



CABINET

7.30 pm	Wednesday 10 December 2014	Council Chamber - Town Hall
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Members 7: Quorum 4

Councillor Roger Ramsey (Leader of the Council), Chairman

Cabinet Member responsibility:

Councillor Damian White

Housing

Councillor Robert Benham

Environment

Councillor Wendy Brice-Thompson

Adult Social Services and Health

Councillor Meg Davis

Children and Learning

Councillor Osman Dervish

Regulatory Services and Community Safety

Councillor Melvin Wallace

Culture and Community Engagement

Councillor Clarence Barrett

Financial Management

Councillor Ron Ower

Housing Company Development and
OneSource Management

**Andrew Beesley
Committee Administration Manager**

**For information about the meeting please contact:
Grant Soderberg tel: 01708 433091
e-mail: grant.soderberg@onesource.co.uk**



Webcast

**Please note that this meeting will be webcast.
Members of the public who do not wish to appear
in the webcast will be able to sit in the balcony,
which is not in camera range.**

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

AGENDA

1 ANNOUNCEMENTS

On behalf of the Chairman, there will be an announcement about the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE

(if any) - receive

3 DISCLOSURES OF PECUNIARY INTEREST

Members are invited to disclose any pecuniary interests in any of the items on the agenda at this point of the meeting. Members may still disclose a pecuniary interest in an item at any time prior to the consideration of the matter.

4 MINUTES (Pages 1 - 4)

To approve as a correct record the minutes of the meeting held on 15 October 2014, and to authorise the Chairman to sign them.

5 FORMAL VARIATION LONDON COUNCILS TRANSPORT & ENVIRONMENT COMMITTEE GOVERNING AGREEMENT (Pages 5 - 26)

6 HAVERING LOCAL PLAN - INITIAL CONSULTATION (Pages 27 - 68)

7 HAVERING COMMUNITY INFRASTRUCTURE LEVY (CIL) - APPROVAL OF PRELIMINARY DRAFT SCHEDULE (Pages 69 - 164)

8 ANNUAL TREASURY MANAGEMENT REPORT 2013/14 (Pages 165 - 176)

9 CORPORATE PERFORMANCE REPORT - QUARTER 2 (2014/15) (Pages 177 - 198)

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MINUTES OF A CABINET MEETING
Council Chamber - Town Hall
Wednesday, 15 October 2014
(7.30 - 8.00 pm)

Present:

Councillor Roger Ramsey (Leader of the Council), Chairman

Councillor Damian White

Councillor Robert Benham

Councillor Wendy Brice-Thompson

Councillor Meg Davis

Councillor Osman Dervish

Councillor Melvin Wallace

Cabinet Member responsibility:

Housing

Environment

Adult Social Services and Health

Children and Learning

Regulatory Services and Community
Safety

Culture and Community
Engagement

Councillors Linda Hawthorn, Ray Morgon and David Durant, also attended.

There were no members of the public or press representative present.

There were no disclosures of pecuniary interest.

The Chairman announced the evacuation procedures in the event of an Emergency

Unless otherwise indicated, all decisions were agreed unanimously without any Member voting against

19 MINUTES

The minutes of the meeting held on 24 September 2014 were agreed as a correct record and were signed by the Chairman

20 HAROLD HILL AMBITIONS - LEARNING VILLAGE

Councillors Meg Davis, Cabinet Member for Children & Learning and introduced the report and Robert Benham, Cabinet Member for Environment also spoke to it

Cabinet was reminded that the Harold Hill Learning Village had been conceived as part of the Harold Hill Ambitions Programme, which had been agreed by Cabinet in November 2008.

The purpose of the report was to provide an update on delivery and to confirm the Council's commitment to delivering the Learning Village Vision. The report also covered the proposed use of Council owned land by the Drapers Multi-Academy Trust for the provision of a primary Free School on the remaining part (now vacant) of the old Kingswood School site.

Reasons for the decision:

The decision to confirm the Council's commitment to delivering the Learning Village Vision, including the granting of a lease to Drapers Multi-Academy Trust for the provision of a primary Free School on the old Kingswood School site was necessary to ensure that the original vision of the Harold Hill Learning Village was maintained.

Other options considered:

No other options were considered.

Cabinet:

1. **Noted** the progress made to date on the Harold Hill Learning Village.
2. **Approved in principle** the letting of land in Settle Road to the Drapers Multi-Academy Trust for the creation and operation a new primary Free School on the basis of a 125 year lease at a peppercorn rent, (subject to them securing detailed planning consent for a Free School) and
3. **Delegated** authority to the Property Strategy Manager to agree the detailed terms of that lease and to complete the leasing arrangements.

21 **CORPORATE PERFORMANCE REPORT - QUARTER 1 2014/15**

Councillor Roger Ramsey, Cabinet Member for Cabinet Member for Value, introduced the report

The report set out the performance of the Council's Corporate Performance Indicators for Quarter 1 (April to June 2014) 2014/15, against the five Living Ambition Goals of the Corporate Plan (Environment, Learning, Towns & Communities, Individuals and Value).

The report identified where the Council was performing well (Green) and not so well (Amber and Red). The variance for the 'RAG' rating was:

- **Red** = more than 10% off the Quarter 1 Target and where performance has *not improved* compared to Quarter 1 2013/14¹
- **Amber** = more than 10% off the Quarter 1 Target and where performance has *improved or been maintained* compared to Quarter 1 2013/14.
- **Green** = on or within 10% of the Quarter 1 Target

Where the RAG rating was 'Red', a 'Corrective Action' box had been included in the report. This highlighted what action the Council was taking to address poor performance, where appropriate.

Also included in the report was a Direction of Travel (DoT) column which compared performance in Quarter 1 2014/15 with performance in Quarter 1 2013/14. A green arrow (↑) meant performance was better and a red arrow (↓) signified performance was worse. An amber arrow (→) meant that performance remained the same.

Cabinet was reminded that the Sickness Absence element still retained a disproportionate "skew" to the roll-over figures as it took a long time for the old data to disappear. The period comparison figures were more encouraging as they showed – on a like-for-like basis, the current position more accurately.

Reasons for the decision: To provide Cabinet Members with a quarterly update on the Council's performance against the Corporate Performance Indicators.

Other options considered: N/A

Cabinet: reviewed the report and **noted** its content

22 **REPORT OF THE INDIVIDUALS OSC TOPIC GROUP ON THE IMPACT OF SERVICES ON THE ELDERLY**

Councillor Wendy Brice-Thompson, Cabinet Member for Adult Social Services and Health, introduced the report

Cabinet was informed that the report before it contained the findings and recommendations which had emerged after a Topic Group had scrutinised the subject selected by the Committee in October 2012.

Following an Ageing Well Event organised for Members, the O & S Committee wished to understand the impact that housing services had on older people generally, older people with disabilities and vulnerable residents in Havering, together with finding out about services available for these groups and how easily the services could be accessed. A number of

¹ With the exception of 'Percentage of National Non-Domestic Rates (NNDR) collected' and 'Percentage of council tax collected' where the tolerance is 5%

enquiries and studies were undertaken to provide the Committee with answers to these questions and since the Topic Group's report of its findings, a number of its recommendations, passed back to the services responsible, had been implemented.

Members were asked to note that the environmental, equalities & social inclusion, financial, legal and HR implications and risks were addressed within the Topic Group's report.

Reasons for the decision:

Under the Local Government and Public Involvement in Health Act 2007, s. 122, Cabinet was required to consider and respond to a report of an Overview and Scrutiny Committee within two months of its agreement by that Committee or at the earliest available opportunity. In this case, Cabinet was required to do this at its meeting on 24 September 2014, but as it could not be accommodated on that meeting's agenda, the current meeting was the earliest opportunity for receiving the report. Cabinet was also required to give reasons for its decisions in relation to the report, particularly in instances where it decided not to adopt one or more of the recommendations contained within it.

Other options considered:

There were no alternative options

Cabinet:

Noted the Individuals Overview and Scrutiny Committee Topic Group findings and recommendations, observing that some of the recommendations had already been implemented and

Thanked the Overview and Scrutiny Committee for its excellent work.

Chairman

CABINET

10 December 2014

Subject Heading:

**Formal Variation London Councils
Transport & Environment Committee
Governing Agreement**

Cabinet Member:

Councillor Robert Benham

Cabinet Member for Environment

CMT Lead:

Cynthia Griffin

Group Director for Culture, Community
and Economic Development

Report Author and contact details:

David Pritchard

Group Manager Traffic & Parking Control

01708 433 123

david.pritchard@havering.gov.uk

Policy context:

London Councils Transport & Environment
Committee Governing Agreement

Financial summary:

No financial implications

Is this a Key Decision?

Yes. Because London Councils TEC
Governing Agreement is a corporate
matter and thus covers all Wards

When should this matter be reviewed?

This is a unique decision with no
requirement for a future review

Reviewing OSC:

Environment

The subject matter of this report deals with the following Council Objectives

Ensuring a clean, safe and green borough	<input checked="" type="checkbox"/>
Championing education and learning for all	<input type="checkbox"/>
Providing economic, social and cultural activity in thriving towns and villages	<input type="checkbox"/>
Valuing and enhancing the lives of our residents	<input checked="" type="checkbox"/>
Delivering high customer satisfaction and a stable council tax	<input type="checkbox"/>

SUMMARY

This report seeks Cabinet approval for the Council to expressly delegate to London Councils Transport and Environment Joint Committee (TEC) the exercise of section 1 of the Localism Act for the sole purpose of providing a parking on private land appeals service (POPLA) for the British Parking Association (BPA) under contract.

POPLA provides an independent resolution for non-statutory parking charges issued by companies to motorists for alleged unauthorised parking on private land, such as for example car parks in retail parks. Its establishment was mandated by central government as part of the Protections of Freedoms Act 2012 and the BPA were asked to provide it. POPLA should not be confused with the Parking and Traffic Appeals Service (PaTAS) which is mandated to provide independent adjudication in respect of Penalty Charge Notices (PCNs) issued by Councils under the Traffic Management Act 2004.

POPLA was established in October 2012 by London Councils using the delegated authority conferred upon it by all London Borough Councils under London Councils TEC Governing Agreement. Since its inception POPLA has been provided on a cost recovery basis with therefore no financial burden falling upon London Borough Councils and it is proposed that it will continue in that way until the end of the current POPLA BPA contract in October 2015.

London Councils auditors, PWC, have recently raised a concern as to whether or not London Councils TEC Governing Agreement provided it with the specific delegation authority required to initiate and administer a POPLA service in contract with the BPA. London Councils consider that its delegation authority is not deficient and so the POPLA BPA contract is sound. However, London Councils believe that a reaffirmation of the Governing Agreement, and so its delegation authority, by all London Borough Councils will confirm, for the avoidance of any doubt, that the existing POPLA BPA arrangements are and have been delivered appropriately and that London Councils TEC Governing Agreement is formally varied accordingly. Additionally, a reaffirmation would also allow London Councils' auditors, PWC, to conclude an outstanding issue in relation to an objection to London Councils 2012/2013 accounts.

RECOMMENDATIONS

That Cabinet:

1. Confirms that the exercise of functions delegated to London Councils TEC to enter into the arrangement with the British Parking Association to deliver the Parking on Private Land Appeals service were and continue to be delivered pursuant to section 1 of the Localism Act 2011;
2. Delegates the exercise of section 1 of the 2011 Act to London Councils TEC joint committee for the sole purpose of providing an appeals service for parking on private land for the British Parking Association under contract; and
3. Agrees to take all relevant steps to give effect to the matters set out in (1) and (2) above through a formal variation to the London Council TEC Governing Agreement

REPORT DETAIL

1. On 15th March 2012 London Councils TEC agreed that it should bid to provide a parking on private land appeals service (POPLA) for the BPA under contract on the basis that the POPLA service would complement the service provided by the Parking and Traffic Appeals Service (PaTAS), which operates under the auspices of London Councils, and that manages Civil Parking Enforcement appeals arising from the type of parking enforcement carried out by all London Borough Council's using the Traffic Management Act 2004.
2. London Councils considered that it providing a POPLA service on a cost recovery basis would be in the public interest as a significant proportion of the public affected and inclined to use a POPLA service were likely to come from the Greater London area; additionally it became clear London Councils TEC was the only interested, qualified bidder. On 14th June 2012, London Councils TEC received a report noting the BPA had agreed a contract for London Councils to provide a full cost recovery POPLA service starting on the 1st October 2012.
3. Latterly, following the commencement of the POPLA service, an objection was raised on London Councils consolidated 2012/13 accounts by an interested person claiming that London Councils TEC did not have the legal power to provide the POPLA service. London Councils' auditors, PWC, investigated the objection and discussed the same with the Audit

Commission who subsequently advised PWC that London Borough Council's have powers under Section 1 of the Localism Act 2011 to provide the POPLA service and that they can delegate those powers to London Councils TEC. However, the Audit Commission questioned whether the exercise of those powers had been properly delegated by London Borough Council's to London Councils TEC?

4. The issue turns on whether London Councils TEC had existing delegated authority under the terms of the London Councils TEC Governing Agreement or alternatively whether there was a made or confirmed delegation by virtue of the decisions London Councils TEC made to provide the POPLA service in 2012; or whether each individual London Borough Council should have expressly resolved to delegate the exercise of section 1 of the 2011 Localism Act to the London Councils joint committee for the purposes of London Councils TEC's delivery of the POPLA service, with the London Councils TEC Agreement being formally varied accordingly.
5. London Councils and its legal advisors are of the view that the POPLA service is currently being delivered by London Councils TEC on a lawful basis on behalf of all the participating London Borough Council's with their consent and proper authority under the existing terms of the London Councils TEC Governing Agreement, and as confirmed by the same committee when resolving to provide the POPLA service in 2012 with those matters having been raised with London Borough Council's prior to those decisions being taken in the normal way in respect of London Councils TEC business. However, London Councils accept that there is room for argument as to whether individual Council's had to state expressly that they agreed that the arrangement with the BPA was pursuant to exercise, by London Councils TEC, of their powers under section 1 of the Localism Act 2011.
6. Taking active and expedient steps to expressly clarify the authority of London Councils TEC to deliver the POPLA service is intended to satisfy London Councils' auditors and inform their determination in respect of the objection raised by the interested member of the public on the consolidated accounts for the 2012/13 year.
7. Accordingly, for the avoidance of doubt and to facilitate a conclusion to the issue directly impacting London Councils, viz the Auditor, PWC, and the objector, it is recommended that the London Borough of Havering, in common with all London Borough Council's:
 - a. formally confirm that the exercise of functions delegated to TEC to enter into the arrangement with the British Parking Association were and continue to be delivered pursuant to section 1 of the Localism Act 2011;
 - b. formally resolve to expressly delegate the exercise of section 1 of the 2011 Act to the TEC joint committee for the sole purpose of providing an appeals service for parking on private land for the British Parking Association under contract; and
 - c. take all relevant steps to give effect to the matters set out in (a) and (b) above through a formal variation to the TEC Governing Agreement

REASONS AND OPTIONS

Reasons for the decision:

1. To expressly clarify and ensure the avoidance of any doubt in relation to the level and scope of the delegated authority of London Councils TEC Governing Agreement conferred upon it by the London Borough of Havering.
2. To ensure that the London Borough of Havering is professionally and ethically maintaining its responsibilities towards the London Councils TEC Governing Agreement by ensuring that delegated decisions are made transparently, legally and are able to withstand public scrutiny.
3. To facilitate London Councils' in satisfying its auditors in respect an objection raised by an interested member of the public in relation to London Councils consolidated accounts for 2012/13
4. To ensure that London Councils TEC are able to continue to deliver the POPLA service on a full cost recovery basis without therefore burdening the public purse

Other options considered:

The option of the Council not taking the actions recommended by London Councils has been rejected as being potentially unethical. Additionally, not taking the recommended actions could bring the Council into disrepute and isolate it from a core operational and strategic partner.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no specific financial implications arising from the recommendations of this report upon the Council.

Legal implications and risks:

Pursuant to Regulation 11 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012, the Council's Executive has power to delegate executive functions to a joint committee of local authorities. In this case the London Councils TEC committee is a joint committee of all London Boroughs and with all other constituent councils by authorising that joint committee to discharge its executive functions with regard parking on private land, the joint committee can provide a pan-London parking on private land appeals service.

There are no immediate legal implications arising from this report, though failure to effect the delegation would have an adverse impact on persons parking on private land in Havering who would not be able to have recourse to the POPLA service.

Human Resources implications and risks:

There are no Human Resources implications arising from the recommendations of this report upon the Council.

Equalities implications and risks:

This decision relates to the governance arrangements of the Parking on Private Land Appeals Service (POPLA) and therefore it is perceived that there are not any equality implications or risks related to staff or local residents with protected characteristics. An Equality Impact Assessment is therefore not required. Cleared by: Paul Green Corporate Policy & Diversity Advisor.

BACKGROUND PAPERS

1. Item 4; London Councils Transport & Environment Sub Committee report of the 11th September 2014: Report can be accessed at;
http://www.londoncouncils.gov.uk/committees/agenda.htm?pk_agenda_items=5722
2. Third Further Variation TEC Agreement 021014
3. Memorandum of Participation – 5th Variation (3rd Further Variation) to the TEC Agreement
4. Cover Letter to Directors of Law & Governance re 5th Variation to the LCTEC Agreement 021014

London Councils' TEC Executive Sub Committee

TEC Agreement – POPLA Amendment

Item No: 04

Report by: Nick Lester **Job title:** Corporate Director, Services
Date: 11 September 2014
Contact Officer: Nick Lester
Telephone: 0207 934 9905 **Email:** nick.lester@londoncouncils.gov.uk

Summary: This report seeks the agreement of the TEC Executive to recommend to all councils that they each formally resolve to expressly delegate the exercise of section 1 of the Localism Act 2011 to the TEC joint committee for the sole purpose of providing an appeals service for parking on private land for the British Parking Association under contract, confirming for the avoidance of doubt that the existing arrangements are and have been delivered on that basis to-date, and that the TEC Governing Agreement be formally varied accordingly. The service has been provided on a cost recovery basis by London Councils since October 2012 and it is proposed that it should continue in this way until the end of the contract period in October 2015. An express delegation of the exercise of section 1 for this purpose by individual councils, and the variation of the TEC Governing Agreement to reflect this, would remove any legal doubt as to TEC's authority to deliver the service and allow London Councils' auditors, PWC, to conclude an outstanding issue in relation to an objection to the accounts.

Recommendations: Members are recommended to:

- Recommend to all 33 London local authorities that they: formally confirm that the functions delegated to TEC to enter into the arrangement with the British Parking Association were and continue to be delivered pursuant to section 1 of the Localism Act 2011; resolve to expressly delegate the exercise of section 1 of the 2011 Act to the TEC joint committee for the sole purpose of providing an appeals service for parking on private land for the British Parking Association under contract; and that the TEC Governing Agreement be varied to this end.

Background

On 15th March 2012 TEC agreed that London Councils should provide an appeals service for parking on private land for the British Parking Association under contract. This was on the basis that this would complement the service provided by PATAS which deals with appeals made against parking enforcement on the highway. It was considered at the time that providing the service on a cost-recovery basis would be in the public interest as: restrictions on parking within London on private land would have a direct impact upon London local authorities, their resources and residents; a significant proportion of the public affected and inclined to avail themselves of the POPLA service were likely to come from the Greater London area; and, having regard to those matters, as TEC was the only interested, qualified bidder. On 14th June 2012, TEC received a report to say that the basis for providing such a service had been accepted by the BPA and agreed that a contract should be entered into to provide the service.

The service, known as POPLA (Parking on Private Land Appeals) started on the 1st October 2012 and has since provided the appeals service to more than 25,000 motorists. The service operates on a full cost recovery basis and at no cost to the London Council Tax payer.

An objection was raised on the London Councils consolidated accounts by an interested person (residing within London) that TEC did not have the legal power to provide the service. London Councils' auditors, PWC, have, for some time, been investigating this and numerous other objections submitted by the same individual.

PWC has informed London Councils of legal advice it has had from the Audit Commission on the Commission's view on the power of London Councils to provide the POPLA service. In essence, the Audit Commission advice accepts that the London local authorities have the power under Section 1 of the Localism Act 2011 to provide the service and that the exercise of these functions could be delegated to TEC. London Councils agrees with this conclusion.

The Audit Commission advice, however, questions whether the exercise of those functions has been properly delegated to TEC. The issue turns on whether the Committee could be said: to have existing delegated authority under the terms of the TEC Governing Agreement; alternatively whether it made or confirmed such a delegation by virtue of the decisions it made to provide the service in 2012; or whether each individual authority should have expressly resolved to delegate the exercise of section 1 of the 2011 Act to the joint committee for the purposes of TEC's delivery of the POPLA service with the TEC Agreement being formally varied accordingly.

PWC has asked for London Councils' view on this advice in advance of making a formal determination about the objection. London Councils and its legal advisors remain of the view that the service is currently being delivered by TEC on a lawful basis on behalf of all the participating authorities with their consent and proper authority under the existing terms of the TEC Governing Agreement, and confirmed by the Committee resolving to provide the service in 2012 with these matters having been raised with local authorities prior to those decisions being taken in the normal way in respect of TEC business. However, it is accepted, that there is room for argument as to whether individual councils had to state expressly that they agreed that the arrangement with the BPA was pursuant to exercise by TEC of their powers under section 1 of the 2011.

Next Steps

Taking active and expedient steps to expressly clarify the authority of TEC to deliver the POPLA service is intended to satisfy London Councils' auditors and inform their determination in respect of the objection raised by the interested member of the public on the consolidated accounts for the 2012/13 year. Further, this would help PWC to sign off the TEC and the consolidated accounts for 2013/14 by the statutory deadline.

Accordingly, for the avoidance of doubt and to facilitate a conclusion to the issue with the Auditor PWC and the objector, it is recommended that all authorities be asked to:

- (a) formally confirm that the exercise of functions delegated to TEC to enter into the arrangement with the British Parking Association were and continue to be delivered pursuant to section 1 of the Localism Act 2011;
- (b) formally resolve to expressly delegate the exercise of section 1 of the 2011 Act to the TEC joint committee for the sole purpose of providing an appeals service for parking on private land for the British Parking Association under contract; and
- (c) take all relevant steps to give effect to the matters set out in (a) and (b) above through a formal variation to the TEC Governing Agreement

Legal Implications for London Councils

The legal implications are set out in the body of the Report.

Financial implications for London Councils

There are no financial implications for London Councils from this recommendation

Equalities Implications for London Councils

There are no equalities implications for the boroughs or London Councils arising from this report.

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DATED

2014

**LONDON COUNCILS
TRANSPORT AND ENVIRONMENT COMMITTEE***

(*ALL REFERENCES IN THIS AGREEMENT TO ALGTEC ARE TO BE CONSTRUED AS REFERRING
TO LONDON COUNCILS TEC)

**THIRD FURTHER VARIATION OF ALGTEC AGREEMENT
("the Fifth ALGTEC Agreement")**

Ref: TL0016/005 (AP)

THIS AGREEMENT is made this

2014.

BETWEEN the London local authorities listed in Schedule 1 hereto (“the Participating Councils”) and Transport for London of 14th Floor, Windsor House, 42-50 Victoria Street, London SW1H 0TL (together referred to as “the Parties”)

RECITALS

- A. By an agreement dated 13 December 2001 (“the First ALGTEC Agreement”) the Parties arranged for certain functions to be discharged by a joint committee established under specific and all other enabling powers known as the Association of London Government Transport and Environment Committee (“ALGTEC”).
- B. The First ALGTEC Agreement was varied by an agreement dated 1 May 2003 (“the Second ALGTEC Agreement”).
- C. The First ALGTEC Agreement was further varied by an agreement dated 30 November 2006 (“the Third ALGTEC Agreement”).
- D. In December 2006 ALGTEC changed its name to the London Councils Transport and Environment Committee (“the Committee”).
- E. The First ALGTEC Agreement was further varied by an agreement dated 8 June 2009 (“the Fourth ALGTEC Agreement”) which *inter alia* included a new Part 3(D) in Schedule 2 of the First ALGTEC Agreement for the delegation to the Committee of the exercise of any statutory functions conferred on the Parties relating to transport, environment and planning matters subject to consultation and the written agreement of the Parties.
- F. On the 18 February 2012 section 1 of the Localism Act 2011 came into effect which provides local authorities with the power to do anything that individuals generally may do, and is known as “the general power of competence”.
- G. Section 56 and Schedule 4 of the Protection of Freedoms Act 2012 impose certain conditions concerning the recovery of unpaid parking charges on private land.. As a consequence of those provisions those receiving and disputing a parking ticket on private land must be offered free access to an independent appeals service. On the 15 March 2012 the Committee resolved to tender for the provision of an independent appeals service to the British Parking Association (“the BPA”). The 2012 Act was enacted on the 1 May 2012 and it came into force on the 1 October 2012.
- H. On the 14 June 2012 the Committee resolved to contract with the BPA for the provision of the independent appeals service for parking on private land in England and Wales on a full cost recovery basis.
- I. On 17 July 2014 the Committee resolved to recommend to the Participating Councils that they delegate to the Committee, under Part 3(D) of Schedule 2 of the First ALGTEC Agreement, the exercise of further functions under section 6 of the Road Traffic Regulation Act 1984 and all other enabling powers, to enable the Committee to make any necessary traffic orders for the purposes of implementing and enforcing on the Participating Councils’ roads a scheme to enhance road safety by requiring the fitting of safety mirrors and side guards to all Heavy Goods Vehicles over 3.5 tonnes in London

("the London Safer Lorry Scheme"). At [INSERT DATE] all the Participating Councils had made the delegation in the same form, and this variation to the First ALGTEC Agreement had also been agreed by Transport for London, as required under Clause 15.1 of the First ALGTEC Agreement.

- J. The Participating Councils now wish (for the avoidance of doubt) to confirm that the exercise of functions delegated to the Committee to enter into the arrangements for the delivery of the independent parking appeals service on private land were and continue to be delivered pursuant to section 1 of the Localism Act 2011. The purpose of this agreement ("the Fifth ALGTEC Agreement") is, therefore, to vary further the First ALGTEC Agreement.

IT IS HEREBY AGREED AS FOLLOWS:

1. EXECUTION AND COMMENCEMENT

- 1.1 This Agreement is executed by each Party signing the annexed Memorandum of Participation on behalf of that Party and such Memorandum shall be evidence of execution by that Party when Memoranda signed by all Parties are incorporated into this Agreement.
- 1.2 This Agreement shall commence on the date of execution by the last of the Parties to execute it. ("the Fifth ALGTEC Agreement")

2. DELEGATION OF FUNCTIONS

2.1 For the avoidance of doubt, and to confirm that the general power of competence under section 1 of the Localism Act 2011 was, and continues to be, delegated to the Committee for the purposes of providing a private parking appeals service in accordance with section 56 and Schedule 4 of the Protection of Freedoms Act 2012, the First ALGTEC Agreement is hereby varied as follows –

2.1.1 After clause 4.1(C) of the First ALGTEC Agreement insert:

4.1(D) The Schedule 1 Part 1 Participating Councils have delegated to ALGTEC the functions set out in Part 3(E) of Schedule 2 of this Agreement. The Participating Councils may revoke this delegation in accordance with clause 13.2, that is with the unanimous consent of all the Participating Councils or otherwise in accordance with clause 13.2.3.

2.1.2 After clause 13.4 of the First ALGTEC Agreement insert:

13.5 Part 3(E) of Schedule 2 of this Agreement may be terminated by ALGTEC by a resolution of ALGTEC passed in accordance with the joint committee's normal procedures.

2.1.3 Paragraph 1 of Part 4 of Schedule 2 of the First ALGTEC Agreement shall be varied by replacing the words "Parts 1-3(D)" with::

"Parts 1-3(E)"

2.1.4 After Part 3(D) of Schedule 2 of the First ALGTEC Agreement insert:

PART 3(E) FUNCTIONS – PARKING ON PRIVATE LAND APPEALS SERVICE

1. *The general power of competence under section 1 of the Localism Act 2011 for the purpose of providing, on a full cost recovery basis, an independent appeals service for disputes arising in respect of parking on private land (with reference to section 56 and Schedule 4 of the Protection of Freedoms Act 2012).*

SCHEDULE 1

THE PARTICIPATING COUNCILS

The London Borough of Barking and Dagenham
The London Borough of Barnet
The London Borough of Bexley
The London Borough of Brent
The London Borough of Bromley
The London Borough of Camden
The London Borough of Croydon
The London Borough of Ealing
The London Borough of Enfield
The London Borough of Greenwich
The London Borough of Hackney
The London Borough of Hammersmith and Fulham
The London Borough of Haringey
The London Borough of Harrow
The London Borough of Havering
The London Borough of Hillingdon
The London Borough of Hounslow
The London Borough of Islington
The Royal Borough of Kensington and Chelsea
The Royal Borough of Kingston-upon-Thames
The London Borough of Lambeth
The London Borough of Lewisham
The London Borough of Merton
The London Borough of Newham
The London Borough of Redbridge
The London Borough of Richmond upon Thames
The London Borough of Southwark
The London Borough of Sutton
The London Borough of Tower Hamlets
The London Borough of Waltham Forest
The London Borough of Wandsworth
The City of Westminster
The Mayor and Commonalty and Citizens of the City of London

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MEMORANDUM OF PARTICIPATION

**IN THE THIRD FURTHER VARIATION OF THE ASSOCIATION OF LONDON
GOVERNMENT TRANSPORT AND ENVIRONMENT COMMITTEE AGREEMENT**

This Memorandum of Participation is executed on behalf of [*INSERT FULL NAME OF AUTHORITY*] for the purposes of Clause 1.1 of the Agreement intending it to be incorporated into the Agreement in accordance with Clause 1.1.

Signed:

Name/s and

Status of signatory/ies:

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Comptroller and City Solicitor
Michael Cogher



To:

All London Local Authority
Directors of Law & Governance

Telephone 020 7332 3699
Fax 020 7332 1992
Email michael.cogher
@cityoflondon.gov.uk

Our ref TL0016/005

Case Officer
Michael Cogher/Anne Pietsch

Date 2 October 2014

Dear Colleagues

**London Councils Transport & Environment Committee -
Variation to the Governing Agreement**

**Delegation of the exercise of section 1 of the Localism Act 2011 to the Joint Committee
for the purposes of providing a parking on private land appeals service on a full cost
recovery basis**

I am writing following the recent decision of the London Councils Transport and Environment Committee (LCTEC) Executive on the 11 September 2014 where it was resolved to recommend to the London local authorities that steps be taken to formally vary the LCTEC Governing Agreement to resolve an issue which has arisen in auditing London Councils' accounts in respect of LCTEC's provision of a private parking appeals service to the British Parking Association on a full cost recovery basis. I refer you to the email, dated 2 October 2014 from John O'Brien, Chief Executive of London Councils sent to your authority's Chief Executive, for further information and background regarding this.

Every London Authority is now asked, in accordance with its own governance procedures, to expressly resolve to:

- (a) formally confirm that the functions delegated to LCTEC to enter into the arrangements with the British Parking Association were and continue to be delivered pursuant to section 1 of the Localism Act 2011;
- (b) expressly delegate the exercise of section 1 of the 2011 Act to LCTEC for the purpose of providing an appeals service for parking on private land under contract on a full cost recovery basis; and
- (c) amend the LCTEC Governing Agreement to this end.

The following key documents may be located on the London Councils website:

1. Governance Documents – the LCTEC Governing Agreement and the four previous variations.

<http://www.londoncouncils.gov.uk/aboutus/governance/constitutional.htm>

2. LCTEC Report and Minutes regarding the provision of the parking appeals service for parking on private land:

<http://www.londoncouncils.gov.uk/London%20Councils/Item10ProposedAppealsServicePrivateLandAppeals1503.doc>

<http://www.londoncouncils.gov.uk/London%20Councils/Item20.POPLAReport140612.doc>

[http://www.londoncouncils.gov.uk/London%20Councils/Item4.TECAgreementPOPLAAmendmentfor110914%20\(2\).docx](http://www.londoncouncils.gov.uk/London%20Councils/Item4.TECAgreementPOPLAAmendmentfor110914%20(2).docx)

I enclose:

1. a Variation to the LCTEC Governing Agreement, and
2. a Memorandum of Participation for execution by your authority in accordance with clause 1.1. of the Variation.

This fifth Variation to the Governing Agreement confirms expressly that the 33 London local authorities have delegated to the joint committee the exercise of section 1 of the Localism Act 2011 for the purposes of providing a parking on private land appeals service on a full cost recovery basis, consistent with previous decisions of the joint committee regarding the provision of this service. Mr Clive Sheldon QC was instructed and advised on the drafting of the Variation.

After your authority has taken its decision I would be grateful if you would arrange for the Memorandum of Participation to be executed and the original returned to me by the 24 December 2014. Once I have received all the authorities' Memoranda they will be incorporated into the Variation, the Variation dated, and a copy of the completed Variation then be provided to your authority for its records.


Should you have any questions regarding this matter, please do not hesitate to contact:

Michael Cogher, Comptroller & City Solicitor, City of London Corporation:
Michael.cogher@cityoflondon.gov.uk ; 020 7332 3699;

Anne Pietsch, Chief Legal Assistant, City of London Corporation:
Anne.pietsch@cityoflondon.gov.uk ; 020 7332 1633.

Should you email it would be appreciated if both Michael and Anne could be copied into the correspondence.

Yours faithfully


Michael Cogher
Comptroller & City Solicitor

Enc: Fifth Variation of the LCTEC Governing Agreement (otherwise known as the Third Further Variation of the ALGTEC Governing Agreement)

Memorandum of Participation

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CABINET

10 December 2014

Subject Heading:

Havering Local Plan – Initial Consultation

Cabinet Member:

Councillor Osman Dervish

CMT Lead:

Andrew Blake-Herbert

Report Author and contact details:

Lauren Gray
lauren.gray@havering.gov.uk
01708 433051

Policy context:

National Planning Policy Framework 2012, London Plan 2011, Revised Early Minor Alterations 2013 and Draft Further Alterations to the London Plan 2014, Havering Local Development Framework 2008

Financial summary:

The initial public consultation on the Local Plan has limited financial implications. All of the modest costs associated with the consultation can be met within existing Development Planning Budgets.

The Local Plan must be underpinned by a robust evidence base which is currently being progressed. Additional funding in the region of £100,000 will be required to fund a number of these evidence base studies. It is expected that some funding for these studies will be met from residual funds from Planning Delivery Grant together with corporate funding identified as appropriate.

Is this a Key Decision?

No

When should this matter be reviewed?

December 2016

Reviewing OSC:

Towns and Communities

The subject matter of this report deals with the following Council Objectives

<i>Ensuring a clean, safe and green borough</i>	[x]
<i>Championing education and learning for all</i>	[x]
<i>Providing economic, social and cultural activity in thriving towns and villages</i>	[x]

Valuing and enhancing the lives of our residents [x]
Delivering high customer satisfaction and a stable council tax []

SUMMARY

The Council is required to prepare a Local Plan for the Borough. A Local Plan is the statutory Development Plan for an area which sets out the long- term strategic planning priorities and objectives, opportunities for development and clear policies on what will or will not be permitted and where. Local Plans were introduced by the Town and Country Planning (Local Planning) (England) regulations 2012 and replaced the previous system of Local Development Frameworks (LDF).

This report seeks Cabinet approval for the first statutory stage of public consultation which is required in order to start the process of progressing a new Local Plan for the Borough.

The report sets out further detail on the reasons for preparing a Local Plan, the statutory process that must be followed and the individual elements of work that are needed to feed into the Plan.

The report also seeks Cabinet Approval to publish the Local Development Scheme (LDS) which is a statutory document setting out the plans and policy documents that will be prepared and a timetable for their delivery. The LDS is not subject to consultation.

The report notes that the preparation of the new Havering Local Plan will be closely linked to the preparation of the Havering Community Infrastructure Levy.

RECOMMENDATIONS

That Cabinet approve:

- (1) The preparation of a new Local Plan for Havering which will replace key documents within the Local Development Framework.
- (2) The Local Plan Consultation Questionnaire (attached as Annex 1) for public consultation.
- (3) The Local Development Scheme for publication (attached as Annex 2)

REPORT DETAIL

Background

1. Havering's Local Development Framework was adopted in 2008. Since then the Government has published its National Planning Policy Framework (NPPF) and the Mayor of London has published a new London Plan and subsequent Alterations.
2. The Council has also adopted a more business focussed approach and is bringing forward other work to enhance the borough as a place for people to live and where businesses can prosper which should be reflected in up to date planning policies such as a development framework for Romford and a Housing Zone bid for London Riverside.
3. It is considered timely to review the LDF and produce a new Local Plan for the Borough.
4. This work is also necessary to support and complement Havering's emerging Community Infrastructure Levy (CIL) which will assist the Council in generating funding towards the cost of infrastructure to support Havering's development. There are important linkages and dependencies between the respective programmes which require them to be progressed in parallel. Additionally, Government guidance highlights the importance and advantages of CIL work being linked to work on a local plan. Statutory guidance includes that the Levy be worked up and tested alongside the local plan.
5. For this reason, this agenda includes a specific item on the Havering Community Infrastructure Levy. If Members approve both items, public consultation would be started on them concurrently in the new year.

What is a Local Plan?

6. A Local Plan is the statutory Development Plan for an area which sets out the long- term strategic planning priorities and objectives, opportunities for development and clear policies on what will or will not be permitted and where.
7. Local Plans were introduced by the Local Planning Regulations 2012 and replaced the previous system of Local Development Frameworks and their

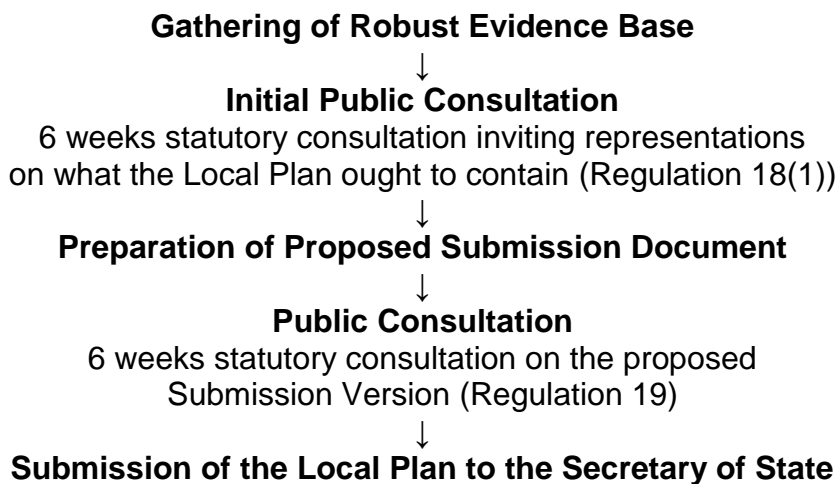
suite of documents including Core Strategies, Development Control Policies and Area Action Plans.

Why are we preparing a Local Plan?

8. Havering should progress a new Local Plan because it will:
- Meet statutory responsibilities for Local Planning Authorities to prepare a Local Plan for their area (Statutory Plan)
 - aid decision making and further improve the quality and appropriateness of development in the Borough
 - provide control over local decision making to protect Havering’s largely suburban, green character
 - provide clarity for the business sector and stimulate investment
 - reflect and add weight to other Council led initiatives such as economic development, regeneration and effective asset use and rationalisation
 - support progress on Havering’s CIL and assist in securing funding towards infrastructure
 - increase/enhance other funding opportunities when resources for the public sector are very constrained
 - respond to recent planning legislation changes
 - ensure consistency with the Government and Mayoral planning policy

What is the process for preparing a Local Plan?

9. The new Havering Local Plan will be prepared in accordance with the statutory process set out in Local Planning Regulations 2012.
10. Local Plans are subject to two stages of public consultation and an examination in public before an independent planning inspector.
11. The key stages of the Local Plan process are set out below:



↓
Independent Examination in Public
↓
Adoption of the Local Plan

12. Under previous regulations, Development Plans (including the key LDF documents) were subject to three rounds of public consultation. This offered the advantage of consulting on a 'draft' version of the Plan.
13. However, the progression of the Local Plan through only two consultation stages is advantageous as far as assisting progress towards the early adoption of the Havering CIL (see below). For this reason, a two stage consultation process is recommended.
14. It should be noted that a three stage approach, including preparation and consultation on a Draft Local Plan, would be recommended if there were no time pressures on the Local Plan from the need to adopt a Havering CIL as soon as possible.

