

Report for:	Cabinet	Item Number:	
Title:	Community Infrastructure Levy (CIL). Recommendations on Haringey CIL rates, update on collection of Mayoral CIL from 1 April 2012 , and next steps to implementation of Haringey CIL		
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Ward(s) affected: All	Report for Key Decision		

**1. Describe the issue under consideration**

1.1 This report provides the Cabinet with an update on the progress of our work to prepare for the introduction of Haringey's Community Infrastructure Levy (CIL). This preparatory work is being led by the Planning Policy team. The report provides the following information:

- Progress on the development of a Charging Schedule for the Haringey CIL - scheduled to be introduced from summer 2013
- Recommendations on the appropriate charge rates for Haringey CIL for the first round of consultation (known as the Preliminary Charging Schedule consultation)
- A comparison with the rates proposed by our neighbouring boroughs
- A review of other authority proposals nationally (Appendix 1)
- A summary of Section 106 Contributions - Haringey's Received and Spent - prior to the introduction of CIL (Appendix 4)
- Next steps and key milestones in adopting a CIL Charging Schedule in Haringey (Appendix 3)
- A summary of preparations carried out in Haringey for the collection of the Mayoral CIL from 1 April 2012 (Appendix 5)
- A table setting out the difference in income if some wards in Tottenham have a £nil rate (Appendix 6)



- 1.2 This report recommends that we consult on the following rates as part of our Preliminary Charging Schedule, this consultation to be carried out between July and September 2012. Once feedback in response to that initial round of consultation has been received the rates can be reviewed, where appropriate, before the second round of consultation – known as the Draft Charging Schedule consultation. The ‘total charge’ column below **INCLUDES** the mayoral CIL for Haringey set at £35 a square metre (sqm) while the last column refers only to Haringey’s proposed CIL.

Area	Total Charge	Haringey CIL
West – Highgate, Hornsey, Muswell Hill, Finsbury Park	£300	£265
Central – Wood Green	£200	£165
North East* – Seven Sisters, Tottenham Hale, Tottenham	£50	£15

\* the north east comprises of the following wards - Tottenham Green, White Hart Lane, Bruce Grove and Northumberland Park, Seven Sisters, St Ann’s and Tottenham Hale

## 2. Cabinet Member introduction

- 2.1 I welcome consultation on the Preliminary Charging Schedule for CIL as the first step towards adopting a Charging Schedule for the borough. There are limited alternative options to drafting a CIL charging schedule because, although CIL isn’t a statutory requirement, if we do not have a charging schedule from April 2014 we will be unable to collect for any infrastructure that falls outside of local infrastructure requirements on development sites, such as local access or connection to services and which will continue to be collectable by s106.. We will also generally not be able to pool contributions towards new infrastructure.
- 2.2 CIL provides the opportunity to collect income to support necessary infrastructure requirements in our borough across a greater range of development than is collected from under a106, and with those parts of the borough where land values are highest paying the highest charge.

## 3. Recommendations

- 3.1 This report asks members to agree the following:



- That we proceed to consultation between July and September 2012 on the Preliminary Charging Schedule for Haringey's CIL based on the following rates for residential development<sup>1</sup> -

Area	Haringey CIL	Mayoral CIL	Total Charge
West – Highgate, Hornsey, Muswell Hill, Finsbury Park	£265	£35	£300
Central – Wood Green	£165	£35	£200
North East – Seven Sisters, Tottenham Hale, Tottenham	£15	£35	£50

- That a nil rate is charged on smaller retail, office and industrial development to reflect the paucity of such development currently coming forward in the borough and its tenuous viability in the current economic climate. A rate of £95 pre square metre is recommended for supermarkets and £25 per square metre for retail warehouses exclusive of Mayoral CIL –

Area	Haringey CIL	Mayoral CIL	Total Charge
Borough wide - Supermarkets	£95	£35	£130
Borough wide – Retail warehouse	£25	£35	£60

- That we report to the lead member on responses received to the consultation prior to revising the Schedule as appropriate and proceeding to consultation on the Draft Consultation Schedule for a statutory period of four weeks in November and December 2012.
- That we report back to Cabinet in February 2012 on the feedback received as a result of the second round of consultation and recommend a final submission draft Charging Schedule for an independent examination

#### 4. Other options considered

4.1 A £nil rate was considered for wards in Tottenham. BNP Paribas is clear that Tottenham can sustain the £50 rate proposed (£35 mayoral and £15 Haringey levy), but regeneration objectives and events in Tottenham last summer meant that we gave careful consideration to whether or not the Tottenham levy should be £nil. Croydon has a £nil rate in the central metropolitan area of its borough where development is expected to be largely high rise and more expensive to build and so the nil rate was justified in this instance on viability grounds. In

<sup>1</sup> For completeness, the Mayoral CIL charge is also shown, so that the total effective charge for development in Haringey can be seen.



Tottenham there is viability evidence to support the £15 rate and this is the rate recommended for this preliminary schedule consultation.

4.2 Members *may* wish to consider a £nil rate for Tottenham following consultation on the preliminary charging schedule consultation that will take place in July/August 2012 and following an analysis and consideration of the representations received as part of that consultation. The two stages of consultation as set out in the Regs presents an option to consult on this £nil rate as part of the draft charging schedule consultation (the second stage of consultation) that will follow in November/December 2012. The difference in annual and five yearly income when setting a £nil rate for Tottenham as opposed to a £15 rate (set out in Appendix 6 to this report) represents a reduced income of approximately £328,000 a year for the borough between 2011 and 2016 (£1.6m over five years).

