET 1/2021/22

FULL COUNCIL 14 March 2022

Chair : Cllr Peray Ahmet

To be introduced by Cllr John Bevan - Cabinet Member for Planning, Licensing and Housing Services

1.INTRODUCTION

Full Council approval is required of the Community Infrastructure Levy Charging Schedule as set out at Part Three Section B - Section 1 - Full Council Responsibilities.

The Revised Community Infrastructure Levy Charging Schedule has been considered by the Strategic Planning Committee. The attached report and its appendices were considered by the Cabinet on the 8th of March 2022.

2.REVISED COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE

We considered the attached report at the Cabinet meeting on the 8th of March which proposed to increase the CIL rates levied by the Council in the east of the borough for residential, student accommodation and build to rent housing. We noted that until now, the CIL rate for residential development in the east of the borough has been £15 per square metre and the attached report proposed increasing it to £50 bringing it closer in line with residential rates elsewhere in the borough.

We considered that the proposed rates would maximise financial contributions from development towards infrastructure whilst ensuring the economic viability of development and protecting the Council's ability to secure its preferred affordable housing tenures as part of new development.

In considering the attached report and its appendices we noted that the proposed decision would ensure that affordable housing and other 'section 106' financial contributions from developments would not be jeopardised at a late stage in the planning process. The revised rates were proposed to take effect on 1 September 2022 and the developments in the immediate planning pipeline included Council-led housing schemes in the east of the borough. We further noted that the grace period before the new rates take effect would ensure that the financial model of cross-subsidy to maximise affordable housing was not put at risk.

Whilst the report is about the charges to developers and not about the expenditure of CIL, with regards to a question on the increased access and share of CIL funding in the west of the borough, we noted that where there was a Neighbourhood Forum established, they had a right to pre-empt certain monies for the forum area. However, recent improvements in the way the Neighbourhood CIL spending formula was applied meant that monies could be moved to the areas where there was essential need.

We continued to consider the issue of fairer distribution of CIL funding and were further informed that, in summary, there were two separate elements to this question which were increasing rates to developer which the report was taking forward and secondly, how the CIL spending was distributed. The neighbourhood element of CIL was between 15 to 25% of what the Council collected and had to be spent in the neighbourhood area. It was previously acknowledged that in the east of the borough there were unequal distributions compared to the west of the borough but this had recently been corrected and a redistribution formula compiled on a fairer basis. I agreed, as a Cabinet Member to note this issue.

WE RECOMMED

That Full Council:

1. Note the Examiner’s report on the examination of the partial review of Haringey’s Community Infrastructure Levy Draft Charging Schedule, as modified set out at Appendix C of the attached Cabinet report;

2. Note that Members of Strategic Planning Committee endorsed the Revised Community Infrastructure Levy Charging Schedule to take effect on 1 September 2022;

3. That the Revised Haringey Community Infrastructure Levy Charging Schedule is approved and publicised as set out at Appendix D of the attached Cabinet report to take effect on 1 September 2022.

Report for: Cabinet – 8 March 2022

Title: Revised Community Infrastructure Levy Charging Schedule

Report Authorised by: Rob Krzyszowski, Assistant Director Planning, Building Standards and Sustainability

Lead Officer: Bryce Tudball, Interim Head of Planning Policy, Transport & Infrastructure

Ward(s) affected: All

Report for Key/ Non Key Decision: Key Decision

1 Describe the issue under consideration

1.1. The Community Infrastructure Levy (CIL) is a charge based on the floorspace of new buildings to help fund infrastructure needs arising from new development. When deciding CIL rates, an appropriate balance must be struck between additional investment to support development and the potential effect on the financial viability of developments.

1.2. Haringey Council started charging the Mayor of London's CIL (Mayoral CIL) in April 2012[1] and subsequently approved the introduction of its own CIL in July 2014 and started charging it on 1 November 2014, for which the money collected may be spent on 'infrastructure' and a proportion on neighbourhood projects.

1.3. In 2016 the Council initiated a review of its adopted CIL rates. Specialist consultants BNP Paribas were commissioned to prepare updated viability evidence for the Council which indicated that there was potential to increase certain CIL rates in certain parts of the east of the borough. Cabinet subsequently endorsed a partial review of the adopted CIL Charging Schedule (covering the Eastern Charging Zone only) and a Preliminary Draft Charging Schedule (PDCS) was published for consultation in March 2017 setting out proposals for increased rates in the south-eastern part of the borough. Having regard to representations received Cabinet agreed in October 2017 to defer consultation on the Draft Charging Schedule (DCS). In 2019 the Council started again to move forward with the partial review and in November 2019 Cabinet approved the DCS for public consultation which proposed to increase residential CIL rates across the whole Eastern Charging Zone. Following consultation on the DCS the Council made a small number of modifications to the DCS before submitting the Modified DCS (MDCS) for independent examination in September 2021.

1.4. In January 2022 the Council received the independent Examiner's report on the MDCS. The report concluded that the proposed revised rates in the MDCS provide an appropriate basis for the collection of the levy in the borough and will

[1] Since superseded by 'Mayoral CIL 2' which took effect in April 2019 and has been taken into account in setting the revised Haringey rates

not put the majority of developments at risk, and that the MDCS can be recommended for approval subject to one minor modification (affecting wording in MDCS rather than the revised rates contained within it).

1.5. Having regard to the Examiner's report a Revised Charging Schedule has been prepared for approval by the Council. This incorporates:

- The rates within the MDCS which were found by the Examiner to be an appropriate basis for the collection of the levy in Haringey;
- The minor modification recommended by the examiner; and
- Updating of CIL rates in the Western and Central Charging Zones to reflect indexation / inflation (which automatically applies to CIL rates) since 2014 which is required in order that the Revised Charging Schedule reflects current indexed rates at the point of approval.

1.6. The recommended effect date of the Revised Charging Schedule is 1 September 2022. Planning permissions on or after this date would be subject to the rates contained within the schedule.

1.7. Once the Revised Charging Schedule takes effect the CIL rates in the Eastern CIL Charging Zone will change as follows:

- residential rate will increase from £15 per square metre (psm) to £50 psm
- student accommodation rate will increase from £15 psm to £85 psm
- Build to Rent rate will increase from £15 psm to £100 psm

1.8. The effect of increased rates is that the Council will be able to raise more money from new development in the east of the borough to help fund new and improved infrastructure in Haringey.

2 Cabinet Member Introduction

2.1 New development in the borough must be the right development for Haringey and make a positive contribution to the local area. The Council's Borough Plan set out to bring in external funding and use CIL to achieve maximum impact, and to secure investment from development to support the delivery of local physical and social infrastructure, for example school, community facility and park improvements. That is exactly what this proposed CIL rate increase does – securing more income from developers to fund local infrastructure for the benefit of Haringey's residents and businesses.

2.2 The Council's existing CIL Charging Schedule was approved over seven years ago in 2014 and was based on viability evidence from even earlier. In 2016 a review was initiated to establish whether the rates contained within it were still appropriate. The evidence indicated that there was potential to increase certain CIL rates in the Eastern Charging Zone and the Council therefore begun the process of seeking to amend the approved Charging Schedule. In 2017 the Council consulted on an initial proposal regarding increasing rates but further progress in this regard was put on hold until 2019 to ensure the deliverability of a number of strategic housing sites in Tottenham Hale (see paras 7.3 and 7.4). Once the risk to these sites was mitigated the Council recommenced the review with another consultation and then proceeded to an independent examination in late 2021.

2.3 In setting CIL rates the Council is required by national legislation and guidance to strike a balance between investment to support development and the potential effect on the financial viability of developments. In his report the Examiner concluded that the Council has reached an appropriate balance and considered that the proposed rates will not put the majority of developments in the borough at risk. He therefore recommended that the Council can approve the increased rates.

2.4 This report proposes to increase the CIL rates levied by the Council in the east of the borough for residential, student accommodation and build to rent housing. Until now, the CIL rate for residential development in the east of the borough has been £15 per square metre and this report proposes increasing it to £50 bringing it closer in line with residential rates elsewhere in the borough.

2.5 I endorse the proposed rates which will maximise financial contributions from development towards infrastructure whilst ensuring the economic viability of development and protecting the Council's ability to secure its preferred affordable housing tenures as part of new development.

2.6 To ensure that affordable housing and other 'section 106' financial contributions from developments will not be jeopardized at a late stage in the planning process the revised rates are proposed to take effect on 1 September 2022. Developments in the immediate planning pipeline include Council-led housing schemes in the east of the borough. The grace period before the new rates take effect will ensure that the financial model of cross-subsidy to maximise affordable housing is not put at risk.

3 Recommendations

3.1 Cabinet is asked:

1) To note the Examiner's report on the examination of the partial review of Haringey's Community Infrastructure Levy Draft Charging Schedule, as modified set out in Appendix C of this report;

2) To note that Members of Strategic Planning Committee endorsed the Revised Community Infrastructure Levy Charging Schedule to take effect on 1 September 2022;

3) To consider and to recommend to Full Council that the Revised Haringey Community Infrastructure Levy Charging Schedule is approved and publicised as set out at Appendix D to take effect on 1 September 2022.

4 Reasons for decision

4.1 The increased CIL rates proposed in the CIL Eastern Charging Zone have been subject to an independent examination which found that they provide an appropriate basis for the collection of the levy in the borough and will not put the majority of developments at risk. The Examiner recommended that the Council may proceed to approve the amended rates subject to one minor modification.

The Council has incorporated this modification within the Revised Charging Schedule for approval.

4.2 The amended rates are recommended to take effect from 1 September 2022. The Partial Review has been underway since 2016 and the Council's intent to increase certain CIL rates in the east of the borough has been clear since 2017. The period between Council approval and the rates being given effect will allow the planning authority to ensure that affordable housing and other 'section 106' financial contributions from developments will not be jeopardised by the effect of the new CIL rates at a late stage in the planning process i.e. after extensive pre-application negotiations or after a Planning Sub Committee resolution but pending the conclusion of signed S106 agreements and issuing of formal planning permissions (which trigger CIL liability). This is balanced with the objective of not delaying the effect date too far into the future with the Council missing out on potential increased infrastructure funding.

5 Alternative options considered

5.1 The alternative options considered are:

- Option 1 – Not to approve the Revised Charging Schedule and cancel the partial review. The disadvantage of this would be that CIL rates and therefore the amount of financial contributions from developers for infrastructure would remain the same and would not be maximised. This option is rejected as the Examiner found that the rates in the Revised Charging Schedule provide an appropriate basis for the collection of the levy in the borough and will not put the majority of developments at risk.

- Option 2 – To bring the Revised Charging Schedule into effect earlier or later than the recommended 1 September 2022 date. An earlier effect date is rejected to allow the planning authority to ensure that affordable housing and other 'section 106' financial contributions from developments will not be jeopardized at a late stage in the planning process i.e. after extensive pre-application negotiations or after a Planning Sub Committee resolution but pending the conclusion of signed S106 agreements and issuing of formal planning permissions (which trigger CIL liability). Developments in the immediate planning pipeline include Council-led housing schemes in the east of the borough which would be liable to pay the increased CIL rate which could jeopardise the financial model of cross-subsidy to maximise affordable housing. A later effect date would minimise delivery risks for a greater number of schemes in the borough's pipeline however it would mean foregoing increased infrastructure contributions for a longer period. It is considered that an effect date of 1 September 2022 provides an appropriate balance between the various considerations and therefore the alternative options are rejected and not recommended.

6 Background information

Haringey Local Plan

6.1 Haringey's Local Plan makes provision for a minimum of 19,802 homes and an additional 23,800m^2 employment floorspace over the period 2013 to 2026. This growth will result in increased pressure on local infrastructure, services and facilities, creating demand for new or enhanced provision. The Council and developers have a responsibility through the planning process to manage the impact of this growth, ensuring that necessary infrastructure is provided.

6.2 The infrastructure required to support this growth has been identified in the Council's Infrastructure Delivery Plan (April 2016) (the '2016 IDP') and its Infrastructure Funding Statement 2020/21 (the '20/21 IFS'). The Council expects new development to contribute to site related and wider infrastructure needs through a combination of the following mechanisms:

- Planning conditions (site/development related)
- Planning obligations to secure developer contributions or works in kind e.g. Section 106 agreements / planning obligations (site/development related)
- CIL (strategic and borough-wide infrastructure)

<u>Setting CIL: infrastructure and viability evidence</u>

6.3 CIL is a levy introduced under the Planning Act 2008 that local authorities can choose to charge on new developments in their area for the purpose of raising funds for the wide range of community infrastructure projects required to support area development. It provides local authorities with an additional means of securing infrastructure contributions from developers.

6.4 CIL is set through the adoption of a Charging Schedule produced in accordance with the relevant Local Plan and using the procedure set out in the Planning Act 2008 and the CIL Regulations 2010 (the 'CIL Regulations') (as amended). The CIL Regulations 2010 (regulation 14) require that in setting rates a charging authority must strike an 'appropriate balance' between:

a) 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
b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

6.5 As to the meaning of an 'appropriate balance', the Government's Planning Practice Guidance ('PPG') on CIL sets out that the levy is expected to have a positive economic effect on development across a Local Plan area. When deciding the CIL rates, an appropriate balance must be struck between additional investment to support development and the potential effect on the viability of developments (PPG, para 10). In meeting the regulatory requirements, charging authorities should be able to show and explain how their proposed CIL rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area. In doing so, charging authorities should use evidence in accordance with PPG and take account of national planning policy on development contributions.

6.6 As part of the CIL process, the charging authority must establish the total cost of the infrastructure projects they wish to fund wholly or partly through CIL. In doing so, they must consider (i) what additional infrastructure is required to support development in their area (as identified in the relevant infrastructure assessment) and (ii) what other sources of funding are available based on appropriate evidence. The charging authority will then need to determine the size of its infrastructure funding gap based on which a CIL funding target can be established. It is the identification of the funding gap which evidences the need to put the CIL in place (PPG, para 17).

6.7 The PPG requires that information on infrastructure needs should be drawn from the infrastructure assessment that was undertaken as part of preparing the Council's Local Plan (PPG, para 17). The Council's adopted Local Plan was supported by the IDP 2016, which identifies an expected funding gap to 2026/27 of £348.6 million) (section 13) and lists the prices and potential funding sources, including CIL, for the list of necessary infrastructure projects (section 14). The IDP dates to 2016 and it was not deemed necessary to re-do or update the infrastructure evidence in support of CIL, which was tested at examination and found to be sound. An update to the IDP will take place in support of the Council's emerging New Local Plan. As set out above, it is considered that the 2016 IDP is sufficiently robust for the purpose of supporting the Council's partial review of the CIL Charging Schedule.

6.8 In order to assess the potential economic impact of the imposition of CIL, a viability assessment is required, using an area-based approach and informed by the appropriate available evidence. A charging authority's proposed rate(s) should be reasonable given the available evidence, but there is no requirement for it to exactly mirror the evidence. There is room for some pragmatism. It would be appropriate to ensure that a 'buffer' or margin is included, so that the CIL rate is able to support development when economic circumstances adjust (PPG, para 20).

Haringey CIL

6.9 The Council approved the introduction of a local CIL in July 2014 and started charging on 1 November 2014. The rates together with the map showing the different charging zones are set out in the Council's existing adopted CIL Charging Schedule (Appendix A). The adopted rates are as follows:

Table 1: Adopted CIL Charging Schedule for Haringey (2014)

Adopted CIL Charging Schedule for Haringey			
	CIL charge (£/square metre)		
Use	**Western**	**Central**	**Eastern**
Residential	£265	£165	£15
Student accommodation	£265	£165	£15
Supermarkets	£95		
Retail Warehousing	£25		
Office, industrial, warehousing, small scale retail (use class A1-5)	Nil Rate		

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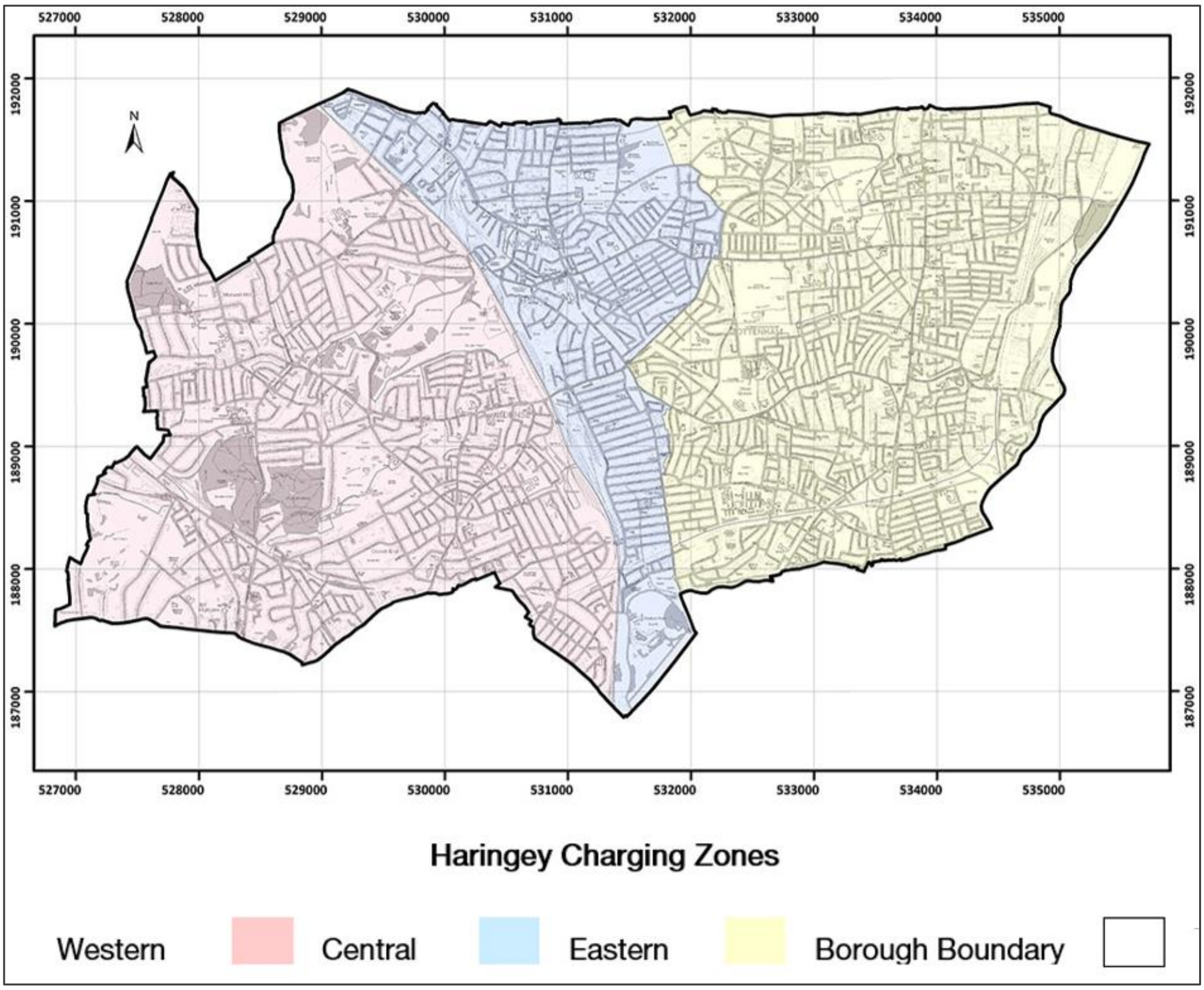
Health, school and higher education	Nil Rate
All other uses	Nil Rate

6.10 The map of the three geographical zones (Western, Central and Eastern) is shown below:



6.11 CIL charging rates are subject to automatic annual indexation for inflation therefore the current rates already charged by the Council are approximately 40% higher than the adopted rates in Table 1. The current rates are set out in the Council's CIL Annual CIL Rate Summary (Appendix B) as follows:

Table 2: Current Haringey CIL Rates automatically indexed for inflation (2022)

	CIL charge (£/square metre)		
Use	**Western**	**Central**	**Eastern**
Residential	£368.12	£229.21	£20.84
Student accommodation	£368.12	£229.21	£20.84
Supermarkets	£131.97		
Retail Warehousing	£34.73		
Office, industrial, warehousing, small scale retail (use class A1-5)	Nil Rate		
Health, school and higher education	Nil Rate		
All other uses	Nil Rate		

7 Partial Review of the CIL Charging Schedule

Initiation of Partial Review - Preliminary Draft Charging Schedule (PDCS) (2016-17)

7.1 In 2016 the Council initiated a review of its adopted CIL rates. Specialist consultants BNP Paribas prepared updated viability evidence for the Council which indicated that there was potential to increase CIL rates in the south east of the borough. Cabinet subsequently endorsed a partial review of the CIL Charging Schedule and a Preliminary Draft Charging Schedule (PDCS) was published for consultation in March 2017. This proposed an uplift to the CIL that would be charged for residential development in the south east of the borough to be implemented via the creation of a new south-eastern charging zone for residential development. The rest of the Charging Schedule remained unchanged.

