

Community Infrastructure Levy Charging Schedule

London Borough of Hillingdon

Draft for Public Consultation

February 2024

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1 Background

- 1.1 In 2010, Government introduced the Community Infrastructure Levy (CIL) as the preferred mechanism for securing developer contributions towards infrastructure to support growth in an area.
- 1.2 The Council's first CIL Charging Schedule came into effect in August 2014.
- 1.3 The Council is aiming to adopt and implement a new Charging Schedule from 1st April 2025. The final date is subject to progress through set legislative stages. This will include a brief explanation of CIL and the rationale behind rate setting. New CIL rates, including for two separate residential zones, across the Borough are set out in Table 1 on Page 4.
- 1.4 Preparation of the Charging Schedule was supported by the following evidence documents, which can be found on the Council's website:
 - The Strategic Infrastructure Plan (SIP), which sets out infrastructure requirements to support the delivery of planned development within the Hillingdon Local Plan, and the funding gap between available sources of funding and the cost of infrastructure at the time it was compiled;
 - The West London Alliance Strategic Infrastructure Delivery Plan (WLA SIDP), which sets out infrastructure requirements to support the delivery of planned development within the Hillingdon Local Plan at the time it was compiled;
 - An Infrastructure Funding Gap Statement, which compares the likely CIL income from anticipated new developments with the cost of infrastructure identified from new development.
 - A CIL viability review was undertaken by consultants on behalf of the Council and is produced in a CIL Viability Report (2023).
- 1.5 Alongside the adoption of this CIL Charging Schedule, the Council will be reviewing its Local Plan and associated policies related to planning obligations. This will need to be considered alongside the London Plan (2021) and any supplementary documents.

2 Introduction

- 2.1 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.
- 2.2 Amendments to the Community Infrastructure Levy Regulations 2010 were introduced in September 2019. Significant changes included: removal of pooling restrictions for S106 obligations (i.e. the requirement that no more than five S106 obligations can fund a single infrastructure project); removal of the requirement for a Regulation 123 list (i.e. a list of infrastructure projects that CIL might be spent on); and introduction of a new requirement to produce an annual Infrastructure Funding Statement.
- 2.3 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 and is seeking to review its rates to take account of new policies and allocations set out within the Hillingdon Local Plan, as well as amendments to the Government's CIL Regulations.
- 2.4 CIL is not charged on affordable housing, buildings used for charitable purposes or self-build housing, provided the relevant exemptions are applied for and agreed prior to commencement. CIL applies to all development that is defined as:
- All new buildings, but excluding those into which people do not usually, or only occasionally, go (e.g. only to inspect machinery or structures such as electricity pylons or substations);
 - Development of 100m² or more of additional gross internal area (GIA) new build floorspace;
 - Any development comprising one or more dwellings;
 - Some developments not requiring a formal planning permission (permitted development) will also be liable for CIL if they do not meet the exemption criteria.

3 Infrastructure

- 3.1 The infrastructure requirements to support the forecast growth arising from the adopted Hillingdon Local Plan (2020) are set out in the Strategic Infrastructure Plan (SIP) and West London Alliance Infrastructure Delivery Plan (IDP), which provides the details of the infrastructure required to support growth in the Borough. The funding of this infrastructure comes from different sources (including Section 106 agreements, CI, private investment and government funding). The CIL regulations require that, in order to justify charging CIL, the Council must demonstrate that there is a 'gap' between the infrastructure needs of the District and the funding that is available, including anticipated CIL income. An Infrastructure Funding Gap Statement has been prepared to demonstrate this need utilising up to date information since the adoption of the Local Plan (2020).

4 CIL and S106 agreements

- 4.1 Section 106 agreements and Section 278 Highways Agreements will continue to be used to secure mitigation and affordable housing following the CIL review. The amended CIL regulations no longer contain a restriction on the pooling of monies from more than five S106 obligations to fund a single infrastructure project and both CIL and S106 funding can be secured towards the same piece of infrastructure without the limitation of pooling.
- 4.2 Alongside the adoption of this CIL Charging Schedule, the Council will be reviewing its Local Plan and associated evidence, in order to identify how the Council will ensure new development contributes towards the provision of infrastructure, such as roads, schools, community facilities, leisure facilities, green and open spaces.

5 Viability and rate setting

- 5.1 In order to establish levy rates for development, a charging authority should carry out a broad test of viability across its area, together with specific viability testing for strategic sites.
- 5.2 The Council commissioned consultants BNP Paribas to carry out a review of viability across the Borough, examining the cumulative impact of the policies in the Hillingdon Local Plan and CIL. This review was undertaken to assess the effect that any revised CIL rates would have on development viability. The outputs from this review are set out in the CIL Viability Review.

Residential Development

- 5.3 The viability assessment has shown that residential development across the Borough remains viable at the proposed charges. However, Two residential zones are identified to account for differences in land values across the Borough. The two residential zones are divided by the central reservation of the A40, with one zone North, and the other South of the A40.

Non-Residential Rates

5.4 The viability of non-residential development in the Borough has also been assessed. Development viability for General Industrial and Storage or Distribution uses have been found able to absorb an increased charge, while development for data centres and film studios have been found able to absorb the introduction of a new charge. Development for Retail, Hotel, Office (Commercial, Business and Service) have been found able to retain their existing indexed charge and will remain at existing charging levels.

Rate Setting

5.5 In arriving at our CIL rates, we must strike an appropriate balance between the need to fund the infrastructure required to support development and the potential effects that imposing CIL rates may have on the economic viability of development across our area. It is therefore important not to set rates at the margin of viability and we have made a reasoned judgment, providing a significant buffer to protect against unforeseen circumstances, such as an increase in build costs. Overall, we have taken account of the viability evidence in setting the charging zones as set out below in Table 1.

6 CIL rates

6.1 The CIL regulations allow us to set differential rates (including zero rates) for different geographical areas or for different land uses across our charging area. The CIL regulations also provide us with the ability to set differential rates in relation to scales of development.

6.2 The CIL rates, shown below in Table 1, are based on the recommendations from the CIL Viability Review. Figure 1 is a map of the CIL charging zones for the Borough.

