



Commentary

Community Infrastructure Levy- Submission of the Draft Charging Schedule

March 2014



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

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1.0 Introduction

- 1.1 The Community Infrastructure Levy (CIL) is a planning charge introduced by the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010, as amended. The levy allows local authorities to raise funds from new development to pay for local infrastructure.
- 1.2 The Royal Borough of Kensington and Chelsea wishes to become a CIL charging authority to allow funds to be collected for infrastructure projects in this Borough. The Council are therefore undertaking steps to adopt a charging schedule which will set out the rates of the levy in this area. This document accompanies the Draft Charging Schedule (DCS) which is now being submitted to the Examiner in accordance with regulation 19 of the Community Infrastructure Regulations 2010, as amended.
- 1.3 This document aims to provide further explanation of some of the issues surrounding the draft charging schedule and provide rationale for some of the decisions which have been reached to date.

2.0 Changes since the Draft Charging Schedule

- 2.1 The draft charging schedule was subject to public consultation between 21st January and 23rd February 2014. 22 representations were received and these are appended to the separate accompanying document titled 'Consultation Statement'. A summary of the issues raised during the consultation and the Council's response are also contained within the 'Consultation Statement' document.
- 2.2 The proposed rates and charging zones have not been changed between the consultation period and the time of submission.
- 2.3 A change has been made to the map accompanying the draft charging schedule, only to relocate one of the designation letters which previously partially obscured part of a charging zone boundary. As this has constituted only a formatting change it has not been necessary to publish a statement of modifications.

3.0 Proposed CIL Rates

- 3.1 Regulation 14 of the CIL regulations, as amended 2014, state that in setting rates, a charging authority must strike an appropriate balance between:
- a) the desirability of funding from CIL (whole or in part), and;
 - b) the potential effects of the imposition of CIL on the economic viability of development across its area.
- 3.2 In setting the proposed rates, the Council has had regard to documents forming its evidence base. In particular these include:
- The Core Strategy for the Royal Borough of Kensington and Chelsea with a Focus on North Kensington (adopted 8th December 2010);
 - Viability assessments dated October 2012 and January 2014 prepared for the Council by consultants BNP Paribas, and
 - The Infrastructure Delivery Plan, as update March 2014.
- 3.3 Paragraph 1.5 of the October 2012 Viability Assessment identifies the maximum amount of CIL that could be charged for certain types of development in the

Borough. It identifies that for certain types of development in a particular area, CIL rates higher than those now proposed could be applied without affecting viability. However, there are several reasons why the Council would not wish to adopt these maximum rates.

- 3.4 The CIL Guidance 2014 advises charging authorities to avoid setting a charge right up to the margin of economic viability across sites in their area. It advises charging authorities that their proposed charging rates should not threaten delivery of the relevant Plan as a whole at the time of the charge setting and throughout the economic cycle. There is no guidance on the extent of the 'buffer' or 'cushion' that should be given.
- 3.5 The Council are therefore proposing a "cushion", or discount from the maximum identified amount of 20% for residential uses and 30% for extra care; student accommodation, and; hotels. This accords with the advice contained within the viability evidence. The proposed discounting created by the cushion is beneficial for the following reasons:
- It allows sufficient flexibility for site specific circumstances that may arise on a development site, such as land contamination and remediation or need for retention of heritage assets;
 - It allows for variation across current use values on development sites which will undoubtedly vary from case to case, and;
 - It allows for variations in sales values and build costs which may rise or fall over the life of the charging schedule.
- 3.6 The Council consider that the cushion sufficiently allows the proposed rates to be sustained and effectively remain viable throughout varying economic circumstances. However, it is the Council's intention to monitor property values and development costs and review the charging schedule within the first two years of its adoption.

Residential Rates

- 3.7 The viability study recognises a variation in residential sales values across the Borough with the Knightsbridge area attracting the highest values and areas north of the Westway (A40) attracting the lowest. The proposed CIL rates therefore take account of the degree of variation between different parts of the Borough. While this creates six charging zones, the zones are directly linked to the postcodes of those areas. It should therefore be simple for potential developers to identify the CIL charge for their site. The direct link to postcodes will facilitate a simple administration process for the collection of CIL and the provision of six charging zones will allow the Borough to maximise the potential collection of CIL. It is therefore considered that this is a reasonable approach for this Borough.
- 3.8 The map accompanying the charging schedule is intended as a visual aid to be used in connection with the postcode-based zones. Within this map, the zone boundaries do not always directly follow the postcode boundaries as many postcode boundaries cut across parcels of land. The charging zones boundaries therefore move around land parcels accordingly rather than cutting across sites. More detailed maps of the charging zones shall facilitate easy identification of the relevant charges for sites close to postcode boundaries. The use of postcode boundaries will of course include anomalies within them where land values and site circumstances may differ from the general trend. However to accommodate

these would entail a complex and administratively challenging charging schedule.

3.9 In respect of residential development, the October 2012 viability report states that the maximum amounts that could be secured for residential uses are as follows (shown inclusive of Mayoral CIL):

- W10: £200 per square metre;
- W11: £800 per square metre;
- W14: £300 per square metre;
- W8: £600 per square metre;
- SW5 and SW10: £400 per square metre,
- SW3 and SW1W: £800 per square metre, and;
- Knightsbridge: £1,000 per square metre.

3.10 As these figures represent the absolute maximum CIL rates, a cushion of 20% has been applied. The October 2012 viability report recommends a 30% discount from the maximum and the draft charging schedule proposes to reduce the extent of the cushion on residential development to 20%. The viability report of January 2014 makes the following statements in support of the reduced 'cushion':

- Market conditions in the Borough and the demand for residential property appears to have strengthened considerably over the last 6 to 12 months. Since the last viability report sales values have increased 9.2% according to Land Registry data;
- Sales values are likely to increase over the next 5 years, and;
- Some advisors have argued that lower development risk should result in reductions in developer profits. The viability appraisals undertaken in this Borough assume a 20% profit, therefore if these advisors positions are adopted, this already provides a degree of viability cushion.

3.11 The CIL regulations and statutory guidance require charging authorities to strike a balance between the desirability of funding infrastructure from the levy and the potential effects on the imposition of CIL on economic viability of development across its area. Due to its developed nature and extent of conservation area designations, this Borough generally experiences limited net increase in floorspace from developments. This can be demonstrated from Mayoral CIL collections since April 2012. As such, the Borough's projections for CIL collections are modest at between £1m and £3m per annum. This is exemplified by the exemption for residential annexes and extensions which was introduced by the 2014 regulations which will limit collections from subterranean residential extensions in the Borough. The Borough has demonstrated a significant funding gap for its infrastructure, as demonstrated within the Infrastructure Delivery Plan and the Preliminary Draft Charging Schedule documents. These are summarised in Appendix 3 of this document. In light of the large funding gap and the limited projections for CIL collection, it is considered an appropriate balance that the 'cushion' on residential development is reduced to 20% in to enable meaningful CIL collections to help reduce the funding gap.

3.12 The January 2014 viability report contains further details of the viability implications of a 20% cushion and considers the impact of both a 30% and 20% cushion on marginal sites within the Borough. The tests demonstrate that with a 20% cushion the reduction in land value is marginally greater than at 30% (now between -0.34% and -19.27%). They also demonstrate that the CIL as a percentage of the Gross Development Value is also marginally higher (now

between 0.17% and 4.47%). However, the impact of the reduced cushion is not considered to be significant and would not prevent an otherwise viable scheme coming forward.