## 5. Background information

### Statutory background

- 5.1 The Community Infrastructure Levy Regulations 2010 (hereafter called the Regs) allow local authorities and the Greater London Authority (GLA) to introduce a community infrastructure levy (CIL) which is a charge or levy on new net floor area to contribute towards infrastructure required to support new development in the borough. It will be paid on most developments which involve the creation of new dwelling units and all other developments comprising 100msq or more of new internal floor space. The conversion of single family dwellings will not be liable for CIL.
- 5.2 CIL replaces the s106 tariff, although s106 will continue to be used for over ten units of housing and anything that is site specific e.g. a new access road. Charities will be exempt from CIL. The Mayor has set a nil rate for health service developments, schools, colleges and higher education developments. It is at the discretion of individual charging authorities (local authorities) to set a nil rate for these uses on the basis that such provision is essentially infrastructure which CIL receipts are expected to help finance. Charging CIL on such development would therefore serve no purpose. Setting a nil rate for these uses is consistent with the approach that other boroughs have adopted and it is recommended to Cabinet that a nil rate is adopted for public service developments within the borough.
- 5.3 CIL is not negotiable and collecting it is an administrative process. Liability is indicated when an application is validated, and the final calculation is made when planning permission is given, based on any negotiated changes that may have taken place between submission of the planning application and the grant of planning permission. Payment is due when development commences which could mean a time lag of up to three years from the grant of permission to the carrying out of a material operation that signals commencement of the development.



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5.4 Some further changes to the Regulations have been introduced as part of the Localism Act 2011 including the requirement for local authorities to pass a 'meaningful' proportion of receipts to the neighbourhoods where the development that gave rise to them took place. It also clarifies that receipts may be spent on the ongoing costs of providing infrastructure for the area and provides more local choice over how to implement a charge. Consultation on these reforms was carried out between the 12 October and the 3 December 2011 by the DCLG. As of June 2012 the outcome of the consultation and what a "meaningful" proportion might be has not been revealed. We have been advised that CLG will comment on this over "the summer" (no date specified). As a London borough without parish and town councils, the Council will arrange for consultation with the local community and local businesses to identify local requirements for infrastructure which are appropriate for funding through CIL. This will be done following the announcement by DCLG on the outcome of their consultation on what a meaningful proportion might constitute.

**Haringey Preliminary Charging Schedule**

5.5 Haringey appointed BNP Paribas in September 2011 to test the ability of a range of development types throughout Haringey to yield contributions to infrastructure requirements through the Community Infrastructure Levy. As part of the work levels of CIL were tested in combination with the Council's other planning requirements, including contributions towards the provision of affordable housing. In March 2012 BNP Paribas produced a draft report setting out a range of residential CIL rates that could be charged across the borough and which ensured that development remained viable and would continue to come forward.

5.6 An extract from BNP's draft report is set out in Appendix 2 to this Cabinet report. Appendix 2 sets out that the results of the study and the CIL rates recommended are reflective of current market conditions, which are likely to improve over the medium term. It is therefore important that the Council keeps the viability situation under review so that levels of CIL can be adjusted to reflect any future changes.

5.7 Based on this draft viability report, the officer recommendations on the charge rates to be adopted for Haringey CIL are set out in the table below. For completeness, the Mayoral CIL charge is also shown, so that the total effective charge for development in Haringey can be seen. The charges set out are per square metre of liable development.

Area	Haringey CIL	Mayoral CIL	Total Charge
West – Highgate, Hornsey, Muswell Hill, Finsbury Park	£265	£35	£300
Central – Wood Green	£165	£35	£200
North East – Seven Sisters, Tottenham Hale,	£15	£35	£50



Area	Haringey CIL	Mayoral CIL	Total Charge
Tottenham			
Borough wide – <b>Supermarkets</b>	£95	£35	£130
Borough wide – <b>Retail warehousing</b>	£25	£35	£60

5.8 As can be seen from this Table, the recommendation is for Haringey to adopt 3 different area rates for all types of liable residential development across the borough and to adopt a £95 rates for supermarkets and £25 for retail warehousing.

5.9 BNP Paribas is clear that Tottenham can sustain a £50 CIL (£35 mayoral and £15 Haringey CIL). Croydon has a £nil rate in the central metropolitan area where development is expected to be largely high rise and more expensive to build and so the nil rate was justified in this instance on viability grounds. Following consultation on a £15 rate for Tottenham as part of the preliminary charging schedule consultation that will take place in July/August 2012, members may wish to consider revising the £15 rate to £nil a square metre and consult on this rate as part of the draft charging schedule consultation that will follow in November/December 2012. any officer recommendation for a £nil rate as part of the Draft Schedule consultation will be informed by the feedback received as part of this preliminary consultation and also following assessment of viability based on any material factors that may arise that might impact on it between the preliminary and draft schedule consultations.

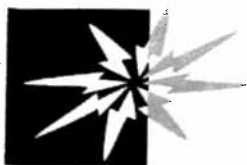
5.10 The proposed CIL rates or bandings across our borough are supported by the viability assessment contained in the BNP report, and take account of Haringey's current affordable housing policy. The relationship between these two aspects of development policy is discussed further below in the section entitled Affordable Housing.

5.11 The rates for the borough have been set at a level which is slightly below the maximum threshold of viability identified in the consultant report, as recommended by BNP Paribas. This "buffer" or safety margin mitigates a number of risk factors (primarily the adverse impact on land supply of setting the rates at a high level and "shocking" the market).

#### Development other than residential and implications for CIL

5.12 At current rent levels, office development is unlikely to come forward in the short to medium term as the capital values generated are insufficient to cover development costs. A nil rate is therefore recommended in the short term for offices.

Residual values generated by Retail developments vary significantly between high street retail (which is currently just marginally viable or unviable in the borough) on the one hand, and supermarkets and retail warehouse developments (which generate sufficient residual values to enable the payment of CIL). While we anticipate relatively little major supermarket or retail



warehouse developments coming forward, we will, in line with the recommendations of BNP Paribas, consult on a CIL for these types of retail only (BNP Paribas' appraisals indicate that supermarkets could absorb a CIL of up to £130 per square metre and retail warehouses £60 per square metre, both inclusive of Mayoral CIL).

BNP Paribas' appraisals of developments of industrial and warehousing floor space indicate that these uses are unlikely to generate positive residual land values. It is therefore recommended that a zero rate for industrial floorspace be applied.

