Arun District Council Community Infrastructure Levy

Frequently Asked Questions - March 2019

What is the Community Infrastructure Levy (CIL)?

The Community Infrastructure Levy (CIL) was introduced by the Government in the Planning Act 2008 and allows local authorities to raise funds from new development to help pay for the infrastructure that is needed to support development in their area.

CIL takes the form of a tariff levied on each square metre of the additional floor space created by new residential dwellings. The tariff is levied on all other development once the net additional floorspace exceeds 100 square metres. Before deciding to adopt CIL a local authority has to demonstrate that a funding gap exists between the estimated cost of the provision of the infrastructure needed to support development in the area and the existing identified sources. Once a funding gap has been demonstrated, the level of the tariff proposed by the local authority is tested to ensure that it will not affect the overall viability of development in the area.

Different types of development can be subject to different rates of CIL and different rates of CIL can be applied in different geographical areas based, in both cases, on viability evidence.

Who can charge and collect the levy?

Most Councils can charge the levy - these bodies are known as the ‘Community Infrastructure Levy collecting authority’ or charging authority. The levy will normally be collected by the authority that grants planning permission. These bodies all prepare development plans for their areas, which are informed by assessments of the infrastructure needs for which the levy may be collected.

Why has Arun District decided to implement the levy?

The Government, through legislation, has restricted the ability of local authorities to pool funding for off-site infrastructure through Section 106 and the pooling of contributions will only possible through the implementation of CIL. CIL offers the best way to contribute to funding infrastructure in a fair and transparent manner and provides ‘up front’ certainty about how much money developers will be expected to contribute.

How will the levy affect planning obligations?

Developer contributions are currently collected through Section 106 planning obligations. S106 are limited in their use as follows:

1. Necessary to make the development acceptable in planning terms
2. Directly related to the development; and
3. Fairly and reasonably related in scale and kind to the development
The introduction of a CIL charging schedule does not remove the use of S106 planning obligations because in many cases, mitigation measures are required to make the development acceptable in planning terms. Therefore, S106 will continue to be utilized. However, when CIL is introduced, it works alongside a scaled back S106 regime.

When won't the levy be charged?

The levy will not be charged if there is no extension of floor space as a result of the development (e.g. change of use). Nor will it be charged on structures or buildings that people only enter for the purpose of inspecting or maintaining fixed plant or machinery.

Who is liable to pay the levy?

The responsibility to pay the levy runs 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 must be levied in £ / m² on the net additional increase in floorspace. It will be collected as a cash contribution although in some cases it may be more appropriate to transfer land ('in-kind') to the charging authority as payment. In such cases the land must be used to provide, or facilitate the provision of, infrastructure to support development in the area.

How is the levy collected?

The levy’s charges will become due from the date that a chargeable development is commenced. When planning permission is granted, the Council will issue a liability notice setting out the amount of the levy, the payment procedure and the possible consequences of not following this. Unlike contributions collected through S106 agreements there is no time constraint for the spending of monies collected through CIL.

How will payment of the levy be enforced?

The levy’s charges are intended to be easily understood and easy to comply with. The council will also implement a staged payment policy which allows larger sites, based on a stepped threshold approach, to pay CIL at different rates over time.

Most of those liable to pay the levy are expected to pay their liabilities without delay. However, where there are problems in collecting the levy charging authorities will have the means to penalise late payment. In the case of persistent noncompliance the regulations also enable collecting authorities to take more direct action such as the issuing of a CIL Stop Notice.

Infrastructure spending outside a charging area

Charging authorities may pass money to bodies outside their area to deliver infrastructure which will benefit the development of their area, such as the Environment Agency for flood defence or, in two tier areas, the county council, for education infrastructure. Charging authorities will also be able to collaborate and pool their revenue from their respective levies to support the delivery of ‘sub-regional infrastructure’.  

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Monitoring and reporting spending of the levy

To ensure that the levy is open and transparent, charging authorities must prepare short reports on the levy for the previous financial year which must be placed on their websites by 31st December each year. These reports will set out how much revenue from the levy has been received, what it has been spent on and how much is left.

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 (IDPs) published by each authority alongside their Core Strategies. Further prioritisation of infrastructure schemes and the spending of CIL receipts will be agreed through a CIL governance system to be agreed as part of the CIL implementation process.