

London Borough of Barking and Dagenham

Community Infrastructure Levy Preliminary Draft Charging Schedule January 2012

Introduction

What is the Community Infrastructure Levy?

The Community Infrastructure Levy (CIL) is a new planning charge introduced on 6th April 2010 through the Community Infrastructure Levy Regulations 2010 (now amended by the Community Infrastructure Levy (amendment) Regulations 2011).

CIL allows local authorities to raise funds from developers undertaking new building projects in their area, which can be used to fund a wide range of infrastructure that is needed as a result of development. This may include schools, road schemes, health facilities, flood defences, parks and open spaces and leisure centres.

CIL provides a much more consistent and transparent mechanism to raise financial contributions currently sought under Section 106 of the Town and Country Planning Act 1990. Under CIL, developers are still required to directly provide 'on-site' infrastructure through Section 106 contributions to mitigate the direct impact of the development proposed. However, a standard fee is then charged through CIL to enable the delivery of new or improved infrastructure needed to support the development.

Who will pay CIL?

The charge will be levied on development of more than 100m² of new floor space and those creating 1 or more dwellings even where the floor space is less than 100 m². In principle, this affects all types of development that involve buildings 'into which people normally go'.

Subject to caveats the levy will not be charged on developments that do not involve a net increase in floor space. Therefore sub-divisions of existing dwellings to form other dwellings will not be charged. Structures which are not buildings, or which people do not regularly go into to use will not be liable, in accordance with the CIL regulations. Affordable housing development and development for charitable purposes will also be exempt in accordance with the regulations.

In addition, the council can choose to set the CIL charging rate for certain uses or certain areas at £zero, based on viability considerations.

Relief for Exceptional Circumstances

The London Borough of Barking and Dagenham will make relief available for exceptional circumstances in its area. The power to do this will be activated following the adoption of the Charging Schedule. The regulations on this matter make clear that relief should only be granted in truly 'exceptional circumstances'. The fact that a development might be unviable at the time a planning application is considered is unlikely to constitute an 'exceptional circumstance' in relation to the CIL Regulations.

When will the levy be collected?

The levy will become due from the date that a chargeable development is commenced in accordance with the terms of the relevant planning permission.

When planning permission is granted, LBBD will issue a liability notice setting out the amount of the levy that will be due for payment when the development is commenced, the payment procedure and the possible consequences of not following this procedure.

The levy's payment procedures encourage someone to assume liability to pay the levy before development commences. Payments must be made in accordance with the instalment policy published by the Mayor of London or in the case of the Council adopting one, in accordance with the Council's instalment policy. In the absence of no instalment policy being in place by the Mayor of London or the Council, parties liable to pay the levy will always benefit from a 60 day payment window beginning with the commencement date.

The responsibility to pay the levy runs with the ownership of land on which the liable development will be situated. That benefit is transferred when the land is sold with planning consent, which also runs with the land. Although ultimate liability rests with the landowner, the regulations recognise that others involved in a development may wish to pay. To allow this, anyone can come forward and assume liability for the development.

There may be circumstances where it will be more desirable for a charging authority to receive land instead of monies. The regulations provide for charging authorities to accept transfers of land as a payment in kind for the whole or part of the levy. This will be subject to negotiation with the Council.

Evidence for Preliminary Draft Charging Schedule

The regulations require the 'Charging Authority' (LBBD) to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential effect of the imposition of CIL on the economic viability of development across the area.

Charging authorities are therefore required to prepare evidence about the effect of the levy on economic viability in their area to demonstrate to an independent examiner that their proposed rates strike an appropriate balance.

The development of the Preliminary Charging Schedule has been informed by the following pieces of evidence:

- Barking and Dagenham Local Development Framework
- LBBD Community Infrastructure Plan 2012/13 – 2025/26
- Affordable Housing and Community Infrastructure Levy/S106 Economic Viability Assessment 2011

Barking and Dagenham Local Development Framework

Preparation of the Preliminary Draft Charging Schedule has been based on the policies set out in the Council's adopted Local Development Framework (LDF) which is the statutory development plan for the borough and focuses on the future planning of the borough up to 2025. This consists of the following documents:

The Core Strategy, adopted in July 2010, sets the overall planning strategy for the borough and is focused on delivering the spatial elements of the Community Plan. All other Local Development Documents are focused on implementing this strategy. Core Strategy Policy CM1 directs growth to the three Key Regeneration Areas within London Riverside of Barking Riverside, South Dagenham and Barking Town Centre.