The initial public consultation

15. In line with the Local Planning Regulations 2012 the first stage of consultation must invite representations on what the local Plan ought to contain (Regulation 18(1)).
16. The NPPF places great importance on engagement with our stakeholders (including residents) and states that early and meaningful engagement and collaboration with neighbourhoods, local organisations and businesses is essential. A wide section of the community should be proactively engaged, so that Local Plans, as far as possible, reflect a collective vision and a set of agreed priorities for the sustainable development of the area. To ensure compliancy with the NPPF it is important that consultation on the emerging Local Plan provides consultees an opportunity to put forward their views at an early stage so that they can be taken account of in the drafting of the plan.
17. In line with the above, it is proposed that the consultation questionnaire set out in Annex 1 is published for consultation for a six week statutory period commencing in January 2015.
18. The consultation questionnaire suggests the strategic priorities for the Local Plan and provides an overview of the Council's aspirations in relation to a range of topic areas such as business growth and economic activity, housing and culture and leisure. The questionnaire includes questions relating to each of the topics and focuses on how respondents feel that the Local Plan could help to deliver the priorities.

19. Whilst the consultation questionnaire is primarily aimed at Havering's residents and businesses it has also been written to provide sufficient information for statutory consultees such as the GLA, the Environment Agency, English Heritage and Natural England and therefore capture a wide range of stakeholder responses.
20. The questionnaire provides an appropriate level of detail and clarity on what the Local Plan will address, however it does not predetermine what specific proposals or policies will be included in the proposed submission version.
21. The initial public consultation will include publication of the questionnaire on the Council's Website, as well as being circulated to all consultees registered on the Council's Development Planning Consultation Database and all statutory consultees such as the GLA, Environment Agency, English Heritage and Natural England.
22. The consultation questionnaire will also be made available in 'hard' copy format at all of the Council's Libraries and at the Romford Public Advice & Service Centre (PASC).

Duty to Cooperate

23. The duty to cooperate was established in the Localism Act 2011 and places a legal duty on local planning authorities to engage constructively, actively and on an ongoing basis to maximise the effectiveness of Local Plan preparation in the context of strategic cross boundary matters.
24. This may require and / or result in:
 - Working together with local authorities to develop common views on policy topics
 - Setting out joint approaches to plan making
 - Engage actively and on an on-going basis
25. The way in which the Council meets its Duty to Cooperate will vary and will depend on the type of strategic issues and cross boundary implications.

Evidence base

26. Essential evidence base work which will be needed to justify policies within the Plan is well under-way. The Local Plan must be based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area in order to ensure that the policies are robust enough to withstand challenges and scrutiny during the Local Plan process, to support effective development control decision making and any subsequent planning appeals.

27. The evidence base encompasses:
- Retail and Commercial Leisure Needs Assessment –in progress
 - Employment Land Review - in progress
 - Strategic Flood Risk Assessment (SFRA) Level 1
 - a GLA London-wide Strategic Housing Land Availability Assessment (SHLAA) – completed 2013 to inform the revised housing targets for each borough which are set out in the draft Further Alterations to the London Plan.
 - GLA London-wide Strategic Housing Market Assessment (SHMA) – completed 2013
 - East London SHMA – LB Redbridge have contacted other local authorities with a view to jointly preparing an update to the 2010 document
 - an Open Space, Sport and Recreation Needs Assessment – to be taken forward with Property Services, Culture and Leisure and Economic Development
 - A Green Belt Review – to be undertaken following the initial consultation
 - Infrastructure Delivery Plan – commissioned and in progress
 - Viability Appraisal – to be completed. The viability appraisal will ensure that the sites and the scale of development identified in the plan are not subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.
 - Local Development Framework Policy Audit – Completed 2013. Officers assessed LDF policies against the policies contained within the NPPF and London Plan to determine whether there are any disparities or any repetition. This assessment will be used in addition to the emerging evidence base to help inform future decisions on what policies will be taken forward and/or revised in line with the Council's aspirations.
28. Several of these documents such as the Open Space, Sport and Recreation Needs Assessment and Green Belt Review will have direct benefits for the work of colleague services within the Council such as Culture and Leisure and Economic Development.
29. Havering's existing policies have also been reviewed against those of the Government and the London Mayor to avoid the new Plan repeating these and to identify any disparities. The new Plan must avoid repeating policies which are already set out in higher level statutory documents and strategies. It is intended to prepare a new Havering Local Plan which is a concise and focussed document.

Local Development Scheme

- 30. Annex 2 is the Havering Local Development Scheme. This is, in effect, the project plan for how the Council intends to take local planning and linked work forward over the next few years.
- 31. Members are asked to note the contents and approve it for publication.

Other matters

- 32. Work on the local plan has to be supported by a sustainability appraisal and a document setting the Council's approach to public consultation (the Statement of Community Involvement). These have to be in place before the consultation on the local plan can start. Both matters will have been progressed by means of Lead Member approval by the time of the Cabinet meeting so as not to jeopardise the start of the local plan consultation in the early New Year.

Next Steps

- 33. In parallel and further to the first stage of consultation officers will continue to develop the remaining pieces of evidence base that are needed to support the new Local Plan.
- 34. The Submission Version of the Plan will be prepared and will be informed by the emerging evidence base and the responses to the public consultation. The Plan will then be subject to a further six week public consultation before it is submitted to the Secretary of State. The Plan will then be subject to an examination in public by an independent planning inspector.
- 35. Subject to Cabinet approval consultation on the Local Plan Consultation Questionnaire will commence in January 2015. It is anticipated that consultation on the Submission version of the Plan will take place in Winter 2015/16 and submission to the Secretary of State in Spring 2016. Subject to being found sound at examination this could lead to adoption of the new Havering Local Plan in Autumn 2016.

REASONS AND OPTIONS

Reasons for the decision:

The decision to prepare a new Local Plan for Havering has been taken for the following reasons:

- The Local Development Framework (LDF) was published in 2008 and is now due for review
- There have been significant changes to the planning system and national and regional policy since adoption of the Havering Local Plan 2008. This includes publication of the NPPF 2012 and London Plan 2011.
- To aid decision making and further improve the quality and appropriateness of development in the Borough
- To retain control over local decision making
- To support progression of the Community Infrastructure Levy (CIL)
- To provide clarity for the business sector and stimulate investment
- To increase/ enhance funding opportunities
- To respond to any pressure that arises for a neighbourhood plan(s)
- To respond to recent planning legislation changes

Other options considered

The option of not taking forward a new Local Plan and continuing to rely on the Local Development Framework has been considered and rejected for the following reasons:

- It is a statutory requirement for every local planning authority to have a Local Plan
- Over-time the Local Development Framework will become increasingly out of date and eventually will not provide sufficient policy support for refusing inappropriate development within the Borough.
- Progression of the Havering CIL Community Infrastructure Levy is dependent on progression of the Local Plan.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are two main areas of cost in relation to the Local Plan. The first relates to the consultation process and the second relates to the evidence base studies that are needed to underpin the Local Plan.

1. The initial public consultation on the Local Plan has limited financial implications and all of the modest costs associated with the consultation can be met within existing Development Planning budgets.
2. External consultants have been and will need to be commissioned to produce some of the evidence base documents that are needed to support the Local Plan. The use of external consultants reflects the need for expertise which is

not held in house in addition to the small size of the Development Planning team and existing and on-going work commitments.

An Employment Land Review (circa £40,000) and a Retail and Commercial Leisure Needs Assessment (circa £30,000) are being paid from existing Development Planning budgets, which include monies secured from Planning Delivery Grant and held for the purposes of supporting necessary work on the Havering Local Plan.

There is also a Council and Service need for an Open Space, Allotments, Sport and Recreation Needs Assessment and a Strategic Housing Market Assessment to be prepared to inform the Local Plan and wider Council programmes. These studies would jointly cost in the region of £100,000, and would be commissioned early in the New Year. The need for this spend will be assessed and it is expected that some funding for these studies will be met from residual funds from Planning Delivery Grant together with corporate funding identified as appropriate.

Cleared by Conway Mulcahy, Finance Business Partner 17/11/14

Legal implications and risks:

The proposed consultation will be carried out in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012.

The statutory provisions under which a Local Plan is made are within the Planning and Compulsory Purchase Act 2004 (as amended) and regulations made under the Town and Country Planning (Local Planning) (England) Regulation 2012 and the Environment Assessment of Plans and Programme Regulations 2004. This is the initial consultation stage in an iterative process which will be revisited to take account of representations before the local plan is finalised, examined for soundness and adopted.

Cleared by Vincent Healey, Legal Manager 17/11/2014

Human Resources implications and risks:

Officers consider that the consultation on the Local Plan can be delivered within existing staff resources.

Cleared by Geraldine Minchin, Strategic HR Partner 11/11/14

Equalities implications and risks:

There are no equalities implications relating to the publication of the consultation leaflet for consultation. The Council offers reasonable adjustments for disabled residents within the consultation document.

The Local Plan will be accompanied by an Equality Impact Assessment which will examine the effect of the Plan on any person or groups of people with different protected characteristics. This will make sure the Council is meeting the Public Sector Equality Duty under the Equality Act 2010.

Work on the Equality Impact Assessment is underway as it is important that the possible equalities implications begin to be considered at the earliest opportunity to

Cabinet 10 December 2014

ensure that any possible effects on individuals or groups of people are considered as the proposals and policies are being developed.

The final Equality Impact Assessment will be published alongside the Submission Version of the Local Plan.

Cleared by Paul Green, Corporate Policy & Diversity Advisor 11/11/14

BACKGROUND PAPERS

None

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A new Local Plan for Havering

January 2015



The Council is preparing a Local Plan for Havering to set out the future planning policies and priorities for the Borough.

The new Havering Local Plan will eventually replace our Local Development Framework (LDF) from 2008.

This is the first of two stages of consultation on the Local Plan and seeks to determine your views on the key strategic priorities for the Borough over the next 15 years and how these priorities should be addressed in the new Local Plan.

This consultation follows on from the Council's wider consultation on the Budget Proposals that took place from September to December 2014.

Background Information

Havering was one of the first London Boroughs to adopt its Local Development Framework and now needs to prepare a new plan because the Government and the London Mayor have revised their own planning policies.

Our new Plan has to be consistent with the National Planning Policy Framework (NPPF) and in general conformity with the London Plan 2011 and its subsequent alterations. The NPPF has a focus on sustainable economic growth and a presumption in favour of sustainable development.

The Local Plan will need to be informed by a robust evidence base which the Council is currently progressing.

Key priorities

The strategic priorities (not in any priority order) that we believe the Local Plan should be addressing are:

- Business growth and economic activity
- New housing provision
- Town centre development
- Transport Infrastructure
- Social Infrastructure including schools and health provision
- Culture and leisure provision
- Protecting and enhancing the Green Belt
- Environmental management and climate change
- Waste management and minerals extraction
- Delivering high quality design
- Protecting and enhancing Havering's heritage assets

Question 1:

Do you agree that these are the right priorities for the new Havering Local Plan?

How to comment

This consultation runs for 6 weeks from xx to xx.

You can respond online at www.havering.gov.uk/????????????????

Copies of this questionnaire are available on the Havering website at

www.havering.gov.uk/planning

Alternatively you may request a copy from developmentplanning@havering.gov.uk or 01708 432522.

Responses may be sent via email to developmentplanning@havering.gov.uk or by post to:

Development Planning, London Borough of Havering,
Town Hall, Main Road, Romford, RM1 3BD

Business Growth and Economic Activity

The Council is committed to securing economic growth and ensuring that Havering has a competitive and strong economy. We will also seek to encourage innovation and investment in Havering. This is particularly important given the current economic climate and Government's priorities.

The new Local Plan will set out where employment land and businesses are going to be located.

It is important that local people have access to training and skills development to enable them to take advantage of and compete for future jobs in Havering.

Housing

Making sure there are enough high quality homes in Havering to meet local need will help make the borough a place where people will want to live and are able to stay.

The London Plan sets out how many new homes must be provided in Havering. It also identifies broad locations for residential development including Romford Town Centre and London Riverside in the south of the borough.

Havering is mainly suburban with detached and semi-detached homes with flatted development concentrated mainly in Romford. We want new residential development to respect and improve the character of an area by re-enforcing and adding to the positive aspects of the built environment.

Our Plan must consider the appropriate type, size, density and affordability of homes that are needed to meet demand.

Question 2:

How should the Local Plan support business growth, training opportunities and a strong local economy?

Question 3:

What do you think the Local Plan priorities for housing should be?

Question 4:

Where do you think new homes should be located?

Town Centres

Havering's town centres are important to the economy and provide shops, services and jobs as well as places where people live.

Romford is the main town centre and serves North East London and parts of Essex. It has a strong retail offer including the historic market and a range of leisure and cultural facilities and services.

Hornchurch, Upminster, Collier Row, Elm Park, Harold Hill and Rainham serve their local communities and offer a range of everyday community, shopping and employment opportunities. An extensive network of local centres also meets the day to day needs of local residents.

Town centres are increasingly used for leisure and cultural activities as well as for shopping and accessing services. Consequently, they need to offer a range of complementary uses in a high quality environment in order to attract consumers and to resist competition from other centres such as Stratford Westfield, Bluewater and Lakeside.

The Local Plan will continue to support vibrant town centres with a choice of shops and a mix of uses to enhance the visitor experience.

Question 5:

How do you think the Local Plan should continue to support the protection, improvement and growth of the Borough's town centres?

Transport Infrastructure

Havering has good access to the rest of London, Essex and the South East via its strategic transport connections and routes including road and rail links and the London Underground. It will also benefit from the arrival of Crossrail in 2018/19.

Havering also has a network of bus routes which serve residential, employment and other key destinations across the Borough.

The Plan will seek to make sure new development is located where it will be well served by public transport.

It will seek to minimise the impact of travel by improving local infrastructure (e.g. reducing congestion and improving public transport services) and by promoting a wide range of high quality, convenient and environmentally friendly transport options including, cycling and walking.

Social Infrastructure

There are a range of services and facilities that are needed to serve existing and new residents and to ensure social inclusion, health and wellbeing and an improved quality of life. These facilities include childcare, schools, healthcare, facilities for older adults, community centres, places of worship and cemeteries and crematoria.

The Plan will seek to protect and enhance existing community facilities and essential services and provide for future needs in the borough. It will need to consider population changes within Havering and the impact this will have on the services and facilities required.

There is increasing pressure for school places and healthcare provision to meet the needs of a growing population. The Council has a legal duty to ensure that there are sufficient school places for all children who live in the borough and might require one. The Plan will consider how this demand will be met taking into account a range of options such as new free schools and expansion of existing schools.

Question 6:

What do you think the transport priorities in Havering are and how should the Plan address them?

Question 7:

How do you think the Plan should address the need for community facilities and services including schools and health provision?

Green Belt

Over half of Havering is in the Green Belt which separates it from the rest of London to the west and the built up area of Essex to the north and east.

The Green Belt seeks to prevent urban sprawl and safeguards the countryside from encroachment. The Plan will continue to protect the Green Belt from inappropriate development.

National planning policy states that Green Belt boundaries should only be altered when preparing a Local Plan. Preparing the new Plan is the chance to review the current Green Belt boundary and determine whether any changes are needed.

Suggestions for any revision to Havering's Green Belt Boundary should be put forward during this consultation.

The current Green Belt boundary is shown on the Council's Proposals Map 2008 which can be viewed online at: www.havering.gov.uk/greenbelt

Climate Change and Sustainability

Climate change is an ongoing issue that will need to be addressed in the new Plan by seeking to reduce greenhouse gas emissions and improving our resilience to the impacts of climate change.

The Plan will set out the standards and expectations the Council has on developers, to ensure that growth and development in the Borough is carried out in a sustainable way, is reducing energy consumption and limiting its impact on the environment.

The Plan will need to ensure that the risk of flooding is considered in the location and design of new development in order to minimise the impact on people and the environment.

The Borough is designated as an Air Quality Management Area. The Plan must seek to protect and improve air quality in Havering.

Question 8:

How do you think the Local Plan should protect and enhance the Borough's Green Belt?

Question 9:

Do you have any suggestions for revisions to the Green Belt boundary? The full details of each site including a site location map should be submitted in response to this question.

Question 10:

How do you think the Local Plan should seek to address Climate Change and Sustainability?

The Natural Environment

Havering has an extensive and varied network of open space and parks (including Rainham Marshes, Hornchurch Country Park and Bedfords Park) which offer informal recreation and leisure opportunities. The natural environment contributes to the attractiveness of an area, health and well-being and the overall quality of life for residents.

The borough's open spaces and waterways also support a wealth of wildlife and biodiversity which is important for flood protection, improving air and water quality, moderating noise and education purposes.

The Local Plan will seek to protect and enhance existing open space and biodiversity, recognising its importance and the benefits it provides.

Question 11:

How do you think the Local Plan should manage the Natural Environment?

Waste and Minerals

Havering is committed to minimising the production of waste, reducing the use of landfill and increasing the recycling of household and commercial and industrial waste.

Together with our neighbouring London boroughs Havering adopted a Waste Plan in 2012. Its main purpose is to ensure there is sufficient waste management capacity across the four boroughs by safeguarding existing waste facilities and allocating sites for new facilities.

Havering is one of four areas identified in the London Plan as contributing to the future provision of materials for building (sand and gravel) needed in London.

The Plan will need to ensure that policies for minerals extraction help achieve the Borough target set out in the London Plan. It will also need to consider the environmental issues associated with minerals extraction including restoring the land after use of the sites.

Design

Good design helps create successful and attractive places which provide everyone with a high quality of life and where people want to live and work and add economic, social and environmental value to an area.

The Local Plan will promote high quality design which will help to create vibrant, sustainable, safe and accessible places which meet the needs of local people. It will also seek to ensure that development reflects its setting and the character of the area.

Question 12:

How do you think the Local Plan should seek to address the production and management of waste?

Question 13:

How do you think the Local Plan should address the provision of minerals?

Question 14:

How do you think the Local Plan should ensure high quality design?

Heritage

There is a wealth of heritage in Havering: hundreds of listed and locally listed buildings, eleven Conservation Areas, three scheduled monuments, a historic park and garden, and whole areas of land rich in archaeology.

These places are valuable in their own right, and they also have wider benefits for people's quality of life in Havering. It is clear that our built heritage makes a significant contribution to the character, appearance and economic vitality of the Borough.

It is vital for the Local Plan to recognise the importance of the historic environment within the Borough; to identify where our heritage is; and to understand what is important about it. By doing this, the Local Plan will seek to protect the historic environment and ensure that new development is appropriate within the historic context.

Question 15:

How do you think the Local Plan should protect and enhance Havering's heritage assets?

Question 16:

Do you have any additional comments?

Next Steps

The Council will review the responses to this consultation and will use them to inform the preparation of the submission version of the Local Plan. The proposed submission version of the Local Plan will be published for consultation in late 2015 prior to being submitted for an examination in public by an independent planning inspector in spring 2016. The Local Plan is expected to be adopted in Autumn 2016.

Getting information in your language or another format

This is a consultation document for the new Local Plan for Havering. If you would like to get this document in your language or in another format (large print, Braille, audiotape or easy read), please contact the Development Planning team via email developmentplanning@haverling.gov.uk or on 01708 432522.



Havering
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Local Development Scheme (LDS) 2015-2017

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1. INTRODUCTION

Purpose of the LDS

Local planning authorities are required to prepare and maintain a Local Development Scheme (LDS) under the Planning and Compulsory Purchase Act 2004.

The purpose of the LDS is to set out the plans and policy documents that will be prepared by the London Borough of Havering and a timetable for their delivery. This is the fifth LDS to be prepared by Havering. The first was published in 2005 and was subsequently reviewed in 2006, 2007 and 2010.

This LDS replaces the most recent Havering LDS (2010) and sets out:

- The planning policy documents that Havering have already prepared
- The planning policy documents that Havering intend to produce
- The subject matter and geographical area of each of the proposed documents
- The timetable for the preparation of the documents over the next three years
- The opportunities for the local community and stakeholders to be involved in preparing planning policies.

The plan making system

Recent legislative changes

There have been a number of changes to the legislation which governs the plan making process since the previous Havering LDS was published in 2010. These legislative changes also affect the terminology used in planning policy.

The Town and Country Planning (Local Planning) (England) Regulations came into force in 2012. These regulations govern the plan making process and consolidate and amend the previous Town and Country Planning (Local Development) (England) Regulations 2004 and subsequent amendments in order to take account of changes made by the Localism Act.

The Local Development Regulations 2004 introduced Local Development Frameworks (LDF), a suite of planning documents which collectively deliver the spatial planning objectives for the area. The new Local Planning Regulations 2012 replace LDFs with Local Plans. The National Planning Policy Framework (NPPF) and 2012 regulations introduced the new term 'local plan', which should be used to set out the future development of the local area. The 'Local Plan', consists only of Development Plan Documents (DPDs), the proposals map and saved Unitary Development Plan (UDP) policies. Previously, the LDF comprised all Local Development Documents including DPDs, Supplementary Planning Documents (SPDs) and procedural documents. The documents which comprise the Local Plan and the Mayor's London Plan come together to form the Development Plan for Havering.

Planning Policy

In March 2012 the Government published its National Planning Policy Framework (NPPF) which sets out the planning policies for England and how these are expected to be applied. The framework has replaced previous national planning policy statements and guidance. Alongside the NPPF, new Planning Policy for Traveller Sites was published in 2012 which

sets out specific planning policies in relation to Local Plan making and determining planning applications.

A new London Plan was published in 2011. The London Plan is the statutory spatial development strategy for London and it forms part of the Development Plan for Havering. Revised Early Minor Alterations to the Plan were published in October 2013 and form part of the development plan.

Draft Further Alterations to the London Plan were published in January 2014 for consultation. The proposed Alterations were subject to Examination in September 2014. It is anticipated that the Alterations will be adopted as part of the London Plan in early 2015.

As set out above, Local Development Frameworks are now being replaced with Local Plans. LB Havering has made good progress in preparing its LDF, as set out in section 2. In future, local planning policy for Havering will comprise of the following documents:

- Local Plan (DPDs)
- Supplementary Planning Documents
- Statement of Community Involvement
- Authority Monitoring Report
- Community Infrastructure Levy

2. HAVERING'S PLANNING POLICY FRAMEWORK

2.1 *Progress to date*

LB Havering has made good progress in bringing forward a number of important policy documents which form Havering's Local Development Framework (LDF). This includes Development Plan Documents and Supplementary Planning Documents as listed below and set out in further detail in Appendix 1.

DEVELOPMENT PLAN DOCUMENTS

- Core Strategy (and Proposals Map) 2008
- Development Control Policies 2008
- Site Specific Allocations 2008
- Romford Area Action Plan 2008
- Joint Waste Development Plan 2012 (prepared jointly with LBs Barking and Dagenham, Newham and Redbridge who are members of the East London Waste Authority with Havering).

SUPPLEMENTARY PLANNING DOCUMENTS

- Shop Front Design 2013
- Planning Obligations 2013
- Landscaping 2011
- Heritage 2011
- Residential Extensions and Alterations 2011
- Residential Design 2010
- Designing Safer Places 2010
- Protecting and Enhancing the Borough's Biodiversity 2010
- Protection of Trees During Development 2009
- Sustainable Design and Construction 2009
- Hall Lane Policy Area 2009
- Emerson Park Policy Area 2009

OTHER PLANNING DOCUMENTS

- Statement of Community Involvement 2006
- Authorities Monitoring Report (AMR) 2012/13 (latest version)
- Conservation Area Character Appraisals and Management Plans for each of the Boroughs Conservation Areas.
- Romford Town Centre Pavement Cafes Local Development Order 2012
- Planning Advice Note: Proposals for Business and Employment within Industrial Areas (2013)

3. SCHEDULE OF PLANNING DOCUMENTS TO BE PREPARED BY LB HAVERING

3.1 Overview of documents to be produced

LB Havering was one of the first local authorities to take its borough-wide planning policies through to adoption as part of its LDF (Local Development Framework). The Core Strategy, Development Control Policies, Proposals Map, and Site Specific Allocations were all adopted in 2008. As set out in section 2, Local Development Frameworks have now been replaced with Local Plans and since Havering's key LDF documents were adopted a new London Plan has been published (2011) and the Government have introduced the National Planning Policy Framework (2012) and specific planning policy advice for gypsies and travellers.

In the light of all of these changes the Council is now seeking to review the key LDF documents and prepare a new Local Plan (Refer to section 3.2 for further details on the emerging Local Plan). During preparation of the Local Plan the Council will consider which of Havering's SPDs need to be retained or reviewed, any reviews that are proposed will be reflected in future versions of the LDS. The intention is to reduce the amount of SPDs in line with Government guidance.

In addition to the review of the LDF and preparation of the Local Plan the Council is continuing to progress a number of other important policy documents which are detailed in section 3.2:

- Site Specific Allocations Local Plan
- Gypsy and Traveller Sites Local Plan
- Community Infrastructure Levy
- Statement of Community Involvement review

The Localism Act introduced Neighbourhood Plans that can be produced by designated community forums. The Council has not received any applications to create a community forum and is unaware of any local communities seeking to produce a neighbourhood plan.

An indicative timetable for all document preparation / review is set out in Appendix 3.2.

3.2 Document Schedules

HAVERING LOCAL PLAN

Subject and Scope: The Local Plan will set out policies which guide how and where development should take place up to 2030/2031. The Local Plan is the primary basis for determining planning applications.

Reason for preparation: The key LDF documents were adopted in 2008 and now need to be reviewed in light of the new London Plan 2011, the new National Planning Policy Framework and new Planning Regulations.

Status: Development Plan Document

Chain of Conformity: Consistent with National Planning Policy (NPPF) and in general conformity with the London Plan

Geographical Coverage: Borough-wide

Production Milestones:

- Evidence Gathering: currently on-going
- Public consultation on issues and priorities (Regulation 18): Winter 2014/15
- Document preparation: Winter 2014/15 onwards
- Public consultation on Proposed Submission version (Regulation 19): Winter 2015/16
- Submission: Spring 2016
- Examination in Public: Summer 2016
- Formal Adoption: Autumn 2016

HAVERING SITE SPECIFIC ALLOCATIONS LOCAL PLAN

Subject and Scope: This document will allocate specific development sites for particular uses.

Reason for preparation: The current Site Specific Allocations document was adopted in 2008 as part of the Local Development Framework and will need to be reviewed in light of the new London Plan 2011, the new National Planning Policy Framework and new Planning Regulations.

Status: Development Plan Document

Chain of Conformity: Consistent with National Planning Policy (NPPF) and in general conformity with the London Plan

Geographical Coverage: Borough-wide

Production Milestones:

- Evidence Gathering: currently on-going
- Public consultation on issues and priorities (Regulation 18): Winter 2015/16
- Document preparation: Winter 2016 onwards

- Public consultation on Proposed Submission version (Regulation 19): Summer 2016
- Submission: Autumn 2016
- Examination in Public: Winter 2016
- Formal Adoption: Spring 2017

GYPSY AND TRAVELLER SITES LOCAL PLAN

Subject and Scope: This document will detail how the Council will make provision for sufficient additional pitches for Gypsies and Travellers during the plan period and will identify specific sites for gypsies and travellers.

Reason for preparation: To meet national planning policy requirements in relation to meeting the needs of Gypsies and Travellers.

Status: Development Plan Document

Chain of Conformity: National and regional planning policy and with the Core Strategy and Development Control Policies DPD and the Proposals Map 2008.

Geographical Coverage: Borough-wide

Production Milestones:

- Call for Sites: Summer / Autumn 2010
- Issues and Options public consultation: Summer 2011
- Proposed Submission Version public consultation: Spring 2012
- Submission to Secretary of State: Winter 2012
- Examination in Public commences: Spring 2013
- Examination Suspended: Summer 2013
- Further Proposed Submission Version public consultation: late Winter 2014/2015
- Re Submission to Secretary of State: Spring 2015
- Examination to reconvene: Summer 2015
- Formal Adoption: Autumn 2015

COMMUNITY INFRASTRUCTURE LEVY

Subject and Scope: The Havering Community Infrastructure Levy (CIL) will set the rates for developer contributions that the Council will charge on new developments towards the cost of infrastructure.

Status: Local Development Document

Chain of Conformity: National Planning Policy and Planning Regulations and the Mayoral Community Infrastructure Levy

Geographical Coverage: Borough-wide

Production Milestones:

- Evidence gathering: 2013 onwards

- Document preparation: Summer / Autumn 2014
- Public consultation on Preliminary Draft Charging Schedule (PDCS): Winter 2014/15
- Public consultation on the Draft Charging Schedule (DCS): Spring 2015
- Submission to the Secretary of State: Summer / Autumn 2015
- Examination in Public: Autumn 2015
- Adoption: Winter 2015

STATEMENT OF COMMUNITY INVOLVEMENT

Subject and Scope: To set out how the community and other stakeholders will be involved in the preparation of future planning policy documents such as the Local Plan and in decision regarding planning applications.

Reason for preparation: The Council adopted its current Statement of Community Involvement in 2006 and is now reviewing and updating this document.

Status: Local Development Document

Chain of Conformity: National Planning Policy and Planning Regulations

Geographical Coverage: Borough-wide and is relevant to organisations and people external to the borough.

Production Milestones:

- Information gathering and scoping: Spring / Summer 2014
- Document preparation: Summer / Autumn 2014
- Public consultation on draft SCI: Autumn 2014
- Document amendment following consultation: Autumn / Winter 2014
- Adoption: Winter 2014/15

4. RISK ASSESSMENT

The main risk associated with the LDS programme will be deviation from the timetable which will delay the adoption the planning documents. The following potential risks have been identified:

- Continuity of funding and staffing in light of significant constraints on Havering's resources.
- Unplanned and unforeseen work arising which requires prompt attention from limited staff resources.
- Additional unforeseen evidence base requirements and the need for specialist information and expertise which is unavailable in-house requiring engagement of specialist external input at a time when resources are very constrained.
- Time required for consideration and decision making within the Council, with stakeholders and the public generally, particularly where there is considerable interest in policy areas.
- Events such as local and national elections.
- Changes to national or regional policy and planning guidance.
- Consultation fatigue, which may impact on stakeholder and community 'buy in'.
- Legal or other challenges such as intervention by the Secretary of State.

The Council will closely monitor progress on the work programme and seek to manage these risks in order to adhere to the timetable set out in this LDS.

5. MONITORING AND REVIEW

The Localism Act 2011 requires local authorities to prepare and publish an Authority Monitoring Report containing information on the implementation of the Local Development Scheme and the extent to which the policies set out in the Local Development Framework or Local Plan are being achieved. This report was previously known as the Annual Monitoring Report and is published in January each year.

The Council will continue to prepare an Authorities Monitoring Report each year.

APPENDICES

APPENDIX I: ADOPTED DOCUMENTS AND REVIEW DATE

Document	Status	Description	Geographical Coverage	Chain of conformity/	Adoption date	Review
Core Strategy	Development Plan Document	Establishes the Council's vision, objectives and spatial strategy for the future development of the Borough and contains strategic policies.	Borough-wide	National Planning Policy, The London Plan and Havering's Sustainable Community Strategy	July 2008	Will be reviewed as part of the new Local Plan (see page 7 for more details)
Development Control Policies	Development Plan Document	Provides detailed guidance on the criteria against which planning applications will be determined.	Borough-wide	National Planning Policy, The London Plan and Havering's Sustainable Community Strategy	October 2008	Will be reviewed as part of the new Local Plan (see page 7 for details)
Proposals Map	Development Plan Documents	Provides a spatial representation of the policies in the Core Strategy and Development Control Policies DPDs	Borough-wide	National Planning Policy, The London Plan and Havering's Sustainable Community Strategy	October 2008	Will be reviewed as part of the new Local Plan (see page 7 for details)
Site Specific Allocations	Development Plan Document	Sets out the specific allocations for individual sites across the borough except for sites in Romford Town Centre which are identified in the Romford Area Action Plan and sites for waste management which are identified in the Joint Waste Development Plan Document.	Borough-wide	Core Strategy and Development Control Policies DPD and Proposals Map	July 2008	Will be reviewed and replaced by a new Site Specific Allocations Local Plan (see pages 7-8 for more details)
Romford Area Action Plan	Development Plan Document	Provides the planning framework for the future development and regeneration of Romford town centre up to	Romford Town Centre – as defined on the Proposals Map 2008.	Core Strategy and Development Control Policies DPD	October 2008	Will be reviewed as part of the new Local Plan and the Site Specific Allocations Local Plan (see page 7-8 for

		2020. It includes specific policies and site allocations relevant to Romford.				more details)
Joint Waste Development Plan	Development Plan Document	The Joint Waste DPD sets proposals and policies for sustainable waste management for the four East London Waste Authority boroughs.	London Borough of Havering and the adjoining Boroughs of Barking and Dagenham, Newham and Redbridge	Core Strategy and Development Control Policies DPD and the Proposals Map 2008.	February 2012	No review currently planned
Statement of Community Involvement	Local Development Document	Sets out how the community and other stakeholders will be involved in the preparation of future planning policy documents such as the Local Plan and in decision regarding planning applications.	Borough-wide		February 2006	2014 (see page 9 for more details)
Shop Front Design	Supplementary Planning Document	Provides guidance to businesses, developers and the public on shop front and signage schemes and key issues to be considered in developing an appropriate design.	Borough-wide	Core Strategy and Development Control Policies DPD and Romford Area Action Plan DPD.	June 2013	No review currently planned. During preparation of the Local Plan, the Council will assess which SPDs need to be reviewed
Planning Obligations	Supplementary Planning Document	Sets out the Council's approach to planning obligations and sets a 'standard charge' for new residential development to ensure that development contributes financially towards the provision of required infrastructure and services.	Borough-wide	Core Strategy and Development Control Policies DPD	February 2013	Will be replaced by the Havering Community Infrastructure Levy (see pages 8-9 for more details)
Landscaping	Supplementary Planning Document	Provides guidance on the implementation of those Core Strategy and Development Control policies which seek to promote and facilitate the creation of high quality landscapes as part of all developments and conserve and enhance the quality of Havering's landscape.	Borough-wide	Core Strategy and Development Control Policies DPD	July 2011	No review currently planned. During preparation of the Local Plan, the Council will assess which SPDs need to be reviewed
Heritage	Supplementary Planning	Seeks to ensure appropriate identification, protection,	Borough-wide	Core Strategy and Development	April 2011	No review currently planned. During preparation of the

	Document	enhancement and management of Havering's heritage assets by providing additional guidance on the implementation of those Core Strategy and Development Control policies relating to heritage.		Control Policies DPD		Local Plan, the Council will assess which SPDs need to be reviewed
Residential Extensions and Alterations	Supplementary Planning Document	Provides design guidance to ensure householder development is sympathetic to the existing property and the street scene and does not detrimentally affect the living conditions of neighbouring properties.	Borough-wide	Core Strategy and Development Control Policies DPD	March 2011	No review currently planned. During preparation of the Local Plan, the Council will assess which SPDs need to be reviewed
Residential Design	Supplementary Planning Document	Provides design guidance on the implementation of those Core Strategy and Development Control Policies relating to new residential development in order to improve the quality of new residential schemes.	Borough-wide	Core Strategy and Development Control Policies DPD	April 2010	No review currently planned. During preparation of the Local Plan, the Council will assess which SPDs need to be reviewed
Designing Safer Places	Supplementary Planning Document	Provides guidance on the implementation of Core Strategy and Development Control Policies setting out how crime prevention measures can be incorporated into a scheme from the start of the design process to create positive places where people are safe and feel safe.	Borough-wide	Core Strategy and Development Control Policies DPD	February 2010	No review currently planned. During preparation of the Local Plan, the Council will assess which SPDs need to be reviewed
Protecting and Enhancing the Borough's Biodiversity	Supplementary Planning Document	Provides guidance on how to protect and enhance existing biodiversity and seize opportunities for creating new biodiversity where opportunities arise particularly in new development proposals.	Borough-wide	Core Strategy and Development Control Policies DPD	May 2009	No review currently planned. During preparation of the Local Plan, the Council will assess which SPDs need to be reviewed
Protection of Trees During Development	Supplementary Planning Document	Providing guidance to ensure that the amenity and biodiversity value afforded by trees and woodland will be protected and	Borough-wide	Core Strategy and Development Control Policies DPD	April 2009	No review currently planned. During preparation of the Local Plan, the Council will assess which SPDs need to

		improved. In particular, it seeks to ensure that adequate measures are put in place when granting planning permission to protect trees during construction works.				be reviewed
Sustainable Design and Construction	Supplementary Planning Document	Provides further detail on the implementation of those Core Strategy and Development Control Policies focused on ensuring that new developments are built to a high standard of sustainable construction and design.	Borough-wide	Core Strategy and Development Control Policies DPD	April 2009	No review currently planned. During preparation of the Local Plan, the Council will assess which SPDs need to be reviewed
Hall Lane Policy Area	Supplementary Planning Document	Provides further detail on the implementation of Development Control Policy DC69 (Other Areas of Special Townscape or Landscape Character) which aims to maintain or enhance the special character of the Hall Lane Policy Area.	Hall Lane Policy Area as shown on the Proposals Map 2008.	Core Strategy and Development Control Policies DPD	February 2009	No review currently planned. During preparation of the Local Plan, the Council will assess which SPDs need to be reviewed
Emerson Park Policy Area	Supplementary Planning Document	Provides further detail on the implementation of Development Control Policy DC69 (Other Areas of Special Townscape or Landscape Character) which aims to maintain or enhance the special character of the Emerson Park Policy Area.	Emerson Park Policy Area as shown on the Proposals Map 2008.	Core Strategy and Development Control Policies DPD	February 2009	No review currently planned. During preparation of the Local Plan, the Council will assess which SPDs need to be reviewed
Romford Town Centre Pavement Cafes	Local Development Order	The LDO extends permitted development rights for the establishment of pavement cafes in specified areas where the lawful use of the premises is A3 and A4 subject to the conditions and the guidance set out in the LDO.	Romford Town Centre	Core Strategy and Development Control Policies DPD	January 2012	The Local Development Order expires in January 2015. There are no plans to renew the LDO.

APPENDIX II. GLOSSARY

Adoption – The final confirmation of a Development Plan or Local Development Document status by a local planning authority.

Authority Monitoring Report (AMR) – The Localism Act 2011 requires local authorities to prepare and publish an Authority Monitoring Report containing information on the implementation of the Local Development Scheme (LDS) and the extent to which the policies set out in the Local Development Framework (LDF) or Local Plan documents are being achieved (previously known as Annual Monitoring Report).

Conservation Area – an area of special architectural or historic interest, the character or appearance of which is desirable to preserve or enhance.

Community Infrastructure Levy (CIL) – A new levy that allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area.

Core Strategy – A Development Plan Document setting out the spatial vision and strategic objectives of the planning framework for an area, having regard to the Community Strategy

Development Plan – A document setting out the local planning authority's policies and proposals for the development and use of land and buildings in the authority's area. This includes adopted Local Plans, neighbourhood plans and the London Plan.

Development Plan Document – Statutory documents within the Local Development Framework which are subject to specified consultation periods and are subject to independent examination.

Evidence Base – The information and data gathered by local authorities to justify the "soundness" of the policy approach set out in Local Development Documents, including physical, economic, and social characteristics of an area.

Independent Examination – The process by which a planning inspector may publicly examine a Local Plan before issuing a binding report.

Inspectors Report – A report issued by a planning inspector regarding the planning issues debated at the independent examination of a development plan or a planning inquiry.

Local Development Framework (LDF) – A 'folder' of documents, which includes all the local planning authority's Local Development Documents.

Local Development Scheme (LDS) – The local planning authorities scheduled plan for the preparation of Local Development Documents.

Local Plan – The plan for the future development of the local area, drawn up by the local planning authority in consultation with the community

London Plan – The Spatial Development Strategy prepared by the Greater London Authority (GLA) for the strategic planning of the Greater London area. The London Plan forms part of the Development Plan for the Borough.

National Planning Policy Framework – (replaces previous Planning Policy Statements and Planning Policy Guidance)

Statement of Community Involvement – The Statement of Community Involvement sets out the processes to be used by the local authority in involving the community and other stakeholders in the preparation, alteration and continuing review of all Local Development Documents and Development Control decisions.

Supplementary Planning Documents (SPD) – Documents which add further detail to the policies in the Local Plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. Supplementary Planning Documents are capable of being a material consideration in planning decisions but are not part of the Development Plan.

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CABINET

10 December 2014

Subject Heading:

Havering Community Infrastructure Levy – Approval of Preliminary Draft Charging Schedule

Cabinet Member:

Councillor Osman Dervish

CMT Lead:

Andrew Blake- Herbert

Director of Communities and Resources

Report Author and contact details:

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Havering Corporate Plan 2014-2015

National Planning Policy Framework (2012)

London Plan (2011) and Draft Further Alterations to the London Plan (2014)

Draft Infrastructure Plan for London 2050 (2014)

Havering Local Development Framework (2008)

Policy context:

Various Havering regeneration strategies

Introduction of a Community Infrastructure Levy will enable the Council to secure developer contributions towards the provision of infrastructure within Havering. The level of CIL generated will be completely dependent on the type, size and quantity of development in the borough.

Financial summary:

Is this a Key Decision?

No

When should this matter be reviewed?