Table 1: CIL Charges

Types*	Rate per square metre	Current Charge
General Industrial	£100	No charge
Storage and 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 greater than 1,000 sqm outside designated town centres	£345.63	£345.63
Data Centres	£100	No charge
Film Studios	£100	No charge
All other uses	£0	£0

*Types are defined as:

Types	Definition
General Industrial	General Industrial as defined as any use that falls within Class B2. General Industrial of the Town and Country Planning (Use Classes) Order 1987 as amended, or any other order altering, amending or varying that Order.
Storage and Distribution	Storage or Distribution as defined as any use that falls within Class B8. Storage or distribution of the Town and Country Planning (Use Classes) Order 1987 as amended, or any other order altering, amending or varying that Order.
Hotels	Hotels as defined as any use that falls within Class C1. Hotels of the Town and Country Planning (Use Classes) Order 1987 as amended, or any other order altering, amending or varying that Order.
Residential North of A40, and Residential South of A40	Residential is defined as: <ul style="list-style-type: none"> • any use that falls within Class C3. Dwellinghouses of the Town and Country Planning (Use Classes) Order 1987 as amended; • any use that falls within Class C4. Houses in multiple occupation of the Town and Country Planning (Use Classes) Order 1987 as amended; • use of a dwellinghouse by more than six residents as a house in multiple occupation (Sui Generis); • use as student accommodation (Sui Generis), defined as accommodation that is predominantly occupied by person following a course in higher education as recognised by the Office for Students; and • use as large-scale purpose-built co-living (Sui Generis), defined as nonself-contained housing that is made up of private individual rooms and communal spaces and facilities, designed predominantly for single person households with an emphasis on communal living, but no significant element of care or training provided.
Residential Institutions	Residential Institutions as defined as any use that falls within Class C2. Residential institutions of the Town and Country Planning (Use Classes) Order 1987 as amended, or any other order altering, amending or varying that Order. The following uses are to be excluded within the definition of residential institutions when they are restricted and secured via a planning condition: <ul style="list-style-type: none"> • use as a hospital or nursing home; and • use as a residential school, college or training centre. • Secure Residential Institutions as defined as any use that falls within Class C2A. Secure Residential Institutions of the Town and Country Planning (Use Classes) Order 1987 as amended, or any other order altering, amending or varying that Order, are to be excluded.
Commercial, Business and Service	Commercial, Business and Service as defined as any use that falls within Class E. Commercial, Business and Service of the Town and Country Planning (Use Classes) Order 1987 as amended, or any other order altering, amending or varying that Order. <p>The following uses are to be excluded within the definition of commercial, business and service when they are restricted and secured via a planning condition:</p> <p>(d) for indoor sport, recreation or fitness, not involving motorised vehicles or firearms or use as a swimming pool or skating rink, principally to visiting members of the public;</p>

	<p>(e) for the provision of medical or health services, principally to visiting members of the public, except the use of premises attached to the residence of the consultant or practitioner; and</p> <p>(f) for a creche, day nursery or day centre, not including a residential use, principally to visiting members of the public.</p> <p>The following uses akin to commercial, business and service are also covered by this charge, including the following:</p> <ul style="list-style-type: none"> • a hot food takeaway (Sui Generis) for the sale of hot food where consumption of that food is mostly undertaken off the premises; • a retail warehouse club (Sui Generis) being a retail club where goods are sold, or displayed for sale, only to persons who are members of that club (Sui Generis); and • a car salesroom or showroom (Sui Generis) for the sale or display for sale of motor vehicles.
Large format Commercial, Business and Service greater than 1,000 sqm outside designated town centres	<p>Commercial, Business and Service as defined as any use that falls within Class E. Commercial, Business and Service of the Town and Country Planning (Use Classes) Order 1987 as amended, or any other order altering, amending or varying that Order.</p> <p>The following uses are to be excluded within the definition of commercial, business and service when they are restricted and secured via a planning condition:</p> <p>(d) for indoor sport, recreation or fitness, not involving motorised vehicles or firearms or use as a swimming pool or skating rink, principally to visiting members of the public;</p> <p>(e) for the provision of medical or health services, principally to visiting members of the public, except the use of premises attached to the residence of the consultant or practitioner; and</p> <p>(f) for a creche, day nursery or day centre, not including a residential use, principally to visiting members of the public.</p> <p>The following uses akin to commercial, business and service are also covered by this charge, including the following:</p> <ul style="list-style-type: none"> • a hot food takeaway (Sui Generis) for the sale of hot food where consumption of that food is mostly undertaken off the premises; • a retail warehouse club (Sui Generis) being a retail club where goods are sold, or displayed for sale, only to persons who are members of that club (Sui Generis); and • a car salesroom or showroom (Sui Generis) for the sale or display for sale of motor vehicles. <p>The 1,000 sqm is to be calculated by Gross Internal Area (GIA) using the latest RICS guidance for measuring buildings.</p> <p>Designated town centre boundaries are to be taken from the Development Plan as amended.</p>
Data Centres	Use to accommodate information technology infrastructure for the storage and processing of data (Sui Generis).
Film Studios	Use for the making, amending, production, storage and distribution of film or video and articles utilised in these processes (Sui Generis).
All other uses	All other uses not defined above.

Figure 1: Borough-wide CIL Charging Zones



7 Neighbourhood funds

- 7.1 The CIL Regulations require the Council to spend a proportion of the revenues from CIL receipts in the area within which the chargeable development took place. 15 per cent of the levy revenue, subject to a cap of £100 per existing council tax dwelling per year, will be allocated in line with the regulations. At present, this is administered via the Council's Chrysalis Programme.
- 7.2 CIL must be spent on infrastructure. To ensure transparency, the Council must report annually on how CIL receipts have been spent. By 31 December each year, the Council must produce an Infrastructure Funding Statement, which is then published on the Council's website.

8 Calculating the chargeable amount

- 8.1 The amount of CIL charge a development is liable to pay is calculated according to Schedule 1 of the CIL (Amendment) (England) (No. 2) Regulations 2019. The method involves multiplying the relevant CIL rate for the type/location of the development by the net additional floorspace – and factoring in an inflation measure to allow for changes in building costs over time. A summary of the method is set out below:

$$\text{CIL rate} \times \text{Net additional new build floorspace} \times \text{Inflation measure}$$

- 8.2 The inflation measure used will be the national 'RICS Community Infrastructure Levy (CIL) Index' published by the Royal Institution of Chartered Surveyors (RICS) in November each year and applied 1 January of the following year. The inflation measure involves dividing the Index costs from the year planning permission is granted, by the Index costs from the year the Charging Schedule is adopted. Full details of the method are set out in the CIL Regulations.
- 8.3 The CIL Regulations specify that where the overall chargeable amount on a scheme is less than £50, it is deemed to be zero.
- 8.4 In certain circumstances, where a development includes the demolition of an existing building, the existing Gross Internal Area (GIA) can be deducted from the proposed floorspace. These deductions in respect of demolition or change of use will only apply where the existing building has been in continuous lawful use for at least six months in the 3 years prior to the development being permitted and is still in situ on the day planning permission is granted.