The Site Specific Allocations Development Plan Document (DPD), adopted in December 2010, identifies all the significant development opportunities across the borough, ensuring that the pre-requisite social and physical infrastructure to meet the growth identified in the Core Strategy is provided.

The Barking Town Centre Area Action Plan, adopted in February 2011, resolves the land use implications of the Core Strategy within the action plan area and provides town centre specific policies and site allocation. It acknowledges that Barking Town Centre will make a significant contribution to meeting Core Strategy housing targets by delivering 6,000 additional homes over the plan period.

The Borough Wide Development Policies DPD which contains the detailed development management policies for the borough was adopted in March 2011.

The final DPD is the Joint Waste DPD which the Council has prepared in partnership with the London boroughs of Havering, Newham and Redbridge. This plan identifies the necessary capacity to manage the waste apportioned by the London Plan to the four boroughs. This plan is due to be adopted in February 2012.

Community Infrastructure Plan

The Barking and Dagenham Community Infrastructure Plan (CIP) outlines community infrastructure provision across the borough. It is based on the London Plan housing monitoring target of 1,065 homes per year which equates to 14,910 new homes and 36,082 new residents (based on a yield of 2.42 persons per new home). The CIP looks at the impact of growth on:

- Education
- Transport
- Health
- Public Realm
- Open Space
- Allotments
- Leisure
- Play
- Children's Centres
- Cemeteries
- Libraries
- Flood Defences and Mitigation Measures
- Employment and Local Labour
- Emergency and Essential Services

For each of these it examines:

- Current provision of facilities
- Existing shortfall or surplus

- Projected shortfall or surplus based on the demand from an additional 36,082 residents
- New facilities required to meet new demand
- Costs of meeting new demand
- Potential available funding sources

The table below summarises the overall requirement for new community infrastructure facilities to 2025, estimated costs and the responsible delivery agencies.

Cost of Community Infrastructure to support growth in Barking and Dagenham to 2025.	
Type of Facility	Existing shortfall
Council's and Local Education Authority's Responsibilities	
Education (incl. land for 4 additional primary schools and 2 additional 8FE secondary schools all on confined sites. Also includes 6398 primary school places and 4,570 primary school places)	£147,613,529
Transport (incl. £500m for DLR Extension, £70m for Renwick Road Junction Improvements)	£633,511,000
Public Realm (incl. London Road/North Street Market Square, A406 roundabout, BTC East Street, Street Scene Enhancement, Becontree Station Improvements, Creekmouth Industrial Area)	£2,660,000
Open Space (incl. Abbey Green, Mayesbrook Park)	£7,540,000
Allotments (maintenance and creation of allotment space)	£649,476
Leisure (Indoor) (Build and land costs for 2 additional 4 court leisure centres. This assumes Barking Riverside will provide land and building for 8 lane swimming pool)	£4,032,900
Leisure (Outdoor) (additional 17.76 hectares of playing pitches, 1.5 tennis courts, 1 bowling green and upgrading of sports pavilion in eight strategic parks)	£6,814,140
Play (play provision for 5-9 year olds. Under 5s to be provided through S106 agreements (doorstep play)).	£1,049,920
Children's Centres	£5,600,000
Cemeteries	No information
Libraries (Revenue costs for Barking Riverside Library, Ongoing maintenance costs of existing estate)	£3,600,000
Flood Defences (Measures to manage surface water flooding in LBBD. Does not include fluvial or tidal flooding)	£56,310,823
Employment and Local Labour (Revenue requirements for Barking Business Centre. Local Labour agreements to be provided through S106 agreements)	£2,600,000
Emergency Services	None.
NHS Outer North East London's responsibilities	
Health (capital requirements for 36,082 people)	£22,144,757
Further Education Provider's Responsibilities	
Further Education	Tbc
Total	£894,126,545

CIL Economic Viability Assessment 2011

The Council appointed GVA Grimley in September 2011 to undertake three pieces of work:

- Preparation of a construction cost schedule
- Preparation of a land value appraisal study
- Preparation of an economic viability assessment

GVA has drawn on both primary and secondary evidence sources in order to test the viability of CIL/S106 and affordable housing delivery in Barking and Dagenham.

