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1.0 Background

1.1 This document provides an overview of the Community Infrastructure Levy (CIL), a planning charge that came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010. It explains the key features of the new charge, its rationale, purpose and how it will work in practice. It is designed to support the Charging Schedule and clarify the application of the relevant CIL Regulations.

2.0 What is Community Infrastructure Levy and what will it be used for?

2.1 The Community Infrastructure Levy is a new charge which local authorities in England and Wales can charge on most types of new development in their area. CIL charges will be based on the size, type and location of the development proposed. The money raised will be used to pay for strategic infrastructure required to support development in the District.

2.2 In Newark and Sherwood an Infrastructure Delivery Plan (IDP) has been produced which identifies the infrastructure that is required to meet the level of growth anticipated in the District over the Plan Period (2006-2026). This can be viewed on the Council’s website. The infrastructure requirements can be subdivided into what we call Strategic or Local Infrastructure.

2.3 We define **Strategic Infrastructure** as improvements to the highway network which are required because of the growth of the District up to 2026, and which cannot be attributed to the development of any one site, and contributions to a secondary school where the location of growth requires additional secondary school provision.

2.4 We define **Local Infrastructure** as the development of facilities or services that are essential for development to take place on individual sites, and refers to the facilities or services that are essential for development to occur, or are needed to mitigate the impact of development at the site or neighbourhood level.

2.5 The Council propose that:

- Strategic Infrastructure will be secured through the Community Infrastructure Levy (CIL);

- Local Infrastructure will be secured through Planning Obligations in line with the Policies of the Core Strategy and the Allocations & Development Management DPD, utilising a Developer Contributions Supplementary Planning Document (SPD).

2.6 It should be noted that under the provisions of the Localism Bill, the Government will require charging authorities to allocate a meaningful proportion of levy revenues raised in each neighbourhood back to that neighbourhood. This will ensure that where a neighbourhood bears the brunt of a new development, it receives sufficient money to help it manage those impacts. It complements the introduction of other powerful new incentives for local authorities that will ensure that local areas benefit from development they welcome.
2.7 Local authorities will need to work closely with neighbourhoods to decide what infrastructure they require, and balance neighbourhood funding with wider infrastructure funding that supports growth. They will retain the ability to use the levy income to address the cumulative impact on infrastructure that may occur further away from the development.

2.8 The Council acknowledges this and other changes within the CIL Amendment Regulations April 2011, and the Charging Schedule has been prepared to take account of this. Once the detail about how much CIL should be apportioned to such projects the Council will make amendments to its charging schedule.

3.0 Why introduce Community Infrastructure Levy?

3.1 Housing and employment growth within the District needs to be supported by additional physical and social infrastructure to cater for an increased population, and also to improve existing facilities.

3.2 Establishing the CIL Charging Schedule will give developers certainty on what they need to contribute to strategic infrastructure, spreads the cost of providing strategic infrastructure in the District across a wider range of developments, includes the cumulative impact of small developments, and provides a fund to implement strategic infrastructure.

4.0 Setting the Community Infrastructure Levy Charge

4.1 The District Council has opted to adopt a differential rate charging schedule in accordance with CIL Regulation 13.

4.2 The differential CIL rates apply to charging zones for residential and commercial developments across the District and also to different categories of commercial development.

4.3 In accordance with CIL Regulation 14, the District Council has sought to strike a balance between:

(a) The desirability of funding from CIL (in whole or in part), the actual and estimated total cost of infrastructure required to support the development of the District, taking into account other actual and expected sources of funding; and

(b) The overall potential effects of the imposition of CIL on the economic viability of development across the District.
5.0 Application of the Community Infrastructure Levy

5.1 CIL will be levied in pounds per square metre of the net additional increase in floorspace of any given development. This will ensure that charging CIL does not discourage the redevelopment of sites.