9 Exemptions

- 9.1 Most development that involves the creation of buildings that people normally use will be liable to pay CIL. However, the Regulations provide for several exemptions to CIL against which the levy will not be charged, which currently include:
- New buildings or extensions under 100 sqm of gross internal floor space, which do not involve the creation of a new dwelling;

- Dwellings built by ‘self-builders’;
- The change of use, conversion or subdivision of a building that does not involve an increase in floorspace;
- The creation of a mezzanine floor within a building of under 200m² gross internal area floorspace;
- Temporary development permitted for a limited period;
- Buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery;
- Vacant non-residential buildings brought back into the same use;
- Structures which are not buildings, such as pylons or wind turbines;
- Affordable housing (defined as social rented, affordable rented, or other routes to home ownership) provided through a local housing authority, registered provider or charitable body;
- First Homes (as part of affordable housing provision) as defined by government regulations; and
- Development by charities for charitable purposes.

9.2 CIL is charged on the gross internal floorspace of new development. Where planning permission is granted for a development that involves the extension or demolition and then rebuild of a building in lawful use, the level of CIL payable will be calculated based on the net increase in floorspace. This means that the existing floorspace contained in the building to be extended or demolished will be deducted from the total floorspace of the new development when calculating the CIL liability.

9.3 The Council can claw back any CIL relief where a development no longer qualifies for that relief within a ‘claw back period’. For example, should a charity develop a building for charitable purposes and subsequently sell the building to the open market within seven years, then the Council will be able to claw back the CIL that would have been charged on the building had it been originally used for private use. Should a self-builder find that they must sell or rent the new dwelling within 3 years of the completion of the development then the Council will then seek to clawback any CIL relief provided.

9.4 Under CIL Regulation 55, a council can choose to offer exceptional circumstances relief if charging CIL would have an unacceptable impact on the economic viability of a particular development. Exemptions can also be made for charitable institutions, where this would constitute State Aid (under CIL Regulation 45). However, in the London Borough of Hillingdon, neither discretionary charity relief nor exceptional circumstances relief are currently available and the Council does not propose to revise its exemptions policy.

