

Community Infrastructure Levy

ONS

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What is the Community Infrastructure Levy (CIL)?

- A levy that local authorities can choose to charge on new developments in their area. A charge per square metre of floor space towards the provision of infrastructure
- A contribution or infrastructure / land in kind towards infrastructure needed to support development of the area
- Came into force on 6th April 2010 through the Community Infrastructure Levy Regulations 2010 (as amended)
- There have been CIL Regulation Amendments in 2011, 2012, 2013 and 2014. Latest guidance on CIL published on 12th June 2014



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What is CIL for?

- 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 (and that can change over time)

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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 sources of funding available
- It is set out in a schedule based on evidence (so more transparent)
- Provide developers with more certainty
- From April 2015 we will only be able to pool S106 on a v. limited basis so would be at risk of significantly reducing income from developer contributions
- Gives communities the flexibility to spend their share of the levy on local infrastructure priorities

Benefits of the Levy?

- Can collect from a wider number of developments, which could see a big uplift in income
- Delivers additional funding for infrastructure projects that support growth and benefit the local community
- Gives flexibility and freedom to set our own priorities for what the money should be spent on
- Provides developers with more certainty 'up front' about how much money they will be expected to contribute, which in turn encourages greater confidence and higher levels in inward investment
- CIL could be used as leverage to match fund projects

Community Benefits of the Levy?

- Ensures greater transparency for local people, because they will be able to understand how new development is contributing to their community
- Enables us to allocate 15% of levy to Feckenham PC when development has taken place within that area.
- Where there is no PC or neighbourhood plan
 - Enables us to allocate 15% of levy across Redditch to the area where development has taken place.

Community share of CIL

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

Charging CIL – some basics

- £ per square metre on net additional (internal) floorspace
- Rates can vary by geographic area, use or scale (or all of these)
- Due when the development starts
- It is index linked
- The landowner is responsible for paying it
- The local planning authority is the charging authority (& sets the CIL)

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

CIL v Section 106

- Government is scaling back S106 and it's limited by Reg 122 to:
 - Necessary to make development acceptable in planning terms
 - Directly related to the development
 - Fairly and reasonably related in sale and kind to the development
- Limiting of pooling S106 contributions from April 2015
- S106 may be more appropriate for some types of infrastructure
- Preventing double charging
- S106 – designed to mitigate the direct impact of specific developments

Setting the CIL Rate

We must strike an appropriate balance between:

- Meeting all or part of the infrastructure funding gap
- and
- The impact of CIL upon the economic viability of development across the Borough

What you need to set a CIL?

- Up to date local plan
- Total cost of infrastructure
- Evidence on infrastructure funding gap
- Other possible sources of funding
- Up to date list of infrastructure projects
- Evidence on viability – proportionate, focus on key sites / types of sites (resi, commercial, retail)
- Statement detailing any known site specific matters which S106 contributions will be sought
- S106 information about the amount of funding collected in recent years
- Data from local developers – land values, if possible
- Extra viability work if considering differential rates
- State-aid compliant if differential rates set

