

Community Infrastructure Levy- The Basics and the Progress

June 2013

What is Planning Advisory Service for?

“The purpose of PAS is to help local planning authorities manage and deliver changes in the planning system, and to drive improvements in the overall performance of local planning authorities in England”

(Grant offer letter for 2012-13)

What is CIL and what is it for?

- A mechanism for developer contributions
- To help pay for infrastructure needed to support new development
- *But not to remedy existing deficiencies unless the new scheme will make it worse*
- Councils must spend the income on infrastructure – but can decide what (and that can change over time)
- Not Mandatory



Charging CIL – some basics

- £ per square metre on net additional (internal) floorspace
 - Rates can vary by geographic area or use (or both)
 - Due when the development starts
 - It is index linked
 - The landowner is responsible for paying it
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When does it apply?



- To all development that involves ‘buildings that people normally go into’
 - Development over 100sqm gross internal floorspace
 - A single dwelling (even under 100sqm) (but not subdivisions of dwellings)
 - Includes permitted development (it doesn’t have to follow a planning permission)
 - Once set, you can’t pick and choose which developments to charge
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Why set a CIL?



- Money for infrastructure through charging nearly all new development -a little from almost everyone (so fairer)
 - There is a lack of government or other money
 - It is set out in a schedule based on evidence (so more transparent)
 - Developers have certainty
 - Changes to s106 – legal tests and pooling
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What you need to set a CIL?

- Up to date development plan
 - Evidence on infrastructure funding gap – aggregate gap
 - Evidence on viability – strategic approach
 - All evidence is ‘appropriate available evidence’
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Strike the Appropriate balance

Between

- the desirability of funding the infrastructure gap to support the development of the area from CIL
- and
- the potential effects (taken as a whole) of the imposition of CIL upon the economic viability of development across the area.



Differential rates

- Can set differential rates – but rate changes can only be differentiated on viability grounds. (not policy objectives)
 - Different between uses (not just use classes)
 - Different across the geographic area
 - Both or neither
 - If you set a rate you must set it for all uses
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Different rates for different authorities

London Borough of
Redbridge



£70 per sq Metre – flat rate – based on residential growth.



residential charges rural - £80m² and urban -£40m² . All office/industrial uses £0m² charge.



Incl. 4 residential rates, 3 employment rates, – high level of differentiation by area and use.

Exemptions etc

- Social housing relief
 - Buildings used for charitable purposes-exempt
 - Discretionary relief for charitable investments
 - Instalments policy
 - Exceptional circumstances (where scheme can't afford to pay it) but conditions apply
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Spending CIL – For Charging Authorities (CAs)

- It must be on infrastructure needed to support the development of the area
 - It can be spent on infrastructure outside the Charging Authority's area, and spent by another body
 - Doesn't have to be spent on the infrastructure referred to in the charge setting evidence but.. the links should be clear
 - It is advisable to publish a list of the infrastructure you intend to use CIL for (Reg 123 list)
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Purpose of the Reg 123 list

- “double dipping” is a concern for Developers
- Regulation 123 is the requirement for a published list of infrastructure projects or types of infrastructure that the Charging Authority intends will be, or may be, wholly or partly funded by CIL, those infrastructure projects or types of infrastructure.
- ...put another way you cannot collect s106 to spend on items within your Reg 123 list



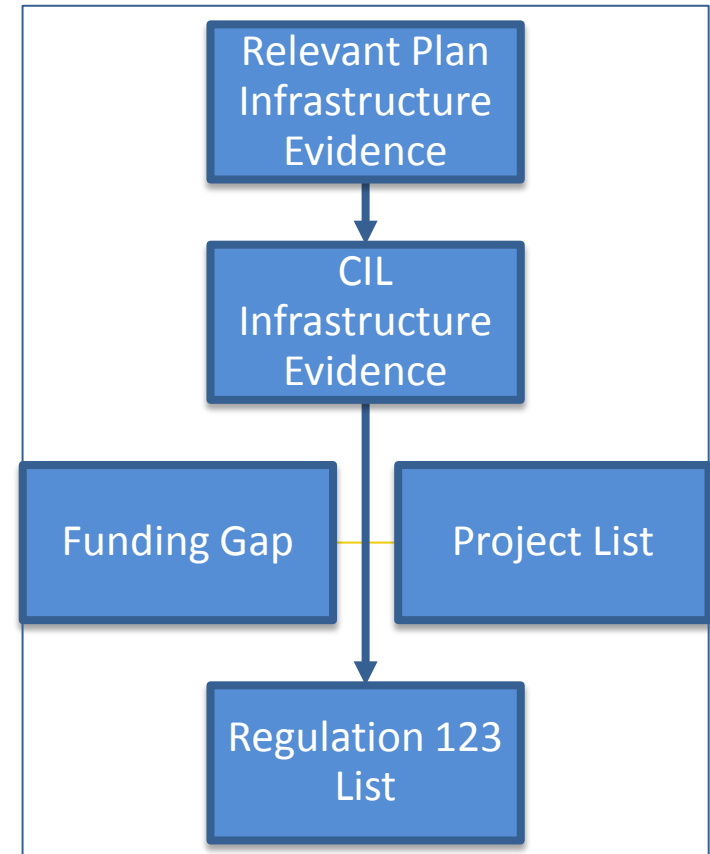
123 Golden Thread

Devising it:

