

10<sup>th</sup> April 2024  
Ealing CIL Representation – Imperial College



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Dear Sir/ Madam

**London Borough of Ealing Draft Charging Schedule Consultation Representation submitted on behalf of Imperial College London**

This representation is submitted by Savills (UK) Limited (hereafter known as “Savills”) in respect of the London Borough of Ealing’s (“LBE”) consultation on their Community Infrastructure Levy (“CIL”) Draft Charging Schedule (“DCS”), on behalf of Imperial College London (“Imperial”).

**Purpose**

- 1.1 Imperial is regularly ranked amongst the top ten best universities in the world and is the only university in the UK to focus exclusively on science, engineering, medicine and business. The College academic mission is to achieve enduring excellence in research and education in science engineering, medicine, and business for the benefit of society. The College offers world leading STEM education to over 23,000 students, has the greatest concentration of high impact research of any major UK university, and was recently ranked 3<sup>rd</sup> in the UK and 8<sup>th</sup> in the World by the Times Higher Education World University Rankings for 2024.
- 1.2 Imperial have significant land ownership in the adjoining area of Old Oak and Park Royal Development Corporation (“OPDC”) and given the proximity, may seek to acquire opportunities within LBE.
- 1.3 Imperial are therefore keen to see that reasonable rates of CIL are adopted for various types of development. The purpose of this representation is therefore to set out our response on behalf of Imperial to the DCS and supporting documents, which have been published for consultation from the 28<sup>th</sup> February 2024 to 10<sup>th</sup> April 2024.
- 1.4 Imperial view the LBE as a key partner and highlight their existing interests in OPDC include operational student accommodation, residential accommodation including key worker housing and private rental and existing office space. They are committed to the delivery of housing and employment within OPDC and would like to highlight the potential to deliver the same across LBE. There are a number of pipeline

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

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schemes within OPDC including a major mixed use development at One Portal Way comprising residential (Build-to-Rent, For Sale, Affordable and Co-Living), Office, Hotel and town centre uses.

- 1.5 Imperial has the potential to bring forward other development schemes in LBE during the plan period. Whilst it is recognised that CIL helps to deliver infrastructure, it is important that the CIL rates do not risk the delivery of development as a result of viability implications.
- 1.6 Imperial therefore have fundamental concerns that a number of the proposed CIL rates are significantly higher than those which are being implemented within OPDC and other neighbouring Charging Authorities.
- 1.7 In addition, Imperial have concerns in respect of the timing for the CIL rates to be consulted upon and implemented. LBE is currently consulting on a Regulation 19 version of their emerging Local Plan. There is therefore no guarantee of the schemes that will be delivered over the plan period. It can therefore be viewed that the consultation on the proposed CIL DSC is premature.
- 1.8 Imperial would like to highlight that they are supportive of the principle that development helps to deliver needed infrastructure. The objective of this representation is therefore not to oppose CIL; it merely seeks to ensure a reasonable rate is proposed, which will enable the planned development in the area to come forward.

## Legislation

- 1.9 It should be noted that this representation is made in the context of The Community Infrastructure Levy Regulations 2010 (as amended) (“the Regulations”) and relevant statutory guidance<sup>1</sup>. The most recent amendments to the Regulations and associated guidance came into force on 1<sup>st</sup> September 2019. The CIL consultation will therefore be subject to the requirements of these latest set of Regulations and Guidance.

## Evidence Base and Interpretation of Results

- 1.10 The Council has informed their proposed CIL DCS by viability evidence which comprises the Viability Assessment<sup>2</sup> undertaken by BNP Paribas Real Estate ‘BNP’ in December 2023. On behalf of Imperial, Savills write to scrutinise the available evidence base, interpretation of the viability tests and thereby the proposed CIL rates.
- 1.11 The objective remains to ensure that a reasonable rate of CIL, which allows for the viable delivery of policy requirements for a range of housing tenure and types which meet sustainability requirements, deliver affordable housing, anticipated residual Section 106/ 278 and other site specific infrastructure.
- 1.12 In submitting this representation, we are only commenting on particular key areas of the evidence base. The lack of reference to other parts of the evidence base cannot be taken as agreement with them and we reserve the right to make further comments upon the evidence base at the Examination stage.

<sup>1</sup> September 2019

<sup>2</sup> London Borough of Ealing: Local Plan Viability Assessment, prepared for London Borough of Ealing by BNP Paribas Real Estate, December 2023

- 1.13 We would like to highlight our concerns and seek clarification in regards to the evidence base and thereby interpretation of viability results for proposing CIL rates for Purpose Built Student Accommodation (“PBSA”), Co-Living and Built to Rent (“BTR”) tenure housing.
- 1.14 We are unclear as to whether typologies including PBSA, Co-Living and BTR tenure have been tested within the Viability Assessment undertaken by BNP and the Council. We note there is no reference to these typologies, associated assumptions or testing results within the Viability Assessment.
- 1.15 Imperial are therefore concerned that there has not been adequate explanation provided by LBE in regards to the evidence base or methodology for using the results from the viability testing to calculate the proposed CIL rates across these various uses.
- 1.16 Imperial also question whether consideration of neighbouring Charging Authorities’ rates have been made. The proposed rates across PBSA, Co-Living and BTR are significantly higher than the equivalent rates implemented in adjacent Charging Authorities. For example, PBSA and Co-Living are proposed at £350 per sq m in LBE, this is over double the implemented rates across OPDC for these respective uses at £170 and £135 per sq m.
- 1.17 Imperial are supportive of promoting and delivering mixed-use schemes which will deliver much needed housing and employment to the area. In light of their Charitable status, they are obligated under Section 119 of the Charities Act 2011, to ensure that the best value reasonably obtainable to the Charity is achieved. Should the rates of CIL not be set at appropriate levels, Imperial’s aspirations to consider opportunities across LBE for their pipeline schemes may need to be amended to deliver the most viable uses.
- 1.18 In light of our above observations, we would request that LBE reconsiders their approach to ensure that the additional financial burden that a CIL rate will contribute, does not prevent schemes being delivered within the plan period and across LBE.