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

5.14 The Mayor has set a nil rate for health service developments, schools, colleges and higher education developments. It is at the discretion of individual charging authorities (local authorities) to set a nil rate for these uses on the basis that such provision is essentially infrastructure which CIL receipts are expected to help finance. Charging CIL on such development would therefore serve no purpose. Setting a nil rate for these uses is consistent with the approach that other boroughs have adopted and it is recommended to Cabinet that a nil rate is adopted for public service developments within the borough.

5.15 Details on progress of neighbouring and other boroughs in adopting any CIL is referred to below (neighbouring boroughs) and in Appendix 1 (a comprehensive list of the boroughs/Councils that have adopted a CIL Charging Schedule as of April 2012)

#### Neighbouring borough CIL rates

5.16 For information and comparison the Borough rates which have been adopted or are under consideration for Haringey's immediate neighbouring authorities are set out in the table below.

Authority	Borough CIL	Mayoral CIL	Total Charge (if known)
Barnet	£135	£35	£170
Enfield	TBA	£20	Currently gathering evidence to consult on a preliminary charging schedule
Waltham Forest	TBA	£20	Currently gathering evidence to consult on a preliminary charging schedule
Hackney	TBA	£35	Consulting on preliminary charging



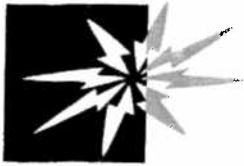
Authority	Borough CIL	Mayoral CIL	Total Charge (if known)
			schedule in summer 2012
Islington	TBA	£50	Consulting on a preliminary charging schedule in summer 2012 with variable charges to be consulted on
Camden	TBA	£50	Consulting on preliminary charging schedule in summer 2012

Full details of all authorities across England who are consulting on a draft charging schedule or who have already adopted a charging schedule are included at Appendix 1 to this report. The charges set out in this appendix are exclusive of any mayoral CIL that is liable (the London boroughs only).

**CIL and Affordable Housing**

- 5.17 The provision of affordable housing within new developments will still be controlled through negotiated S106 agreements with the developer, in accordance with current Haringey policies.
- 5.18 As both CIL and the requirement to provide a proportion of affordable housing in any development over 10 units are costs to development there is obviously a balancing relationship between the charge levels for CIL and the borough's affordable housing policy which needs to be considered.
- 5.19 There is a danger that CIL could be set too high to make the building of affordable housing viable. In assessing potential CIL rate(s) for Haringey BNP Paribas has taken into account the policy provision for affordable housing within any given residential scheme. The proposed rates that have been recommended for Haringey take into account the need to make affordable housing provision within the borough while ensuring that any development is still viable, even allowing for the overall CIL payment and affordable housing provision. The critical issue will be to set a CIL rate(s) across the borough that balances viability and the provision of affordable housing against maximising our receipt for infrastructure requirements. While it may be tempting to set a lower CIL rate to ensure that affordable housing provision is not squeezed, there is equally a need to guard against setting the CIL at a level where we are failing to maximise our CIL receipts. Critical to this is setting the right balance.
- 5.20 The CIL regulations deal with this issue in two main ways. Firstly the area of any development which is attributable to affordable housing is exempt from the CIL charge.





- 5.21 Alternatively, local authorities may if they choose, elect to offer an exemption on proven viability grounds. The exemption would be available for 12 months, after which viability of the scheme concerned would need to be reviewed. To be eligible for exemption, regulation 55 states that the Applicant must enter into a Section 106 agreement (and the costs of complying with the agreement must exceed the amount of CIL that would have been payable); and that the Authority must be satisfied that granting relief would not constitute state aid.
- 5.22 Where we wish to offer exceptional circumstances relief in Haringey we would first be required to give notice publicly of our intention to do so. We can then consider claims for relief on chargeable developments from landowners on a case by case basis. In each case, an independent person with suitable qualifications and experience must be appointed by the claimant with the agreement of the charging authority (Haringey) to assess whether:
- the cost of complying with the signed section 106 agreement is greater than the levy's charge on the development and
  - paying the full CIL charge would have an unacceptable impact on the development's economic viability.
- 5.23 If the independent person finds that the scheme cannot bear the s106 and the CIL charge it can recommend a level of relief that will bring the scheme into viability. It is then up to the Council to decide whether or not to give all or part of that relief.
- 5.24 As stated above, we would also need to consider whether the level of relief we may intend to offer does or does not constitute a notifiable state aid.
- 5.25 An LA cannot just negotiate away CIL or decide not to charge it. In the case of development where the level of s106 is not higher than the levy, the owner must pay the entire levy.
- 5.26 In order to maximise CIL receipts, but to ensure that affordable housing projects can still be supported, it is therefore recommended that the CIL charge is set at the higher threshold for viability, but that we may wish to consider the adoption of an exemptions policy which can be used to support the viability of schemes with significant S106 obligations where it is deemed appropriate to do so. Alternatively we may need to consider allowing a reduced proportion of affordable housing within a scheme where the viability of a scheme is in doubt and where there is evidence that viability is threatened. Any exemptions policy or flexibility on affordable housing provision will be considered in more detail as part of the Cabinet report planned for early 2013.
- 5.27 CIL receipts contribute to the Authority's overall capacity to fund capital and infrastructure projects. As such it therefore potentially releases other corporate funding to pursue general policy objectives. The debate over whether CIL receipts themselves can be applied to support affordable housing is therefore largely irrelevant, because, should it choose to do so, the Authority is free to apply its own capital resources to this purpose.



