

**London Borough of Camden Community
Infrastructure Levy**

Partial change to Charging Schedule

**Examination Submission and Consultation
Statement**

February 2020

Examination Submission Documents	
Core Examination Documents	
CED.1.1	Examination Submission Statement
CED.1.2	Camden CIL Draft Charging Schedule and Map 2020 Public Examination
CED.1.3	List of Organisations Consulted
CED.1.4	Delivery Confirmation E-mail
CED.1.5	Consultation WeAre Camden Webpage image text / image
CED.1.6	E-mail to Consultation Bodies
CED.1.6.1	Letter to Consultation Bodies
CED.1.7	List of Consultation Bodies Consulted
CED.1.8	CIL Review Consultation Response Table
CED.1.9	Camden Annual Monitoring report 2017-2018
CED.1.10	Camden Infrastructure Baseline study 2019
Public Consultation Documents	
PCD.2.1	October 2019 Camden CIL Charging Schedule Information Document
PCD.2.2	Infrastructure Study 2015
PCD.2.3	CIL Strategic Funding List 2016
PCD.2.4	Local CIL Priority List May 2019
PCD.2.5	London Borough of Camden CIL Viability Update Report 30 th September 2019
PCD.2.5.1	Appendix 1 – Office Appraisals September 2019
PCD.2.5.2	Appendix 2 – Hotel Appraisals September 2019
PCD.2.6	Camden CIL Charging Schedule 2015
PCD.2.7	Proposed Camden CIL Rates for Charging Schedule October 2019
PCD.2.8	Statement of Representations Procedure

1 Introduction

- 1.1 This purpose of this document is to explain Camden's proposals to partially review its CIL charging schedule document sets out how the London Borough of Camden has complied with the Community Infrastructure Levy Regulations 2010 (as amended). Camden is proposing to increase its rates for offices and hotel in Central London and charge research and development uses at the same rate as offices and apply the indexation applied by the CIL regulations to other uses. The proposed Charging Schedule 2020 is attached at CED1.2.

2 Proposed Charging schedule

- 2.1 The schedule is considered to be in a format compatible with CIL regulation 12 as identifies the location and boundaries of the zones, is based on, an Ordnance Survey map, shows National Grid lines and reference numbers, includes an explanation of any symbol or notation which it uses; and an explanation of how the chargeable amount will be calculated. It has differential rates for uses and area in a manner which is considered to be in line with CIL Regulation 13.
- 2.2 The rates in the proposed schedule are considered to comply with CIL Regulation 14 in that they strike an appropriate balance between (a) the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and (b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area. This explanation in the CIL information document October 2019 (PCD2.1) and is further addressed in this statement.

3 Public consultation

- 3.1 In accordance with CIL Regulation 16 the London Borough of Camden undertook a public consultation on the proposed changes to the CIL Charging Schedule between the 18 Oct 2019 and 2nd December 2019. This was primarily done through sending an e-mail to all the subscribers to the Camden Gov Delivery consultation database.

- 3.2 This consisted of 884 organisations ,groups and individuals who are considered to represent a good range of persons who are resident or carrying on business in Camden, voluntary bodies some or all of whose activities benefit the charging authority's area and bodies which represent the interests of persons carrying on business in the area. A list of the groups consulted is attached at CED 1.3. Details of on the individuals consulted have not been supplied where it is not clear who they represent. An e mail from YouGov confirmed delivery of the consultation e-mail to 96% of the subscribers (see CED1.4).
- 3.3 The e mail sent out contained a brief description of the topic and then a link to a WeAre Camden consultation web page which contained more information summarized in a Background information document with and seven further documents which formed the basis of the consultation (see PCD2.1-2.8). The consultation page can be viewed at the attached link
- https://consultations.wearecamden.org/supporting-communities/partial-review-of-camden-s-community-infrastructur/consult_view/
- 3.4 The consultation set out that hard copies of the 8 documents were available for inspection at St Pancras library 5 Pancras Square King's Cross, London N1C 4AG displayed for the entire consultation period. The consultation was also published on Commnuity Infrastructure Levy pages of Camden's website.
- 3.5 A separate e mail was sent to the consultation bodies identified in CIL Regulations (Greater London Authority and Neighbouring Boroughs and Neighbourhood Forums) with a copy or the draft schedule and the representation procedure. A copy of this is attached at CED1.6 and a list of the consultation bodies is at CED1.7

4 Summary of issues raised and Camden's proposed response

- 4.1 In total 12 parties responded to the consultation and details of the responses are included in a summary Schedule of responses (Please see CED1.8) These included: Natural England, the Metropolitan Police, Mid Town (Holborn), Highways England, Transport for London, Kentish Town Neighbourhood Forum, Travel Lodge, Thames Water, Lend Lease (Euston), Derwent London (Tottenham Court Road), Murphy's (Kentish Town).

