



Community Infrastructure Levy (CIL)

Statement of Compliance

February 2014

1. Introduction

1.1 This document sets out the information required to develop the Tower Hamlets Community Infrastructure Levy (CIL) Charging Schedule under:

- Part 11 of the Planning Act 2008 (as amended by the Localism Act 2011);
- The Community Infrastructure Levy (CIL) Regulations 2010 (as amended); and
- The Community Infrastructure Levy: Guidance (April 2013)

1.2 The main purpose of this document is to set out how the Tower Hamlets CIL meets the requirements of the above legislation and the Statutory Guidance.

2. Process of Developing the CIL Charging Schedule

2.1 The London Borough of Tower Hamlets started to prepare a CIL Charging Schedule in the summer of 2011. The processes which the Council has followed to publish and consult on its CIL are clearly summarised in the table below and the consultation process is set out below in Section 4.

Table 1: Development of the LBTH CIL Charging Schedule

Key Milestone	Dates	Compliance
1. Public consultation on Preliminary Draft Charging Schedule (PDCS) and supporting evidence	16 November 2012 - 2 January 2013 (6 weeks)	The PDCS consultation followed the requirements set out in the Regulation 15 of the CIL Regulations 2010 (as amended).
2. Public consultation on the Draft Charging Schedule (DCS) and supporting evidence	22 April 2013 - 5 June 2013 (6 weeks)	The DCS consultation followed the requirements set out in Regulations 16 and 17 of the CIL Regulations 2010 (as amended).
3. Public consultation on the Revised Draft Charging Schedule (RDCS) and supporting evidence	21 October 2013 - 2 December 2013 (6 weeks)	The publication of RDCS is an additional consultation stage following the DCS and followed the requirements set out in the Regulations 16 and 17 of the CIL Regulations 2010 (as amended).

2.2 The Council has also engaged in non-statutory consultation, details of which are stated in section 4.

2.3 Further to the RDCS consultation, the Council has also prepared a Statement of Modifications document, together with its supporting information, which will be submitted at the same time as the Charging Schedule is submitted for examination.

3. Supporting Evidence

3.1 The Council's Draft Charging Schedule is supported by appropriate available evidence, related to the Development Plan, infrastructure planning, economic viability and the relationship between CIL and Section 106 Agreements. The

proposed rates are informed by, and are consistent with, the evidence on economic viability across the Borough, and the proposed rates would not threaten delivery of the relevant Plan as a whole.

An Up-to-Date Development Plan (Paragraph 11 of the CIL Guidance 2013)

- 3.2 The Council has an up-to-date Development Plan, which consists of:
- The London Plan (July 2011)
 - The Core Strategy 2025 (adopted 2010); and
 - The Managing Development - Development Plan Document (adopted 2013) (MDD).
- 3.3 At the local level, Tower Hamlets' Adopted Core Strategy 2025 sets out the Borough's spatial growth aspirations, including the delivery of 43,275 new homes over a 15 years period. A number of infrastructure projects are listed in Appendix 2 of the Core Strategy 2025, which included the key pieces of infrastructure required over the lifetime of the plan. In order to support the growth, the Council has developed a local CIL Charging Schedule to deliver significant local infrastructure (referred to in paragraph 8.8 and 8.9 of the Core Strategy 2025, 2010).

Infrastructure Planning (Paragraph 12 – 19 of the CIL Guidance 2013)

- 3.4 The Council prepared an Infrastructure Planning and Funding Gap Report as part of the evidence base to inform the Tower Hamlets CIL. The report was prepared, and consulted on, alongside the Tower Hamlets CIL DCS and RDCS. It incorporates the requirements imposed by the CIL Guidance in April 2013.
- 3.5 It is considered that the information presented in this report reflects the Council's latest infrastructure priorities underpinning its current Development Plan (See Appendix A & B, Infrastructure Planning and Funding Gap Report, October 2013) and sufficiently demonstrates the need to levy the CIL in Tower Hamlets.
- 3.6 Paragraphs 2.3 to 2.7 of the report summarise the estimated Funding Gap for aggregate infrastructure cost to be approximately £439 million. Following the RDCS consultation, the Council has revised the rates and as such the estimated Funding Gap has increased to approximately £444 million. The result shows that the CIL rates proposed would make a modest contribution (approximately 30%) towards filling the likely gap to fund the desired local infrastructure. This confirms the pressing need to introduce CIL in order to fund new infrastructure in the Borough to support the growth identified in the adopted Core Strategy 2025.

Economic Viability (Paragraph 21 – 29, 32-41 of the CIL Guidance 2013)

- 3.7 The CIL Viability Study (August 2013) is prepared by taking account of the relevant plans and policies. The study adopted residual valuation methodology to assess the potential effects on viability of developments across the Borough accounting for a range of levels of potential levy rates. The development appraisals were undertaken using reasonable standard assumptions for the full range of factors, including policy requirements, local building costs and development profit margins.

- 3.8 Appendix 4 of the Viability Study provides generic residential appraisal results and no further amendments following the RDCS consultation. The commercial appraisals set in the appendix 5 of the Viability Study have been updated. The specific site appraisals set in the appendix 6 for selected strategic sites identified in the MDD have also been revised in accordance with the representations received during the RDCS consultation. Please refer to the Regulation 19 Statement (February 2014) and the Statement of Modifications for details.
- 3.9 Section 4 of the study explains the rationale for the approach of setting differential rates by three Charging Zones and by different uses.
- 3.10 Section 6 of the Viability Study, updated by the Statement of Modifications in response to the RDCS consultation, provides an assessment of the results. It demonstrates that the proposed rates will not discourage development across the Borough, as they are not set at the margins of viability.
- 3.11 In response to the representations to the DCS, the Council published additional supporting information – Section 106 Report (October 2013). This document summarises the amount raised through Section 106 planning obligations in recent years and the degree to which the affordable housing policy targets have been met.
- 3.12 The Council provided sufficient opportunities to various key stakeholders, including local developers and neighbouring boroughs, to review the evidence during the process of setting CIL rates and contribute relevant information. The next section of this Compliance Statement provides more information on the Council’s approach towards public consultation.