- 5.28 The CIL regulations place restrictions on the continued use of S106 planning obligations, requiring them to be necessary to make the development acceptable in planning terms, directly related to the development, and fairly and reasonably related in scale and kind to the development.
- 5.29 Once the authority has introduced its CIL charge schedule, it can no longer pool future S106 receipts from more than 5 separate planning agreements to fund specific infrastructure developments.
- 5.30 However, as noted above, S106 obligations are still expected to deal with site specific requirements of developments, including affordable housing.
- 5.31 The term 'infrastructure' is defined broadly by Section 216 of the Planning Act 2008 and includes roads and other transport facilities; flood defences; schools and other educational facilities; health and medical facilities; sporting and recreational facilities; and open space. Given the definition of infrastructure in the Act it is clear that CIL receipts cannot be used to fund jobs and training in the borough but can be used to provide buildings or other structures that allow for employment or skills training such as a training centre. The Localism Act clarified this by amending the Planning Act to allow for CIL to be used for "supporting development by funding the provision, improvement, replacement, operation or maintenance of infrastructure". So, if an employment training centre is allowable infrastructure, its direct running costs could be covered. However, the government has indicated that they are currently considering the introduction of regulations in autumn 2012 that could restrict allowable ongoing costs. Any support for trainees, therefore, outside of the facility is unlikely to be able to be covered. Currently if a scheme contains a proposals for an employment training facility, its capital and ongoing costs may be allowable but the government will need to clarify the definition of infrastructure to confirm this or else a legal view would need to be sought before CIL money could be spent in this way.
- 5.32 However, S106 negotiations can continue to be used to secure provision of jobs and training within the borough through negotiated provision of such jobs or training. We will continue to develop this area and look at potential for how we can fund the creation of jobs and/or training through s106. As part of this work we will take further legal advice and look at precedent in other boroughs

#### **CIL and Academies/Free schools**

- 5.33 Academies are publicly funded independent local schools that receive their funding directly from central government rather than through a local authority. Free schools are set up by groups of parents, teachers, charities, businesses, universities, trusts, religious or voluntary groups, but funded directly by central government.
- 5.34 In London local authorities are the Charging/ Collecting authority (S10) and as such LAs must apply funding to support infrastructure in their own area (S59) but there is no requirement to share with others, including Academies. LAs



could choose to use it to support the infrastructure of schools and, if that meant the creation of a new school, it would be a DfE requirement that they must firstly consider the creation of a free school/ Academy.

### **Collection of Mayoral CIL**

5.35 Work carried out within the Council to collect the Mayor's CIL on his behalf is included at **Appendix 5** to this report. Haringey has been collecting the Mayor's CIL since it was introduced on 1 April 2012.

### **Comparison of the value of infrastructure funding raised from CIL versus S106**

5.36 While modelling on the difference between the amount collected for CIL versus the amount collected from s106 can be carried out, such modelling is theoretical and we will only be able to confirm absolute figures once a CIL Charging Schedule for the borough is adopted and implemented on all relevant development. Appendix 4 of this report sets out the amount of S106 money collected between 2004 and 2012. We expect to see a very slight increase in the amount collected via CIL as it will be collected across a wider range of development than s106 currently collects from. The financial comments below refer to this expected increase.

### **The Community Infrastructure Plan (CIP)**

5.37 Preparation of the Preliminary Charging Schedule has been undertaken in the context of the policies and proposed levels of growth and development set out in the Unitary Development Plan, the borough's emerging Local Development Framework Core Strategy. In particular it takes into account the following policies – SP1 Growth, SP2 Housing and SP8 Employment which sets out the borough's housing and commercial development requirements. It also takes into account SP4 Carbon Haringey, SP7 Transport and SP16 Community Facilities all of which jointly seek to create and safeguard community, transport and other facilities. They will provide sustainable development and serve Haringey's growing community. The above list of policies is not exhaustive.

5.38 An initial infrastructure analysis has been undertaken to inform the development of a Community Infrastructure Plan (CIP) for the borough. The CIP supports the policies of the Core Strategy and helps to identify the possible need for financial contributions associated with individual planning applications as well as providing a platform for the development of a Charging Schedule for the Community Infrastructure Levy.

5.39 One of the focuses of the CIP is to illustrate an aggregate funding gap between required infrastructure and identified funding streams to provide this infrastructure. This gap demonstrates the need for CIL and how much we need to raise from it. CIL is not intended to fill this funding gap but to contribute towards meeting it.



5.40 The CIP details, among other things, infrastructure requirements around education, health, open space, leisure facilities, social care, emergency facilities, water supply, transport and waste management (see paragraph below for further information). The CIP will be updated as part of the work being carried out on CIL and to respond to changes to national and local policy and circumstance. An updated CIP will be submitted to an independent Inspector next summer when the Draft Charging Schedule is submitted for independent examination. As part of that update officers will look at how training and employment opportunities can be created through CIL/s106 income.

#### **How Haringey CIL will be spent**

5.41 As a supporting document to the Core Strategy the Council produced a draft Community Infrastructure Plan (CIP) as outlined above. This CIP is an initial infrastructure analysis and was compiled in line with the (then) Planning Policy Statement 12: Local Spatial Planning (PPS12) which emphasised the need for local planning authorities to plan for the social and other infrastructure needed to ensure sustainable communities. PPS12 has now been replaced by the National Planning Policy Framework (NPPF).

5.42 One of the purposes of the CIP is to help to identify the possible need for financial contributions associated with individual planning applications and provide a platform for the development of a charging schedule for CIL. In formulating their viability study BNP Paribas used the CIP to inform the level that the levy(s) might be set at within the borough. The Regulations are very clear on CIL – it is not intended to pay for all infrastructure but is intended to help to fill the funding gaps that remain once other sources of funding have been explored. Haringey's CIP is not a static document and is continually being updated as and when infrastructure and funding streams are identified across the borough. It will continue to be used to inform the development of the CIL in the borough.

5.43 CIL receipts can be used to help fund infrastructure needed to support new development across the Borough. The term 'infrastructure' is defined broadly by Section 216 of the Planning Act 2008. Although this is not intended to be exhaustive, it includes roads and other transport facilities; flood defences; schools and other educational facilities; health and medical facilities; sporting and recreational facilities; and open space. The provision of 'educational facilities' might include employment training facilities

5.44 As the Charging Authority, Haringey will be required to publish a list called Regulation 123 (Reg 123) List on adoption of the Charging Schedule (summer 2013) as a list of infrastructure that CIL could be used to fund. The Regulation 123 List distinguished CIL infrastructure from that to be secured from s106. This list can be updated by Haringey (the charging authority) at any time. Section 106 agreements (which must still directly relate to the site) can only be used to provide infrastructure which is not on that list.