- 3.13 After the 20% discount has been applied to the maximum amount the £50 per square metre for Mayoral CIL has been deducted and the remaining amount is that which should be charged for CIL in this Borough. Therefore with a cushion of 20%, the proposed rates are as follows:

Area	Zone	Total CIL Rate (RBKC and Mayoral CIL)	RBKC rate (excluding Mayoral CIL)
SW1X	A	£800	£750
SW7, SW3 and SW1W	B	£640	£590
W11	B	£640	£590
W8	C	£480	£430
SW5 and SW10	D	£320	£270
W14	E	£240	£190
W10	F	£160	£110

Extra Care Housing

- 3.14 Extra care housing schemes generally experience different viability circumstances than housing due to factors including a higher build cost per square metre, a higher proportion of communal space and longer selling periods. Extra Care accommodation can lie within either classes C2 or C3 of the use classes order and may constitute, for example, specialist older person's housing, close care, assisted living or nursing institutions. However, if any of this accommodation constitutes affordable housing it will be eligible for relief from CIL in any event, by virtue of the CIL regulations. This level of CIL would be applicable only to those schemes where extra care housing has been secured through a planning obligation or condition with specific requirements to secure a specified level of care.

- 3.15 The proposed rates for extra care housing similarly vary across the Borough in accordance with the recommendations of the October 2012 viability report. A discount cushion of 30% has been applied to the maximum rate and then £50 deducted for Mayoral CIL. The proposed rates for extra care housing, based on a 30% cushion are therefore as follows:

Area	Zone	Total CIL Rate (RBKC and Mayoral CIL)	RBKC rate (excluding Mayoral CIL)
SW1X	A	£560	£510
SW7, SW3 and SW1W	B	£280	£230
W11	B	£280	£230
W8	C	£350	£300
SW5 and SW10	D	£210	£160
W14	E	£70	£20
W10	F	£70	£20

- 3.16 The charging schedule proposes that, in light of the residential (C3) rates, postcodes W11, SW7 and SW3 all fall under 'Zone B'. Both, however have demonstrated that a different CIL level could be accommodated for extra care housing. In the interests of simplicity, it is still proposed that they both fall within Zone B and the accepted rate for W11, at £230 per square metre, is proposed for both areas. This complies with Paragraph 37 of the CIL guidance 2013 which states that charging authorities should seek to avoid undue complexity.

Hotels

- 3.17 The Borough's Authority Monitoring Report identifies varying trends for hotel floorspace. Within the last monitoring period the Borough approved permissions entailing a net loss of hotel rooms. However an additional 104 addition rooms have been completed during this period from earlier permissions. This therefore demonstrates a general increase in hotel floorspace in the Borough. The Draft Charging Schedule adopts the recommendations of the October 2012 viability report with regard to the recommended charge for hotels in the Borough. This similarly incorporates a 30% cushion. This rate is applicable only for hotels falling within class C1 of the use classes order.

Student Accommodation

- 3.18 The Borough has seen permissions and pre-application discussions for new student accommodation in the Borough since 2010. The viability reports advise that student housing in this Borough generates sufficient surplus residual values to absorb a CIL charge, subject to a buffer to allow for any site specific characteristics. The draft charging schedule follows the recommended charge for student accommodation across the Borough. This is a figure of £125 in total, excluding of Mayoral CIL and allowing a 30% cushion. This rate will be applicable only to student accommodation which is *sui generis* and where the use is secured by a condition or planning obligation.

Other uses

- 3.19 The Draft Charging Schedule proposes a levy only on those uses detailed above. However, the Council have investigated and considered a levy on other uses which are discussed in turn below.
- 3.20 The Authority's Monitoring Report states that between 1st October 2012 and 30th September 2013, planning permissions granted in the Borough demonstrated a net reduction of approximately 699sqm of A1 retail floorspace. The monitoring report also demonstrates that other A use classes have only experienced only a modest net increase in floorspace in approvals during that period. The viability report has demonstrated that there is little surplus value generated by retail developments. As such it is not considered expedient to pursue a levy on retail development in this Borough.
- 3.21 Offices have also been assessed in terms of their ability to accommodate a CIL. The viability evidence suggests that only those office developments within the SW1 and SW3 postcodes could accommodate a small amount of CIL after Mayoral CIL were deducted. In light of the limited charge that could be set and the administrative costs of doing so, it is not considered expedient to pursue a levy on office development in these areas. In the rest of the Borough new office floorspace is unlikely to come forward as capital values are generally insufficient

to cover development costs. Therefore a charge on office uses has not been pursued.

- 3.22 Social and community uses (and those other uses falling within use classes D1 and D2) similarly do not often generate sufficient income to cover development costs. A nil rate is proposed for these uses, in accordance with the recommendations of the viability report.

4.0 Mayoral CIL

- 4.1 Regulation 14(3) of the CIL Regulations requires London Borough's to take into account the rates set by the Mayor when considering the effects of the imposition of their CIL on economic viability. Following adoption of this Borough's CIL, Mayoral CIL will remain mandatory and a distinction will exist between Mayoral CIL and the Local CIL. The Council's rates have taken full account of Mayoral CIL by deducting £50 after the application of the cushion. Thereby ensuring that developments can accommodate both CIL rates.

5.0 Exceptional Circumstances Relief Policy, Infrastructure Payments and Instalments Policy

- 5.1 In accordance with regulations 55 to 58 of the CIL regulations a charging authority may set a policy for 'Exceptional Circumstances Relief'. The terms for granting exceptional circumstances relief were altered by the 2014 CIL regulations. Under these revisions, if the authority decides to allow such relief it will be granted where:

- i) The required CIL payment would have an unacceptable impact on the economic viability of the development, and;
- ii) The relief would not constitute notifiable State Aid.

- 5.2 In light of the need to provide funding for infrastructure in this Borough, and as the Council believe the proposed rates and cushion would not cause detriment to economic viability, it is not the Borough's intention to introduce such a policy in this Borough. This will be subject to review in the future.

- 5.3 The revisions to the CIL regulations 2014 introduced a provision for charging authorities to adopt an Infrastructure Payments policy whereby infrastructure identified by the charging authority can be provided by the developer. This represents a useful tool to secure infrastructure within this Borough and it is this Council's intention to adopt such a policy. Those items of infrastructure which the authority will accept as an infrastructure payment shall be made clear through provision of an appropriate list which shall supplement the regulation 123 list.

- 5.4 In accordance with regulation 69B of the CIL regulations, as amended, a charging authority should publish an instalments policy if they wish to allow persons liable to pay CIL to do so through instalments. A copy of the draft instalments policy for this Borough is attached as Appendix 1. Prior to the first collection of CIL this policy will be published in accordance with the requirements laid out in regulation 69B. The proposed instalment policy shows consideration for, and is consistent with, that for Mayoral CIL.

6.0 Site Sampling

- 6.1 The CIL guidance published in April 2014 advises that a charging authority should sample an appropriate range of types of sites across its area in order to

inform their draft charging schedule. This will help to test whether the proposed charging rates would adversely impact on development viability or place at risk the implementation of the development plan.

- 6.2 The guidance states that the testing should focus particularly on strategic sites and those sites where the impact of the levy on economic viability is likely to be most significant. The guidance advises that where a charging authority is proposing to set differential rates, they will want to undertake more fine-grained sampling to identify a few data points to use in estimating the boundaries of particular zones, or different categories of intended use. It states that sampling should reflect a selection of the different types of sites in the relevant Plan.
- 6.3 In response to the requirements of the CIL guidance and to further analyse the appropriateness of the proposed charging rates and charging zones, the Council and their viability consultants have considered the impact of the proposed CIL rates on twelve 'marginal' sites across the Borough. All twelve sites have planning permission and all have an existing Section 106 agreement to secure financial contributions for varying purposes. The nature and scale of the proposals vary, from change of use of vacant buildings, to redevelopment and new build. Several of the sites entail only a small net increase in floorspace and these represent typical examples of development in the Borough which will be liable for CIL. A number of these sites are also identified in the Borough's Strategic Housing Land Availability Assessment (SHLAA) which provides a range of potential housing sites which will play a key part in the Borough's housing delivery.
- 6.4 Ten of the tested sites experienced residential-led development and are distributed across each of the proposed charging zones with two examples lying within zone A; four within zone B (both W11 and SW7/SW3), and; one site within each of zones C, D, E and F. A further two sites are tested which comprised student accommodation and a hotel extension.
- 6.5 The January 2014 viability report discusses the findings of the appraisals for these sites. It focuses primarily on two factors to determine the impact of the proposed CIL rates on viability: the proposed CIL as a proportion of the scheme value, and; the impact of the proposed CIL on residual land values. As a percent of scheme value, this exceeds 5% for only one of the test sites, all others remain comfortably below 5% with CIL amounting to less than 2% for 7 of the test sites. Overall the CIL represents a modest proportion of overall scheme value.
- 6.6 In the case of impact on residual land values, the viability report demonstrates that in all except 3 cases, the CIL reduces the residual land value by less than 10%. The remaining 3 see reductions of 19%, 17% and 14%. The impact of CIL on land values will vary considerably between different sites and this can be as a result of the impact of existing floorspace. Site 12, for example, demonstrates a 16.79% reduction in land value, however, this is a hotel where the proposals represent an extension to the existing building. As such the proposals are likely not to be undertaken to achieve a speculative development profit and there would be no land value. Overall, the reduction in residual land value is not considered to put these developments at risk.
- 6.7 As recognised within the Examiner's Report for Mayoral CIL, any additional financial burden could undermine schemes that are at the margins of viability, however a charging authority are entitled so set a charge that strikes a balance between the desirability of funding infrastructure and the potential effects of CIL