December 2017

Reviewing OSC:

Environment

The subject matter of this report deals with the following Council Objectives

Ensuring a clean, safe and green borough	[X]
Championing education and learning for all	[X]
Providing economic, social and cultural activity in thriving towns and villages	[X]
Valuing and enhancing the lives of our residents	[X]
Delivering high customer satisfaction and a stable council tax	[X]

SUMMARY

The Community Infrastructure Levy (CIL) is a new system of planning charges which local authorities can levy on nearly all new building projects to help fund a wide range of infrastructure to support development across their respective area.

In parallel, the Government has 'tightened' the use of Section 106 agreements so that they can only be used for site specific impacts.

In the light of this, if the Council wishes to maximise developer contributions for contributing towards infrastructure costs, it must progress the introduction of a Havering CIL.

The report seeks Member approval to proceed with the preparation of the Havering CIL and, as the first step in that, approval to publish the London Borough of Havering Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule (PDCS) and its supporting documents for public consultation.

A copy of the draft PDCS is attached as **Appendix 1**.

The draft PDCS is the first stage in the Council setting out its intentions regarding CIL charges. The PDCS must be underpinned by an infrastructure evidence base report and a supporting viability report which both need to be the subject of public consultation. These are included as **Appendices 2 and 3**.

Consultation on the Preliminary Draft Charging Schedule and supporting documents will be followed by a further statutory consultation and then an Examination to determine whether the CIL can be adopted.

RECOMMENDATIONS

That Cabinet approve:

- (1) The preparation of a Community Infrastructure Levy (CIL) for Havering ;
and
- (2) The London Borough of Havering Community Infrastructure Levy Preliminary Draft Charging Schedule (attached as Appendix 1) and the supporting documents on the infrastructure evidence base and viability (attached as Appendices 2 and 3, respectively) and authorise their publication for public consultation in accordance with Regulations 15 and 16 of the Community Infrastructure Levy Regulations 2010 (as amended).

REPORT DETAIL

1. Background

1. The Community Infrastructure Levy (CIL) allows local authorities to levy financial charges on new building projects to help fund a wide range of infrastructure to support development across their area.
2. In parallel, the Government has ‘tightened’ the use of Section 106 agreements so that generally they can only be used for site specific impacts.
3. In the light of this, if the Council wishes to maximise developer contributions for infrastructure costs it should progress the introduction of a Havering CIL.
4. The statutory basis of CIL is set out in Part 11 of the Planning Act (2008).
5. The detailed implementation of CIL is set out in the Community Infrastructure Levy Regulations (2010) which were subsequently amended in 2011, 2012, 2013 and 2014.
6. CIL is not a mandatory requirement for local authorities but many have started the preparation of CIL schemes in the light of continuing pressure for funding for infrastructure.
7. At the present time, it is understood that about a third of the 400 local planning authorities across the UK have a CIL scheme adopted.
8. Members will be aware that the London Mayor has introduced a CIL scheme to contribute towards the cost of Crossrail.
9. Members will also be aware that the London Mayor has published a draft Infrastructure Plan for London 2050 which focusses on the infrastructure that London will need to support its growth for the next thirty years. This

estimates that the cost of London's infrastructure for this period may be in the region of £1.7trillion.

10. A copy of the latest Government CIL Guidance (2014) document is in the Members' Resource Room for information.
11. The Havering CIL has been progressed through a Working Group of officers from across the Council.

2. Background to the Havering Community Infrastructure Levy

a) Havering Planning Obligations strategy (2013)

12. In Spring 2013, the Council adopted a 'standard charge' tariff based approach to secure funds towards the cost of infrastructure from developers through its Planning Obligations Supplementary Planning Document.
13. Its purpose is to secure monies to contribute towards the cost of the infrastructure necessary to support Havering's development. Receipts secured through this have helped to ensure that Havering provides a place where businesses can grow and prosper and residents can enjoy a high quality of life.
14. The London Plan and Havering's own planning and economic development strategies and plans (including the Havering Corporate Plan) set out how Havering is planned to develop over the next 20 years. Members will be aware that the main areas of growth for the borough are identified as Romford and London Riverside. These will be the main areas for infrastructure investment but other parts of Havering will also need investment, too. This may be in the form of new infrastructure or investment in existing facilities to upgrade and enhance them.
15. A separate report on this agenda outlines progress on the preparation of a new draft Havering Local Plan to replace the Havering Local Development Framework. The Havering CIL will have a close relationship with the new plan and this is set out in more detail later in this report (see Section 10).
16. To recognise wider economic circumstances, the standard charge tariff is discounted from its full amount of £20,444 per new residential unit. Furthermore, to reflect that development in the London Riverside part of Havering is more costly, a distinction is made between tariff charges for the London Riverside area of Havering and the rest of the borough. The discounted tariff applied in London Riverside is £4,500 per residential unit and in the rest of the borough it is £6,000 per residential unit.
17. The current planning obligations tariff is only applicable to new housing development where a new residential unit is approved. It does not apply to any other forms of development such as commercial premises.
18. At the time of preparing this report, the standard charge tariff approach in the planning obligations strategy had secured funds in the region of £5 million from developers (see Financial Implications section).

b) What is the Community Infrastructure Levy?

19. The CIL is a new statutory charge which local authorities can place on developers to help fund infrastructure needed to support new development in their areas. Havering's CIL will replace the tariff charge underpinning the existing Section 106 planning obligations strategy.
20. Havering will be able to use its CIL receipts to help provide infrastructure needed to support or mitigate the impact of new development in Havering whereas Section 106 planning obligations will be restricted to being used for site-specific infrastructure needs including the provision of affordable housing and mitigation measures. In general, CIL can only be charged on buildings / uses that are used by people and some types of uses / activities are exempt from it.
21. Havering will be able to use CIL funds for a wide range of infrastructure such as roads and transport schemes, flood defences, schools and education facilities, health and social care facilities, sporting and recreational facilities and open space.
22. CIL legislation will enable the Council to collect and allocate funding towards the cost of infrastructure which is provided by other stakeholders rather than the Council. However, it would be for the Council to decide whether to prioritise this type of development when allocating CIL funds.
23. The legislation allows for CIL to be charged on a square metre basis on all new buildings (and extensions to buildings) which are over 100 square metres gross internal floor-space and which fall within the specific 'uses' of an adopted CIL scheme. Additionally, all new dwellings are liable to CIL regardless of size.
24. CIL is not chargeable on changes of use of buildings that do not involve an increase in floor-space. The floor-space of any buildings that are demolished as part of development proposals will be off-set against overall liability. CIL cannot be charged on development that already has planning permission so schemes which have already been approved will not be 'caught' by CIL.
25. Affordable housing has 100% relief from paying CIL as do other charity related developments.
26. The Council as 'the charging authority' will have to set out the rates it intends to charge in its CIL scheme (and any other criteria) in a 'Charging Schedule' in order to be able to charge CIL on developments in Havering,
27. The Council will also be required to set out the types of infrastructure that it will spend CIL monies on in a Regulation 123 List. It will not be able to use any planning obligations funds on these specified projects. It will be able to review and revise this list at any time.

28. When it sets its CIL rates, the Council must aim 'to strike a reasonable balance between the desirability of funding the total cost of infrastructure required to support development of its area and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development'.
29. The Council will be able to set differential rates of CIL for different parts of Havering and / or for different intended uses of development. Its CIL scheme and its charges must be underpinned by robust evidence regarding infrastructure and development viability.

c) Why Havering should prepare a CIL

30. New development in Havering will require the provision of infrastructure, for example residents in new houses may require schools, transport links, leisure and health facilities and businesses / industry may require investment in the public realm.
31. In short, the Community Infrastructure Levy (CIL) will enable the local authority to collect funds from developers to contribute towards the provision of such infrastructure.
32. Additional emphasis for taking the Havering CIL forward arises because of the continuing pressure on resources (including those of the Council) and the focus on infrastructure provision from items such as the draft London Infrastructure Plan 2050 from the London Mayor.
33. Havering will be able to utilise its CIL receipts towards the funding of a wide range of infrastructure necessary across the borough to support Havering's development in line with established planning, regeneration and economic development programmes and strategies. These are currently set out in documents such as the London Plan and the Havering Local Development Framework. In due course, CIL will assist in the implementation of the proposals and policies that will be set out in the new Havering Local Plan.
34. Aside from helping Havering to secure funding towards the cost of infrastructure, a CIL regime provides the following benefits :
 - It applies to nearly all development (other than affordable housing and development for charitable purposes).
 - As it is a fixed, non-negotiable charge there is greater transparency, predictability and certainty for developers and other stakeholders (including the Council).
 - It delivers additional funding to carry out a wide range of infrastructure projects that support growth and benefit the community in Havering.
 - It will provide the Council with flexibility and freedom to set priorities for CIL monies to be spent on as well as more certainty about the funding stream coming forward.
 - Developers will be provided with more 'up front' certainty which will encourage business confidence and higher levels of inward investment.

It should, therefore, assist in the delivery of new homes and business floorspace and may assist in 'levering in' other funds

- Unlike Section 106, it does not stall or slow down the planning process and will help deliver efficiencies in the planning / development management system.
 - There may be scope for the Council to use CIL monies to secure additional borrowings to help deliver capital infrastructure items.
 - CIL is subject to extensive public consultation and an Examination by an Inspector and this helps to avoid CIL levels being set that are challenged by developers
35. A key 'driver' for taking the CIL work forward is the restriction that will be in place on Havering (and other authorities) for the 'pooling' of developer contributions from April 2015 and which may also capture 'pooled' funds collected since 2010.
36. From April 2015, a maximum of five Section 106 contributions can be 'pooled' for any one item of infrastructure. The 'pooling' restriction from 2015 onwards will result in a 'window' in which the ability for the Council to aggregate funding from several developments towards infrastructure will be constrained and this will last until the Havering CIL is formally adopted (see below).
37. This will make administration of Section 106 contributions more cumbersome and may also make it more difficult to utilise all receipts, especially if several small developments come forward at a time when there are only a few large capital projects.
38. The position with regard to 'pooled' funds from 2010 is that that developer contributions which have been pooled since then may be at some risk. In Havering, this could encompass contributions that were 'pooled' for 'education' from 2010 and funds secured towards infrastructure through the existing planning obligations tariff from 2012. Officers have sought advice from legal Counsel, the Council's retained consultants and other planning authorities about this. Obviously, every effort will be made to mitigate any adverse implications for the Council.
39. An adoption date for the Havering CIL cannot be predicted at this stage with certainty but it is likely to be late 2015 / early 2016 at the very earliest (depending on factors such as the outcome of the two rounds of consultation and how soon the Council can secure an Examination). It will also be linked to progress on the new Havering Local Plan.

3. How the Havering CIL will be prepared

a) Infrastructure planning evidence

40. A local authority preparing a CIL scheme has to have an up to date and comprehensive infrastructure planning evidence base of their area and it must be able to link this to the growth expected in the area. It is for the local

- authority to determine the appropriate level of evidence required to support the preparation of its CIL.
41. The evidence base for the infrastructure requirements must be published alongside the Preliminary Draft Charging Schedule.
 42. For Havering, this work must:
 - Encompass identifying strategic infrastructure needs across the whole area having regard to known and expected development (including taking account of the changes taking place in the overall community) and establishing how much funding is expected to be available for this.
 - Take account of the current Havering Corporate Strategy and existing planning and regeneration strategies such as the London Plan (2011), the Draft Further Alterations to the London Plan (2014), the draft London Infrastructure Plan 2050 and Havering's own Local Development Framework (2008).
 - Encompass population and households forecasts as well as recent and on-going studies which are informing current planning and regeneration work including those supporting the preparation of the new Havering Local Plan.
 - Inform the Havering Infrastructure Delivery Plan which will support the Council's wider planning and regeneration strategies. It will need to reflect the emerging approach to planning and necessary infrastructure in Havering which will be set out in the new Local Plan.
 43. The evidence needs to demonstrate that there is a **funding gap** between what infrastructure is needed in Havering and what existing mechanisms are in place for the delivery of infrastructure. CIL will be one of a number of funding 'streams' which may be used to reduce the funding gap.
 44. The infrastructure funding gap list is not a prioritised list of infrastructure delivery and it does not identify the infrastructure which will necessarily be funded by CIL. Its sole purpose is to demonstrate that a funding gap exists.
 45. Havering will have to identify (in a Regulation 123 list) which infrastructure will benefit from CIL funding. There is no requirement for the Council to produce this at the same time as preparing the CIL Charging Schedule as it can be varied by the Council at any time independently from this process. This will not be a definitive list of what CIL may be spent on as it is a 'snapshot in time' of the type of infrastructure schemes that are presently 'costed' to demonstrate that there is a funding gap in the delivery of future infrastructure.
 46. The document in **Appendix 2** sets out the evidence base and a funding gap assessment for the Havering CIL. The report sets out the evidence on the scale and cost of infrastructure that will be required to meet the needs of development in Havering over the period 2015 to 2030.

47. It is of necessity a broad based assessment as the total scale, type and location of development over this period has yet to be established through the new Havering Local Plan which will replace the Havering Local Development Framework. Furthermore there are undoubtedly uncertainties surrounding projects of development and costs over the medium to long term so the costs identified so far relate mainly to needs over the forthcoming 10 year period.
48. The list of infrastructure identified is extensive and wide ranging and encompasses key items such as : a new station at Beam Park to support the development and regeneration of the London Riverside and south Hornchurch areas, improvements around other Havering rail stations, a bus bridge across Rainham Creek, structural improvements to Havering's highway network, public realm works in town centres, open space and parks improvements, additional educational and leisure facilities and flood protection measures.
49. The question of whether the Havering CIL should include a wide range of infrastructure items (including ones that are not the primary responsibility of the Council to provide) has been extensively considered. In summary, officers consider that the proposed range of infrastructure types included is satisfactory when tested against the relevant legislation for CIL (the Planning Act 2008 Section 216 (2)).
50. The draft Havering Evidence Base report identifies an infrastructure requirement for Havering for the period to 2030 with a total cost of around £534m. It recognises that there is potentially a wide range of funding sources towards the cost of providing infrastructure.
51. It is estimated that the aggregate funding gap for infrastructure in Havering is some £317m and this represents the CIL funding target for Havering.
52. Given that CIL will only fund a small proportion of the overall infrastructure needs of the community, it will be for the Council to decide its priorities for the allocation of CIL funds to given schemes. This may or may not include the passing of CIL funds that that the Council has collected to other bodies which are responsible for the delivery of certain types of infrastructure such as transport and health facilities.

b) Viability Assessment

53. The Council used consultants (ERM) to prepare its planning obligations strategy. ERM are retained to undertake the specialist work on Havering's CIL.
54. As well as the infrastructure evidence base work (above), ERM's work has included preparing a viability assessment as a key piece of evidence to inform the Preliminary Draft Charging Schedule. The Viability Assessment Study underpinning the PDCS is attached as **Appendix 3**.

55. The main purpose of the study is to show that Havering's proposed CIL charges are set at a level that will not stop overall development coming forward and undermine the development proposed for the borough.
56. The basis of the study is an assessment of the economic viability of development (housing and commercial) across Havering using an approach based on residual land values.
57. ERM modelled a range of scenarios to explore the implications of adopting a range of different CIL charges and affordable housing levels taking into account the CIL implemented by the Mayor and residual site specific planning obligations.
58. The work identified that development values across Havering are modest due to capital construction costs, provincial sales values and low land values. These factors have an impact on the proposed Preliminary Draft Charging Schedule.
59. ERM concluded that the economic viability of development and its ability to afford a CIL charge varied across Havering both by type of development and, for residential development only, by location.
60. In summary, ERM's study recommends a differential rate of CIL be applied to each type of development proposed to be liable for CIL ranging from nil to £175 per square metre of floor-space.
61. As with the tariff based approach in Havering's planning obligations strategy, the study found that housing development in the London Riverside part of the borough will not support the level of CIL charges that could be imposed in the rest of Havering.
62. The study recommends that for residential uses only differential rates be applied to London Riverside and the rest of Havering with the A1306 road as the boundary. This is defined on a map in the recommended draft PDCS (see **Appendix 1**).

c) The proposed CIL charges in Havering

63. Based on ERM's work, Havering's CIL is proposed to be set at the following rates :

Type of Development	CIL Rates £ per square metre Net additional floor-space
Open Market Residential north of the A1306	£70
Open Market Residential south of the A1306	£50
Private care/retirement housing north of the A1306	£70
Private care/retirement housing south of the A1306	£50

Cabinet 10 December 2014

Office and Industrial	£0
Retail – supermarkets, superstores and retail warehouses above 2,000m ² gross internal area	£175
Retail – below 2,000 m ² gross internal area in Metropolitan, District and Local Centres as defined in the Havering Core Strategy, 2008.	£50
Hotel	£20
All other development	£0

64. ERM has said that in the light of challenging economic circumstances, office developments and industrial uses will not support paying a CIL charge at the current time (although this may change as the economy 'picks up').
65. In contrast, ERM suggest that larger retail uses with gross internal floor area above 2,000 square metres, would support paying CIL and recommend a CIL charge of £175 per square metre. Other town centre retail developments beneath this floor-space would support a modest CIL charge of £50 per square metre. ERM suggest a CIL charge of £20 per square metre for hotels.
66. Encouragingly, ERM suggest that there are emerging signs of positive economic growth and it is anticipated that the Havering CIL charges should be reviewed regularly to take account of these.
67. The Council will need to keep its approach to CIL and the CIL charges under review. This has been a feature of CILs that have been examined and adopted elsewhere. Indeed, some CIL schemes have been approved only on the basis that they would be reviewed at an early date.
68. Parallel work on the Havering Housing Zone bid suggests that in due course it may be necessary to review the CIL provisions for the bid area if its potential to contribute to infrastructure in that area is not to be prejudiced. Other concurrent planning and economic development work being progressed by the Council may also require some review of the CIL work as it is progressed through its various stages.
69. The proposed CIL rate for new homes is broadly equivalent to that set out in the existing planning obligations strategy notwithstanding that CIL is calculated by floor area and the planning obligations strategy is assessed by numbers of units. The proposed CIL charges include an element for private care / retirement housing with different rates either side of the A1306 (as with 'standard' housing).
70. The proposed CIL charges have been 'benchmarked' against other comparable authorities because this is an issue that will be considered at the Examination to ensure that Havering is not setting CIL charges that could offer incentives to developers to locate their schemes in Havering. Officers are satisfied that the proposed charges are broadly comparable and appropriate.

71. In line with CIL legislation, it is recommended that certain types of development in Havering be exempted from CIL charges :
- Social (affordable) housing
 - Development by charitable institutions
 - Changes of use that do not increase floor-space
 - Buildings into which people do not normally go (or only intermittently) for the purposes of maintaining or inspecting machinery
 - Buildings with a temporary planning permission
 - Self-build houses, annexes and extensions

4. The London Mayor's CIL

72. Members will be aware that the London Mayor has implemented his own CIL scheme to assist with strategic transport projects, specifically the funding of the Crossrail project.
73. Mayoral CIL is expected to generate some £300m (towards the £16 billion overall cost of the original Crossrail scheme) and all development (except schools and health facilities) have to contribute.
74. Mayoral CIL applies to all London boroughs and there are differential rates across London. The Mayor's CIL has priority over any borough CIL and is a first charge on developments. The applicable rate for Mayoral CIL in Havering is £20 per sqm.
75. The proposed CIL rates for Havering will be over and above the payments that developers must pay in respect of Mayoral CIL.

5. Paying CIL

76. CIL legislation requires that CIL payments are *normally* made in full within 60 days of the start of the chargeable development.
77. To assist developers / businesses who are liable for CIL payments (including small scale developers bringing forward schemes with only 2-3 housing units) and to make sure that they do not suffer financial hardship from the implementation of the Havering CIL, it is recommended that the draft PDCS includes provision for CIL charges to be paid in instalments in line with the scope in the legislation for this.
78. It is also recommended that Havering's CIL includes provision for the Council to offer some discretionary relief from CIL charges in 'exceptional circumstances' to deal with circumstances where a development is desirable but which has exceptional costs or other requirements which make them unviable. The Council will also be able to allow the value of land to be offset against CIL charges where land is transferred to the Council. These issues are addressed in the recommended PDCS in **Appendix 1**.

6. What are the potential receipts from CIL

79. Importantly, any funds secured through the Havering CIL scheme will only be a contribution towards the cost of infrastructure provision and will need to be augmented by funding from other sources. It is important to recognise that the Havering CIL, like the existing planning obligations infrastructure tariff, will only provide a relatively modest contribution towards the cost of new infrastructure in Havering.
80. ERM have indicated in the draft Preliminary Draft Charging Schedule if the level of development identified in the Further Alterations to the London Plan be delivered and pay a CIL charge under the proposed charging schedule, the revenue yielded could reach between £88m-123m for new homes in the period to 2015-2030 with an additional sum from other chargeable development. If development were evenly spread (which is unlikely), then this would represent some £5m-8m per year. However, it may be that the level and type of development expected in the future will be different to that which has occurred in the last couple of years.
81. With an infrastructure funding gap of at least £317m, the CIL receipts will make a worthwhile contribution towards funding infrastructure provision.

7. Implementation of the Havering CIL

82. CIL legislation enables local authorities to allocate a 'meaningful proportion' of the CIL receipts to local neighbourhoods where development has taken place. Outside of London and other metropolitan areas this generally involves CIL monies being passed to parish or community councils.
83. London boroughs do not have these and it is proposed that the Council will retain all CIL monies it receives as the 'charging authority' and spend these on behalf of the community. This may or may not include the passing on of CIL to other bodies which are responsible for the delivery of certain types of infrastructure such as transport and health facilities. The Council will periodically determine its priorities for spending CIL.
84. The provision of affordable housing cannot be funded through CIL. Therefore, no changes to the current position of affordable housing being provided on-site through Section 106 agreements are proposed in the draft Havering PDCS.
85. Additionally, the Council will be required to review its CIL charges to make sure that they are at the right level taking account of development viability. Any changes made will have to be made through the statutory process that introduces and adopts a Havering CIL.

8. How will Havering use its CIL monies (Governance)

86. The Council will be able to use CIL receipts on infrastructure needed to support new development across Havering.

87. Unlike Section 106 Planning Obligations, CIL receipts will not be earmarked at the time of collection for particular infrastructure. Instead they will be 'pooled' into one overall CIL fund which will be used to contribute towards the cost of any infrastructure needed to support new development in Havering.
88. In addition to new infrastructure, the Council will also be able to use CIL receipts to expand and enhance existing infrastructure or for the on-going maintenance or operational costs of providing infrastructure. These costs must be directly related to the additional demands arising from new development.
89. The Council will have to make hard and difficult choices about its priorities for CIL funding and will have to establish clear, transparent and robust mechanisms for doing this. It will also have to publish an annual summary of how it uses CIL funds it collects as the 'charging authority' (see below).
90. The Council will also be able to draw upon CIL monies to contribute to the up-front and continuing costs of preparing and implementing its CIL.
91. Officers from across the Council have been involved in the preparation of the draft PDCS. In parallel to the work on the draft PDCS itself, work has also been taking place to develop robust processes and procedures to implement the Havering CIL when it is adopted. This will include work to ensure the necessary systems and processes are tested and in place to maintain development management performance, to ensure a smooth transition between Section 106 planning contributions and the receipt of CIL.

9. Monitoring the Havering CIL

92. The Council will be required to monitor its CIL performance including receipts and spending. It is recommended that this be done as part of the Havering Authority Monitoring Report which is published each year.

10. Links to the draft new Havering Local Plan

93. There are important dependencies between the work-streams for preparing the Havering CIL and the draft new Havering Local Plan because of the necessity for robust CIL work to be linked to up to date local plan work. A separate item on this agenda outlines the work recommended to prepare a new Havering Local Plan to replace the Havering Local Development Framework.
94. Government guidance for the preparation of a Community Infrastructure Levy highlights the importance and advantages of it being linked to work on a local plan.
95. Statutory CIL guidance includes that the Levy be worked up and tested "alongside" a Local Plan. On this basis, it is recommended that the Regulation 18 consultation on the new Havering Local Plan should be advanced together with the publication of the initial public stage of the

Havering CIL (the Preliminary Draft Charging Schedule) so that the Council can say that it is working up each alongside each other. However, once so commenced, the sequence of the Local Plan and CIL “testing” / preparation may differ.

96. Approval of the Havering Local Plan report and this CIL report by Cabinet in December will allow for the Council to undertake consultation on the CIL Preliminary Draft Charging Schedule broadly alongside the initial consultation on the Local Plan in early 2015 and help to satisfy the requirement that the two documents are being “worked up” alongside each other.
97. Pending the adoption of the Havering CIL, Section 106 planning obligations will continue to be used to secure affordable housing and certain site-specific infrastructure needs and mitigation measures linked to specific proposals. Officers will, of course, continue to explore the opportunities through the definitions used for project and types of infrastructure to secure the best outcomes for the Council in terms of addressing the constraints provided through ‘pooling’ restrictions.

11. Timetable for preparing the Havering CIL

98. Subject to Member approval, the PDCS will be the subject of public consultation in early 2015 (concurrent with initial consultation on the new Havering Local Plan).
99. CIL regulations / legislation require that this be followed by the preparation of a Draft Charging Schedule which must also be the subject of public consultation. There will be the opportunity in preparing the Draft Charging Schedule to take into account changes in economic circumstances and viability as well as emerging issues such as Havering’s Housing Zone submission to the GLA (if it is being progressed). It is envisaged that the Draft Charging Schedule stage may be in Spring-Summer 2015.
100. Subsequently, the Council must submit its Charging Schedule for an Examination with an independent Examiner. It is envisaged that this will be in Summer / Autumn 2015 with the Examination in Autumn 2015 (although the latter will be dependent on the allocation of an Examiner by the Planning Inspectorate (PINS)).
101. Subject to the conclusions of the Examiner, the CIL may be adopted by the Council (by full Council) in winter 2015 / 2016.

12. Conclusions and next steps

102. A Havering Community Infrastructure Levy scheme provides the opportunity for the Council to secure funding towards the cost of infrastructure needed to support the borough’s development.
103. The charges set out within the Preliminary Draft Charging Schedule are fully supported by the infrastructure evidence base and the viability assessment.

104. Subject to Member approval, public consultation on the PDCS will enable Havering to seek views from the community, infrastructure providers and any other interested party. The consultation has to last for a six week period and will be concurrent with the initial consultation on the new draft Havering Local Plan.
105. Following this, the Council will need to review any responses prior to publishing a draft Charging Schedule for further consultation for at least four weeks. At this stage the Council should also publish its draft Regulation 123 list to set out the types of projects that it envisages CIL receipts contributing towards.
106. The Council must review responses on the draft Charging Schedule before submitting a final document for Examination with an independent inspector.

REASONS AND OPTIONS

Reasons for the decision:

Improved infrastructure provision is necessary to support development in Havering and to ensure that it is a place where people want to live and businesses want to invest.

The Council has to look at every opportunity to secure funding towards the cost of infrastructure given the constraints on resources.

A Community Infrastructure Levy scheme provides the opportunity for the Council to secure funding towards the cost of infrastructure.

Other options considered:

The option of not progressing a Community Infrastructure Levy scheme for Havering was rejected because of the importance of the Council being able to secure funding from developers towards the cost of infrastructure needed to support Havering's development and regeneration.

IMPLICATIONS AND RISKS

Financial implications and risks:

a) Overview

Introduction of a CIL will enable the Council to secure developer contributions towards the provision of infrastructure within the borough. The level of CIL

generated will be completely dependent of the type, size and quantity of development in the borough.

The level of contributions received under CIL will represent only a proportion of the cost of the infrastructure needs of Havering and as such funding will need to be allocated to projects which are identified as having the highest priority.

b) Likely level of CIL receipts

ERM have indicated in the draft Preliminary Draft Charging Schedule if the level of development identified in the Further Alterations to the London Plan be delivered and pay a CIL charge under the proposed charging schedule, the revenue yielded could reach between £88m - £123m for new homes in the period to 2015-2030 with an additional sum from other chargeable development. If development were evenly spread (which is unlikely), then this would represent some £5 - £8m per year. However, it may be that the level and type of development expected in the future will be different to that which has occurred in the last couple of years.

As a broad comparison, in recent years the level of tariff generated from the Section 106 planning obligations tariff (based on £4,500 – 6,000 per housing unit depending on location) has been as follows:

Year	Amount received £	No. of contributions
12/13	192,000	5
13/14	4,348,035	46
14/15 (to end Oct)	750,888	43
TOTAL TO DATE	5,290,923	94

CIL is intended to supplement but not replace mainstream funding such as grants, capital receipts etc.

c) Use of CIL

The most significant difference between Section 106 and CIL proceeds is that the former must be directly related to the development whereas CIL payments will go to an accumulated fund to help finance infrastructure projects generally.

The Council will need to determine its priorities for spending CIL. This may or may not include the passing on of CIL to other bodies which are responsible for the delivery of certain types of infrastructure such as transport links/health facilities. It is proposed that this prioritisation forms part of the annual budget setting process and that CIL is one of the funding streams used to fund the overall approved Capital Programme.

The Council will be required to demonstrate and exercise proper governance and monitoring arrangements to be able to show what CIL monies have been received and how they have been spent.

d) 'Set –up' costs for the Havering CIL

The consultant's fees for undertaking the specialist work to Preliminary Draft Charging Schedule stage has been £65K. (This has included complex and detailed viability modelling and development appraisals).

Further involvement of ERM is likely to depend on the extent to which further specialist expertise is needed to address consultation responses and any review of the proposed CIL charges and the approach to CIL arising from this (or from other Council related work).

The Council will have to pay for the Inspector who conducts the Examination. Based on recent evidence from other authorities, this is likely to be in the region of £20 - 25K (depending on the length of the Examination).

In addition there will be the modest costs of publishing consultation & collating responses.

Costs to date have been met from existing budgets and it is envisaged that future costs can be met from existing budgets within Regulatory Services..

e) On-going costs

The Council will be able to use CIL monies towards the cost of administering and collecting the CIL.

f) Other

Havering CIL charges will be collected from developers alongside any relevant Mayoral CIL charges as one overall CIL obligation. Havering must then forward Mayoral CIL monies to the Mayor.

Section 106 contributions are negotiated on a case by case basis with developers so it is not possible to say with certainty whether the introduction of CIL will have a beneficial impact on developer costs. As the CIL is based on a charging schedule, developers will have greater certainty and this may be helpful for them.

g) Risks

The delay in 'implanting' CIL beyond April 2015 means that the Council will face a restriction for the 'pooling' of developer contributions from April 2015. From this date, a maximum of five Section 106 contributions can be 'pooled' for any one item of infrastructure. This will make administration of Section 106 contributions more cumbersome and may also make it difficult to utilise all receipts, especially if lots of small development come forward at a time when there are only a few large capital projects. Work is currently underway to mitigate the impact of this as much as possible.

It is also recommended that CIL be adopted as soon as possible in order to limit the amount of time these pooling restrictions must be followed.

There is, however, a risk that Havering's CIL will not pass the examination process and/or that the consultation process takes longer than envisaged thus increasing Havering's exposure to the 'pooling' restrictions.

The level of contributions received under CIL will represent only a proportion of the cost of the infrastructure needs of the borough and as such funding will need to be allocated to projects which are identified as having the highest priority.

Legal implications and risks:

Work on the Havering Community Infrastructure Levy including consultation on a Preliminary Draft Charging Schedule and publication of a draft Charging Schedule will be in accordance with the Planning Act 2008 and Community Infrastructure Regulations 2010 since amended by the CIL (Amendment) Regulations of 2011, 2012, 2013 and 2014.

Human Resources implications and risks:

There are no specific implications for the Council. The work involved in progressing the CIL will be undertaken by officers in Regulatory Services except where it is necessary to engage the specialist skills provided by the consultants retained to advise on the preparation of the Havering CIL.

Equalities implications and risks:

The Department for Communities and Local Government (DCLG) undertook an Equalities Impact Assessment of Community Infrastructure Levy (CIL) legislation and regulations in January 2012 and concluded that:

The Community Infrastructure Levy is unlikely to have an adverse impact on any social group. By making communities more sustainable, the Community Infrastructure Levy will facilitate economic growth and liveability and so create opportunity for all. The infrastructure and services that the Community Infrastructure Levy will provide will enhance accessibility and liveability for all sectors of society, and could help to deliver new infrastructure that serves different needs within the community, for example by increasing mobility and accessibility.

The Havering Community Infrastructure Levy, including the Preliminary Draft Charging Schedule will be subject to public consultation and will be informed by the emerging new Havering Local Plan and its Equalities Impact Assessment.

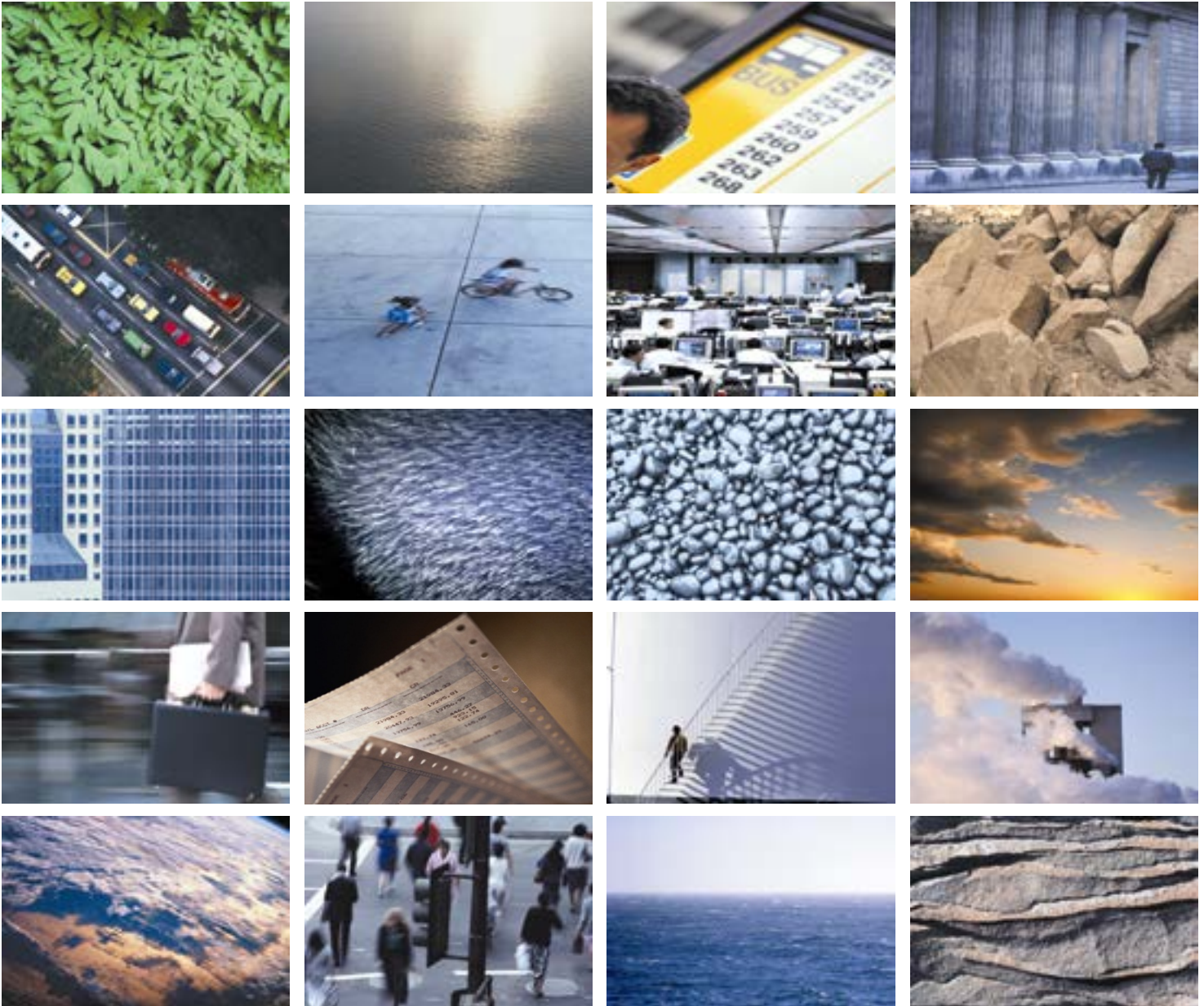
If after the consultation and the Examination the Council decides to adopt the CIL it must ensure that:

- There is a transparent governance structure in place (including clear priorities and criteria) for allocating CIL funds or granting discretionary relief from CIL charges.

- All decisions on allocating funds or granting discretionary relief are fair and consistent, consider the needs of local communities and businesses, and adhere to the Council's Public Sector Equality Duty.
- The Annual Authority Monitoring report reflects on relevant E&D aspects and reports on adverse impacts identified, if any.

BACKGROUND PAPERS

Residential CIL Viability Results – 15% Affordable Housing



London Borough of Havering

COMMUNITY INFRASTRUCTURE LEVY

Preliminary Draft Charging Schedule

January 2015

Prepared by: ERM

Havering Community Infrastructure Levy - Preliminary Draft Charging Schedule

Introduction

- 1.1 The Community Infrastructure Levy (CIL) is a new system of planning charges that Local Authorities can levy on new building projects through powers provided under Part 11 of the Planning Act 2008. The money raised must be used to help fund a wide range of infrastructure to support development across the Local Authority's area. The Community Infrastructure Levy Regulations 2010, which govern this new charge, came into force on 6th May 2010 (since amended by the CIL [Amendment] Regulations of 2011, 2012, 2013 and 2014).
- 1.2 This preliminary draft Charging Schedule for Havering is produced for public consultation as the first step in setting a Community Infrastructure Levy in Havering. The Council will take into account any comments made on this document before publishing a Draft Charging Schedule for public consultation and examination, in due course.

Why Havering is Implementing a Community Infrastructure Levy

- 1.3 The levy can be charged on most types of new building projects to ensure that most new development contributes towards the provision or enhancement of the infrastructure it relies upon. It is a fixed, non-negotiable charge related to the size and type of the chargeable development. A clear and consistent levy will allow the Council to plan ahead for infrastructure delivery more effectively and will help ensure that scarce resources are used effectively and efficiently.
- 1.4 Introduction of the levy will entail a reduction in the scope of planning obligations as a means of raising funds for infrastructure. From April 2015, it will no longer be permissible to pool financial contributions received through s106 obligations to pay for strategic infrastructure and CIL will therefore be the only mechanism for funding off-site community infrastructure from developer contributions. However, section 106 obligations will still be used to deliver affordable housing and certain site-specific infrastructure needs and mitigation measures and agreements under section 278 of the Highways Act will still be used to secure highway improvements to mitigate the impact of new development.
- 1.5 The CIL legislation allows for a proportion of the levy to be passed directly from the Council collecting it to the local community in which it was raised. Under Regulations which came into force in April 2013¹, a charging authority must pass 15% of the levy raised (capped at £100 per dwelling) to parish or community councils in an area where there is no Neighbourhood Plan or Neighbourhood Development Order in place and an uncapped 25% where there is. Where, as in Havering, there are no parish or community councils, the Council (as the 'charging authority') will retain the funds to spend on behalf of the community for the provision, improvement,

¹ CIL (Amendment) Regulations 2013

replacement, operation or maintenance of infrastructure, or anything else which addresses the demands that development places on the area.

CIL Charging Schedule

- 1.6 In order to charge a levy on development in Havering, the Council, as a 'charging authority' under the CIL Regulations, must set out the rate(s) it intends to charge and any other criteria in a '*charging schedule*'². When setting rates for CIL, the Council must aim '*to strike what appears to be an appropriate balance between the desirability of funding the total cost of infrastructure required to support development of its area and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development*'³.
- 1.7 Regulation 13 of the CIL Regulations 2010 allows the Council to set differential rates of CIL for different geographical zones and/or for '*different intended uses of development*'. Regulation 5(2) of the CIL Regulations (Amendments) 2014 further allows charging authorities to set differential rates by reference to the intended floorspace of development, or the intended number of units or dwellings. There is also provision for supplementary charges, nil rates, increased rates or reductions to be set. The Government's Guidance⁴ advises that differential rates, for both geographical zones and/or the intended uses/scales of development, must be justified by reference to consistent economic viability evidence. If differential geographical zones are set, they must be clearly identified on a map within the charging schedule. Differential rates should not be related to the costs of infrastructure in different areas nor be used to encourage or discourage development in particular locations.

Relevant Evidence

- 1.8 The charging schedule must be informed by appropriate available evidence⁵. This preliminary draft Charging Schedule and the proposed CIL rates in the next section have been informed by:
- Draft Further Alterations to the London Plan Table 3.1 (housing targets for Havering), 2014;
 - London Plan, 2011;
 - Havering Local Development Framework Core Strategy and Development Control Policies Development Plan Document, 2008;
 - Havering Local Development Framework Site Specific Allocations Development Plan Document, 2008;
 - The Havering Infrastructure Evidence Base Report, 2014; and
 - The Havering Community Infrastructure Levy Viability Assessment, 2014.

Copies of the evidence base documents can be viewed on the Council's website www.Havering.gov.uk or in the Council Offices.