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## Next steps

5.45 This report recommends a Preliminary Charging Schedule for the borough. The CIL Regulations require that this Preliminary Charging Schedule is consulted on for a six week period, such consultation to include the Mayor, all adjoining boroughs, person(s) who are resident in or carrying on business in the borough, voluntary bodies some or all of whose activities benefit the borough and bodies which represent the interests of persons carrying on businesses in the borough.

5.46 The Regulations governing CIL are clear: an up-to-date development plan must be in place at the time that the Council's CIL Charging Schedule is adopted. The timeline for the adoption of CIL has taken into account the progress of the Core Strategy and its imminent adoption.

## 6. Comments of the Chief Finance Officer and financial implications

### a) Collection of the Mayoral CIL

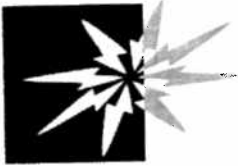
6.1 As a collecting authority, Haringey is responsible for collecting the Mayoral receipts, and for operating efficient procedures to maximise collection rates. Haringey is entitled to retain 4% of Mayoral CIL receipts to support the costs of administration. Current estimates reviewed by Corporate Finance suggest that the administrative costs involved in dealing with an estimated 200-300 CIL liable planning applications per annum can be supported by this retained collection fee.

6.2 To date (as at 7 June 2012) no liability notices have yet been issued for Mayoral CIL. The total number of planning applications currently submitted which are potentially liable for CIL is 18 (as of June 8 2012), and the total potential liability is currently estimated at £706,158.00 (as of 7 June 2012).

### b) Haringey CIL

6.3 Should Haringey adopt a CIL regime of its own, then future CIL receipts can be made available to support the funding of infrastructure developments in the borough. Future Haringey CIL receipts can be used to help fund any required capital infrastructure considered necessary by the local authority and also the continued maintenance of that infrastructure. The planned use of CIL receipts will form part of the Council's normal Medium Term Financial Planning processes, and the actual use of CIL receipts to fund infrastructure will be controlled and reported via the Council's Capital Programme approval and monitoring processes.

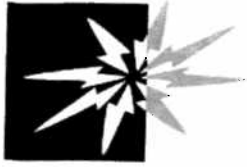
6.4 CIL collected will not be sufficient to fully fund the necessary infrastructure required across the borough during the plan period, but it will form part of a funding package that will contribute towards provision of the necessary development to meet future population growth and development. More detail on the infrastructure that will be required is set out in the Council's Draft Community Infrastructure Plan which forms part of the LDF.



- 6.5 The revised regulations and the Localism Act 2011 also require authorities to pass a 'meaningful' proportion of receipts to the neighbourhoods where the development that gave rise to them took place. The authority will need to set out its proposals in relation to this requirement in due course, including proposed mechanisms for the governance, approval and defrayment of these funds
- 6.6 The estimate of CIL receipts will clearly depend on the level of CIL charged. Initial modelling carried out by BNP Paribas based on the recommended Haringey CIL rates as set out in this report, and the expected housing development trajectories indicate an annual average income expectation of about £1m - £1.2m from CIL. This is broadly comparable with that achieved in recent years from S106 agreements (see Appendix 4). The CIL income stream is likely to be steadier and more predictable even if not significantly greater than that achieved via S106 agreements.
- 6.7 The Council could decide to set a lower CIL rate or nil CIL in certain parts of the borough to encourage development. This will inevitably reduce the level of receipts received and thus reduce the funding available for capital projects. The Council will need to balance this risk against the desire to encourage development. Appendix 6 sets out the financial implications of setting a nil rate in parts of the borough.
- 6.8 In considering the level of charge to set, the Council will need to be mindful of the potential impact on other policy objectives, particularly in relation to affordable housing.
- 6.9 Haringey is entitled to use up to 5% of its own CIL receipts to cover the administrative costs of CIL collection, and this is considered adequate based on current expectations.
- 6.10 The Community Infrastructure Levy Guidance: Charge Setting and Charging Schedule Procedures (March, 2010) encourages authorities to keep their charging schedules under review to ensure that that CIL charges remain appropriate over time. For instance, as market conditions change, and also so that they remain relevant to the gap in the funding for the infrastructure needed. Given the current economic climate it is anticipated that we may need to look at a review of our CIL within two years.
- 6.11 When we need to revise/refresh the schedule it would need to follow the same process as applied to the preparation, examination, approval and publication of our initial charging schedule.

## **7. Head of Legal Services and legal implications**

- 7.1 The Community Infrastructure Levy Regulations 2012 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).



7.2 The terms and exemptions for CIL are set out in the report. The adoption of CIL by LBH is optional, however if it is not adopted the consequences would be that we would be unable to collect future contributions under S.106 other than for affordable housing and on site mitigation.

7.3 The identification process of the necessary sums to meet any funding gaps for future infrastructure projects is set out within the report.

7.4 The need to monitor the impacts of CIL and the exercise of discretion on exemptions are also set out in the report.

## **8. Equalities and Community Cohesion Comments**

8.1 The benefits of growth should be shared across the borough and across all communities, including those covered by the protected characteristics identified in the Equalities Act 2010. Choices around community infrastructure can be expected to affect communities in different ways.

8.2 The strategic implications of growth in our borough and the positive and the negative impacts that could arise are considered in the Equalities Impact Assessment (EqIA) that supports the Core Strategy. The CIL is a mechanism to fund and provide the infrastructure necessary to deliver the spatial vision in our Core Strategy and so at a policy level the impacts are covered in that EqIA.

8.3 The impacts on equality groups and other sectors of the community of specific developments and the prioritisation of infrastructure associated with those developments will be considered as proposals come forward.