4.2 The following parties have requested to be heard by the Examiner: Transport for London, Smith Jenkins on behalf of Travelodge Hotels Ltd, Gerald Eve on behalf of Lend Lease, DP9 on behalf of Derwent London, and Murphys.

4.3 Many of the comments were generally supportive towards Camden's approach as can be seen from the summary at CED1.8. Some concerns were expressed. These comments are addressed individually together with Camden's proposed response to these concerns in in the table of responses. However, there are a number of common issues and Camden's response to these is summarised below.

Proposed rates are too high

4.4 Travel Lodge through their consultants have indicated that they feel the increased hotel rates are too high and not enough hotel appraisals have been reviewed to get a proper idea of the costs and values and as a result development will be deterred. Camden considers that the viability evidence provides a proper review of the costs and value of hotel developments relevant to the Camden context and no alternative evidence has been submitted to demonstrate otherwise. Therefore it is not considered that the proposed increased level of CIL will deter development from coming forward.

4.5 The Council would highlight that the proposed increase in the hotel rate from the currently adopted and indexed rate amounts to an increase of £71.31 per sq m, which is circa 1% of development costs and the CIL rate as a whole is a total of 1.6% of development costs. This level of cost is unlikely to have an impact on a developer's decision to deliver a scheme. The Council notes that the surrounding boroughs (directly adjacent to the area in question) have hotel CIL charges implemented as follows:

- LB Islington: £350 psm unindexed (£489.12 indexed)
- Westminster CC: £200 psm and £150 psm unindexed (£246.49 psm and £184.87 psm)
- City of London: £75 psm unindexed (£104.81 psm indexed)

4.6 CIL charges of this order have not prevented hotel developments from coming forward in these locations.

- 4.7 Derwent London have raised through their consultant that commercial rates are too high and development cost assumptions too low, which will inhibit development on a site in their ownership in Tottenham Court Road. Although no evidence has been submitted to demonstrate this position It is possible that any increase to development costs may have an adverse impact on a site, however given the increase in CIL would amount to an increase of circa 0.7%, the impact would be small and should not be the defining factor in whether a scheme comes forward. We note that developers frequently build in allowances for 5% contingency of build costs. Furthermore, developers are typically able to absorb build cost inflation running at around 2.5% annually, in comparison to a one-off CIL charge at a lower percentage. Notwithstanding this, the Council's local plan policies provide flexibility and allow viability submissions to be made to the Council to evidence site specific viability constraints.
- 4.8 Derwent's points in relation to cost and value assumptions for commercial development contained in Camden viability evidence are addressed in the summary at CED.1.8. However, in conclusion the inputs adopted in the Council's evidence base are considered to be appropriate for the wider Central London area and the Council's proposed rate increase will not deter development from coming forward.

There should be a wider review of Camden's CIL rates

- 4.9 It has been asserted that the residential CIL rates are too high and will deter development from coming forward in the Kentish Town growth area. The Council notes these comments in relation to residential rates, however, it would highlight that Camden is not proposing to change the adopted residential rates charged through this Examination. The residential rates set out in the Council's DCS are the rates that are currently charged on residential development in the Council's area based on the 2015 CIL charge rate indexed to a 2020 charge level based on the CIL Regulation 40 indexation calculation.
- 4.11 The Council have undertaken a partial review of their currently adopted charging schedule. Of the existing rates, this seeks to review the rate for office and hotel developments in the central area only. The Council's rationale for undertaking a

partial review of its adopted CIL Charging Schedule (2015) is set out in the BNP Paribas Real Estate Camden CIL Viability Update Study (September 2019 PCD 2.5).

- 4.12 The key issue is the currently adopted Charging Schedule is based on evidence gathered in September 2012, at which point the residential market had recovered from a deep recession, with sales values increasing significantly from the lowest point in the cycle in June 2009 and exceeding the previous peak values of August 2008 in August 2010. The residential markets have remained sufficiently buoyant since this point and there is no evidence that the Council's adopted CIL rates (indexed to current costs) deter schemes from coming forward. This can be seen from the recent levels of development which have occurred in Camden. This is set out in the Camden Annual Monitoring report, attached at CED1.9 The Council adopted its CIL Charging Schedule in April 2015. The adopted CIL rates (including CIL Regulation 40 indexation) are consequently embedded into both the planning requirements and the land market.
- 4.13 By contrast, as at September 2012, although the B1 office and hotel markets had recovered to a degree from the recession in 2007-2009, they were still below the values seen prior to the recession. Since this point however, the market has seen a marked improvement and in particular, central London has seen significant growth in values and a number of new developments coming forward. The Council has also seen an increase in the number of applications for new B1 use developments, including research and development space. In addition, there has been an increase in applications for hotels within the Central Area/current CIL Zone A ('CIL Zone A') of the Borough.
- 4.14 This approach is identified as being acceptable by the Planning Act 2008 as amended by the Localism Act 2011, and the levy Regulations. We note that para 045 of the PPG states that, "*Charging authorities may revise their charging schedule in whole or in part. Any revisions must follow the same processes as the preparation, examination, approval and publication of a charging schedule (as specified under the Planning Act 2008, particularly sections 211 to 214 as amended by the Localism Act 2011, and the levy Regulations)*".
- 4.15 The Council note that in the CIL Examiner's Report on the London Borough of Southwark's Draft Revised Charging Schedule (August 2017) he identified that where the rate and its description had not changed in the revised charging schedule before