Table 3: Preliminary Draft Charging Schedule (red shows changes proposed in 2017 consultation)

	CIL charge (£/square metre)			
Use	**Western**	**Central**	**South Eastern**	**North Eastern**
Residential	£265	£165	**£130**	£15
Student accommodation	£265	£165	**£130**	£15
Warehouse Living	**N/A**	**N/A**	**£130**	N/A
Supermarkets	£95			
Retail Warehousing	£25			

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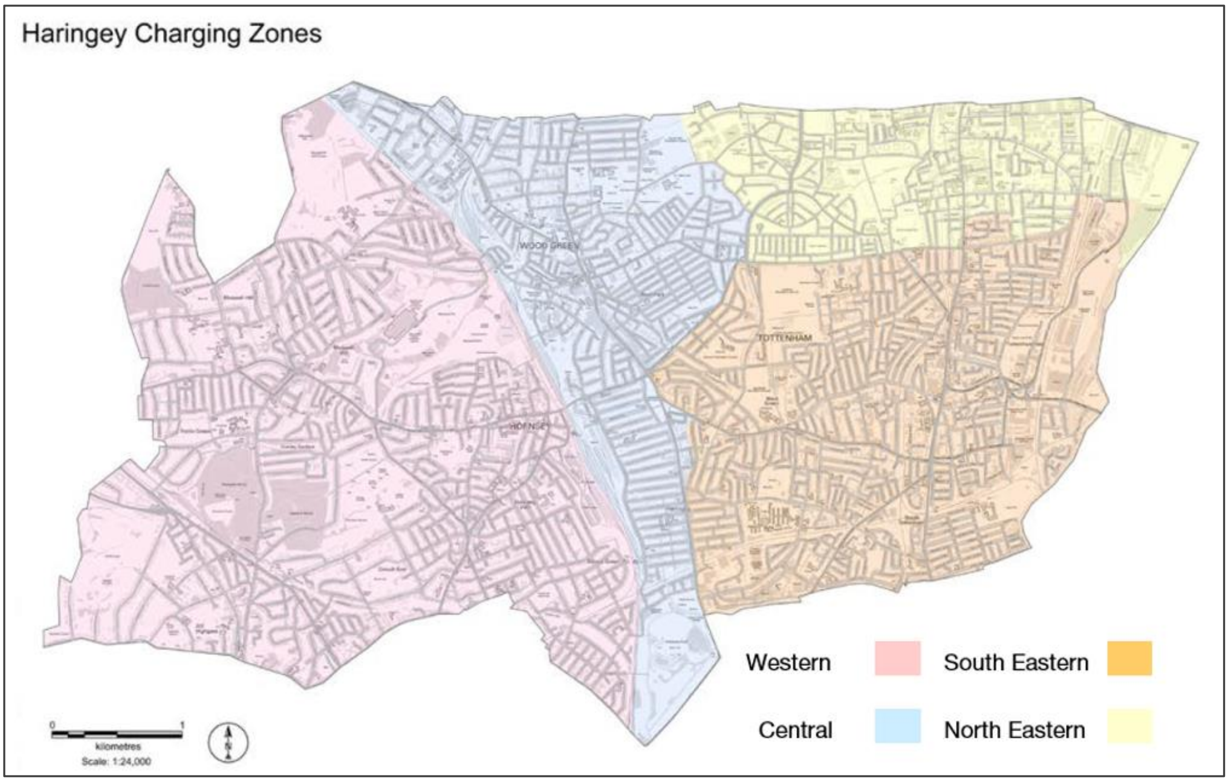
Office, industrial, warehousing, small scale retail (use class A1-5)	Nil Rate
Health, school and higher education	Nil Rate
All other uses	Nil Rate

7.2 The map of the four geographical zones (Western, Central and South Eastern and North Eastern) is shown below:



7.3 The Council received 15 written responses during the consultation. There were a number of objections from developers in relation to the proposed increase in CIL in the south-eastern charging zone. One of the representations raised the issue that for outline applications the Council had already granted the new CIL rate would be applicable to subsequent reserved matters applications. The imposition of a higher CIL rate was identified as having potential to significantly impact on three strategic development sites in Tottenham Hale that had outline planning permission, principally by undermining the delivery of affordable housing that had been agreed on the sites. This would have led to the levels of affordable housing on these sites having to be revised and would have undermined the delivery of the Council's Local Plan and Housing Zone objectives.

7.4 Following legal advice, and upon being advised of the risk to affordable housing delivery, Cabinet agreed in October 2017 to defer consultation on the Draft Charging Schedule (DCS) until such time as its publication would not put known development of affordable housing within Tottenham Hale at risk of not being deliverable. In 2019, once reserved matters applications had been determined on the three strategic development sites in Tottenham Hale and CIL liability notices had been issued based on the existing adopted CIL rates, officers considered that the viability risk to affordable housing had been satisfactorily mitigated and therefore recommenced the partial review.

Recommencement of Partial Review – Draft Charging Schedule (DCS) (2019)

7.5 The Eastern Haringey CIL Viability Update Study which supported the PDCS was finalised in December 2016. As it was three years old an update was commissioned to the study to establish whether the rates proposed in the PDCS were still viable. The affordable housing requirements which were tested in the original study were not in line with the Council's new preferences as set out in the revised Appendix C of the Housing Strategy 2017-2022 (adopted March 2019). Appendix C sets out that for general needs homes the Council has an explicit preference for social rent with rents at target rent levels, especially for Council rented homes at Council rents. It also sets out that the Council's preference for the Intermediate portion is for Discount Market Rent Housing at London Living Rent levels. Officers therefore instructed BNP Paribas to factor in the new preferred affordable housing tenures as part of the updated study. The purpose of this was to understand the impact the new affordable housing preferences had upon development viability and the consequential CIL rates which could be levied on residential development without putting affordable housing delivery at risk.

7.6 The updated viability work by BNP Paribas, finalised in October 2019, indicated it was possible for the Council to increase the rates for residential development and student accommodation.

7.7 BNP Paribas recommended that the Council introduce a flat rate charge of £50 per sqm for residential development in all wards of the Eastern Charging Zone.

7.8 BNP Paribas also analysed the viability of student accommodation in the Eastern Charging Zone and recommended there was potential to increase the charge from the current adopted rate of £15 per sqm to £85 per sqm.

7.9 BNP Paribas also tested two specialist housing uses. It was found that purpose built private rented sector (PRS) schemes (referred to as "Built to Rent" in the London Plan 2021) can sustain a higher charge than standard residential development. BNP Paribas recommended that the Council introduce a new rate of £100 per sqm for PRS. The viability update also considered the viability of "Warehouse Living", a specialist housing use which is found in some parts of the east of the borough. BNP Paribas recommended that the Council introduce a new rate of £130 per sqm for Warehouse Living (in line with what was proposed in the PDCS).

7.10 In light of the updated viability evidence and having regard to the relevant legal tests and national guidance, a DCS was prepared incorporating the following changes:

1) Increased the residential rate in the Eastern Charging Zone from £15 per sqm to £50 per sqm;

2) Increased the student accommodation rate in the Eastern Charging Zone from £15 per sqm to £85 per sqm;
3) Included a new charge for "Built to Rent" at £100 per sqm in the Eastern Charging Zone (the Built to Rent rate in the Western and Central Charging Zones would be amended so that it is in line with the existing residential rate for those zones).
4) Included a new charge for "Warehouse Living" at £130 per sqm in the Eastern Charging Zone.

7.11 In November 2019 Cabinet endorsed a DCS to this effect to be published for public consultation.

Table 4: Draft Charging Schedule (red shows changes proposed to the Council's adopted CIL Charging Schedule) (2019)

	CIL charge (£/square metre)		
Use	**Western**	**Central**	**Eastern**
Residential	£265*	£165*	**~~£15~~ £50**
Student accommodation	£265*	£165*	**~~£15~~ £85**
Build to Rent housing	**£265***	**£165***	**£100**
Warehouse Living	**Nil Rate**	**Nil Rate**	**£130**
Supermarkets	£95*		
Retail Warehousing	£25*		
Office, industrial, warehousing, small scale retail (use class A1-5)	Nil Rate		
Health, school and higher education	Nil Rate		
All other uses	Nil Rate		

7.12 The map of the three geographical zones (Western, Central and Eastern) is shown below:

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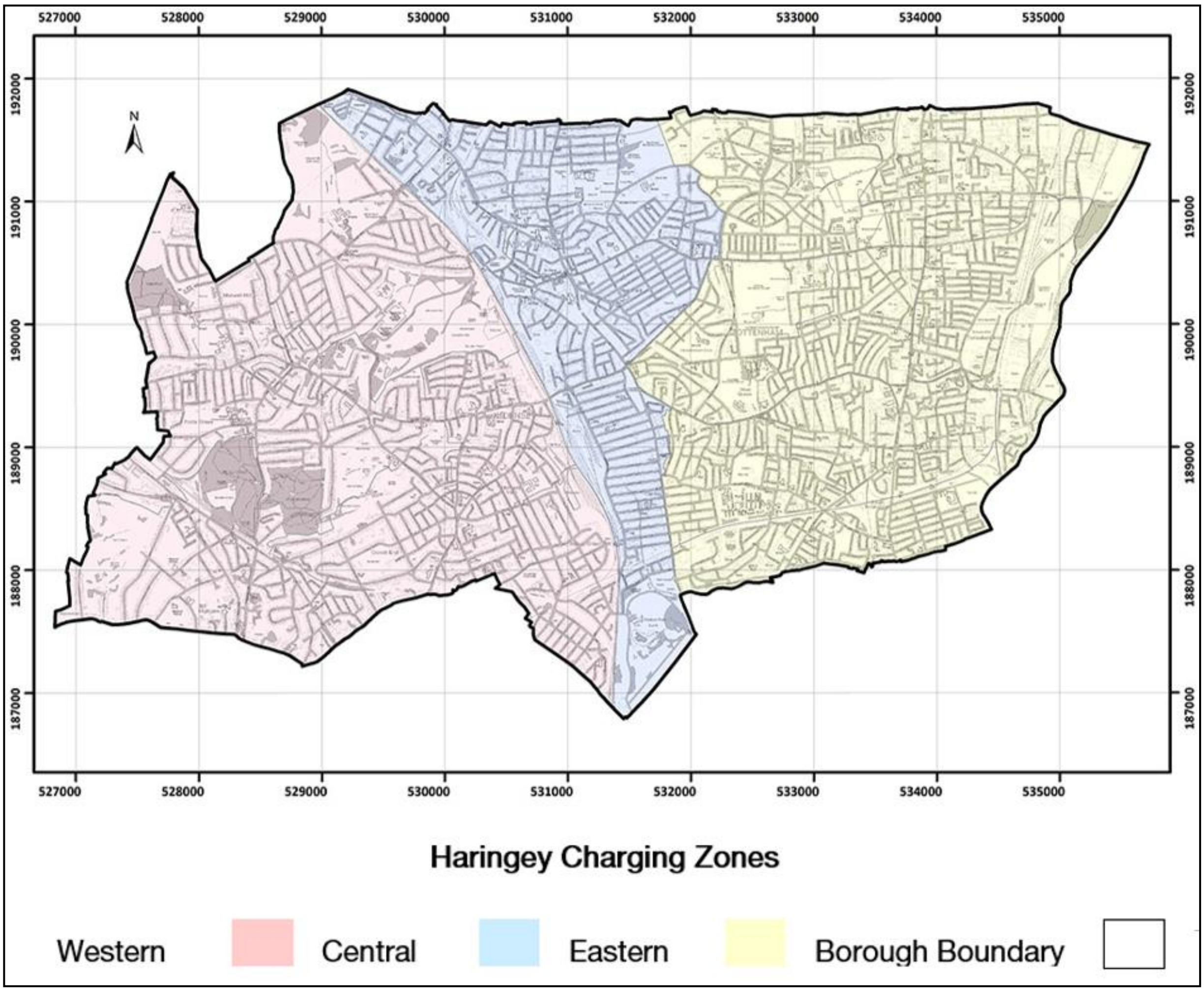

Public consultation on Draft Charging Schedule (DCS) (2019)

7.13 The Haringey CIL Draft Charging Schedule 2019 was published for public consultation from 18 December 2019 to 11 February 2020. A total of 14 representations were received.

Modification to Draft Charging Schedule (DCS) (2020-21)

7.14 Having regard to the issues raised in the representations the Council decided that the Warehouse Living charge proposed in the DCS did not meet the legal requirements relating to charge setting and it would also be contrary to the aims of policy DM39 in the Council's Development Management DPD which seeks to secure a long-term sustainable economic future for key Warehouse Living sites. As a result it, was decided that a necessary modification to the DCS was to delete the proposed Warehouse Living charge of £130 per sqm.

Submission of Modified Draft Charging Schedule (MDCS) for examination (2021)

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7.15 On 27 September 2021 the Council submitted the MDCS for an independent examination. The appointed Examiner was Terry Kemmann-Lane.

7.16 Table 5 below sets out the rates in the submitted MDCS and highlights the changes proposed versus the Council's existing adopted schedule.

Table 5: Modified Draft Charging Schedule (red shows changes proposed to the Council's adopted CIL Charging Schedule) (2021)

	CIL charge (£/square metre)		
Use	**Western**	**Central**	**Eastern**
Residential	£265	£165	~~£15~~ £50
Student accommodation	£265	£165	~~£15~~ £85
Build to Rent housing	£265	£165	£100
Supermarkets	£95		
Retail Warehousing	£25		
Office, industrial, warehousing, small scale retail (use class A1-5)	Nil Rate		
Health, school and higher education	Nil Rate		
All other uses	Nil Rate		

7.17 The map of the three geographical zones (Western, Central and Eastern) was unchanged from the previous stage.

7.18 The MDCS was subject to a four-week consultation period whereby any person could request to be heard by the Examiner in relation to any of the modifications proposed by the Council.

Examination of Modified Draft Charging Schedule (MDCS) (2021-22)

7.19 On 11 November 2021 the Examiner submitted questions to the Council arising from his examination of the submitted documents and the representations that were made. On 25 November 2021 the Council responded to the Examiner's questions.

7.20 On 16 November 2021 the Examiner submitted an additional question to the Council which the Council provided a response to on 19 November 2021.

7.21 On 24 December 2021 the Council was informed by the Programme Officer that the Examiner would not be holding a public hearing as part of his examination.

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7.22 On 24 January 2022 the Council was issued with the Examiner's report on the examination of the Council's MDCS (Appendix C).

Report on the examination of the Modified Draft Charging Schedule (MDCS) (2022)

7.23 The Examiner's report on the MDCS contains his assessment of the Council's MDCS in terms of whether the schedule is compliant in legal terms and whether it is economically viable as well as reasonable, realistic and consistent with national guidance.

7.24 The report concluded that "in setting the CIL charging rates in the MDCS, and the DCS that went before it, the Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in the LBH. The council has been realistic in terms of achieving a reasonable level of income to address a gap in infrastructure funding, while ensuring that, in general, development remains viable across most of the eastern side of the borough…. An appropriate balance has been struck" (para 49).

7.25 The report found that: the legal requirements are met in terms of the Charging Schedule complying with national legislation/policy/guidance, including in respect of the statutory processes and an appropriate level of consultation; the proposed rates are informed by and consistent with the evidence on viability across the Eastern Zone of the borough, and it is supported by an adequate financial appraisal; it is consistent with the Local Plan, while not undermining its delivery (para 50). On the basis of the above, and subject to one modification the report recommended that the MDCS be approved by the Council.

7.26 In the report the Examiner drew the Council's attention to the fact that it appeared appropriate to delete a reference to outdated planning use classes 'A1-A5' (retail uses) in the MDCS. This follows substantial changes to the Use Classes made as part of the Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 which came into force on 1 September 2020. In this regard, the Examiner included a proposed modification (EM1) as follows: "In the table of CIL rates, in column 1 under the heading "Use", within the development type "Office, Industrial, warehousing, small scale retail", delete the references in brackets to use class A1-5." This is a technical modification to remove reference to outdated planning use classes and does not affect the rates to be charged.

7.27 The examination of the MDCS only assessed increasing charging rates in the borough's Eastern Charging Zone. When the Council approves a new Charging Schedule, it approves the Schedule as a whole, which will include reference to the rates in the Western and Central Zones which have not been subject to review. However, these Western and Central Zone charges have automatically increased for indexation and inflation over time since the original Charging Schedule was adopted (as explained earlier in this report and in Table 2). To ensure these automatic increases over time are not 'lost' or 'reset' through the approval of the new Charging Schedule, the Council set out in its documentation and advised the Examiner that "rates that are not amended as part of the Partial Review of the CIL Charging Schedule will be indexed for inflation in accordance with the CIL Regulations 2010 (as amended) based on the date of their original effect in the original CIL Charging Schedule (November 2014) to the date of final approval (expected 2022). The updated indexed figures will be provided as part of the final reviewed CIL Charging Schedule at the point of final approval." The Council published its Annual CIL Rate Summary 2022, dated December 2021, (Appendix B) which shows the automatic indexed rates that are currently applicable. The Council suggested that the Examiner may wish to recommend a modification now that the Council had the 2022 CIL figures. However, in his report the Examiner stated that since he had only been appointed to examine the Partial Review of the CIL Charging Schedule, it would be going beyond his my remit to make a recommendation about these revised figures but stated that "nevertheless, it was appropriate to draw my attention to the updated figures, and provide me with a copy of the new Annual CIL Rate Summary document that has been put on the webpage. It seems sensible for me to record here the council's intentions, for the sake of clarity". The following new rates will be inserted by the Council when it approves the rates:

Table 6: Indexed CIL rates as set out in Haringey Annual CIL Rate Summary 2022

Use	Western	Central
Residential		
Student accommodation	£368.12	£229.21
Supermarkets	£131.97	
Retail warehousing	£34.73	

<u>Revised Charging Schedule for approval (2022)</u>

7.28 Having regard to the Examiner's report a Revised Charging Schedule has been prepared for approval by the Council (Appendix D). This incorporates:

- The rates within the MDCS which were found by the Examiner to be an appropriate basis for the collection of the levy in the borough;
- The minor modification recommended by the Examiner; and
- Updating of CIL rates in the Western and Central Charging Zones to reflect indexation / inflation (which automatically applies to CIL rates) since 2014 which is required in order that the Charging Schedule reflects the current indexed rates at the point of approval.

Table 7: Revised Charging Schedule for approval

	CIL charge (£/square metre)		
Use	**Western**	**Central**	**Eastern**
Residential	£368.12	£229.21	£50
Student accommodation	£368.12	£229.21	£85
Build to Rent housing	£368.12	£229.21	£100
Supermarkets	£131.97		
Retail Warehousing	£34.73		

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Office, industrial, warehousing, small scale retail	Nil Rate
Health, school and higher education	Nil Rate
All other uses	Nil Rate

7.29 The map of the three geographical zones (Western, Central and Eastern) is unchanged from the previous stage.

7.30 The geographical zones correspond to Haringey ward boundaries as at March 2022. When the borough's ward boundaries change in May 2022 the geographical zones will no longer precisely follow ward boundaries. This has no implications for the charging of CIL as a development is charged based upon the geographical zone that it is located in rather than the ward it is located in.

Effect date of Revised Charging Schedule

7.31 It is recommended that the Revised Charging Schedule takes effect on 1 September 2022 as set out within the document for approval at Appendix D. This means that developments granted planning permission on or after 1 September 2022 will be required to pay the rates contained within it. For the avoidance of doubt, where applications are subject to a Section 106 agreement, planning permission is not granted until the S106 agreement related to the planning application has been signed.

7.32 The proposed effect date of 1 September 2022 will allow the planning authority to ensure that affordable housing and other 'section 106' financial contributions from developments will not be jeopardised at a late stage in the planning process i.e. after extensive pre-application negotiations or after a Planning Sub Committee resolution but pending the conclusion of signed S106s agreements and issuing of formal planning permissions (which trigger CIL liability). This is balanced with the objective of not delaying the effect date too far into future with a consequent reduction in infrastructure funding.

7.33 An earlier effect date means that developments in the immediate pipeline including Council-led housing schemes in the east of the borough would be liable to pay the increased CIL rate. This could jeopardise the financial model of cross-subsidy to maximise affordable housing. A later effect date minimises delivery risks for a greater number of schemes in the borough's pipeline but means foregoing increased infrastructure contributions for a longer period.

7.34 It is considered that an effect date of 1 September 2022 provides an appropriate balance between the various considerations and therefore the alternative options are rejected and not recommended.

Implications of revised CIL rates

7.35 The Revised Charging Schedule contains increased CIL rates in the Eastern Charging Zone for residential, student accommodation and Build to Rent housing. The primary effect of this for the Council will be to increase CIL receipts versus what would be collected if the current adopted rate was retained. This will increase available funding for new and improved infrastructure in Haringey.

7.36 It is important to note that it is very difficult to forecast CIL receipts as this is entirely dependent on planning applications being submitted, approved, development commenced and certain triggers being met, such as commencement on site, with a wide range of factors outside of the control of the Council influencing this. Particularly, the wider economy and development and construction industry factors play a big role. Contributions can vary from very small to very large across different development sites meaning that forecasts can be 'lumpy', volatile and be significantly impacted by one or two small changes.

7.37 The increased CIL rates have potential to impact upon the viability of development schemes including those being brought forward by the Council. However, it should be noted that the rates were assessed by an independent Examiner who concluded that they provide an appropriate basis for the collection of the levy in the borough and will not put the majority of developments at risk. CIL normally accounts for only a small proportion of overall development costs (circa 1%) and therefore the proposed increase is unlikely to make the difference between a given scheme being viable and not viable. Social housing qualifies for relief from CIL therefore where Council housing schemes being brought forward are for Council housing only there is no additional CIL liability. Where Council housing schemes include an element of market housing the increased CIL rates will apply to that housing.

Strategic Planning Committee comments

7.38 Strategic Planning Committee was consulted on the proposals which are the subject of this report between 22 February 2022 and 28 February 2022. Members of the Committee endorsed the Revised Charging Schedule to take effect on 1 September 2022 without any changes for consideration.

CIL spending and reporting

7.39 The spending of CIL is not the subject of this report and does not form part of the recommendations. More information on spending and reporting on CIL is available at www.haringey.gov.uk/cil.

8 Contribution to strategic outcomes

8.1 Priority 3 (Place): CIL helps fund local and strategic infrastructure projects which are necessary to ensure that the growth in the borough is something that everyone can benefit from and produces sustainable, attractive and accessible places.

8.2 Priority 4 (Economy): CIL receipts are a key source of funding to support the delivery of local physical and social infrastructure.

9 Statutory Officer comments (Comments of Director of Finance (including procurement), Head of Legal and Governance, Equalities)

Finance

9.1 The report requests Cabinet to approve the recommendations as set out in Section 3 of this report.

9.2 There will be a potential increase in CIL income which would result in additional income to the authority. It is not possible at this time to be precise about the additional income that may arise as a result of the acceptance of the recommendation and the increase in CIL charges.