8.4 The provision of necessary and adequate infrastructure as development comes forward underpins existing and future sustainable and cohesive communities within the borough.

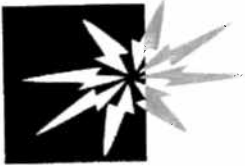
## **9. Policy Implication**

9.1 The introduction of a CIL is not a mandatory requirement for local authorities. However, the new legislation scales back the scope of s106 agreements, primarily to affordable housing and on site mitigation measures. Therefore if the Council does not implement a CIL we risk losing out on collecting contributions from developers and development to fund vital infrastructure. The CIP informs the Core Strategy and also sets out the infrastructure that will be required as part of development coming forward in the borough during the plan period. CIL will be used to help contribute towards meeting the funding gap that exists for the infrastructure required once other funding streams have been taken into account.

## **10. Use of Appendices**

**Appendix 1** – Who's charging what across the country?

**Appendix 2** - BNP Paribas summary of draft report setting out range of CIL that could be applied across the borough



**Haringey** Council

**Appendix 3** – Draft Key milestones in adopting a CIL Charging Schedule in Haringey

**Appendix 4** –Section 106 monitoring – pre 2005 to March 2012

**Appendix 5** – Mayoral CIL

**Appendix 6** – Projected CIL income (based on modeling by BNP Paribas)

**Appendix 8** – BNP Paribas Draft Viability Study

## **11. Local Government (Access to Information) Act 1985**

BNP Paribas' Draft Viability Report

LDF'S Community Infrastructure Plan





**Haringey Council**  
Appendix 1

**Who's charging what across the country (rates below are exclusive of mayoral CIL for London boroughs)?**

LA	CIL status	Residential charges	Retail/commercial charges	Other charges
Newark and Sherwood	Began charging on 1 December 2011	Six zones, with rates ranging from £0 to £75 per square metre	Retail charged between £100 and £125p sq m; industrial between £0 and £20p sq m; offices exempt	Hotels, leisure, residential institutions and community/institutional uses exempt
Shropshire	Began charging on 1 January 2012	Either £40 or £80 per square metre	Nil rate for commercial, employment and retail developments	Nil rate for hotels, residential institutions, assembly & leisure
London Borough of Redbridge	Began charging on 1 January 2012	Flat rate of £70 per square metre for all uses	Flat rate of £70 per square metre for all uses	Flat rate of £70 per square metre for all uses
London mayoral (Crossrail) CIL	Due to come into force on 1 April 2012	Three charging bands, with rates of £20, £35 and £50 per square metre	Three charging bands, with rates of £20, £35 and £50 per square metre	Medical and health service developments are exempt, as are school, college and higher education developments
Portsmouth City Council	Due to come into force on 1 April 2012	£105 per square metre	Retail charges between £53p sq m and £105p sq m, while offices and industrial developments are exempt	Hotels and residential institutions charged at £53p sq m, while community uses exempt
Huntingdonshire Council	Examination commenced on 6 March 2012.	Residential charged at a standard rate of £85 per square metre	Retail charges between £40 and £100p sq metre, while business and industrial developments are exempt	Hotels charged at £60p sq m, nursing homes at £45p sq m and health facilities at £65p sq m. Other community uses exempt
London Borough of Wandsworth	Examination hearings due to begin on 3 April 2012	Four zones, with residential charges ranging from £0 to £575 per square metre	Office and retail developments charged at £100p sq metre in two Nine Elms zones. Nil rate everywhere else	All other development is exempt from the charge
Borough of Poole Council	Submitted charging schedule for examination on 1 March 2012	Three zones, with residential charges of £75, £100 and £150 per square metre	Superstores charged at £200p sq m, all other uses exempt	All other development is exempt from the charge



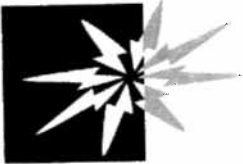
**Haringey Council**

Colchester Borough Council	Consultation on draft charging schedule closed on 9 December 2011	Flat residential charge of £120 per square metre	Retail charges set at either £90 or £240p sq m, all other uses exempt from the levy	All other development is exempt from the charge
London Borough of Croydon	Consultation on draft charging schedule closed on 13 February 2012	Two zones. Charges either £0 or £120 per square metre.	Business uses (B1, B2-B8) charged at either £0 or £120p sq m. All other uses £120p sq m	Residential and non-residential institutions exempt from the charge
Greater Norwich (Broadland, Norwich, South Norfolk)	Consultation on draft charging schedule closed on 5 March 2012	Residential charges between £75 and £115 per square metre.	Large retail charges of £135p sq m, smaller retail £25p sq m. All other development £5p sq m.	Residential and non-residential institutions exempt from the charge.
Plymouth City Council	Consultation on draft charging schedule closes on 20 March 2012	Charges of £30 and £50 per square metre for residential developments	Charge of £100p sq metre for superstores; all other retail uses exempt. Nil charge for offices and industrial units.	Hotels, cinemas and commercial leisure developments exempt from the charge. High-rise student accommodation charged at £60p sq metre
Bristol City Council	Consultation on draft charging schedule closes on 30 March 2012	Residential charges of £50 and £70 per square metre.	Retail charged at £120p sq metre, commercial (B1, B2 and B8) exempt.	Hotel levy of £70p sq m; student accommodation £100p sq m; other chargeable development £50p sq m. Residential and non-residential uses exempt.
Havant Borough Council	Consultation on draft charging schedule closes on 5 April 2012	Residential charges of £84 and £105 per square metre.	Nil rate for office and industrial developments. Retail charges of £0, £42 and £84p sq m.	Hotel developments charged at £84p sq metre. Community uses exempt.
Wycombe District Council	Consultation on draft charging schedule closes on 27 April 2012	Residential charges of £125 and £150 per square metre	Large convenience retail charged at £200p sq m; smaller retail at £125p sq m. All other development exempt from the charge	All other development is exempt from the charge.
Mid Devon District Council	Consultation on preliminary draft charging schedule	Residential charge of £113 per square metre	Large scale retail charged at £250p sq m; all other retail exempt. Nil rates also for business, general industrial, storage and distribution	All other development is exempt from the charge



