

Community Infrastructure Levy - A brief introduction

What is the Community Infrastructure Levy?

The Community Infrastructure Levy (CIL) is a new locally set charge proposed by the Government, which can be applied to most new development to help fund infrastructure required to support growth across of the District. Through the CIL the Council would become a 'Charging Authority' but to comply with Regulations, CIL will need to be in place by April 2014. After that time, the use of Section 106 obligations will be limited and the Council could lose valuable income.

Why introduce CIL?

CIL will provide funding opportunities to enable sustainable development. Not having CIL will reduce funding opportunities and will make it more difficult to deliver the level of growth proposed in the Core Strategy. CIL is a non negotiable fixed charge which gives developers certainty on what they will have to pay towards providing infrastructure to support development. CIL is not ring fenced and can be spent on any identified neighbourhood and strategic infrastructure need. This will give the Council and its communities greater flexibility to help deliver the infrastructure required to support growth.

Key Facts about CIL;

- CIL must be charged in £ per square metre on net additional floorspace amounting to 100 square metres or more or single dwellings under 100 square metres;
- CIL is payable on the commencement of development;
- Development for charitable purposes and affordable housing are currently exempt;
- CIL is not charged on changes of use that do not provide any additional floorspace;
- Responsibility to pay the levy falls to the owner of the land;
- Authorities cannot choose which developments to charge;
- Different CIL rates can apply to different types of development (e.g. residential, commercial, retail) and/ or by geographic area.
- It is a central pot of money which does not necessarily have to be spent in the area the development is taking place.
- CIL will only 'top up' existing sources of funding, it will not be able to pay for all infrastructure required across the District.

What will the money collected through CIL be spent on?

CIL must be spent on infrastructure required to support growth within the District. It is not a 'pot of gold'. It will not pay for everything and priorities will have to be determined on a District level by Members. These priorities are then published on what is known as the Regulation 123 list and will determine what the CIL will be spent on. This list cannot be changed without undertaking further public consultation.

What happens to the existing system of Section 106 contributions?

The Council's current system of collecting contributions from developers through Section 106 agreements will be scaled back after April 2014 and CIL will replace (in part) the collection of monies from developers. Please note that Section 106 is not being wholly replaced by CIL, it is being scaled back to only provide infrastructure directly related to the specific development

The process of introducing CIL

The CIL rates must be set out in what is known as a 'Charging Schedule'. The Charging Schedule is generally based on viability testing at a local level. Varying charges can be applied relating to different types of development, or different geographical locations (known as a differential rate) reflecting differences in economic viability across an area. To have a charging schedule adopted it must be subject to 2 rounds of public consultation and then be heard by an independent person at an Examination in Public. In Wealden, we anticipate the first round of consultation in July 2012 to enable adoption in March 2014.

Post adoption

Post adoption requirements for CIL are critical and the processes for governance, collection, administration and enforcement of CIL need to be considered early to ensure efficient administration once the charging schedule is adopted. These requirements require input from a number of departments within the authority (including legal, finance and IT).

A rigorous process for allocating funding to projects is essential which will include capitalising on our existing good working relationship with our infrastructure providers to ensure infrastructure is delivered in accordance with the priorities of the authority and for the best needs of the local people. This is a significant part of the CIL process and will require corporate input throughout the process.