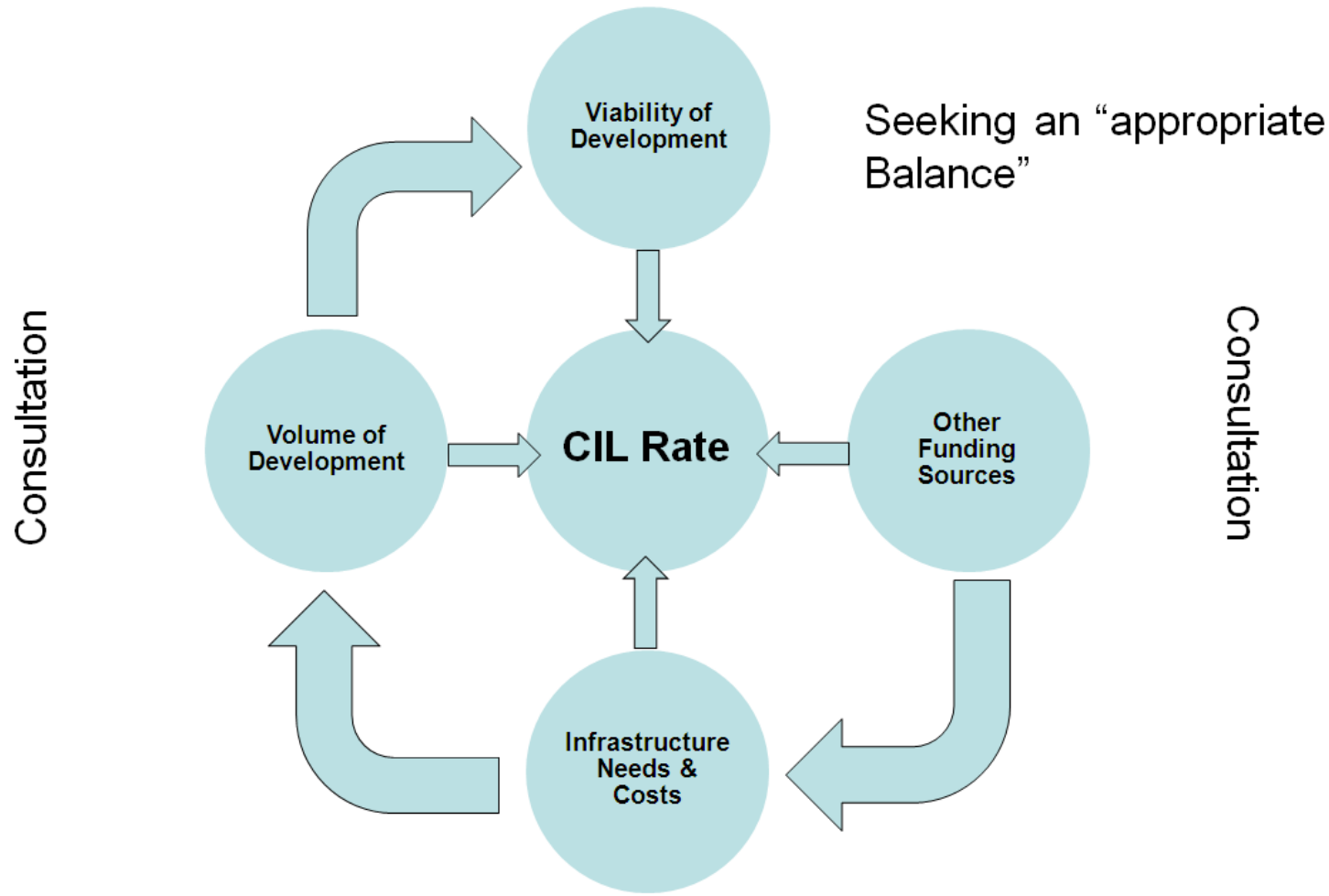
Administrative costs?

- We can use funds from the levy to recover administration costs
- Can spend up to 5% of total levy receipts
- Administration expenses can cover levy set-up costs - including consultation, preparing viability evidence, examination,
- Can cover on-going expenses - establishing and running billing and payments systems, enforcing the levy, legal cost, monitoring and reporting.
- Allows a 'rolling cap' on admin expenses to help with initial set up costs

Examination – what’s tested?