Procurement

9.3 There are no procurement implications arising from this report.

Legal

9.4 The Head of Legal and Governance has reviewed this report and comments as follows.

9.5 Section 6 of this report sets out the legal requirements/guidance to be followed/regard had to when revising the Council's Community Infrastructure charging schedule.

9.6 The Council's Constitution provides in Article 4.02 and Part Three that the Council's Community Infrastructure Levy charging schedule shall only be approved by Full Council and so Cabinet recommending that Full Council approve the charging schedule set out in appendix D to this report is a decision Cabinet can take in accordance with the Council's Constitution.

Equality

9.7 The Council has a Public Sector Equality Duty under the Equality Act 2010 to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

9.8 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

9.9 An increase in the CIL rate for residential development in the east of the borough has the potential to put the delivery of some housing schemes at risk including those which contain an element of affordable housing. As affordable housing is more likely to represent a singular viable housing option for individuals and groups with protected characteristics this risk has potential equalities implications. However, by setting the CIL rates based on the viability of development, as demonstrated through the examination and accepted by the Examiner, any risk to affordable housing delivery has been minimised. The increase in CIL rates will generate additional funding towards the delivery of infrastructure and neighbourhood projects in the borough which have potential for positive effects on protected groups.

9.10 An Equalities Impact Assessment (EQIA) screening tool has been completed and as no particular equalities considerations were identified as arising from the proposal to proceed with the approval of the Revised Charging Schedule a full EQIA is not required.

10 Use of Appendices

- Appendix A – Haringey CIL Charging Schedule 2014
- Appendix B – Haringey Annual CIL Rate Summary 2022
- Appendix C – Examiner's report on the examination of the partial review of Haringey's Community Infrastructure Levy draft charging schedule, as modified
- Appendix D – Revised Haringey Community Infrastructure Levy Charging Schedule

11 Background Papers

N/A

12 Local Government (Access to Information) Act 1985

12.1 Report to Cabinet (24 January 2017) seeking approval for consultation on the revised CIL rates, regulation 123 list, and the proposed new CIL governance arrangements: https://www.minutes.haringey.gov.uk/documents/s90555/CIL%2024.01.2017%2018.05.pdf

12.2 Report to Cabinet (17 October 2017) providing update on Community Infrastructure Levy Charging Schedule and Planning Obligations SPD: https://www.minutes.haringey.gov.uk/documents/s96913/CIL_Planning%20Obs%20SPD%20Cabinet%20Report%20021017%20003.pdf

12.3 Report to Cabinet (12 November 2019) on Community Infrastructure Levy Partial Review: Draft Charging Schedule consultation: https://www.minutes.haringey.gov.uk/documents/s112459/CIL%20DCS%20report%20Cabinet%20Oct%202019%20V15.pdf

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Community Infrastructure Levy Charging Schedule

updated with Governance and revised Reg 123 (004)

Adoption: July 2014
Implementation: November 2014
Revisions to Regulation 123 List and Governance: November 2017

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Introduction

As part of the changes introduced under the Planning Act 2008, the previous Government introduced the Community Infrastructure Levy (CIL) - a new mechanism to enable infrastructure requirements arising from growth to be funded through developer contributions.

The Community Infrastructure Levy Regulations 2012 (as amended) allows councils to introduce CIL, being a charge on new buildings and extensions to help pay for supporting infrastructure and replaces s.106 contributions (except in relation to affordable housing and on site mitigation measures).

What is CIL?

CIL is a standardised non negotiable local levy that is placed on new development for the purpose of helping to raise funds to support the delivery of the infrastructure that is required as a result of new development. Far from being a new source of funding, CIL provides a more consistent and transparent mechanism to raise financial contributions, currently sought through s106 agreements.

However, under CIL, developers can still be required to directly provide both ‘off-site’ infrastructure, through s106 contributions, and ‘on site’ improvements through planning conditions to mitigate the direct impact of the development proposed (e.g. landscaping, access roads).

How is CIL calculated and charged?

The regulations require two distinct aspects to be considered. Firstly, a ‘charging authority’ (the Local Authority) needs to demonstrate that new development necessitates the provision of new, or improved, infrastructure. Secondly, that the rate of the proposed levy does not make development proposals unviable, in particular with regards to expected costs that would be associated with the provision of on-site infrastructure (for the purposes of CIL, affordable housing is regarded as an on-site requirement and will continue to be secured through s106 agreements).

The levy is to be expressed as £ per m^2 and collected on the commencement of development. CIL is to be charged on the ‘gross internal floor space’ of any new development, apart from affordable housing and buildings used for charitable purposes where standard exemptions have been made.

Whilst the rate of CIL is determined by the charging authority, it is scrutinised by an independent examiner to assess whether the charge has regard to the evidence base and that the level of charge is reasonable and will not impact negatively on the economic viability of development.

The Infrastructure Funding Gap

The Council has produced an Infrastructure Study in March 2010 setting out the likely infrastructure impacts of growth identified in the Council's Local Plan. This has been built on and an updated document setting out the current anticipated funding requirements to meet infrastructure needs in the Borough was produced in March 2013. The outcomes of this study indicate that there is a total funding gap that CIL can contribute towards of approximately £230m. This is set out below, and the summary document is included on our website.

The level of Investment required is indicative and it includes investment that may need to be undertaken by both the Council and its partners. The investment required will need to be subject to continuous review in light of changes to the funding regimes for both the Council and its partner organisations and changing roles and functions of public sector organisations in years to come. The actual level of investment the Council makes in future years will clearly be subject to Council priorities and available funding and will need to be agreed by Cabinet as appropriate.

Table 1 Summary of Infrastructure Investment Estimates 2013/14-2026/27			
Infrastructure Type	**Investment Required (£m)**	**Funding Available (£m)**	**Funding Gap (£m)**
Education	198.0	120.0	78.0
Health	tbc	tbc	Tbc
Open space/ Leisure	22.3	1.5	20.8
Transport	107.6	19.5	88.1
Emergency Services	--	--	--
Decentralised Energy	25.0	2.5	22.5
Water Management & Flooding	20.6	tbc	20.6
Waste	--	--	--
Total (£m)	£373.5	£143.5	£230

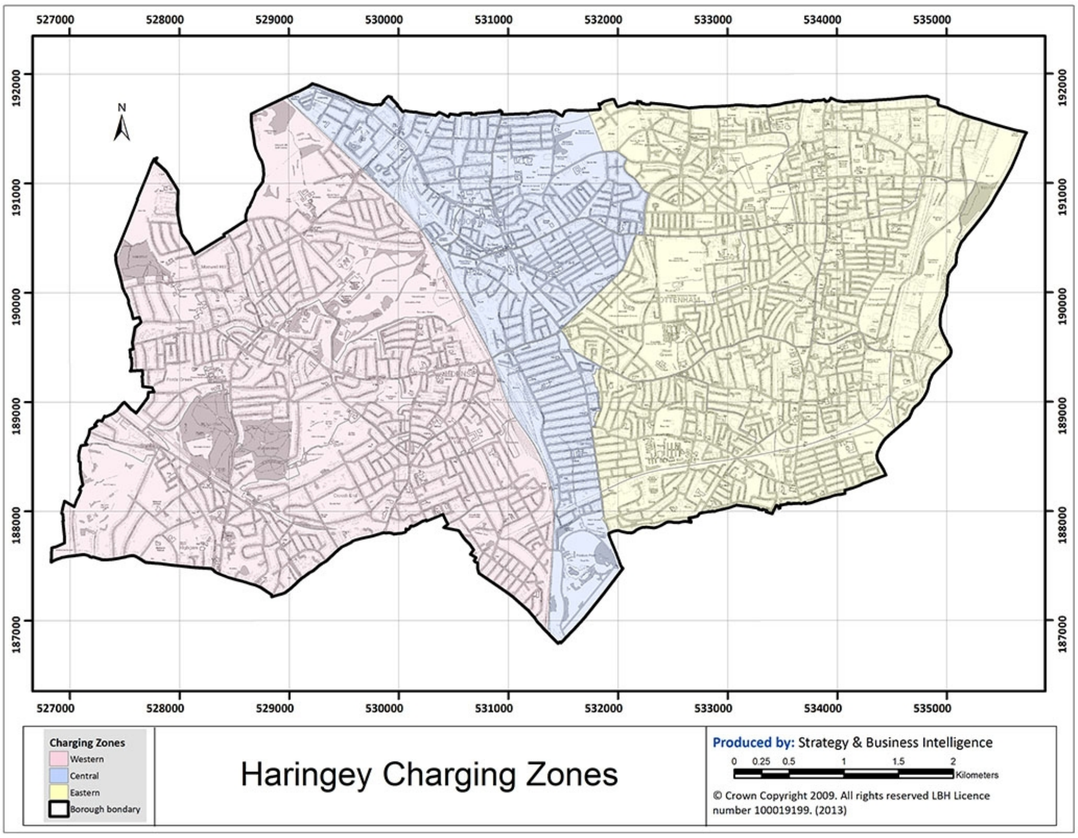
Viability in Haringey

Evidence has been provided by BNP Paribas to identify what CIL rates will be viable in Haringey. A primary study was received in February 2012, and updates to the evidence were provided in February 2013. The full set of evidence is available on our website.

The Charging Schedule

The proposed schedule is set out below. The map shows the charging zones:

<table>
<tr><th colspan="5">Table 2- Approved CIL Charging Schedule for Haringey</th></tr>
<tr><th colspan="5">CIL charge (£/square metre)</th></tr>
<tr><th>Use</th><th>Western</th><th>Central</th><th>Eastern</th><th>Mayoral CIL</th></tr>
<tr><td>Residential</td><td>£265</td><td>£165</td><td>£15</td><td>£35</td></tr>
<tr><td>Student accommodation</td><td>£ 265</td><td>£165</td><td>£15</td><td>£35</td></tr>
<tr><td>Supermarkets</td><td colspan="3">£95</td><td>£35</td></tr>
<tr><td>Retail Warehousing</td><td colspan="3">£25</td><td>£35</td></tr>
<tr><td>Office, industrial, warehousing, small scale retail (use class A1-5)</td><td colspan="3">Nil Rate</td><td>£35</td></tr>
<tr><td>Health, school and higher education</td><td colspan="3">Nil Rate</td><td>Nil</td></tr>
<tr><td>All other uses</td><td colspan="3">Nil Rate</td><td>£35</td></tr>
<tr><td colspan="5">Superstores/supermarkets are defined as shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit.
Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items, and other ranges of goods, catering mainly for car borne customers.</td></tr>
</table>



Exemptions

CIL charges will not be levied on:

- Development that creates less than $100m^2$ of new build floor space measured as Gross Internal Area (GIA) and does not result in the creation of one or more dwellings.
- Buildings into which people do not normally go, or only go to perform maintenance.
- Buildings for which planning permission was granted for a limited period.
- Affordable housing, subject to an application by a landowner for CIL relief (CIL regulation 49).
- Development by charities for charitable purposes subject to an application by a charity landowner for CIL relief (CIL regulation 43).
- Development classified as self-build.
- Development classified as a residential annex or extension.

The CIL Regulations 2010 set out the situations for both mandatory and discretionary exemptions. Mandatory exemptions include affordable housing and developments occupied solely for the purpose of charitable activity by a registered charity. However, the charging authority has discretionary powers to provide relief on:

- the investment activities of charitable institutions

- in exceptional circumstances where:
  - the cost of complying with s106 planning obligation is greater than the chargeable amount payable by a developer;
  - there is an unacceptable impact on the economic viability of a development
  - that the granting of relief would not constitute state aid.

The Council will not expect to implement any discretionary exemptions. The Council believes the charge is viable and will monitor the charge to ensure it remains viable. Should circumstances change the Council will seek to revise the levy rather than provide any discretionary relief from the charge.

Payments in kind

In circumstances where the liable party and Haringey Council agree, payment of the levy may be made by transferring land. The agreement cannot form part of a planning obligation, must be entered into before the chargeable development is commenced and is subject to fulfilling the following:

- the acquired land is used to provide or facilitate the provision of infrastructure within Haringey;
- the land is acquired by the Council or a person nominated by the Council;
- the transfer of the land must be from a person who has assumed liability to pay CIL;
- the land has to be valued by an independent person agreed by the Council and the person liable to pay CIL;
- ‘Land’ includes existing buildings and other structures, land covered with water, and any estate, interest, easement, servitude or right in or over the land.

Collection of CIL

London Borough of Haringey is the collecting authority for the purpose of Part 11 of the Planning Act 2008 and CIL Regulations 2010 (as amended by Regulations 2011 and 2012).

When planning permission is granted, Haringey Council will issue a liability notice setting out the amount payable, and the payment procedure.

In the case of development enabled through permitted development orders, the person(s) liable to pay will need to consider whether their proposed development is chargeable, and to issue Haringey Council a notice of chargeable development.

Payment Instalments
Where the payable amount of CIL is £500,000 or less, the whole amount shall be paid in a single installment not more than 60 days after commencement of the development.

Where the payable amount is more than £500,000, developers should have the option to pay two installment payments:
- The greater of £500,000 or half the value of the total payable amount 60 days after commencement, and
- The remainder 240 days after commencement.

Appeals
A liable person can request a review of the chargeable amount by the charging authority within 28 days from the issue of the liability notice. CIL Regulations allow for appeals on:
- The calculation of the chargeable amount following a review of the calculation by the Council.
- Disagreement with the Council's apportioned liability to pay the charge.
- Any surcharges incurred on the basis that they were calculated incorrectly, that a liability notice was not served or the breach did not occur.
- A deemed commencement date if considered that the date has been determined incorrectly.
- Against a stop notice if a warning notice was not issued or the development has not yet commenced.

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

Spending CIL revenue
CIL revenue will be spent on infrastructure needed to support development in Haringey. This need is assessed as part of the Local Plan making process and an Infrastructure Delivery Plan is included in the adopted Local Plan: Strategic Policies. This infrastructure needs and delivery plan are updated regularly.

The Council includes as part of this submission the proposed Regulation 123 list below.

Table 3: Haringey's Regulation 123 List
Haringey CIL funding may be applied in whole or part to the provision, improvement, replacement or maintenance of the following infrastructure:
Educational Facilities
Further Education Facilities
Health and wellbeing Facilities
Parks and Open Spaces
Social and Community Facilities
Transport and Highways (excluding works that area required as part of a development proposal to be secured through a Section 278 Agreement)
Enterprise Space
Sports and Leisure Facilities
Public Realm Improvements
Community Safety Measures
District Energy Network and associated infrastructure
The above list is not in order of priority. The above list excludes infrastructure projects that are required to make a development acceptable in planning terms in accordance with the planning policies set out in the Council's Local Plan. Whilst CIL will be the Council's main mechanism for securing funding towards the infrastructure that is required to support the cumulative demands from development in Haringey, there will be some instances where individual development gives rise to their own requirements for infrastructure in order to make the development acceptable in planning terms. Such infrastructure will be secured as part of the development through the use of planning conditions or planning obligations. Further details on this approach are set out in the Council's Planning Obligations SPD.
This Regulation 123 list therefore explicitly excludes the provision of infrastructure that is required to make a development acceptable in planning terms and which meets the legal tests of Regulation 122 of the CIL Regulations. Through the publication of this list the Council therefore retains its discretion to negotiate

necessary planning conditions and s106 planning obligations to secure such infrastructure.

Distribution of CIL funding
As per the CIL Regulations and Guidance, the Haringey's CIL is proportioned and allocated using the following approach:

- 5% is retained by Haringey Council to cover administrative costs (including consultation on the levy charging schedule, the issuing of liability notices, enforcing CIL, legal costs and reporting on CIL activity);
- 15%, known as the 'Neighbourhood Proportion', is to be spent on neighbourhood projects within the neighbourhood of contributing development (up to a maximum of £100 per existing Council Tax dwelling). In accordance with Regulation 59C, neighbourhood projects can include funding towards:
  - o the provision, improvement, replacement, operation or maintenance of infrastructure; or
  - o anything else that is concerned with addressing the demands that development places on an area.

  The funding allocation rises to 25% where a Neighbourhood Plan in place. At the present time, only the Highgate Neighbourhood Plan has been adopted, and one is currently being developed for Crouch End;
- 80%, known as the 'Strategic Proportion', is retained by Haringey Council to allocate to projects on its capital programme which are infrastructure that supports growth. An indication of such projects are set out in the CIL Regulation 123 List above and the IDP.

Identifying the specific infrastructure projects to be funded by CIL

<u>Strategic Proportion</u>
The Strategic Proportion of CIL will be spent on CIL eligible projects with the Capital Programme, taking into account the Regulation 123 List and the IDP. Bid's outside of the existing Capital Programme, will be considered by the Assistant Director for Planning. Those considered to support sustainable growth (see the assessment criteria for prioritising infrastructure to be funded by CIL set out further below) and that are eligible for CIL funding, will be referred to the Haringey Capital Board for a final decision.

<u>Neighbourhood proportion</u>

Where there is a neighbourhood plan in place, the neighbourhood plan should identify the local neighbourhood projects required to support development proposed by the plan or to give effect to policies/proposals within the plan. Projects eligible for CIL funding should be specifically identified and, where appropriate, projects prioritised (see the assessment criteria for prioritising infrastructure to be funded by CIL set out further below).

CIL eligible neighbourhood projects could include, for example: road and footpath improvements; tree planting; new or improved play spaces and facilities; community safety measures (e.g. CCVT, lighting); new or improved cycling facilities; traffic calming measures; improvements to school grounds and buildings; and the improvement of local facilities such as libraries, community centres or sports halls. Such projects could be funded in whole or part through CIL receipts.

The Council will cost the eligible neighbourhood projects (including project management costs, contingencies and long-term maintenance provision) and will pool the neighbourhood proportion of CIL receipts raised within the designated neighbourhood area to pay for the items therein, investigating other sources of funding (such as grants and match funding) where possible.

Outside of neighbourhood plan areas, the CIL Regulations allow the Council as Charging Authority to decide what its own bespoke definition of a 'local' neighbourhood area is. As such, the wards in Haringey have been grouped into eight CIL Neighbourhood Groups based upon having the same CIL rate and having regard to the broad distribution of growth planned through the Local Plan. This is the approach recommended by the Council's Scrutiny Panel in order to streamline the process, provide for a meaningful level of CIL funding to deliver larger projects, and ensure an element of strategic decision making across the seven areas:

Area 1 – Fortis Green, Alexandra and Muswell Hill wards, and the area of the Highgate ward outside the Neighbourhood Plan area.

Area 2 – Hornsey and Stroud Green wards, and the area of Crouch End wards outside of the Neighbourhood Plan area

Area 3– Bounds Green ward

Area 4 – Noel Park and Woodside wards

Area 5 – Harringay ward

Area 6 – White Hart Lane and Northumberland Park wards

Area 7 – West Green, St Ann's and Seven Sisters wards

Area 8 – Tottenham Green, Bruce Grove and Tottenham Hale wards

Consultation with the community within each CIL Neighbourhood Group will be undertaken to compile an initial list of projects and the priorities, determined by the number supporting the same or similar infrastructure. CIL receipts raised within each CIL Neighbourhood Group are will then be spent against the list of projects compiled for each area. The consultation will be rerun every two to three years to ensure the projects and priorities are still the most relevant to the local community.

Prioritising the infrastructure projects to be funded by CIL

It is very unlikely that CIL will generate enough funds to completely cover the cost of new infrastructure needed to fully support planned development. As such, there will be competing demands for this funding. To ensure the spending of CIL funds are prioritised in the right way, the Assistant Director of Planning will assess and prioritise project proposals against the following set of guiding criteria:

a. The proposed project has the support of the service provider or operator;
b. The use of CIL funding is necessary as no alternative funding sources are available to deliver the proposed infrastructure, including funding that may be made available in a later funding period (the exception is where there is an urgent need for the infrastructure and the Council can secure the CIL funds to be reimbursed at specified later date);
c. The proposed infrastructure will promote a sustainable form of development and will not give rise to local impacts;
d. The use of CIL funding can help to optimised the delivery of identified infrastructure through the ability to leverage other sources of funding, such as match or gap funding, or to reduce borrowing costs;
e. The use of CIL funding can provide additionality to a capital infrastructure project that maximises the benefits of the parent project where mainstream funding does not provide for this;
f. The use of CIL funding can increase the capacity of existing strategic infrastructure;
g. The use of CIL funding can help to deliver coordinated improvements within the area;
h. The use of CIL funding can help to accelerate the delivery of regeneration initiatives;
i. The use of CIL funding will help further sustainable economic growth for the benefit of the area or the borough;
j. The proposed infrastructure is of a sufficient scale or scope so as to positively impact the local area;
k. The proposed infrastructure can be delivered within 24 months of authorisation;
l. The use of CIL funding represents value for money and will not give rise to long-term liabilities that place a financial burden on the service provider or operator.

The more criteria met, the greater the priority the CIL funding a project will receive.

CIL and Section 106 agreements

Unlike s106, CIL is to provide infrastructure to support the development of an area, not to make individual planning applications acceptable in planning terms. It breaks the link between a specific development site and the provision of infrastructure and thus provides greater flexibility for delivery of infrastructure when and where it is needed.

Section 106 agreements and Section 278 Highways Agreements will continue to be used to secure site-specific mitigation and affordable housing. In some instances, S106 agreements may be used in large development sites needing the provision of their own specific infrastructure for which delivery may be more suitably dealt with through s106s. Type of s106 requirements may include the following:

- Specific infrastructure requirements that directly arises from five or fewer developments, section 106 arrangements may continue to apply if the infrastructure is required to make the development acceptable in planning terms
- Affordable housing contributions
- New access roads/ junction improvements serving the site
- Connections to a renewable/ decentralised energy network
- On-site open space requirements
- Employment and training provision
- Travel plans / Car clubs / Cycle parking
- Town Centre management funding

Further details on the application of planning obligations is set out in the Haringey Planning Obligations SPD

Mayoral CIL

The Mayoral CIL has been in effect since April 2012 in accordance with Regulation 25 (a) of the Community Infrastructure Regulations 2010 (as amended). The Mayor published his CIL charging schedule on the GLA's website, and it is intended to contribute towards the funding of Cross Rail, and the Mayor has in effect declared his aim of raising £300m from Mayoral CIL towards this project. The Mayor's target is expected to be achieved by 2019. It is very likely that further London wide infrastructure funding will be required in the future and the revision and required collection of Mayoral CIL will now form a permanent feature of the planning and development policy framework operating in London.