² Section 211(1) of the Planning Act 2008

³ CIL Regulation 14 (2010)

⁴ DCLG Guidance on Community Infrastructure Levy (2014)

⁵ Defined by Section 211 (7A) of Planning Act 2008 (as amended by the Localism Act 2011).

Draft Further Alterations to the London Plan 2014

- 1.9 The draft Further Alterations to the London Plan 2014 (FALP) has now been through Examination and considerable weight can be attached to its policies. The FALP minimum housing supply target for Havering is 1,170 dwellings per annum. In its representations on the FALP, Havering acknowledged the revised and increased housing supply requirements for the borough for the period 2015-2025. The updated figure for Havering has been derived from close liaison of the Council with the GLA on the London-wide Strategic Housing Land Availability Assessment in 2012/ 13. The FALP does not set affordable housing targets at the borough level.

Havering Local Development Framework documents 2008

- 1.10 The adopted Local Development Framework sets out the vision, objectives and strategy for the delivery of sustainable development in Havering up to 2020. The plan includes an affordable housing requirement (50%) and housing mix requirement and allocates strategic housing sites. The plan also addresses regeneration as well as economic and town centre development.

Havering Infrastructure Evidence Base Report 2015

- 1.11 A charging authority wishing to introduce the Community Infrastructure Levy within its area is required to provide evidence of an aggregate funding gap that demonstrates the need to charge the levy. This involves first assessing the additional infrastructure needed to support the type and level of development being planned for its area and estimating its total cost, and then estimating the level of funding committed or likely to be available to pay for the infrastructure. The difference between the total cost and projected available funding represents the aggregate funding gap or CIL infrastructure funding target.
- 1.12 The evidence of infrastructure needs and costs is set out in the Infrastructure Evidence Base Report. This identifies the type, location and estimated cost of infrastructure required to support the development of Havering over the period 2015 to 2030. The total cost of all infrastructure items is estimated at around £534m. Funding of around £80m has so far been approved for this infrastructure and it is estimated that a further £150m may be available from recognised future funding sources. This leaves an estimated aggregate funding gap of some £317m, which represents the CIL infrastructure funding target, the amount to which CIL is intended to contribute.

The Types of Infrastructure that CIL will Support in Havering

- 1.13 A regulation 123 list is to be published with the Draft Charging Schedule prior to examination. It is likely that the following types of infrastructure will be funded by CIL:
- Education facilities;
 - Transport;
 - Green infrastructure;
 - Public realm improvements;
 - Community and cultural facilities;

- Leisure facilities;
- Open space;
- Health facilities;
- Business support;
- Flood defences; and
- Sustainable energy.

CIL Development Viability Assessment

- 1.14 The Council appointed consultants to prepare a CIL Development Viability Assessment as a key piece of evidence to inform the preliminary draft Charging Schedule. The study assessed the economic viability of housing and commercial development across Havering using a Residual Land Value model. The model incorporated a wide range of variables and assumptions relating to residential values from recent transactions, site densities, construction costs, Code for Sustainable Homes requirements, profit levels, and existing use values. A series of scenarios was modelled to explore the implications of adopting a range of CIL charges and affordable housing provision levels, taking into account the Mayor's CIL and residual site specific s106 obligations.
- 1.15 The viability assessment found that the economic viability of development, and therefore the ability to afford a CIL charge, varied across the borough both by type of development, and, for residential development only, geographically. The study recommended a differential rate of CIL be applied to each type of development, from nil to £175 per square metre. The study found that housing and private care/retirement housing development in the southern part of the borough would not be able to afford as high a CIL charge as development in the rest of the borough. It therefore recommended that a further differential rate be applied to two geographical charging zones, with the A1306 as their boundary.
- 1.16 Should the expected level of development identified in the draft Further Alterations to the London Plan be delivered and pay a CIL charge under the proposed charging schedule, the revenue yielded could reach between £88m and £123m for new homes in the period 2015-2030, with an additional sum from other chargeable development. This potential levy yield would fall within the infrastructure funding gap of £317m outlined above. The proposed levy rates are therefore justified in accordance with the Regulations and Guidance. However, the CIL raised would not be sufficient to meet the aggregate funding gap in full and further funding will need to be raised from other sources.

Havering Preliminary Draft Charging Schedule

1.17 The Havering CIL is proposed to be set at the following rates:

Type of Development	CIL Rates £ per square metre Net additional floorspace
Open market residential north of the A1306	£70
Open market residential south of the A1306	£50
Private care/retirement housing north of the A1306	£70
Private care/retirement housing south of the A1306	£50
Office and Industrial	£0
Retail – supermarkets, superstores and retail warehouses above 2,000m ² gross internal area	£175
Retail – below 2,000 m ² gross internal area in Metropolitan, District and Local Centres as defined in the Havering Core Strategy, 2008.	£50
Hotel	£20
All other development	£0

1.18 The Council will calculate the ‘chargeable amount’ of CIL payable using the locally-set rates above multiplied by the ‘gross internal area’⁶ of new buildings and enlargements⁷ to existing buildings, taking demolished floorspace into account. The formal calculation methodology is provided in Regulation 40 and Part 5 of the CIL Regulations 2010, as amended.

1.19 New buildings and extensions with a gross internal area over 100 sq metres in the residential, retail and hotel categories are liable to pay a CIL charge, except in the case of one or more new homes for which no minimum size threshold applies. The charge is imposed at the time planning permission is granted and paid on the commencement of development, or by instalments at the Council’s discretion.

1.20 The CIL Regulations exempt the following types of development from paying a CIL charge⁸:

- Social (affordable) housing;
- Development by charitable institutions;
- Changes of use that do not increase floorspace;
- Buildings into which people do not normally go or go only intermittently for the purpose of maintaining or inspecting machinery;
- Buildings with temporary planning permissions; and
- Self-build houses, annexes and extensions.

⁶ LBH will use the HMRC Valuation Office Agency’s definition of Gross Internal Area

⁷ CIL Regulation 42 (2010)

⁸ CIL Regulations 2010 (as Amended): Part 6: ‘Exemptions And Relief’.

- 1.21 The Council proposes to set differential rates of CIL for different intended uses of development based on the evidence of economic viability. For residential development and private care/retirement housing, it is proposed to set a differential rate for two geographical charging zones (north and south of the A1306, respectively) to reflect locational differences in viability.
- 1.22 The two residential charging zones are identified on the Preliminary Draft Charging Schedule Map, on page 7.
- 1.23 The CIL rates will be index linked to the *All-in Tender Price Index* published by the Building Cost Information Service of the Royal Institution of Chartered Surveyors.

Haverling Preliminary Draft Charging Schedule Map

- 1.24 The preliminary draft Charging Schedule Map on page 7 identifies the location and boundaries of the two charging zones for new residential development and private care/retirement housing, for the purposes of CIL. These charging zones would allow a differential rate for residential development and private care/retirement housing to be applied north and south of the A1306. No other types of development will be subject to a geographic differential rate and therefore are not included on the Map.

Mayoral CIL

- 1.25 Under the Planning Act 2008, the Mayor of London has the power to set a London-wide CIL, although this is restricted to the funding of transport infrastructure⁹. The Charging Schedule for the Mayoral CIL, which will comprise a major source of funding for Crossrail, came into effect in April 2012. The rate for any type of development within the proposed Charging Zone 3, which includes Haverling, is set at £20 per sq metre of gross internal floorspace¹⁰.
- 1.26 The Mayor's CIL has priority over any London Borough Council's CIL and must therefore be treated as a 'first charge' on developments. This has been taken account of in setting the proposed CIL rates for Haverling.

⁹ Health and education uses are both zero rated for the Mayoral CIL.

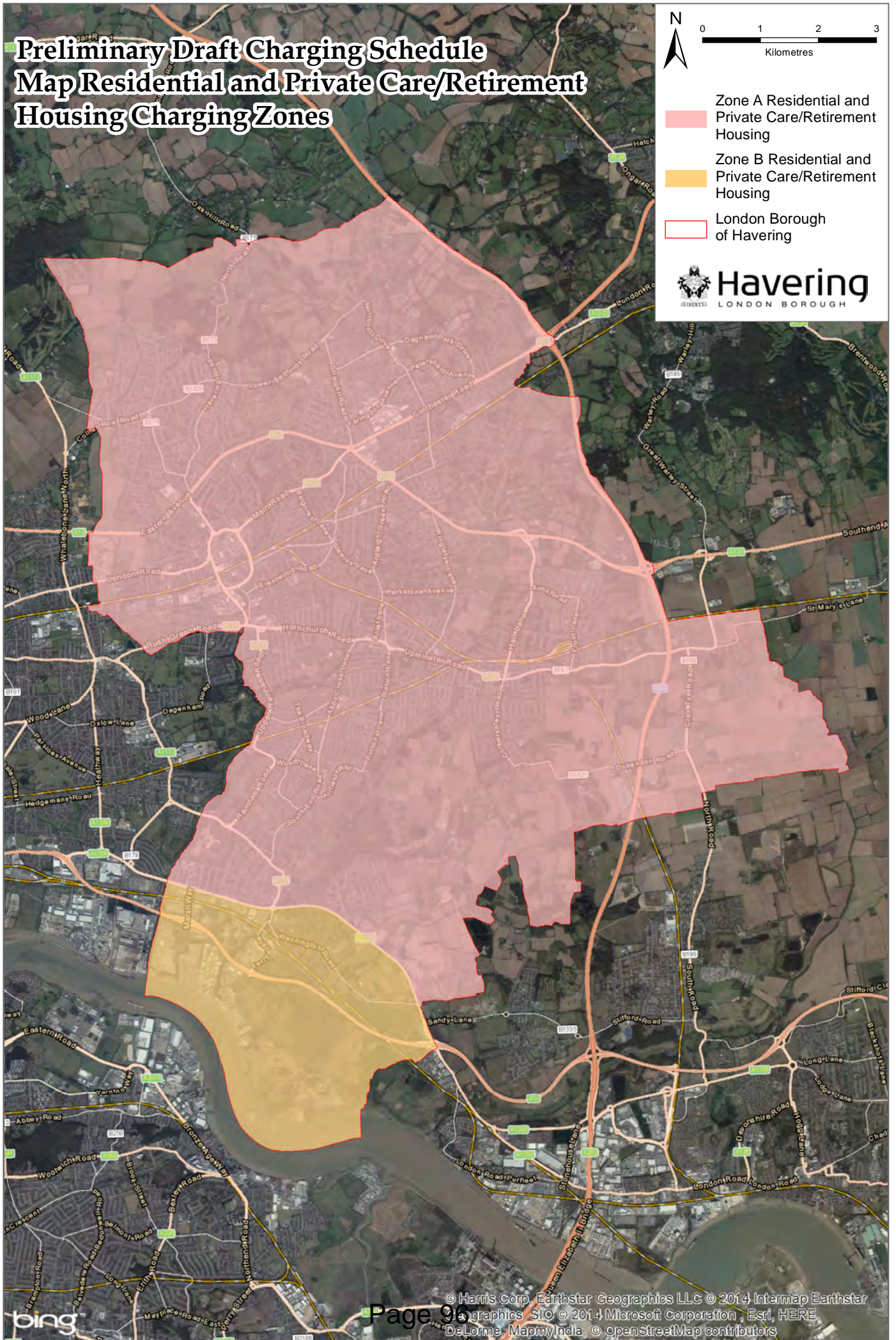
¹⁰ CIL Regulations 2010

Preliminary Draft Charging Schedule Map Residential and Private Care/Retirement Housing Charging Zones

N

0 1 2 3
Kilometres

- Zone A Residential and Private Care/Retirement Housing
- Zone B Residential and Private Care/Retirement Housing
- London Borough of Havering

PROJECTION: British National Grid



Discretionary Matters

- 1.27 Following adoption of the Charging Schedule, CIL payments will be due from the date that a chargeable development is commenced. The Council can permit the discretionary payment of CIL by instalments¹¹ to give the Council flexibility in dealing with certain applications. An 'instalment policy' containing details of the number of instalments permitted, the timing and dates of payments, the amount payable in any instalment and a minimum monetary threshold may be published with the adopted Charging Schedule. The 'instalment policy' may be amended or withdrawn at any time.
- 1.28 The Council proposes to offer '*discretionary relief for exceptional circumstances*'¹² from liability to pay CIL. Offering exceptional circumstances relief would provide the Council with some flexibility to deal with individual sites where development is desirable, but which are proved to have exceptional costs or other requirements which make them unviable. Exceptional circumstances relief can be activated and deactivated at any time and a notice of intention will be published by the Council.
- 1.29 The Council proposes, at its discretion, to allow the value of land, where the land is transferred to the Council, and infrastructure provided to be offset against the chargeable amount of CIL. The Council proposes, at its discretion, to enter into agreements for a land payment to discharge part or all of a levy liability and may also enter into agreements to receive infrastructure as payment. The value of land acquired and infrastructure provided as 'payment in kind' will be determined by the District Valuer (at the cost of the developer).
- 1.30 The Council proposes that it may apply CIL funds to '*administrative expenses*'¹³ incurred in connection with CIL.
- 1.31 The Council may offer '*discretionary charitable relief for investment activities*'¹⁴ where a charity landowner will hold the development as an investment from which the profits are applied for charitable purposes. This discretionary relief can be activated and deactivated at any time and a notice of intention will be published by the Council.

¹¹ Enabled by Regulation 69B of the CIL Regulations 2010 (as amended)

¹² Under the provisions and limitations of Regulations 55 and 57 of the CIL Regulations 2010

¹³ Under the provisions and limitations of Regulation 61 of the CIL Regulations 2010

¹⁴ Under the provisions and limitations of Regulations 44-48 of the CIL Regulations 2010

Consultation Arrangements

1.32 The consultation period for the Havering preliminary draft Charging Schedule will run from January XX 2015 to Month XX 2015.

1.33 Comments are invited using the following methods:

By Email :

martyn.thomas@haverling.gov.uk

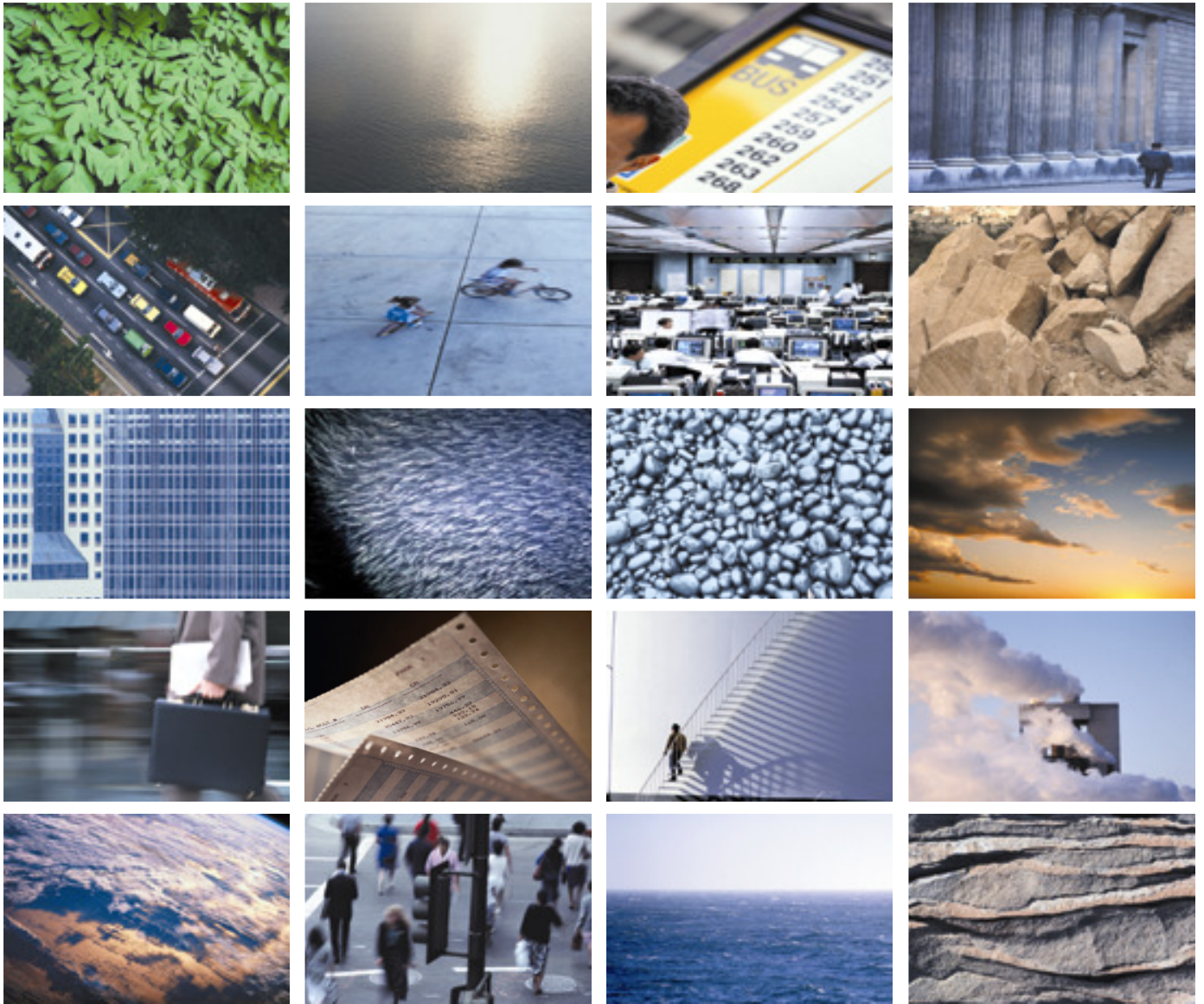
By Post :

Havering Community Infrastructure Levy
Development and Transport Planning Group
Regulatory Services
Communities and Resources Directorate
London Borough of Havering
Town Hall,
Main Road,
Romford
RM1 3BD

1.34 If you have any enquiries on the Havering CIL please contact **Martyn Thomas** at the email address above or telephone 01708 432845.

1.35 Document related to this consultation can be viewed on the Council's web page (<http://www.haverling.gov.uk>). Paper copies are available at the Council's offices in Romford.

1.36 This consultation is being undertaken in accordance with Regulation 15 of the CIL Regulations 2010 and the Council will take into account any representations made to it before publishing a Draft Charging Schedule, in due course.



London Borough of Havering

COMMUNITY INFRASTRUCTURE LEVY Draft Infrastructure Evidence Base Report

January 2015

Prepared by: ERM

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APPENDIX A ESTIMATED COSTS AND POTENTIAL REQUIREMENT FOR CIL FUNDING FOR SPECIFIC PROJECTS

1 INTRODUCTION

Purpose of Report

1.1.1 The Community Infrastructure Levy (CIL) Regulations allow local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development. This includes new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces and leisure centres.

1.1.2 A charging authority wishing to introduce the Community Infrastructure Levy within its area is required to provide evidence of an aggregate funding gap that demonstrates the need to charge the levy. This involves:

- a) assessing the additional infrastructure needed to support the type and level of development being planned for its area under the development plan;
- b) estimating the total cost of the required infrastructure;
- c) estimating the level of funding committed or likely to be available to pay for the infrastructure, such as core Government funding, section 106 agreements, etc; and
- d) deriving the aggregate funding gap or CIL infrastructure funding target.

1.1.3 This report presents evidence on the scale and cost of infrastructure that will be required to meet the needs of development in Havering over the period 2015 to 2030. This is of necessity a broad assessment as the total scale, type and location of development over this period has yet to be established through the preparation of the Local Plan, which is due to replace the Core Strategy that was adopted in 2008. Furthermore, there are inevitably considerable uncertainties surrounding projections of development and costs over the medium to long term, so the costs assessed here relate mainly to needs over the coming ten years or so.

Structure of Report

1.1.4 The report contains three sections after this introduction. **Section 2** sets out the assumptions on development quantities in terms of dwellings, population, and commercial floorspace. **Section 3** provides an assessment of the scale of future requirements for a range of infrastructure types that will be needed to serve that development. **Section 4** sets out the aggregate funding gap or CIL infrastructure funding target derived from a list of the main infrastructure items set out in **Appendix A** showing individual projects or types of project for which costs and the availability of regular funding can be estimated.

Types of Infrastructure

1.1.5

Table 1.1 lists the main types of infrastructure required to support development and the individual types of facility they comprise. The third column indicates which facilities' requirements and costs are included in the CIL assessment and which have not been assessed and why.

Table 1.1: Types of Infrastructure for Assessment

Type	Facility	CIL Assessment Included/Excluded
Education	Primary school (inc early years)	Included
	Secondary school (inc post-16)	Included
	Further and Higher Education	Included
Culture & Community	Library	Included
	Cultural Facilities	Included
	Heritage	Included
	Community Hall	Included
	Youth Centre	Not included as no costed plans currently available
Social Care	Day Care	Not included as no costed plans currently available
	Older Persons Housing	Not included as this is a component of affordable housing, not covered by CIL.
	Children's Home	Not included as no costed plans currently available
Open Space	Children's Play Areas	Included
	Parks	Included
	Green Infrastructure	Included
Recreation & Leisure	Sports Hall	Included
	Swimming Pool	Included
	Ice Rink	Included
	Playing Pitch	Included
Crematoria & Burial Grounds	Crematorium	Not included as normally profitable commercially
	Burial Ground	Included
Emergency Services	Police Station	Not included as no costed plans currently available
	Fire Station	Not included as no costed plans currently available
	Ambulance Station	Not included as no costed plans currently available

Type	Facility	CIL Assessment Included/Excluded
Health Services	GP Health Centre	Included
	Intermediate Care	Included
	Acute Hospital	Included
	Mental Health Facility	Not included as no costed plans currently available
Waste	Waste Disposal Facilities	Not included as covered by Comprehensive PFI for funding investment programme for East London
Transport	Motorway/trunk road	Not included as funded by central government
	Highway	Included
	Public Transport (rail and bus)	Included
	Cycling and Walking	Included
Utilities	Water Supply	Not included - Privatised utility
	Sewerage	Not included - Privatised utility
	Electricity	Not included - Privatised utility
	Gas	Not included - Privatised utility
	Telecommunications	Not included - Privatised utility
Public Realm		Included
Flood Protection		Included
Employment and Skills		Included
Environmental Improvements	Sustainable waste management/recycling	Not included - Site specific
	Air quality improvements	Included
	Water environment management and improvement	Not included - Site specific
Community Energy		Included
High Speed Internet Connectivity		Not included as no costed plans currently available
Land Remediation		Not included - Site specific
Affordable Business Space		Included
Crime and Disorder Prevention		Not included - Site specific

2 DEVELOPMENT QUANTITIES

Housing

- 2.1.1 In order to assess the amount of infrastructure required to support future residential development in Havering the quantity of future dwellings planned to be completed within the relevant appropriate time horizon needs to be established.
- 2.1.2 The housing target for Havering in the London Plan (July 2011) is for 9,700 net additional dwellings to be completed over the ten year period between April 2011 and March 2021 (an average of 970 dwellings pa). Following the GLA's latest 2013 Strategic Housing Land Assessment (Jan 2014) the target under the recently published draft Further Alterations to the London Plan (FALP) has been increased to 11,700 (an average of 1,170 dwellings pa) for the period 2015 to 2025. The FALP was subject to an Examination in Public in September 2014.
- 2.1.3 The latest FALP housing targets cover the period to 2025 but the new Havering Local Plan will cover the period 2015 to 2030. The FALP advises that for LDF purposes its rates should be rolled forward to give an indicative figure for an LDF's 15 year plan period. It is therefore reasonable to assume that the new target of 1,170 dwellings per annum for the period 2015 to 2025 should be rolled forward for the period 2025 to 2030 for which there is no specific GLA target. The total housing target for Havering for the plan period 2015 to 2030 is therefore 17,550.
- 2.1.4 The total number of dwellings in Havering in April 2011, according to the 2011 census, was 99,184. According to the Annual Monitoring Reports for 2011-2012 and 2012-2013, a further 803 dwellings were completed in those years, bringing the total dwellings in Havering in March 2013 to around 100,000. Assuming the 2011 London Plan target of 970 dwellings pa is met over the two years 2013 to 2015, the total dwellings in 2015 will be around 101,900. Assuming the total housing target for the Local Plan period 2015 to 2030 is met, the number of dwellings in 2030 will therefore be around 120,000. **Table 2.1** sets out the number of dwellings projected in Havering from 2012 to 2030.

Table 2.1: Dwelling Numbers in Havering Assuming GLA Housing Targets are met, 2013 to 2030

Year	Total Dwellings
2013	100,000
2015	101,900
2020	107,750
2025	113,600
2030	119,450
2015 to 2030	17,550
2013 to 2030	19,450

Population

- 2.1.5 Requirements for infrastructure tend to be more directly related to population (and age structure) than to dwelling numbers so it is important to appreciate the changes in population implied by the scale of additional planned housing. The most up-to-date population projections for Havering are those contained in the GLA's 2013 Round Demographic Projections. Three variants of trend-based population projections and corresponding household projections are currently available. These are labelled as High, Central and Low and differ in their domestic migration assumptions beyond 2017.
- 2.1.6 Although the GLA projections are not based on the additional dwelling numbers currently proposed for Havering, they nevertheless provide the best available data for deriving an appropriate value for average household size within the borough. This is required to estimate the population that will be accommodated in the planned housing.
- 2.1.7 **Table 2.2** sets out the average household size for the years 2012, 2015, 2020, 2025 and 2030, under the GLA's 2013 Round Central Projections.

Table 2.2: Household Size Forecasts for Havering, 2012 to 2030

Year	Average Household Size	Institutional Population
2012	2.43	1,646
2015	2.43	1,694
2020	2.42	1,766
2025	2.41	1,926
2030	2.39	2,137

Source: GLA 2013 Round Central Projections

- 2.1.8 The 2011 census recorded 98,600 private households living in the 99,184 dwellings. As the number of shared households was insignificant, this represents a vacancy rate of 2.0%. **Table 2.3** sets out the number of dwellings projected in Havering for the same years as **Table 2.1**, according to the 2011 London Plan's and the FALP's targets set out above. The table then shows the estimated number of households, assuming the 2011 vacancy rate remains constant, the private population, based on the average household size from **Table 2.2**, and the institutional population, also from **Table 2.2**.

Table 2.3: Population from Dwelling Numbers Assuming GLA Housing Targets are Met, 2012 to 2030

Year	Dwellings	Households (i)	Average Household Size	Private Population	Institutional population	Total Population
2013	100,000	98,000	2.43	238,140	1,661	239,801
2015	101,900	99,862	2.43	242,665	1,694	244,359
2020	107,750	105,595	2.42	255,540	1,766	257,306
2025	113,600	111,328	2.41	268,300	1,926	270,226
2030	119,450	117,061	2.39	279,776	2,137	281,913
2015 to 2030	17,550	17,199		37,111	443	37,554
2013 to 2030	19,450	19,061		41,636	476	42,112
Note: (i) assuming 2% vacancy rate						

Number of Dwellings Likely to be Subject to CIL

2.1.9 CIL at the residential rates will only be payable on those open market dwellings which do not yet have planning permission. According to the 2012-13 Annual Monitoring Report, in March 2013 there were permissions for 4,076 units on major sites (10+ units), of which 331 were completed, leaving 3,745 to be completed. A further 1,738 units are included in applications in the planning pipeline or where the principle of development has been accepted, in which case they are likely to receive approval before the introduction of CIL. The total dwellings expected to be completed between 2013 and 2030 on these sites which are unlikely to contribute to CIL is therefore 5,483.

2.1.10 At the 2011 London Plan target rate of 970 dwellings pa, 1,940 of these dwellings on sites not subject to CIL would be completed by 2015, leaving 3,543 to contribute to the Local Plan target for the period 2015 to 2030. In addition, further sites will be granted planning permission between 2012 and 2015 but it is difficult to assess how many dwellings they may generate for completion from 2015 onwards. Ignoring these, the dwellings on sites subject to CIL in the period 2015 to 2030 will be a maximum of 14,007. If an assumed rate of 25% of dwellings required to be affordable is excluded from these figures, the total number of open market dwellings on which CIL would be payable is reduced to 10,505 for the Local Plan period 2015 to 2030.

Office Floor Space

- 2.1.11 The Havering Employment Land Review (July 2012) forecast a net demand for B1 office floorspace of between 11,500 m² and 17,700 m², with a medium forecast of 14,600 m² between 2012 and 2027. The most suitable location to accommodate demand forecast for B1 office uses is in Romford Town Centre.

Industrial Floor Space

- 2.1.12 The Havering Employment Land Review forecasts an increase in demand for industrial land of between 9.1ha and 14.4ha (not including frictional floorspace) in the period 2012 to 2027. This is due largely to a forecast increase in land for warehousing (B8), which offsets the contraction of manufacturing uses (B2). However, the Employment Land Review does not assess the demand for new floorspace.

3 FUTURE INFRASTRUCTURE REQUIREMENTS IN HAVERING

3.1.1 **Table 3.1** sets out the following information for each of the main types of infrastructure identified in **Table 1.1**:

- The main provider of the infrastructure;
- The level of existing provision;
- The adequacy of the existing provision to meet current needs, both quantitative and qualitative;
- An assessment of future need to meet current shortfalls and the requirements of planned future development/population levels;
- Details of any current programme of infrastructure provision;
- Known costs or the basis for estimating costs of required infrastructure; and
- Main funding sources and whether funding is committed at present.

Table 3.1: Future Infrastructure Requirements in Havering

Education				
Main provider	London Borough of Havering			
Existing provision	Existing state school provision in Havering comprises:			
	School Category	No of Schools	No of pupils 2013/14	No of places 2013/14
	Primary (Yr R – Yr 6)	59	19,834	19,863
	Secondary (Yr 7 – Yr 11)	18	14,837	16,057
	Special	3	269	266
	Havering College of Further & Higher Education has three campuses: Ardleigh Green Campus, Hornchurch, Quarles Campus, Harold Hill, and Rainham Campus Construction Centre.			
Adequacy of existing provision	<p>In 2013/14 there were 19,863 primary school places in Havering, and 19,834 primary pupils, leaving a total of 29 surplus spaces. However, the DoE expects local authorities to plan for at least a 5% surplus of places to allow for operational flexibility in allocating pupils to schools in response to parental choice and for unforeseeable spurts in demand and on this basis there was a shortfall of 1,015 places.</p> <p>In 2013/14 there were 16,057 secondary school places in Havering, and 14,837 secondary pupils, leaving a total of 1,220 surplus spaces. However, the DoE expects local authorities to plan for at least a 5% surplus of places to allow for operational flexibility in allocating pupils to schools in response to parental choice and for unforeseeable spurts in demand and on this basis there was a surplus of 439 places.</p>			
Assessment of future needs	<p>undertakes annually a comprehensive assessment of future demand for school places in the borough by projecting cohorts within the existing schools, taking account of recent and future birth rates, and allowing for the impact of committed and planned housing.</p> <p>places</p> <p>Under the Childcare Act 2006, Local Authorities in England have statutory duties to secure free early years provision for pre-school children of a prescribed age. Regulations have been made to prescribe the type and amount of free early years provision each child is entitled to and the age at which a child becomes eligible to benefit. The current requirement is to ensure that 15 hours per week of free early years provision is available over 38 weeks of the year for all 3 and 4 year-olds. From September 2013 this was extended to 2 year olds that meet certain criteria. This criteria has been extended from September 2014 increasing the estimated number of 2 year olds qualifying nationally from 20% to 40% of all 2 year olds. The estimated number of 2 year olds meeting the qualification criteria from September 2014 is 1,128. Many of these children are expected to come from the</p>			

	<p>Heaton, Gooshays, Rainham & Wennington, South Hornchurch, Romford Town and Brooklands Wards. As a result of the proposed housing developments, there will be a need to provide 550 new Early Education Entitlement (EEE) places for 2, 3 and 4 year olds expected from the new developments.</p> <p>Secondary Places</p> <p>The latest projections cover the ten year period from 2013/2014 to 2023/2024. They indicate a significant growth in demand for primary school places (5174 additional pupils) and additional demand for secondary school places (3214 additional pupils) over the period. Taking account of additional spaces to be provided under committed programmes, spaces will be required for an additional 942 primary and 1,831 secondary pupils. Given the requirement to ensure at least a 5% surplus of places to allow for operational flexibility, however, the total number of additional spaces required over the ten year period amounts to 2,258 and 2,781 respectively.</p>
Programme	<p>There are programmed increases in primary school capacity in Havering over the coming years (in particular, 1,727 additional primary places to 2014/2015, to meet an ongoing surge in demand, and ultimately a further 2,476 primary places by 2023/2024) and these are incorporated in the committed capacity figures used to estimate the additional requirement above.</p> <p>In addition to these commitments, there are plans for a new UTC (University Technical College) in Rainham, Elutec College of Design and Engineering for 14-19, with 600 places, to open in 2014. A new Southern Campus of Havering College is planned in Rainham, aimed at offering specialist diplomas and workforce skills, and training in technology and hospitality to meet the needs of the local area and support its economy.</p>
Costs	<p>Costs of school provision can be assessed using the per pupil multipliers in the DCSF School Design Guidance for Q4 2008-9, which covered a mix of new and expanded schools. The multipliers, adjusted for Havering's Location factor at the time, were £13.7k per primary pupil and £20.7k per secondary pupil (although the figure for post-16 was higher, at £22.4k per pupil). Comparison with the £5.5m cost estimate for the ongoing replacement Branfil Primary School in Havering, which represents a per pupil cost of £13.1k, indicates that these rates are still broadly valid.</p> <p>At these rates the total cost of un-programmed school places to meet pupil numbers to 2023/2024 will be of the order of £8m for Early Education Entitlement (EEE) places, £31m for primary and £73m for secondary.</p>
Main funding sources	<p>Department for Education, London Borough of Havering.</p> <p>London Borough of Havering gets basic need grant to create additional school places to meet demand as a result of increased in birth and migration in the borough. There is no guarantee regarding the level of future Basic Need allocation that Havering may receive.</p>

	No grant is allocated to meet demand for places as a result of new housing developments. It is worth noting that Section 106/tariff and Community Infrastructure Levy education payments are only ever a contribution towards the cost of creating the additional school places required to meet the demand generated by new housing. Alternative sources of funding have always been needed in order to fully cover the cost of creating the additional school places needed. Therefore at a time when the level of future Basic Need funding from central government is unknown it is particularly important that Havering receives as much education contribution through the CIL as possible.
Libraries	
Main provider	London Borough of Havering
Existing provision	Havering is responsible for the management and development of ten libraries. Some libraries also accommodate visiting services such as Age Concern, Arthritis Care, CAB, JobNet, Community Police events, local sports groups and support groups'.
Adequacy of existing provision	Havering libraries have undergone a programme of building refurbishments over the last few years. A new library has also been built in Rainham (opened July 2014) replacing the old Rainham Library and a new library will be built in Harold Hill in 2015, again replacing the existing library in Harold Hill.
Assessment of future needs	As stated above, a new library will be built in Harold Hill in 2015.
Programme	The new library at Harold Hill will replace the existing library with one twice the size (including over 300 m ² of dedicated library space together with ancillary rooms) in a different location and is expected to be completed in 2015.
Costs	The new library at Harold Hill will cost around £4m.
Main funding sources	The new library at Harold Hill will be financed from the sale of Council-owned land at Gooshays.
Cultural Facilities	
Main provider	London Borough of Havering
Existing provision	The main cultural facilities in Havering are the Queen's Theatre and the Fairkytes Arts Centre, both in Hornchurch. A new Havering Museum opened in Romford in May 2010, with funding from the Heritage Lottery Fund.
Adequacy of existing provision	Fairkytes Arts Centre is in course of refurbishment and has been subject to major improvements since 2009.
Assessment of future needs	The Havering Arts Strategy 2013 to 2015 identifies a need for new high quality visual arts exhibition space at Fairkytes Arts Centre.
Programme	Proposed for completion by 2015.
Costs	See Appendix A.
Main funding sources	London Borough of Havering.

Swimming Pools	
Main provider	London Borough of Havering
Existing provision	<p>There are a total of 3 large public swimming pools in Havering, located at Central Park Leisure Centre, Hornchurch Sports Centre and Chafford Sports Complex. At these facilities, there is provision of 1,123 m² of water space.</p> <p>There are a further 6 sites providing water space in Havering which have varying degrees of public accessibility. These sites are all in the education and private sectors and in total provide 1,474 m² of water space.</p>
Adequacy of existing provision	At the London Borough of Havering water space standard of 15 m ² per 1,000 population (set out in the Havering Green Space, Sport and Recreation Study (2005), London Borough of Havering's 2013 population should have 3,600 m ² of water space, compared with 2,600 at present. The latter is due to be increased by 545 m ² to 3,145 m ² when the Romford Leisure Centre opens in 2017, leaving a shortfall of about 455 m ² .
Assessment of future needs	<p>The projected population for Havering in 2025 would require around 4,050 m² of water space, or 910m² more than currently available once the Romford Leisure Centre opens.</p> <p>The Facilities Development Strategy 2016-2014, identifies the need for a new community leisure facility in the south of the borough to replace the ageing Chafford Sports Complex and this is being considered as part of the investment within the new Leisure Management contract. The existing contract is due to expire in September 2016 and the Council has begun the retendering process through which a new leisure facility in the south of the borough may be negotiated.</p>
Programme	The Romford Leisure Centre is planned to be in operation from early 2017, incorporating an eight-lane competition swimming pool and a learner pool.
Costs	<p>The estimated total cost of the new Romford Leisure Centre is £25m which includes all the facilities as well as the pools.</p> <p>The 910m² shortfall in water space required by 2025 is equivalent to approximately three 25m x 12.5m six lane pools at an estimated cost £4.185m each, giving a total of £12.555m. This total has been calculated from Sport England facility costs at the fourth quarter 2013. These costs do not include regional variations, contingency and special design and planning requirements that may be required so the final costs could easily increase by 30% or more. At 30% the total would be £16.322m.</p>
Main funding sources	London Borough of Havering and potentially Sport England but large grants are now difficult to obtain.

Ice Rinks	
Main provider	London Borough of Havering
Existing provision	There is currently no ice rink provision in Havering.
Adequacy of existing provision	The former ice rink in Romford has been demolished and it is planned to be replaced by a new rink within the new Romford Leisure Centre.
Assessment of future needs	See above.
Programme	The Romford Leisure Centre, including a 56m x 26m replacement ice rink, is planned to be in operation from early 2017.
Costs	The estimated cost of the new Romford Leisure Centre, which will include a range of facilities as well as an ice rink, is £25m.
Main funding sources	London Borough of Havering, developer agreement and an Iconic Facilities grant from Sport England.
Sports Halls	
Main provider	London Borough of Havering
Existing provision	The Active Places Power database for September 2014 shows a total of 20 sports halls and 18 activity halls. Three facilities are at local authority centres, 33 at schools and two at sports clubs/community associations. These offer approximately 90 badminton courts which are accessible to the public.
Adequacy of existing provision	At the London Borough of Havering sports hall standard of 0.48 badminton courts per 1,000 population (set out in the Havering Green Space, Sport and Recreation Study (2005), Havering's 2013 population should be served by 115 badminton courts, compared with an estimated 90 at present, a shortfall of 25.
Assessment of future needs	The projected population increase from 2013 to 2025 of 30,400 would require 15 badminton courts in addition to making up the shortfall of 25, giving a total requirement of 40. This is equivalent to 10 additional four court halls.
Programme	No programme.
Costs	Sport England estimate the cost of a four court sports hall in the fourth quarter 2013 at £2.62m. Assuming a 1.12 location adjustor for Havering, the cost of providing the 9.5 additional four court sports halls required by 2025 is estimated to be £26.2m. These costs do not include regional variations, contingency and special design and planning requirements that may be required therefore the final costs could easily increase by 30% or more. At 30% the total would be around £34.0m.
Main funding sources	London Borough of Havering, Education Funding Agency, Sport England and private sector.
Playing Pitches	
Main provider	London Borough of Havering
Existing provision	The Active Places Power database for May 2013 shows a total of 68, 24 and 11 adult, junior and mini football pitches respectively, 12 cricket pitches, 14 rugby pitches and 1 hockey pitch.
Adequacy of existing provision	The Havering Green Space, Sport and Recreation Study (2005) estimated the playing pitch requirement for a population in the borough in 2016, projected at the time, of 224,250. Assuming the same ratio of pitches to

	population, the 2012 population of Havering would show a sufficiency of adult football and rugby pitches but a deficiency of 27 junior and 1 mini football pitches, 3 cricket pitches and 2 hockey pitches.
Assessment of future needs	Assuming the same ratio of pitches to population, the projected 2025 population of Havering would require an additional 35 junior and 2 mini football pitches, 5 cricket pitches and 3 hockey pitches, compared with the present level of provision.
Programme	Two additional adult football pitches are included in the committed Broxhill Park improvement.
Costs	Sport England estimate the unit cost of junior and mini football pitches, assuming a 1.12 location adjustor for Havering, at £73k and £28k respectively and of a cricket pitch and hockey pitch at £224k and £73k respectively, excluding the cost of land. The cost of providing the additional playing pitches by 2025 is therefore estimated to be £3.9m.
Main funding sources	London Borough of Havering, developers and others (such as Sport England)
Parks	
Main provider	London Borough of Havering
Existing provision	According to the 2013-2014 AMR, there are 126 parks and other publicly owned open spaces in Havering. Nine Parks have Green Flag status: Bedford's Park, Cottons Park, Harold Wood Park, Hylands Park, Lawns Park, Lodge Farm Park, St Andrews Park, Upminster Park and Raphael's Park. There are two Country Parks: Havering Country Park and Hornchurch Country Park.
Adequacy of existing provision	The Havering Green Spaces, Sport and Recreation Study (2005) pointed out that the existing population was underserved by 10 ha in the borough as a whole.
Assessment of future needs	The 2005 Study set a standard for the provision of parks and gardens in Havering of 1.84 ha per 1,000 population, based on existing provision in 2006 (plus a shortfall of 10 ha) and the GLA's projected population at that time for 2016 of 237,040. On this basis, the net additional population of around 34,600 by 2025 should require 74 ha more than was provided in 2006, including the pre-existing shortfall of 10 ha.
Programme	Raphael's Park Improvement Works have been completed (Summer 2014) and works on Langtons Gardens are due to begin in Autumn 2014. A Skate Park, BMX Track, MUGA and new Children's Play Area have been installed at Central Park. Broxhill Sports Park is due to open in late 2015, a new £3.5 million investment which will improve existing facilities and provide new sports facilities including; a3G artificial turf football pitch, two grass pitches, a multi-use games area including four new tennis courts, basketball and football facilities, new sports pavilion containing a small indoor sports hall and changing rooms for a range of sports, 60m sprint track, outdoor exercise zones, car parking and children's play area The Havering Parks and Open Space Strategy 2013-15 also proposes improvements to Bedford's Park, and the second lake at Harrow Lodge Park requires dredging.
Costs	The estimated costs of improvements to individual parks are given in Appendix A .