- A draft Reg 123 list will now be part of the examination

Post Examination:

- should be based on the draft list examined with the charging schedule
- Need to explain the reason for change
- Appropriate local consultation
- Where a change to the regulation 123 list would have a significant impact on viability evidence requires a review of the charging schedule



123 list – An ever changing world

Flexibility

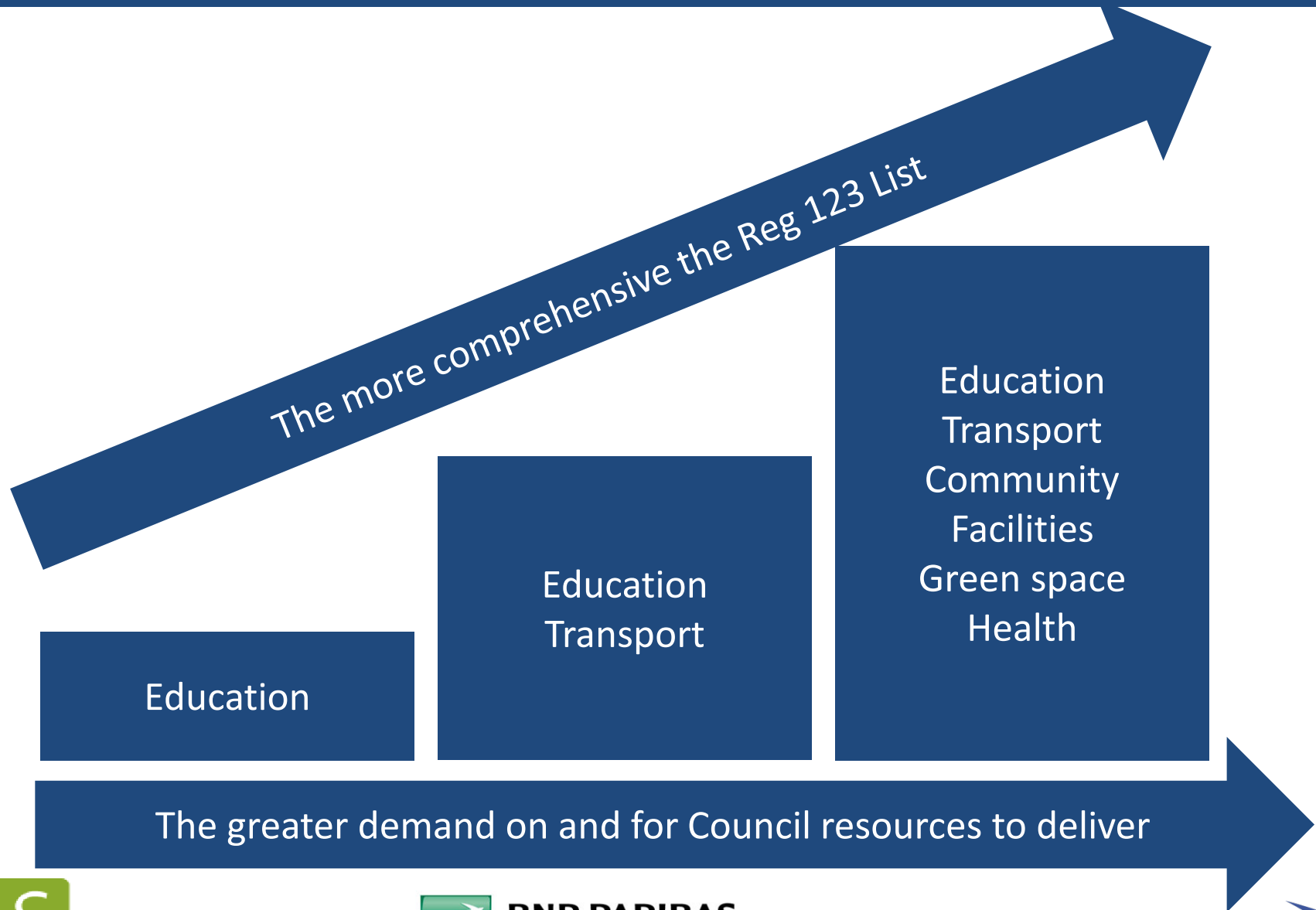
- Changing funding streams
 - Changing priorities
 - Windfalls etc
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The s106 – CIL Balance & Viability