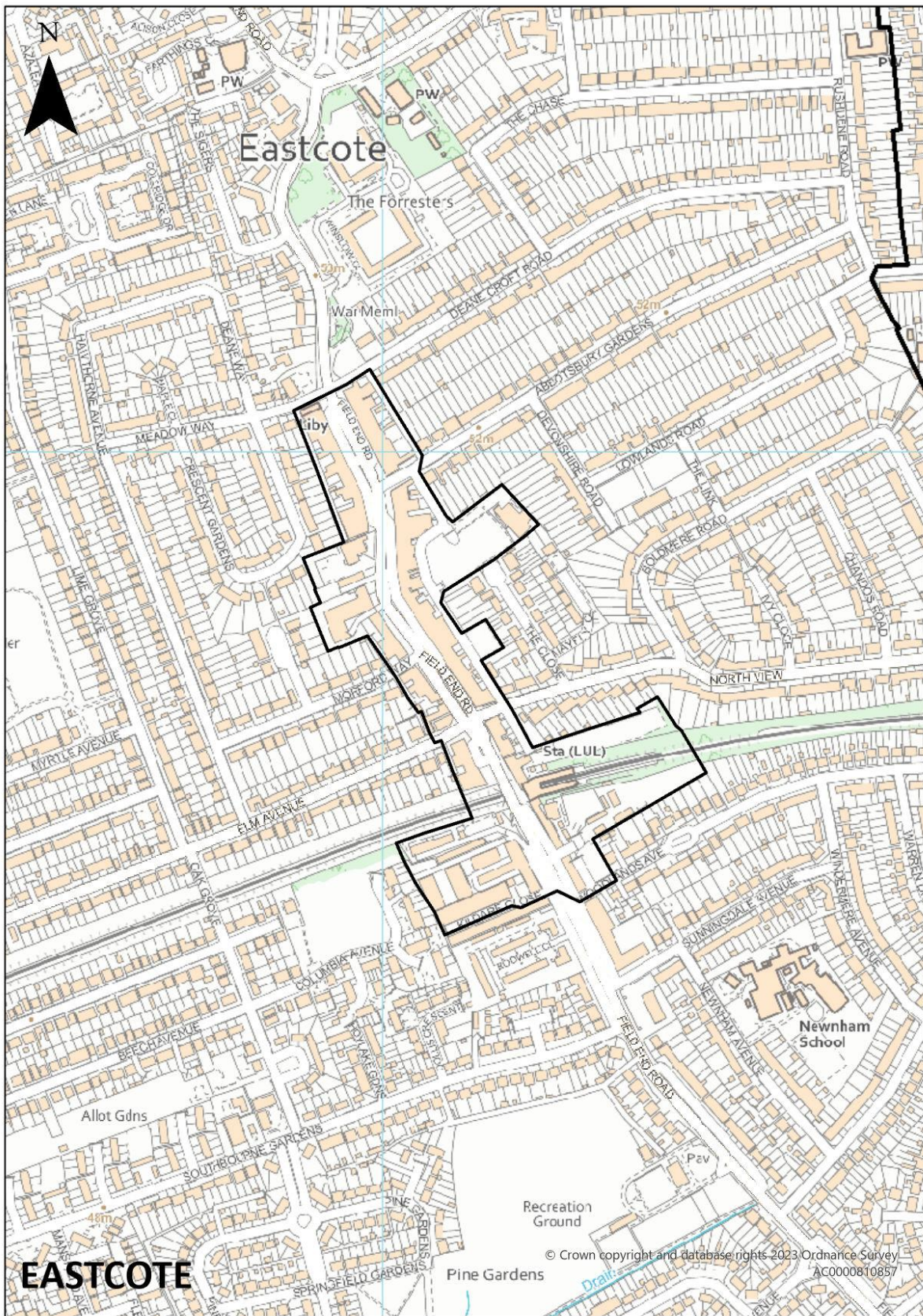
10 Mayoral CIL

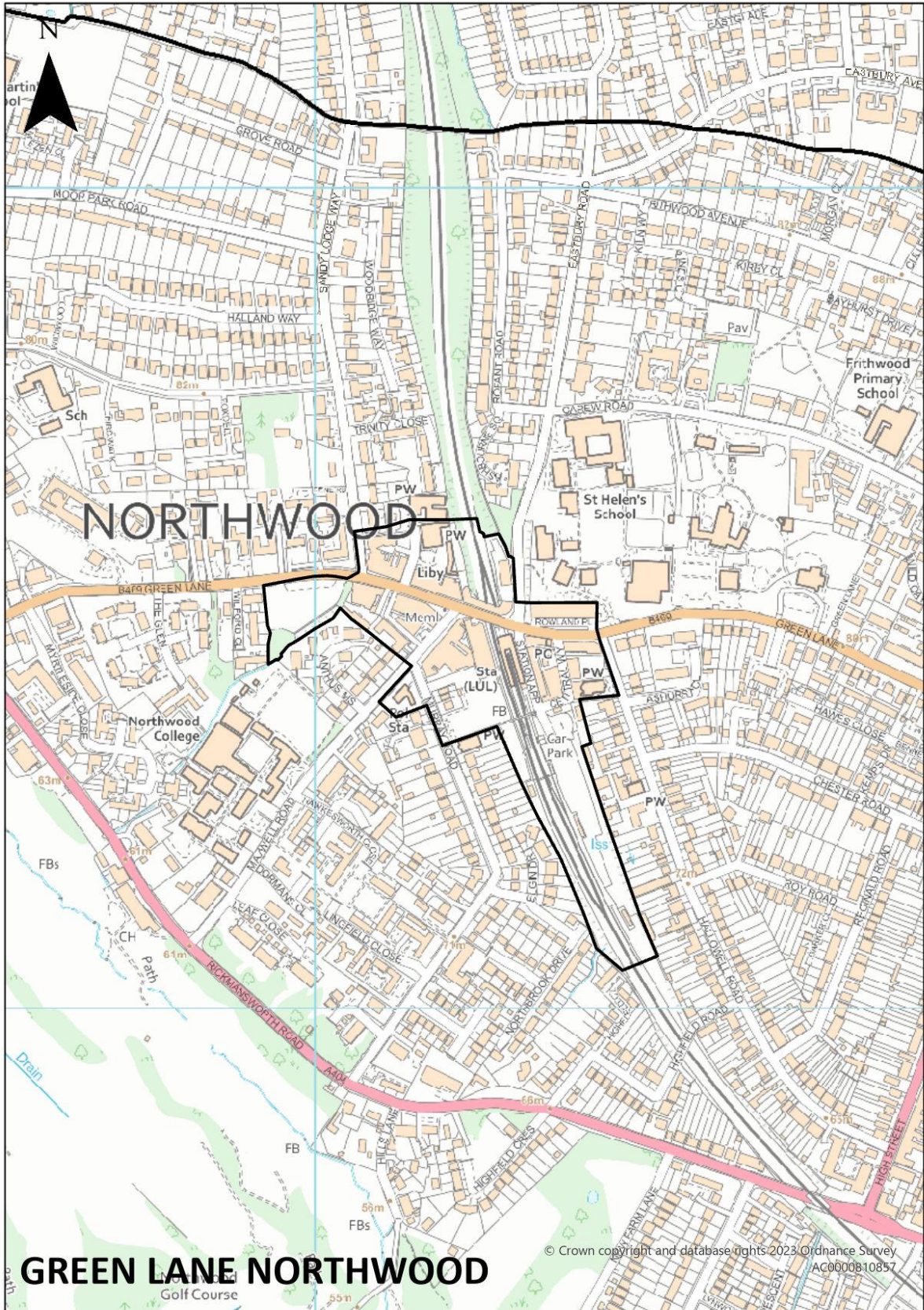
- 10.1 The Borough is located within Mayoral CIL Band 2, which attracts a rate of £60 per square metre before indexation, or £64.55 after indexation. Future receipts from the Mayoral CIL will be used to contribute towards strategic transport infrastructure, including Crossrail 2 (a north-east to south-west line) to relieve pressure on existing transport networks. The Council will be required to collect CIL on behalf of the Mayor, although the Mayor of London will be responsible for allocating the income from Mayoral CIL.