Main funding sources	London Borough of Havering and the Heritage Lottery Fund. The Broxhill Park improvements will be funded by the sale of adjacent London Borough of Havering land for housing.
Children's Play Space	
Main provider	London Borough of Havering and developers
Existing provision	"Havering Green Spaces, Sport and Recreation Study" (2005) identified 68 sites in Havering with some kind of children's play provision. 39 open spaces had play areas which fulfil the criteria associated with a LEAP or NEAP although some of the others could be classified as such if minor improvements were made to the play space. In addition, there are 19 'Housing Play Sites' which are under 0.4ha in area and typically consist of little more than one or two items of play equipment.
Adequacy of existing provision	"Havering Green Spaces, Sport and Recreation Study" (2005) showed that there were significant areas deficient in access to dedicated children's play areas.
Assessment of future needs	"Havering Green Spaces, Sport and Recreation Study" (2005) set a standard for children's play provision of 0.8 ha per 1,000 population. The most costly component of provision comprises Locally Equipped Areas for Play (LEAPs) and Neighbourhood Equipped Areas for Play (NEAPs). Typical standards for these are 0.125 ha of each per 1,000 people. The projected private population increase of 30,425 for Havering between 2013 and 2025 will therefore require an additional 3.8ha of each type of play space just to serve the additional population.
Programme	London Borough of Havering has a programme of investment in children's playgrounds but this does not cover requirements to serve new development in the longer term. It is assumed here that LEAPs will be provided directly by developers as part of achieving a good standard of development. NEAPs serve more substantial populations and would be appropriate for funding under CIL.
Costs	Assuming unit costs of £140 psm for NEAPs, to include both construction and ten years maintenance, the additional requirement to 2025 will cost £5.3m.
Main funding sources	London Borough of Havering, developers
Burial Grounds	
Main provider	London Borough of Havering
Existing provision	There are currently four cemeteries in Havering: at Rainham, Hornchurch, Romford and Upminster.
Adequacy of existing provision	The cemeteries at Rainham and Hornchurch have no new plots available and therefore burials can only take place in existing family graves. The cemetery at Romford has limited capacity which is only expected to provide graves for a further year. The last extension to Upminster Cemetery was completed in 2001. The cemetery at Upminster currently has sufficient space only for burials until September 2013.
Assessment of future needs	The GLA's "Audit of London burial provision" (2010) estimates a need for 9,934 new burial spaces in Havering during the 20 year period 2010/1 to 2030/1, an average of 500 per year.
Programme	Work has started on a project to provide space for more than 6,000 new graves, with space for up to 13,000 new

	burials, by extending the borough's main cemetery, Upminster Cemetery, on Council land adjacent to South Essex Crematorium.
Costs	£1.4million
Main funding sources	London Borough of Havering
Health	
Main provider	Havering Clinical Commissioning Group (CCG) and NHS England commission healthcare services. Barking, Havering and Redbridge University Trust provide acute hospital services and North East London Foundation Trust provide mental health and community services.
Existing provision	<p>There are 51 GP practices in Havering, with a total of 122 Full Time Equivalent GPs (in September 2013).</p> <p>A new Harold Wood Polyclinic of 2500m² was opened at Harold Hill in 2010, at a construction cost of £4.6m.</p> <p>Havering is served by the Barking, Havering and Redbridge University Hospitals NHS Trust. The only acute hospital, operating an A&E department, in Havering is Queen's Hospital in Romford, which opened in 2006, and brought together the services previously run at Oldchurch and Harold Wood hospitals.</p>
Adequacy of existing provision	<p>The average ratio of patients to FTE GPs in the borough is 2,160 which is greater than the NHS primary healthcare planning standard of 1,800 patients per FTE GP. In addition, a third of GP practices are single-handed (the highest in London) and have limited ability to extend services and hours.</p> <p>A large number of sites are in need of major building works to enable them to comply with required standards.</p>
Assessment of future needs	<p>Havering CCG's strategic aim is to prevent people from entering secondary care if they can be treated in primary or community care. While this might appear to place more pressure on GPs, the CCG are undertaking primary care improvement initiatives so that GPs can work in a smarter way, will be able to see more patients, see individual patients fewer times, or deal with patients more effectively with long term solutions, thus reducing demand for GPs. Furthermore, Public Health is undertaking preventative action to stop people from becoming ill in the first place, thus keeping demand for health care in check.</p> <p>According to the GLA 2013 SHLAA-based projections the population of the borough will increase by 31,340 between 2016 and 2030. This will place pressure on existing primary healthcare infrastructure, both the GP workforce and primary care estate. Additional population growth is also likely to impact nursing provision and there maybe a need for nurse practitioners to support primary care improvement and care in the community. Additional clinical provision will result in further clinical space required to deliver care therefore investment in premises infrastructure is required to meet the demand in primary care GP provision. However, there may be opportunities to upgrade some of the GP facilities to meet current standards and where possible look at integrated health care models to co-locate GP services with other health and social care provision. Further work is needed to</p>

	<p>assess the impact and location of population growth on health needs and infrastructure using housing and population data.</p> <p>At the acute hospital level, the CCG aims to reduce the levels of A&E attendances and hospital admissions and average length of stay in hospital. The CCG are therefore working with GPs and the Trust to direct efforts towards prevention and improvement, thus avoiding the need to extend hospital capacity.</p>
Programme	<p>Capital and revenue investment is required in the following projects:</p> <p>A new children's centre and health centre is planned for the site of Rainham Village School. A site has been approved.</p> <p>GP led (third party developments): Redevelopment of Billets Lane Medical Practice / Hornchurch Healthcare (Dr Bland and Dr Tran); Improvements to New Medical Centre, Gidea Park (Dr Edison) and Third Avenue Practice (Dr Pervez); and redevelopment of Berwick Surgery (Dr Adur) including consolidation of practices at Rainham Health Centre and Spring Farm Surgery.</p> <p>Consideration is currently being given to a potential facility on the Orchard Village site.</p> <p>Under the Barking Havering Redbridge Primary Care Improvement Project, North Street Medical Centre will act as a hub providing extended GP hours.</p> <p>Need to relocate renal dialysis from Queens Hospital to allow A&E reconfiguration.</p> <p>Havering CCG is responsible for the future of St George's Hospital in Hornchurch, now closed and planned to be replaced by an intermediate health care facility. A consultation is currently in progress on the form of this facility but the current preferred option is for a centre of excellence for older people on the site, offering an array of adult outpatient services, a GP practice on site offering extended hours, and an all-encompassing centre for diagnostics. NHS Property Services (NHSPS) are responsible for St Georges as they own the site. The plan is that 15% of the site has been retained for a new health facility and the remainder will be sold (probably for residential development). NHSPS is in the process of submitting an outline application for this. Any receipts from this sale will not be directly used to fund the new health facility on site. These receipts go back to the central Department of Health pot (from which the new health facility will be funded).</p> <p>At present Havering CCG are working on the Outline Business Case and are working jointly with Community Health Partnerships who are delivering the new health facility.</p>

	Not all costs are known at this stage. The HUDU model (details provided) generates a primary and community care space capital cost requirement of @£11.7m needed to accommodate population growth of 31,340 up to 2030. This cost figure doesn't address existing infrastructure deficiencies referred to above and is therefore considered to be a funding gap for the purposes of CIL.
Costs	<p>Not all costs are known at this stage. The HUDU model (details provided) generates a primary and community care space capital cost requirement of @£11.7m needed to accommodate population growth of 31,340 up to 2030. This cost figure doesn't address existing infrastructure deficiencies referred to above and is therefore considered to be a funding gap for the purposes of CIL.</p> <p>The currently estimated provision cost of the replacement St George's Hospital is £9.6 million. The whole cost of the this redevelopment is expected to be covered by the sale for residential development of 90% of the existing site which is not required for the new health centre.</p>
Rail Transport	
Main provider	Network Rail/TfL
Existing provision	Connections to local surface level trains are provided by stations at Romford, Harold Wood and Gidea Park on the Liverpool Street Shenfield main line, Emerson Park on the Romford to Upminster line, and Rainham on the London Tilbury Southend line. There is access to Underground services (District Line) at Hornchurch, Upminster Bridge, Elm Park and Upminster. Only the surface line between Romford and Upminster provides a north south rail connection as the other facilities have an east - west routing.
Adequacy of existing provision and assessment of future needs	<p>The following transport infrastructure improvements are currently planned by TfL and London Borough of Havering to meet existing and projected future needs in the borough:</p> <ul style="list-style-type: none"> • Crossrail – a new regional east-west railway line, currently under construction, will connect Heathrow and Maidenhead in the west with Essex and South London in the east. The eastern branch (north of River Thames) will run from Shenfield in Essex through the three Havering stations of Harold Wood, Gidea Park, and Romford. Crossrail is scheduled to become operational from 2018/19 at a cost of almost £15 billion. • Improvements to LTS railway via Rainham and Upminster - to support planned regeneration strategies including the provision of 12-car trains on the Tilbury loop and more frequent services. • Station refurbishment / modernisation programme and public realm improvements. • London Underground District Line – upgrades are underway to increase peak capacity by 47% by 2018. Signal and customer information upgrade of the District Line in 2014. • Upminster Depot redevelopment – one of the four major depots for London Underground's railway fleet

	<p>(Metropolitan, Hammersmith & City, Circle and District Lines) to be upgraded, with completion planned for 2015.</p> <ul style="list-style-type: none"> • Ardleigh Green Railway Bridge – bridge replacement due to be completed in 2017 at a cost of £15m. • Romford Station interchange improvements – to link to wider public realm improvements and major development opportunity at the adjoining site to the south (as identified in the Romford Area Action Plan). The Council is currently involved in a master-planning project with Transport for London and Crossrail for the area adjoining the Station as part of its commitment to delivering an enhanced station for Romford. • Faster peak hour trains and platform extensions at Romford Station to cater for 12-car trains and address capacity and overcrowding problems. • A new Beam Park station on the LTS railway line to maximise the future development potential of the south of the borough and to support the housing and employment sites at London Riverside. A business case study for a new station by the Council, the London Development Agency and the London Thames Gateway Development Corporation supports the provision of a new station here. • Rainham Station bus and rail interchange - enhancement and improvement of the station and interchange and extension of bus services to support planned regeneration of Rainham village and London Riverside including the 'Wildspace' destination. • Creek Bridge crossing - public transport link to provide orbital bus routeing.
Programme	Programmes for Rail provision are set out in the East Sub-regional Transport Plans prepared by TfL, and the National Rail High Level Output Specification (HLOS).
Costs	Shown in Table 4.1 .
Main funding sources	TfL, LIP, DfT, Crossrail is financed partly by the Mayoral CIL.
Bus Transport	
Main provider	TfL
Existing provision	The rail services are complemented by bus routes and services to the various residential, employment, education and leisure activities and key destinations. Romford is the major destination and most routes provide good links to its railway station in the town centre.
Adequacy of existing provision and assessment of future needs	New and better north-south bus links are needed in Havering (particularly to Rainham and its railway station and London Riverside Business Improvement District) to improve connectivity. Havering is working with TfL to explore the opportunities for this. More frequent services to some more rural parts of the borough (such as Havering-Atte-Bower) would also benefit those in the community who are often dependent on public transport such as young people and the elderly.

Programme	Programmes for Bus service provision are set out in the TfL Business Plan, TfL's East Sub-regional Transport Plan and the Havering LIP.
Costs	Shown in Table 4.1 .
Main funding sources	TfL
Regeneration/Public Realm	
Main provider	London Borough of Havering
Existing provision	
Adequacy of existing provision and assessment of future needs	<p>London Borough of Havering has a number of ongoing regeneration schemes, two of the main ones, which are focussed mainly on transport elements, being Hornchurch and Romford Town Centres.</p> <p>Hornchurch Town Centre - The regeneration of Hornchurch Town Centre will comprise four phases: Phase 1, which involved improvement to the central area of Hornchurch, is complete. Phase 2 incorporates public realm enhancement to Hornchurch Underground Station with increased pedestrian space, paving, tree planting and wayfinding unit; Phase 3 includes the extension of Phase 1 works to both the eastern and central western ends of the High Street and the new Conservation Area, with high pedestrian footfall; and Phase 4 includes the remaining areas of retail along the western end of the High Street and the top of Station Lane.</p> <p>Romford Town Centre - The scheme will link the communities who live near the Ring Road to Romford Town Centre and also provide for improvements and de-cluttering of the public realm within the Ring Road, including the Historic Romford Market Place, High Street where the museum is located, and the main shopping centres. This will provide improvements for local people and also visitors to the area. There is an opportunity to create a better street environment around the Ring Road, with enhanced crossings for pedestrians, and to enhance the environment for pedestrians and cyclists by creating designated cycle routes and planting trees, creating new landscapes, and through the incorporation of public art which reflects local themes.</p> <p>Other schemes, taken account of in Table 4.1, include:</p> <ul style="list-style-type: none"> • Better Streets and Places (borough-wide) • Western Road Major Scheme, Romford • Harold Wood Station Area Scheme • New and improved pedestrian and cycle links to Rainham Station and village • Greening Romford Ring Road

	<ul style="list-style-type: none"> • Gidea Park Station Scheme
Programme	Programme for Regeneration/Public Realm improvement are set out in the Havering LIP.
Costs	Shown in Table 4.1 .
Main funding sources	TfL, London Borough of Havering
Flood Protection	
Main provider	London Borough of Havering
Existing provision	
Adequacy of existing provision and assessment of future needs	As part of the Drain London Project, a Draft Surface Water Management Plan (SWMP) has been prepared for Havering in consultation with key local partners responsible for surface water management and drainage in the London area – including Thames Water, the Environment Agency and Transport for London. The Draft SWMP identifies the main sources of flood risk in the borough.
Programme	The Draft SWMP identifies a set of Preferred Option interventions which are set out in a Draft Action Plan for managing surface water in the borough.
Costs	The estimated capital cost of the Preferred Option interventions is estimated to be of the order of £57m.
Main funding sources	London Borough of Havering, Environment Agency's Flood Defence Grant in Aid.

4 MAIN INFRASTRUCTURE PROJECTS AND AGGREGATE FUNDING GAP

4.1.1 The aim of this section is to estimate the aggregate funding gap which CIL may be called upon to contribute to filling. The aggregate funding gap is the difference between the total cost of infrastructure identified as being required to support planned levels of development in the borough and the amounts of funding which are likely to be available from regular sources to pay for that infrastructure. The aggregate funding gap represents the CIL infrastructure funding target, the amount which it would be desirable to raise from CIL. The aggregate funding gap includes scheduled Crossrail works which might also be eligible for funding from the Mayoral CIL.

4.1.2 CIL charge rates should not be set at a level which would raise funds this level, although in practice viability factors are likely to make it unlikely that CIL receipts will be able to cover more than a portion of the funding gap.

4.1.3 **Appendix A** sets out a list of the main infrastructure items which have so far been identified as required to support development under the Havering Local Plan. These comprise individual projects or types of project. For each infrastructure project or type of infrastructure, the following information is given where available (although in a few cases costs and potential funding have not yet been established):

- The sector (eg. community facilities, transport);
- The sub-sector(eg. education, rail);
- The location, which may be an individual district or the whole borough;
- Content of project(s);
- Estimated total capital cost of the project(s);
- The amount of this cost for which funding has been approved;
- The main funding source(s) for the committed funding;
- The currently unfunded portion of the cost;
- The main funding source(s), primary and secondary, for the unfunded portion;
- The percentage of the unfunded portion which might require a contribution to funding from CIL (see below for explanation);
- The required timing of implementation of the project in five year tranches;
- The main source of the data on the need, cost and programme for the project; and
- The amount of funding which might be sought from CIL.

4.1.4 In addition to CIL, a wide array of potential funding sources exists to cover the cost of providing, operating and maintaining infrastructure. These sources include:

- the regular funding arrangements of the infrastructure providers themselves, which usually cover running and maintenance costs but may be more limited in their ability to cover capital costs of new or restructured capacity;
- special funding arrangements from Government, such as DfE's Targeted Basic Need Programme and the Big Lottery Fund, which are aimed at assisting in the provision of a range of new or expanded infrastructure; and
- funding using a Private Funding Initiative (PFI) under which the private sector undertakes delivery of infrastructure and services in exchange for payments tied to agreed standards of performance.

4.1.5 However, allocating the future costs of infrastructure to particular funding sources presents difficulties. There are, for example:

- no hard and fast rules about what types of costs can or should be covered by many of these funding sources;
- substantial uncertainties about the level of funding that may be offered by many of these funding sources in the future; and
- various 'competitive' mechanisms by which certain public funding is allocated, making it difficult to predict which particular projects may be expected to capture whatever funding might be available and the proportion of the cost that might be covered.

4.1.6 Government guidance recognises that these major uncertainties surrounding other possible sources of infrastructure funding besides CIL, particularly beyond the short-term. It is only possible to make very broad estimates of the funds likely to be available from conventional sources, based on reasonable assumptions. For schools projects we have taken the advice of Havering Education Services and assumed that 50% of funding will be available from standard funding sources. For other projects, we have adopted a simple allocation rule, to derive the expected proportion of the unfunded cost of each item that might need to fall to CIL:

- (a) if CIL is the only expected main funding source listed, CIL = 100% of the unfunded total;
- (b) if CIL is given as the first expected main funding source but there is another, CIL = 70% of the unfunded total; and
- (c) if CIL is given as the second expected main funding source, CIL = 30% of the unfunded total.

4.1.7

The total cost of all infrastructure items is estimated at around £534m, as shown in **Appendix A**. The latter shows that funding of around £80m has so far been approved for this infrastructure and it is estimated that a further £150m may be available from known future funding sources. The resulting funding gap for each project is given in the final column of **Appendix A** and these figures are summarised by sector in **Table 4.1**. This shows an estimated aggregate funding gap of some £317m, which represents the CIL infrastructure funding target, the amount to which CIL is intended to contribute. However, it is not expected that the CIL raised would be sufficient to meet the aggregate funding gap in full and further funding will need to be raised from other sources.

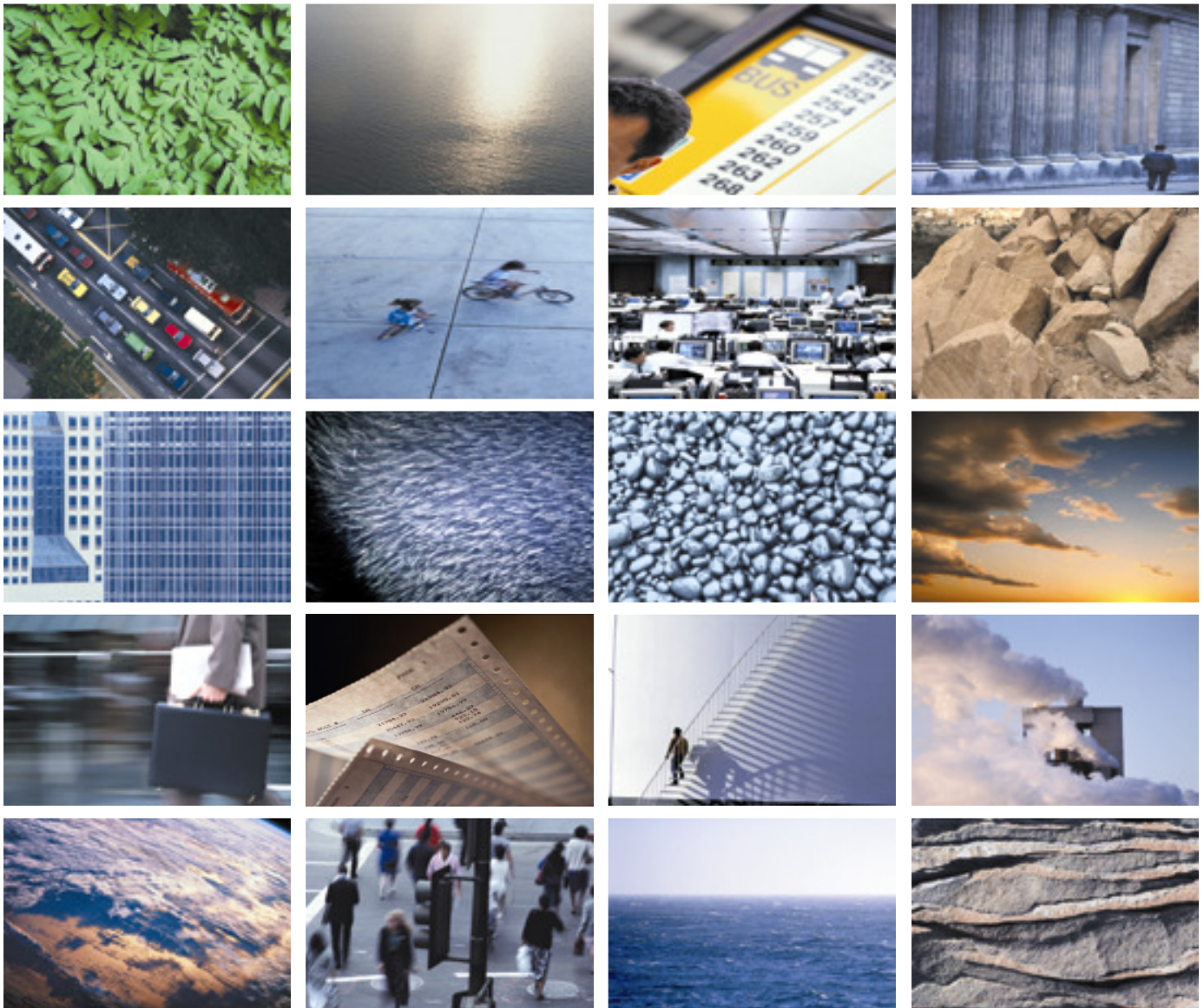
Table 4.1: Funding Gap by Sector

Sector	Subsector	Funding Gap (£m)
Transport	Rail	9.0
	Bus	12.2
	Walking & cycling	6.8
	Highways	15.7
	<i>Subtotal</i>	<i>43.6</i>
Urban regeneration		4.0
Green space		33.0
Community facilities	Education	124.4
	Leisure	44.1
	Other	16.2
	<i>Subtotal</i>	<i>195.1</i>
Environment		1.5
Flood protection		39.9
Total		317.1

Appendix A

Estimated Costs and Potential Requirement for CIL Funding for Specific Projects

Sector	Sub-sector	Location	Project	Total cost (£000s)	Funding approved (£000s)	Main funding source for funded element		Unfunded cost (£000s)	Expected main funding source for unfunded element		CIL %	Period			Main source of data	CIL (£000s)
						Source 1	Source 2		Source 1	Source 2		2012-15	2015-25	2025-30		
Transport	Rail	Rainham	Improvements to LTS Tibury Loop	N/A				Yes	DIT		0%	Yes			LROAPP	
Transport	Rail	Rainham	Beam Park Station	£12,000	£500	S106		£12,000	LGF / CIL 70%	LIP/ TIF	70%		Yes		LROAPP	£8,400
Transport	Rail	Romford	Romford Station Improvements (Crossrail Urban Integration Study)	£3,000				£3,000	TI Crossrail complementary measures	LIP/s106	0%	Yes			TIL Business Plan/LIP/Cross	£0
Transport	Rail	Romford	Romford Station Improvements (Southern Entrance)	£3,000	£0			£3,000	Crossrail	CIL	30%	Yes			TIL Business Plan/LIP	£900
Transport	Bus	Rainham	Beam River Bus Bridge - linking LBH & LBDD on Ford Land	£8,000	£0			£8,000	CIL 70%	S106	70%	Yes	Yes		LROAPP	£5,600
Transport	Bus	Rainham	Orbital Bus service connecting SIL and Rainham, revenue support	£1,000	£0			£1,000	S106/TIL	CIL 30%	30%	Yes			LROAPP	£300
Transport	Bus	Rainham	Rainham Creek Bus Bridge	£8,000	£0			£8,000	CIL 70%	S106/LIP	70%	Yes			LROAPP	£5,600
Transport	Bus	Borough-wide	Bus Stop Accessibility. Supporting borough-wide bus stop accessibility programme. 42% bus stops accessible as of end 2012/13.	£2,500	£180	LIP		£2,320	LIP	CIL	30%	Yes	Yes	Yes	Bus Stop Accessibility performance indicator	£696
Transport	Walking & Cycling	Rainham	Improved connectivity along A1306 and within London Riverside	£3,000	£0			£3,000	CIL 70%		70%	Yes			LROAPP	£2,100
Transport	Walking & Cycling	Romford	Access Improvements to/from Romford South West Quarter	£4,500	£500	s106		£4,000	LIP	CIL	30%	Yes	Yes		LIP Funded study	£1,200
Transport	Sustainable transport	London Riverside Conservation Park (Wildspace)	Development of sustainable transport options (walking, cycling, bus, tram) for regional visitor destination	£5,000	£0			£5,000	CIL 70%		70%	Yes			Wildspace and Rainham to the River Sustainable Transport Study January 2012	£3,500
Transport	Highway	Borough-wide	Highway Structures. Supporting borough-wide highway structures upgrades highlighted through inspections and structural reviews	£5,000	£0			£5,000	CIL	LIP/ LoBEG	70%	Yes	Yes	Yes	Highway Structures inspection programme	£3,500
Transport	Highway	Borough-wide	Principal roads, distributor roads and bus route roads. Structural review, assessment and improvement. Supporting borough-wide investment in structural improvements to main road and bus route network	£25,000	£5,397	Highways Capital	LIP	£19,603	Highways Capital, LIP	CIL	30%	Yes	Yes	Yes	Carrageaway condition assessments and monitoring data	£5,881
Transport	Highway	Borough-wide	Footway improvements, including accessibility upgrades for pedestrian dropped kerbs.	£5,000	£0			£5,000	CIL	Highways Capital	70%	Yes	Yes	Yes	Footway condition assessments and monitoring data	£3,500
Transport	Highway	Borough-wide	Smoothing Traffic Flow	£1,488	£1,488	LBH	LIP					Yes			LIP	£0
Transport	Highway	Harold Wood	Gubbins Lane widening at A12 junction interchange	£1,000	£0			£1,000	Old S106 (HW Hospital)	CIL	30%	Yes			LIP funded modelling study	£300
Transport	Highway	Rainham	Improved highway around Mardyke Estate / Fredrick Road.	£2,500	£0			£2,500	CIL		100%				LROAPP	£2,500
Urban regeneration	Public Realm	Borough-wide	Better Streets and Piazzas	£7,185	£7,185	LBH	LIP					Yes			LIP	£0
Urban regeneration	Public Realm	Hornchurch	Hornchurch Town Centre Scheme	£2,000				£2,000	TIL, LIP etc	CIL	30%	Yes			LIP And Hornchurch Urban Strategy 2006	£600
Urban regeneration	Public Realm	Romford	Romford Town Centre Scheme (Delivery of Romford Public Realm Masterplan)	£8,000	£1,000		LIP/LBH Capital	£7,000	LIP	CIL	30%	Yes			LIP	£2,100
Urban regeneration	Public Realm	Romford	Western Road Major Scheme	£2,880	£0			£2,880	TIL Major Scheme	LIP/CIL	15%	Yes			LIP, Romford Public Realm Master Plan	£432
Urban regeneration	Public Realm	Harold Wood	Harold Wood station area scheme	£1,500	£0			£1,500	Crossrail	CIL	30%	Yes	Yes		Crossrail	£450
Urban regeneration	Public Realm	Rainham	New and improved pedestrian and cycle links to Rainham Station and village	£1,000	£0			£1,000	LIP/S106	CIL	30%	Yes	Yes		Rainham Compass, LROAPP	£300
Urban regeneration	Public Realm	Romford	Greening Romford Ring Road	£500	£0			£500	LIP	CIL	30%	Yes	Yes		LIP	£150
Urban regeneration	Public Realm	Gidea Park	Gidea Park Station	£500	£0			£500	TI Crossrail complementary	CIL	30%	Yes	Yes		LIP	£150
Urban regeneration	Public Realm	District Centres	Area Schemes	1500	300	LIP	LBH Capital	1200	LBH Capital	CIL	0.3	Yes	Yes		LBH	360
Green space	Green infrastructure	Borough-wide	Greenways and All London Green Grid	£7,500	£450	TIL(Quick Wins)	LIP	£7,050	GLA (ALGG)	HLF (Landscape Private sector	0%	Yes			All London Green grid SPG 2012	£0
Green space	Green infrastructure	Thames Chase Community Forest	Capital investment in Thames Chase Community Forest, including to match fund grant applications to	£5,000	£50			£4,950	Heritage Lottery Fund	Private sector	0%	Yes			Thames Chase Plan and Thames Chase Forest	£0
Green space	Children's Play Spaces	Borough wide	Playground Investment programme	£2,000	£200			£1,800	CIL	Capital programme /	70%	Yes	Yes	Yes	Parks and Open Space Strategy 2013-15	£1,260
Green space	Children's Play Spaces	Borough-wide	NEAPs to 2025	£5,300	£0			£5,300	Developers		100%	Yes	Yes	Yes	Typical standards	£5,300
Green space	Parks	Borough wide	Parks Investment programme (including parks signage improvements)	£6,000	£200			£5,800	CIL	Capital Programme /	70%	Yes	Yes	Yes	Parks and Open Space Strategy 2013-15	£4,060
Green space	Parks	Hornchurch	Harrow Lodge Investment	£10,000	£0			£10,000	CIL	External funding	70%	Yes	Yes	Yes	Parks and Open Space Strategy 2013-15	£7,000
Green space	Parks	Romford	Raphael Park improvements	£1,500	£1,000			£500	Heritage Lottery Fund	CIL	30%	Yes			Parks and Open Space Strategy 2013-15	£150
Green space	Parks	Hornchurch	Langtons Gardens improvements	£2,000	£1,800			£200	Heritage Lottery Fund	CIL	30%	Yes			Parks and Open Space Strategy 2013-15	£80
Green space	Parks		Walled Garden at Bedfords Park	£1,000	£300			£700	external	CIL	30%	Yes			Parks and Open Space Strategy 2013-15	£210
Green space	Parks	Rainham	Creekside Park improvements and extension	£2,500	£0			£2,500	CIL	S106 / HLF	70%	Yes			LBH	£1,750
Green space	Parks	Harold Hill	Broxhill Park improvements	£3,500	£2,700	LBH	S106	£800	CIL	External Funding	70%	Yes			Parks and Open Space Strategy 2013-15	£560
Green space	Parks	Rainham	London Riverside Conservation Park (Wildspace), c	£15,000	£0			£15,000	CIL/S106	Private sector	70%	Yes			Wildspace Business Plan Study May 2011	£10,500
Green space	Parks	Rainham	Rainham to the River - linking Rainham communities to Thames and marshes	£5,000	£260	Veolia North		£4,740	GLA (ALGG)	Veolia North Thames Trust	0%	Yes			Wildspace Business Plan Study May 2011	£0
Green space	Parks	Borough wide	Parks Depot Refurbishment Programme	£3,000	£0			£3,000	CIL	External Funding	70%	Yes			LBH	£2,100
Community facilities	Education	Rainham / South Hornchurch	Secondary school provision for Rainham and South Hornchurch	£15,000	£0			£15,000	CIL		100%	Yes	Yes		LBH	£15,000
Community facilities	Education	Borough-wide	Early Years Education	£8,000	£0			£8,000	CIL/S106		100%	Yes	Yes		LBH	£8,000
Community facilities	Education	Borough-wide	Programmed Primary School Places	£25,350	£22,000	Basic Need Grant		£3,350	CIL/S106		100%	Yes	Yes		LBH	£3,350
Community facilities	Education	Borough-wide	Additional Primary School Places to 2022	£31,000	£0			£31,000	DIE	CIL	100%	Yes	Yes		LBH	£31,000
Community facilities	Education	Borough-wide	Additional Secondary School Places to 2022	£58,000	£0	Basic Need Grant		£58,000	DIE	CIL	50%	Yes	Yes		LBH	£29,000
Community facilities	Education	Rainham	Further and Higher Education Provision	£30,000	£0			£30,000	DIE/ PFI / College	CIL	30%	Yes			Rainham Compass	£9,000
Community facilities	Culture	Hornchurch	Fairkytes Arts Centre restoration	£800	£0			£800	CIL	Arts Council	70%	Yes	Yes		Arts Strategy 2013-15	£560
Community facilities	Heritage	Hornchurch	Bretons	£10,000	£0			£10,000	CIL		70%	Yes				£7,000
Community facilities	Heritage	Upminster	Upminster Tithebarn	£1,000	£0			£1,000	CIL		70%	Yes				£700
Community facilities	Heritage	Upminster	Restoration of Upminster Windmill	£3,000	£2,600			£400	CIL	HLF / Veolia	70%	Yes	Yes		LBH	£280
Community facilities	Leisure	Borough-wide	Upgrade/refurbishment of Community Halls	£2,000	£0			£2,000	Veolia, Lottery, sponsorship etc	CIL	30%	Yes	Yes	Yes	LBH	£600
Community facilities	Leisure	Romford	New Romford leisure facility (including ice rink and pool)	£25,000	£25,000	Land Sale		£0				Yes			Sport & Physical Activity Strategy 2013-15	£0
Community facilities	Leisure	Rainham/South Hornchurch	New Rainham leisure facility	£20,000	£0			£20,000	CIL 70%	Sports lottery/Private	70%	Yes			Sport & Physical Activity Strategy 2013-15	£14,000
Community facilities	Leisure	Borough-wide	Sports halls to 2025	£34,000	£0			£34,000	CIL 70%	Sports lottery/Private	70%	Yes	Yes	Yes	LBH standards and Sport England unit costs	£23,800
Community facilities	Leisure	Borough-wide	Playing pitches and parks infrastructure to 2025	£3,900	£0			£3,900	CIL 70%	Sports lottery/Private	70%	Yes	Yes	Yes	LBH standards and Sport England unit costs	£2,730
Community facilities	Leisure	Borough-wide	Swimming pools to 2025	£4,200	£0			£4,200	CIL 70%	Sports lottery/Private	70%	Yes	Yes	Yes	LBH standards and Sport England unit costs	£2,940
Community facilities	Health	Rainham	Rainham Village Health Centre	£4,000	£0			£4,000	private sector / CCG	CIL 30%	30%	Yes			Rainham Compass	£1,200
Community facilities	Health	Hornchurch	St George's Hospital intermediate health facility	£9,600	£0			£9,600	Land sale		0%	Yes			NHS ONEL Primary Care Strategy 2012-17	£0
Community facilities	Allotments	Borough-wide	Allotments Infrastructure Improvement Programme	£1,500	£0			£1,500	CIL 70%		70%	Yes				£1,050
Community facilities	Burial grounds	Upminster	Extension of Upminster Cemetery	£1,400	£0	LBH		£1,400	CIL		100%	Yes			LBH	£1,400
Community facilities	Employment and skills	Borough-wide	Affordable Business and Employment Accommodation	£4,000	£0			£4,000	CIL		100%	Yes	Yes		LBH	£4,000
Environment	Air quality	Various	Green Screens	£1,596	£0			£1,596	Mayor's AQ Fund	CIL	30%	Yes			LBH	£479
Environment	Air quality	Various	Pocket Parks	£220	£0			£220	Mayor's AQ Fund	CIL	30%	Yes			LBH	£66
Energy	Community Energy Fund		Improve energy efficiency/provision of renewable energy to community/public building	£1,000	£0			£1,000	CIL		100%	Yes	Yes	Yes	LBH	£1,000
Flood Protection	Surface water flooding	Borough-wide	Critical Drainage Area mitigation measures	£57,000	£0			£57,000	CIL		70%	Yes	Yes	Yes	LBH	£39,900
Total				£519,919	£69,810			£395,109								£278,524



London Borough of Havering

COMMUNITY INFRASTRUCTURE LEVY Draft Viability Appraisal Assessment

October 2014

Prepared by: ERM

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**APPENDIX A RESIDENTIAL CIL VIABILITY RESULTS - 15%
AFFORDABLE HOUSING**

**APPENDIX B RESIDENTIAL CIL VIABILITY RESULTS - 25%
AFFORDABLE HOUSING**

**APPENDIX C RESIDENTIAL CIL VIABILITY RESULTS - SUMMARY
CHARTS**

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1 INTRODUCTION AND APPROACH

Background

- 1.1.1 The London Borough of Havering, ('the Council') has decided to introduce a Community Infrastructure Levy (CIL) and has prepared a Preliminary Draft Charging Schedule, as provided for in Part 11 of the Planning Act, 2008.
- 1.1.2 The Preliminary Draft Charging Schedule (PDCS) and the proposed CIL rates are informed by:
- Draft Further Alterations to the London Plan (Table 3.1 Housing targets for Havering), 2014;
 - London Plan, 2011;
 - Havering Core Strategy and Development Control Policies Development Plan Document, Adopted 2008;
 - The Infrastructure Evidence Base Report, 2014; and
 - The Community Infrastructure Levy Viability Assessment, 2014.
- 1.1.3 To progress the introduction of CIL, the Council appointed Environmental Resources Management (ERM) to support three specific but inter-related tasks, namely:
- Task 1: Developing a CIL Infrastructure Evidence Base Report;
 - Task 2: Undertaking a CIL Viability Appraisal; and
 - Task 3: Developing proposed CIL rates and producing the PDCS.
- 1.1.4 Task 2, the Viability Appraisal, which is a critical part of the necessary evidence base to underpin the PDCS, is contained in this Report. Elements of Task 3, the justification for the proposed CIL rates, are also addressed.

Scope of the Study

- 1.1.5 This Study involved the following tasks:
- a. review and development of the viability evidence base;
 - b. utilising a bespoke Financial Appraisal model specifically designed to examine and evaluate different CIL rates for different uses, together with other financial variables including affordable housing;
 - c. consideration of the possibility of PDCS zonings within the borough and CIL charge rates for different use categories;
 - d. taking account of recent legislation, guidance and policy affecting CIL and CIL viability assessments; and

- e. assessing the implications for the PDCS of recent Examiners' decisions on the CIL proposals of other (especially neighbouring) Charging Authorities.

Approach

1.1.6 This Report explains ERM's approach to testing financial viability issues as part of the process of establishing a Preliminary Draft Charging Schedule for the London Borough of Havering. Such studies are a requirement under the Community Infrastructure Levy regime, and the various amended Regulations to date (summarised in **Section 2**) and have laid increasing emphasis on the robustness of such studies in establishing CIL rates. Nevertheless, they are only general overviews at particular points in time and cannot take account of exceptional individual site circumstances or future market conditions.

1.1.7 The remaining sections of this Report are as follows:

- **Section 2** presents a summary of National Planning Policy Framework (NPPF), Planning Practice Guidance (PPG), the CIL Regulations, CIL Guidance and the requirements for Viability Assessments;
- **Section 3** describes the general principles of the CIL appraisal methodology, the general assumptions employed and the significance of affordable housing and CIL rates in neighbouring areas;
- **Section 4** explains the specific assumptions in the residential and commercial appraisals;
- **Section 5** describes the appraisal results for residential schemes;
- **Section 6** presents the appraisal results for commercial development; and
- **Section 7** describes the PDCS options for the Council and the ERM recommendation for the Preliminary Draft Charging Schedule CIL Rates.