The London boroughs collect the Mayor's CIL on his behalf. Haringey falls within Zone 2 of the Mayor's Charging Schedule which means that Haringey is required to collect £35/m^2 on behalf of the Mayor for any development that falls within scope of the regulations.

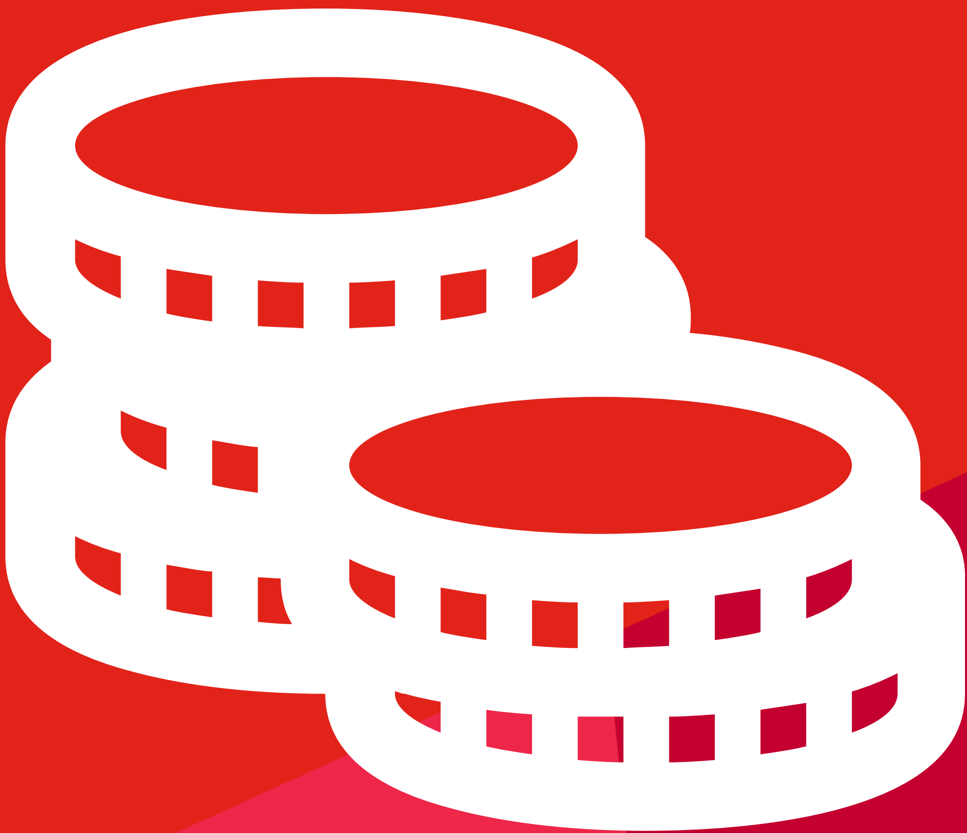
Monitoring and Reporting on CIL

The Council will publish annual reports showing, for each financial year:

- How much has been collected in CIL by CIL Neighbourhood Group area, including the split between the Strategic and Neighbourhood portions of CIL;
- How much has been spent by CIL Neighbourhood Group area, including the split between the Strategic and Neighbourhood portions of CIL;
- The infrastructure on which it has been spent;
- Any amount used to repay borrowed money;
- Amount of CIL retained at the end of the reported year by CIL Neighbourhood Group area, including the split between the Strategic and Neighbourhood portions of CIL.

2022

CIL Charging Schedule including Annual CIL Rate Summary



December 2021
haringey.gov.uk

Haringey LONDON

Contents

What is Community Infrastructure Levy (CIL)?

The Community Infrastructure Levy (CIL) is a charge based on the floorspace of new buildings to help fund infrastructure needs arising from new development

What is this document?

Regulation 121C of the CIL Regulations 2010 requires the Council to publish an Annual CIL Rate Summary every December for the next calendar year

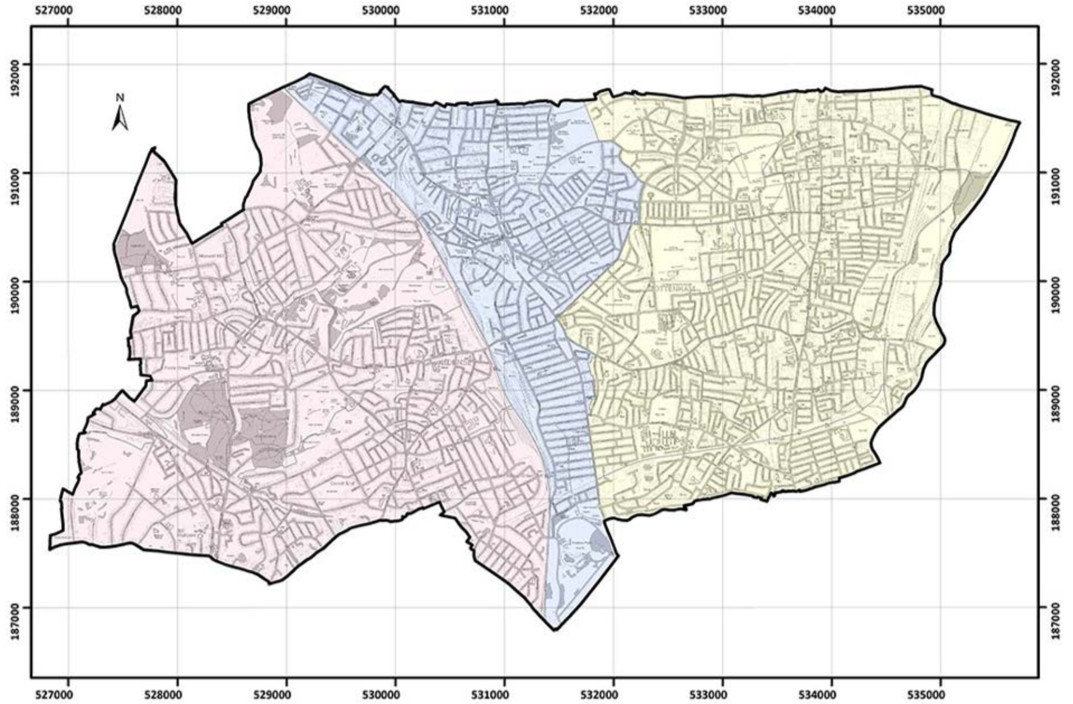
The Annual CIL Rate Summary must show how the adopted CIL Charging Schedule rates have been 'indexed' for inflation over time. CIL rates are 'indexed' for inflation using the Royal Institution of Chartered Surveyors (RICS) 'CIL Index' which is now published in October every year

For simplicity, this document sets out the CIL Charging Schedule and the Annual CIL Rate Summary together

Haringey CIL Charging Schedule 2014

The Charging Authority	London Borough of Haringey
Date of Approval	21 July 2014
Date of Effect	1 November 2014
Calculating the Chargeable Amount	Calculated in accordance with Schedule 1 of the CIL Regulations 2010
Statutory Compliance	The Charging Schedule was issued, approved and published in accordance with the CIL Regulations 2010 and Part 11 of the Planning Act 2008
Rates	The rates (expressed as pounds per square metre) are set out in the table below:

Use[1]	Western	Central	Eastern
Residential	£265	£165	£15
Student accommodation			
Supermarkets	£95		
Retail warehousing	£25		
Office, industrial, warehousing, small scale retail (use class A1-5)	Nil rate		
Health, school and higher education			
All other uses			



Haringey Charging Zones

Western Central Eastern Borough Boundary

[1] Superstores/supermarkets are defined as shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit. Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items, and other ranges of goods, catering mainly for car borne customers

Haringey Annual CIL Rate Summary for 2022

The Charging Authority	London Borough of Haringey
Annual CIL Rate Summary Year	2022
Date of Effect of Charging Schedule	1 November 2014
Rates	The rates (expressed as pounds per square metre) are set out in the table on the previous page
Index figure (I_C) for calendar year Charging Schedule took effect	239
Index figure (I_Y) for calendar year for Annual CIL Rate Summary 2022	332
Indexed rates	The indexed rates (expressed as pounds per square metre) are set out in the table below:

<table>
<tr><th>Use[2]</th><th>Western</th><th>Central</th><th>Eastern</th></tr>
<tr><td>Residential</td><td rowspan="2">£368.12</td><td rowspan="2">£229.21</td><td rowspan="2">£20.84</td></tr>
<tr><td>Student accommodation</td></tr>
<tr><td>Supermarkets</td><td colspan="3">£131.97</td></tr>
<tr><td>Retail warehousing</td><td colspan="3">£34.73</td></tr>
<tr><td>Office, industrial, warehousing, small scale retail (use class A1-5)</td><td colspan="3" rowspan="3">Nil rate</td></tr>
<tr><td>Health, school and higher education</td></tr>
<tr><td>All other uses</td></tr>
</table>

[2] Superstores/supermarkets are defined as shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit. Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items, and other ranges of goods, catering mainly for car borne customers

Mayor of London's CIL

The Mayor of London's CIL Charging Schedule (Mayoral CIL 1 or 'MCIL1') took effect in April 2012 and this was superseded by a new CIL Charging Schedule (Mayoral CIL 2 or 'MCIL2') in April 2019, both covering the whole of London.

The Charging Authority	Mayor of London
Date of Effect of Charging Schedule	MCIL1 1 April 2012 MCIL2 1 April 2019
Index figure (I_C) for calendar year Charging Schedule took effect	MCIL1 223 MCIL2 330
Index figure (I_Y) for calendar year for Annual CIL Rate Summary 2022	332

Indexed rates The indexed rates (expressed as pounds per square metre) are set out in the table below:

Use	MCIL1	MCIL1 Indexed	MCIL2	MCIL2 Indexed
Development used wholly or mainly for the provision of any medical or health services except the use of premises attached to the residence of the consultant or practitioner	Nil	Nil	Nil	Nil
Development used wholly or mainly for the provision of education as a school or college under the Education Acts or as an institution of higher education	Nil	Nil	Nil	Nil
All other uses in Zone / Band 2 which Haringey falls within	£35	£52.11	£60	£60.36

For further information please contact

cil@haringey.gov.uk

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Report to the London Borough of Haringey

By Terrence Kemmann-Lane JP DipTP FRTPI MCMI
An Examiner appointed by the Council

Date: 24 January 2022

PLANNING ACT 2008 (AS AMENDED)
SECTION 212(2)

THE LONDON BOROUGH OF HARINGEY
COMMUNITY INFRASTRUCTURE LEVY

REPORT ON THE EXAMINATION OF THE PARTIAL REVIEW OF THE COMMUNITY INFRASTRUCTURE LEVY DRAFT CHARGING SCHEDULE, AS MODIFIED

Charging Schedule submitted for examination on 27 September 2021 through Penny O'Shea Consulting

Non-Technical Summary
This report concludes that the London Borough of Haringey Community Infrastructure Levy Partial Review Modified Draft Charging Schedule provides an appropriate basis for the collection of the levy in the borough. The proposed rates will not put the majority of developments at risk, and it can be recommended for approval. A minor modification is required to reflect changes in the Use Classes Order.

Introduction

1. Under Regulation 19(4) of the CIL Regulations 2010 (as amended), the council may modify the CIL Draft Charging Schedule following publication and consultation. The council published the Modified Draft Charging Schedule (MDCS) in response to representations made to the Draft Charging Schedule (DCS) during the period of public consultation from 18 December 2019 to 11 February 2020. It was the MDCS that was submitted to me on 27 September 2021, although the consultation period on it continued until 25 October 2021.

2. I am a chartered Town Planner, being a Fellow of the Royal Town Planning Institute. I have many years' experience of holding public inquiries and examining local plans, and have been examining CIL proposals for planning authorities since 2013.

3. This report contains my assessment of the London Borough of Haringey's (LBH) CIL Partial Review MDCS in terms of Section 212 of the Planning Act 2008. It considers whether the schedule is compliant in legal terms and whether it is economically viable as well as reasonable, realistic and consistent with national guidance (Department of Levelling Up, Housing, and Communities on CIL).

4. In the responses to the consultation on the November 2019 DCS, a limited number of representations made reference to possible attendance at a hearing. As I proceeded with my examination, I found it necessary to raise questions with the council to seek further clarification following the points made by representors, and gradually moved towards the view that the examination could be dealt with on the basis of the written submissions, and that there would be no need to hold a hearing. In November 2021, I therefore requested my programme officer to write to representors asking if there was a wish to attend a hearing. There was no response seeking a hearing from any representor to this request. I therefore decided that the examination could be conducted on the basis of the written submissions and informed the council accordingly.

5. To comply with the relevant legislation, the local charging authority has to submit a charging schedule that sets an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across its area.

6. The current LBH CIL Charging Schedule came into effect on 1 November 2014. It set rates for residential, student accommodation, supermarkets, and retail warehousing across three charging zones, within which some of the rates vary. Since the current schedule came into force, a number of large developments within and around the Tottenham Hale and North Tottenham growth areas, and in Seven Sisters, have been completed. Linked to this regeneration of the eastern part of the borough, there has been a significant growth in residential values.

7. As a consequence, the council commissioned BNP Paribas Real Estate (BNPPRE) to produce a partial review of the residential and student accommodation rates in the Eastern CIL Zone of the approved CIL Charging Schedule, as well as to consider a rate for two new forms of residential accommodation: Warehouse Living (WL) and the Private Rented Sector (PRS). The latter is referred to in the submitted Draft Charging Schedule (DCS) as 'Build to Rent Housing' (BTR). These forms of accommodation have only come forward in the borough since 2014 and consequently were not specifically included within the approved CIL Charging Schedule. The result of this commission was the Community Infrastructure Levy: Eastern Haringey Viability Update Study (EHVUS), dated October 2019. The EHVUS was accompanied by a separate volume of appendices setting out the results of the appraisals of a range of development typologies.

8. The EHVUS considered the residential and student accommodation rates approved in the Eastern CIL Zone and the potential rates for WL and PRS schemes, in combination with the cumulative impact of the requirements of the council's Local Plan, adopted July 2017 (comprising the Strategic Policies DPD, Development Management DPD, Site Allocations DPD and Tottenham Area Action Plan DPD). Upon review of the representations made on the DCS, the council commissioned a further assessment from BNPPRE of the proposal to levy a charge on WL.

9. In light of the evidence provided in the representations and the advice contained in the 'Note on Warehouse Living' provided by BNPPRE (document HCIL6), the rates for WL are proposed to be deleted, and the council published a Statement of Modifications to achieve this. There were no adverse comments in the representations on the modifications, and I accept that, on the basis of the current knowledge and experience of WL, there is no evidence which would support a charge on this form of development as it is now emerging. I will briefly refer to this below in support of my recommendations.

10. The other modification that the council proposed was to amend the definition of Build to Rent Housing, set out at the bottom of the schedule, and to remove the word 'Draft' in front of London Plan and add '2021', so that it reads 'the London Plan 2021'. Clearly, this is simply a factual update, which I will recommend is made to the final approved schedule.

11. It is important to note that, since this was a partial review, the rates applicable in the Western and Central Charging Zones, and those that are borough wide, have not been reassessed. Nevertheless, the rates in these Zones have changed over time due to the indexing for inflation in accordance with the CIL Regulations 2010 (as amended). Thus, the rates in

the Western and Central Zones for both residential and student accommodation have increased so that by 2020 they had changed from £265 (western) and £165 (central) to £370.33 and £230.59 respectively. In the MDCS the rates for these two charging zones, and the borough-wide charges for Supermarkets and Retail Warehousing, have an '*' beside them. A footnote explains that, at the date of final approval of the MDCS, the updated indexed figures will be provided in the approved Charging Schedule in place of those in the MDCS. (See also paragraphs 46 to 48 below).

12. I have explained in the immediate above paragraph that the submitted MDCS takes account of the partial review of the 2014 Schedule, which only considered the rates in the Eastern Charging Zone. I also explained how the council will deal with the updating of the rates in the other two charging zones to account for indexation. For ease of reference, therefore, I will set out only the charges now proposed in the Eastern Charging Zone.

13. In the 2014 Schedule there were only two forms of development that had CIL rates specific to the Eastern Zone – Residential and Student accommodation. These were both charged at £15 per m^2. It is now proposed that these will be charged at £50 and £85 respectively. There were also borough-wide rates for Supermarkets and Retail warehousing at £95 per m^2 and £25 per m^2 respectively. In addition, it is now proposed to introduce a separate use category of Build to Rent housing. This particular development form was previously incorporated within the Residential charge. It has only come forward in the borough since 2014 and consequently was not specifically included within the approved CIL Charging Schedule. For the Western and Central Charging Zones, Build to Rent will have the same rates as Residential, similarly being re-indexed at the point of the schedule approval. Therefore, the only changed charge for Build to Rent is in the Eastern Zone which is introduced at £100 per m^2.

14. To be clear, therefore, the only matters for me to consider, in terms of levy rates, are those in the Eastern Zone, with Residential increasing from £15 per m^2 (now indexed to approximately £21) to £50 per m^2; Student accommodation from £15 per m^2 to £85 per m^2; and Build to Rent moving from the Residential rate to £100 per m^2.

Were the rates adequately consulted upon?

15. The council consulted on the November 2019 DCS for 8 weeks between Wednesday 18 December 2019 and Tuesday 11 February 2020, as required by Regulation 17 of the CIL Regulations 2010 (as amended). The DCS and accompanying documents were made available for inspection on the council's website, at the council's principal office and at the borough's libraries. A local advertisement was published on 18 December 2019, and representations were invited from consultation bodies and other persons and bodies considered appropriate by the council via its database. There were 14 representations received in response.

16. The council published the Statement of Modifications, in accordance with Regulation 19(1)(d), that responded to the representations received to the DCS. This Statement was sent to each of the persons that were invited to make representations on the DCS and a copy of the Statement was

published on the council's website. The period of consultation was for 4 weeks, closing on Monday 25 October 2021. There were two representations submitted as a result of this consultation.

17. I consider that these arrangements for consultation on the DCS and the Statement of Modifications were adequate and met the requirements of the Regulations referred to. In reaching my conclusions, I have taken into account the representations made in response to the November 2019 DCS and those in respect of the Statement of Modifications.

Is the Charging Schedule supported by background documents containing appropriate available evidence?

Do the Infrastructure Delivery Plan and Infrastructure Funding Statement 2019/20 (December 2020) support the continued charging of CIL?

18. The Haringey Infrastructure Delivery Plan, Update April 2016 (IDP) is part of the evidence base used to support the submission of the DCS, meeting the requirements of the National Planning Policy Framework (the Framework) and PPG at that time. It was based on the requirements set out in the London Borough of Haringey Local Plan: Strategic Policies, approved in March 2013. That document sets out how the council will deliver local and strategic development needs including housing, employment, leisure and retail provision. The Further Alterations to the London Plan (2015) identified a new annual housing target for Haringey of 1,502 new homes for the period between 2011 and 2026. This creates an overall housing requirement of 19,802 new homes from 2011-2026. To achieve these requirements, it is important to ensure that appropriate infrastructure is provided to make places attractive, sustainable and successful.

19. The first iteration of the IDP was the Community Infrastructure Study (2010), produced as part of the preparation of the Local Plan: Strategic Policies. This was followed by the IDP Update 2013 to support the introduction of the Haringey CIL that became effective in 2014. The IDP Update 2016 is a further update, with a view to understanding the infrastructure requirements of the post-2015 housing target.

20. Section 13 of the IDP sets out the Total Infrastructure Funding Gap by sectors. Within this section, Table 6 summarizes the potential cost of providing the infrastructure requirements outlined in the 2013 document. The figures in the table are from 2013, indexed using BCIS indexation[1] to bring them to April 2016 prices. The final row of Table 6 identifies totals: Investment required - £534.4m; Funding available - £185.7m; Funding Gap - £348.6m.

21. With the removal of the requirement for a Regulation 123 list in an amendment of the CIL Regulations on 1 September 2019, there is a requirement for an Infrastructure Funding Statement (IFS) to be published by December every year from 2020 onwards. The council has produced a 2019/2020 Infrastructure Funding Statement. The IFS should identify infrastructure needs, the total cost of this infrastructure, anticipating funding

[1] Building Cost Information Service published by the Royal Institute of Chartered Surveyors.

from developer contributions, and the choices the authority has made about how these contributions will be used (PPG CIL paragraph 017).

22. In section 1.4 of the IFS, it is explained that it is based on the approved Local Plan and the IDP (referred to in paragraphs 18 to 20 above). The infrastructure needs of the following categories are considered: education; health; libraries and museums; open space, leisure and sport; transport; waste facilities; surface water management measures; water quality; electricity network; decentralised energy infrastructure; and emergency services.

23. Section 2.4 sets out the policy and guidance on spending Strategic CIL, how the council goes about this and CIL spending criteria and allocations. In December 2020, approval was given for £14.6m of Strategic CIL monies and the capital programme is set out. Section 2.5 sets out spending on Neighbourhood CIL in a similar way. The third section of the IFS deals with section 106 planning obligations and includes the report for the year 2019/20 required by Regulation 121A(c) of the CIL Regulations, both monetary and non-monetary.