- A key challenge for Charging Authorities is the balance of s 106 and CIL to ensure that it allows for delivery of growth and infrastructure



Implications on Council Resources



Neighbourhoods – Boles' Bung

Localism Act –

- localism principles – the money should benefit those who take the development.
(incentivisation)





<p>Parish council ✓ Neighbourhood Plan ✓</p> <p>= 25% uncapped, paid to Parish</p>	<p>Parish council ✓ Neighbourhood Plan ✗</p> <p>= 15% capped at £100 / dwelling, paid to Parish</p>
<p>Parish council ✗ Neighbourhood Plan ✓</p> <p>= 25% uncapped, local authority consults with community</p>	<p>Parish council ✗ Neighbourhood Plan ✗</p> <p>= 15% capped at £100 / dwelling, local authority consults with community</p>

CIL Front Runners



What have I learnt – from the Front Runners

Those that succeed have:

- Councillor and management team support
- Effective project management
- Project team
- Project plan

CIL Front Runners



What have I learnt – from the Front Runners

Setting:

- There is no one way to DO a CIL
 - Remember the basics
 - Infrastructure – Local Authorities should use what they have
 - Viability and balancing risk are key to the rate
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- Keep it simple

CIL Front Runners



The CIL Front Runners - 1st Phase

– 8 authorities

- 4 adopted
- 2 through examination
- 2 draft charging schedules

CIL Front Runners



The CIL Front Runners - 1st Phase – 8 authorities

CIL Front Runners



- Newark and Sherwood District Council - CIL adopted
 - Shropshire Council - CIL adopted
 - Greater London Authority - CIL adopted
 - London Borough of Redbridge - CIL adopted
 - Colchester Borough Council and Essex County Council - draft charging schedule
 - Greater Norwich Development Partnership (GNDP) - examination completed – adoption due 1 July 2013
 - Bolton Council - draft charging schedule
 - Mid Devon District Council - examination completed
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Front Runner phase 2

- 9 adopted
- 1 report completed
- 1 examination completed
- 3 draft
- 3 preliminary draft
- 4 no progress

CIL Front Runners



Who has a CIL?

- 16 charging schedules in place (incl. London Mayoral CIL, Redbridge, Wandsworth, Newark and Sherwood, Shropshire, Huntingdonshire, Wycombe, Portsmouth, Poole and Bristol).
 - And many more to come – latest info suggests around 90 councils have progressed work on CIL.
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Advice from Front runners- Setting

- Leave time to get the charge right, and the balance with s106, for the Charging Authority's' growth profile.
 - Use consultants that not only have valuation experience but an in depth knowledge of CIL.
 - Make use of previous viability studies, consider using the same consultants
 - Charging Authorities and developers should engage early to try to agree assumptions and identify issues
 - Developing a CIL is an iterative process – that should be part of the viability experts tender
 - Get the preparation right – the examination should not be too painful.
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Examination – lesson

- When looking at viability Charging authorities need to consider all of their plan requirement including the policy level of affordable housing.



Challenges for local authorities

- Delivery - The balance – Viability
- Delivery - development & infrastructure (incl. 5 year housing land supply)
- Delivery – may require new CA skills.
- Political popular or key provision – Protecting CA's reputation
- Working with others- synergies: Parish & County, LEP and Developers
- Understanding the changing funding streams

PAS web site

Community Infrastructure Levy- web pages:

<http://www.pas.gov.uk/pas/core/page.do?pageId=122677>

Case studies:

<http://www.pas.gov.uk/pas/aio/3425452>

The screenshot shows the homepage of the Planning Advisory Service (PAS). The header includes the PAS logo, navigation links (Home, About us, Support, Case studies, Events, Networking), and utility links (Accessibility, Contact PAS, Sitemap, Glossary, RSS feeds, BSL, Signed in as: John Chandler, Sign out, My account). A search bar is located in the top right. The main content area features a 'Planning Advisory Service' banner with a description and a list of services: Making plans, Development management, Benchmarking, efficiency and performance improvement, Councilors, and Climate change. Below this is a 'Latest additions' section with three items: Sustainability appraisal, Leadership academy, and Planning benchmarking club. On the right side, there are sections for 'Discussions' (listing 'Bed & Breakfast - permitted development?' and 'Design Dragons for Solent Design Awards'), 'Most viewed pages' (listing 'Understanding viability: two-day intensive course for planners', 'Development management', 'Sustainability appraisal', 'Infrastructure planning and delivery', 'Community Infrastructure Levy (CIL)', and 'Local development orders support project'), 'Sign up' (for monthly email updates and Communities of Practice), and 'Latest case studies' (listing 'Waltham Forests hot food takeaways supplementary planning document (SPD)' and 'Stockton's infrastructure').



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