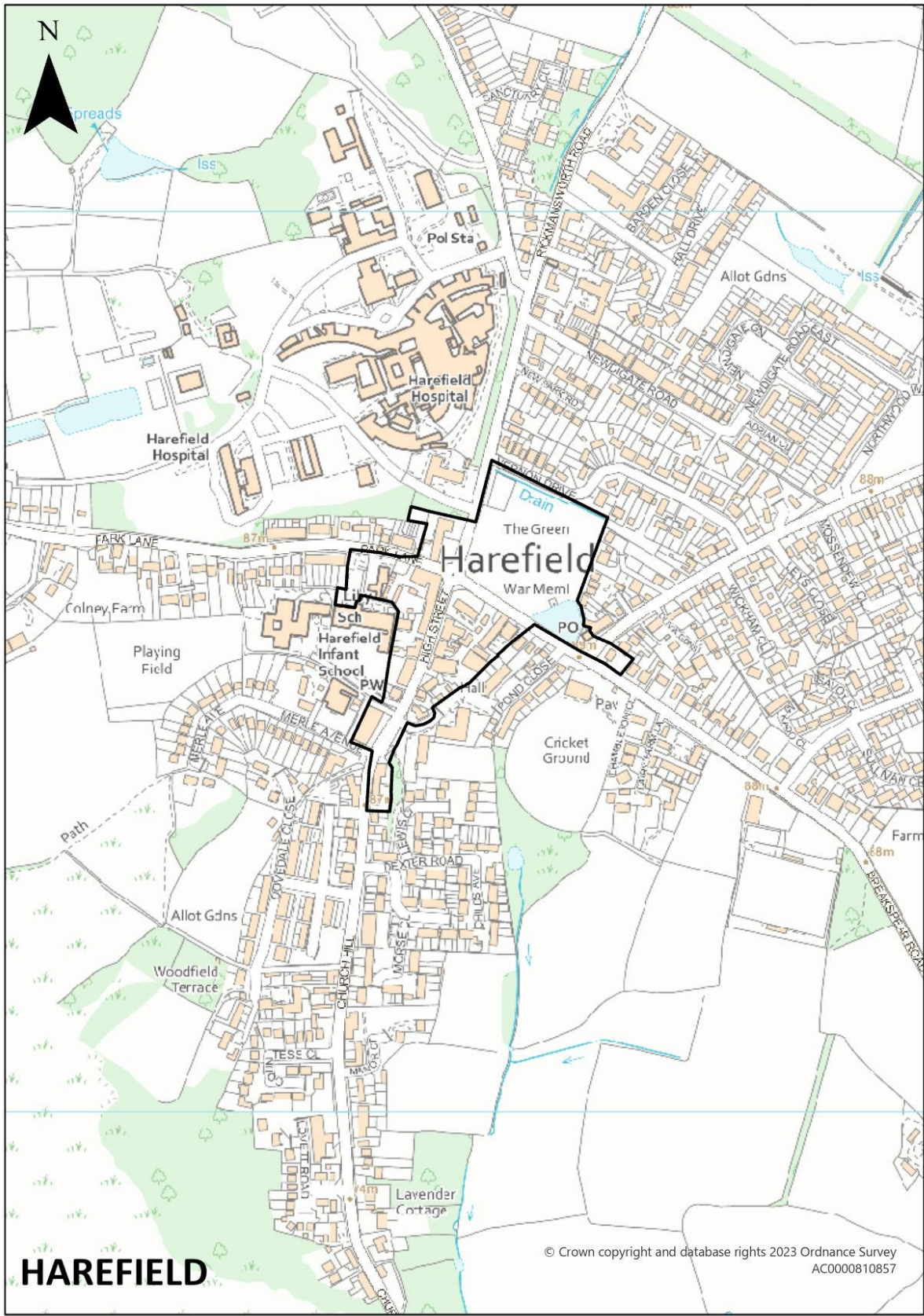
11 Spending CIL and Reporting

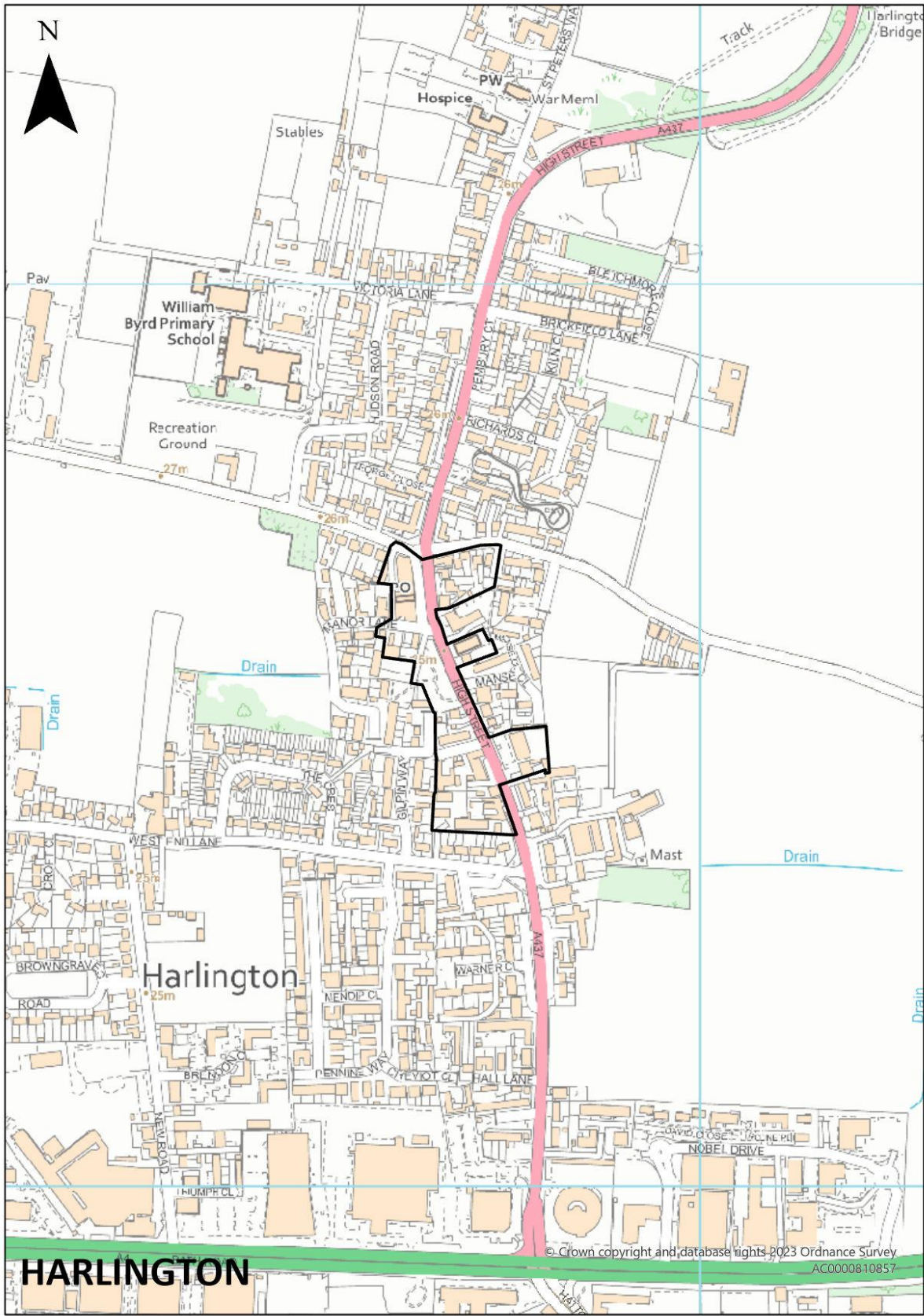
- 11.1 CIL revenue will be spent on the infrastructure needed to support development in the London Borough of Hillingdon, which is currently spent on items on the Capital and Chrysalis Programmes. How CIL is spent is set out within our Medium-Term Financial Forecast (MTFF). In addition, the Council will produce an Infrastructure Funding Statement which will be published annually by 31 December. The Infrastructure Funding Statement reports on all funds secured, received and spent in the previous financial year for CIL and S106. TfL will also produce its own Infrastructure Funding Statement annually in the same way.