24. Taking the information in the two documents, the IDP shows that the total investment required for infrastructure is £534.4m, whilst available funding from non-CIL sources is anticipated as £185.7, leaving a funding gap of £348.6m. The table at paragraph 2.3.1 of the IFS shows that over the 5 years from 2015/16 to 2019/20 the total value of CIL collected was £18.892m (figures rounded), whilst total expenditure for 2019/20 was £2.845m and retained receipts were £16.048m. From these figures it can be seen that a very significant funding gap will remain with the application of CIL receipts to the gap of £348.6m referred to above, although CIL will make a small but valuable contribution to the provision of infrastructure in the borough. The figures demonstrate the continuing need to levy CIL in LBH.

25. I should also mention at this point that there were representations about the need to update the IDP. The IDP is not before me for examination, therefore those comments are for the council to consider.

Does the economic viability evidence support the proposed levels of CIL?

26. Since the CIL Charging Schedule in LBH was first implemented in 2014, the rates have been well embedded in policy and the land market of the borough. As noted in paragraph 6 above, since CIL implementation, a number of large developments within and around the Tottenham Hale and North Tottenham growth areas, and in Seven Sisters, have completed, started or have secured planning permission, including Apex House and Tottenham Hotspur Football Club. Linked to this regeneration of the eastern part of the LBH, there has been a significant growth in residential values.

27. Thus it was that the council commissioned the EHVUS, published in October 2019, from BNPPRE. This review was to reconsider the residential and student accommodation CIL rates in the Eastern CIL Zone of the approved CIL Charging Schedule as well as to consider a new rate for WL and BTR. The review therefore sought to establish whether there is scope for the two

existing development types, residential and student accommodation, in the Eastern CIL Zone to viably contribute an increased level of CIL, and whether WL and BTR schemes in the east of the borough can viably contribute through CIL towards the delivery of the necessary supporting infrastructure.

28. The EHVUS uses a standard approach, the residual valuation method, that involves calculating the value of completed development schemes and deducting development costs (construction, fees, finance, sustainability requirements, CIL [including Mayoral CIL] and other plan policy costs) and developer's profit. The residual amount is the sum left after these costs have been deducted from the value of the development and guides the amount available for site acquisition. The residual land values are compared to a 'Benchmark Land Value', being the value above the existing use value a reasonable landowner would accept, including a premium as an incentive to sell, to bring the site to market for development. As I have said, this is a standard industry approach to viability studies, and I find that, in principle, this study is satisfactory. I set out below the gist of the findings of the EHVUS.

Residential development

29. Residential schemes in the Eastern CIL Zone have been tested with a range of affordable housing tenures and percentages, taking into consideration a balance of the council's current affordable housing policies target requirement and the aspirations to deliver a wider range of affordable housing tenures in the borough. In brief, the results of the EHVUS were as follows:

- Some scenarios (e.g. certain affordable housing percentages) are unviable prior to the application of CIL in the appraisal. Where schemes are viable, the recommended CIL rates are sufficiently modest to ensure that schemes remain viable.

- The results of the appraisal of residential developments shows a wide range of potential maximum CIL rates. The recommended increase is to a rate of £50 per m^2 in the Eastern CIL Zone.

- The recommended rate is set at a discount to the maximum rate, in line with the requirements set out in the National Planning Policy Framework. Consequently, there is sufficient flexibility for schemes to be able to withstand the impact of economic cycles over the life of the Charging Schedule; although in any event, current mainstream forecasts are that residential values will increase over the next five years. The proposed rate amounts to between 1% and 1.6% of development costs and is therefore set at a nominal level.

Private rented sector

30. There are a number of PRS (BTR in the DCS) which have been delivered/are currently coming forward in the Eastern CIL Zone in particular. A charge of £100 per m^2 for PRS schemes delivered in the Eastern CIL Zone is recommended, reflecting a 20% buffer from the maximum charge of £125 per m^2. The proposed CIL amounts to circa 4% of development costs, which

at below 5%, experience shows is not a determining factor in a developer's decision as to whether or not to proceed with a development.

Student accommodation

31. Student housing developments in the Eastern CIL Zone have seen rapidly increasing rents since the previous CIL Viability Study, which has increased residual land values. Consequently, these developments can absorb a higher CIL contribution without a significant impact on viability. A charge of £85 per m^2 is recommended. This is based on the delivery of at least 40% affordable student accommodation within schemes and allows for a buffer from the maximum rate, and would amount to circa 2.25% of development costs.

Warehouse living

32. The EHVUS noted the council's Policy DM39: 'Warehouse Living', which seeks to further regularise/legitimise this use and, through the planning process, ensure existing and future occupants are provided with an appropriate standard of living. The appraisals identified that such schemes generate significant residual land values in excess of existing use values. There will be differences from site to site with respect to conversion costs and quality, but some of this space may not qualify for CIL if such schemes do not add any floorspace and/or the floorspace has been lawfully occupied for six months in the last three years. A charge of £130 per m^2, which reflects a significant discount from the maximum, is recommended. This rate of charge is unlikely to have an impact on a developer's decision to deliver such schemes.

The council's response to the EHVUS

33. The council accepted these recommendations and published the DCS which, as mentioned in paragraph 15 above, it consulted on between 18 December 2019 and 11 February 2020. The outcome of this consultation was that 14 representations were received. A number of these did not raise issues with the level of charges proposed, mainly dealing with the contents of the IDP. However, representors were concerned with the rise in the rate for residential developments, mainly on the basis of the balance to be struck between securing adequate infrastructure and policy compliant affordable housing. I deal with these matters a little later in this report.

34. More relevant at this stage is to refer to the representations that were made with regard to the proposed charge for WL. In brief, these were that WL is evolving and the evidence in the EHVUS does not indicate a proper understanding of this form of development, and in particular, does not account for demolition and new build costs. As a result, the council commissioned a 'Note on Warehouse Living' from BNPPRE, dated 23 April 2021, to address the representations. This note acknowledged that the assessment of WL schemes in the EHVUS had been based on a refurbishment development, and that in the 18 months following that study, a redevelopment approach had started to be pursued. The conclusions and recommendations in the note were that the evidence presented for such schemes in a rapidly evolving situation does not provide an appropriate basis to set a CIL charge for new Purpose-Built WL schemes. With the aim of

Policy DM39 to secure a long-term sustainable future for WL sites, the proposed charge for this form of development should be removed.

35. The removal of a rate for WL was accepted by the council. Under Regulation 19(4) of the CIL Regulations 2010 (as amended), the council may modify the DCS following publication and consultation. The proposed modifications are set out in document HCIL4 – Statement of Modifications, and the necessary consultation was carried out, as referred to at paragraph 16 above.

My conclusions on the background documentation

36. From the above (paragraphs 18 to 35), it can be seen that there is appropriate and adequate evidence in the background documents - the Infrastructure Delivery Plan, the Infrastructure Funding Statement 2019/20 and the Eastern Haringey Viability Update Study, together with the Note on Warehouse Living - to support the Modified Draft Charging Schedule.

Are the charging rates informed by and consistent with the evidence?

The rate for residential development

37. Other than the representations in relation to WL, dealt with above, the only other category of development for which the proposed rate drew concerns, was that for residential development. In that regard, the issues identified were i) the extent of the rise in charge from £15 per m^2 (2014 Schedule) to £50 per m^2 (current proposal); ii) the cumulative effect of CIL and S106 and the likely effect on the delivery of policy-compliant affordable housing; iii) the particular difficulty of development of 'Locally Significant Industrial Sites' and of former utilities sites such as gasworks.

38. With regard to the first of these, the concern was expressed in terms of the proposed rate being a 333.33% increase. I regard this as presenting no more understanding of the difference between the 2014 rate and the current proposal than can be gleaned from looking at the two figures - 15 and 50. To see whether the increase has an unacceptable effect on development viability, it is the viability appraisals that provide the evidence.

39. Turning to the cumulative effect of CIL and s106 obligations, this appears to be primarily a concern about the delivery of policy-compliant affordable housing alongside CIL. Representors cite a number of recent examples of major residential development that have been approved 'without providing policy-compliant levels of affordable housing'. In this regard, the council and its policies are quite clear, as are the policies of the London Plan. Taking the London Plan 2021, a threshold approach to viability is detailed in Policy H5. Part A of Policy H5 sets out the threshold approach applying to major development proposals which trigger affordable housing requirements. Part B sets out that the threshold level of affordable housing on gross residential development is initially set at: 1) a minimum of 35 per cent; or 2) 50 per cent for public sector land where there is no portfolio agreement with the Mayor; or 3) 50 per cent for Strategic Industrial Locations, Locally Significant Industrial Sites and Non-Designated Industrial Sites appropriate for residential uses in accordance with Policy E7 Industrial intensification,

co-location and substitution, where the scheme would result in a net loss of industrial capacity.

40. Policy H5 can be satisfied via two routes: a Fast Track Route and a Viability Tested Route. The Fast Track Route may be followed provided applications meet the four requirements, and they are not required to provide a viability assessment at application stage. Where an application does not meet the requirements of the Fast Track Route, it must follow the Viability Tested Route. This facilitates lower levels of affordable housing provision where the target level is demonstrated not to be viable. This approach is followed in the council's Local Plan Strategic Policies (Policy SP2) which sets out that the affordable housing target in the Local Plan Strategic Policies is subject to viability. It is also followed in Policy DM13 of the Council's Development Management DPD, which sets out that the council will seek the maximum reasonable amount of affordable housing provision when negotiating on individual private residential and mixed-use schemes, having regard to viability.

41. There was also the criticism that the 50% affordable housing target was not tested in the EHVUS. Following a question by me, I was subsequently provided with a BNPPRE 'Note on Additional Viability Testing of Residential Rates, 30 June 2020' (document HCIL12). This established (Table 3.11.1) that, over a range of tenures, the maximum borough CIL, allowing for Mayoral CIL, was at or above the £50 per m^2, whilst allowing for a sizable buffer. Furthermore, implementation of the proposed residential CIL charge of £50 per m^2 is equivalent to the provision of between 1.25% and 0.7% of units on a site as affordable housing, with the average across the typology scenarios tested being 0.91% affordable housing.

42. The answers to this and other questions I put to the council, seeking further clarification, were drawn to the attention of the relevant representors, but no further response was received. In the absence of clear evidence that throws doubt on the data or conclusions of the EHVUS, I am satisfied that the proposed modified charges for residential development are justified, and an appropriate balance has been struck. I am reinforced in this conclusion by the fact that an adequate 'buffer' from the maximum CIL charge that the various development typologies could absorb has been allowed, and that a further safeguard is the fact that existing floorspace on a development site has been ignored in the study, providing a strong reassurance that the charges are well below the maximum that could be levied.

43. Individual sites and development proposals will have their own characteristics. The policies allow for sensible and appropriate trade-offs where all desirable requirements cannot be met. The proposed charge strikes an appropriate balance between the delivery of development and the funding of necessary infrastructure to support such development as required by Regulation 14 of the CIL Regulations 2010**.**

My conclusions on the proposed rates

44. Apart from the rate proposed in the DCS for WL, which was dealt with by the modifications, it was only the proposed rate for residential development that was subject to representations. In paragraphs 37 to 43 above I have set out

my response to the proposed rate and the questioning of it. I conclude that the evidence supports the rate for residential development proposed in the partial review and the council has been realistic in terms of achieving a reasonable level of income to address a gap in infrastructure funding, while ensuring that, in general, development remains viable across most of the eastern side of the borough.

Other matters

Use Classes Order

45. The November 2019 DCS and the Modified version of September 2021 make reference to Use Classes A1 to A5. However, the Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 made substantial changes to the Use Classes. Class A1 (shops), Class A2 (financial and professional services) and Class A3 (restaurants and cafes) were absorbed into new Class E (along with other uses). This Order came into force on 1 September 2020. I drew the council's attention to the fact that it appeared appropriate to update these references, perhaps by deleting the reference to the Use Classes. In response, the council proposed the deletion of these references, having regard to the changes which have been made to the Town and Country Planning (Use Classes) Order 1987. I will recommend accordingly.

Indexed rates

46. The council has only partially reassessed its approved Charging Schedule, reviewing only the rates in the borough's Eastern Charging Zone. In the submitted Draft Charging Schedule (document reference HCIL1) an asterisk is put against charges in the Western and Central Charging Zones. Below Table 1 there is a note which sets out that *"Rates that are not amended as part of the Partial Review of the CIL Charging Schedule will be indexed for inflation in accordance with the CIL Regulations 2010 (as amended) based on the date of their original effect in the original CIL Charging Schedule (November 2014) to the date of final approval (expected 2022). The updated indexed figures will be provided as part of the final reviewed CIL Charging Schedule at the point of final approval (expected 2021) rather than in this Draft Charging Schedule document."* The council has stated to me that *"If the outcome of the Examination is a recommendation that the Draft Charging Schedule is sound, with or without modifications, the Council proposes to amend the Western and Central rates in the approved new CIL Charging Schedule in accordance with those set out in Haringey's Annual CIL Rate Summary 2022".*

47. The council published its Annual CIL Rate Summary 2022, dated December 2021, which shows the indexed rates that will be applicable for the Western and Central Zones and for the borough-wide charges. The council suggested that I may wish to recommend a modification now that the council has the 2022 CIL figures. However, it seems to me that, since I have only been appointed to examine the Partial Review of the CIL Charging Schedule, it would be going beyond my remit to make a recommendation about these revised figures.

48. Nevertheless, it was appropriate to draw my attention to the updated figures, and provide me with a copy of the new Annual CIL Rate Summary document that has been put on the webpage. It seems sensible for me to record here the council's intentions, for the sake of clarity. The following new rates will be inserted by the council when it approves the Partial Review Rates:

<table>
<tr><th>Use</th><th>Western</th><th>Central</th></tr>
<tr><td>Residential</td><td rowspan="2">£368.12</td><td rowspan="2">£229.21</td></tr>
<tr><td>Student accommodation</td></tr>
<tr><td>Supermarkets</td><td colspan="2">£131.97</td></tr>
<tr><td>Retail warehousing</td><td colspan="2">£34.73</td></tr>
</table>

Overall conclusion

49. I conclude that, in setting the CIL charging rates in the MDCS, and the DCS that went before it, the council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in the LBH. The council has been realistic in terms of achieving a reasonable level of income to address a gap in infrastructure funding, while ensuring that, in general, development remains viable across most of the eastern side of the borough. It has made decisions about its priorities for bringing in funds through CIL and obtaining contributions through section 106 agreements. An appropriate balance has been struck.

Are the legal requirements met?

50. The legal requirements are met:

- The Charging Schedule complies with national policy/guidance.

- The Charging Schedule complies with the 2008 Planning Act and 2010 Regulations (as amended), including in respect of the statutory processes and an appropriate level of consultation; the proposed rates are informed by and consistent with the evidence on viability across the Eastern Zone of the borough, and it is supported by an adequate financial appraisal; it is consistent with the local plan, while not undermining its delivery.

Recommendation

51. I conclude that the MDCS for the London Borough of Haringey Community Infrastructure Levy, submitted for examination on 27 September 2021, satisfies the requirements of Section 212 of the 2008 Act and meets the criteria for viability in the 2010 Regulations (as amended). I therefore recommend that, subject to one modification set out in the schedule below, the Modified Charging Schedule be approved.

Terrence Kemmann-Lane

Examiner

Modification required by the Examiner

Modification number	Modification
EM1	In the table of CIL rates, in column 1 under the heading "Use", within the development type "Office, Industrial, warehousing, small scale retail", delete the references in brackets to use class A1-5

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March 2022

Community Infrastructure Levy Charging Schedule

ning Act 2008 (as amended)

Haringey
LONDON

Part 3, CIL Regulations 2010 (as amended)

1. The Charging Authority

1.1 The London Borough of Haringey is the ‘Charging Authority’.

2. Date of Approval

2.1 This Charging Schedule was approved by the Council on 14 March 2022.

3. Date that Effect

3.1 This charging schedule will come into effect on 1 September 2022.

4. CIL Rates

4.1 The Council charges different rates of CIL by the land use of a proposed development (expressed as pounds per square metre) and by the area where a proposed development is situated, as set out in Table 1 below.

Table 1: CIL rates

	CIL charge (£/square metre)		
Use	**Western**	**Central**	**Eastern**
Residential	£368.12	£229.21	£50
Student accommodation	£368.12	£229.21	£85
Build to Rent housing	£368.12	£229.21	£100
Supermarkets	£131.97		
Retail Warehousing	£34.73		
Office, industrial, warehousing, small scale retail	Nil Rate		
Health, school and higher education	Nil Rate		
All other uses	Nil Rate		

Superstores/supermarkets are defined as shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit.
Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items, and other ranges of goods, catering mainly for car borne customers.
Build to Rent is housing development which meets the definition set out in policy H13 of the London Plan 2021

5. Charging Zones

5.1 The CIL charging zones referred to in the above table are illustrated on the Charging Zone Map attached at Appendix 1 of this document.

6. Calculating the Chargeable Amount

6.1 The amount to be charged for each development will be calculated in accordance with Schedule 1 of the Community Infrastructure Levy Regulations 2010 (as amended). For the purposes of the formulae in Schedule 1, the relevant rate (R) is the rate for each charging zone shown in Table 1 above.

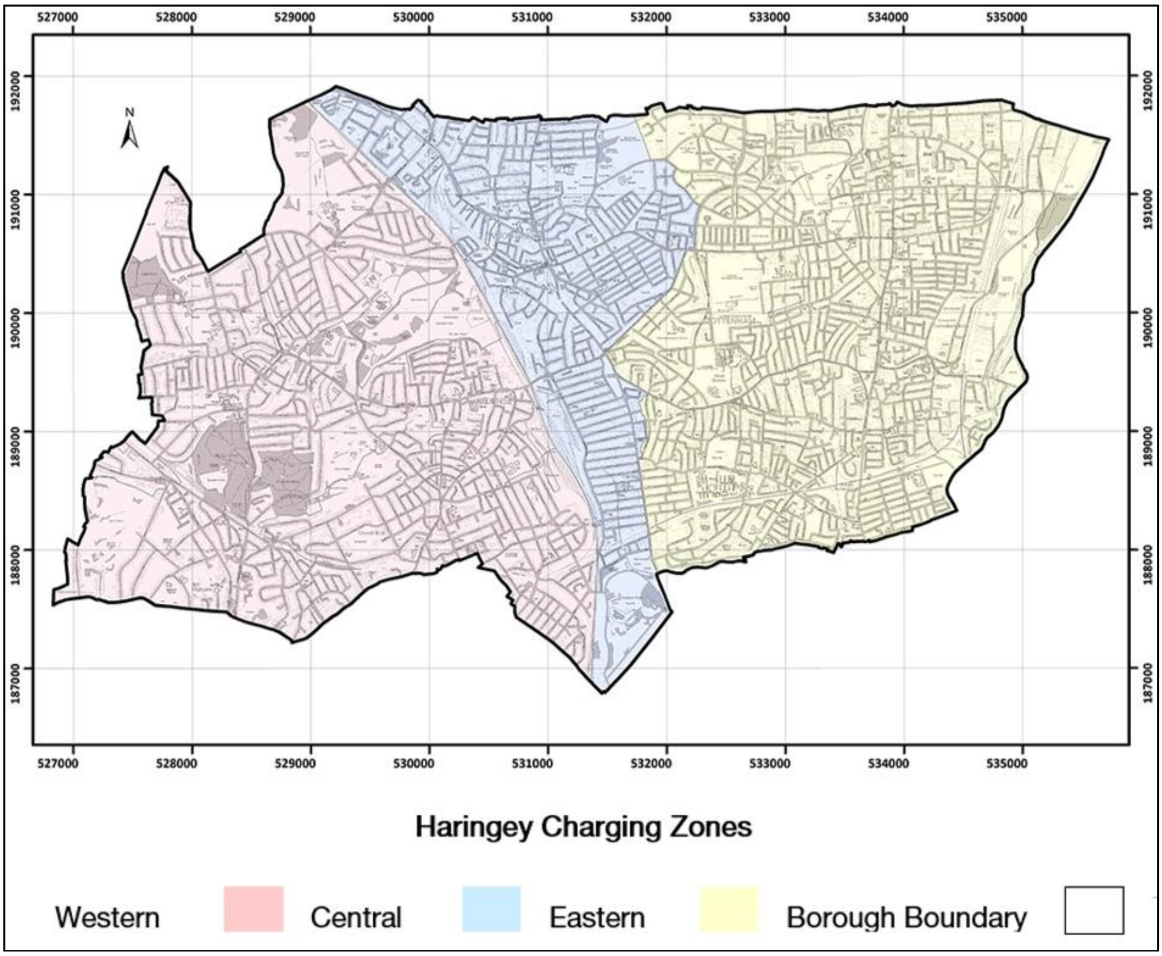
7. Statutory Compliance

7.1 The Charging Schedule has been issued, approved and published in accordance with the CIL Regulations 2010 (as amended) and Part 11 of the Planning Act 2008 (as amended).

8. Further Information

8.1 Further information on the Community Infrastructure Levy is available on the Council's website www.haringey.gov.uk/CIL

Appendix 1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REPORT OF STANDARDS COMMITTEE 2/2021/22

FULL COUNCIL 14 March 2022

Chair: Councillor Opoku

1. INTRODUCTION

Full Council is being asked to revoke the Members Allowances Scheme for 2021/22 as of 31st March 2022; and to approve a new Members Allowances Scheme for the municipal year 2022/23 as set out in the recommendations below and to take effect from 1st April 2022. This is in accordance with Article 14.03 of the Council's Constitution.

1.2 Full Council is also being asked to extend the appointment of Lisa Klein as an Independent Person, and Stephen Ross as Secondary Independent Person to the Standards Committee. This is under s28(7) of the Localism Act 2011 for a period of 1 year commencing 1st July 2022 and ending on 30th June 2023; Full Council is further asked to approve the allowance paid per annum to the Independent Person, and Secondary Independent person at £1250.00 and £250.00 respectively.

2. MEMBERS' ALLOWANCES 2022/23

We noted that before a London Council can adopt a Members Allowances Scheme the Council has a duty to consider the recommendations of an Independent Remuneration Panel in relation to the payment of Members Allowances.