## **Strategic Sites**

- 1.19 Imperial note that it is usual practice that a CIL Charging Schedule outlines different policies for strategic sites including rates, instalments policies and/or removing strategic sites from the CIL Charging Schedule altogether. We have not yet seen LBE’s proposed instalments policy, therefore we recommend this is carefully considered to ensure it supports the delivery of large scale, mixed use developments. To note, ‘Neighbouring Boroughs’ of LBE, such as London Borough of Hammersmith & Fulham and London Borough of Brent have adopted alternative, more market facing instalment policies.
- 1.20 It is worth highlighting that strategic sites in their nature are often large and complex schemes delivered over long periods of time. They usually require significant on-site and off-site infrastructure in order to unlock the scheme and meet local planning policy, such as landscaping, transport, education and social infrastructure. This infrastructure is typically captured via the Section 106 agreement as a bespoke approach to ensure site specific considerations are taken into account and support the viability of a scheme.
- 1.21 It is accepted that CIL may be used will deliver wider infrastructure proposals across LBE, however, we strongly recommend that consideration is made for adopting site specific charging rates or nil rates across pipeline strategic sites to ensure these schemes can be delivered. We highlight that LBE should

have complete certainty that there is no risk that strategic sites will be faced with a double charge of CIL and Section 106 liabilities at any stage to ensure the schemes can be delivered.

### Charitable Relief

- 1.22 It is not clear whether LBE intend to implement Charitable Relief in respect of CIL liabilities. Imperial strongly supports that LBE recognise that as a Charging Authority, they have the discretion to allow Mandatory and/or Discretionary Charitable Relief to be claimed. However, it is not clear if this is LBE's intention.
- 1.23 Imperial has charitable status, being an exempt charity pursuant to the Exempt Charities Order 1962 and the Third Schedule to the Charities Act 2011. Imperial's overarching aim, as a charitable body, for their development proposals is to deliver regeneration schemes for public benefit. It is therefore their desire to have the option of benefitting from Mandatory and/ or Discretionary Charitable Relief on their schemes coming forward, should this be applicable.
- 1.24 Therefore, we recommend that LBE confirms whether Mandatory and/or Discretionary Relief will be made available as soon as possible, with consideration to Imperial's future potential to contribute to the success of LBE.

### Application of Buffer

- 1.25 The CIL Guidance which highlights the importance of a Charging Authority recognising an appropriate balance when determining CIL rates to ensure the delivery of housing, especially affordable housing, is not compromised. The PPG requires that CIL is not set at the margins of viability and an appropriate 'buffer' is included to ensure the levy rate remains able to support development when economic circumstances adjust<sup>3</sup>.
- 1.26 BNP have acknowledged the guidance in respect of applying a buffer however it isn't clear how a buffer has been applied. A number of BNP's viability testing results highlight no or limited viability, therefore a buffer cannot be applied.
- 1.27 It should also be highlighted that Imperial's approach to delivering their schemes is to ensure that much needed services, revitalisation and placemaking come forward within the area. Based on Imperial's experience delivering schemes across OPDC, they highlight that LBE is an area with increasing construction costs with potential for significant abnormal costs given the historic, industrial use. It is Imperial's view that a sufficient buffer is allowed for within the interpretation of the results to ensure Imperial has the potential to deliver schemes for the benefit of the wider area and community.
- 1.28 In light of a number of current uncertainties, we would highly recommend that a viability cushion of at least **40%** should be adopted across all proposed rates.

### Conclusion

The assessment of planned development and its viability is an inherent test of the CIL Examination, making the following points significant:

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<sup>3</sup> <sup>3</sup> Ibid. Paragraph 020, Reference ID 25-020-20190901, Planning Practice Guidance (1<sup>st</sup> September 2019)

- **Planning Uncertainty** – It should be highlighted that given the uncertainty of the national planning system and continuation of CIL, we strongly advise that the LBE reassess whether it is an appropriate time to consider adopting a CIL Charging Schedule;
- **Emerging Local Development Plan** – LBE is currently consulting on a Regulation 19 version of their emerging Local Plan. There is therefore no guarantee of the schemes that will be delivered over the plan period. It can therefore be viewed that the consultation on the proposed CIL DSC is premature;
- **Application of Charitable Relief** – In light of Imperial's status as an exempt charity, we strongly recommend that LBE considers adopting Charitable Relief under the CIL Guidance to allow flexibility for Imperial to deliver their pipeline schemes;
- **Lack of Evidence Base** – It remains unclear how BNP has formulated their proposed CIL rates from the viability evidence and testing. There does not appear to be any typologies tested which reflect PBSA, Co-Living or BTR schemes and therefore the proposed rates for these uses are viewed as unjustified. It is also unclear whether the neighbouring Charging Authorities such as OPDC's CIL rates have been taken into consideration as LBE's proposed rates are significantly higher. We view this may deter schemes coming forwards across LBE due to viability concerns.

We therefore strongly advise that additional consideration is made in respect of LBE's proposed Charging Schedule, including undertaking additional viability testing to address the points raised above.

We would like to reiterate that Imperial and their consultants are not wishing to oppose the implementation of a CIL within the area but ensure a reasonable rate is adopted. Moving forward, Imperial and their consultants are open to a meeting with LBE and its advisors to discuss the approach taken and to discuss common ground.

Yours faithfully

**For and on behalf of Savills (UK) Ltd**

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