12 Appendix: Town and Neighbourhood Centres:



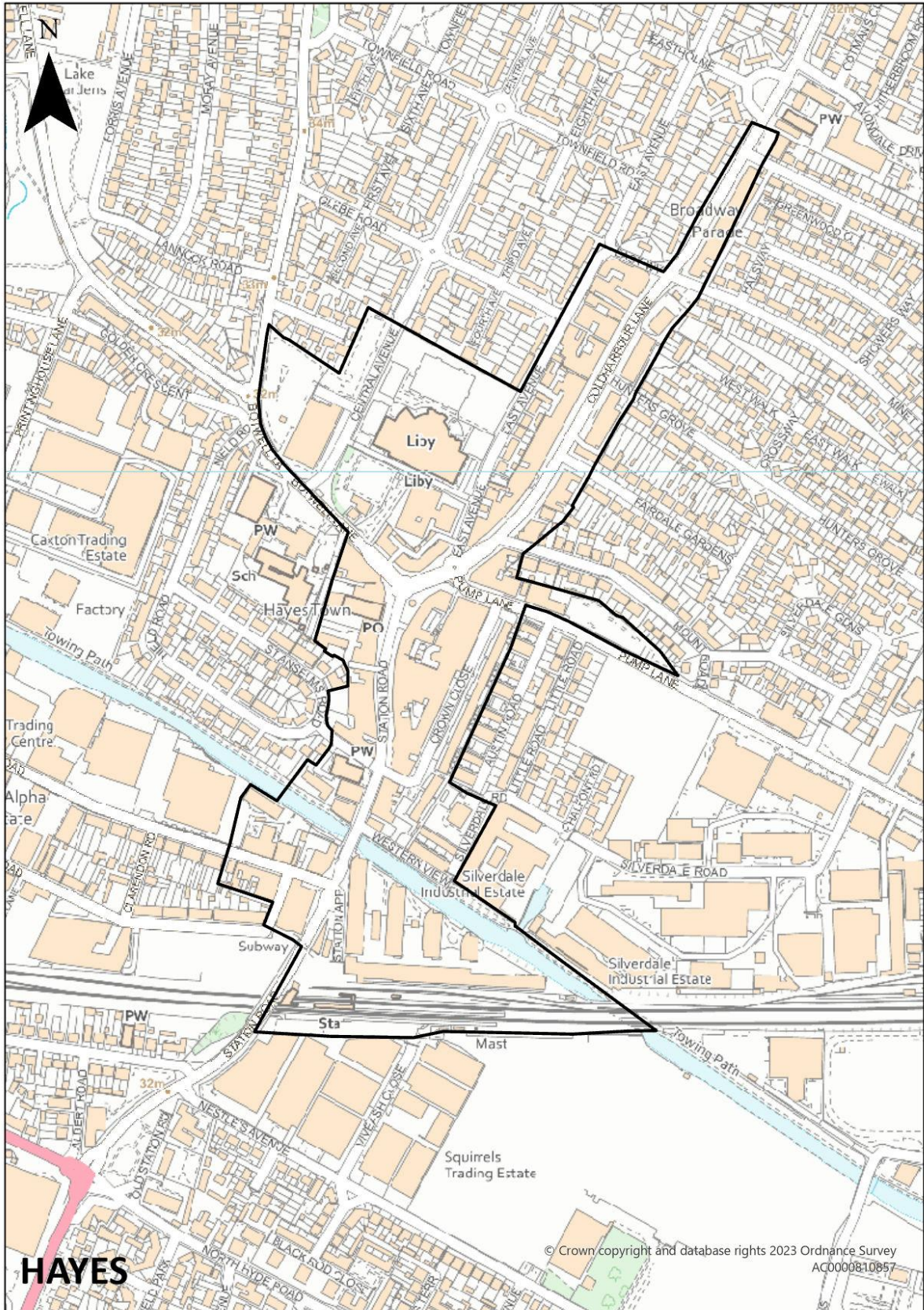






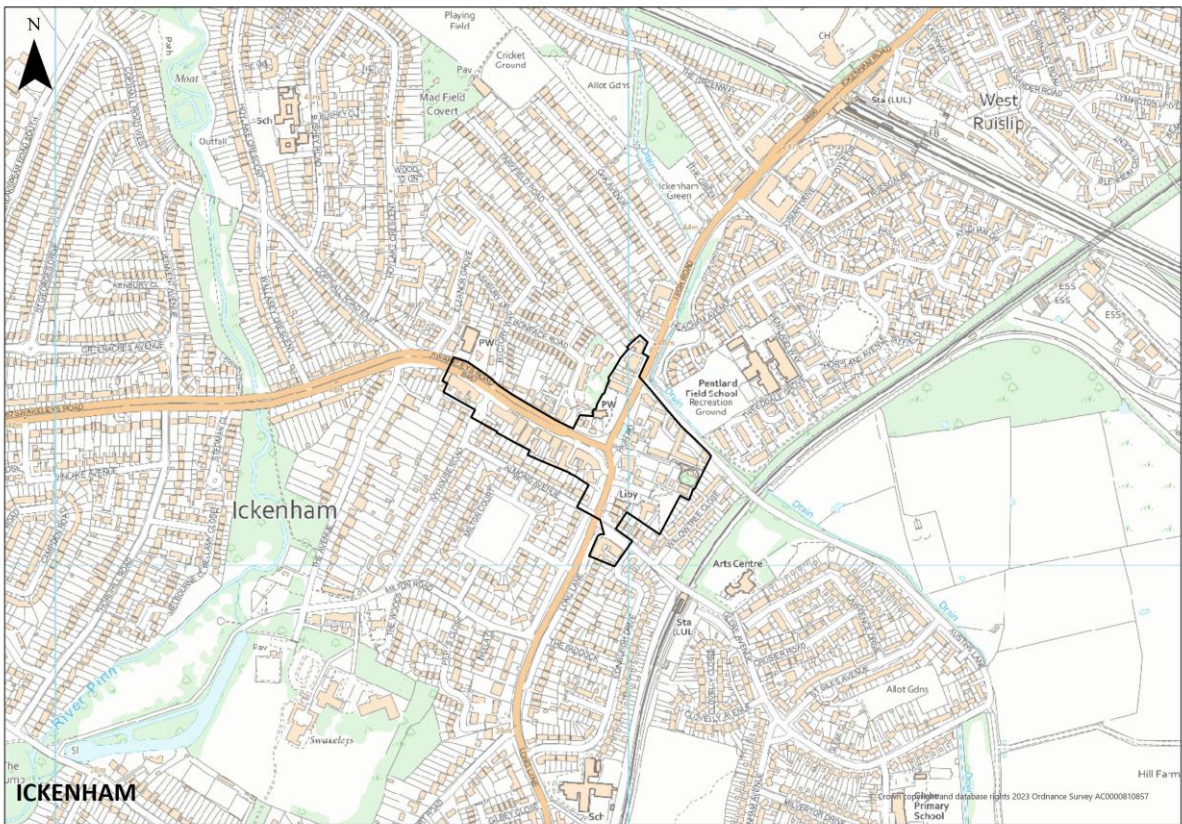