on economic viability. Overall, based on the results of the testing of the 'marginal' sites, and CIL is unlikely to threaten delivery of these 12 developments or their ability to contribute to affordable housing.

7.0 Strategic Sites

7.1 The tests carried out have also considered two strategic sites within the Borough: Earl's Court and Kensal Gasworks. These are the two remaining strategic sites in the Borough where planning permission has not been implemented. All other strategic sites identified in the Core Strategy have had planning permissions implemented. As such their ability to accommodate CIL has not been tested. The relevant land owners of both these strategic sites have been invited to informal discussion with the Council in respect of the proposed CIL rates.

Kensal Gasworks

7.2 Kensal Gasworks are considered in section 3.1 of the January 2014 viability report. The details of future development on this site remain largely unknown and there are still many variables which could alter the nature of potential development on this site, including a potential Crossrail station at Kensal. If such a station were not delivered, or if appropriate linkages to the surrounding area, for example linkages across the canal and railway lines, then a much lower density development is likely to prevail on this site as a result of its low public transport accessibility level. The site is unlikely to come forward for development before 2018 therefore the development of the site will be likely to fall outside the lifetime of the proposed draft charging schedule. The review of the current draft charging schedule is anticipated within the next 2 years and this would give the opportunity to review the rates for this site based on more details of the scheme which may be available at that time.

7.3 At this time it is therefore proposed to include the Kensal Gasworks site into charging zone F at a rate of £110 square metres for residential use. The CIL regulations provide adequate alternative mechanisms, for example infrastructure payments, payment in kind and, if necessary, exceptional circumstances relief, to ensure that the development of this site would remain viable if the site were to come forward under this charging schedule.

Earl's Court

7.4 Earl's Court benefits from a cross-Borough outline planning permission for redevelopment granted in November 2011. The permission included a substantial section 106 agreement for matters including public realm improvements, contributions towards streetscape and transport improvements, education and health contributions. Applications for reserved matters are currently under consideration. While development on site has not commenced, the S106 agreement has been triggered and the first payment towards monitoring has been received by both Boroughs.

7.5 The January 2014 viability report considers Earl's Court within section 3.2 and has taken account of the DVS report which formed part of the evidence base for the 'Earls Court and West Kensington Opportunity Area: Supplementary Planning Document'. The assumptions within this report are applicable to the development within both the Royal Borough of Kensington and Chelsea and within Hammersmith and Fulham. It is understood that the same assumptions will also be used by this adjoining Borough in assessing potential CIL levels for the site.

The DVS report assumes that mitigation for infrastructure will be provided by way of a section 106 rather through CIL. The 'nil' rate therefore relies on infrastructure being provided by means of a section 106 agreement rather than through CIL in this case. On this basis the viability report recommends that a nil rate is adopted for Earl's Court and the Council's charging schedule adopts this recommendation. The area of the 'nil' rate is only that which formed the application site of the recent planning permission and which is bound by the existing section 106 agreement. The is satisfied that this nil rate does not constitute notifiable state aid.

- 7.6 Consideration has been given to, and advice sought on, state aid as a result of this nil rate area. As the nil rate is linked to the land rather than a particular developer or company, the Council are satisfied that this rate would not distort competition or economic activity or trade and would not constitute notifiable state aid.
- 7.7 In light of the above, the Council are satisfied that the rates proposed in the draft charging schedule would not jeopardise the delivery of the Core Strategy where the strategic sites are concerned.

8.0 Relationship to S106 and Affordable Housing

- 8.1 The Community Infrastructure Levy is intended to largely replace the current system of negotiated section 106 agreements in order to give more certainty in delivering infrastructure and greater transparency and clarity to prospective developers.
- 8.2 Once adopted however, section 106 agreements will continue to be used only for site specific mitigation. This may include for example, contributions to affordable housing, site specific highways works or employment requirements. The Council shall publish, and publically consult on a revised Planning Obligations Supplementary Planning Document (SPD) shortly, in accordance with the recommendations of paragraph 87 of the CIL guidance. The revised SPD shall set out how the requirements and triggers for section 106 shall be altered in order to ensure transparency and clarity of the new system to developers.
- 8.3 At this time, the replacement Planning Obligations SPD is likely to constitute the following:

Type of contribution	Trigger	Likely contribution
Employment and Training contribution	Major developments	As within existing SPD
Highways improvements and footpath renewal nearby of adjacent to the site.	Minor or Major developments	To be calculated on a site-by-site basis according to need.
Public Realm improvements	Minor or Major developments	To be calculated on a site-by-site basis according to need.
Affordable Housing	Developments exceeding 800sqm	

Carbon offsetting	To be determined	To be determined.

Please note the contributions listed are not binding on the Council and constitute only an indication of the direction of travel for future Section 106 negotiations.

- 8.4 These contributions would not be sufficiently onerous to impact significantly upon scheme viability and deliverability. Such obligations, including affordable housing, are likely to continue to be negotiated on a site by site basis and in light of agreed viability reports if necessary, in accordance with policy C1 of the Core Strategy and NPPF recommendations.
- 8.5 Other areas where the Council current collection section 106 contributions, for example public art and open space contributions, are likely to be secured as part of major development applications and should be integral within the scheme. This would then be secured by condition rather than a planning obligation.
- 8.6 Supplementary information on the existing situation and current performance of existing section 106 contributions and affordable housing is contained within Appendix 2, in accordance with the recommendations of the CIL guidance.
- 8.7 The testing process for CIL, as described above, has assumed that the test case scenarios achieve compliance with the Core Strategy policy CH2 which requires affordable housing at 50% by floor area on residential floorspace in excess of 800sqm. While recent planning permissions have fallen short of this figure, often for reasons associated with viability, the Council's testing assumes that market conditions may improve and margins may increase in the future and that compliance with the policy may still be achieved. Sensitivity analyses incorporating 40%, 30% and 20% affordable housing were also undertaken as part of the 2012 report and were taken into account to reflect recent delivery of affordable housing.
- 8.8 The Council has been reviewing its affordable housing policies and reviewing the extent of onsite and financial contributions required under policy CH2 of the Core Strategy. Evidence to inform these revised policies is currently being progressed. However, should the proposed CIL levels be adopted, any new housing policy shall take into account the adopted CIL rates as a non-negotiable development cost and this shall be integrated into the viability evidence for the affordable housing policies accordingly. However, as above, the proposed rates are unlikely to jeopardise delivery of affordable housing under current policy.

9.0 Spending of CIL- Infrastructure and Neighbourhood

- 9.1 CIL receipts can be used to help fund, in whole or in part, infrastructure needed to support or mitigate the impact of new development over an area. The money collected may be used to fund a wide range of supporting infrastructure including transport schemes, flood defences, public realm improvements, education, sport or health facilities. The Council has provided a draft regulation 123 list containing some types of the infrastructure projects it intends to fund through CIL, known as the Regulation 123 list. This is informed by the infrastructure requirements identified in the Infrastructure Delivery Plan. A draft copy is attached as Appendix 4. The Regulation 123 list enables developers to see how their CIL payments will be used. In accordance with CIL legislation, those items identified on the Regulation 123 list could not subsequently be secured by section 106 as this

would constitute 'double dipping' where developers may be double charged for infrastructure. Care and attentive monitoring shall therefore be required to maintain a clear distinction between those works which shall be secured through section 106 and those funded through CIL.