1.1.8

In support of this Report:

- **Appendix A** sets out the residential appraisal results in the form of comparative tables reflecting the range of financial variables considered and 15% affordable housing as required, compared to different CIL charging rates.
- **Appendix B** replicates Appendix A but with 25% affordable housing.
- **Appendix C** presents the residential results in graphical form.
- **Appendix D** summarises the main appraisal results for various commercial uses in numerical and graphical form.
- **Appendix E** sets out the status and published CIL rates for all London boroughs, where these are available.

2 COMMUNITY INFRASTRUCTURE LEVY POLICY AND VIABILITY ASSESSMENTS

- 2.1.1 To establish a Community Infrastructure Levy on development in the borough, the Council as a Charging Authority must set out the rate or rates it intends to charge, initially in a PDCS. When doing so, the aim is to *'strike what appears to be an appropriate balance between the desirability of funding the total cost of infrastructure required, and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development'*¹.
- 2.1.2 The statutory requirements for CIL are set out in the Community Infrastructure Levy Regulations 2010, as amended, most recently in the CIL (Amendment) Regulations 2014. Policy and practice guidance is set out in the provisions of the National Planning Policy Framework (NPPF) and in Sections 10 and 25 of the Planning Practice Guidance (PPG). The key provisions that are taken into account in the Study are set out in paragraphs 2.1.3 to 2.1.21 of this Report.

Legislation and CIL Regulations

- 2.1.3 The legislation governing the Community Infrastructure Levy is enshrined in the Planning Act 2008 (Part 11, Sections 105 - 225) as amended by the Localism Act 2011 and the CIL Regulations April 2010 as amended 2011, 2012, 2013 and 2014.
- 2.1.4 A charging authority which proposes to charge CIL must issue a charging schedule. A charging schedule sets out the levy rates for a charging authority area, such as Havering. Havering as a charging authority in setting its rates must have regard, to the extent and in the manner specified by CIL regulations, to *'matters specified by CIL regulations relating to the economic viability of development (which may include, in particular, actual or potential economic effects of planning permission or of the imposition of CIL)'* (s211 Planning Act 2008).
- 2.1.5 The initial stage of preparing a charging schedule focuses on determining the CIL rates. In preparing a charging schedule, charging authorities must have regard to the drafting requirements set out in Part 11 of the Planning Act 2008 (as amended) and the CIL Regulations.
- 2.1.6 In setting the CIL rate it is important, as set out in regulation 14 *'to strike what appears to the charging authority to be an appropriate balance'* between the desirability of funding infrastructure from CIL and *'the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area'*. Havering as the charging authority needs to demonstrate it has *'used appropriate available evidence to inform the preparation of a draft charging schedule'* (s211 (7A)).

¹ Regulation 14 of the CIL Regulations, as amended.

- 2.1.7 In accordance with the regulations, Havering needs to summarise its evidence as to economic viability as part of its background evidence that shows the potential effects of their proposed CIL rates on the economic viability of development across their area. This is the purpose of this Report.
- 2.1.8 Under the regulations Havering can adopt a single rate of CIL for all types of development or set differential rates of CIL for different categories of development, different geographical zones and different scales of development or a mix. Should Havering decide to set differential rates, it should do so only where there is consistent evidence relating to economic viability that constitutes the basis for any such differences in treatment.

National Planning Policy Framework, 2012

- 2.1.9 The NPPF sets out the policy framework for the assessment of viability. It places considerable emphasis on the need for local plans to be deliverable and the need to pay careful attention to viability.
- 2.1.10 Paragraph 173 of the NPPF states that *'the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable'*.
- 2.1.11 Furthermore, *'the Community Infrastructure Levy should support and incentivise new development, particularly by placing control over a meaningful proportion of the funds raised with the neighbourhoods where development takes place'* (paragraph 175).

Planning Practice Guidance, 2014

- 2.1.12 The NPPF is supported by Planning Practice Guidance (PPG). Section 10 of the guidance provides advice on viability and Section 25 on Community Infrastructure Levy. The principles in Section 10 are particularly relevant to the evidence collection for CIL.
- 2.1.13 *'Viability assessment should be considered as a tool that can assist with the development of plans and policies'* (Section 10, paragraph 5). Paragraph 4 of Section 10 notes that *'assessing viability requires judgements which are informed by the relevant available facts. It requires a realistic understanding of the costs and the value of development in the local area and an understanding of the operation of the market'*.

- 2.1.14 Section 25 of the PPG provides detailed guidance on setting a Community Infrastructure Levy. Paragraph 8 is clear that *'charging authorities should set a rate which does not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan'*.
- 2.1.15 The guidance is clear that CIL is *'expected to have a positive economic effect on development across a local plan area'*. When setting the CIL rate *'an appropriate balance must be struck between additional investment to support development and the potential effect on the viability of developments'* (paragraph 9).
- 2.1.16 This balance is at the centre of the charge-setting process. In meeting the requirements in regulation 14 of the CIL Regulations, Havering should be able to *'show and explain how their proposed CIL rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area'* (paragraph 9).
- 2.1.17 Echoing the NPPF, the guidance is clear that *'development should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened'* (paragraph 9).
- 2.1.18 Havering needs to use *'appropriate available evidence'* as required under s211 (7A) of the Planning Act, 2008. *'Charging authorities need to demonstrate that their proposed levy rate or rates are informed by 'appropriate available' evidence and consistent with that evidence across their area as a whole'* (paragraph 19).
- 2.1.19 Proposed CIL rates should be *'reasonable given the available evidence'* but *'there is no requirement for a proposed rate to exactly mirror the evidence. For example, this might not be appropriate if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism. It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust. In all cases, the charging authority should be able to explain its approach clearly'* (paragraph 19).
- 2.1.20 Paragraph 18 is clear that the *'evidence should be presented in a document (separate from the charging schedule) that shows the potential effects of the proposed levy rate or rates on the economic viability of development across the authority's area'*. This is the purpose of this Report.

Conclusion

- 2.1.21 The viability assessment and the proposed setting of the CIL rates for Havering has been undertaken in accordance with the legislation, including the CIL Regulations, and has had regard to the relevant elements of the NPPF and the guidance.

3 GENERAL CIL APPRAISAL PRINCIPLES, ASSUMPTIONS AND KEY DRIVERS

Principles of Development Appraisal

3.1.1 Development appraisal models are in essence simple and can be summarised in the following equation:

$$\begin{array}{r} \text{Completed Development Value} \\ \text{Minus} \\ \text{Total Construction Costs} \\ \text{Minus} \\ \text{Developers Profit} \\ = \\ \text{Residual Land Value} \end{array}$$

3.1.2 Residual Value (what the landowner receives) will normally be the critical variable. If a proposal generates sufficient positive land value, it will be implemented; if not, unless, there are alternative funding sources to bridge the 'gap', the proposal will not go ahead.

3.1.3 The problems with development appraisals all flow from the requirement to identify the key variables – values, costs etc – with some degree of accuracy in advance of implementation. Even on the basis of the standard convention, namely that current values and costs are adopted (not values and costs on completion), this can be difficult.

3.1.4 The difficulties in assessing each of the key variables can be summarised as follows:

- Completed Development Values are largely dependent on comparable evidence which requires sufficient new development in the locality of a similar size and type, to provide a realistic value base.
- Development costs are subject to extensive national and local monitoring and can be reasonably accurately assessed in 'normal' circumstances. Increasingly however, with restrictions on greenfield development and a greater emphasis on brownfield sites, 'exceptional' costs such as decontamination are becoming more common. Such costs can be very difficult to anticipate before detailed site surveys.
- Development value and costs will also be significantly affected by assumptions about the nature and type of affordable housing provision and other Planning Obligations/CIL and on major projects, assumptions about development phasing and infrastructure triggers.
- While Developer's Profit has to be assumed in any appraisal, its level is closely correlated with risk. The greater the risk, the greater the profit level, in part as a contingency against the unexpected.

- Ultimately, the landowner holds the key and will make a decision on whether to release a development site on the basis of the financial return and the potential for market change and thus alternative developments. The landowner's 'bottom line' will be achieving 'development value' that sufficiently exceeds 'existing use value' to make development worthwhile.

Key Drivers

3.1.5 Before considering the base financial factors in appraisal modelling in Havering, it is important to draw attention to key drivers which have figured strongly when Draft Charging Schedules have been formally examined. They are the:

- impact of Affordable Housing and on-site Planning Obligations on CIL Development Viability;
- differential / zonal rates; and,
- established or emerging CIL strategies and rates in neighbouring local authority areas.

Affordable Housing and On-site Planning Obligations

3.1.6 While in principle, it is simple to incorporate and test policy assumptions about affordable housing and on-site planning obligations into a single site specific development appraisal for CIL purposes, it is more complex in a strategic assessment of development viability.

3.1.7 The principal variables are:

- the proportion of the housing units to be affordable;
- the proportions of the affordable housing which are to be social/affordable rented and intermediate tenures, ie. the tenure split;
- affordable housing funding and delivery mechanisms and the availability of Grant or not;
- local affordability criteria; and
- the nature of any restrictions on eligibility for and access to the intermediate housing.

3.1.8 Where the planning authority has clear policies or practices which define all of these, this restricts the range of affordable housing options which need to be modelled. Under most circumstances, the proportion of housing to be affordable and its capital value, (as well as the land requirement) are the most important variables.

- 3.1.9 Currently in Havering, the Council has an adopted affordable housing target (50%) which does not reflect the more recent changes in the availability of grants. The adopted policy target from 2008 predates the 2011 Housing Strategy¹ and subsequent changes to the affordable housing funding regime and the London Plan.
- 3.1.10 The Council is, until the Core Strategy policies are brought up to date, reliant on the London Plan's overall affordable housing requirements and the Council's recent practice when planning permissions have been granted. On this basis, ERM was asked to test an affordable housing input of 25% and 15% without grant but with the London Plan tenure split of 60-40%, affordable rent to intermediate tenures. The Government changes to the Affordable Housing Funding Regime in February 2011, which effectively removed grant eligibility from most development scenarios, would, in our experience, confirm that affordable housing provision on this basis is a realistic range that should be modelled.
- 3.1.11 In terms of other on-site planning obligations, in addition to (in effect) off-site CIL, we have made appropriate assumptions with advice from the Council's officers. Clearly, both contributions (together with the Mayoral CIL), are development costs over and above construction and ancillary costs, and as such will have a financial impact on the development appraisal. In reality, while obligations and CIL are a cost, the provision of necessary infrastructure is often an important prerequisite to sales and lettings. However, the timing of any planning obligation will also be of concern to the applicant, given the potential impact on cash flow. Clearly, from the developer's perspective, the longer payments can be deferred, the greater the saving in terms of real cost incurred and improving cash flow for developers, so long as sales are not adversely affected.
- 3.1.12 In the Technical Report 2 on Viability Assessment² which supported the Borough's SPD on Planning Obligations³, we posed the question, 'who bears the costs of planning obligations and other risks' (including CIL and the capital value of affordable housing units)?' We noted then there was no single answer, since it will vary according to the circumstances of the development. Thus:
- a. when negotiating with the landowner, the prudent developer will normally negotiate an option to purchase which put crudely, will enable any additional costs arising (planning obligations, CIL and affordable housing for example) to be passed on to the landowner. Ultimately, the landowner pays; and/or,
 - b. the developer will build in sufficient contingency into the development appraisal to offset risks. An obvious example would be the so-called 'cascade' provisions in planning agreements, in which funding for affordable housing is not forthcoming or is less than anticipated, then some proportion of affordable housing units revert to intermediate

¹ HM Government, Laying the Foundation: A Housing Strategy for England, 2011.

² London Borough of Havering, Planning Obligations Supplementary Planning Document, Technical Report 2 Viability Assessment, 2013.

³ London Borough of Havering, Planning Obligations Supplementary Planning Document, 2013.

tenures, or eventually market housing, to offset losses which would otherwise fall on the developer. The risks of this and other contingencies will be shared between the developer and landowner on a negotiated basis, albeit, in a 'No Grant' regime, this uncertainty is minimised; or

- c. in certain unusual circumstances, for example when a developer is assembling a site from residential owner-occupiers, the land may well have to be acquired for a fixed or minimum price, which will leave the developer to carry all of the costs of planning obligations and other risks.

3.1.13 Under the CIL regime, these choices faced by developers and landowners remain broadly the same.

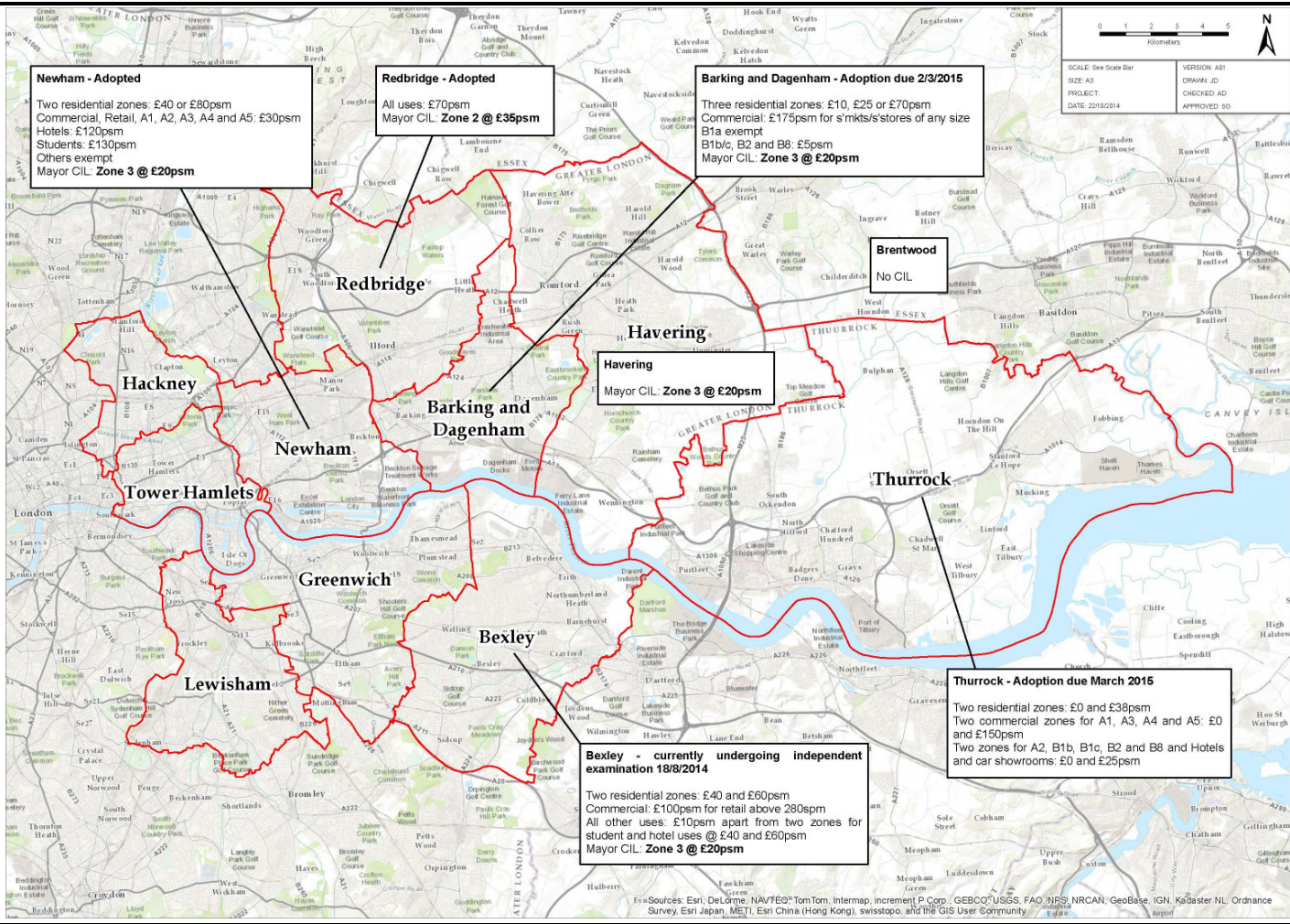
CIL Strategies in Neighbouring Authorities

3.1.14 **Appendix E** to this Report shows the current status of CIL Strategies in the London boroughs, (plus the Mayor of London), who are actively pursuing and/or have completed their CIL preparations.

3.1.15 **Figure 3.1** shows the current CIL proposals in the neighbouring local authorities around Havering. The levels at which these are being set is important in setting Havering's Charge Rates for two main reasons. First, Examiners have now been through the CIL evaluation process many times and are likely to look in part to the neighbouring authorities for benchmarks. Secondly, in the current economic climate, adjacent authorities are often competing for inward investment, and developers are aware of local variations in CIL rates, even if these are not often the main factor in selecting development sites.

3.1.16 It should also be noted that the Mayoral CIL, which is additional to any CIL charges levied by individual London boroughs, is set at different levels in neighbouring boroughs. The rate of Mayoral CIL in Zone 1 boroughs is £50psm; in Zone 2 boroughs is £35psm and in Zone 3 boroughs (including Havering) is £20psm. **Figure 3.1** shows the how the rates of Mayoral CIL vary in neighbouring boroughs.

Figure 3.1 CIL Rates in Neighbouring London Boroughs and Other Districts



4.1.1

As noted in **Section 3.1**, viability appraisal calculations, while simple in general, are complex in reality, mainly because of the range of variables involved. These are initially summarised in principle as follows and then detailed for residential and commercial schemes:

- a. **Sales Values by area.** Sales values – residential and commercial – will vary in all local authority areas and of course are continually changing to reflect market conditions. While residential sales have the benefit of Land Registry data and are therefore transparent to a large extent, commercial sales and lettings are less visible. Thus, value data inputs to CIL financial modelling draw on various sources, some statistical like the Land Registry and Rightmove, but also indirect sources such as local agents views.
- b. **Density.** Density is an important determinant of development value, albeit with commensurate effects on development costs and thus residual land value. It is a particularly important variable in Havering.
- c. **Gross to net floorspace.** Clearly, the greater the density, the lower the gross to net floorspace ratio – that is, more floorspace is taken up by common areas and services and thus less space is available for renting / sale - and this will adversely affect the appraisal calculation.
- d. **Base construction costs.** While base construction costs will be affected by density and other variables such as flood risk, ground conditions etc., they are nevertheless well documented and can be reasonably accurately determined in advance by the developer. In this exercise, a 5% contingency and 5% for ancillaries are shown in **Table 4.4** as a composite 10% cost.
- e. **Profit on value/cost ratio.** Following the standard conventions, developer profits are based on an assumed percentage on values or costs, normally between 15% and 25%. Higher profit figures reflect levels of risk. The higher the potential risk, the higher the profit margin in order to offset those risks. Housing developers often assume over 20% on value as their margin. Recent difficult market conditions tended to inflate margins, but with bank lending restrictions starting to ease, the profit margins being adopted are also easing, at least for the moment, and residential starts across London have improved. For modelling purposes therefore, we have adopted a margin of 20% on value as being reasonable.
- f. **Existing Use Value / Alternative Use Value.** Existing Use Value (EUV) requires particular attention. Clearly, there is a point where the Residual Land Value that results from the development appraisal, what the landowner receives, may be less than the land's

existing use value. The latter varies hugely from site to site and is a central consideration in the modelling exercise.

4.1.2 Referred to as Benchmark Land Value in the Modelling, EUV / AUV is a 'value threshold' which must be exceeded if development proposals are to be viable, effectively a 'bottom line' in the financial sense and a major driver in this modelling. In the residential residual valuations in **Appendices A to C**, all development scenarios and their Residual Land Values have been compared to four illustrative levels of Existing Use Value, based on typical sites which have come forward for development in Havering. The highest EUV, which might for example be secondary Industrial space capable of redevelopment, is assumed at £1,650,000 per hectare (£687,000 per acre). A 'mid-range' EUV at £1,375,000 per hectare (£573,000 per acre) may be low grade warehousing, while a medium- low EUV of £1,100,000 per hectare (£458,000 per acre) is nominally presented as the value of a former school site, and the low EUV of £825,000 per hectare (£344,000 per acre) could be local authority use. If the landowner was prepared to accept less, then providing affordable housing, on-site obligations and CIL is facilitated.

Specific Modelling Variables: Residential

4.1.3 This section summarises the particular assumptions used in this CIL modelling exercise for residential schemes together with further commentary on current conditions and their effect.

Sales Values

4.1.4 Following the much publicised housing market recession, current market conditions across London are remarkably strong (perhaps too strong). Trends in London as a whole at the end of the third quarter 2014, according to Moliur London, are as follows:

- Based on annualised data, the number of construction starts in 2014 looks set to exceed the records in 2013, with 40,457 units currently under construction;
- 6,026 units sold in Q3 2014, 12% higher than the average for the previous four quarters; and
- 70% of units under construction have already sold.

4.1.5 Trends in Havering reflect these patterns as shown in **Table 4.1**, with a marked increase in starts and sales during 2013 and 2014.

Table 4.1 Housing Starts and Sales, LB Havering, 2009 to Q3 2014

Havering	2009	2010	2011	2012	2013	Q1-Q3 2014	Total
Starts	17	83	345	266	580	436	1727
Sales	58	83	132	249	586	340	763
Source: Moliur London October 2014							

4.1.6 With regard to average house prices in Havering, which cover both existing and new dwellings, the Land Registry data clearly shows the effect of the recession from mid 2008 to mid 2009 and the partial recovery by the beginning of 2011. Since then values fluctuated, but have risen noticeably by 13% in the last year. This of course has contributed to the increase in construction starts, while sales volumes, which had averaged about 240 transactions per month until mid 2013, have risen to approximately 340 per month in the last year.

4.1.7 Average house price levels are a particularly sensitive variable in setting CIL rates. Experience elsewhere confirms, in general, the significance of sales values above or below a threshold of £300psf (£3,228psm) as being important. Areas commanding values above this threshold generally deliver reasonable CIL levels but below that level, greater care is needed in setting CIL rates that are reasonable. While there are certainly signs of the residential market improving in Havering during 2014, sales values being achieved for new build remain crucial in setting a CIL. **Table 4.2** summarises schemes in Havering, recording sales values at the end of the third quarter, 2014.

Table 4.2 Sales Values for Selected Housing Schemes in LB Havering, October 2014

Scheme	Post code	Developer	Price per square foot (£)			Value (£000s)		
			Min	Aver	Max	Min	Aver	Max
Dunningford Chase	RM12	Bellway	274	319	342	305	352	440
Orchard Village Phase 3	RM13	Circle	310	314	321	335	343	350
Kings Place, Harold Wood 1B	RM3	Countryside	351	379	387	460	463	475
Harold Wood 3A	RM3	Countryside	249	331	368	189	225	340
Neave Place, Plot 1 west	RM3	Persimmon				222	238	284
Neave Place, Plot 2 east	RM3	Persimmon				283	300	340
Gooslays Drive	RM3	Persimmon				182	259	315
Oldchurch plc – Former hospital	RM7	Swan	298	303	306	151	153	155
Reflections (Oldchurch)	RM7	Taylor Wimpey	266	296	332	155	163	178

4.1.8 While this data takes no account of any prospective increases in sales values, it nevertheless, suggests that the Council should exercise some caution in setting residential CIL rates.

4.1.9 Of equal importance in setting CIL rates, is the location of current applications and schemes across Havering, including the limited amount of development activity in London Riverside. **Figure 4.3** illustrates the latest Molior London dataset for residential schemes in Havering. Molior is the most respected data source for residential schemes in London, although it does not record all schemes.

Nevertheless, it presents a very clear breakdown of scheme location, not least the comparative lack of residential developments in the south of the borough.

Other Key Variables

4.1.10 **Table 4.3** summarises the main residential modelling variables. The requirement for Mayoral CIL has been factored into the analysis.

4.1.11 **Tables 4.4 to 4.7** provide an illustration of *one* development scenario, with all financial variables identified. This illustration has been replicated for every residential scenario in the full datasets in **Appendices A and B**, and shown graphically in **Appendix C**.

Table 4.3 Summary of Residential Viability Variables for LB Havering

Variable																															
Density range	Model 30, 50, 80, 110, 150, 175, 275, 435 units per hectare based on net deliverable area. Adopted a suitable gross to net from 100% to 80%.																														
Residential Values	Most schemes have been concentrated in the middle and north of the borough with only a small number to date in the south and there is a wide price range from about £250 to £400psf (£2,680psm - £4,300psm).																														
Affordable Housing	Two sets of assumptions have been used, based on advice from LBH officers: 1) Assume 25% affordable housing and a 60-40% tenure split with no grant 2) Assume 15% as (1)																														
Affordable housing values	Having taken advice from LBH officers, and two RPs, we have assumed, for modelling purposes, 70% of OMV based on a blended tenure split rate as above, taking account of the housing mix below.																														
On-site obligations	Instructed to assume £2,000 per unit																														
Housing mix	<table border="0"> <thead> <tr> <th colspan="2">Private</th> <th colspan="2">Affordable rent</th> <th colspan="2">Shared ownership</th> </tr> </thead> <tbody> <tr> <td>1 bed</td> <td>20%</td> <td>1 – 2 bed</td> <td>75%</td> <td>1 bed</td> <td>40%</td> </tr> <tr> <td>2 bed</td> <td>40%</td> <td></td> <td></td> <td>2 bed</td> <td>40%</td> </tr> <tr> <td>3 bed</td> <td>30%</td> <td>3 – 4 bed</td> <td>25%</td> <td>3 bed</td> <td>20%</td> </tr> <tr> <td>4 bed</td> <td>10%</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Private		Affordable rent		Shared ownership		1 bed	20%	1 – 2 bed	75%	1 bed	40%	2 bed	40%			2 bed	40%	3 bed	30%	3 – 4 bed	25%	3 bed	20%	4 bed	10%				
Private		Affordable rent		Shared ownership																											
1 bed	20%	1 – 2 bed	75%	1 bed	40%																										
2 bed	40%			2 bed	40%																										
3 bed	30%	3 – 4 bed	25%	3 bed	20%																										
4 bed	10%																														
Build costs	Up to date BCIS suited to density including contingencies and ancillaries. CSH LEVEL 4 allowance reduced to 4%, based on update work by Davis Langdon and Element Energy in January 2014.																														
Profit Margin	20% on Value.																														
Existing Use Values	The typical existing sites that have been coming forward has been secondary industrials, former hospitals and schools.																														

Figure 4.1 Residential Development Sites in Havering

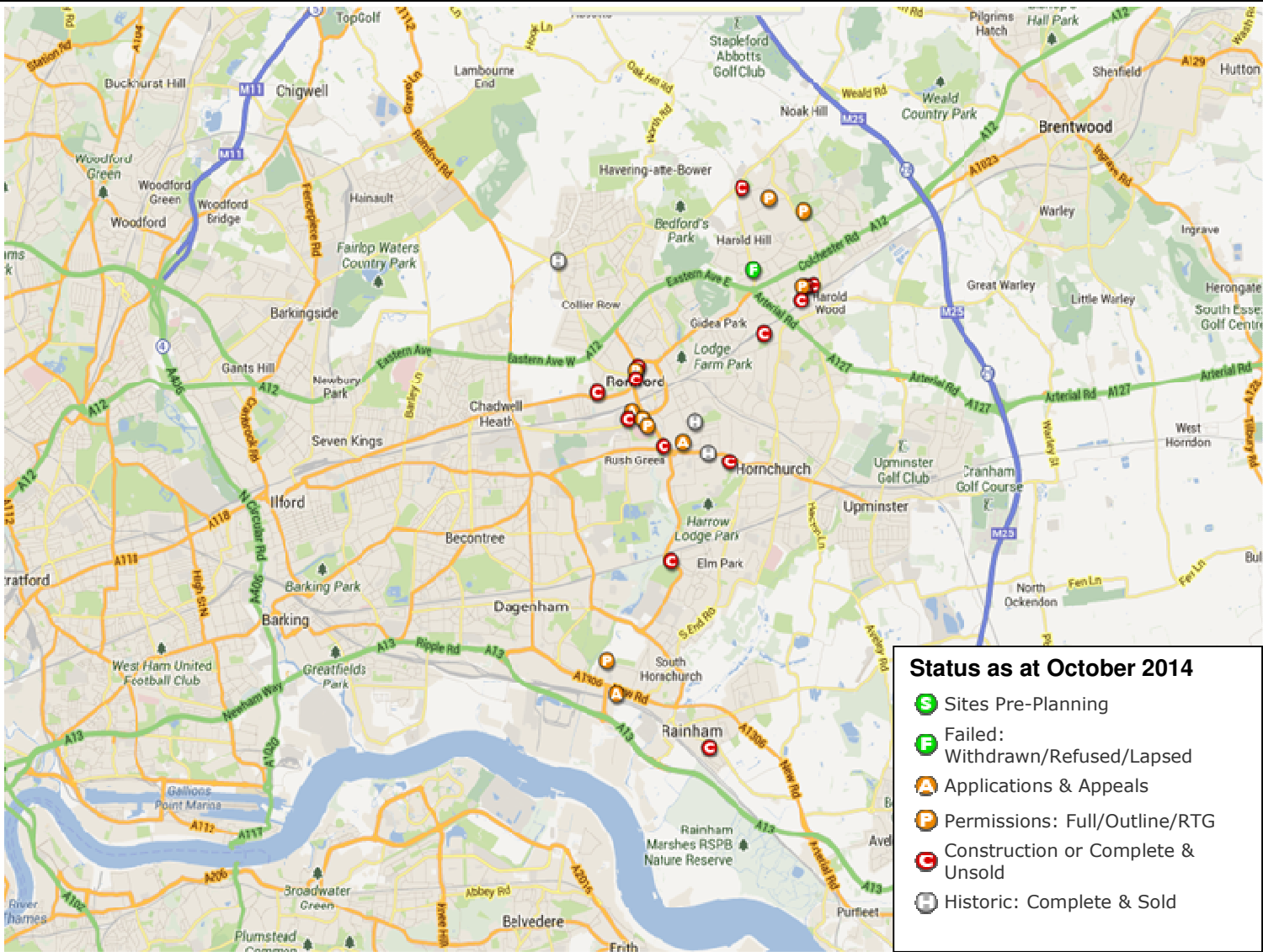


Table 4.4 CIL Residential Viability Model for LB Havering

LOCAL PLAN AND CIL VIABILITY MODEL

This is input source box for reference info that appears on all sheets

Local Authority	London Borough of Havering
Area(s)	CIL viability
Author	
Date	01 October 2014
Reference	

Local Plan Test

Values:

Sales values	1 (lookup)	400 psm
--------------	------------	---------

Affordable housing percentage	3 (lookup)	15%
of which social rented		60%
of which intermediate		40%

Code for Sustainable Homes **Level**

Cost allowance - all tenures (% of base costs)	4%	1 (lookup)
--	----	------------

Grant available check box

CIL rate	16
----------	----

CIL rates	Rate per sqm	
1	£0	1
2	£10	2
3	£20	3
4	£30	4
5	£40	5
6	£50	6
7	£60	7
8	£70	8
9	£80	9
10	£90	#
11	£100	#
12	£110	#
13	£120	#
14	£130	#
15	£140	#
16	£150	#

Typology description	Residual Land Values	Total units	Total floor area	Private floor area	Ave unit size	CIL as % of dev costs
30 uph	£2,957,120	30	2,415	2,053	81	4.0%
50 uph	£4,928,533	50	4,025	3,421	81	4.0%
80 uph	£6,036,445	80	6,370	5,406	80	4.2%
110 uph	£6,577,288	110	8,710	7,387	79	4.3%
150 uph	£3,425,694	150	11,070	9,371	74	4.7%
275 uph	-£4,521,891	275	21,137	17,882	77	5.3%
325 uph	-£6,124,679	325	24,980	21,133	77	5.4%
375 uph	-£8,244,229	375	26,456	22,392	71	5.5%
435 uph	-£11,726,285	435	28,814	24,404	66	5.7%

Benchmark Land Values

BLV no	Description	£s per ha
BLV1	BLV 1	£1,650,000
BLV2	BLV 2	£1,375,000
BLV3	BLV 3	£1,100,000
BLV4	BLV 4	£825,000

Growth 3 (lookup)

Value growth	0.00%
Cost growth	0.00%

Table 4.5 CIL Residential Viability Model for LB Havering

LOCAL PLAN AND CIL VIABILITY MODEL

Local Authority	London Borough of Havering
Area(s)	CIL Viability
Author	0
Date	01 October 2014
Reference	0

SITE TYPOLOGIES

Total number of units identified from Site Details

Typology descriptions and total units	
Description	No of units
30 uph	30
50 uph	50
80 uph	80
110 uph	110
150 uph	150
275 uph	275
325 uph	325
375 uph	375
435 uph	435
Total number of units identified	1,830

UNIT MIX enter for each typology identified

Flats (percent of units)				Houses (percent of units)			Totals
1 bed flat	2 bed flat	3 bed flat	4 bed flat	2 bed house	3 bed house	4 bed house	
20.00%				40%	30%	10%	100%
20.00%				40%	30%	10%	100%
20.00%	10.00%	10.00%		30%	20%	10%	100%
20.00%	15.00%	15.00%		25%	15%	10%	100%
20.00%	25.00%	25.00%		25%	5%		100%
20.00%	40.00%	30.00%	10%				100%
20.00%	40.00%	30.00%	10%				100%
35.00%	35.00%	25.00%	5%				100%
40.00%	40.00%	20.00%					100%

DESCRIPTION

(for results sheet)

DESCRIPTION	DENSITY AND NET SITE AREA	
	Units per ha	Gross to net
Houses and Flats	30	100%
Houses and Flats	50	100%
Houses and Flats	80	100%
Flats and houses	110	100%
Flats and houses	150	100%
Flats	275	100%
Flats	325	100%
Flats	375	100%
Flats	435	100%

UNIT SIZES enter for each unit type (net sellable area) - square metres

	Flats				Houses		
	1 bed flat	2 bed flat	3 bed flat	4 bed flat	2 bed house	3 bed house	4 bed house
Private	50.0 sqm	70.0 sqm	90.0 sqm	115.0 sqm	75.0 sqm	95.0 sqm	120.0 sqm
Affordable	50.0 sqm	70.0 sqm	98.0 sqm	115.0 sqm	75.0 sqm	95.0 sqm	120.0 sqm

Table 4.6 CIL Residential Viability Model for LB Havering

LOCAL PLAN AND CIL VIABILITY MODEL

Local Authority	London Borough of Havering
Area(s)	CIL viability
Author	0
Date	01 October 2014
Reference	0

SALES AND AFFORDABLE HOUSING VALUES

VALUE BANDS for private sales

Sub Market	£ per sq metre
A Value 1	£2,680
B Value 2	£2,892
C Value 3	£3,154
D Value 4	£3,416
E Value 5	£3,678
F Value 6	£3,940
G Value 7	£4,202
H Value 8	£4,300
I Value 9	£4,400

GROUND RENTS from flats (£s per annum)

	Private	Affordable
One bed	£100	£0
Two beds	£150	£0
Three beds	£200	£0
Four beds	£250	£0
Capitalisation rate		5.50%

Investment value

	Private	Affordable
One bed	£1,818	£0
Two beds	£2,727	£0
Three beds	£3,636	£0
Four beds	£4,545	£0

Select affordable value option from drop down box Option 2: Capital values calculated from net rents & yields

AFFORDABLE HOUSING CAPITAL VALUES (price paid to developer)

Option 1 User defined capital values per unit

	Social rent			NBHB		
	Capitalised rent per unit	Indicative HCA funding per unit	Value per unit	Equity + rent	Indicative HCA funding per unit	Value per unit
One bed flats		£154,000	£154,000			£0
Two bed flats		£215,600	£215,600			£0
Three bed flats		£301,840	£301,840			£0
Four bed flats		£354,200	£354,200			£0
Two bed house		£231,000	£231,000			£0
Three bed house		£292,600	£292,600			£0
Four bed house		£369,600	£369,600			£0

NOTE: workaround on the affordable rented values:
These are entered in "GCA grant funding" under option and linked to 70% of average market value in "averag

Option 2 Capital values for affordable housing calculated from net rents & yield assumption

	Social rent				NBHB							
	Net Target rent per annum	Yield	Capital value	Indicative unit funding	Value per unit	Average market value	% of equity sold	Value of equity sold	Rent (% of retained equity)	Rent per annum	Yield	Capital value of retained equity
One bed flats		5.00%	£0	£154,000	£154,000	£220,000	50%	£110,000	2.50%	£2,750	6.00%	£45,833
Two bed flats		5.00%	£0	£215,600	£215,600	£308,000	50%	£154,000	2.50%	£3,850	6.00%	£64,167
Three bed flats		5.00%	£0	£301,840	£301,840	£431,200	50%	£215,600	2.50%	£5,390	6.00%	£89,833
Four bed flats		5.00%	£0	£354,200	£354,200	£506,000	50%	£253,000	2.50%	£6,325	6.00%	£105,417
Two bed house		5.00%	£0	£231,000	£231,000	£330,000	50%	£165,000	2.50%	£4,125	6.00%	£68,750
Three bed house		5.00%	£0	£292,600	£292,600	£418,000	50%	£209,000	2.50%	£5,225	6.00%	£87,083
Four bed house		5.00%	£0	£369,600	£369,600	£528,000	50%	£264,000	2.50%	£6,600	6.00%	£110,000

Table 4.7 CIL Residential Viability Model for LB Havering

LOCAL PLAN AND CIL VIABILITY MODEL

Local Authority	London Borough of Havering
Area(s)	CIL viability
Author	0
Date	01 October 2014
Reference	0

BUILD COSTS

TIMINGS for cash flow

PLANNING OBLIGATIONS / CIL

Typology	Build costs (flats) per gross sq m	Build costs (houses) per gross sq m	External works and other costs	Gross to net adjustment for flats	TIMINGS for cash flow				PLANNING OBLIGATIONS / CIL				Fees % of build cost		
					Build start	Build period	Sales period	Sales period start	S106		CIL Charges				
					Quarters	Quarters	Quarters	Quarters from start on site	£s per unit all tenures	Quarter paid	£s p sq m private sales only	Instal-ment 1 - Qtr paid	Instal-ment 2 - Qtr paid	Instal-ment 3 - Qtr paid	
30 uph	£1,507	£942	£220	85.0%	2	4	3	6	£2,000	6	£150	1	3	6	12%
50 uph	£1,507	£942	£220	85.0%	2	4	3	6	£2,000	6	£150	1	3	6	12%
80 uph	£1,615	£942	£220	85.0%	2	4	3	7	£2,000	6	£150	1	3	6	12%
110 uph	£1,615	£942	£220	85.0%	2	6	6	8	£2,000	6	£150	1	3	6	12%
150 uph	£1,723	£942	£220	85.0%	2	8	8	10	£2,000	6	£150	1	3	6	12%
275 uph	£1,776	£942	£220	85.0%	2	10	10	12	£2,000	6	£150	1	3	6	12%
325 uph	£1,776	£942	£220	85.0%	2	11	11	13	£2,000	6	£150	1	3	6	12%
375 uph	£1,830	£942	£220	85.0%	2	11	11	13	£2,000	6	£150	1	3	6	12%
435 uph	£1,884	£942	£220	85.0%	2	12	12	14	£2,000	6	£150	1	3	6	12%

OTHER COSTS

Developer return % GDV	Private	20.00%	From test variables
	Affordable	6.00%	
Code for Sustainable Homes	All tenures	4%	
Contingency		10%	
Marketing costs % of sales values		3.00%	
Legal Fees % of GDV		0.50%	
Site acquisition costs % land value		5.80%	
Development Finance		7.00%	

4.1.12 Overall therefore, all the financial variables in the modelling exercise are based on standard appraisal conventions adopted by the development industry. Specific variables are based on either Council policy and/or officer advice, such as housing mix, or on local market factors.

Specific Modelling Variables: Commercial

4.1.13 This section summarises the particular assumptions used in this CIL modelling exercise for commercial schemes together with further commentary on current conditions and their effect.

4.1.14 In general, the commercial property market has followed similar trends to the residential market, namely an extended period of weak demand, with modest levels of new supply and declining values in some areas. In 2013, however, the commercial development sector, especially prime business space property, has shown a marked improvement in London, mainly driven by overseas investors, and a small number of very large investment transactions. While this growth has to date been concentrated in the City, West End and Docklands markets, commercial agents suggest, that stronger economic growth is beginning to lift business space tenant demand more widely, with stable rents and capital values, and very limited new supply. Certainly in previous economic cycles, there has ultimately been a 'ripple out' effect from prime locations to secondary and tertiary areas. During 2014, while there is certainly evidence of increased demand in outer London boroughs including Havering, significant rental growth and thus better investment yields has yet to materialise.