The Local Authorities (Members Allowances) (England) Regulations 2003 allows London Boroughs to use an Independent Remuneration Panel set up for the purpose of making recommendations across London. London Councils set up a panel for this purpose in 2001 and its most recent report was published on the 14th of January 2022 and we considered this report, attached as Appendix 2, on the 25th of January 2022 and we commented that:

- The SRA bandings in the attached IRP report remained out of touch with local Council decision making on Member's Allowances and the SRA thresholds were too high. We felt that the report was not realistic in expecting residents to accept these potentially high payments for local representations.

- We could not find evidence in the IRP report to support its claim that allowances should not be an incentive to carry out the Councillor role but also not be a disincentive.

- We noted IRP recommendation that the Basic Member Allowance be index linked to rises to local government officer pay awards and it was suggested that the 1.75% increase being negotiated with local government officers could be applied and capped at this figure.

- We further discussed the percentage rate connections between the SRA bandings and noted the difficulties in having a set scheme as provided for in Wales.
- We noted that the SRA's thresholds in Haringey were traditionally in the lower ranges of the proposed SRA bandings and noted that most Councils in London did not fully apply the SRA banding thresholds. This was a locally agreed issue with Councillors mindful of resident's expectations.

We further considered the latest position on the local government officer pay increase of 1.75% which had not been agreed. We felt that given the current economic climate together with steep increases in the cost of living being faced by residents, it was not felt appropriate to agree any increases to Member's Allowances. There was an annual opportunity to review the position on index linking the increase in the basic Allowance to the local government officer pay increase in 2023.

3. WE RECOMMEND

That Full Council:

3.1 Revoke the Members Allowance Scheme for 2021/22 as of 31st March 2022;

3.1.1 Approve the new Members' Allowances Scheme for the Municipal year 2022/23 as set out at Appendix 1 of the attached report,

4. Appointment of Independent Persons under section 28(7) of the Localism Act 2011 (to support the operation of the Code of Conduct by the Standards Committee) from 1st July 2022 to 30th June 2023

4.1 We considered a report, attached as appendix 3 on the continued appointment of the Independent Persons under section 28(7) of the Localism Act 2011 to support the Standards Committee in relation to allegations that members or co-opted members have failed to comply with the Member's Code of Conduct, and to be considered for appointment to the Staffing and Remuneration Committee when considering the dismissal of either the Head of Paid Service, the Chief Finance Officer, or the Monitoring Officer.

4.2 We considered the following: that the Localism Act which had not been updated following the report on 'Standards in Public Life' , the resource intensive recruitment process for appointing new independent persons and current experienced contribution of the current Independent persons.

4.3 We further noted the Monitoring Officer and Deputy Monitoring Officers views' that the incumbent IP continues to provide an excellent advice and the secondary IP is also an experienced and reliable advisor. We raised no issues or concerns raised on the advice received from the independent persons for complaint cases and this was noted to be consistent and uncompromised,

4.4 We noted that both the Primary and Secondary IP had received recent refresher training on their roles.

WE RECOMMEND

That Full Council:

5.1 Approves the extended appointment of Lisa Klein as Independent Person, and Stephen Ross as secondary Independent Person under s28(7) of the Localism Act 2011 for a further period of 1 year commencing on 1st July 2022 and ending on 31st of June 2023;

5.2 Approves the allowance to be paid to the Independent Person, and Secondary Independent person at £1250.00 and £250.00 per annum respectively.

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Part 6
Members' Allowances Scheme

1. SCHEME FOR THE PAYMENT OF MEMBERS' ALLOWANCES

1.01 Made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 and in force for the municipal year 1 April 2022~~1~~ to 31 March 2023~~2~~).

2. BASIC ALLOWANCE

2.01 Each Councillor will be entitled to receive the sum of £11,247 by way of Basic Allowance.

2.02 If a Councillor does not serve as such for the whole 12-month period or becomes suspended or partially suspended, he/she will only be entitled to receive pro-rata payment for the period(s) during which he/she actually was a serving Councillor. This principle also applies to education representatives on scrutiny bodies and employee and employer representatives on the Combined Pensions Committee and Board (co-optees).

3. INCLUDED EXPENSES

3.01 Travel Expenses.
The Basic Allowance includes all travel within the M25. Councillors are not entitled to any form of concession or special permit as Councillors for parking in the Borough.

4. MAYORAL ALLOWANCES

4.01 The additional allowances for the Mayor and Deputy Mayor are:

(a) The Mayor is entitled to an additional allowance of £16,965.
(b) The Deputy Mayor is entitled to an additional allowance of £4,238.

5. SPECIAL RESPONSIBILITY ALLOWANCES

5.01 For the period 1 April 2022~~1~~ to 31 March *2023~~2~~*, Haringey Council will allocate Special Responsibility Allowances in six bands, to Councillors who take on certain additional roles, in accordance with Table A below. If a Councillor does not serve as such for the whole period or becomes suspended or partially suspended, he/she will only be entitled to receive pro-rata payment for the period(s) during which he/she actually was a serving Councillor and had the special responsibilities .

Table A

Band	Position	Special Allowance	Total Allowance (including Basic Allowance)
Band 4	•Leader	£33,926	£45,173
Band 3B	9 or fewer x Cabinet Members	£25,443	£36,690
Band 3A	• Chair of Overview and Scrutiny Committee	£23,134	£34,381
Band 2B	•Chief Whip •Chair of Strategic Planning and Planning Sub Committee •Chair of Alexandra Palace and Park Board •Leader of the Principal Opposition	£16, 965	£28,212
Band 2A	4 x Councillors serving on Overview and Scrutiny Committee	£15, 421	£26,668
Band 1B	•Chair of Combined Pensions Committee and Board •Chair of Staffing and Remuneration Committee •Chair of Standards Committee •Chair of Corporate Committee •Chair of Licensing Committee and Licensing Sub Committee	£8, 482	£19,729

	• Leader of the second Opposition Group or Deputy Leader of the Principal Opposition • Chief Whip of the Principal Opposition		

6. MULTIPLE RESPONSIBILITIES

6.01 Where a Councillor holds more than one post of special responsibility, he/she may only receive one Special Responsibility Allowance. Where a Councillor holds more than one post of special responsibility and the posts have Special Responsibility Allowances of different monetary values, the Councillor would receive the higher one. For the purposes of this paragraph, the Mayor and Deputy Mayor count as posts of special responsibility.

7. CO-OPTEES' ALLOWANCES

7.01 Each education representative on scrutiny bodies, and each employee and employer representative on the Combined Pensions Committee and Board, is entitled to an allowance of £154 per meeting attended, to a maximum of £616. No allowances are payable to others who are not elected Councillors.

8. BABYSITTING AND DEPENDANTS ALLOWANCE

8.01 Councillors and non-elected members can claim this allowance based on the following:

(a) That reimbursement be made at the London Living Wage. The period of payment should include the time of the meeting, together with reasonable travelling time of the member, plus any necessary travelling expenses of the carer to and from their home.

(b) Children over the age of 16 must not be claimed for, unless suffering from an illness or disability making constant care essential.

9. TRAVELLING AND SUBSISTENCE ALLOWANCE

9.01 Councillors can claim this allowance for attending approved meetings, training and conferences etc. only to the extent that it involves travel outside the M25. Claims must be based on the following:

(a) The mileage rate for travel by private car is 34.6 pence per mile. An extra 3 pence per mile is payable for each passenger for whom a travelling allowance would otherwise be payable. The cost of tolls, ferries and parking charges can be claimed.

(b) The mileage rate for travel by solo motor cycle is :

Not exceeding	150 cc	8.5 pence per mile
Over	150 cc but not over 500 cc	12.3 pence per mile
Over	500 cc	16.5 pence per mile

(c) On public transport only the ordinary or cheaper fare can be claimed where more than one class is available.

(d) The cost of a taxi, including a reasonable tip, can be claimed only in case of urgency or where public transport is not practicable or reasonably available.

(e) The maximum rates for subsistence allowance on approved duties are as follows:

For an absence of more than 4 hours before 11.00	£4.92
For an absence of more than 4 hours including lunchtime between 12.00 and 14.00	£6.77
For an absence of more than 4 hours including the period 15.00 to 18.00	£2.67
For an absence of more than 4 hours ending after 19.00	£8.38

10. CLAIMS AND PAYMENTS

10.01 Where a Councillor is also a Councillor of another authority, that Councillor may not receive allowances from more than one authority in respect of the same duties.

10.02 The Basic Allowance and Special Responsibility Allowances will be paid in equal monthly instalments.

10.03 The Co-optees' Allowance must be claimed by, and will be paid at, the end of the municipal year, subject to paragraphs 2.02 above and 10.05 below.

10.04 All claims for Travelling and Subsistence Allowance and Babysitting and Dependants Allowance must be made within two months of the relevant meeting or the costs being incurred by the Councillor or non-elected member, subject to paragraph 10.05 below.

10.05 If any Allowance under paragraphs 10.03 or 10.04 is not claimed within the prescribed time limit, the Democratic Services Manager shall have a discretion to make the payment nonetheless.

10.06 Any Councillor or non-elected member may elect to forego his/her entitlement to all or part of any allowance by giving written notice at any time to the Democratic Services Manager.

11 MATERNITY, ADOPTION, SHARED PARENTAL, PATERNITY AND SICKNESS PAY

11.01 Subject to this paragraph 11, all Members shall continue to receive their Basic Allowance in full in the case of maternity, adoption, shared parental, paternity and sickness leave, as long as they remain a Councillor. This includes Members becoming parents through surrogacy arrangements.

11.02 Members entitled to a Special Responsibility Allowance shall continue to receive their allowance in full in the case of maternity, adoption, shared parental, paternity and sickness leave for a six month period. Extension of this period of leave will require prior 2 months' written notice to be given to the Political Leader of the respective political group. If the extended leave is agreed by that Political Leader, a report will be compiled to seek executive approval from before the point of the 6 months' leave expiry, for the extension of this leave. The Council (or Leader in case of Cabinet Members) may, depending on the circumstances, appoint a replacement to cover the period of absence who will be entitled to the SRA pro rata for the period of the temporary appointment.

11.03 The Democratic and Scrutiny Services Manager will write to the Member to confirm the continuation of allowances and until what date they will continue.

11.04 Leave arrangements are unaffected by the number of children born from a single pregnancy or placed as part of a single adoption.

Maternity Leave

11.05 A Member is entitled to take up to 52 weeks' maternity leave starting no earlier than the 11th week before the expected week of childbirth, except following a premature birth, and no later than the day following the actual date of birth.

11.06 The Member must notify the Democratic Services and Scrutiny Manager of their intention to take maternity leave in writing no later than 4 weeks before the date they wish the period of maternity leave to start and:

i) Confirm the expected week of childbirth;
ii) Provide a copy of the MATB1 (available from a doctor or midwife);
iii) Confirm the date on which the Member intends her maternity leave to start.

Adoption Leave

11.07 A Member is entitled to take up to 52 weeks of adoption leave starting no earlier than 14 days before the child is expected to be placed and no later than the expected placement date, or if the child is adopted from overseas, no later than 28 days after the date on which the child enters Great Britain, 11.08 The Member must notify the Democratic Services and Scrutiny Manager in the case of a UK adoption of their intention to take adoption leave in writing no more than seven days after the date on which the Member is notified of having been matched with the child for adoption or, where that is not reasonably practicable, as soon as is reasonably practicable thereafter. In the case of an overseas adoption, the Member must notify the Democratic Services and Scrutiny Manager of their intention to take adoption leave in writing, no more than 28 days after s/he received the official notification and:

i) Confirm the date the child is expected to be placed with him/her for adoption (UK Adoption) or the date on which the Member received an official notification and the date on which the child is expected to enter Great Britain (overseas adoption);
ii) Provide a copy of the matching certificate/official notification. The matching certificate must be issued by the adoption agency that matched the Member to the child and must contain the name and address of the agency, the date on which the Member was notified that s/he had been matched to the child, and the date on which the agency expects to place the child with the Member.;
(iii) in the case of an overseas adoption, the date of entry of the child into Great Britain
iv) Confirm the date which the Member has chosen his/her adoption leave to start.

Shared Parental Leave

11.09 A Member is entitled to Shared Parental Leave if they are :-

(i) the mother, or expectant mother, of a child, or the father of the child, or at the date of the child's birth the spouse, civil partner or partner of the mother/expectant mother, and at the date of birth the mother and the father/spouse/civil partner/partner share the main caring responsibility for the child; or
(ii) the adopter of a child, or at the date that the child is placed for adoption the person who is the spouse, civil partner or partner of the adopter, and at the date of the placement of the child for adoption the adopter and the spouse/civil partner/partner share the main caring responsibility for the child. Where two people have been matched jointly, the adopter is whoever has elected to be the child's adopter.

11.10 A Member may share up to 50 weeks' leave if the mother/ adopter curtails their maternity/adoption leave before using their full entitlement of 52 weeks. The number of weeks available as Shared Parental Leave will be reduced by the number of weeks maternity or adoption leave that has already been taken by the mother or adopter.

11.11 Shared Parental Leave can be taken as one continuous block or in multiples of complete weeks, but must end no later than one year after the birth/placement for adoption of the child.

11.12 The Member must notify the Democratic Services and Scrutiny Manager of their intention to take shared parental leave in writing no later than 8 weeks before the date they wish the period of shared parental leave to start, and must in writing provide the following information

(i) in the case of the birth of a child:-

- the names of the mother and of the father/spouse/civil partner/partner,
- the start and end dates of any period of maternity leave to be taken by the Member,
- the total amount of Shared Parental Leave available,
- the expected week of birth
- the date of birth (where the child is not yet born, this information must be provided as soon as reasonably practicable after the birth and, in any event, before the first period of Shared Parental Leave to be taken by the Member)
- how much Shared Parental Leave the mother and the father/spouse/civil partner/partner each intend to take
- an indication as to when the Member intends to take Shared Parental Leave. Including the start and end dates for each period of leave.

(ii) in the case of the adoption of a child:-

- the names of the adopter and of the spouse/civil partner/partner,
- the date that the adopter was notified of having been matched for adoption with the child
- the date that the child is expected to be placed for adoption
- the date of the placement (where the child has yet to be placed for adoption, this information must be provided as soon as reasonably practicable after the placement and, in any event, before the first period of Shared Parental Leave to be taken by the Member)
- the start and end dates of any period of adoption leave to be taken by the adopter,
- the total amount of Shared Parental Leave available,
- how much Shared Parental Leave the adopter and the spouse/civil partner/partner each intend to take
- an indication as to when the Member intends to take Shared Parental Leave. Including the start and end dates for each period of leave.

Paternity Leave

11.13 A Member is entitled to take up to two weeks' paternity leave to help care for the child, or to support the child's mother/adopter, if they are either: the father of the child (whether or not they are the biological father); the spouse, civil partner or partner of the mother/adopter.

11.14 The Member may take one week or two consecutive weeks of paternity leave, but not single days or less than a week's duration. Paternity leave must be taken within 56 days of the birth or adoption.

11.15 The Member must notify the Democratic Services and Scrutiny Manager of their intention to take paternity leave in writing no later than 4 weeks before they wish the period of paternity leave to start (childbirth) or no more than seven days after the date on which the adopter is notified of having been matched with the child or, where that is not reasonably practicable, as soon as is reasonably practicable; and:

i) Confirm the expected week of childbirth; or the dates on which the adopter was notified that s/he had been matched with the child and on which the child is expected to be placed for adoption with the adopter(UK Adoption); or the dates on which the adopter received official notification and on which the child is expected to enter Great Britain (Overseas Adoption);
ii) or matching certificate/official notification;
iii) Confirm the length of the absence and the date on which the Member has chosen to begin his/her leave

11.16 If the Member wishes to change the start date of a period of leave, they should write to the Democratic Services and Scrutiny Manager no later than 4 weeks before either the original start date ‘or’ the new start date (whichever is earlier). The Democratic Services and Scrutiny Manager will ensure that HR Services are informed within 2 working days of receipt of the details.

11.17 If the Member wishes to change the end date of a period of leave they should write to the Democratic Services and Scrutiny Manager at least 4 weeks before either the original end date or the new end date (whichever is earlier). The Democratic Services and Scrutiny Manager will ensure that HR Services are informed within 2 working days of receipt of the details.

11.18 HR Services will provide confirmation that the information on revised dates has been received and that relevant re-instatement or adjustment of any SRA has taken place, with a copy to Democratic Services, within 10 working days.

Sickness Leave

11.19 A Member who is sick will continue to receive the basic allowance as long as they remain a Councillor. They will also continue to receive any SRA for a six month period. Extension of this period of leave will require prior 2 months’ written notice to be given to the Political Leader of the respective political group. If the extended leave is agreed by that Political Leader, a report will be compiled to seek *executive* approval before the point of the 6 months’ leave expiry, for the extension of this leave. This is in accordance with section 85 of the 1972 Local Government Act.

11.20 If a Member decides not to return to office following either during or on their expiry of maternity, adoption, shared parental, paternity or sickness leave, the Chief Executive must be notified. HR Services must then be informed within two working days of receiving notification. Allowances will cease from the effective resignation date.

11.21 If an election is held during the Member’s maternity, adoption, shared parental, paternity or sickness leave and they are not re-elected, or decide not to stand for re-election, their basic allowance and SRA, if appropriate will cease from the Monday after the election date when they would technically leave office.

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The Remuneration of Councillors in London 2022

Report of the Independent Panel

Contents

Summary

At the time of writing this report the country is still responding to the shock of the tragic death of Sir David Amess MP. It is a sad reminder of the vital role that all elected representatives play in the life of our country and how your roles are at the heart of our democratic and civic society. It is also a reminder of the risks that are linked to your roles. It is vital that we have a system of support in place that recognises the full scale of the responsibilities of councillors and one that supports residents in both wanting to come forward to undertake these roles and then when they are elected enables them to be effective. Our work as an independent remuneration panel can play a part in that endeavour.

The report below details our position as the output for the 2021 review. In short, we are very conscious about the huge changes that have taken place as a society during the last few years. Our residents, businesses and communities have been dealing with, and continue to deal with, major challenges. The feedback we have received supports our view that this has had a major impact on the demands placed on all councillors and of those councillors charged with special responsibilities. There is now greater than ever demands for time spent on wider partnership working, the situations faced by many residents are ever more challenging and complex, the ease of access afforded by technology has increased expectations for almost constant access and rapid responses. The burden of responsibility for effective government at a local level is extremely significant.

At the same time, many aspects of the current situation are still relatively recent. It remains rather unclear how these recent patterns of demands and increased expectations will play out and settle over time. With this level of uncertainty, we do not believe that at the current time we have the evidence available to recommend any significant changes in the remuneration of councillors.

However, given the wider background, we have concluded that, instead of waiting four years to undertake the next review, it would be preferable to undertake a review commencing in the summer of 2022 with the aim of concluding it in the latter half of 2023. As well as enabling us to re-assess the situation, this timescale would enable us to undertake more detailed consultations and seek wider views as part of the evidence gathering that will be needed.

As well as the substantive recommendations in the report, we therefore recommend that we undertake a further review of the remuneration of councillors during 2022-23.

Background

The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now London Councils) of an independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the Panel') was established and reported in 2001, 2003, 2006, 2010, 2014 and 2018. It now comprises Mike Cooke (Chair), Sir Rodney Brooke CBE DL and Anne Watts CBE.

The Regulations require a review of the scheme every four years as a minimum. The current Panel has therefore completed a review of remuneration for councillors in London. We present our findings and recommendations in this report.

As a preparation for our work, we invited all London boroughs to give their views on the operation of the existing scheme. We are grateful for the feedback, which confirms that the existing London scheme of members' allowances is still fit for purpose. We make recommendations accordingly. However, where issues have arisen from the comments we received, we have addressed them in this report.

The role of elected members

In our previous reports we reflected on the importance of the role of elected members. We repeat at Appendix B the 'job profile' for councillors which we originally included in our 2010 report.

Our last report reflected on research that identified that councillors oversee million-pound budgets, balancing complex financial pressures at a time of severe cutbacks in local authority spending, making decisions which will affect their areas for decades to come. These challenges continue and have been exacerbated by the impact of the Covid-19

Pandemic and the continuing recovery effort from it.

In London, each borough is responsible for services crucial to its residents. Each has a revenue budget of up to £1.4bn as well as a substantial capital programme. The scale of their turnover and other financial activities are in many instances comparable with those of large publicly quoted companies.

Councillors are faced with difficult choices. Demand for local authority services continues to grow. In particular there is rapid growth in the number of old people with a corresponding increase in demand for social care. London itself faces acute housing problems coupled with higher levels of homelessness than other parts of the country. Councillors have an increased responsibility for local and place-based health outcomes. Thus, the strain on and competition for resources increase the demands made on elected members.

The feedback we received is that the workload and responsibilities of councillors continues to increase and that their role has become more complex, and not only in the areas of social care and housing. There has been a growth in other public sector activities including community safety with increasing engagement with the Police, increasing expectations for closer working with health services, and in some boroughs more involvement with joint venture partnerships and local authority trading companies. Since the start of the Pandemic, there has been an important and significant role for councillors in local welfare support and greater liaison with the voluntary sector. This all requires the commitment and time of leaders, cabinet members and front-line councillors. The Pandemic has also heightened the significant role of councillors as a point contact for information, advice and reassurance for communities.

While valuable to democracy, the growth in digital connectivity and the availability and use of social media and other forms of messaging applications adds to the pressure on councillors by increasing demands from their constituents in several different ways. Communication with councillors is not only easier but immediate. The public expects a speedy response, so that it is now more difficult for councillors to deal with concerns as quickly as voters expect. Not only does social media make it easier for their constituents to access councillors, but they also enable an isolated concern to become an organised campaign. The expectations of the public continue to rise.