- 9.2 A supplementary list containing infrastructure items which the Council would consider accepting in lieu of CIL, as infrastructure payments, will also become available as these opportunities arise. Examples where this may occur include Notting Hill Gate. This area has a draft Supplementary Planning Document which contains details of desirable infrastructure which should accompany the development. It may therefore be appropriate that some of these items be delivered through the CIL system using the mechanisms for infrastructure payments.
- 9.3 The Council are undertaking work in order to introduce an effective means of prioritising infrastructure projects which could be funded by CIL. Once in place, a formal means of political prioritisation will inform changes to the regulation 123 list and the amounts allocated to each listed project or type of infrastructure.

The Neighbourhood Portion

- 9.4 In accordance with CIL regulation 59, as a charging authority the Council must allocate a proportion of the levy receipts to local neighbourhoods to support development at a local level. This will comprise a minimum of 15% of levy receipts in areas where development is taking place. This can increase to a minimum of 25% for those areas which benefit from an approved neighbourhood plan. These funds can only be spent on infrastructure, as defined by the Planning Act 2008.
- 9.5 Further guidance on the neighbourhood spending aspect of CIL is contained in the [CIL guidance 2014](#). It states, for example, that communities without a Parish, town or Community Council will still benefit from the 15% or 25% neighbourhood portion but in these cases the charging authority will retain the levy receipts but will engage with the communities where development has taken place and agree with them how best to spend the neighbourhood funding. The Government does not prescribe a specific process for agreeing how the neighbourhood portion should be spent and authorities are expected to use existing community consultation and engagement processes, working with neighbourhood forums or theme specific neighbourhood groups, local businesses or other networks. The level of funds that neighbourhood receive will be proportionate to the level of levy receipts and the scale of proposed development to which the neighbourhood funding relates. Further information relating to the timing of neighbourhood payment and the types projects on which these funds can be spent, is contained within the 2014 CIL guidance. The Council is required to act in accordance with the CIL Regulations and have regard to the guidance in determining its processes for assigning and spending the neighbourhood portion.

10.0 What Happens Next

- 10.1 The draft charging schedule is hereby submitted to the Planning Inspector and the Council await confirmation of a hearing date for its examination in public. Information on this timing shall be posted on the Council's website and those interested parties appropriately informed.
- 10.2 Should the draft charging schedule be agreed at examination it will subsequently

need to be approved at a full Council meeting prior to collection of CIL. The timing of this Council meeting is currently unknown and will depend on timing surrounding the examination. The Council's website will contain the most upto date information of the Council's progress to becoming a CIL charging authority.

Appendix 1 – Royal Borough of Kensington and Chelsea CIL Draft Instalments Policy



THE ROYAL BOROUGH OF
**KENSINGTON
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Royal Borough of Kensington and Chelsea CIL Draft Instalments Policy

Amount of CIL Liability	Number of instalment payments	Amount of proportion of CIL payable in any time at which payments are due
£500,000 or less	No instalments	Total amount payable within 60 days of commencement of development
£500,001 or more	Two	<ol style="list-style-type: none">1. The greater of £500,000 or half of the total amount payable within 60 days of commencement, and;2. The remainder within 240 days of commencement of development.

Appendix 2 – Report on Section 106 and Affordable Housing

1.0 Background

- 1.1 This report provides information about the amounts raised in recent years through Section 106 (S106) agreements and the degree to which affordable housing policy targets have been met.
- 2.2 This report is prepared in accordance with section 2:2:2:3 of the CIL guidance (20134 which advises that a CIL charging authority should prepare and provide information about the amounts raised in recent years through section 106 agreements and the extent to which affordable housing and other targets have been met.

2.0 Affordable Housing

- 2.1 This Council has an affordable housing target of 2,000 units between 2011 and 2012, or 200 affordable units per annum, as set by the London Plan 2011. Between 2008 and 2011 the target was 90 units per annum.
- 2.2 Policy CH2 of the Core Strategy (adopted December 2010) contains this Borough's policies in respect of affordable housing. It requires developments to provide affordable housing at 50% by floor area on residential floorspace in excess of 800sqm gross external area. The policy states that a payment can be made in lieu of affordable housing where the floorspace is in excess of 800sqm but less than 1,200 sqm of gross external residential floorspace. Above 1,200sqm affordable housing should be provided on site unless exceptional circumstances exist.
- 2.3 Policy CH2 states that where a scheme over 800sqm does not provide 50% of gross external residential floorspace for affordable housing, the applicant must demonstrate: i) the maximum reasonable amount of affordable housing is provided through the provision of a viability assessment, or ii) the exceptional site circumstances or other public benefits to justify the reduced affordable housing provision.
- 2.4 Affordable homes or financial contributions in lieu of affordable housing are secured through planning obligations in a section 106 agreement.
- 2.5 With regard to tenure, policy CH2 requires that affordable housing includes a minimum of 15% intermediate housing in the Golbourne, St. Charles, Notting Barns, Norland, Colville, Earl's Court and Cremorne wards. In all other wards a minimum of 85% social rented housing should be provided.
- 2.6 Figure 1 below demonstrates the number of affordable units secured by planning permissions compared with the number of units completed between 2006 and 2013. This demonstrates that the number of completions have been below the affordable housing targets set for the Borough. In addition to the completions given, the Council understands there are a further 487 affordable units currently under construction from various permissions.

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Net increase in affordable units secured by approvals	87	82	132	47	63	244	99
Net increase in affordable units completions	64	13	96	22	61	23	4

Figure 1: A comparison of units of affordable housing secured by approvals and completed.

- 2.7 Due to the size of many development sites within the Borough and the restrictions on the site, such as the prevailing building heights, many developments in this Borough entail a floorspace for which policy CH2 allows a payment in lieu of affordable housing, rather than units on site.
- 2.8 Therefore in addition to those units contained in Figure 1, since the adoption of the Core Strategy in December 2010, the Council has secured financial contributions in lieu of affordable housing on 13 developments. These represent 52% of the developments approved with affordable housing negotiations since December 2010.
- 2.9 Figure 2 demonstrates the affordable housing contributions received by the Council and the extent of pipeline contributions which have been secured through approved planning permissions per year. These pipeline payments would be received if all the planning permissions they are associated with were implemented.

Financial Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Amount received (£)	200,000	nil	nil	nil	nil	nil	2,101,063
Amount secured (£)	nil	nil	nil	750,000	1,140,000	1,000,000	1,047,500

Figure 2: Amounts received and secured in lieu of affordable housing

3.0 Planning Obligations

- 3.1 Policy C1 of the Core Strategy, (adopted December 2010) contains this Borough's local policy in respect of planning obligations. It states:

“New development will be coordinated with the provision of appropriate infrastructure to support the development. The Council will require that there is adequate infrastructure to serve developments, including through the use of planning

obligations, working with infrastructure providers and stakeholders to identify requirements.”

- 3.2 The Council also has a ‘Planning Obligations’ Supplementary Planning Document (SPD) which was adopted in August 2010 which provides further guidance on this matter. This is accompanied by a Planning Obligations Calculator which is available on line via the Council’s website.
- 3.3 The Calculator and SPD define the types of financial contributions required for certain developments required in order to mitigate the impact of the development on local infrastructure and facilities. For example a proposal creating one net additional unit would typically be required to make contributions towards education, health facilities and community facilities. The extent of the contributions is defined by the calculator and will depend largely on the number of bedrooms and gross external area. By way of comparison, a major development may be required to make financial contributions towards education; health; library facilities; sports and leisure facilities; community facilities; open space; play space and public realm improvements. A fee is also secured for the monitoring of the section 106 agreement. As a result of these policies and supplementary guidance, the Council secure and hold money for to be spent various purposes to mitigate the impact of development.