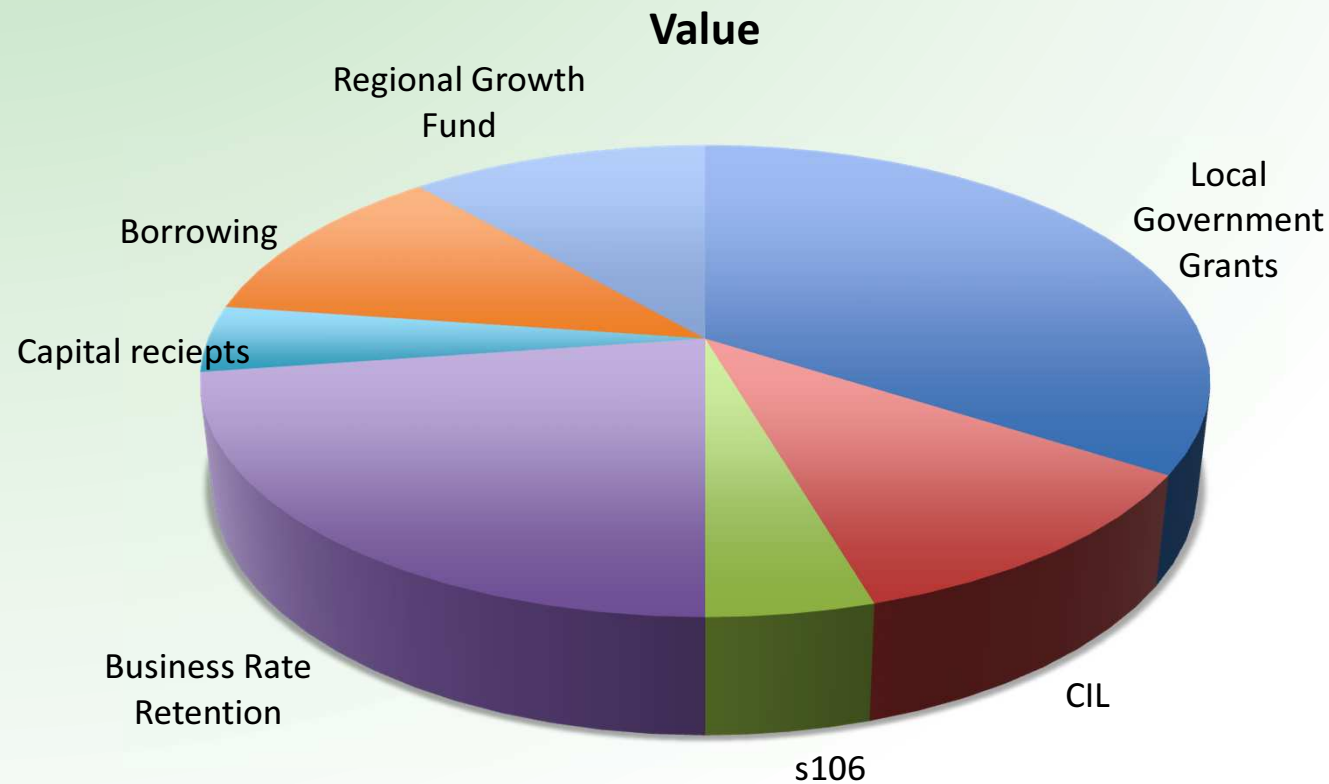
- Can have a ‘joint’ examination
- May have a pre-hearing meeting
- Relationship between CIL, S106, other sources of funding and the Regulation 123 list
- Relationship between Local Plan Infrastructure and CIL Infrastructure
- Proportion of CIL for neighbourhoods
- The Inspector can recommend Approval, Approval subject to modifications or Rejection

