

HILLINGDON COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE REVIEW

Cabinet Member(s)	Cllr Eddie Lavery
Cabinet Portfolio(s)	Cabinet Member for Residents' Services
Officer Contact(s)	Andrew Tebbutt, Planning Obligations Team Leader
Papers with report	Appendix 1 - London Borough of Hillingdon Community Infrastructure Levy Draft Charging Schedule.

HEADLINES

Summary	Cabinet approval is sought for publication of a CIL Draft Charging Schedule and subsequent statutory 8-week public consultation period. This would begin a formal review of the Council's CIL Charging Schedule, with the next steps being examination and publication of a full CIL Charging Schedule with revised charging rates. The Draft Charging Schedule seeks to introduce new charges and increase some existing charges, which is supported by relevant evidence.
Putting our Residents First Delivering on the Council Strategy 2022-2026	<p>This report supports our ambitions for residents and the Council to:</p> <ul style="list-style-type: none"> Live active and healthy lives Enjoy access to green spaces, leisure activities, culture and arts Live in a sustainable borough that is carbon neutral Be / feel safe from harm An efficient, well-run, digital-enabled council working with partners to deliver services to improve the lives of all our residents <p>This report supports our commitments to residents of:</p> <ul style="list-style-type: none"> Thriving, Healthy Households A Green and Sustainable Borough A Digital-Enabled, Modern, Well-Run Council A Thriving Economy
Financial Cost	Remaining costs from reviewing the CIL Charging Schedule consist of public consultation and its examination. These have/are being raised through the existing 5% CIL monitoring fee.
Relevant Select Committee	Residents' Services Select Committee
Relevant Ward(s)	All

RECOMMENDATIONS

That the Cabinet:

- 1. Approve the Hillingdon Draft Charging Schedule (DCS) for public consultation in accordance with regulation 16 of the CIL Regulations and Section 212 of the Planning Act 2008.**
- 2. Delegates authority to the Director of Planning, Regeneration and Environment, in consultation with the Cabinet Member for Residents' Services, to make any essential minor modifications to the DCS prior to undertaking the public consultation.**
- 3. Note that any representations arising from the consultation will be reported back to the Cabinet, as well as any proposed changes to the DCS, prior to it being submitted for examination.**

Reasons for recommendation

Approval of the DCS for consultation is recommended as it is a legal requirement for the Council progressing with a review of the existing CIL Rates.

A review of the existing CIL rates is recommended to reflect updated development viability information and ensure the optimum rates are being charged by the Council, in order to fund infrastructure within the Borough. The DCS recommends new charges on types of uses and an uplift on some existing charges, which would lead to an increase in CIL funding compared to the existing Charging Schedule (2014). The DCS would also better reflect national changes that have taken place on the Planning Use Class Order.

Alternative options considered / risk management

Alternative Options: Do not progress the DCS further. The Council would continue to charge CIL in accordance with the lower rates within the existing Charging Schedule (2014). This option has been discounted on the basis that the Council should optimise its CIL funding where consistent with available evidence.

Democratic compliance / previous authority

Whilst not a policy framework "development plan" document, CIL regulations require final approval by the full Council, which will be after the public examination stage as set out in the timetable in the report.

Select Committee Comments

None at this stage.

SUPPORTING INFORMATION

Background

The Community Infrastructure Levy (CIL) came into force in April 2010 and is a levy that local authorities can choose to charge on new development in their area. The money raised can be used to fund a wide range of infrastructure such as transport schemes, schools, community facilities, health and social care facilities, parks, green spaces, and leisure facilities.

The London Borough of Hillingdon, as the local planning authority, is classed as a charging authority and may therefore charge CIL in respect of development that takes place in the Borough. The Council has been charging CIL since August 2014.

Need for CIL

CIL is an important tool for the Council which allows it to part fund the infrastructure needed to support development in the area, whether that is increasing the capacity of existing infrastructure or enhancing existing infrastructure. It works alongside developer contributions secured via S106 agreements as the primary vehicles for securing infrastructure improvements through the planning system.

For the 2023/24 financial year, the priority for the Council's strategic CIL receipts will be allocated to fund the new West Drayton Leisure Centre. The Council is currently reviewing the infrastructure needs related to the period after this project, as part of the review of the Local Plan, which is needed to facilitate increased growth targets set within the London Plan (2021). The Neighbourhood CIL portion will continue to be used to part fund the Chrysalis Programme.

It should be noted that charging CIL does not negate the need for infrastructure funding to be secured via other sources or reduce the onus on relevant infrastructure providers to invest in their own facilities.

Viability Evidence

In accordance with the government's guidance on the setting of CIL rates through a revised CIL Charging Schedule, a CIL viability review was undertaken by consultants, BNP Paribas, on behalf of the Council. A Viability Report has been produced which shows that development viability has changed since the adopted CIL Charging Schedule and recommend that charges should be increased. This would increase the funding available for infrastructure within the borough. The full review is available as a background paper. Officers have followed these recommendations when compiling the DCS.

Proposed New CIL Rates

A Table has been provided below which outlines the Proposed New CIL Rates. Definitions of each Development Type are included within full DCS.