4.1.15 For CIL modelling purposes, this study has therefore considered: supermarkets and superstores, all other (town centre) retail, office space and industrial units. While the modelling approach is based on a size of development (which can be extrapolated), other variables consider a range of financial possibilities, initially based on the most likely local financial circumstance, but then exploring variations above and below that base position. These 'sensitivities', namely commercial rents and yields, build costs, profit, together with existing use values, are summarised for each development type in **Tables 4.8 to 4.11**. The full commercial appraisals are contained in **Appendix D**.

Table 4.8 Summary of Commercial Viability Variables for LB Havering, Supermarkets and Superstores

Variable	per sq. metre	per sq. foot
Size of development modelled	5000 m ²	53,820 ft ²
Base rent	£215 psm	£20 psf
Rental range	£205 – 280 psm	£19 – 26 psf
Yield range	5.5 – 6.0 %	5.5 – 6.0 %
Base Build costs (82% gross to net)	£1150 psm	£107 psf
External works	10%	10%
Fees	10%	10%
Contingency	5%	5%
On-site S106 costs	£215 psm	£20 psf
Finance rate	7%	7%
Profit on cost	20%	20%

Existing space as % of new dev	30%	30%
Current Use Rental range	£118 – 161 psm	£11 – 15 psf
Current Use yield	7.5%	7.5%
Current use Refurbishment cost	£538 psm	£50 psf
Landowner premium	20%	20%

Table 4.9 Summary of Commercial Viability Variables for LB Havering, Other Retail eg Town Centre

Variable	per sq. metre	per sq. foot
Size of development modelled	280 m ²	3,000 ft ²
Base rent	£215 psm	£20 psf
Rental range	£183 – 260 psm	£17 – 24 psf
Yield range	5.75 – 6.5 %	5.75 – 6.5 %
Base Build costs (82% gross to net)	£1237 psm	£115 psf
External works	10%	10%
Fees	10%	10%
Contingency	5%	5%
On-site S106 costs	£0 psm	£0 psf
Finance rate	7%	7%
Profit on cost	20%	20%
Existing space as % of new dev	30%	30%
Current Use Rental range	£118 – 161 psm	£11 – 15 psf
Current Use yield	7.5%	7.5%
Current use Refurbishment cost	£538 psm	£50 psf
Landowner premium	15%	15%

Table 4.10 Summary of Commercial Viability Variables for LB Havering, Offices

Variable	per sq. metre	per sq. foot
Size of development modelled	£2800 m ²	30,000 ft ²
Base rent	£161 psm	£15 psf
Rental range	£130 – 205 psm	£12 – 19 psf
Yield range	7.5 – 8.5 %	7.5 – 8.5 %
Base Build costs (82% gross to net)	£1260 psm	£117 psf
External works	10%	10%
Fees	10%	10%
Contingency	5%	5%
On-site S106 costs	£0 psm	£0 psf
Finance rate	7%	7%
Profit on cost	20%	20%
Existing space as % of new dev	30%	30%
Current Use Rental range	£86 – 130 psm	£8 – 12 psf
Current Use yield	9.0%	9.0%
Current use Refurbishment cost	£538 psm	£50 psf
Landowner premium	15 - 20%	15 - 20%

Table 4.11 Summary of Commercial Viability Variables for LB Havering, Industrial

Variable	per sq. metre	per sq. foot
Size of development modelled	£4,650 m ²	50,000 ft ²
Base rent	£97 psm	£9 psf
Rental range	£65 – 140 psm	£6 – 13 psf
Yield range	8.0 – 9.0 %	8.0 – 9.0 %
Base Build costs (90% gross to net)	£742 psm	£69 psf
External works	10%	10%
Fees	10%	10%
Contingency	5%	5%
On-site S106 costs	£0 psm	£0 psf
Finance rate	7%	7%
Profit on cost	20%	20%
Existing space as % of new dev	50%	50%
Current Use Rental range	£54 – 86 psm	£5 – 8 psf
Current Use yield	9.5%	9.5%
Current use Refurbishment cost	£323 psm	£30 psf
Landowner premium	15 - 20%	15 - 20%

5 KEY MODELLING RESULTS

Residential

- 5.1.1 The full dataset in **Appendices A to D** incorporates the complete outputs of the Havering CIL modelling exercise, and this section needs to be read in conjunction with those Appendices. The residual land values shown in the results (compared to Existing Use (benchmark) values), are calculated for the range of financial and other variables noted earlier, which reflect market conditions across the borough.
- 5.1.2 The review of the CIL regulations in **Section 2** of this Report makes clear that in setting a charge, the Council must:
- strike an appropriate balance between maximising CIL revenue and minimising any adverse impacts on development viability;
 - consider viability variations at a site specific level and set the charge at a typical viability position;
 - examine differential CIL rates if reasonable;
 - review charges in the light of any likely policy changes such as the affordable housing funding regime and likely changes in market conditions over time;
 - incorporate a viability 'buffer', so that CIL rates are not set too close to the lower limits of viability; and
 - be aware of the impact that CIL rates may have on the potential for viable affordable housing delivery.
- 5.1.3 The last of these is a particularly important factor in Havering in circumstances where no grant towards affordable housing is likely to be available. **Table 4.3** sets out the assumptions regarding the two levels of affordable housing to be modelled and the tenure split, based on advice from the London Borough of Havering's housing officer and local registered providers. This ensures that, as far as possible, realistic affordable housing scenarios have been tested.
- 5.1.4 While the full tables are included in **Appendix C**, it is useful by way of explanation to consider the summaries in **Figures 5.1 to 5.4**, which summarise a range of:
- possible CIL rates (left to right);
 - Sales value across the borough (right column legend);
 - benchmark (Existing) Use Value in coloured horizontal lines (right column legend); and

- the resultant Residual Land Values (scale of vertical bars).

5.1.5 **Figures 5.1 and 5.2** are based on 15% and 25% affordable housing and a density of 30 dwelling units per hectare (uph), applying all of the other parameters in **Table 4.3**. **Figures 5.3 and 5.4** show the equivalent results at a residential density of 80uph.

5.1.6 Several conclusions can be drawn from the analysis:

- the range of residential values across Havering is a key factor in determining a reasonable level of CIL. Predictably, in areas of the borough with high values, higher CIL can reasonably be set. The converse is also true.
- Similarly, the range of benchmark (existing use) values also has a significant impact.
- While the examples in **Figures 5.1 to 5.4** show two different densities and two levels of affordable housing, the residual land value outputs are also different, the higher densities generating higher residual values and thus a greater potential to yield higher rates of CIL. However, reference to **Figures 5.3 and 5.4** and **Appendix C** also shows that increasing density does NOT extrapolate. In fact, higher densities gradually reverse the relationship (initially in low value areas), for the simple reason that residential values in Havering are not at a level that generates significantly higher values to overcome the additional build and associated costs incurred at higher densities. This may of course change as market influences such public transport improvements take place, but currently, this is not the case, and is further support for the view that a moderate rate of CIL should be set, at least at present.

5.1.7 Taking all of the evidence together, suggests that a residential CIL rate at or about £70psm, can be supported across most of Havering, but should be subject to continued monitoring of development activity and the key cost and price parameters, which may allow an early review of the rate imposed. This would be chargeable in addition to the adopted Mayoral CIL, set at £20 psm. The Mayoral CIL has already been included in the modelling exercise as a development cost.

Figure 5.1 15% Affordable Housing at 30 dwelling units per hectare

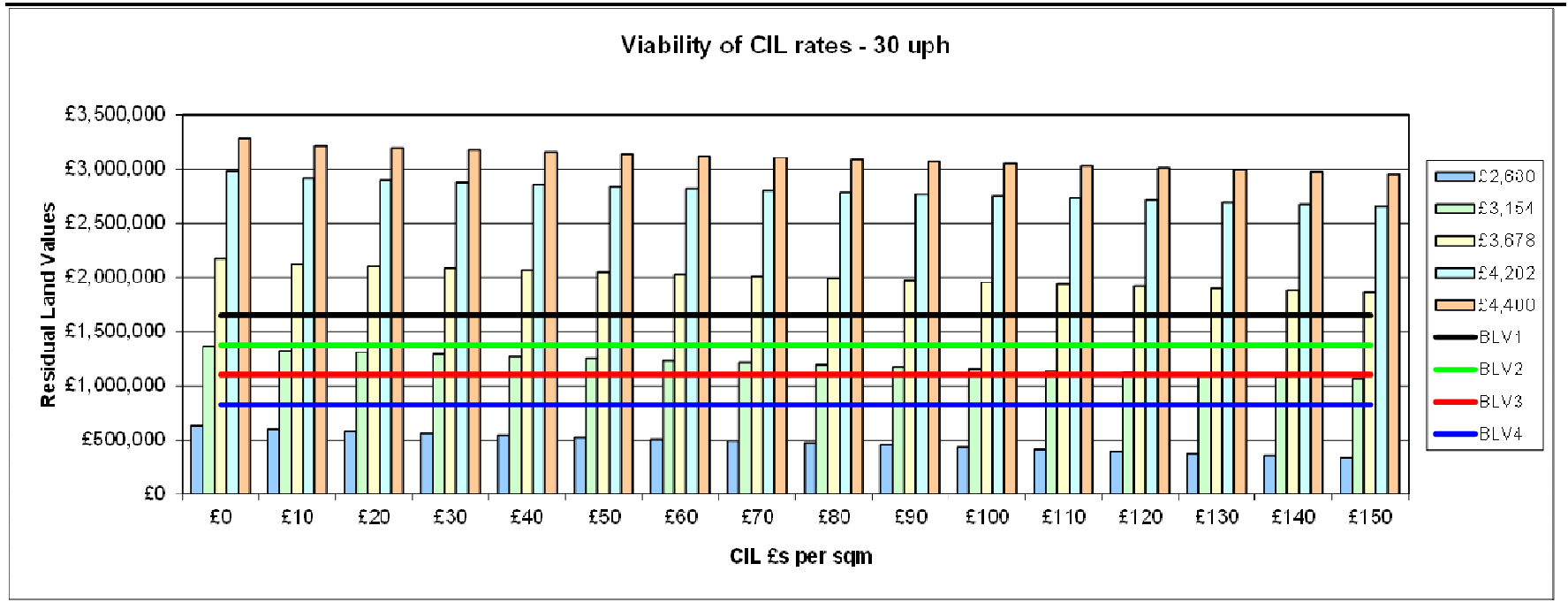


Figure 5.2 25% Affordable Housing at 30 dwelling units per hectare

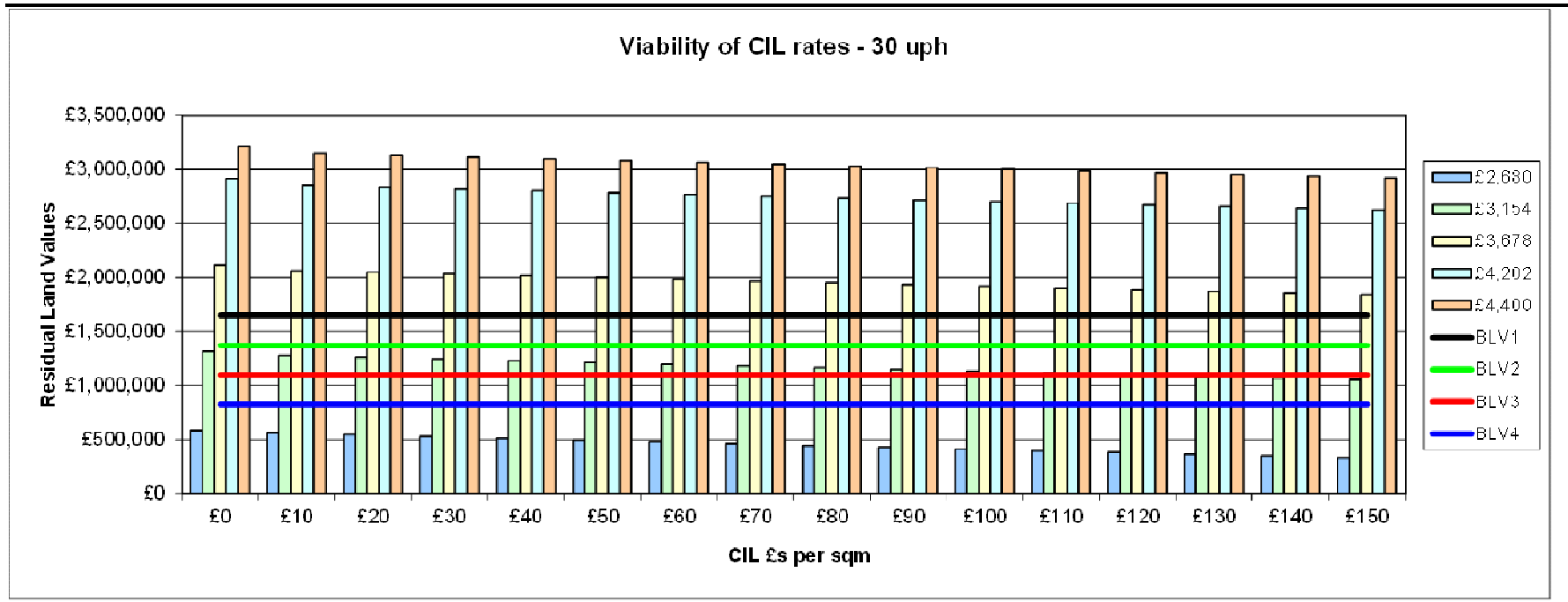


Figure 5.3 15% Affordable Housing at 80 dwelling units per hectare

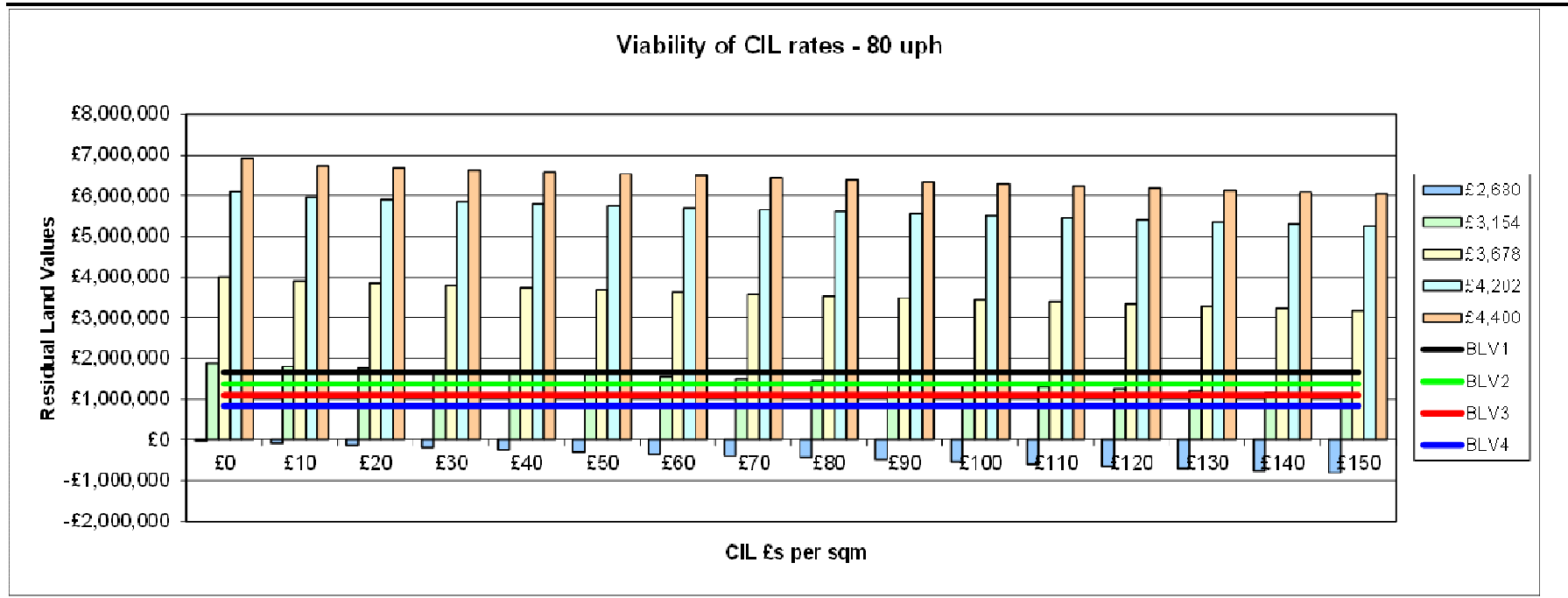
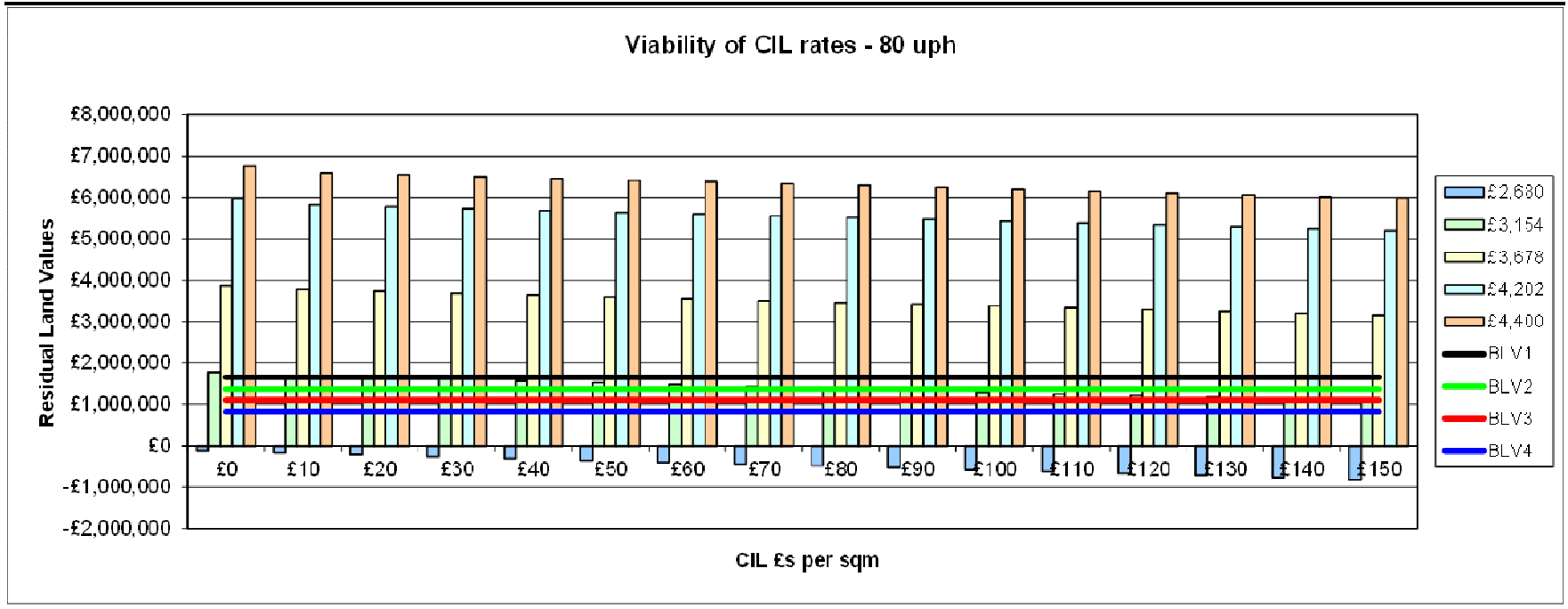


Figure 5.4 25% Affordable Housing at 80 dwelling units per hectare



- 5.1.8 The question of a differential residential rate remains. As can be seen in **Figure 4.3**, the concentration of new developments is in the central part of the borough currently and the adoption of a single standard rate (as in Redbridge would have the advantage that it is simple and robust. However, if only a single standard rate is adopted, this has to be low enough not to preclude development in the lower value parts of Havering and may not yield as much CIL revenue as a series of differential rates, although there is always an element of judgment to be applied when drawing the boundaries and setting the levels of each of those differential rates.
- 5.1.9 In line with practice in most of the neighbouring authorities, we favour the rationale of pursuing a differential approach in Havering. The range of values locally and its effects on viability are reasonably clear. The question then is where should any boundary be? The obvious answer as shown in **Figure 4.3**, is to set the boundary along the A1306, to the south of which current sales evidence is limited and values are averaging only around £270psf (below the threshold noted above in **Figures 5.1** and **5.2**). In the area to the south of the A1306, the Council would be advised, based on the available evidence and modelling, to set a lower rate, around £50psm.
- 5.1.10 In this area, it will be important not only to continue to monitor development activity and the key cost and price variables, but also to undertake an early review, in the light of potentially significant public transport improvements.

Commercial

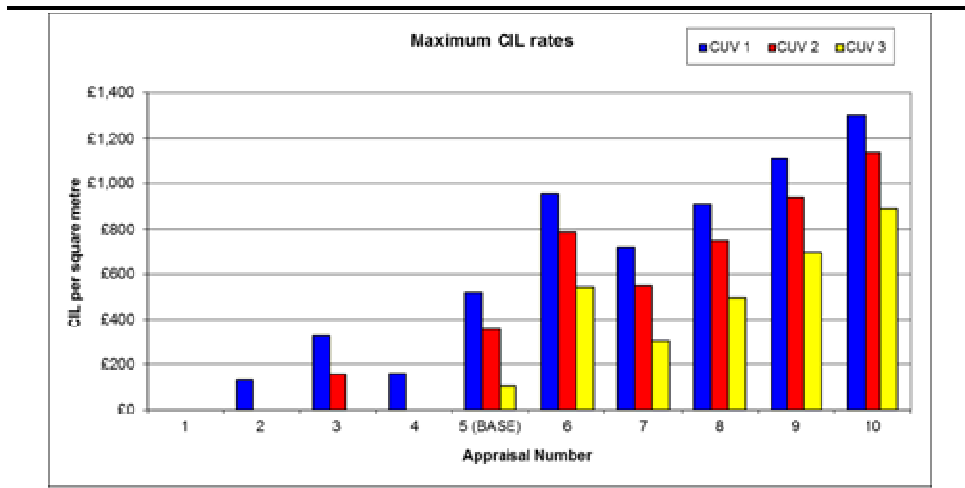
- 5.1.11 The commercial development proposals modelled demonstrate some noticeable variations in viability between uses. The local retail sector shows some potential and, as demonstrated below, has the capacity to support reasonable rates of CIL. The business space market however is more problematic.
- 5.1.12 As noted, rent and yields for commercial space vary according to particular location, building quality, floorspace layout and tenant covenant. The approach, therefore, in the appraisals has been to adopt a 'base' position, as summarised in **Tables 5.1** to **5.4**, and then test sensitivity by adjusting rents and yields, and thus meet the requirement for 'robustness' in viability testing.
- 5.1.13 **Appendix C** details the outcomes, which are summarised in the following section.
- Supermarkets, Superstores and Retail Warehouses*
- 5.1.14 The appraisals for convenience retail developments are generally stronger than other development types, mainly because of the lower investment yields associated with the major national food retail chains, which reflects their historic covenant strength. **Table 5.1** summarises the results where the base CIL appraisal is positive, almost throughout. Based on the lower two current use values, and adopting a suitable 'buffer' we would suggest a CIL rate of £175psm. This could reasonably be applied to any large space users, where the floorspace is greater than 2,000 sq metres. The Mayoral CIL is additional

but included within the modelling exercise as a cost. This is summarised in **Figure 5.5**.

Table 5.1 Viability Assessment of Large Scale Retail Development above 5,000 sq m

	Change in Rent from Base	EUV 1	EUV 2	EUV 3
Appraisal 1	-5%	£324	£156	£0
Appraisal 2	0%	£519	£351	£106
Appraisal 3	5%	£715	£547	£301
Appraisal 4	0%	£157	£0	£0
Appraisal 5 (base)	-	£519	£351	£106
Appraisal 6	0%	£954	£786	£541
Appraisal 7	13%	£1,105	£937	£692
Appraisal 8	17%	£1,301	£1,133	£887
Appraisal 9	20%	£1,496	£1,328	£1,082
Appraisal 10	23%	£1,691	£1,523	£1,278

Figure 5.5 Supermarkets, Superstores and Retail Warehouse Development – above 5,000 sq m



Town Centre Retail Units

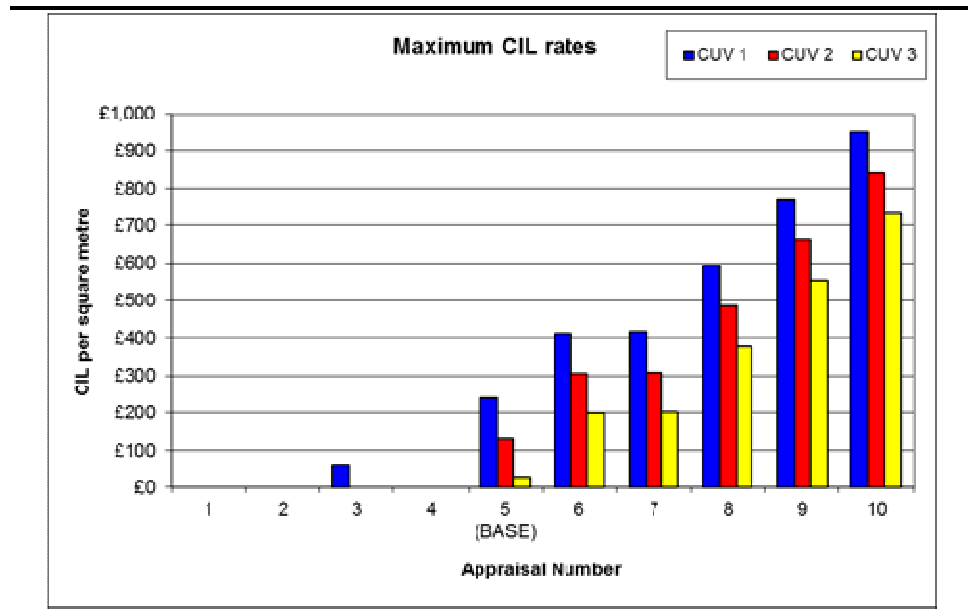
5.1.15 While town centre retail schemes, based on smaller units, are somewhat less financially robust, as the results demonstrate in **Table 5.2**, they nevertheless are still capable of yielding a reasonable rate of CIL.

Table 5.2 Viability Assessment of Town Centre Retail Development

	Change in Rent from Base	EUV 1	EUV 2	EUV 3
Appraisal 1	-18%	£0	£0	£0
Appraisal 2	-11%	£0	£0	£0
Appraisal 3	-5%	£62	£0	£0
Appraisal 4	0%	£0	£0	£0
Appraisal 5 (base)	-	£239	£132	£24
Appraisal 6	0%	£412	£305	£198
Appraisal 7	5%	£416	£309	£202
Appraisal 8	9%	£594	£486	£379
Appraisal 9	13%	£771	£663	£556
Appraisal 10	17%	£948	£841	£733

5.1.16 As illustrated in **Figure 5.6**, based on the lower EUV rates and applying a suitable 'buffer', we would recommend a CIL rate of £50psm. This would apply to all retail developments of less than 2,000 sq m within town centres as defined as Metropolitan, District and Local Centres in the Havering Core Strategy, 2008.

Figure 5.6 Town Centre Retail Development



Office and Industrial Development

5.1.17 In contrast to the retail sector, the office and industrial values are not sufficient to support a positive rate of CIL at this time, but this may change in future. While we have tested a range of scenarios based on different levels of rental growth without identifying a positive CIL rate, should an improving market occur, yields would also improve and this would reduce the level of rental growth required. Currently, the summary results in **Tables 5.3** and **5.4** for Offices and Industrial are conclusive.

Table 5.3 Viability Assessment of Office Development

	Change in Rent from Base	CUV 1	CUV 2	CUV 3
Appraisal 1	-25%	£0	£0	£0
Appraisal 2	-15%	£0	£0	£0
Appraisal 3	-7%	£0	£0	£0
Appraisal 4	0%	£0	£0	£0
Appraisal 5 (base)	-	£0	£0	£0
Appraisal 6	0%	£0	£0	£0
Appraisal 7	6%	£0	£0	£0
Appraisal 8	12%	£0	£0	£0
Appraisal 9	17%	£0	£0	£0
Appraisal 10	21%	£0	£0	£0

Table 5.4 Viability Assessment of Industrial Development

	Change in Rent from Base	CUV 1	CUV 2	CUV 3
Appraisal 1	-25%	£0	£0	£0
Appraisal 2	-15%	£0	£0	£0
Appraisal 3	-7%	£0	£0	£0
Appraisal 4	0%	£0	£0	£0
Appraisal 5 (base)	-	£0	£0	£0
Appraisal 6	0%	£0	£0	£0
Appraisal 7	6%	£0	£0	£0
Appraisal 8	12%	£0	£0	£0
Appraisal 9	17%	£0	£0	£0
Appraisal 10	21%	£0	£0	£0

Hotels

- 5.1.18 The hotel market, especially at the budget end of the range, such as Premier Inn and Travelodge, is active and while there is very little real local evidence to draw upon, several neighbouring authorities have proposed levying CIL on these developments. Our modelling (see **Appendix D**) suggests that this form of development could support a reasonable CIL rate of between £30 and £90psm, depending on existing use values. We would, therefore, propose suggest a CIL rate of £20psm.

All Other Development

- 5.1.19 We have also considered other uses in this study which might merit the application of CIL. We do not favour a 'blanket' rate for other uses as some local authorities have, because of the lack of robust evidence for individual uses such as schools, utilities etc, on which to base a rate. The exception is hotels.

6 CONCLUSIONS

6.1.1 The results of this appraisal study highlight differences in viability for different uses. This presents the Council with a choice of CIL strategy; that is either:

- a standard rate for all uses across the borough which in order to meet the requirements of the Regulations, suggests a 'lowest common denominator' approach, in order that most development proposals remain viable; or,
- a variable rate depending on use, scale of development and location within the borough.

6.1.2 While a standard rate has the advantage of simplicity and has been adopted, for example, in LB Redbridge, the disadvantage is that potential CIL income is lost from higher value uses and thus the Council's ability to fund infrastructure is undermined. As in most authorities, we strongly recommend the differential route.

6.1.3 In terms of sensitivity testing, the CIL rate adopted is comparatively insignificant. Changes in sales values, build costs, profit margins and existing use values are far more likely to affect viability. Nevertheless, the CIL regulations oblige Councils to adopt rates which in most cases, do not make viable proposals unviable, and thus the need for a viability 'buffer'.

6.1.4 In summary, **Table 6.1** represents our recommendations for CIL rates in the borough by land use type, the residential rate being the only use with a variation based on location.

Table 6.1 Recommended Levels of CIL for Principal Types of Development in Havering, excluding the Mayoral CIL

Type of Development	CIL Rates £ per square metre Net additional floorspace
Open Market Residential north of the A1306	£70
Open Market Residential south of the A1306	£50
Office and Industrial	£0
Retail – supermarkets, superstores and retail warehouses above 2,000m ² gross internal area	£175
Retail – below 2,000 m ² gross internal area in defined as defined as Metropolitan, District and Local Centres in the Havering Core Strategy, 2008.	£50
Hotel	£20
All other development	£0

- 6.1.5 As this study makes clear, development appraisal variables are very sensitive to change and, in a period following an extended property market recession, when market conditions are showing marked improvement, we recommend that the Council maintains close monitoring of market changes, with a view to amending CIL rates, whenever justifiable in the future.

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Cabinet

10 December 2014

Subject Heading:

**Annual Treasury Management Report
2013/14**

Cabinet Member:

Councillor Clarence Barrett

CMT Lead:

Andrew Blake-Herbert

Report Author and contact details:

Mark White
Capital & Treasury Manager

Policy context:

The code of practice on treasury management 2009 requires a report to full Council on the treasury performance for the previous year

Financial summary:

There are no direct financial implications from the report

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	<input type="checkbox"/>
Excellence in education and learning	<input type="checkbox"/>
Opportunities for all through economic, social and cultural activity	<input type="checkbox"/>
Value and enhance the life of every individual	<input checked="" type="checkbox"/>
High customer satisfaction and a stable council tax	<input checked="" type="checkbox"/>

SUMMARY

The Authority's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year.

This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Investment Guidance.

The Authority has [borrowed and/or invested] substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

RECOMMENDATIONS

1. To approve the final 2013/14 prudential and treasury indicators in this report
2. To recommend this annual treasury management report for 2013/14 to full Council.

REPORT DETAIL

Contents

1. The Borrowing Requirement and Debt Management
2. Investment Activity
3. Compliance
4. Other Items

1. The Borrowing Requirement and Debt Management

1. The Council undertakes capital expenditure on long-term assets. These activities may either be:
 - Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions), which have no impact on the Council's borrowing need; or
 - If there is insufficient financing, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
2. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a measure of the Council's debt position.
3. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council. The Authority's chief objective when borrowing money has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Given the significant cuts to public expenditure and in particular to local

Cabinet 10 December 2014

government funding, the Authority's borrowing strategy continued to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

	Balance on 01/04/2013 £m	Maturing Debt £m	Debt Prematurely Repaid £m	New Borrowing £m	Balance on 31/03/2014 £m	Avg Rate
CFR	239.4				238.0	
Short Term Borrowing ¹	12.7	14.4	-	2.1	0.4	0.4%
Long Term Borrowing	210.2	-	-	-	210.2	3.6%
TOTAL BORROWING	222.9	14.4	-	2.1	210.6	3.6%
Other Long Term Liabilities	-	-	-	-	-	-
TOTAL EXTERNAL DEBT	222.9	14.4	-	2.1	210.6	3.6%
Increase/ (Decrease) in Borrowing £m					(12.3)	

4. The Authority's underlying need to borrow as measured by the Capital Financing Requirement (CFR) at 31/03/2014 was £238 million. The 2013/14 capital expenditure plans and treasury strategy did not imply a need to borrow over the 3-year forecast period as capital receipts, grants and revenue contributions were used to finance the capital programme rather than prudential borrowing.
5. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR each year. This effectively is a repayment of the non-Housing Revenue Account (HRA) borrowing need.
6. The only movement in the CFR for 2013/14 was a reduction of £1.4m as a result of the statutory MRP repayment. The total CFR can also be reduced by:
 - the application of additional capital financing resources such as unapplied capital receipts; or
 - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
7. The Council's 2013/14 MRP Policy (as required by Communities & Local Government Guidance) was approved as part of the Treasury Management Strategy Report for 2012/13.

¹ Loans with maturities less than 1 year.

2. Investment Activity

8. Both the CIPFA and the CLG's Investment Guidance require the Authority to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield.

Investment Counterparty	Balance on 01/04/2013 £m	Investments Made £m	Investments Matured £m	Balance on 31/03/2014 £m
UK Central Government	-	119.7	(119.7)	-
UK Local Authorities	6.0	30.7	(10.7)	26.0
Banks and building societies and other organisations	105.7	608.9	(611.6)	103.0
TOTAL INVESTMENTS	111.7	759.3	742.0	129.0
Increase/ (Decrease) in Investments £m				17.3

Security

9. Security of capital remained the Authority's main investment objective. This was maintained by following the Authority's counterparty policy as set out in its Treasury Management Strategy Statement for 2013/14 which defined "high credit quality" organisations as those having a long-term credit rating of [A-] or higher that are domiciled in the UK or a foreign country with a sovereign rating of [AA+] or higher.
10. Investments with banks and building societies were primarily call accounts and fixed-rate term deposits. The maximum duration of these investments was for 12 months in line with the prevailing credit outlook during the year as well as market conditions.
11. Investments with other Local Authorities were all fixed-rate term deposits and due to the added security of the counterparty, the maximum duration of these investments was for 3 years.
12. In addition to credit ratings the Authority assessed and monitored counterparty credit quality using criteria such as credit default swaps, GDP of the country in which the institution operates, share price and market intelligence.

Liquidity

13. In keeping with the CLG's Guidance on Investments, the Authority maintained a sufficient level of liquidity through the use of overnight deposits, call accounts and temporary borrowing. The Authority uses purpose-built cash flow forecasting software and detailed spreadsheets to determine the maximum period for which funds may prudently be committed. By keeping a balanced portfolio with evenly spread maturities a sufficient level of liquidity is maintained.

Yield

14. The UK Bank Rate was maintained at 0.5% through the year. Short term money market rates as a result also remained at very low levels which continued to have a significant impact on investment income. The average 3-month LIBID rate during 2013/14 was 0.45%, the 6-month LIBID rate averaged 0.53% and the 1-year LIBID rate averaged 0.78%.
15. The average rate of return achieved on the Authorities cash balances for 2013/14 was 0.95%. The low rates of return on the Authority's short-dated money market investments reflect prevailing market conditions and the Authority's objective of optimising returns commensurate with the principles of security and liquidity.

3. Compliance

16. The Authority confirms that it has complied with its Prudential Indicators for 2013/14, which were approved on 27th February 2013 as part of the Authority's Treasury Management Strategy Statement. Details can be found in Appendix B.
17. In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2013/14. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.
18. The Authority also confirms that during 2013/14 it complied with its Treasury Management Policy Statement and Treasury Management Practices.

4. Other Items

Authority's Banker

19. Natwest/RBS is currently the Authority's banker and whilst currently the bank does not meet our strict investment criteria, the bank will continue to be used for operational and liquidity purposes whilst carefully being monitored.

Investment Training

20. The needs of the Authority's treasury management staff for training in investment management are assessed every year as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.
21. During 2013/14 staff attended training courses, seminars and conferences provided by Arlingclose, CIPFA and other treasury organisations. In addition treasury management staff also attend the London Treasury Officers Forum, a group set up for networking and sharing best practice. Relevant staff are

also studying professional qualifications from the Association of Corporate Treasurers

REASONS AND OPTIONS

Reason for the Decision

By approving the final 2013/14 prudential indicators and recommending this annual treasury management report to full Council the Authority is fulfilling its legal obligations under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Investment Guidance.

Other Options Considered

There were no other options considered.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no other financial implications other than those stated in the main report

Legal implications and risks:

There are no apparent legal implications or risks

Human Resources implications and risks:

There are no HR implications arising directly from this report

Equalities implications and risks:

There are none arising from this report

BACKGROUND PAPERS

There are no background papers associated with this report

Appendix A : Debt and Investment Portfolio Position 31/3/2014

	31/3/2014 Actual Portfolio £m	31/3/2014 Average Rate %
External Borrowing:		
PWLB - Fixed Rate	203.2	3.6
PWLB - Variable Rate	-	-
Local Authorities	-	-
LOBO Loans	7.0	3.6
Other short term borrowing	0.4	0.4
Total External Borrowing	210.6	3.6
Investments:		
Short-term investments	115.0	0.67
Long-term investments	14.0	1.16
Total Investments	129.0	0.72
Net Debt	81.6	

Appendix B Prudential Indicators

(a) Capital Financing Requirement (CFR)

Estimates of the Authority's cumulative maximum external borrowing requirement for 2013/14 to 2015/16 are shown in the table below:

Capital Financing Requirement	31/03/2014 Approved £m	31/03/2014 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
General Fund	46.2	66.1	44.9	43.6
HRA	191.9	171.9	191.9	191.9
Total CFR	238.1	238.0	236.8	235.5

The difference between the actual CFR for the 31st march 2104 and the approved is he actual includes the appropriation of the investment properties from the HRA to GF.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31/03/2014 Approved £m	31/03/2014 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
Borrowing	210.2	210.2	210.2	210.2
Other Long Term Liabilities	-	-	-	-
Total Debt	210.2	210.2	210.2	210.2
Borrowing in excess of CFR?		No	No	No

Total debt is expected to remain below the CFR during the forecast period.

(b) Authorised Limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

The report confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2013/14; borrowing at its peak was £223m.

Cabinet 10 December 2014

	Operational Boundary (Approved) 31/03/2014	Authorised Limit (Approved) 31/03/2014	Actual External Debt 31/03/2014
Borrowing	262.0	288.5	210.6
Other Long-term Liabilities	2.0	2.0	-
Total	264.0	290.5	210.6

(c) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed.

	Approved Limits for 2013/14	Maximum during 2013/14
Upper Limit for Fixed Rate Exposure	100%	100%
Compliance with Limits:		Yes
Upper Limit for Variable Rate Exposure	25%	1%
Compliance with Limits:		Yes

(d) Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing at 31/03/2014 £m	% Fixed Rate Borrowing at 31/03/2014	Compliance with Set Limits?
under 12 months	40%	0%	7.0	3.3%	Yes
12 months and within 24 months	40%	0%	-	-	Yes
24 months and within 5 years	60%	0%	-	-	Yes
5 years and within 10 years	75%	0%	1.1	0.5%	Yes
10 years and within 20 years	100%	0%	202.1	96.2%	Yes

(The 2011 revision to the CIPFA Treasury Management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date²)

² Page 15 of the Guidance Notes to the 2011 CIPFA Treasury Management Code

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(e) Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Authority tax and in the case of the HRA, housing rent levels.