**Haringey Council**

	closed on 5 December 2011			
London Borough of Brent	Consultation on preliminary draft charging schedule closed on 12 December 2011	Residential charge of £200 per square metre.	Office developments charged at £40p sq m, industrial uses exempt. Retail charged at £80p sq m.	Student accommodation charged at £300p sq metre, hotel developments at £200p sq metre. A £5p sq m charge would apply to assembly and leisure schemes.
Elmbridge Borough Council	Consultation on preliminary draft charging schedule closed on 9 January 2012	Residential charges of £125 per square metre	Retail charges of £125 and £50p sq m. All other uses exempt from the charge.	All other development is exempt from the charge.
East Cambridge District Council	Consultation on preliminary draft charging schedule closed on 2 February 2012	Residential charges of £40 and £90 per square metre.	Large-scale retail development charged at £120p sq m; smaller retail charged at £60p sq m. Business development charged at £10p sq m	Equestrian-related development charged at £30p sq m. All other uses exempt from the charge.
Exeter City Council	Consultation on preliminary draft charging schedule closed on 3 February 2012	Flat residential charge of £100 per square metre	Superstores/supermarkets of more than 2,500 sq m and retail warehouses of more than 2,500 sq m will face a charge of £300p sq m. All other uses exempt	Purpose-built student housing charged at £50p sq m. All other uses exempt from the charge
Southampton City Council	Consultation on preliminary draft charging schedule closed on 6 February 2012	Residential charges of £105 per square metre.	Industrial, office and other commercial uses charged at £10p sq m. Retail charged at £90p sq m	Nil rate for other developments.
Torbay District Council	Consultation on preliminary draft charging schedule	Flat rate of £100 per square metre.	Retail charges range from £0 to £300p sq m. Food and drink at £100p sq m. No charge for employment (B) uses.	Leisure, hotels and residential institutions exempt from the charge



**Haringey Council**

	closed on 6 February 2012			
New Forest District Council	Consultation on preliminary draft charging schedule closed on 27 February 2012	Charge of £80 per square metre for new residential development	Charge of £200p sq m proposed for retail developments larger than 1,000sq m. All other uses exempt.	Nil rate for other developments
Bassetlaw District Council	Consultation on preliminary draft charging schedule closed on 5 March 2012	Three zones. Charges of £5, £20 and £55 per square metre.	Two zones. Industrial charges of either £0 or £15p sq m; food retail charges of £100 or £125p sq m; other retail charges of £25 or £100p sq m. Office developments exempt.	Nil rate for other developments, including leisure, hotels and residential institutions.
Mid Sussex District Council	Consultation on preliminary draft charging schedule closes on 21 March 2012	Three zones. Charges of £150, £210 and £235 per square metre.	Supermarkets and superstores charged at £100p sq m; other retail uses exempt. Nil rate for office, industrial and distribution uses	Rate proposed for hotel and commercial leisure development is £100p sq m; residential institutions £150p sq m. All other development £100p sq m.
London Borough of Merton	Consultation on preliminary draft charging schedule closes on 23 March 2012	Three zones. Charges of £42, £140 and £385 per square metre.	Retail charged at £100p sq m. All other uses exempt.	All other development is exempt from the charge.
Central Lancashire (South Ribble, Preston and Chorley)	Consultation on preliminary draft charging schedule closes on 30 March 2012	Flat rate of £70 per square metre for residential development	Charge of £160p sq m for convenience retail; £40p sq m for retail warehouse development.	Non-residential institutional uses exempt. The councils are proposing a charge of between £0 and £10p sq m for all other uses.
London Borough of Barking and Dagenham	Consultation on preliminary draft charging schedule closes on	Three zones. Charges of £10, £25 and £75 per square metre.	Charge of £300p sq m for large convenience retail. Nil rate for small retail and office developments.	Leisure, health and education developments exempt from levy. All other non-residential uses face charge of



**Haringey Council**

	10 April 2012			£10p sq m.
London Borough of Barnet	Consultation on preliminary draft charging schedule closes on 23 April 2012	Single flat rate of £135 per square metre would apply to all development	Single flat rate of £135 per square metre would apply to all development.	Single flat rate of £135 per square metre would apply to all development.
London Borough of Lewisham	Consultation on preliminary draft charging schedule closes on 23 April 2012	Two zones. Charges of either £70 or £100 per square metre.	Use class B (business, general industrial, storage or distribution) exempt from the charge. All other uses charged at £80p sq m.	All other use classes charged at £80p sq m.
Chelmsford Borough Council	Consultation on preliminary draft charging schedule closes on 26 April 2012	Two zones. Charges of either £0 or £125 per square metre	Two charges for retail. Use class A1 (food) charged at £225p sq m, while A1 (non-food) and classes A2-A5 charged at £87p sq m. All other use classes exempt.	All other development types exempt.