Development Type	Proposed Rate (per sqm)	<u>Current Charge</u>
General Industrial	£100	No charge
Storage or Distribution	£100	£8.04
Hotels	£64.30	£64.30
Residential (North of A40)	£225	£152.72
Residential (South of A40)	£200	£152.72
Residential Institutions	£100	No charge
Commercial, Business and Service	£56.27	£56.27
Large Format Commercial, Business and Service Outside Designated Town Centres	£345.63	345.63
Data Centres	£100	No charge
Film Studios	£100	No charge
All Other Uses	£0	£0

Key Changes

- The charges are higher than those currently adopted, even with indexation taken into account. They also include new charges on types of development not previously charged. Therefore, the schedule will lead to an increase in the amount of CIL collected assuming the same or more floorspace is commenced.
- If the charges were swapped immediately with those proposed, the uplift could be an estimated £7.5 million a year, based on an optimistic scenario. However, in practice this figure will be impacted by other factors, in particular the adoption date, changes in indexation and future levels and patterns of development, which make forecasting CIL revenues challenging.
- The proposed CIL rates for residential would increase from £142.30 per square metre to £200 per square metre (south of the A40) and to £225 per square metre (north of the A40). This increased rate would bring Hillingdon's CIL Charges more in line with other west London boroughs. The same rate of £200 - £225 per square metre would be applied to

other residential uses, including co-living and student housing schemes. However, a reduced rate of £100 per square metre is suggested for residential institutions.

- Increases in the capital values generated by general industrial, storage and distribution result in surpluses above existing use value. This would facilitate new and uplifted charges respectively so that both types are charged at £100 per square metre. In addition, the evidence indicates that residual land values generated by data centres and film studios are of a sufficient magnitude to absorb a CIL charge and therefore new charges are proposed for these uses.
- CIL rates for retail, hotel and office developments are proposed to remain at their existing (indexed) levels. However, the Development Type definitions have been updated to reflect changes to the Planning Use Class Order.

The Draft Charging Schedule (Appendix 1), along with the Viability Review (Background paper), sets the background information to the rates chosen.

Next Steps

Any representations and associated proposed changes arising from the public consultation will be reported back to the Cabinet for consideration. If these are deemed acceptable, approval will also be sought to progress the charging schedule to examination. The Council can consult more than once where this is deemed appropriate, but this is not a requirement.

An examination would be undertaken in public by an independent examiner, who would then subsequently publish recommendations on any necessary changes. The Council would then need to have regard to these recommendations and the reasons for them, prior to approving and publishing the final schedule. It would come in effect no earlier than one day after it is published and apply to planning permissions granted from then onwards.

The following list outlines the steps to the adoption of a full CIL Charging Schedule:

	Item	Indicative Dates
1	Cabinet agree to Publish Draft Charging Schedule (DCS)	15 February 2024
2	8 Week Consultation on DCS	Consultation may commence from 24 February subject to any scrutiny call-in
3	Cabinet receive final version following Consultation	23 May 2024 Cabinet
4	Examination in Public via the Planning Inspectorate	Autumn 2024
5	Full Council Decision on Activation of full Charging Schedule	Early 2025
6	Activation of full Charging Schedule	1 st April 2025

Financial Implications

As highlighted above, the DCS is proposing an uplift to some of the existing rates and the introduction of new charging rates for certain types of development. Therefore, if adopted, there

will be an increase in the overall amount of CIL collected on sites that are progressed after its adoption.

The CIL regulations also allow administrative expenses to be recovered up to 5% of the total levy receipts. Therefore, any uplift will increase the amount of administrative expenses that can be offset by levy receipts.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon Hillingdon residents, service users and communities?

If adopted, the DCS will uplift some of the existing charging rates and introduce new charges for certain types of development. This will have the impact of increasing the overall amount of CIL collected by the Council, which in turn will allow more money to be spent on new or enhanced infrastructure, both through spend of the strategic portion of the CIL and the neighbourhood portion of the CIL.

Once adopted, the new DCS should be taken into account by developers when purchasing sites, with the increased CIL rates being passed back to landowners through a reduction in land value. It should be noted that, where this is not possible and developers seek to progress schemes below affordable housing thresholds, an increase in CIL liability may reduce the amount of affordable housing or the relevant financial contribution that can be secured on a scheme. The consultants have outlined that the balance between securing affordable housing and an uplift in CIL contributions has been met through the rates that are proposed. It should also be noted that as with the previous schedule, any long-term increase in sales values that outstrip increases in costs would result in improved viability in the future and thus the ability to provide affordable housing.

Consultation carried out or required

This Cabinet Report is seeking approval to undertake the public consultation in line with the regulations.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance have reviewed this report and concur with the Financial Implications set out above, noting the recommendation to approve the Hillingdon Draft Charging Schedule (DCS) for public consultation, with no direct financial implications from this proposal, however, it is recognised that the Community Infrastructure Levy (CIL) income is a strategic funding stream that supports the delivery of service objectives, with the proposed increases in this funding stream anticipated to benefit the Council's financial position.

Legal

The Planning Act 2008 ("the Act") established powers for charging authorities (in this case the Council) to create a Community Infrastructure Levy ("CIL"). The CIL Regulations 2010 ("CIL

Regulations”) set out the mechanisms allowing the Council to introduce and collect the charge to support local infrastructure within its area.

The Council’s charging rates and types of development that attracts the charge must be set out in a charging schedule as stipulated in section 211(1) of the Act. Section 211(9) of the Act grants the Council powers to revise its charging schedule and in consultation with BNP Paribas the Council intends to do so by April 2025. In preparing a new charging schedule the examination procedure set out in sections 212-214 of the Act and the consultation and publication procedure set out in CIL Regulations 15 and 16 must be adhered. In considering consultation responses, decision makers must ensure there is a full consideration of all representations.

The decision maker must be satisfied that responses from the public are conscientiously taken into account.

BACKGROUND PAPERS

- [BNP Paribas Viability Review](#)
- [Part 11 of the Planning Act 2008,](#)
- [The Community Infrastructure Levy \(CIL\) Regulations 2010 \(as amended\),](#)
- [Government Guidance – Community Infrastructure Levy \(last update 4th January 2023\),](#)
- [London Borough of Hillingdon Strategic Infrastructure Plan \(SIP\) 2017,](#)
- [West London Alliance Strategic Infrastructure Delivery Plan 2022.](#)