Recruitment of councillors

We received feedback that it continues to be challenging to recruit candidates generally but also from a diverse background and of a high enough calibre who are prepared to stand for office as councillors. Though financial deterrents were cited amongst a number of reasons for this, a major disincentive is the time commitment required of a councillor. Time pressures (as well as finance) can make it difficult to combine the role with a job and caring responsibilities. As was pointed out in the responses we received, the problem is exacerbated in London, where councillors are on the whole younger than in other parts of the country and often in employment. They also face substantially higher costs of living which are continuing to rise.

Though the time commitment may be the main disincentive to service as a councillor, it is important that, as far as reasonably possible, financial loss does not prevent people from becoming councillors. Allowances are not shown by polls to be something which influences councillors to take on the role, though they are instrumental in making it possible for some people to do so. Allowances should be set at a level that enables people to undertake the role of councillor, while not acting as an incentive to do so. If it is important that there are no financial incentives to being a councillor, it is equally important that there should not be a financial disincentive. It is clearly desirable that service as a councillor is not confined to those who have retired or with independent means.

In 2014 the Government removed the possibility of councillors joining the local government pension scheme. Almost half of the responses we received cited the lack of pension provision as a factor that influences people whether to run for council office. Access to the pension scheme can be an important factor in making service as a councillor financially possible for a wider range of people. It is particularly significant for those who, like elected mayors, leaders and portfolio holders, give most or all of their time to service in local government and lose the opportunity for advancement in their particular profession and to contribute to a pension scheme elsewhere. In view of the importance this could have for recruiting a diverse range of councillors in future and to wider issues for local democracy, the Panel intends to look at lobbying opportunities on this issue as part of its further review in 2022-23.

The current financial climate

Because of the financial climate over the last decade, the local government pay settlement over much of this period has been either frozen or severely limited. Since our last report there have been modest increases from 2% in 2018-19 to 2.75% last year.

Acutely sensitive to the ongoing financial austerity, our recent reports have made no recommendations for increasing the levels of members' allowances other than continuing provision for annual adjustments in accordance with the annual local government pay settlement.

Our recommendations have led to some convergence of members' allowances across London. There is now considerable congruity in the basic allowance made by London boroughs.

However, most London boroughs have not adopted our recommendations in their entirety and there remain substantial differences in the amount of special responsibility allowances.

In reaching our views this year, we have been acutely conscious of the continuing financial challenges to council budgets including the impact from the Covid-19 Pandemic. This adds to the view that now is not the time to contemplate a general increase in councillors' allowances.

Level of Basic Allowance

In our last report we recommended that there should be a Basic Allowance paid to every councillor of £11,045. Updated for the local government staff pay awards since then (and including an indicative 1.75% award for 2021-22 which is still the subject of negotiation), the figure is now £12,014. Given all the circumstances including growth in the volume and complexity of the work of councillors and the limited increase in the Basic Allowance since our last report, we believe that there is a strong case for looking again at the level of the allowance. The basic allowance is now less than the allowances paid by many similar authorities outside London. In our last report we highlighted that in Wales, for example, the government-appointed commission set the basic allowance at £13,400 for members of local authorities with populations which are generally substantially lower than those of London boroughs. In its most recent report, published in February 2021, this had increased to £14,368.

However, the wider context is one of considerable uncertainty including whether trends in demands will be sustained. If they are so, as seems likely, the consequences of the changing patterns of work remains unclear added to which is the current financial climate. All this suggests to us that now is not the right moment to recommend major changes to the current allowances (beyond the annual updating). Linking the alliances to an annual increase to staff pay awards will ensure that councillors can receive annual increases which are in line with those received by staff. We therefore recommend that the Basic Allowance be set at £12,014 pending the outcome of the 2021-22 award. We believe that it remains sensible to frame recommendations which are common across London.

Special Responsibility Allowances

Given the extent of the responsibilities of leaders of London boroughs, the Panel's first report in 2001 recommended that their remuneration should equate to that of a Member of Parliament. [Our recommendations for other special responsibility allowances are related to that recommended for leaders.]

Since then, the increase in the remuneration of Members of Parliament has substantially exceeded the annual local government pay increase to which we tied the special responsibility allowance for the leader of a London borough. At the time of our last report an MP received a salary of £76,011 while our recommendation for a borough leader (increases having been restricted to the local government staff pay increases) was for a total remuneration of £68,130, a difference of £7,881. Updated for the local government pay awards (and indicative 2021-22 award), our recommendation for the current total remuneration of a London borough leader would be £74,106. Meanwhile the salary of MPs has increased to £81,932, a difference of £7,826. Moreover, MPs continue to be entitled to a pension as well as to other benefits (such as termination payments) which are not available to leaders.

In our current consultation we enquired whether the remuneration of an MP remains a sound comparator to fix the remuneration of a borough leader. In general, the responses suggested that the comparator was appropriate with some feedback noting that the Leaders of London boroughs warranted a higher remuneration than an MP, because they had greater financial responsibility and legal burdens, and especially given the differential pension arrangements. Indeed, a couple of respondent authorities suggested that the direct responsibilities of a Leader should command the salary of a junior minister.

We sympathise with the responses. Certainly, the way in which MPs' remuneration has progressed compared to that of leaders could be argued to warrant a review of the Leaders' allowances.

We are also aware of the very significant expectations on leaders and leading members to participate in wider cross borough, pan-London and partnership working, the demands of which (both in terms of time commitments but importantly in terms of responsibility and significance) appear to have increased dramatically over the last 18 months. Our report makes no recommendations in respect of remuneration for these roles at this stage but we propose to return to this issue as part of the further review that is proposed.

However, for the same reasons which prompt us to maintain the current Basic Allowance, (namely a significant uncertainty over the long term implications of the changes we have been witnessing in the last 18 months, combined with the financial challenges faced at this time) we recommend that the special responsibility allowance for a Leader should be in accordance with our former recommendation, plus the subsequent local government staff pay awards (including an indicative uplift of 1.75% for 2021-22 which is still the subject of negotiation), ie £62,092. We recommend the maintenance of its relation to other special responsibility allowances, as set out in the Appendix to this report.

However, we believe that it is important to undertake a more detailed review, along with the Basic Allowances, of the special responsibility allowances having allowed further time for the new patterns of demands and expectations to become even clearer. We envisage beginning this review in the summer of 2022 and concluding the review during the latter half of 2023.

Training and support

The responsibilities of councillors are substantial, extensive and complex. We have mentioned the increased role that councillors have delivered particularly during the Pandemic. The Pandemic has also resulted in an acceleration of more flexible ways of working including greater use of digital technology. While this has provided a range of benefits including less travelling for work it has required councillors to have the necessary digital skills. Additionally, the move to audio-visual conferencing has resulted in a growth in meetings for many contributing to an overall increase in 'screen time'. Training and development is beyond the direct remit of our Panel but is an important part of ensuring that residents can step forward and become successful and effective elected local representatives. Addressing the financial aspects but not the support aspects would be counter-productive. For this reason, we believe that every borough should have an ongoing programme of member training and development and that members should be provided with the logistical and clerical support and the appropriate IT equipment to help them deal with their workload.

Barriers to being a councillor

It is important that obstacles to becoming a councillor should be removed wherever possible. Care costs can be a significant deterrent to service as a councillor. Our strong view is that in appropriate cases when they undertake their council duties, councillors should be entitled to claim an allowance for care of dependents. The dependents' carers' allowance should be set at the London living wage but (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.

One respondent authority stressed that member allowances schemes present an opportunity to better support councillors by providing not just remuneration but wider support packages. Our view is that members' allowances schemes should allow the continuance of Special Responsibility Allowances in the case of sickness, maternity and paternity leave in the same terms that the council's employees enjoy such benefits (that is to say, they follow the same policies).

Travel and Subsistence allowances

The Basic Allowance should cover basic out-of-pocket expenses incurred by councillors, including intra-borough travel costs and expenses. The members' allowances scheme should, however, provide for special circumstances, such as travel after late meetings or travel by councillors with disabilities. The scheme should enable councillors to claim travel expenses when their duties take them out of their home borough, including a bicycle allowance.

Allowances for Mayor or Civic Head

Many councils include the allowances for the mayor (or civic head) and deputy in their members' allowance scheme. However, these allowances do serve a rather different purpose from the 'ordinary' members' allowances, since they are intended to enable the civic heads to perform a ceremonial role. There are separate statutory provisions (ss 3 and 5 of the Local Government Act 1972) for such allowances and councils may find it convenient to use those provisions rather than to include the allowances in the members' allowance scheme.

Update for inflation

We continue to recommend that all allowances should be updated annually in accordance with the headline figure in the annual local government pay settlement.

We have been asked whether it is necessary for the annual updating to be formally authorised by the council each year. The Regulations do seem to make this obligatory.

Mike Cooke **Sir Rodney Brooke CBE DL** **Anne Watts CBE**

London, 6 January 2022

Appendix A

Basic allowance £12,014

Special responsibilities – beyond the basic allowance

The case for special allowances

The reasons for payment of additional special responsibility allowances should be clearly set out in local allowances schemes. Special allowances should come into play only in positions where there are significant differences in the time requirements and levels of responsibility from those generally expected of a councillor.

Calculation of special allowances

The proposed amounts for each band are a percentage of the figure suggested for a council leader depending upon levels of responsibility of the roles undertaken and are explained below. We believe that the SRA, which the previous panel recommended for the leader of a London council (updated), continues to be appropriate.

Categories of special allowances

The regulations specify the following categories of responsibility for which special responsibility allowances may be paid:

- Members of the executive where the authority is operating executive arrangements
- Acting as leader or deputy leader of a political group within the authority
- Presiding at meetings of a committee or sub-committee of the authority, or a joint committee of the authority and one or more other authorities, or a sub-committee of such a joint committee
- Representing the authority at meetings of, or arranged by, any other body
- Membership of a committee or sub-committee of the authority which meets with exceptional frequency or for exceptionally long periods
- Acting as spokesperson of a political group on a committee or sub-committee of the authority
- Membership of an adoption panel
- Membership of a licensing or regulatory committee
- Such other activities in relation to the discharge of the authority's functions as require of the member an amount of time and effort equal to or greater than would be required of him by any one of the activities mentioned above, whether or not that activity is specified in the scheme.

Local discretion

It is for the councils locally to decide how to allocate their councillors between the different bands, having regard to our recommendations and how to set the specific remuneration within the band. They must have regard to our recommendations. We believe these should have the merits of being easy to apply, easy to adapt, easy to explain and understand, and easy to administer.

BAND ONE

The posts we envisage falling within band one, include:

- Vice chair of a service, regulatory or scrutiny committee
- Chair of sub-committee
- Leader of second or smaller opposition group

- Service spokesperson for first opposition group
- Group secretary (or equivalent) of majority group
- First opposition group whip (in respect of council business)
- Vice chair of council business
- Chairs, vice chairs, area committees and forums or community leaders
- Cabinet assistant
- Leadership of a strategic major topic
- Acting as a member of a committee or sub-committee which meets with exceptional frequency or for exceptionally long periods
- Acting as a member of an adoption panel where membership requires attendance with exceptional frequency or for exceptionally long periods
- Leadership of a specific major project.

Remuneration

We propose that band one special responsibility allowances should be on a sliding scale of between 20 – 30 per cent of the remuneration package for a council leader.

This would be made up as follows:

Basic allowance: £12,014

Band One allowance: £2,807 to £10,218

Total: £14,821 to £22,232

BAND TWO

The types of office we contemplate being within band two are:

- Lead member in scrutiny arrangements, such as chair of a scrutiny panel
- Representative on key outside body
- Chair of major regulatory committee e.g planning
- Chair of council business (civic mayor)
- Leader of principal opposition group
- Majority party chief whip (in respect of council business).

Remuneration

We propose that band two allowances should be on a sliding scale between 40 – 60 per cent, pro rata of the remuneration package for a council leader.

This is made up as follows:

Basic allowance £12,014

Band two allowances: £17,628 to £32,450

Total: £29,642 to £44,464

BAND THREE

We see this band as appropriate to the following posts:

- Cabinet member
- Chair of the Health and Wellbeing Board
- Chair of the main overview or scrutiny committee
- Deputy leader of the council

Remuneration:

We propose that band three allowances should be between 70 – 80 per cent pro rata of the remuneration package for a council leader.

This is made up as follows:

Basic allowance: £12,014

Band three allowance: £39,860 to £47,271

Total: £51,874, to £59,285

BAND FOUR

Leader of cabinet

This is a full-time job, involving a high level of responsibility and includes the exercise of executive responsibilities. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service.

Remuneration:

We propose that the remuneration package for a council leader under band four of our scheme should be £74,106.

This is made up as follows:

Basic allowance: £12,014

Band four allowance: £62,092.

Total: £74,106

BAND FIVE

Directly elected mayor

A directly elected mayor has a full-time job with a high level of responsibility and exercises executive responsibilities over a fixed electoral cycle. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service. However, we believe this post remains different to that of the strong leader with cabinet model. The directly elected mayor is directly elected by the electorate as a whole. The strong leader holds office at the pleasure of the council and can be removed by the council. We believe that the distinction is paramount and this should be reflected in the salary level.

Remuneration:

We propose that a directly elected mayor should receive a remuneration package of 25 per cent higher than that recommended for a council leader and that it should be a salary set at £92,633.

Appendix B

On behalf of the community – a job profile for councillors

Purposes:

1. To participate constructively in the good governance of the area.

2. To contribute actively to the formation and scrutiny of the authority's policies, budget, strategies and service delivery.

3. To represent effectively the interests of the ward for which the councillor was elected, and deal with constituents' enquiries and representations.

4. To champion the causes which best relate to the interests and sustainability of the community and campaign for the improvement of the quality of life of the community in terms of equity, economy and environment.

5. To represent the council on an outside body, such as a charitable trust or neighbourhood association.

Key Tasks:

1. To fulfil the statutory and local determined requirements of an elected member of a local authority and the authority itself, including compliance with all relevant codes of conduct, and participation in those decisions and activities reserved to the full council (for example, setting budgets, overall priorities, strategy).

2. To participate effectively as a member of any committee or panel to which the councillor is appointed, including related responsibilities for the services falling within the committee's (or panel's) terms of reference, human resource issues, staff appointments, fees and charges, and liaison with other public bodies to promote better understanding and partnership working.

3. To participate in the activities of an outside body to which the councillor is appointed, providing two-way communication between the organisations. Also, for the same purpose, to develop and maintain a working knowledge of the authority's policies and practices in relation to that body and of the community's needs and aspirations in respect of that body's role and functions.

4. To participate in the scrutiny or performance review of the services of the authority, including where the authority so decides, the scrutiny of policies and budget, and their effectiveness in achieving the strategic objectives of the authority.

5. To participate, as appointed, in the area and in service-based consultative processes with the community and with other organisations.

6. To represent the authority to the community, and the community to the authority, through the various forums available.

7. To develop and maintain a working knowledge of the authority's services, management arrangements, powers/duties, and constraints, and to develop good working relationships with relevant officers of the authority.

8. To develop and maintain a working knowledge of the organisations, services, activities and other factors which impact upon the community's well-being and identity.

9. To represent effectively the interests of the ward for which the councillor was elected, and deal with constituents' enquiries and representations including, where required, acting as a liaison between the constituent and the local authority and where appropriate other public service providers.

10. To contribute constructively to open government and democratic renewal through active encouragement of the community to participate generally in the government of the area.

11. To participate in the activities of any political group of which the councillor is a member.

12. To undertake necessary training and development programmes as agreed by the authority.

13. To be accountable for his/her actions and to report regularly on them in accessible and transparent ways.

Appendix C

The independent panel members

Mike Cooke

Mike Cooke was the Chief Executive of the London Borough of Camden for seven years, where he had also been Director of Housing and Adult Social Care and HR Director. He has extensive experience of partnership working across London including as the CELC lead on children and chairing the London Safeguarding Children Board. Mike also has worked for seven years in financial services where he developed an expertise in remuneration.

Until November 2020 Mike had been a Non-Executive Director of the Central and North West London NHS Foundation Trust where he was chair of the HR Committee. Mike's current role is the independent Chair of the North Central London Integrated Health and Care System.

Sir Rodney Brooke CBE, DL

Sir Rodney Brooke has a long career in local government, including as chief executive of West Yorkshire County Council, Westminster City Council and the Association of Metropolitan Authorities.

He was knighted in 2007 for his contribution to public service.

Dr Anne Watts CBE

Anne Watts has an extensive career in governance, diversity and inclusion spanning commercial, public and voluntary sectors. She has held executive roles for HSBC and Business in the Community and was chair of the Appointments Commission. She has carried out reviews of Government departments and the Army. In addition she has been a member of Government Pay review bodies and Deputy Chair, University of Surrey where she chaired Remuneration Committee and the new Vet School.

She is a non-exec of Newable (previously Greater London Enterprise) where she chairs ESG Committee and is a non-exec of Newflex subsidiary. In addition she continues to sit on the Race and Gender Equality Leadership teams for Business in the Community.

Published: January 2022

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Report for: Standards Committee 25 January 2022

Title: **Appointment of Independent Person - Standards Committee from 30 June 2022 – 29 June 2023**

Report authorised by : Head of Legal and Governance – Fiona Alderman

Lead Officer: Ayshe Simsek Democratic Services and Scrutiny Manager

Ward(s) affected: All

Report for Key/ Non-Key Decision: Non-Key Decisions

1. Describe the issue under consideration

1.1 This report considers the continued appointment of the Independent Persons under section 28(7) of the Localism Act 2011 to support the Standards Committee in relation to allegations that members or co-opted members have failed to comply with the Member's Code of Conduct, and to be considered for appointment to the Staffing and Remuneration Committee when considering the dismissal of either the Head of Paid Service, the Chief Finance Officer or the Monitoring Officer.

1.2 The report asks Committee members to consider the following: the Localism Act has not been updated following the report on 'Standards in Public Life' , resource intensive recruitment process for appointing new independent persons and current experienced contribution of the current Independent persons and recommend to full Council to extend the appointment of the current independent persons from the 30th of June 2022 to 29th of June 2023.

2. Cabinet Member Introduction

N/A

3. Recommendations

3.1 To recommend that Full Council extend the appointment of the current independent persons[IP] from the 30th of June 2022 to 29th of June 2023

4. BACKGROUND

4.1 The Council must appoint at least one Independent Person (IP) whose views are to be sought and taken into account by the Council before it makes its decisions on allegations about breaches of the Code of Conduct. The views of the Independent Person may also be sought by the Council's Monitoring Officer where an investigation has not yet been commenced, and by a member who is the subject of a complaint.

4.2 The Independent Person is someone whose views are sought and taken into account by the Council before it makes a decision following an investigation into a breach of the Code of Conduct by a member. Their views can also be sought by the Council in circumstances other than these, and by a member or co-opted member who is the subject of a complaint of breach of the Code.

4.3 The Council appointed two Independent Persons in March 2020 (a primary and a secondary/deputy IP) and although only the primary IP has been engaged in respect of these duties, it is considered good practice to have a secondary IP as a reserve, not least because of the additional duties for which the IPS may now be used.

4.4 The law provides that a person may not be an IP if he or she is a Member, a co-opted Member or an officer of the Council, or a relative of close friend thereof. It also provides that a person may not be appointed if they were a Member or co-opted Member at any time during the 2 years ending 30 June 2022. However, the law does not place any restriction in relation to the length of appointment of an IP.

4.5 The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 provide that where a decision to dismiss any statutory officer is to be taken by full Council, before that decision is taken the Council must invite at least 2 IPS to be members of a panel to consider the matter and take any recommendations from that panel into account before taking their final decision. The Staffing and Remuneration Committee has been given the role of being the panel for these purposes in the Constitution, IPS appointed to support the standards regime must be invited to sit on this panel. If there are none, or they are unable to participate, any independent persons appointed by another authority may be invited to participate. It is considered most appropriate to utilise the Council's own IPS appointed to support the standards regime for this purpose, and this role is included in their job description (Appendix 1)

4.6 The current primary IP is remunerated at a rate of £1,200 per year and the secondary IP at a rate of £250 per annum. Councils can also remunerate IPS that are invited to participate in recommendations relating to the dismissal of the statutory officers, however the remuneration must not exceed that paid to the IPS under the standards regime. Whilst the views of the IP are regularly sought and her attendance required at hearings relating to breaches of the Code, is it not clear whether the attendance of IPS will be required in relation to the dismissal of a statutory officer.

4.7 It had been the practice of the Council to appoint IPS for a term of four years. However, in October 2019, the Standards Committee put forward a two-year appointment rather than a 4-year appointment. This was further to considering The Local Government Report on Standards in Public Life and in particular

Recommendation 8 of the report which advised that the Localism Act 2011 should be amended to require that Independent Persons were appointed for a fixed term of two years, renewable once. To provide context for this recommendation, the external report included a comment, made in the investigations and safeguards chapter, which indicated ensuring that an Independent Person's judgment and independence was not compromised by a long period of involvement in a single authority. This was picked up by the Standards Committee as a sensible safeguard at the time and hence decision made to make the appointments for a two-year period, providing a time for considering overview of advice provided to ensure consistent and uncompromised.

4.8 Further to considering the latest version of the Localism Act 2011, Recommendation 8 has not been taken forward by the government and no changes made to the 2011 legislation in this relation to this . There is, as yet, no prescribed appointment term for Independent Persons.

4.9 The Monitoring Officer and Deputy Monitoring Officers views are that the incumbent IP continues to provide excellent advice and the secondary IP is also experienced and a reliable advisor.

4.10 Taking forward a new recruitment process would be resource intensive and there is not the current capacity in legal and governance services to take this forward.

5.Statutory Officers comments

Financial Implications

5.1 There are no financial implications - the remuneration of independent persons is factored in the Democratic Services budget.

Comments of the Assistant Director of Corporate Governance and Legal Implications

5.2 These are contained within the report.

6. Use of Appendices

N/A

7. Local Government (Access to Information) Act 1985

7.1 Background documents:

Recruitment of Independent Person – Standards Cttee – 14/10/19

The background papers are located at River Park House, 225 High Road, Wood Green, London N22 8HQ.