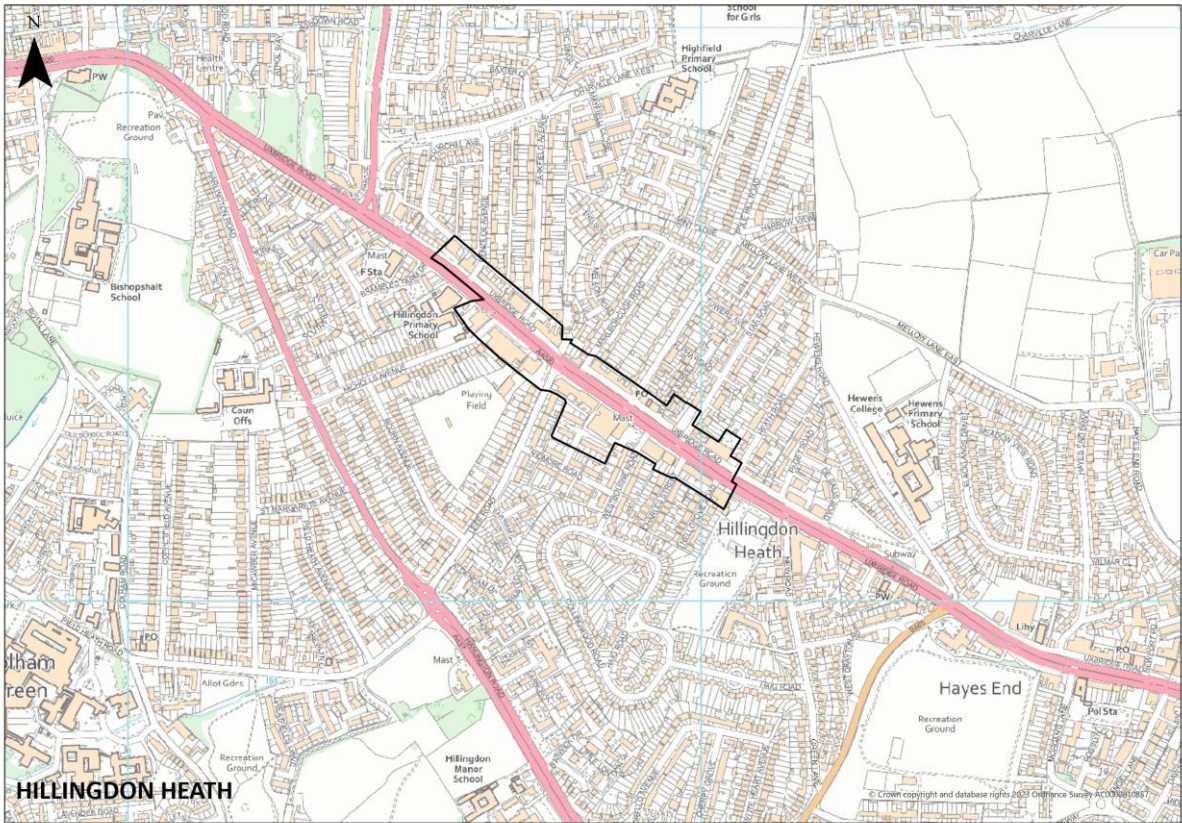
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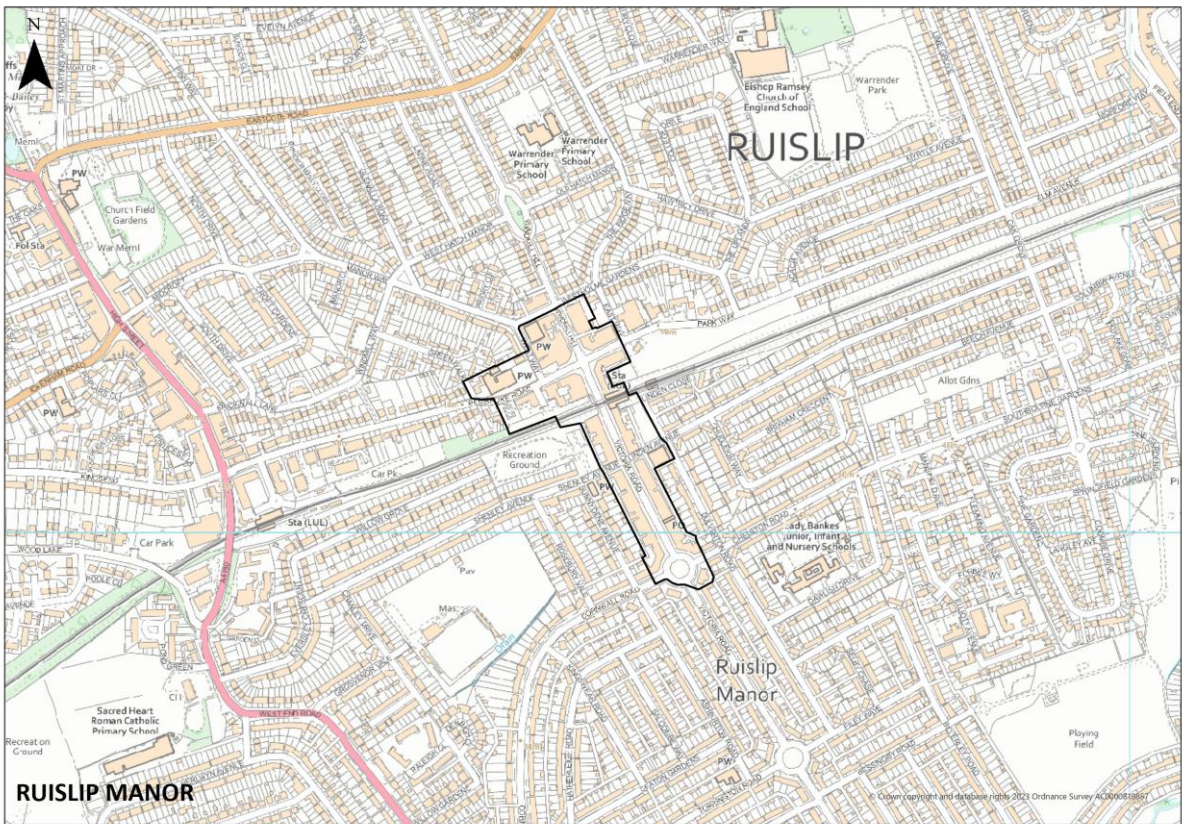
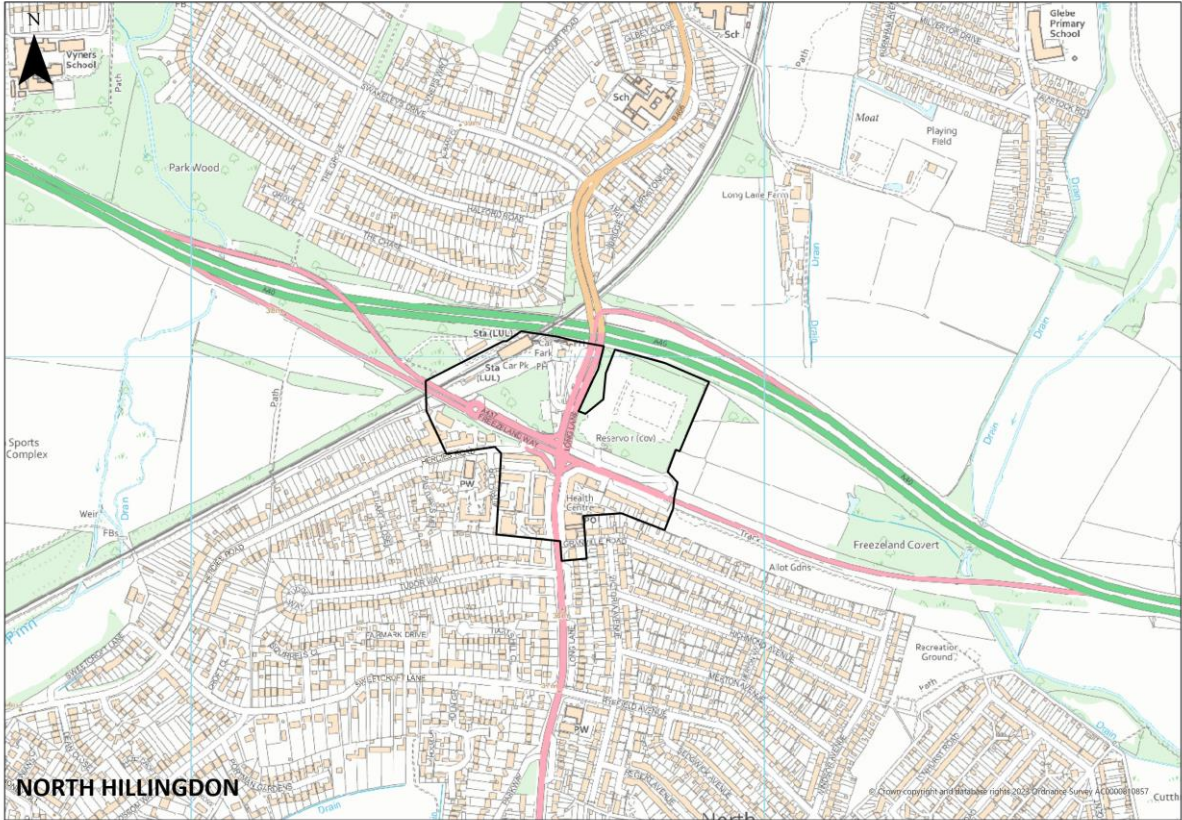