- 3.4 Figure 3 contains the total amount of S106 contributions received by the Council and those in the pipeline per year. These figures exclude the affordable housing contributions referred to above. The table demonstrates a clear increase in the amount of contributions secured since the adoption of the Core Strategy and 'Planning Obligations' SPD in 2010.

Financial Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Amount received (£)	445,000	369,651	31,500	321,780	2,967,837	428,540	2,571,921
Amount secured (£)	1,771,500	159,000	230,000	169,000	5,788,250	4,392,022	1,175,303

Figure 3: Total amounts received and secured through planning obligations (excluding affordable housing contributions)

- 3.5 Figure 4 demonstrates the amounts received according to their required area of spend. The area of spend is defined by the wording of the individual section 106 agreements.

Area of spend	Amount received 2006 - 2013 (£)
Air Quality	13,469.20
Community Facilities	232,677.79
Economic Development	467,639.82
Education	3,964,060.10
Highways and Transport	1,296,126.98
Libraries	26,316.85
Open Spaces and Parks	105,990.07
Public Art	477,053.12
Health	62,710.36
Public Realm	448,302.46
Sports and Leisure Facilities	41,882.91
Total	7,136,229.66

Figure 4: Amounts received 2006-2013 according to area of spend.

- 3.6 To date these funds have been used for projects including construction training schemes and graduate programmes, play equipment improvements, the 'Hidden Homes' programme for social housing and various public art projects.

4.0 Conclusion

- 4.1 Figure 1 demonstrates that the delivery of affordable units has generally fallen below the Borough's target of 90 units per annum. Figures 3 and 4 demonstrate that the Council has successfully collected financial contributions which mitigate the impact of development on local infrastructure. These are currently pooled and allow the Council to make meaningful infrastructure contributions of varying scales across the Borough.

Appendix 3 –Infrastructure and the Funding Gap

1.0 Background

- 1.1 Regulation 14 of the CIL regulations requires that in setting rates a charging authority must strike an appropriate balance between:
- the desirability of funding from CIL (whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding, and;
 - the potential effects of the imposition of CIL on the economic viability of development across its area.
- 1.2 The CIL guidance 2014 advises that, in determining the size of its infrastructure funding gap, the charging authority should consider known and expected infrastructure costs and other possible sources of funding to meet those costs.

2.0 The Infrastructure Delivery Plan

- 2.1 The Borough's Infrastructure Delivery Plan (IDP) provides a useful indication of types of infrastructure required to support development within the Borough. The IDP formed part of the evidence base for the Core Strategy and was assessed as part of the examination for the Core Strategy which was found to be sound and adopted following examination in December 2010. This is a live document which is updated on a regular basis to reflect current needs. At this time, the Royal Borough intend to retain the IDP as the basis for demonstrating infrastructure needs.
- 2.2 The IDP contains varying degrees of detail about infrastructure needed and includes general types of infrastructure required as well as some specific and identified projects. As a result, several of the projects contained within the IDP contain uncertainty surrounding their costs. For example in some cases projects are yet to be costed or figures are provided as an indicative cost, and vary between a capital sum and an annual cost. Despite this, the IDP allows us to identify the total cost of all the costed infrastructure projects together and, using other Council reports including the Capital Programme, the extent of funding which has currently not been secured. An extract from the IDP infrastructure schedule and a list of the relevant services plans which identify their spending and infrastructure priorities are attached below as Figures 3 and 4.
- 2.3 Figure 1 below summarises the broad infrastructure needed to support growth in the Borough upto 2028, the estimated cost of delivering this infrastructure, funding already secured or anticipated and the remaining costs, to which CIL could contribute. These figures are taken from the IDP and only from those projects where an approximate cost has been identified. Should all the projects within the IDP have estimated costs then it would be likely that the remaining costs would be significantly higher.
- 2.4 It should be noted that the table below does not include the Thames Tunnel infrastructure project which will constitute approximately £4billion of private funding. It does not include indicative running costs and does include any affordable housing or other housing projects. It includes only those areas where CIL receipts could contribute.

Service requiring Infrastructure	Anticipated Cost of all Costed Projects	Funding Secured to Date (£m)	Funding Gap (£m)
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	(£m)		
Health and Social Care	9.098	2.299	6.99
Education and Learning	73.643	73.598	0.045
Leisure and Libraries	8.573	8.303	0.27
Sports and Leisure	34.746	31.106	3.64
Environment and Transport	81.005	0	81.005
Other- eg. National Grid.	157	127	30
Total:	364.07	242.31	121.76

Figure 1: Anticipated infrastructure costs, secured funds and funding gap, taken from projects noted in the IDP (March 2014)

- 2.5 Figure 1 demonstrates that there is current a funding gap of approximately £121m for infrastructure in the Borough. It should be noted however that further external funding may be secured from other sources in the future, and projects may be prioritised onto the Council's Capital Projects in the future and benefit from funding in this respect. The current 'gap' comprises projects which currently do not benefit from such funding. It is likely, for example, projects relating to transport improvements will continue to attract funding from, for example, Transport for London, which will further reduce the future funding gap. Such funding is likely to come forward as the priorities for these projects increase and it is not possible at this stage to identify the amounts that might be forthcoming.
- 2.6 CIL receipts are not expected to meet the full cost of providing this infrastructure nor provide mainstream funding. The above information has been formulated to demonstrate that a need for this additional funding continues to exist.
- 2.7 In order to demonstrate the importance of S106 and future CIL receipts to the funding gap within the Royal Borough, it is useful therefore to draw on the Council's Capital Programme. This refers to infrastructure projects which the Council seek to fund in the shorter term.

3.0 Capital Projects

- 3.1 The previous capital programme was £180 million, requiring £143 million of Council funding and the most recent programme entails £124 million of Council funding. The Capital Programme and associated Cabinet report are available on the [Council's website](#). Key infrastructure projects to be delivered in light of this spending programme, and as acknowledged within the Infrastructure Delivery Plan, include the following:
- The Kensington Academy and Kensington Leisure Centre (£57 million);
 - A rebuilt Marlborough Primary School and redevelopment of the Denyer Street Depot (£24million);
 - A rebuilt primary school at Warwick Road (£10 million);
 - Replacement plant and electrical equipment at the Central Library (£6 million), and;
 - Refurbishment of Grenfell Tower (£5 million)

- 3.2 Sources of funding acknowledged in the Council's Capital Programme 2013-2014 onwards and associated Cabinet Report of 6th March 2013 include:
- The Council's reserves and revenue contributions (£63 million);
 - Capital Receipts (£61 million), and;
 - External funding (£46 million).
- 3.3 The Cabinet report acknowledges that external funding sources include grants received from the Government and contributions from third parties, including Section 106 funds. It is therefore within the area of external funding where future restrictions on S106 pooling will be evident.
- 3.4 The report acknowledges the amounts required from conditional external funding in order to fund the above projects, as demonstrated within Figure 2. The anticipated contribution of S106 and other sources of external funding are as follows upto 2016:

Source of external funding	2013 -14 (£'000)	2014- 15 (£'000)	2015-16 (£'000)	Total
Section 106 developer contributions	6,290	8,620	7,300	23,503
Transport for London	1,163	370	200	1,733
Other Authorities	30	0	0	30
Other contributions	100	200	100	400
Grant contributions	21,071	895	895	22,861

Figure 2: Sources of external funding for Capital Projects

- 3.5 The S106 contributions listed result from a number of 'pooled' contributions from a variety of developments, including, for example, conversions and minor developments. Many of these developments will not be CIL liable and it is likely that contributions will no longer be sought on these types of development. Following the adoption of this Borough's CIL this will no longer be possible to pool contributions from 5 or more planning obligations. As such, the extent of the contributions on which the Capital Projects depend will not be possible following the adoption of CIL. In the instances of the projects forming the current Capital Programme, this would represent a funding gap of upto £1,592,000 between 2014 and 2016.