him he considered that it was not a matter for his examination, stating “*my examination is purely concerned with the substantive revision, and not with the changes to rates due to the inflation uprate as provided for in the Regulations*”.
Special CIL rates for strategic development sites

- 4.16 It has been suggested that a lower or a zero rates of CIL should be introduced to help the provision of infrastructure on strategic development sites both in Kentish Town and at Euston. Like any CIL charge, a nil or zero rate has to be set based on viability evidence and no evidence supporting zero or lower charges in these locations has been submitted by representors. However, Camden is willing to consider the provision of infrastructure more holistically on key strategic development sites and would accept infrastructure payments in Kind with respect to CIL in line with CIL Regulation 73.
- 4.17 Camden’s current policy on infrastructure in lieu of payment of CIL is in the context of the pre-1st September 2019 version of the CIL Regulations:

The CIL regulations allow collecting authorities to accept land in lieu of a CIL payment. It is not envisaged that Camden will make use of this provision. The regulations also permit the provision of infrastructure as payment towards a CIL. Camden intends to use this power only sparingly and in genuinely exceptional cases where it can be demonstrated that the payment will secure the delivery of a transformative strategic infrastructure project e.g. through the unlocking of the development potential of a particular area.

- 4.18 In response to the concerns raised Camden is proposing to amend this policy to the wording below and to publish this on the Camden web site. It is envisaged that this policy would be introduced at the same time as the adoption of the updated charging schedule.

The CIL regulations allow collecting authorities to accept infrastructure payments in lieu of collecting a CIL on a development. Camden will make use of this power but only in situations where this facilitates the delivery of strategic infrastructure on a development site identified in a formal planning framework.

- 4.19 Transport for London have no objections to the rates but have a few concerns about the prioritisation of transport projects on the strategic funding list. It is accepted that

whilst some of the projects on the funding list have already received some funding the level of CIL that could be raised from the proposed Charging Schedule is never likely to fully address the infrastructure funding gap. This position has not significantly changed since the production of the current charging schedule in 2015 and this does really constitute a reason not to increase the commercial CIL rates in the charging schedule.

- 4.20 Since the public consultation on the Charging schedule Camden has published a further Infrastructure study 2019 which illustrates that there are still substantial amounts of infrastructure which will need to be funded in the next few years (see CED1.10). However, it is recognised that Camden needs to provide an explanation of what infrastructure is to be funded through planning obligations. The funding list will be updated periodically and published on the Camden website.

5 Proposed changes to Charging Schedule

- 5.1 The changes are detailed below in the schedule of modifications but in general, terms it proposed to keep the increase to office research and development and hotel uses as proposed in the consultation but to apply the current levels of indexation required through the CIL regulations to all other uses. This is the same as the indexation which would be applied to the rates in the current Camden Charging Schedule.

Camden CIL Statement of Minor Modifications			
Ref	Section	Minor Modification	Reason for Modification
01		Change rates of all Uses/Tariff Charges (except Office Research and Development and Hotel, Zone A) to reflect current indexation levels (RICS CIL Index/BCIS All-In TPI for Original Charging Schedule Adopted 1 st April 2015). ⁱⁱⁱ	Update indexation to accommodate current market changes.
02		Remove references to Class B1 uses in the newly consolidated Office, Research and Development Tariff Charge.	To simplify the Use category of the consolidated Tariff Charge.

ⁱⁱⁱThe indexation would be carried out as follows: the current Royal Institute for Chartered Surveyors (RICS) CIL Index, Index Figure (Ip), divided into the Index Figure (Ic) for the 2015 CIL Charging Schedule Building Costs Information Service (BCIS) All-In Tender Price Index. This is in line with Part 5

of the CIL Regulations 2010 and Schedule 1, part 1 of the CIL Regulations 2019. (Index Figure (Ic) 259 and Index Figure (Ip) 334

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