## Appendix 2 – BNP Paribas summary of draft report setting out range of CIL that could be applied across the borough

### Extract from BNP Paribas Draft Haringey Viability Report for CIL

*Our recommendations on levels of CIL are therefore summarised as follows:*

- The results of this study are reflective of current market conditions, which are likely to improve over the medium term. It is therefore important that the Council keeps the viability situation under review so that levels of CIL can be adjusted to reflect any future changes.
- The ability of **residential schemes** to make CIL contributions varies depending on area and the current use of the site. Viability of development is very different in the west of the Borough to the east. Having regard to these variations, residential schemes should be able to absorb a CIL rate of between £0 to £300 per square metre, leaving a margin in many areas for site-specific factors that might affect viability. Suggested ranges of rates (which **include** the mayoral CIL of £35 per square metre) are as follows:
  - Highgate and Hornsey - £100 - £300 per square metre;
  - Muswell Hill - £60 - £300 per square metre;
  - Finsbury Park - £100 - £300 per square metre;
  - Wood Green - £100 - £20 per square metre;
  - Seven Sisters – nil - £50 per square metre;
  - Tottenham Hale – nil - £50 per square metre; and
  - Tottenham – nil - £50 per square metre.
- Whilst the maximum rates are significantly higher than the proposed rates in some areas, the buffer will help to mitigate a number of risk factors (primarily the potentially adverse impact on land supply of setting the rates at a high level and 'shocking' the market).
- At current rent levels, **Office development** is unlikely to come forward in the short to medium term as the capital values generated are insufficient to cover development costs. We therefore recommend that the Council sets a nil rate for offices.
- Residual values generated by **Retail developments** vary significantly between high street retail (which is just marginally viable or unviable) on the one hand, and supermarkets and retail warehouse developments (which generate sufficient residual values to enable the payment of CIL). If the Council anticipates major supermarket or retail warehouse developments to come forward, then it might wish to consider adopting a CIL for these types of retail only (our appraisals indicate that supermarkets could absorb a CIL of up to £130 per square metre and retail warehouses £60 per square metre, both inclusive of Mayoral CIL).
- Our appraisals of developments of **industrial and warehousing floorspace** indicate that these uses are unlikely to generate positive residual land values. We therefore recommend a zero rate for industrial floorspace.
- D1 and D2 uses often do not generate sufficient income streams to cover their costs. Consequently, they require some form of subsidy to operate. This type of facility is very unlikely to be built by the private sector. We therefore suggest that a nil rate of CIL be set for D1 uses.



**Haringey** Council

**Appendix 3 – Draft Key milestones in adopting a CIL Charging Schedule in Haringey**

<b>DATE</b>	<b>MILESTONE</b>
July 2012	Report to Cabinet on a proposed Preliminary Charging Schedule
July – August 2012	Consultation on the Preliminary Charging Schedule (in accordance with Reg 15 of the 2010 Regs)
September – October 2012	Consideration of representations and lead member sign off for amendments to the Preliminary Charging Schedule
November – December 2012	Consultation on the Draft Charging Schedule (Reg 16) – 4 weeks of consultation is required
January 2013	Consideration of representations and final amendments to the draft Charging Schedule
February 2013	Report to Cabinet on the final submission draft Charging Schedule
February – March 2013	Submission of draft Charging Schedule for Independent Examination
April /May (provisional)	Independent Examination into the Council's Draft Charging Schedule
Summer 2013 (provisional)	Formal adoption and implementation following report to Cabinet

Appendix 4 - Section 106 Monitoring – Pre 2005 - March 2012

**Total Actual Section 106 Contributions Received and released for infrastructure schemes.**

Financial Year	Actual Amount Received	Actual Amount released to schemes
2005/06	3,960,894.57	817,765.01
2006/07	2,046,154.33	1,676,681.96
2007/08	3,329,255.80	1,459,500.00
2008/09	528,305.71	2,552,679.22
2009/10	1,379,733.00	3,442,844.84
2010/11	1,560,670.40	1,701,282.05
2011/12	1,709,933.32	215,632.16



#### **Appendix 5 Work carried out by Haringey to collect the Mayor's CIL on his behalf**

On 29 February 2012 the Mayor agreed his CIL charging schedule for implementation on 1 April 2012 and, in accordance with Regulation 25 (a) of the Community Infrastructure Regulations 2010 (as amended), on 2 March 2012 the Mayor published his CIL charging schedule on the GLA's website.

The Mayoral CIL is intended to contribute towards the funding of Cross Rail, and the Mayor has 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 £35msq on behalf of the Mayor for any development that falls within scope of the regulations. Haringey are permitted to keep 4% of the Mayoral CIL collected to pay for the administrative cost of collecting it.

Haringey Officers have been steadily working towards ensuring that all the appropriate systems were in place, ready to begin collection of the Mayor's CIL from 1 April 2012. Preparation has included placing information on our own website with useful links to CIL legislation and other informative sites, amended guidance notes to guide developers and applicants on how to make an application to the borough to include appropriate CIL information, contacting agents who have submitted applications with us in the past two years to inform them that this new levy is coming into force and advising agents with current planning applications who may be liable to pay the levy to help them understand the new charges. Applicants and agents whose applications are the subject of negotiation on a s106 were also contacted to advise them that the Mayoral CIL will be liable if any pending s106 is not agreed before 1 April 2012. A presentation was made to a Developer's Forum in March 2012 on the Mayoral CIL and the proposed Haringey CIL.

Development Management (DM) has also worked closely with Finance to ensure that appropriate systems are in place and the appropriate templates for letters and forms, including commencement notices, demand notices, stop notices and penalty demands are in place to ensure efficient notification of and collection of the Mayoral and, in time, the Haringey CIL.

Finally, there may be instances where development that does not require planning permission can still be liable for CIL. This may occur in instances where permitted development allows a development greater than 100sqm. While the onus lies with the developer or house owner to pay the CIL, we are also working closely with Building Control to ensure that such development is picked up and referred to the Council so that a demand notice can be issued where relevant.

## Appendix 6 Projected CIL income (based on modelling by BNP Paribas)

The table below sets out the income for areas of Tottenham when the CIL is set at £15 (as is being recommended in this report). If CIL were set to £nil for any of these areas then the income outlined in columns 3 (estimated five year income) or 4 (estimated income per annum) would be lost. If CIL is set at £nil for all of the areas identified then the total reduction in income is £1.6m over five years (approximately £328,000 per year).

Area	Wards	Estimated 5 year CIL income if set at £15	Annual average
		£	£
Seven Sisters	Seven Sisters St Ann's	140,000	28,000
Tottenham	Tottenham Green White Hart Lane Bruce Grove Northumberland Park	600,000	120,000
Tottenham Hale	Tottenham Hale	900,000	180,000
<b>Total</b>		<b>1,640,000</b>	<b>328,000</b>