4.0 Projections for CIL

- 4.1 The Council can use the CIL collections for the Major of London to assess the expected CIL collections in this Borough per annum. Despite projected floorspace figures, Mayoral CIL collections give an accurate indication of the extent of CIL liable development in the Borough and their chargeable area. In January 2013, as part of the consultation on the preliminary draft charging schedule, it was anticipated that CIL receipts could collect upto £8m per annum. Ongoing collection of Mayoral CIL has allowed monitoring of the extents and types of schemes that generate a CIL payment and can allow a calculation of how much RBKC CIL would be collected on these schemes. Assuming an exemption for residential extensions, as permitted by the 2014 regulations, CIL collections are anticipated to be upto £3m on average per annum.

- 4.2 It is anticipated that there will be fluctuations in CIL receipts, as mirrored by Mayoral CIL receipts, for example when larger development schemes are implemented. However, given the absence of CIL collections from any strategic sites within the life of this charging schedule, the Council's projections remain modest.

5.0 Conclusion

- 5.1 This documentation is prepared in light of ever increasing constraints on public finance and an steady need for infrastructure investment to support future development. Accordingly, the Council will continue to secure funding from external sources, including for example, government agencies and the private sector, and CIL is not intended to replace any mainstream funding. However, it is evident that CIL will be required as a fundament component to help bridge the funding gap for infrastructure in the Borough.

Figure 3: Background Documents Informing Council Services Priorities

Department	Division / Service	Background Documents i.e. business/service plans/strategies
Health and Social Care	Adult Social Care	<ul style="list-style-type: none"> • Tri-borough Better Care Fund (Draft) February 2014 • A Bright Future For Us All-An Older People’s Strategy for Kensington and Chelsea 2007 – 2017 • The Future of Our Community- The Royal Borough of Kensington and Chelsea Community Strategy 2008 – 2018 • The Royal Borough of Kensington & Chelsea Capital Programme 2013-14 to 2015-16 • Joint Dementia Strategy 2010- 2015 (RBKC & NHS) • A strategy for the Royal Borough of Kensington and Chelsea Supporting People Partnership 2007 to 2012 • Royal Borough of Kensington and Chelsea Public Health and Well-Being Strategy 2007 - 2012
Education and Learning	Early Years	<ul style="list-style-type: none"> • Strong Families at the Heart of Strong Communities- The First Kensington and Chelsea Children and Young People’s Plan 2006 • Tri-borough Children’s Services-An Overview Guide May 2013 • Childcare Sufficiency Assessment-July 2011 • The Royal Borough of Kensington & Chelsea Capital Programme 2013-14 to 2015-16

Department	Division / Service	Background Documents i.e. business/service plans/strategies
	Schools	<ul style="list-style-type: none"> • Royal Borough of Kensington and Chelsea Adult and family Learning service Subcontracting Policy 2013 – 14 • The Royal Borough of Kensington & Chelsea Capital Programme 2013-14 to 2015-16
	Youth	<ul style="list-style-type: none"> • The Royal Borough of Kensington & Chelsea Capital Programme 2013-14 to 2015-16
Environment and Transport	Community Safety	<ul style="list-style-type: none"> • The Future of Our Community- The Royal Borough of Kensington and Chelsea Community Strategy 2008 – 2018 • The Royal Borough of Kensington & Chelsea Capital Programme 2013-14 to 2015-16

Department	Division / Service	Background Documents i.e. business/service plans/strategies
	Environmental Health	<ul style="list-style-type: none"> • Dec 2010 Mayor's Air Quality Strategy • 2001 Contaminated Land Strategy <p>Energy</p> <ul style="list-style-type: none"> • Jan 2011 Sustainable Energy Study • Feb 2013 District Heating Manual for London <p>Transport</p> <ul style="list-style-type: none"> • March 2013 Mayor's Vision for Cycling in London • Jun 2002 Thames Strategy Kew to Chelsea
	Waste & Street Enforcement	<ul style="list-style-type: none"> • Jun 2006 WRWA Joint Municipal Waste Management Strategy and Action Plan 2006-2011 . • Nov 2011 Mayor's Municipal Waste Management Strategy • The Royal Borough of Kensington & Chelsea Capital Programme 2013-14 to 2015-16
Leisure & Libraries	Leisure	<ul style="list-style-type: none"> • The Royal Borough of Kensington & Chelsea Capital Programme 2013-14 to 2015-16
	Libraries	<ul style="list-style-type: none"> • May 2013 Tri-Borough Libraries Mandate 2013-14 • 2013 Tri-Borough Library Service Plan 2013-14

Department	Division / Service	Background Documents i.e. business/service plans/strategies
	Parks	<ul style="list-style-type: none"> • Ten-year Parks Strategy 2006/2015
Finance & Corporate Governance	Communications & Policy	<ul style="list-style-type: none"> • The Royal Borough of Kensington & Chelsea Capital Programme 2013-14 to 2015-16
	Community Investment	<ul style="list-style-type: none"> • Budget Proposals 2014-2015
	Finance	
Housing & Regeneration	Housing & Regeneration	<ul style="list-style-type: none"> • The Future of Our Community- The Royal Borough of Kensington and Chelsea Community Strategy 2008 – 2018 • Housing Strategy 2013-2017

Figure 4: Extract from the Infrastructure Delivery Plan 2014

Schedule of provider requirements

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
45	NHS Kensington & Chelsea	Borough wide. Infrastructure requirements will be identified and incorporated within Estate Strategy for provision of GP premises, practice-based commissioning, acute and non-acute healthcare, mental health care, dental and other primary care services.	<p>Requirements are population and health needs based. Needs are demonstrated to government and funding is agreed.</p> <p>Broad requirements from borough housing target excluding the Earl's Court Opportunity Area:</p> <p>Housing Target 2011-2021 = 5,850 additional homes.</p> <p>Additional population = 8,400.</p> <p>Primary Care requirement = 4.7 WTE GPs</p> <p>Primary Care Space requirement = 770 m2.</p> <p>NHS K&C have standards of population and distance to GP or health premises to be included within Estate Strategy. Where feasible, the opportunity for co-location of healthcare facilities with other social and community uses is preferred.</p> <p>Out of Hospitals Services Strategy: NHS North West London is currently developing a significant service strategy (as part of a North West London initiative) which is likely to have implications on</p>	Social	2012 onwards	<p>Primary Care capital cost requirement = £2.4m,</p> <p>Secondary Care cost requirement = £4.4m,</p> <p>Total capital requirement = £6.8m (£680,000 per annum), dependent on NWL Estate Strategy and level of provision.</p>	<p>Government grant funding mainly, plus some revenue funding from any lease or commercial lease. S106 Funding.</p>

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
			out -of- hospital services. This will be completed later in year 2012 and the PCT will be reviewing its estates strategy as part of this process. It is the intention of the PCT to have an early view on estates capacity requirements in April 2012. The outcome of this initiative and preliminary report is likely to impact the Estates Strategy for NHS K&C and North West London in general.				
		Refurbishment of Piper House to provide supported living and registered care accommodation	Refurbishment and remodelling of existing building for Adult Social Care	Social	2012 onwards	1.653m	RBKC Capital Funding
		Borough wide premises improvements to social services- Adult services premises- to increase capacity and improve service	Renewal of existing premises to support increased population	Social	2010 onwards	0.464m	RBKC Capital Funding
46	Police: Metropolitan Police Service (MPS)	Kensal: Neighbourhood Policing Facilities. Currently 4 SN Teams based at Lancaster Grove. With Kensal development could spread these and additional capacity required.	Additional SNT premises.	Social.	To enable development to be effectively policed. Within	Standard costings based on numbers within team. Minimum team size is 6, in RBKC SNTs are often 12 members.	MPS. Developer contribution.