The Relationship between CIL and Section 106 Agreements (Paragraph 15, 84-91 of the CIL Guidance 2013)

- 3.13 The Council reviewed the Planning Obligations Supplementary Planning Document (SPD) (Adopted in 2012) and published a revised draft SPD alongside the DCS and RDCS consultation.
- 3.14 The Revised Draft Planning Obligations SPD sets out the Council's approach towards using Section 106 agreements after adoption of the Borough CIL. It should be read in conjunction with the Draft Regulation 123 List, which was published and consulted on, alongside the DCS and RDCS stages.

4. Public Consultation

- 4.1 The Infrastructure Planning Team made extra efforts to encourage proactive participation from a wide range of stakeholders in order to ensure that the Council complied with consultation and administration requirements set out in the CIL Regulations.

Consultation on the Preliminary Draft Charging Schedule (Paragraph 46 – 50 of the CIL Guidance 2013)

- 4.2 The Council published its Preliminary Draft Charging Schedule (PDCS) and viability evidence on 16 November 2012, in accordance with Regulation 15 of the CIL Regulations 2010 (as amended). The consultation bodies, which included all statutory consultees, developers, landowners and other interested groups, were

invited to comment on the consultation documents for a six-week period, between 16 November 2012 and 2 January 2013. Key consultation events are listed below:

Consultation Event/ Meeting	Date
1. Pre PDCS workshop for developers	06/07/2012
2. Drop-in sessions for all interested parties	03/12/2012

4.3 During the PDCS consultation period, a public consultation event took place on 3rd December 2012. The event provided an opportunity for involvement from a wide range of groups and individuals and to proactively encourage participation. The consultation and events were advertised in the local press – East End Life, in the 12-18 and 19-25 November 2012 Issues. Details relating to the consultation event were included within the consultation announcement email that was sent to all consultees on the 16 November 2012.

4.4 Following the PDCS consultation, the Council received 30 representations in total. The representations were collated and analysed by officers and a “Summary of Consultation Responses (April 2013)” document was published on the website.

Consultation on the Draft Charging Schedule (Paragraph 51 of the CIL Guidance 2013)

4.5 The Council published its Draft Charging Schedule on 22 April 2013 and the Revised Draft Charging Schedule on 21 October 2013, in accordance with Regulation 16 of the CIL Regulations (2010) (as amended). The Statement of Representations Procedure, together with the Representations Form, were published on the Council’s website.

4.6 The consultations were advertised in the local press (22-28 April 2013 issue; 29 April – 5 May issue; 14 October 2013 issue) and on the Council’s website. The advertisements stated the duration, location for inspection and advertised consultation events for public to drop in.

4.7 Two consultation events were held on 1 May 2013 and 3 June 2013 for the Draft Charging Schedule and various meetings were taken place to discuss issues and matters raised during this consultation and the Revised Draft Charging Schedule consultation. A list of meetings are shown as follows:

Consultation Event/ Meeting	Date
1. Drop-in sessions for all interested parties	• 01/05/2013
	• 03/06/2013
2. Meeting with public agency who made a representation	• 04/04/2013
	• 13/06/2013
	• 21/11/2013
3. Meeting with developer/agent who made a representation	• 29/04/2013
	• 17/05/2013
	• 19/06/2013
	• 12/11/2013
	• 12/11/2013
	• 19/11/2013

- 4.8 The Council received a total of 38 representations to the Draft Charging Schedule, five of which were late submissions. After reviewing the representations, the Council published a Summary of Consultation Responses to the Draft Charging Schedule (October 2013), together with all the original representations, on its website.
- 4.9 In response to the main issues raised, the Council carried out additional evidence work to inform the Revised Draft Charging Schedule and held a further consultation on the changes to the RDCS document and its supporting evidence between 21 October 2013 and 2 December 2013. A Regulation 19 Statement (February 2014) provides a summary of the main issues raised from the representations and the Council's approach to these issues.
- 4.10 Further to the RDCS consultation, the Council has prepared a Statement of Modifications Document, together with its supporting information, which provides reasons for these modifications. Any representations made on these modifications will be considered as part of the examination process.

5. Conclusion

- 5.1 The Council's Revised Draft Charging Schedule is based on robust infrastructure planning evidence, which is in line with the current Development Plan and up-to-date information from infrastructure providers. It provides justification for the Council to introduce a CIL.
- 5.2 The economic viability evidence has been updated and consulted on, alongside three rounds of public consultation. The Viability Study uses a residual valuation methodology based on appropriately available evidence. The study confirms that the introduction of the CIL does not put development at risk across the Borough and supports the delivery of the Development Plan.
- 5.3 The Council published its Revised Draft Planning Obligations SPD and Draft Regulation 123 List at the DCS and RDCS consultations. This was to provide clarifications for interested parties in respect of expected interaction between CIL and Section 106 planning obligations.
- 5.4 To ensure effective consultation, the Council has made its best effort to take every opportunity to engage the wider interested parties, above and beyond the requirements set out in the regulations and guidance.
- 5.5 The Tower Hamlets CIL Revised Draft Charging Schedule has been prepared in accordance with the requirements of section 212 of the Planning Act 2008 and meets the criteria set out in the Community Infrastructure Levy Regulations 2010 (as amended).