Capital Expenditure	31/03/2014 Approved £m	31/03/2014 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
Non-HRA	49.0	36.7	28.4	22.7
HRA	36.9	32.4	45.5	20.2
Total	85.9	69.1	73.9	42.9

Capital expenditure has been and will be financed or funded as follows:

Capital Financing	31/03/2014 Approved £m	31/03/2014 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
Capital receipts	16.8	8.1	10.3	7.0
Government Grants	47.2	38.1	41.7	15.7
Reserves	-	3.1	-	-
Revenue contributions	21.9	19.8	21.9	20.2
Total Financing	85.9	69.1	73.9	42.9
Prudential borrowing	-	-	-	-
Total Funding	-	-	-	-
Total Financing and Funding	85.9	69.1	73.9	42.9

(f) Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	31/03/2014 Approved %	31/03/2014 Actual %	31/03/2015 Estimate %	31/03/16 Estimate %
Non-HRA	2.02	1.57	2.18	2.61
HRA	6.26	6.0	6.79	8.11
Total	8.28	7.57	8.97	10.72

(g) Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Authority adopted the principles of best practice.

The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* on the 27th February 2002.

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(h) Upper Limit for Total Principal Sums Invested Over 364 Days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

	31/03/2014 Approved £m	31/03/2014 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
Upper limit on investments over 364 days	75.0	14.0	75.0	75.0

(i) HRA Limit on Indebtedness

HRA Debt Cap (as prescribed by CLG)	£ 209.0m			
	31/03/2014 Approved £m	31/03/2014 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
HRA CFR	191.9	171.9	191.9	191.9
Difference	17.1	37.1	17.1	17.1

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CABINET

10 December 2014

Subject Heading:

**Corporate Performance Report
Quarter 2 (2014/15)**

Cabinet Member:

Councillor Clarence Barrett

CMT Lead:

Andrew Blake-Herbert

Report Author and contact details:

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Performance and Projects Officer
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Policy context:

The report sets out the Council's
performance against the Corporate
Performance Indicators for Quarter 2
(2014/15).

Financial summary:

There are no direct financial implications
arising from this report. It is expected that
the delivery of targets will be achieved
within existing resources.

Is this a Key Decision?

No

Is this a Strategic Decision?

No

When should this matter be reviewed?

The Corporate Performance Report will be
brought to Cabinet at the end of each
quarter.

Reviewing OSC:

Six overview and scrutiny committees
(Children and Learning, Crime and
Disorder, Environment, Health, Individuals,
Towns and Communities) and the
Overview and Scrutiny Board

The subject matter of this report deals with the following Council Objectives

Ensuring a clean, safe and green borough	[X]
Championing education and learning for all	[X]
Providing economic, social and cultural activity in thriving towns and villages	[X]
Valuing and enhancing the lives of our residents	[X]
Delivering high customer satisfaction and a stable council tax	[X]

SUMMARY

This report sets out the performance of the Council’s Corporate Performance Indicators for Quarter 2 (July to September 2014) 2014/15, against the five Living Ambition Goals of the Corporate Plan (Environment, Learning, Towns & Communities, Individuals and Value).

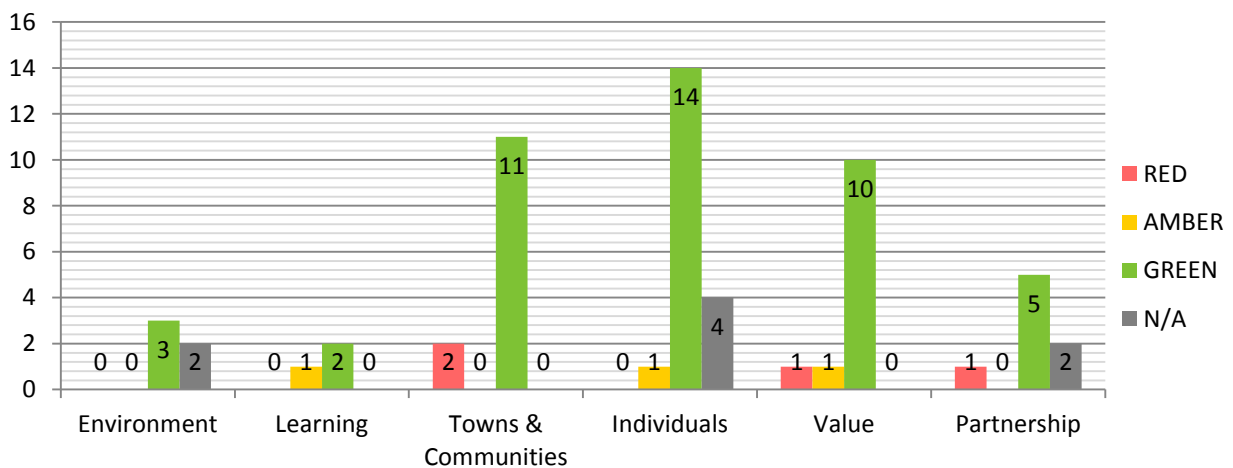
The report identifies where the Council is performing well (Green) and not so well (Amber and Red). The variance for the ‘RAG’ rating is:

- **Red** = more than 10% off the Quarter 2 Target and where performance has *not improved* compared to Quarter 2 2013/14¹
- **Amber** = more than 10% off the Quarter 2 Target and where performance has *improved or been maintained* compared to Quarter 2 2013/14.
- **Green** = on or within 10% of the Quarter 2 Target

Where the RAG rating is ‘Red’, a ‘Corrective Action’ box has been included in the report. This highlights what action the Council is taking to address poor performance, where appropriate.

Also included in the report is a Direction of Travel (DoT) column which compares performance in Quarter 2 2014/15 with performance in Quarter 2 2013/14. A green arrow (↑) means performance is better and a red arrow (↓) signifies performance is worse. An amber arrow (→) means that performance is the same.

Quarter 2 2014/15 - Performance Summary



60 Corporate Performance Indicators are measured quarterly and 52 of these have been given a RAG status. In summary:

- **45 (87%)** have a RAG status of **Green**; compared to 75% in Q2 2013/14.
- **7 (13%)** have a RAG status of **Red** or **Amber**; compared to 25% in Q2 2013/14.

¹ With the exception of ‘Percentage of National Non-Domestic Rates (NNDR) collected’ and ‘Percentage of council tax collected’ where the tolerance is 5%

RECOMMENDATIONS

Members are asked to review the report and note its content.

REPORT DETAIL

Environment – to ensure a clean, safe and green borough

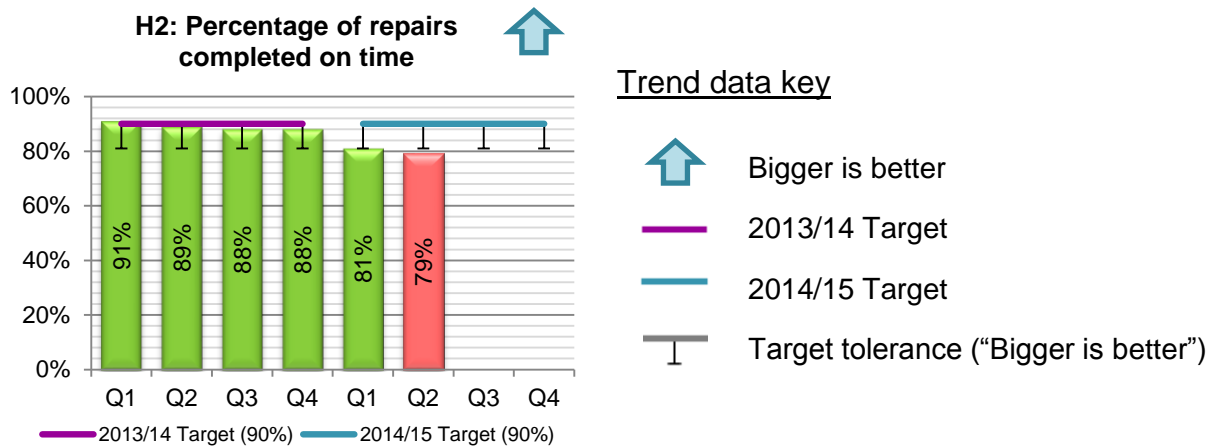
1. The Council continues to make Havering an even more pleasant and safe place to live, work and visit. There has been a reduction in the number of fly tip incidents with 1,462 reported between April and September 2014 compared to 1,750 during the same period last year. Similarly, the most recent data provided by the East London Waste Authority (ELWA) shows that between April and June 2014, over a third of household waste (36%) was sent for reuse, recycling and composting.

Learning – to champion education and learning for all

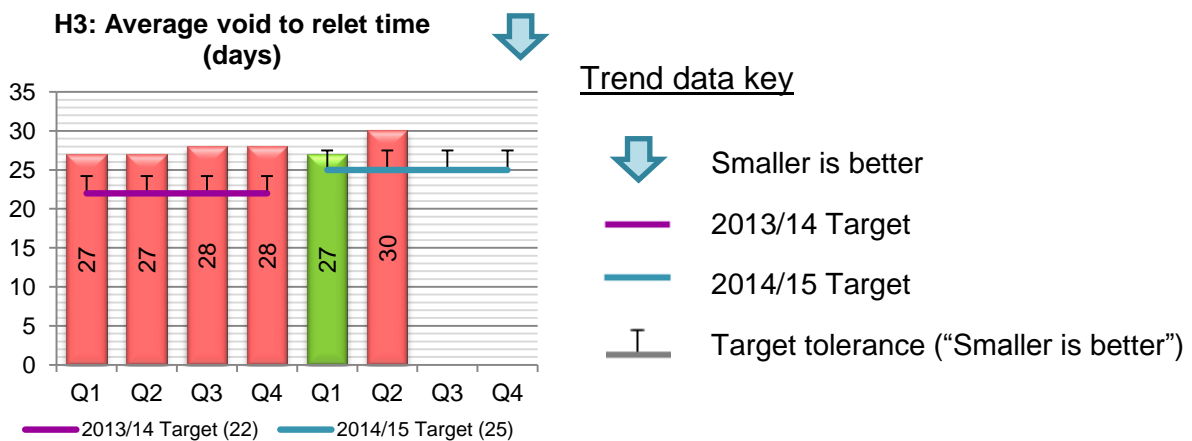
2. We are dedicated to working with schools and the further education sector to promote first class learning opportunities for all. The number of apprentices (aged 16-18 years) recruited in the borough exceeded target with 420 reported in the second quarter of the last complete academic year (2013/14). This is better than target (342) and the previous year (391).

Towns & Communities – to provide economic, social and cultural opportunities

3. We continue to regenerate our towns and communities and strive to ensure affordable homes are provided for local people. Between April and September 2014, the percentage of major (76%), minor (66%) and other (88%) applications processed on time were all been better than target and better than the previous year. Similarly, the percentage of appeals allowed against refusal of planning permission (24%) was lower than target, demonstrating a good application of government guidance.
4. The percentage of repairs completed on time has remained consistently within target tolerance during 2013/14, however, only 79% of repairs were completed on time between April and September 2014. The contractor is new to the provision of this service and additional trade operatives have been employed to increase productivity, which has seen a steady increase in August and September 2014.



5. By contrast, the average void to relet time has remained consistently worse than target during 2013/14, which led to a revised target for 2014/15. Performance briefly fell within target tolerance, however, between April to September 2014 this worsened with an average void to relet time of 30 days. While the total number of voids in the stock is reducing, issues with resourcing have been identified and Homes & Housing management are reviewing all activities associated with re-letting properties. We are also piloting an approach where tenants bidding for houses are asked to take properties "as seen" with works to follow on occupation.



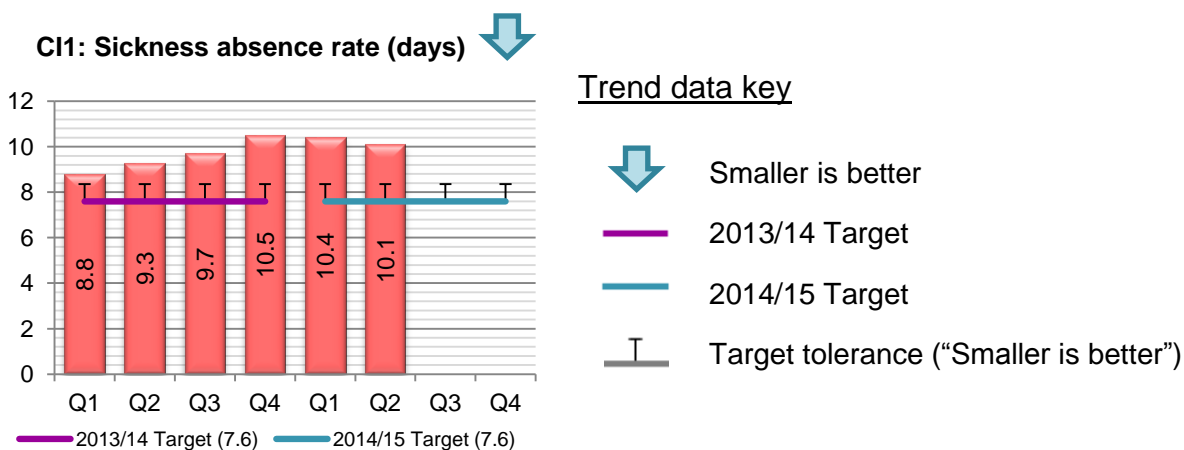
Individuals – to value and enhance the lives of our residents

6. The Council has improved services for the Borough’s most vulnerable families and children, focusing on early intervention to improve wellbeing. Between April and September 2014, the demand for permanent admissions to residential and nursing care homes increased. Despite this, the rate of 18-64 year olds (3.4) and 65+ year olds (265.5) improved on the same period last year. The rate of delayed transfers of care from hospital was also better than target for those attributable to Adult Social Care and Health (1.6) and Adult Social Care only (0.6) with only 3.5% of people requiring an ongoing service after reablement.

- The number of Looked After Children (LAC) with stable placements has increased with 81% of placements lasting for at least two years. There has also been an increase in the number of in-house foster carers and extensive recruitment activity continues to target foster carers for teenagers. The number of children on Child Protection plans for more than two years has decreased to only 4.1% with no children going back on a plan within two years.

Value – to deliver high customer satisfaction

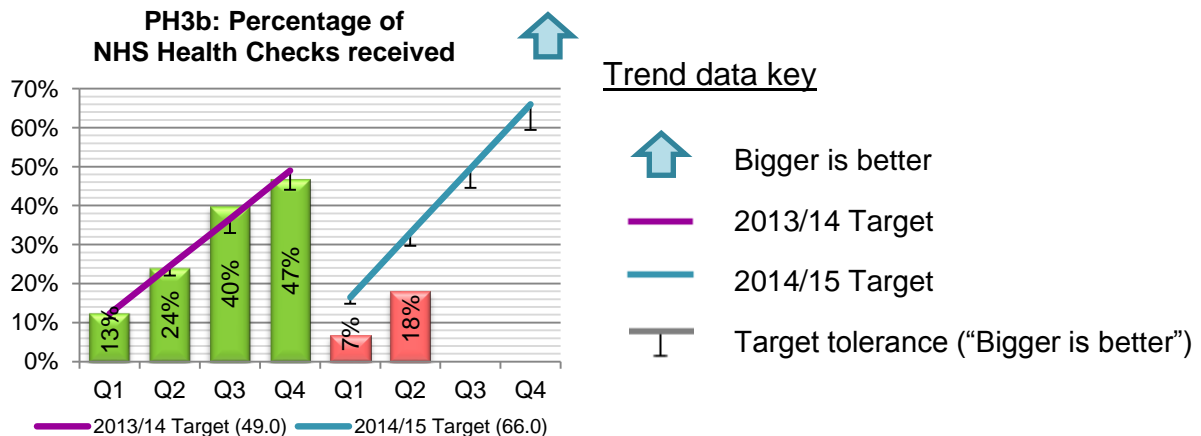
- Providing efficient and effective services while maximising funding for the Borough is central to the Council achieving its goals. Between April and September 2014, the percentage of corporate complaints completed within 10 days (87%) and escalated to Stage 2 (5.3%) were better than target and the same period last year. Similarly, over 90% of customers were satisfied with the Contact Centre and call abandon rates were lower than the previous year at only 10%. The percentage of Council Tax collected during this period was on target at 58% with £72.4m collected compared to £71.0m last year. The speed of processing new claims (18 days) and changes in circumstances (13 days) were also significantly better than target.
- The sickness absence rate per annum per employee is reported over a rolling 12-month period to account for seasonal fluctuations. Performance has remained consistently below target, however, has improved in the last two quarters. HR are continuing to work with Heads of Service to maintain momentum and proactively manage sickness cases.



Partnership Indicators

- There are a number of indicators where the Council are not solely responsible for the target or performance. For example, the number of burglaries reported between April and September 2014 has improved (852) compared with the same period last year. This is currently exceeding the target set by the Mayor’s Office for Policing and Crime (MOPAC) to reduce offending by 20% by March 2016.

11. The percentage of NHS Health Checks received in 2013/14 has remained consistently above target in 2013/14. This worsened in 2014/15 and performance this quarter (18%) is below target and worse than the previous year (24%). To date, 2,441 people have received an NHS Health Check; 276 fewer than in 2013/14. Underperformance will be addressed by developing a cluster arrangement with GPs, putting in place improvement plans for GPs that are underperforming, attending nurse and practice manager meetings as well as developing marketing materials.



12. The full Corporate Performance Report for Quarter 2 (2014/15) is attached as **Appendix 1**.

REASONS AND OPTIONS

Reasons for the decision:

To provide Cabinet Members with a quarterly update on the Council's performance against the Corporate Performance Indicators.

Other options considered: N/A

IMPLICATIONS AND RISKS

Financial implications and risks:

Adverse performance for some Corporate Performance Indicators may have financial implications for the Council. Whilst it is expected that targets will be delivered within existing resources, officers regularly review the level and prioritisation of resources required to achieve the targets agreed by Cabinet at the start of the year.

Human Resources implications and risks:

The oneSource HR Service will continue to work with line managers to ensure that sickness absence is being managed appropriately and efficiently across the Council. Targeted actions are being taken in Council services with the highest levels of sickness absence. Resilience Training is being made available to managers and staff by the oneSource Health & Safety Service and all managers are in the process of completing the Management Development Programme to develop the relevant skills.

Legal implications and risks:

Whilst reporting on performance is not a statutory requirement, it is considered best practice to regularly review the Council's progress against the Corporate Plan.

Equalities implications and risks:

The following Corporate Performance Indicators rated as 'Red' could potentially have equality and social inclusion implications for a number of different social groups, if performance does not improve:

- **H3** – Average void to re-let times
- **PH3b** – Percentage of eligible people receiving an NHS Health Check
- **CI1** – Sickness absence rate per annum per employee

The commentary for each indicator provides further detail on steps that will be taken to improve performance and mitigate these inequalities.

BACKGROUND PAPERS

The Corporate Plan 2011-14 and 'Plan on a Page' 2014-15 are available on the Living Ambition page on the Havering Council website at:

<http://www.havering.gov.uk/Pages/Campaigns/living-ambition-our-20-year-vision.aspx>

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Appendix 1: Quarter 2 Corporate Performance Report 2014/15

Cabinet (10th December)

Key

RAG Rating		Direction of Travel (DoT)	
Green	On or within 10% of the Quarter 2 Target ¹	↑	Performance is better than Quarter 2 2013/14
Amber	More than 10% off the Quarter 2 Target and where performance has <i>improved or been maintained</i> compared to Quarter 2 2013/14	→	Performance is the same as Quarter 2 2013/14
Red	More than 10% off the Quarter 2 Target and where performance has <i>not improved</i> compared to Quarter 2 2013/14	↓	Performance is worse than Quarter 2 2013/14

Corporate Plan Indicator

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Environment - to ensure a clean, safe and green borough

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
SC01	Residual household waste (kg) per household	Smaller is Better	640kg	169kg (Q1)	173kg (Q1)	166kg (Q1)	↓	Data comes from the East London Waste Authority (ELWA) and lags by 6-8 weeks. The most recent data (Q1) shows that performance (173kg) is within target tolerance and worse than the same period last year (166kg).	Streetcare
SC02	Percentage of household waste sent for reuse, recycling & composting	Bigger is Better	36%	36% (Q1)	37% (10,204 of 27,602) (Q1)	36% (9,521 of 26,252) (Q1)	↑	Data comes from the East London Waste Authority (ELWA) and lags by 6-8 weeks. The most recent data (Q1) shows that performance (37%) is better than target and better than the same period last year (36%).	Streetcare

¹ With the exception of 'Percentage of NNDR collected' and 'Percentage of Council Tax collected' where the tolerance is 5%

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
SC07	Total number of fly tip incidents	Smaller is Better	3,500	1,750	1,462	1,953	↑	There has been a reduction in the number of fly tip incidents with 1,462 to date compared to 1,953 fly tip incidents by the same point last year.	Streetcare
SC05	Percentage of missed collections put right within target	Bigger is Better	93%	93%	Not available	Not available	N/A	The outturn for this indicator is not currently available. Serco took over the contract from Biffa in Q2 and their performance has not been captured correctly due to a system error. We are working with the respective ICT teams to resolve the issue.	Streetcare
Page 186 SC04	Parking income against budget (£)	N/A	£3,964,420	£1,982,210	£1,761,920	£1,746,566	N/A	This indicator is for information only and so a Value, Direction of Travel (DOT) and RAG rating are not included. Car parking income for the quarter is lower than target and more than the same period last year.	Streetcare

Learning - to champion education and learning for all

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
LA1	Number of apprentices (aged 16-18) recruited in the borough	Bigger is Better	600	342 AY 2013/14 (Q2)	420 AY 2013/14 (Q2)	391 AY 2012/13 (Q2)	↑	Outturns for this indicator refer to the last complete Academic Year (2013/14). Performance this quarter (420) is better than target and better than the same period last year (391).	Learning & Achievement

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
LA6	Percentage of Early Years providers (PVI settings and childminders only) judged Good or Outstanding by OFSTED	Bigger is Better	75%	75%	76%	77%	↓	Performance this quarter (76%) is better than target due to the continuation of efficient processes which ably support PVI settings and child minders to achieve an Ofsted grading of good or above.	Learning & Achievement
(ex) NI117	Percentage of 16 to 19 year olds (school years 12-14) who are not in education, employment or training	Smaller is Better	4.0%	4.0%	4.9%	4.9%	→	Participation levels of the resident cohort of young people (years 12-14) remains high with 4.9% not in education, employment or training (NEET). Performance has been maintained at the same level as last year (4.9%). Quarterly fluctuations are expected due the currency rules, which result in young people being designated as NEET until they have their destination confirmed.	Learning & Achievement

Towns and Communities - to provide economic, social and cultural opportunities in thriving towns and villages

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
CL2	Number of library visits (physical)	Bigger is Better	1,602,276	801,138	899,149	900,228	↓	Despite the huge rise in virtual access, libraries still attract large numbers of physical visitors and are currently exceeding the quarterly target by over 98,011 visits.	Culture & Leisure
R2	Net external funding (£) secured through regeneration initiatives	Bigger is Better	£2,000,000	£1,000,000	£1,410,100	£2,988,602	↓	While the outturn has not changed from Q1, substantial work has taken place this quarter writing bids for the New Homes Bonus (c.£1.4m) and Housing Zone (c.£10m). Decisions are expected for these in Q3 as well as a decision on Crossrail complementary measures (c.£3m).	Economic Development

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
R3	Number of businesses accessing advice through regeneration initiatives	Bigger is Better	700	350	401	433	↓	Performance this quarter is made up of a combination of attendees at specific business related events (e.g. Business Awards and Women in Business) and 1-2-1 meetings between businesses and Business Development Officers within the Service.	Economic Development
H4	Number of homes made decent	Bigger is Better	1,291	289	289	388	↓	The Decent Homes Programme is on target with 289 homes made decent. While performance (289) is worse than the same period last year (388), this is due to reduced targets prescribed by the spend profile.	Homes & Housing
H1	Percentage of Leaseholder Service Charge Arrears collected (excluding major works)	Bigger is Better	93%	49%	68%	57%	↑	Performance for this indicator (68%) is significantly better than target (49%) with £106,765 of Leaseholder Service Charge Arrears collected this quarter. Performance is also better than the same period last year (57%).	Homes & Housing
H5	Percentage of rent arrears against rent debit	Smaller is Better	2.50%	2.44%	2.40%	2.38%	↓	Performance this quarter (2.40%) is better than target. Whether arrears are due to welfare reforms or tenancy issues, teams within Homes & Housing work closely together to ensure residents quickly receive the appropriate advice to minimise debts.	Homes & Housing
DC4	Percentage of appeals allowed against refusal of planning permission	Smaller is Better	30%	30%	24% (10 of 42)	35% (11 of 31)	↑	Of the 42 appeals made against refusal of planning permission, only 10 appeals were allowed (24%). This is better than target and shows clear understanding and application of government guidance and policy in respect of day to day decision-making.	Regulatory Services

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
(ex) NI157a	Percentage of major applications processed within 13 weeks	Bigger is Better	60%	60%	76% (13 of 17)	71% (10 of 14)	↑	Performance is better than target with 13 out of 17 applications determined within the statutory timeframe. It is important to note, however, that as this refers to a small number of applications, outturns can fluctuate.	Regulatory Services
(ex) NI157b	Percentage of minor applications processed within 8 weeks	Bigger is Better	65%	65%	66% (121 of 182)	30% (58 of 191)	↑	Performance this quarter (66%) is better than target and significantly better than the previous year (30%). This follows the provision of additional resources and the adoption of an action plan to bring about improvement in decision making.	Regulatory Services
(ex) NI157c	Percentage of other applications processed within 8 weeks	Bigger is Better	80%	80%	88% (683 of 774)	49% (356 of 732)	↑	Performance for the quarter (88%) is above target and is also significantly better than the previous year (49%). It is expected that additional measures to refine the validations process will increase performance.	Regulatory Services
NEW	Number of persons enrolled on Keys for Change	Bigger is Better	69	34	36	New indicator	N/A	There is no direction of travel as this is a new indicator. Performance for the quarter (36) is above target. The overall target is to assist 137 people over the 2 year programme (Nov 2013 – Oct 2015).	Homes & Housing
H2	Percentage of repairs completed on time (including services contractors)	Bigger is Better	90%	90%	79% (9,639 of 12,209)	89% (15,045 of 16,842)	↓	Repairs completed on time this quarter (79%) is worse than target and lower than the same period last year (89%). Corrective Action: The contractor is new to the provision of this service. Additional trades operatives have been employed to increase productivity, which has seen a steady increase in the last two months of the quarter and is helping clear the backlog.	Homes & Housing

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
H3	Average void to re-let times	Smaller is Better	25 days	25 days	30 days	29 days	↓	Performance (30 days) is worse than target and the same period last year (29 days). Corrective Action: The contractor has only been providing the services since June 2014. Issues with resourcing have been identified within the contractor organisation and client operations. A corrective action plan is being prepared and H&H management are reviewing all activities associated with re-letting properties. A framework for additional backup contractors is being developed. In addition, we are piloting an approach where tenants bidding for houses are asked to take properties "as seen" with works to follow on occupation.	Homes & Housing

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Individuals - to value and enhance the lives of our residents

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
ASCOF 1C(i)	Percentage of people using social care who receive self-directed support and those receiving direct payments	Bigger is Better	80%	80%	73% (1,522 of 2,078)	44% (2,400 of 5,405)	N/A	The definition for this measure changed in 2014/15 to ensure consistency across authorities and so no DOT is available until 2015/16 (Q1). Performance for the quarter (73%) is within target tolerance.	Adult Social Care
ASCOF 1F	Percentage of adults in contact with secondary mental health services in paid employment	Bigger is Better	5.5%	5.5%	7.9% (38 of 483)	4.1% (19 of 465)	↑	The outturn this quarter represents 38 residents on the Care Programme who are in paid employment. This is an improvement on the same time last year where 19 residents on the Care Programme were in paid employment.	Adult Social Care

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
ASCOF 1G	Percentage of adults with learning disabilities who live in their own home or with their family	Bigger is Better	62%	31%	30% (138 of 459)	26% (141 of 537)	↑	The outturn represents 138 residents with learning disabilities who live in their own home or with their family. Performance this quarter (30%) is within target tolerance and better than the same period last year (26%).	Adult Social Care
ASCOF 1H	Percentage of adults in contact with secondary mental health services living independently, with or without support	Bigger is Better	94%	94%	91% (439 of 483)	92% (430 of 465)	↓	Performance this quarter (91%) is within target tolerance and at a similar level to the same period last year (92%). This represents 439 residents on the Care Programme living independently, with or without support.	Adult Social Care
ASCOF 2A(i)	Rate of permanent admissions to residential and nursing care homes per 100,000 population (aged 18-64)	Smaller is Better	9.0	4.1	3.4	7.6	↑	There continues to be increased demand, however, performance for the rate of permanent admissions for residents aged 18-64 years has improved this quarter (3.4) compared to the same period last year (7.6) and is also better than target.	Adult Social Care
ASCOF 2A(ii)	Rate of permanent admissions to residential and nursing care homes per 100,000 population (aged 65+)	Smaller is Better	584.6	296.9	265.5	291.2	↑	There continues to be increased demand, however, performance for the rate of permanent admissions for residents aged 65+ years has improved (265.5) compared to the same period last year (291.2) and is also better than target.	Adult Social Care
ASCOF 2C(ii)	Rate of delayed transfers of care from hospital attributable to Adult Social Care (ASC) and health per 100,000 population	Smaller is Better	3.0	3.0	1.6	1.7	↑	This indicator looks at delays where there is a joint responsibility with Adult Social Care and Health. Performance for the quarter (1.6) is better than target and better than the same period last year (1.7).	Adult Social Care

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
ASCOF 2C(iii)	Rate of delayed transfers of care attributable to Adult Social Care (ASC) only per 100,000 population	Smaller is Better	1.0	1.0	0.6	0.7	↑	This indicator looks at hospital delays where the responsibility is Adult Social Care only. Performance for the quarter (0.6) is better than target and better than the same period last year (0.7).	Adult Social Care
L3	Percentage of people who, having undergone reablement, return to ASC 91 days after completing reablement and require an ongoing service	Smaller is Better	6.0%	6.0%	3.5% (12 of 339)	5.7% (17 of 299)	↑	This indicator considers the success of reablement and measures the number of service users who return after a successful reablement phase. Performance for the quarter (3.5%) is better than target and the same period last year (5.7%).	Adult Social Care
Page 192 CY2	Percentage of looked after children (LAC) placements lasting at least 2 years	Bigger is Better	80%	80%	81% (42 of 52)	70% (30 of 43)	↑	Performance (81%) is better than target and the same period last year (70%). At the 30 th September 2014, 81% of our eligible LAC aged under 16 years had been in the same placement for at least 2 years.	Children's Services
CY13	Percentage of Child Protection (CP) Plans lasting more than 24 months	Smaller is Better	4.0%	4.0%	4.1% (3 of 73)	4.7% (3 of 64)	↑	Performance is within target tolerance with three children on a CP Plan for more than 24 months. The duration of CP Plans is under constant review by Children and Young People's Services and actual or potential drift is promptly addressed.	Children's Services
N18 (ex NI065)	Percentage of children becoming the subject of a Child Protection Plan for a second or subsequent time within 2 years	Smaller is Better	5.0%	5.0%	0.0% (0 of 110)	8.6% (5 of 58)	↑	By the end of September, 110 children had become the subject of a CP Plan, none of which became subject of the plan for the second time within 2 years. Performance (0.0%) is therefore better than target and the same period last year (8.6%).	Children's Services

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
CY15	Number of new in-house foster carers	Bigger is Better	15	8	7	6	↑	Performance this quarter (7) is within target tolerance and better than the same time last year (6). Extensive recruitment activity is under way and performance will show improvement as the year progresses. There is a need to recruit foster carers for teenagers and so our recruitment campaign continues to focus on this difficult area.	Children's Services
L5	Total number of Careline and Telecare users in the borough	Bigger is Better	5,000	4,712	4,604	4,080	↑	Performance is within target tolerance; however, there are 524 more Careline and Telecare users in the borough this quarter than the same period last year. This technology has a wide range of benefits, such as enabling vulnerable adults to live at home for as long as possible.	Homes & Housing
13	Percentage of children who wait less than 20 months between entering care and moving in with their adopting family	Bigger is Better	60%	60%	50% (6 of 12)	44% (8 of 18)	↑	Performance is below target tolerance but better than the same period last year. Of the 12 children in this cohort, 6 have waited less than 20 months between entering care and moving in with their adopting family compared to 8 last year, although the number of LAC in the cohort is lower.	Children's Services
ASCOF 1C(ii)	Direct payments as a proportion of self-directed support (%)	Bigger is Better	45%	45%	37% (779 of 2,078)	16% (850 of 5,405)	N/A	The definition for this measure changed in 2014/15 and so no DOT is available until 2015/16 (Q1). As the indicator is performing below target tolerance, it is not possible to determine if the RAG rating is Red or Amber. Performance for the quarter (38%) is below target tolerance but better than the same period last year (16%).	Adult Social Care
L7 (BCF)	Total non-elective admissions in to hospital (general & acute), all-age, per 100,000 population	Smaller is Better	178.4%	178.4%	Not available	New indicator	N/A	Performance for this measure will be monitored once the Better Care Fund Submission has been signed off by NHS England.	Adult Social Care

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
L8 (BCF)	Patient/service user experience (managing long term conditions)	TBC	TBC	TBC	Not available	New indicator	N/A	Performance for this measure will be monitored once the Better Care Fund Submission has been signed off by NHS England.	Adult Social Care
PH1	Chlamydia diagnoses	Bigger is Better	475	238	Not available	249	N/A	A third sector provider coordinates the chlamydia screening programme and delivers outreach testing and training. The data collection method is currently being assessed to address the time lag in accessing outturns.	Public Health

Value - to deliver high customer satisfaction and a stable council tax

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
CS7	Percentage of Corporate Complaints completed within 10 days	Bigger is Better	90%	90%	87%	74%	↑	The percentage of Corporate Complaints completed within 10 days this quarter (87%) is within target tolerance and better than the same period last year (74%). There has been a slight increase in the number of complaints, however, this may be due to the inclusion of OHMS data in 2014/15.	Corporate Health
CS8	Percentage of Corporate Complaints escalated to Stage 2	Smaller is Better	10%	10%	5.3%	6.5%	↑	The percentage of Corporate Complaints escalated to Stage 2 this quarter (5.3%) is better than target and the same time last year (6.5%). There has been a slight increase in the number of complaints, however, this may be due to the inclusion of OHMS data in 2014/15.	Corporate Health

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
ISS10	Percentage of suppliers paid within 30 days of receipt, by Transactional Team, by invoice	Bigger is Better	95%	95%	96% (50,077 of 52,422)	96% (43,563 of 45,298)	→	This indicator is performing better than target for the quarter and the same as the previous year (96%). Performance dropped in August 2014 due to the implementation of One Oracle, however, this is now embedded and performance is on track.	Corporate Health
CS21	Percentage of customers satisfied with the Contact Centre	Bigger is Better	85%	85%	90% (10,567 of 11,725)	87% (8,279 of 9,512)	↑	Performance (90%) has exceeded target and increased compared to the same period last year (87%). Of the 11,725 surveys completed, 10,567 customers were satisfied with the Contact Centre.	Customer Services
CS2	Call abandon rates	Smaller is Better	10%	10%	10% (21,201 of 210,502)	16% (23,977 of 154,170)	↑	Performance this quarter (10%) has met target and is better than the same period last year (16%), despite there being increased demand for the service. Further improvement is expected following major efforts to channel shift from face-to-face to online and telephone and the introduction of online parking permits being implemented.	Customer Services
CS3	Percentage of automated transactions	Bigger is Better	30%	30%	28% (100,900 of 355,976)	New indicator	N/A	This is a new indicator for 2014/15 so there is no scope for comparison. The drive is to complete payments online for high volume transactions including Green Waste Renewals, Council Tax, NNDR, Rents and Parking Penalty Charge Notices.	Customer Services
CS1	Percentage of Council Tax collected	Bigger is Better	97%	58%	58% (£72.4m)	58% (£71.0m)	↑	Performance (58%) is on target and is the same as the previous year. The prompt collection and enforcement of payment means that £72.4m of Council Tax has been collected compared to £71.0m by the same point last year. Procedures have been updated to take account of new rule changes, which have bedded in well.	Exchequer & Transactional Services

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
CS2	Percentage of National Non-Domestic Rates collected (NNDR)	Bigger is Better	98%	60%	58% (£43.9m)	59% (£44.0m)	↓	New Government measures were implemented in 2014/15 to assist businesses with payments now spread out over 12 months instead of 10. This will affect performance against the quarterly targets, however, collection should remain on track for the annual target.	Exchequer & Transactional Services
CS3	Speed of processing new Housing Benefit/Council Tax Support claims (days)	Smaller is Better	24 days	24 days	18 days	33 days	↑	New claim processing is prioritised above all other benefit transactions to ensure people in need receive help with their rent and council tax payments. The speed of processing new Housing Benefit and Council Tax Support claims this quarter (18 days) is significantly better than target and the same time last year (33 days).	Exchequer & Transactional Services
CS4	Speed of processing changes in circumstances of Housing Benefit/Council Tax Support claimants (days)	Smaller is Better	16 days	16 days	13 days	16 days	↑	Exchequer & Transactional Services were awarded additional resources to maintain and improve benefit processing in 2014/15. The speed of processing changes this quarter (13 days) is better than target and the same period last year (16 days).	Exchequer & Transactional Services
CS10	Percentage of Member/MP Enquiries completed within 10 days	Bigger is Better	90%	90%	79%	78%	↑	The percentage of Member/MP Enquiries completed within 10 days (79%) is below target tolerance but better than the same period last year (78%). There has been a slight increase in the number of complaints. However, this may be due to the inclusion of OHMS data in 2014/15.	Corporate Health
CI1	Sickness absence rate per annum per employee (days)	Smaller is Better	7.6 days	7.6 days	10.1 days	9.3 days	↓	Performance this quarter (10.1 days) is worse than target and worse than the same period last year (9.3 days). However, performance has steadily improved since Q4 2013/14 (10.5 days) and Q1 2014/15 (10.4 days). Corrective Action: HR continue to work with Heads of Service to maintain momentum and proactively manage sickness cases.	Corporate Health

Partnership Indicators (the Council is not solely responsible for the target and/or performance)

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
CSP1	Number of burglaries reported	Smaller is Better	2,252	1,021	852	1,086	↑	The number of burglaries reported is exceeding the target set by the Mayor's Office for Policing & Crime (MOPAC) to reduce offending by 20% by March 2016. Performance (852) is better than target and the same time last year (1,086).	Corporate Policy & Community
CSP2	Number of antisocial behaviour (ASB) incidents	Smaller is Better	6,910	3,190	2,861	3,190	N/A	The methodology changed in Oct 2013 and so a DOT is not available. While performance this quarter (2,861) is better than target, it should also be noted that there is a high number of other ASB calls received by non-police agencies in Havering.	Corporate Policy & Community
ASCOF 2C(i)a	Overall rate of delayed transfers of care from hospital per 100,000 population	Smaller is Better	7.0	7.0	4.1	5.4	↑	This indicator measures delays across both Health and Adult Social Care. Performance for the quarter (4.1) is better than target and the same period last year (5.4).	Adult Social Care
ASCOF 2C(i)b	Rate of delayed transfers of care from hospital per 100,000 population (average per month)	Smaller is Better	135.5	135.5	125.6	New indicator	N/A	This indicator has been developed for the Better Care Fund (BCF) and monitors days delayed over the month rather than people delayed as a snapshot. Performance is better than target with an average 126 days delayed per month per 100,000.	Adult Social Care
PH3a	Percentage of eligible patients offered an NHS Health Check	Bigger is Better	20%	10%	10.4% (Provisional)	8.1%	↑	There has been a problem with the interface between GP clinical systems and Health Analytics and so the outturn for Q2 is provisional. According to the current outturn, performance (10.4%) is better than target and the same period last year.	Public Health

Ref.	Indicator	Value	2014/15 Annual Target	2014/15 Quarter 2 Target	2014/15 Quarter 2 Performance	2013/14 Quarter 2 Performance	DOT	Comments	Service
PH3b	Percentage of eligible people receiving an NHS Health Check	Bigger is Better	66%	33%	18% (2,441)	24% (2,717)	↓	<p>Performance (18%) is below target and worse than the previous year (24%). To date, 2,441 people have received an NHS Health Check; 276 fewer than in 2013/14.</p> <p>Corrective Action: Underperformance will be addressed by developing a cluster arrangement with GPs, putting in place improvement plans for GPs that are underperforming, attending nurse and practice manager meetings as well as developing marketing materials.</p>	Public Health
TBC	Health Premium Indicator (1)	TBC	TBC	TBC	Not available	New indicator	N/A	This measure has yet to be defined and it is not possible to report on this indicator this quarter.	Public Health
TBC	Health Premium Indicator (2)	TBC	TBC	TBC	Not available	New indicator	N/A	This measure has yet to be defined and it is not possible to report on this indicator this quarter.	Public Health