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
		Wornington Green or Latimer Area: Possible doubling of population would require additional capacity. Current provision is leasehold and could be secured through additional premises. Note: either here or Latimer, not both.	Additional or combining SNT premises.		2009.	As above, costing is dependent on size.	
		Latimer: see above, Wornington Green requirements. Unlikely to require both.					
		Borough-wide: Possible introduction of custody suites for dedicated custody resource within borough.					
		North of Borough: known improvements to communications required. Certain non-coverage of radio.	Additional cells to allow radio coverage.			Funded within MPS budget. Sites required.	
47	RBKC Adult and Community Learning	Adult and community learning borough wide, from a range of premises and locations.	Future requirements are based on targets at delivering training to adults within the community. It is expected to be possible to meet these requirements from existing locations, but explore possibility of collocation. The need to refurbish run down premise.	Social and Physical	Ongoing.	Currently the service is running on £800K per year however more funding would allow increases in the facilities and additional locations.	The Skills Funding Agency deliver funds which is overseen by the Department of Business Innovation and Skills.

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
48	RBKC – Education Provision	Borough wide coverage of schools (primary, secondary and nursery, plus specialist schools and 16-19 provision).	Redevelopment of Primary School at Middle Row with enhanced special educational needs provision.	Social.	By 2016	£12.695m (Primary school)	RBKC Capital Programme. RBKC funds. Child Yield Review. Corporate Capital Funding. Land transactions. S106 contributions.
New Academy in the North of the Borough (KALC).			£27.63m (Secondary).				
The need for Special Educational Needs (SEN) requirements in existing and all new school developments, eg Barlby School, Consider provisions of Parkwood Hall School.			2012/2014		£0.283m for Barlby School		
The need to increase capacity for existing popular schools in the borough and meet future demands.			ongoing				
To improve outdoor spaces such as playgrounds for all levels.			ongoing				
			Refurbishments to all school kitchens (rolling programme) to increase capacity for staff and pupils- various locations.		Ongoing	£0.16m	RBKC Capital Funding

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
		St Quintin Family Centre	Redevelop St Quintin Family Centre to increase capacity and open a Centre for Children with Disabilities	Social		£3.57m	RBKC Capital Funding
		Colville Primary School	Improvements, including new Reception classrooms.	Social		£0.485m	RBKC Capital Funding (internal and corporate)
		Marlborough Primary School	Redevelop school to accommodate additional pupils (multi phase project)	Social	2012-2016	£25.816m	Corporate Funding, Internal Funding and External Funding including existing S106 contributions
49	RBKC – Community Learning and Play Service (5-13 and extended school use)	Borough wide requirements for access to play, child care and extended use of schools.	Additional facilities are itemised as borough wide. For example improved or extended access to existing provision at Flashpoint Venture Centre, and out-of borough Little Wormwood Scrubs. These requirements are based largely on analysis of population requirements and need. Therefore, where new population arises, new facilities or extended facilities are required.	Social.			Some s106 contributions. Play Pathfinder status. Extended schools capital.
		Whistler Walk Children’s Home	Replace existing children’s home	Social	2012-2016	£3.0m	Corporate Funding only.

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
50	RBKC – Early Years (0-4)	Children Centres are based across the borough sometimes within schools. Future infrastructure requirements are based on need, and arising or changing population.	Continued provision of Children’s Centres, and expansion where required due to population.	Health and well-being, Social and Parenting support	2010 onwards.	Dependent on numbers.	DfE. Children’s Centres monies . Some private and/or voluntary monies.
51	RBKC – Parks	Borough wide. Parks Strategy includes information on enhancements on a rolling programme.	Requirement for open space, or enhancements to existing open space to adhere to various standards: Park Standards within Park Strategy and the ParkScape requirements.	Green.	Parkscape requirements.		Annual updates of 3 year programme from capital. Some S106 monies. Some play Pathfinder monies.
		Avondale Park	Avondale Park- new single storey building to provide toilets and changing facilities.	Green/ Social	2012-2015	£0.84	RBKC Capital Funding (internal funding only)
		Various locations	Improve accessibility to parks and cemeteries for people with disabilities	Social	2012 onwards	£0.266m	RBKC Capital Projects- Corporate Funding
		Holland Park	New ecology centre	Social	2012-2014	£0.59m	RBKC Capital Project (External, Internal and Corporate Funding inc. funding from KCEL)

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
		Emslie Horniman's Pleasance	New Children's Playground, toilets, catering kiosk and landscaping	Social/ Green	2012/ 2013	£0.565	Capital Projects Fund
52	RBKC - Culture	Borough wide provision: arts, libraries, museums	Stem from Cultural Strategy.	Social.	Ongoing.	According to need and provision.	Various: Heritage Lottery Fund, LDA, GLA, Arts Council, NHHG.
		<u>Borough wide provision of libraries:</u>	Planned capital refurbishment programme for all libraries, commencing with refurbishment and spatial layout and to ensure library buildings are fit for purpose.	Social and Physical			Some Capital Projects Funding from Corporate Funding. Corporate funding currently accounts for £5.8m for central library and £767,000 for library condition projects.
		Central Library	1. Update the existing building systems to ensure that it is fit for purpose, whilst preserving its historic features- works to roof, heating, accesses and toilets. 2. Ensure that it continues to have the capacity to support local and tri-borough library services, then consider the opportunity to utilise any spare space.			£5.8m for central library	
		Notting Hill Lib	1, The library requires relocation to a more visible spot with good footfall on Notting Hill Gate to improve take up. If such a move were not possible then an access solution for disabled people and for pushchairs should be pursued.			£16,410 needed for the improvement of the building (minimum).	

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
			2. If the basement space currently occupied by FCS staff were to be vacated, then the potential for re-locating other council staff or for letting the space should be considered.				
		Kensal Lib	Requires more space on ideally ground floor level - expansion into an adjacent shop unit would be ideal but is unrealistic. The option of opening up under-utilised space on the lower ground floor should be explored so that facilities for which there is a demand such as improved IT, children's story and activity space and soft seating to encourage reading can be added.			£10,000 for the improvement of the building	
		North Kensington Lib	A number of co-location opportunities have been examined in the last few years. If the Council goes ahead with redevelopment of the Isaac Newton Centre and surrounding site on Lancaster Road, this represents the most useful opportunity, as it would be a visible site, would reduce running costs and improve footfall both for the library and for council and other services which would be located there. If location is achieved it should be to a site which provides public areas of the library on one floor, as this will substantially reduce revenue costs.			£31,400 cost of physical improvements	

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
		Chelsea Lib	It would be desirable to re-locate to an accessible building which is bright, attractive, flexible and clearly identifiable as a library. This would front directly on to King's Road, not too far from the existing library. However, any plan which goes ahead to re-provide the interior of the Old Town Hall could provide a more useable and attractive space, so that remaining on the site would become beneficial.			£129,240 cost of physical improvements needed	
		Brompton Lib	Opportunities have been sought to relocate to Earl's Court Road, but have not proved fruitful. The likely major Earls Court redevelopment will bring significant additional residential and working population to the area, so the case for a move to the west of the current library would be even more compelling and should be pursued.			£55,000 needed for the physical improvements needed to the building	
		Borough wide provision: Museums	Phase 3 of refurbishment of Leighton House: including the redevelopment of Perrin Wing at the east end of the house.	Social	We will be making the case to Councillors to get their backing for the scheme in about March 2012.	A feasibility study has been completed as has a report around income generation.	Capital Programme. But not the status of a live or agreed project.

