

Community Infrastructure Levy (CIL) Frequently Asked Questions

What is the Community Infrastructure Levy (CIL)?

The Community Infrastructure Levy is a new planning charge introduced by the Government through the Planning Act 2008 to provide a fair and transparent means for ensuring that development contributes to the cost of the infrastructure, such as schools and roads. The levy applies to most new buildings and charges are based on the size and type of new floorspace and its location.

What is infrastructure?

Infrastructure which can be funded by the levy includes schools, transport, flood defences, hospitals, community facilities and other health and social care facilities. This definition allows the levy to be used to fund a very broad range of facilities such as play areas, parks and cultural and sports facilities and gives communities flexibility to choose what infrastructure they need.

The Levy can be spent on 'the provision, improvement, replacement, operation or maintenance of infrastructure'.

How does a charging authority set a rate for their levy?

Charging authorities must produce a document called a Charging Schedule which sets out the rate for their levy.

The levy is intended to encourage development by creating a balance between collecting revenue to fund infrastructure and ensuring that the rates are not so high that they put development at serious risk. The Council draws on the infrastructure planning that underpins the development strategy for the area to help identify the total infrastructure funding gap.

Charging rates set should be supported by evidence such as the economic viability of new development needs. One standard rate can be set or, if justified, specific rates for different areas and types of development can be established. The ability to set differential rates gives charging authorities more flexibility to deal with the varying circumstances.

Consultation with the local community must be undertaken on the draft schedule and the proposed levy rates. A public examination by an independent person is then required before the charging authority can formally approve it.

What is the relationship between CIL and planning obligations such as Section 106?

Planning obligations (funding agreements between the local planning authority and the developer) will continue to play an important role in helping to make individual developments acceptable.

CIL is intended to provide infrastructure to support the development of an area rather than to make individual planning applications acceptable in planning terms. As a result, there may still be some site specific impact mitigation requirements without which a development should not be granted planning permission (e.g. affordable housing, local highway and junction improvements and landscaping). Therefore, there is still a legitimate role for development planning obligations to enable a local planning authority to be confident that the specific consequences of development can be mitigated. This will be especially true for bringing forward strategic greenfield sites providing over 200 homes.

What development is liable for CIL?

Development will be liable for CIL if it:

- Involves new build of at least 100m² gross internal area (GIA) floorspace; or
- Involves the creation of one or more dwellings.

This includes development permitted by a 'general consent' (including permitted development).

Development will not be liable for CIL if it:

- Involves only change of use, conversion or subdivision of, or creation of mezzanine floors within a building which has been in lawful use for at least six months in the 3 years prior to the development being permitted and does not create any new build floorspace; or
- Is for a building into which people do not normally go, or go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery; or
- Is for a structure which is not a building, such as pylons or wind turbines; or
- Is permitted by a 'general consent' (including permitted development) commenced before 6th April 2013; or
- Is for a use which benefits from a zero or nil charge as set out in a CIL Charging Schedule

Who is liable to pay the levy?

The responsibility to pay the levy rests with the ownership of land on which the liable development will be situated. Although liability rests with the landowner, the regulations recognise that others involved in a development may wish to pay. To allow this, anyone can come forward and assume liability for the development.

How is the levy paid?

The charge is levied in £ per square meter on the net additional increase in floorspace. The Council will set out a clear payment procedure for the levy prior to the introduction of the Charging Schedule

Is VAT applied to CIL charges?

The charge is exempt from VAT.

How will proposed levy rates respond to factors such as inflation?

In calculating individual charges for the levy, charging authorities will be required to apply an annually updated index of inflation to keep the levy responsive to market conditions.

How is the levy collected?

The levy's charges become due from the date of commencement of a chargeable development. When planning permission is granted, the Council will issue a liability notice setting out the amount of the levy and the payment procedure. Unlike contributions collected through S106 agreements there is no time constraint for the spending of monies collected through CIL.

Can CIL be paid in instalments?

Yes, for payments of £10,000 or over, installments may be arranged with the Council.

Will a development be liable to pay CIL if planning permission is granted before a CIL Implementation date is adopted?

No. There is no CIL liability for a planning permission if that planning permission was granted before the CIL implementation date. The relevant date is the date of the issuing of the planning permission decision notice.

Is there any relief from CIL?

In accordance with the Regulations the following development may receive relief from CIL:

- Charitable development
- Social housing development
- Self-build development
- Self-build residential annex or extension

How will the levy be spent?

Charging authorities are required to spend the levy's revenue on what they see as the infrastructure needed to support the development of their area. The assessment of 'need' will largely be informed by the Infrastructure Delivery Plans (IDP) which has formed part of the Local Plan. The levy is intended to focus on the provision of new or improved infrastructure and should not be used to remedy pre-existing deficiencies unless those deficiencies will be made more severe by new development.

A Regulation 123 list will be drawn up and continuously updated to detail the specific infrastructure projects that CIL contributes. Due to its continually changing nature, the Reg 123 list is not required to be consulted upon, but will form part of the later independent Examination.

What are the likely CIL charges for my area?

Dependent upon where you live the Levy will vary; this is to ensure that the maximum CIL receipt can be gained to contribute to infrastructure projects without endangering viability. The zones that the District are split into are detailed in the Charging Schedule and accompanying zoning map.

Example 1

A 2 bed flat in Leamington

Leamington is in Zone B, which has a residential levy of £195 per sqm. The flat is 60 sqm and therefore the CIL charge is £11,700.

Example 2

A 3 bed house in Kenilworth

Kenilworth is in Zone C which has a residential levy of £140. The house is 95 sqm in total, over two floors. Therefore the CIL charge is £13,300.

Example 3

A 2 bed house in Warwick

Warwick is in Zone A, which has a levy of £70 per sqm. The house is 70sqm in total, over two floors. Therefore the CIL charge is £4,900.

The Draft Charging Schedule does not differentiate between brownfield and greenfield sites. However, it does differentiate between residential developments and those taking place within 'Strategic Sites', i.e. 200 dwellings or more. Strategic sites have been given a lower CIL charge primarily due to the higher Section 106 and on-site infrastructure costs required to develop the sites.

Example 4

A 3 bed house in Kenilworth Strategic Site

Kenilworth is in Zone C and has a strategic site levy of £25 per sqm. The house is 95sqm in total over two floors. Therefore the CIL charge is £2375. It should be noted that the dwelling may contribute around £13,000 through Section 106 contributions.

Why have you split the district into 'zones'?

There is significant difference in development viability in different locations within the District. By dividing up the district based on development viability we can ensure that the more viable sites contribute more to infrastructure projects. The zones were created in 2013 and included a range of sites that were consulted upon during the Local Plan process at that time. In order to maintain consistency the map has remained the same, even though some of the sites did not move forward with the Local Plan.