The work has taken the form of quantitative viability testing of a series of possible housing splits, tenure variations and CIL/S106 charging options for a range of types of development in order to identify the levels of viability for future development. Work has also included extensive discussions with stakeholders including local authority planning officers, local landowners, developers and agents.

GVA's analysis suggests that Barking and Dagenham should adopt three different residential charging zones – a higher one for Barking Town Centre, Leftley and Faircross (£70) a medium one for Barking Riverside (£25) and a lower charge for the rest of the borough (£10).

For commercial developments, the viability findings are more varied. Office schemes are unable to make any contribution, whilst large retail, private leisure, industrial and waste uses can afford to contribute more. Food retail, such as a supermarket can afford to make a significant CIL/S106 contribution.

GVA's analysis shows that health, education and municipal leisure development cannot afford any level of CIL/S106 tariff contribution.

These charges have been set on the basis of the Council continuing without an affordable housing target.

Proposed CIL Rates and Charging Areas

Having examined the findings of the evidence base, the Council consider that the most appropriate approach is to have variable rates of CIL by area and use. The proposed areas and charges per square metre are set out in the plans and tables below.

LBBB Charging Zones – Residential

Zone	LBBB Area	Rates (£ per sq. m.)
1	Barking Town Centre, Leftley and Faircross ¹	£70
2	Barking Riverside ²	£25
3	Rest of borough ³	£10

¹ The area covered by the Barking Town Centre Area Action Plan plus the area bounded by the District Line, Mayesbrook Park and the London Borough of Redbridge including the former University of East London site.

² The area covered by the Barking Riverside Key Regeneration Area as shown on the adopted Local Development Framework Proposals Map

³ The London Borough of Barking and Dagenham excluding Barking Town Centre and Barking Riverside

Differential Rates: intended uses

Use	Rates (£ per sq. m.)
Large Convenience Retail (>1,500sqm)	£300
Small Retail (A1-A5 <370 sqm)	Nil
Office (B1a)	Nil
Municipal Leisure	Nil
Health ⁴	Nil
Education ⁵	Nil
All other non-residential uses	£10

How will CIL rates be calculated?

CIL will be levied in pounds per square metre of the net additional increase in floor space of any given development. The rate will be calculated based on Regulation 40 - Calculation of chargeable amount, as set out within 'The Community Infrastructure Levy Regulations 2010 and (Amendment) Regulations 2011' (See Appendix 1).

The chargeable rate will be indexed linked. The index referred to in the calculation formula is the national All-in Tender Price Index published from time to time by the Building Cost Information Service of the Royal Institution of Chartered Surveyors; and the figure for a given year is the figure for November of the preceding year.

Mayor of London's Crossrail CIL

London Boroughs are also required to collect the CIL charged by the Mayor of London, who has proposed to introduce a CIL levy for contributions towards Crossrail. This is anticipated to be implemented by 1st April 2012. At present the Mayor proposes a CIL of **£20 per sq.m** in Barking and Dagenham. The Levy will be paid by most new development in Greater London which:

- consists of buildings that are usually used by people (this excludes buildings to which people do not usually go to, or go to occasionally to inspect machinery, and structures like electricity pylons which are not buildings)
- has 100 square metres or more of gross internal floor space or involves creating one dwelling even where this is below 100 sq m (although any net charge of less than £50 will not be collected).