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
		Various locations	Public art installations to enhance public realm	Physical	Ongoing	£0.4m	\$106 developer contributions only
53	RBKC – Leisure/ Sports	Borough wide provision: sports centres, and adult sport development.	To adhere to Sport England requirements and to provide balanced services and activities.	Social/ Green.	Ongoing.	£3.6m costs for planned maintenance of sports centres for 2007 onwards.	Capital programme. Some \$106 funding.
		Chelsea Gym	Extension to Chelsea Gym- increase floor area and create larger station gym to increase capacity.	Social	2012-2014	1.356m	RBKC Capital Funding (Corporate Funding)
		North Kensington	New Leisure Centre at North Kensington	Social	2012-2016 (underway)	29.75m	RBKC Capital Funding (internal and corporate funding)
54	RBKC – Environmental Health (Air Quality/ Contaminated Land)	Borough wide: The whole borough is an Air Quality Management Area on the basis that Government health based objectives for certain pollutants are exceeded.	Funding to support the borough's air quality monitoring stations at North Kensington, Cromwell Road, Earls Court Road, Kings Road and Knightsbridge.	Green.	On-going	£60,000 annually	RBKC. LIP (TfL), Developer Contributions
			New equipment to measure levels of PM _{2.5}		2013/14	£30,000	
			Replacement of old gas analysers		2013/14	£10,000	
			New continuous traffic monitoring site.		2012/13	£20,000 set up cost, £3,000 annual maintenance.	LIP,

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
			Implementation of measures contained within the Council's Air Quality Action Plan.		Ongoing	£30-40,000 annually	LIP, RBKC
55	RBKC - National Grid	Replacement of gas holders with alternative pressure regulator at Kensal Site.	To enable development to proceed on the gas holder site, <i>and to release more development land on adjacent site.</i>	Physical.	Once the level of work and design has been established.	The cost of removing the gas holders can vary widely depending on the extent of the works required, which has not yet been established. Equally there is no design for any pressure reduction equipment, so this cannot be costed.	National Grid capital plan
		Kensal Green Substation:	1. To enhance electricity supply to the capital and traction supply to Crossrail.		2013 onwards.	The cost of the substation will come to £30m, this figure is subject to change, depending on the design. The Crossrail transformers are also still in the design process but could cost £2m.	
			2. Supply electrical needs to operate Crossrail.				
56	RBKC – TELS Climate Change Strategy	Borough wide: Infrastructure may be required to assist in meeting government climate change targets.	Set down in national indicators and legislation for targets on emissions and carbon reduction. Implementing the boroughs Climate Change Strategy: 2008- 2015 structured in 3 levels. 1. Putting buildings and land holdings in order. 2. Providing services directly and through partnerships. 3. The council demonstrating leadership.	Green.	2008 to 2015	Annual budget of £50000 for Climate Change Initiatives	Capital Strategy Programme. Other ad hoc bids. Funding from the Carbon Trust through Salix Finance

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
57	Thames Water	Counters Creek: sewer upgrading to relieve existing capacity constraints and overcome localised surface flooding impacts.	Upgrading of the Counters Creek catchment which provides surface and waste water drainage from North London through RBKC	Physical.	2010 to 2020	£25m for flood alleviation works using mini package pumping stations (FLIPS) and Counters Creek Study. Cost of Counters Creek scheme to be confirmed following submission to Ofwat.	TWU (Regulated by Ofwat)
58	Thames Water	Thames Tunnel: The Thames Tunnel will capture the flows of storm sewage from 34 combined sewer overflow points that currently discharge into the River Thames.	The tunnel will run approximately 32 kilometres (20 miles) through the heart of London, at a depth ranging from approximately 30 metres at its western end (Acton Storm Tanks) to 67 metres at the eastern end (Abbey Mills Pumping Station), broadly following the path of the river. The tunnel would run through the Royal Borough with proposed connections provided to the existing sewer network at Cremorne Wharf Depot and Chelsea Embankment (near the Royal Hospital Chelsea).	Physical.	Application for Development Consent Order anticipated late 2012. Construction anticipated to begin 2016	£4.1Bn	Privately funded (Regulated by Ofwat)
59	RBKC - Housing	Borough wide mainly within RBKC estate: infrastructure to	Aligned to Housing Strategy and draft Regeneration and Renewal Strategy.	Social and Physical	2012 - 2020	Costs will be calculated on a project by project basis,	Housing Revenue Account. Homes &

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
		support Housing Regeneration and new housing development.	Renewal and improvement of community facilities on social housing estates, provision of new estate roads, public highways through estates, improved transport facilities such as car and bicycle parking, improved waste management facilities such as recycling centres, opportunities for investment in Combined Heat and Power systems in neighbourhoods where social housing systems require replacement, improved amenity spaces on social housing estates. Examples of housing land where changes are being initiated or planned now being Silchester Garages site, and Edenham Way former Old People's Home site.			but could be estimated at £1- 2m per year.	Community Agency grant funding. Cross-subsidy from sales and capital receipts.
60	EDF/ National Grid	Electricity Tunnel	The work is vital to meet increasing demand in the capital. Additional cables can be installed in the tunnels if required in the future	Physical.	2010-2016.	£127M (total project value = £600M).	Private.
		One of four National Grid deep tunnels. The work is vital to meet increasing demand in the capital. Additional cables can be installed in the tunnels if required in the future.	Planned for construction between 2009 and 2016 and these will house 400kv cables to secure electricity supplies to London.				

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
		A four-metre diameter tunnel, 12.4km in length, will be bored at a depth ranging from 20 to 60m below ground through the borough from Kensal.	One of the four planned tunnels will be built between Wimbledon and Kensal Green.				
61	Westway Community Transport	Minibus and car scheme for community groups and individuals with mobility difficulties (S).	Need to replacement specialist vehicles possibly 1 or more vehicles annually each costing approximately £40k	Social.	In accordance with need - annually.	£40,000 to £80,000 per year.	RBKC
62	RBKC - Ecology Service	Borough wide. Local and regional Biodiversity Action Plans. Plans includes information on enhancements and habitat enhancement targets	Requirement for habitat creation, enhancement and management in accordance with local and regional biodiversity action plans	Green.	Biodiversity Action Plan requirements		RBKC, other ad hoc grant applications
63	RBKC - Environmental Health - Noise	Borough wide The Council is required to produce noise action plans and monitor/model mitigation measures.	Noise modelling for road/rail noise and point sources to inform noise action plans. Remote noise monitoring	Green.	DEFRA Noise Action Plan requirements - 2013	£25,000	RBKC. Unknown
			The noise action plans identify the locations of 23 Important Areas in RBKC classed as requiring action. This could include acoustic barriers, quiet road surfaces and speed reduction measures.		2013-15	To be defined.	Unknown

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
64	RBKC- Transport	Kensal/ North of the Borough to support and facilitate development of the strategic site.	Crossrail Station (dependant on future negotiations)	Physical	2020 onwards	£20m	
			Pedestrian links and vehicular bridges across the Canal and railway line	Physical	2020 onwards	£11m for double span bridge £2.4m for pedestrian bridge £16.4m for land works to facilitate the above.	To be determined. S106 contributions/ RBKC and private funding.
			Transport improvements, eg. Bus links in and around the Kenal site.	Physical	2020 onwards		
		Wornington Green and surrounding area	Physical	ongoing	To be costed	Unknown at this time	
		Latimer Area	Physical		£6m	Private (TFL) and S106 contributions.	

	Delivery Organisation	Where/ Why	Requirements	Type of Infrastructure:	When	Cost	Sources of Funding
			Pedestrian link tunnel between RBKC and White City (LBHF) to improve pedestrian linkages across the dual-carriageway and facilitate development in Latimer Area.	Physical	unknown	To be costed	Developer contributions (Bi-Borough project)
		Earl's Court	Improvements to public transport interchange at Earl's Court and West Brompton Stations.	Physical	2015	To be costed	S106 and private funding, eg TfL.
		Westbourne Park Station and Ladbroke Grove Station	Accessibility improvements- disabled access and entrances	Physical	tbc	£200,000 for Westbourne Park Station only.	TfL and developer contributions
		Lots Road and Worlds End estate	Chelsea- Hackney line improvements and district line improvements to ease congestion and improve accessibility	Physical	2027	To be costed	TfL and developer contributions.

Appendix 4- Draft Regulation 123 List



Royal Borough of Kensington and Chelsea CIL Draft Regulation 123 List

In accordance with Regulation 123 of the CIL Regulations 2010, as amended, the following table contains a list of the types of infrastructure that the Council intends, will be, or maybe, wholly or partially funded by CIL.

Types of Infrastructure
Schools and Education Facilities
Medical Facilities
Sports and Recreational Facilities
Open Space
Flood Defences

In accordance with Regulation 73 of the CIL Regulation 2010, as amended 2014, the Council may accept the following infrastructure projects as the provision of infrastructure payments.

Infrastructure Projects
None identified at this time