5.2 All new buildings and extensions over 100 square metres of gross internal floor space, and all new dwellings will be liable for CIL. CIL will apply to all such buildings regardless of the type of planning permission used to grant permission. Buildings that people normally use will be liable to pay CIL, but buildings that people do not go into or only go into intermittently will not be liable. In addition as set out in paragraph 7.1, Social Housing provided by Local Housing Authority, Registered Social Landlord or Registered Provider of Social Housing and Shared Ownership Housing subject to the specific provisions of Regulation 49 will also be exempt.

5.3 If, as part of the new development, existing buildings on the development site are to be demolished, the area of these buildings can be deducted from the final CIL charge. In addition, the CIL Amendment Regulations, which will come into force on the 6th April 2011, confirm that Changes of Use will be exempt from CIL.

6.0 Calculating the amount of CIL to be charged

6.1 In accordance with Regulation 40 the amount of CIL is calculated as follows:-

(1) The collecting authority must calculate the amount of CIL payable (“chargeable amount”) in respect of a chargeable development in accordance with this Regulation.

(2) The chargeable amount is an amount equal to the aggregate of the amounts of CIL chargeable at each of the relevant rates.

(3) But where that amount is less than £50 the chargeable amount is deemed to be zero.

(4) The relevant rates are the rates at which CIL is chargeable in respect of the chargeable development taken from the charging schedules, which are in effect:

   (a) at the time planning permission first permits the chargeable development; and

   (b) in the area in which the chargeable development will be situated.

(5) The amount of CIL chargeable at a given relevant rate (R) must be calculated by applying the following formula:

\[
\frac{R \times A \times I_p}{I_c}
\]
Where—

\[ A = \text{the deemed net area chargeable at rate } R; \]

\[ I_p = \text{the index figure for the year in which planning permission was granted; and} \]

\[ I_c = \text{the index figure for the year in which the charging schedule containing rate } R \text{ took effect.} \]

(6) The value of \( A \) in paragraph (5) must be calculated by applying the following formula:

\[
\frac{C_R \times (C - E)}{C}
\]

Where—

\[ C_R = \text{the gross internal area of the part of the chargeable development chargeable at rate } R, \text{ less an amount equal to the aggregate of the gross internal area of all buildings (excluding any new build) on completion of the chargeable development which:} \]

(a) on the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use;

(b) will be part of the chargeable development upon completion; and

(c) will be chargeable at rate \( R \).

\[ C = \text{the gross internal area of the chargeable development; and} \]

\[ E = \text{an amount equal to the aggregate of the gross internal areas of all buildings which:} \]

(a) on the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use; and

(b) are to be demolished before completion of the chargeable development.

(7) The index referred to in paragraph (5) is the national All-in Tender Price Index published from time to time by the Building Cost Information Service of the Royal Institution of Chartered Surveyors; and the figure for a given year is the figure for 1st November of the preceding year.

(8) But in the event that the All-in Tender Price Index ceases to be published, the index referred to in paragraph (5) is the retail prices index; and the figure for a given year is the figure for November of the preceding year.
(9) Where the collecting authority does not have sufficient information, or information of sufficient quality, to enable it to establish:

(a) the gross internal area of a building situated on the relevant land; or

(b) whether a building situated on the relevant land is in lawful use, the collecting authority may deem the gross internal area of the building to be zero.

(10) For the purposes of this Regulation, a building is in use if a part of that building has been in use for a continuous period of at least six months within the period of 12 months ending on the day planning permission first permits the chargeable development.

(11) In this Regulation “building” does not include:

(a) a building into which people do not normally go;

(b) a building into which people go only intermittently for the purpose of maintaining or inspecting machinery; or

(c) a building for which planning permission was granted for a limited period.

(12) In this regulation “new build” means that part of the chargeable development which will comprise new buildings and enlargements to existing buildings.

7.0 Exemptions and Relief

7.1 There are provisions under CIL Regulations 41-58 for certain exemptions and relief from CIL liability. Statutory exemptions and relief include:

- Any development where the gross internal area of new build is less 100 square metres. This exemption does not apply if the development relates to one or more dwellings.

- Social Housing provided by local housing authority, registered social landlord or registered provider of social housing and shared ownership housing subject to the specific provisions of Regulation 49.