Charges will be based on the net additional increase in floor space of a development. The following types of development are exempt:

- Development used wholly or mainly for the provision of any medical or health services except the use of premises attached to the residence of the consultant or practitioner

⁴ Development used wholly or mainly for the provision of any publicly funded medical or health services except the use of premises attached to the residence of the consultant or practitioner

⁵ Development used wholly or mainly for the provision of education as a school or college under the Education Acts or as an institution of higher education

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Commenting on the Preliminary Draft Charging Schedule

This consultation is the Council's first step in preparing a CIL Charging Schedule. All responses will be fully considered before a Draft Charging Schedule is prepared for independent examination.

There are a number of ways in which you can make a representation on the Preliminary Draft Charging Schedule:

Email: planningpolicy@lbbd.gov.uk

Telephone: 020 8724 5274

Fax: 020 8227 3490

Post: Planning Policy Team, London Borough of Barking and Dagenham, Room 106, Barking Town Hall, 1 Town Square, Barking, IG11 7LU

Your comments should arrive no later than ????? 2012.

Please note that your comments will be made available as public documents.

Next Steps

Once the Council considers that the draft Charging Schedule is ready for independent examination, it will be published together with available evidence on infrastructure, economic viability and the responses received during this consultation. The Council will then call for representations to be made within a period of four weeks (regulation 17(3)). Any person may make representations about a draft charging schedule and that person must be heard before the examiner at the CIL examination if they have requested to do so.

The four week consultation on the draft Charging Schedule is anticipated to take place in August 2012, prior to independent examination in December 2012.

Appendix 1: Extract from The Community Infrastructure Levy Regulations 2010

Calculation of chargeable amount

40.—(1) The collecting authority must calculate the amount of CIL payable (“chargeable amount”) in respect of a chargeable development in accordance with this regulation.

(2) The chargeable amount is an amount equal to the aggregate of the amounts of CIL chargeable at each of the relevant rates.

(3) But where that amount is less than £50 the chargeable amount is deemed to be zero.

(4) The relevant rates are the rates at which CIL is chargeable in respect of the chargeable development taken from the charging schedules which are in effect—

(a) at the time planning permission first permits the chargeable development; and

(b) in the area in which the chargeable development will be situated.

(5) The amount of CIL chargeable at a given relevant rate (R) must be calculated by applying the following formula—

$$\frac{R \times A \times I_P}{I_C}$$

where—

A = the deemed net area chargeable at rate R;

I_P = the index figure for the year in which planning permission was granted; and

I_C = the index figure for the year in which the charging schedule containing rate R took effect.

(6) The value of A in paragraph (5) must be calculated by applying the following formula—

$$\frac{C_R \times (C - E)}{C}$$

where—

C_R = the gross internal area of the part of the chargeable development chargeable at rate R, less an amount equal to the aggregate of the gross internal area of all buildings (excluding any new build) on completion of the chargeable development which —

(a) on the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use;

(b) will be part of the chargeable development upon completion; and

(c) will be chargeable at rate R.

C = the gross internal area of the chargeable development; and

E = an amount equal to the aggregate of the gross internal areas of all buildings which—

(a) on the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use; and

(b) are to be demolished before completion of the chargeable development.

(7) The index referred to in paragraph (5) is the national All-in Tender Price Index published from time to time by the Building Cost Information Service of the Royal Institution of Chartered Surveyors(1); and the figure for a given year is the figure for 1st November of the preceding year.

(8) But in the event that the All-in Tender Price Index ceases to be published, the index referred to in paragraph (5) is the retail prices index; and the figure for a given year is the figure for November of the preceding year.

(9) Where the collecting authority does not have sufficient information, or information of sufficient quality, to enable it to establish—

(a) the gross internal area of a building situated on the relevant land; or

(b) whether a building situated on the relevant land is in lawful use, the collecting authority may deem the gross internal area of the building to be zero.

(10) For the purposes of this regulation a building is in use if a part of that building has been in use for a continuous period of at least six months within the period of 12 months ending on the day planning permission first permits the chargeable development.

(11) In this regulation “building” does not include—

(a) a building into which people do not normally go;

(b) a building into which people go only intermittently for the purpose of maintaining or inspecting machinery; or

(c) a building for which planning permission was granted for a limited period.

(12) In this regulation “new build” means that part of the chargeable development which will comprise new buildings and enlargements to existing buildings.