To inspect them or to discuss this report further, please contact Ayshe Simsek on 0208 489 2929.

REPORT OF THE CORPORATE COMMITTEE No. 3, 2021-22

FULL COUNCIL 14 MARCH 2022

Chair: Councillor Peter Mitchell Deputy Chair: Councillor Barbara Blake

1. INTRODUCTION

This report to Full Council arises from a report presented at Corporate Committee on 10 March 2022.

The report pertained to the treasury's activities that were undertaken in line with the approved Treasury Management Strategy; the Treasury Management activities for three quarters of the financial year and the performance achieved; and the Council's recent adoption of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve reports on the performance of the treasury management function at least twice yearly (mid-year and at year end). This quarterly update report provides an additional update.

2. TREASURY MANAGEMENT UPDATE REPORT Q3 2021/22

We considered the report which set out by the Head of Pensions & Treasury who introduced the Council's treasury management activities and performance in the first three quarters of the financial year to 31 December 2021 in accordance with the CIPFA Treasury Management Code of Practice.

We noted that the Bank of England inflation rate and CPI had increased since the report for quarter 3 had been published. Nevertheless, these trends would not prompt a deviation from the current strategy, particularly around borrowing. It was important to note that currently market trends were in flux and volatile. To negate any detrimental affects the Head of Pensions & Treasury was in contact with the Council's financial advisors Arlingclose and regularly looked for opportunities to achieve savings on loans where possible.

We considered the UK Infrastructure Bank, owned, and backed by HM Treasury, who were offering loans for qualifying projects at gilt yields plus 0.60%, which is 0.20% lower than the PWLB certainty rate. The possibility of accessing a UK Infrastructure Bank loan for infrastructure projects had been discussed with the Council's advisors. There was an issue with timescales when accessing these loans. It was believed that the processing time for an application was around three to six months, this did not factor in the time it took to create the application which was thought to be extensive. PWLB loans in contrast were timelier. The Council's approach to accessing loans from both providers was being reviewed with the Council's advisors. If the Council were to decide to apply for a UK Infrastructure Bank loan, a paper would be put to this committee for approval.

In response to a question around the borrowing costs underspend we heard that the two main factors for this were lower interest rate environment, as well as delays in the capital programme's delivery. It was heard that going forward there was likely to be a peak as the lower interest rate environment was unlikely to be the same.

3. RECOMMENDATIONS

Full Council is recommended:

1. To note the Treasury Management activity undertaken during the first three quarters of the financial year to 31 December 2021and the performance achieved which is attached as Appendix 1 to this report.

2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

Report for: Corporate Committee 10 March 2022

Title: Treasury Management Update Report Q3 2021/22

Report authorised by: Thomas Skeen, Assistant Director of Finance (Deputy S151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions & Treasury
tim.mpofu@haringey.gov.uk

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve reports on the performance of the treasury management function at least twice yearly (mid-year and at year end). This quarterly update report provides an additional update.

1.2. The Council's Treasury Management Strategy for 2021/22 was approved by Full Council on 1 March 2021.

1.3. This report provides an update to the Committee on the Council's treasury management activities and performance in the first three quarters of the financial year to 31 December 2021 in accordance with the CIPFA Treasury Management Code of Practice.

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

The Corporate Committee is requested:

3.1. To note the Treasury Management activity undertaken during the first three quarters of the financial year to 31 December 2021and the performance achieved which is attached as Appendix 1 to this report.

3.2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

4. Reason for Decision

4.1. None.

5. Other options considered

5.1. None.

6. Background information

6.1. The Council's treasury management activity is underpinned by CIPFA's Treasury Management in Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce annually, Prudential Indicators and a Treasury Management Strategy Statement. CIPFA has defined Treasury management as: "The management of the local Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

6.2. The CIPFA Code recommends that members are informed of treasury management activities at least twice a year. Formulation of treasury policy, strategy and activity is delegated to the Corporate Committee and this Committee receives reports quarterly.

6.3. However, overall responsibility for treasury management remains with full Council and the Council approved the Treasury Management Strategy Statement and set the Prudential Indicators for 2021/22 on 1 March 2021. The Corporate Committee is responsible for monitoring treasury management activity, and this is achieved through the receipt of quarterly/annual reports. This report forms the third quarterly monitoring report 2021/22.

6.4. Government guidance on local authority treasury management states that local authorities should consider the following factors in the order they are stated:

Security - Liquidity - Yield

6.5. The Treasury Management Strategy reflects these factors and is explicit that the priority for the Council is the security of its funds. However, no treasury activity is without risk and the effective identification and management of risk are integral to the Council's treasury management activities.

7. Contribution to Strategic Outcomes

7.1. None.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1. Finance comments are contained within the body of the report.

Legal

8.2. The Head of Legal and Governance has been consulted on the content of this report. The report is consistent with legislation governing the financial affairs of the Council. In particular, the Council must comply with the requirements of the Local Government Act 2003, the Local Authorities (Capital Financing & Accounting – England) Regulations 2003 and the Localism Act 2011 and the CIPFA Treasury Management code.

8.3. In considering the report Members must take into account the expert financial advice available to it and any further oral advice given at the meeting of the Committee.

Equalities

8.3. There are no equalities issues arising from this report.

9. Use of Appendices

9.1. Appendix 1 – Treasury Management Update Report Q3 2021/22

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

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Appendix 1 - Treasury Management Update Report Q3 2021/22

1. Introduction

1.1. The Authority has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports. This quarterly report provides an additional update.

1.2. The Authority's treasury management strategy for 2021/22 was approved at a full Council meeting on 1 March 2021. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

1.3. The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 1 March 2021.

2. External Context (provided by the Council's treasury management advisor, Arlingclose)

Economic background

2.1. The economic recovery from coronavirus pandemic, together with higher inflation and higher interest rates were major issues over the period.

2.2. The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 but maintained its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

2.3. Within the announcement, the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations. However due to the increased uncertainty and risk to activity the new variant presented at the time, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%.

2.4. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously.

2.5. UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% year on year from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.

2.6. Government support in the form of the furlough scheme ended on 30th September 2021 but the subsequent impact on jobs appears to have been more muted than previously been feared. In October 2021, the headline 3-month average annual growth rate for wages was 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

2.7. The UK's gross domestic product (GDP) grew by 1.1% in the quarter ending 30 September 2021 according to the final estimate, compared to a gain of 5.4% quarter over quarter reported in the previous quarter. The annual rate slowed to 6.8% from 23.6%. The data however predates the escalation in virus infections caused by the Omicron variant in December which will very likely result in a slowdown in activity in the quarter ending 31 December 2021.

2.8. GDP growth in the euro zone increased by 2.2% in the quarter ending 30 September 2021. Headline inflation has been strong in the region, with CPI registering 5.0% year on year in December, the sixth successive month of inflation. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

2.9. The US economy expanded at an upwardly revised annualised rate of 2.3% in the quarter ending 30 September 2021, slowing sharply from gains of 6.7% and 6.3% respectively in the previous two quarters.

2.10. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

Financial Markets

2.11. Ongoing monetary and fiscal stimulus together with rising economic growth supported equity markets over the period, but higher inflation and the prospect of higher interest rates mixed with the emergence of the new coronavirus variant ensured it was a bumpy period. The Dow Jones hit another record high during the quarter while the UK-focused FTSE 250 index continued making gains over pre-pandemic levels. The more internationally focused FTSE 100 saw more modest gains over the period and remains below its pre-crisis peak.

2.12. Inflation worries dominated bond yield movements over the period as initial expectations for transitory price increases turned into worries that higher inflation was likely to persist for longer meaning central bank action was likely to start sooner and rates increases are expected at a faster pace than previously thought.

2.13. The 5-year UK benchmark gilt yield began the quarter at 0.62% before rising to 0.82%. Over the same period the 10-year gilt yield fell from 1.00% to 0.97% and the 20-year yield declined from 1.35% to 1.20%. The Sterling Overnight Rate (SONIA) averaged 0.07% over the quarter.

Credit Review

2.14. Relatively benign credit conditions caused credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-

November when the emergence of Omicron caused them to rise modestly but have since continued their downward trajectory.

2.15. The ongoing vaccine rollout programme is credit positive for the financial services sector in general but there remains uncertainty around the full extent of the losses banks and building societies will suffer due to the pandemic-related economic slowdown, but the sector is in a generally better position now compared to earlier in the financial year and 2020.

2.16. At the end of the period Arlingclose had completed its full review of its credit advice on unsecured deposits for UK and non-UK institutions whereby the maximum duration for all recommended counterparties was extended to 100 days. The institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review

3. Local Context

3.1. On 31st March 2021, the Authority had net borrowing of £555.9m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

Type of Liability	31.03.21 Actual £m
General Fund CFR	505.5
HRA CFR	332.3
Total CFR	**837.8**
Less: *Other debt liabilities	(28.2)
Borrowing CFR – comprised of:	**809.6**
- External borrowing	555.9
- Internal borrowing	253.7

* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

3.2. Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Authority continued to pursue its long-standing strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk.

3.3. The treasury management position on 31 December 2021 and the change over the year is shown in Table 2 on the following page.

Table 2: Treasury Management Summary

Type of Borrowing / Investment	31.03.21 Balance (£m)	Movement (£m)	31.12.21 Balance (£m)	31.12.21 Rate (%)
Long-term borrowing	496.9	41.0	537.9	3.22

Short-term borrowing	59.0	40.0	99.0	0.12
Total borrowing	**555.9**	**81.0**	**636.9**	**2.65**
Long-term investments	0.0	0.0	0.0	0.00
Short-term investments	5.0	0.0	5.0	0.12
Cash and cash equivalents	12.0	(6.2)	5.8	0.00
Total investments	**17.0**	**(6.2)**	**10.8**	**0.06**
Net borrowing	**538.9**	**87.2**	**626.1**	

4. Borrowing Update

4.1. CIPFA published a revised Prudential Code for Capital Finance in Local Authorities on 20th December 2021. The Code took immediate effect although local authorities may defer introducing the revised reporting requirements until the 2023/24 financial year.

4.2. In order to comply with the Code, authorities must not borrow to invest primarily for financial return. The Code also states that it is not prudent for local authorities to make investment or spending decisions that will increase the CFR unless directly and primarily related to the functions of the authority.

4.3. Borrowing is permitted for the purposes of cashflow management, managing interest rate risk, refinancing existing borrowing and to adjust levels of internal borrowing. Authorities can borrow to refinance capital expenditure primarily related to the delivery of a local authority's function, provided that financial return is not the primary reason for the expenditure.

4.4. The changes align the CIPFA Code with the PWLB which prohibits access to authorities planning to purchase 'investment assets primarily for yield' except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

4.5. The Authority does not plan to borrow to invest primarily for commercial return and so is unaffected by these changes and so is able to continue to fully access the PWLB.

Municipal Bonds Agency (MBA)

4.6. The MBA continues to work to deliver a new short-term loan solution, available in the first instance to principal local authorities in England, allowing them access to short-dated, low rate, flexible debt. The minimum loan size is expected to be £25 million. Importantly, local authorities will borrow in their own name and will not cross guarantee any other authorities.

4.7. If the Authority were to consider future borrowing through the MBA, it would first ensure that it had thoroughly scrutinised the legal terms and conditions of the arrangement and taken proper advice on these.

UK Infrastructure Bank

4.8. £4bn has been earmarked for lending to local authorities by the UK Infrastructure Bank which is wholly owned and backed by HM Treasury. There is an application and bidding process for these loans which is likely to favour environmental or regeneration projects. Loans will be available for qualifying projects at gilt yields plus 0.60%, which is 0.20% lower than the PWLB certainty rate. The bank made it first loan in October 2021 to Tees Valley Combined Authority.

Borrowing strategy during the period

4.9. On 31st December 2021, the Authority held £636.9m of loans (an increase of £81.0m compared to 31st March 2021) as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31st December 2021 are summarised in Table 3 below.

Table 3: Borrowing Position

	31.03.21 Balance £m	Net Movement £m	31.12.21 Balance £m	31.12.21 Weighted Average Rate %	31.12.21 Weighted Average Maturity (years)
Public Works Loan Board	371.9	41.0	412.9	2.63	28.4
Banks (LOBO)	125.0	0.0	125.0	4.72	38.4
Local authorities (short-term)	59.0	40.0	99.0	0.12	0.4
Total borrowing	**555.9**	**81.0**	**636.9**	**2.65**	**26.0**

4.10. The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

4.11. With short-term interest rates remaining much lower than long-term rates and with surplus of liquidity continuing to feature in the local authority to local authority market, the Authority considered it to be more cost effective in the near term to use short-term loans to satisfy liquidity requirements during the first half of the year. The net movement in temporary short-term loans is shown in Table 3 above.

4.12. Having considered the appropriate duration and structure of the Authority's borrowing in consultation with the Authority's treasury advisor Arlingclose, the Authority decided to take some advantage of the fall in external borrowing rates and borrowed a combined £55m of medium-term Equal Instalments of Principal (EIP) loans and longer-term maturity loans from the PWLB, at an average of 1.54%. This will provide longer-term certainty and stability to the debt portfolio.

4.13. The Authority has a significant capital programme which extends into the foreseeable future. A large proportion of this will be financed by borrowing, which the Authority will have to undertake in the current and coming years. In line with the approved Treasury Management Strategy, additional long-term borrowing is anticipated to be raised over the remaining course of the 2021/22 financial year.

4.14. Any borrowing which is taken prior to capital expenditure taking place, and reducing the extent of the Authority's internal borrowing, would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing, creating an immediate cost for revenue budgets. The Authority's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short and long-term borrowing is maintained.

4.15. Arlingclose undertakes a weekly 'cost of carry' analysis which informs the Authority on whether it is financially beneficial to undertake long-term borrowing now or delay this for set time periods based on PWLB interest rate forecasts.

LOBO Loans

4.16. The Authority continues to hold £125m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year.

5. Treasury Investment Activity

5.1. CIPFA published a revised Treasury Management in the Public Services Code of Practice Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the ordinary course of business.

5.2. The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £10.8 and £50.1 million due to timing differences between income and expenditure. The investment position is shown in table 4 on the following page.

Table 4: Treasury Investment Position

Investments	31.03.21 Balance £m	Net Movement £m	31.12.21 Balance £m	31.12.21 Rate of Return %	31.12.21 Weighted Average Maturity (Days)
Money Market Funds	0.0	4.7	4.7	0.03	1
UK Government:					
- Local Authorities	5.0	0.0	5.0	0.12	234
- Debt Management Office	12.0	(10.9)	1.1	-0.14	1
Total investments	**17.0**	**(6.2)**	**10.8**	**0.06**	**1**

5.3. Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

5.4. Ultra-low short-dated cash rates which have been a feature since March 2020 when Bank Rate was cut to 0.10% have resulted in the return on sterling low volatility net asset value money market funds (LVNAV MMFs) being close to zero even after some managers have temporarily waived or lowered their fees.

5.5. Deposit rates with the Debt Management Account Deposit Facility (DMADF) are also largely around zero, depending on the length of deposit.

5.6. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (Days)	Rate of Return
31.03.2021	**3.91**	**AA-**	**0%**	**8**	**0.28%**
31.12.2021	**4.46**	**AA-**	**44%**	**110**	**0.06%**
Similar Local Authorities	**4.77**	**A+**	**72%**	**56**	**0.14%**
All Local Authorities	**4.64**	**A+**	**66%**	**16**	**0.10%**

Scoring: AAA = highest credit quality = 1; D = lowest credit quality = 26
Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

Non-Treasury Investments

5.7. The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e., management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and/or for commercial purposes (primarily for financial return).

5.8. Investment Guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC) also broadens the definition of investments to include all assets held partially for financial return.

Treasury Performance

5.9. Treasury investments generated an average rate of return of 0.02% in the first three quarters of the financial year. The Authority's treasury investment income for the year is likely to be less than the budget forecast due to a lower than anticipated average rate of return.

5.10. Borrowing costs for 2021/22 are forecast at £16.5m (£10.5m HRA, £6.0m General Fund) against a budget of £24.8m (£16.2m HRA, £8.6m General Fund). In prior years, these budgets have underspent due to a number of factors, including: the current lower interest rate environment reducing interest costs for the Council, and delays in the capital programme's delivery. Should slippage in the Council's capital programme occur, it will reduce the borrowing requirement, and reduce this forecast.

6. Compliance

6.1. The Director of Finance reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy.

6.2. Compliance with the authorised limit and operational boundary for external debt is demonstrated in Table 6 below.

Table 6: Debt Limits

	31.12.21 Actual £m	2021/22 Operational Boundary £m	2021/22 Authorised Limit £m	Complied?
Borrowing	597.2	1,157.4	1,207.4	Yes
PFI and Finance Leases	28.2	28.2	31.0	Yes
Total debt	**625.4**	**1,185.6**	**1,238.4**	**Yes**

6.3. Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure, however, Haringey's debt remained well below this limit at all points during first half of the year.

Treasury Management Indicators

6.4. The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security

6.5. The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.12.21 Actual	2021/22 Target	Complied?
Portfolio average credit score	4.46 (AA-)	7.0 (A-)	Yes

Liquidity

6.6. The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	31.12.21 Actual	2021/22 Target	Complied?
Total cash available within 3 months	20.0	10.0	Yes

Interest Rate Exposures

6.7. This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest rate risk indicator	31.12.21 Actual	2021/22 Target	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	£0.20m	£2m	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0.20m	£2m	Yes

6.8. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

Maturity Structure of Borrowing

6.9. This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.12.21 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	16.48%	50%	0%	Yes
12 months and within 24 months	1.88%	40%	0%	Yes
24 months and within 5 years	5.79%	40%	0%	Yes
5 years and within 10 years	4.59%	40%	0%	Yes
10 years and within 20 years	14.50%	40%	0%	Yes
20 years and within 30 years	7.07%	40%	0%	Yes
30 years and with 40 years	23.00%	50%	0%	Yes
40 years and within 50 years	26.69%	50%	0%	Yes
50 years and above	0.00%	40%	0%	Yes

6.10. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

6.11. The Authority has used short term borrowing (under 1 year in duration) from other local authorities extensively in recent years, as an alternative to longer term borrowing from PWLB, due to lower interest rates, and corresponding revenue savings. Short term borrowing exposes the Authority to refinancing risk: the risk that rates rise quickly over a short period of time and are at significantly higher rates when loans mature, and new borrowing has to be raised. With this in mind, the Authority has set a limit on the total amount of short-term local authority borrowing, as a proportion of all borrowing.

Short term borrowing	Limit	31.12.21	Complied?
Upper limit on short-term borrowing from other local authorities as a percentage of total borrowing	30%	16%	Yes

Principal Sums Invested for Periods Longer than a year

6.12. The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2021/22	2022/23	2023/24
Actual principal invested beyond year end	Nil	Nil	Nil
Limit on principal invested beyond year end	£10m	£10m	£10m
Complied?	Yes	Yes	Yes

7. Revisions to CIPFA Codes

7.1. CIPFA published revised Prudential and Treasury Management Codes in December 2021. The Prudential Code takes immediate effect although detailed reporting requirements may be deferred until the 2023/24 financial year and have thus not been included in this report. There is no mention of the date of initial application of the TM Code.

7.2. The accompanying guidance notes to the Codes including the treasury management prudential indicators have not yet been published. The main changes or expected changes from previous codes that have not already been discussed above include:

- Additional reporting requirements for Capital Strategy.
- For service and commercial investments, in addition to assessments of affordability and prudence, an assessment of proportionality in respect of the Authority's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services).
- Forward looking prudential code indicators must be monitored and reported to members at least quarterly.
- A new indicator for net income from commercial and service investments to net revenue stream.
- Inclusion of the liability benchmark as a treasury management prudential indicator. CIPFA recommends this is presented as a chart of four balances – existing loan debt outstanding; loans CFR, net loans requirement, liability benchmark – over at least 10 years and ideally cover the authority's full debt maturity profile.
- Excluding investment income from the definition of financing costs.
- Credit and counterparty policies should set out the Authority's policy and practices relating to Environmental, Social and Governance (ESG) investment considerations.
- Additional focus on the knowledge and skills of officers and elected members involved in decision making.

8. Outlook for the remainder of 2021/22 and beyond (provided by the Council's treasury management advisor, Arlingclose)

8.1. The table below shows the latest interest rate forecast produced by Arlingclose.

	Current	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

8.2. Arlingclose anticipate the MPC will want to build on the strong message it delivered in December and January by tightening policy further to dampen aggregate demand and reduce the risk of sustained higher inflation.

8.3. Despite this expectation, risks to the forecast remain weighted to the upside for 2022, becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.

8.4. Gilt yields are expected to remain broadly flat from current levels, which have risen sharply since mid-December 2021. Significant volatility is, however, likely which should offer tactical opportunities for borrowing and investment.

8.5. The post COVID global economy has entered a higher inflationary phase, driven by a combination of resurgent demand and supply bottlenecks in goods and energy markets. Geopolitics are also playing a role, driving energy prices upwards which are being passed on to consumers. Tighter labour markets due to reduced participation rates have prompted concerns about wage-driven inflation, leading central banks to tighten policy to ensure inflation expectations remain anchored.

8.6. Supply constraints are also evident in the labour market. Underlying wage growth is running above pre-COVID levels despite employment being lower now than in early 2020. Evidence suggests that labour pools have diminished. Higher wage growth will be a contributory factor to sustained above-target inflation this year.

8.7. However, higher inflation will dampen demand. In the UK, households face a difficult outlook. Fiscal and monetary headwinds alongside a sharp reduction in real income growth will weigh on disposable income, ultimately leading to slower growth.

8.8. The Bank of England will tighten policy further over the next few months to ensure that aggregate demand slows to reduce business pricing power and labour wage bargaining power. Markets have priced in a significant rise in Bank Rate, but Arlingclose believe the MPC will be more cautious given the medium-term outlook, assessing the impact of the first round of rises rather than following the market higher.

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