Considerations for setting CIL

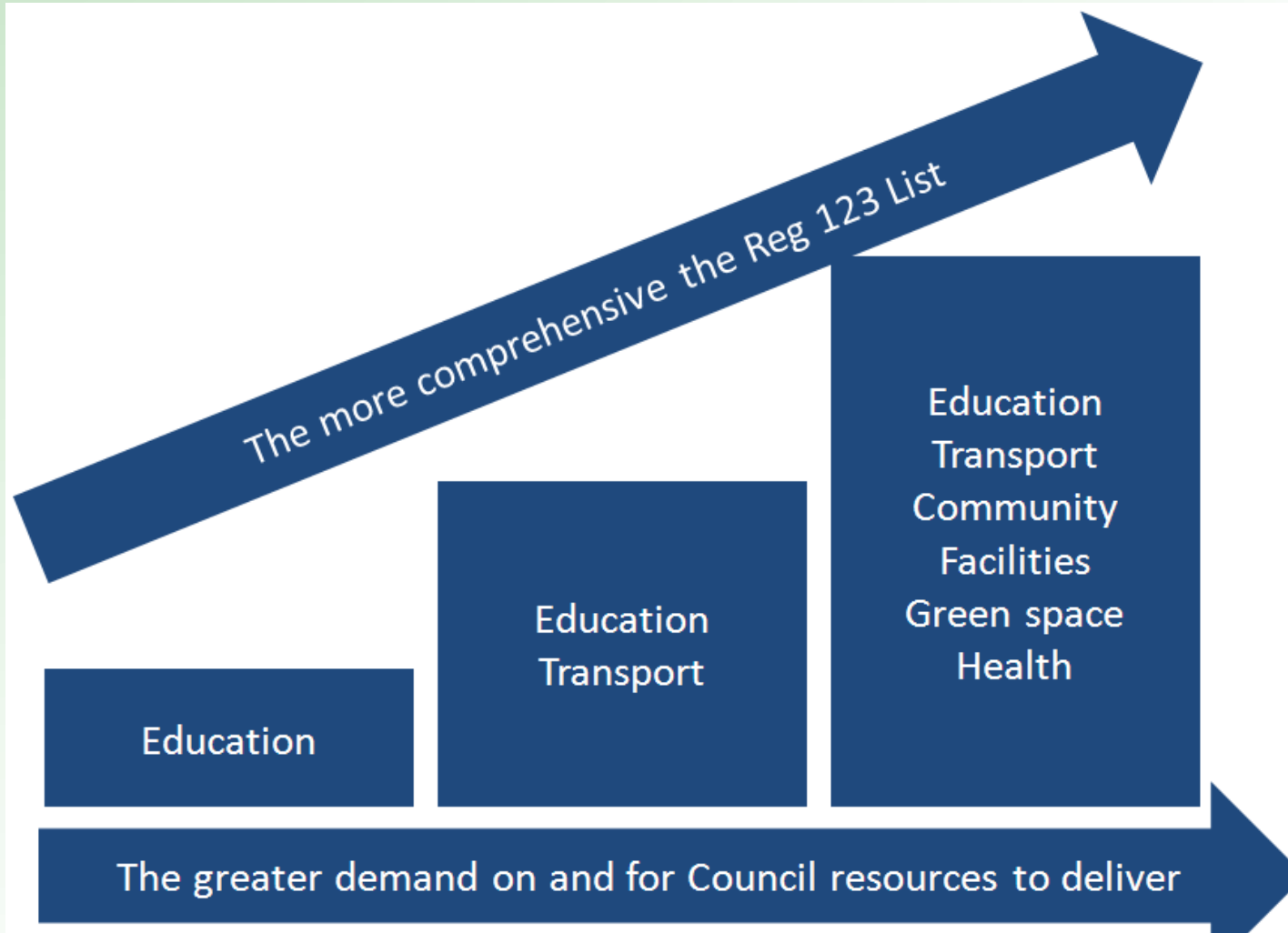


The Funding Pie

CIL cannot be expected to pay for all of the infrastructure required
CIL = 5-10%



Implications for RBC Resources



Moving forward with CIL for Redditch

- Next steps – Working with members on the Preliminary Draft Charging Schedule

Local Plan No.4
Examination June / September 2014
Adoption December 2014

Proposed CIL
Preliminary Draft Charging Schedule Consultation September 2014
Draft Charging Schedule Consultation September 2015
Examination January 2016