- Charities where the development will be used for charitable purposes.

7.2 In addition, the District Council proposes to make discretionary relief available for:

- Exceptional circumstances under Regulation 55-57. In exceptional circumstances where, for instance, the application of CIL would make development unviable, relief from CIL liability may be available. It should be noted that this relief will only
be available in the event that a Planning Obligation Agreement has been entered into, and it is considered that the costs of complying with the agreement are greater than the chargeable amount of CIL.

8.0 Who is liable to pay CIL – The Notification Procedure?

8.1 CIL will be paid by the owner of land where CIL liable development will be carried out, unless another party volunteers to pay the CIL by assuming the liability. Anyone who wishes to pay the CIL can come forward and assume CIL liability for the development. Before any development is commenced, a notice of chargeable development must be submitted to the District Council under Regulation 64 and confirmation of the person or organisation who assumes liability or joint liability must be submitted under Regulation 31. A CIL Liability Notice will then be issued by the District Council under Regulation 65 confirming the amount of CIL and who is liable to pay the charge.

8.2 At least one day prior to commencement of development, a Commencement Notice must be served under Regulation 67. In response to this notice the District Council will issue a Demand Notice under Regulation 69. In the event of failure to serve the relevant notices additional surcharges may be payable under Regulations 80-83.

8.3 Where a development has a party who has assumed liability, the development will be entitled to a payment window and possibly payment through instalments, provided other CIL procedures such as the commencement notice are followed. Where no one assumes liability to pay CIL, the liability will automatically default to the owners of the relevant land and payment becomes due immediately upon commencement of development.

9.0 How will CIL be paid?

9.1 It should be noted that under the provisions of the Draft CIL Amendment Regulations (69B), which will come into force on the 6th April 2011, authorities who wish to allow payment to be made by instalments will be required to produce an Instalment Policy setting out the following:

a. The date on which it takes effect, which must be no earlier than the day after the instalment policy is published on the website;

b. The number of instalment payments;

c. The amount or proportion of CIL payable in any instalment;

d. The time (to be calculated from the date the development is commenced) that the first instalment payment is due, and the time that any subsequent instalment payments are due; and

e. Any minimum amount of CIL below which CIL may not be paid by instalment.
9.2 Where there is no instalment policy, payment will be payable in full at the end of a period of 60 days beginning with the intended commencement date of development (Regulation 70 (6-8). The District Council acknowledges this, and such a policy will be produced in due course prior to the CIL Charging Schedule coming into effect.

9.3 Under Regulation 73, the District Council may, at its own discretion, consider accepting land as payment in kind in lieu of CIL. The value of land for such a payment will be determined by an independent Valuer.

10.0 Monitoring, Reporting & Administration

10.1 As required by Regulation 62, the District Council will publish a report for any financial year (“the reported year”) indicating:

- how much CIL has been collected;
- how much of that money has been spent;
- the items of infrastructure on which it has been spent;
- any amount used to repay money borrowed;
- the amount of CIL used to cover administrative expenses; and
- the amount of CIL retained at the end of the reported year.

10.2 In accordance with Regulation 62, the District Council may, at its own discretion, use up to 5% of CIL collected to cover administrative expenses incurred in establishing CIL procedures and collecting the levy.

10.3 It is proposed that the CIL will be reviewed by the District Council. This review will be undertaken periodically or in response to a significant shift in market conditions. Any review will be subject to full consultation procedures as outlined in the Regulations.

11.0 Contacts & Useful Information

11.1 A copy of the Community Infrastructure Regulations 2010 and other supporting documentation relating to the CIL is available for inspection at the Newark & Sherwood District Council Offices, Kelham Hall, Kelham, Newark NG23 5QX, or may be viewed at www.newark-sherwooddc.gov.uk/cil.

11.2 For further information about the CIL Charging Schedule and guidance about the CIL in Newark and Sherwood please contact:

Planning Policy Team
E-mail: planningpolicy@nsdc.info
Tel: 01636 655801 or 655855