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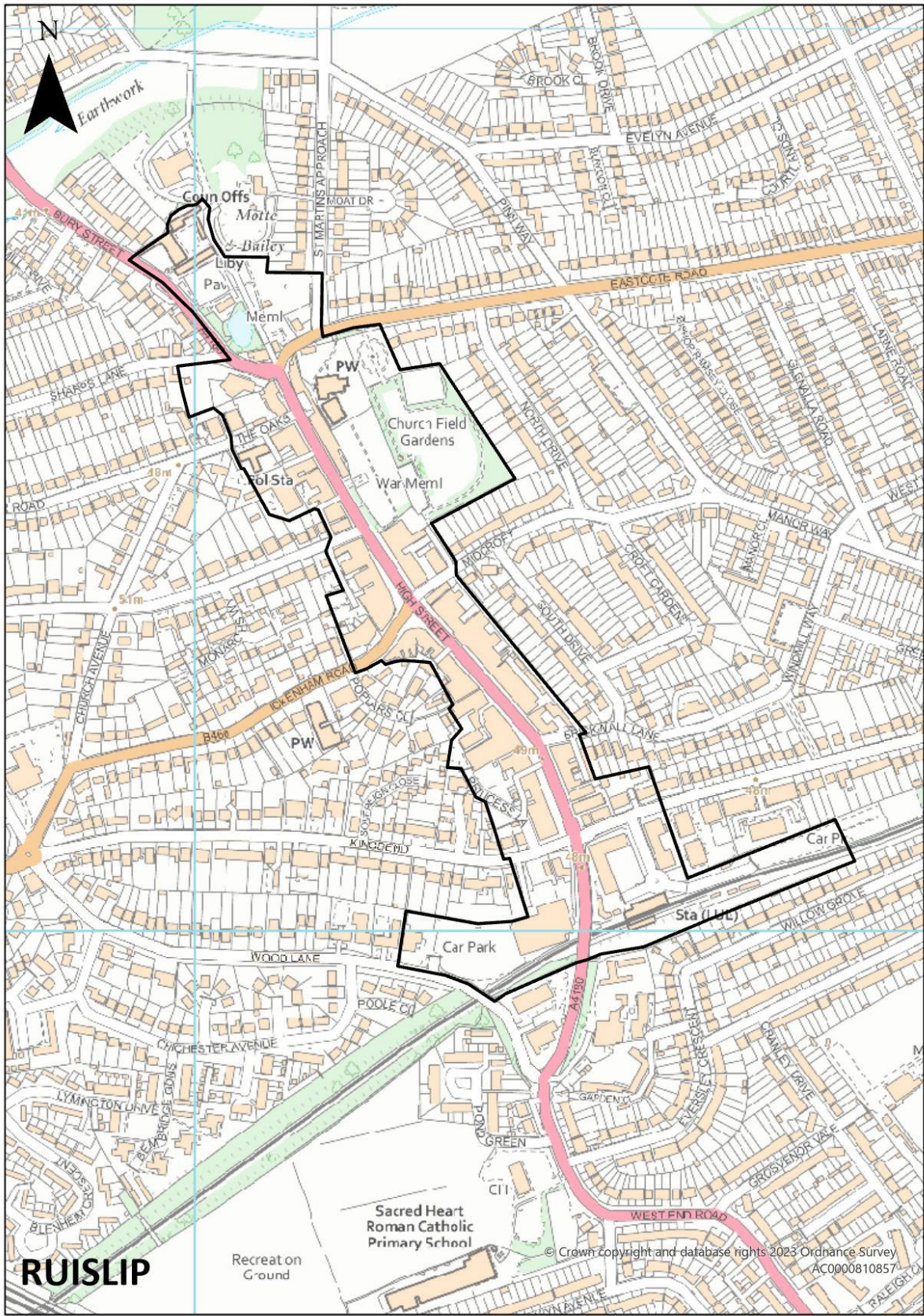


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