

COMMUNITY INFRASTRUCTURE LEVY SUMMARY GUIDANCE FOR PARISHES

What is the Community Infrastructure Levy (CIL)?

This is a tax on new development designed to pay for infrastructure that supports growth.

How is it raised?

- Residential development is charged at £40 per sq. m
- Out of town large retail is charged at £100 per sq. m
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However,

- Commercial/industrial development is not sufficiently profitable to make a CIL contribution.
- The urban extensions in Yeovil and the eastern growth area in Chard should be exempt from CIL as they will be making an equivalent contribution through the Section 106 requirements related to the sites themselves.
- Affordable housing and self-build are normally exempt from the charge.

What can CIL be spent on?

It can be spent on infrastructure that supports growth. In South Somerset this has been defined as: - transport, flood defences, schools, hospitals, and other health and social care facilities. This definition allows the levy to be used to fund a very broad range of facilities such as play areas, parks and green spaces, cultural and sports facilities, district heating schemes and police stations and other community safety facilities. This flexibility gives local areas the opportunity to choose what infrastructure they need to deliver their Local Plan. Charging authorities may not use the levy to fund affordable housing.

South Somerset District Council was required to submit what is known as a Regulation 123 list. This identifies the infrastructure that will be funded by CIL and what will continue to be funded by Section 106 contributions.

<https://www.southsomerset.gov.uk/planning-and-building-control/spatial-policy/community-infrastructure-levy/>

How much has been collected so far?

At the time of writing this update, and since 1st April 2017, the Council has received £23,536.48 in CIL monies.

This is not very much - why is that?

Not all new dwellings will be required to pay CIL and the reality is that it is likely that less than half of new dwellings will make a contribution. The reasons for this are:

- Most dwellings constructed over the next 2 financial years will be a result of planning permissions granted under the previous S106 regime (this includes the existing key sites in Yeovil that are under construction and those sites in our market towns that have not yet been implemented).
- Single dwellings are treated as 'self-build' and are exempt under the Regulations (estimated at 20% of supply).
- Affordable housing is exempt (likely to be in region of 35%).
- The regulations give 'credit' for existing buildings/uses that are to be lost to redevelopment.

What about the future?

It is likely that the income will increase as the historic permissions are completed. However, it also needs to be borne in mind that the major sites in Yeovil and Chard are not liable for CIL on the basis that they will be providing the required mitigation and facilities on site and these will be secured through the Section 106 process.

When the Council has received a significant amount of CIL money it will look at how best to allocate it to support growth in South Somerset.

It should be noted that there has been a national review of CIL and extensive reform has been recommended. The suggested changes would result in a simpler low level Local Infrastructure Tariff (LIT) that covers all development but with a continuation of S106s for the larger strategic sites.

What about Parish and Town Councils?

Parish Councils will receive 15% (referred to as a 'meaningful proportion') of all CIL received within their administrative boundary. This rises to 25% if the town or parish has a 'made' Neighbourhood Plan. A simple illustration below:

A 10 x 80 sqm 3 bed house scheme @£40per sq. m = £32,000.

Parish/Town receive 15% = **£4,800**

What Parishes will benefit?

The table below shows the breakdown of CIL monies collected to date, split by Town/Parish that facilitated the development and the amount of the CIL receipt to be passed to the Town/Parish Council.

Parish	CIL monies received from development	Monies to be passed to the Town/Parish Council
South Cadbury & Sutton Montis	£6,707.68	£1,006.15
Huish Episcopi	£8,428.00	£1,264.20
Yeovil	£2,800.80	£420.12
Chard Holyrood	£2,920.00	£438.00
Henstridge	£2,680.00	£402.00
Total amount of CIL collected to date	£23,536.48	

What can the Parish part of the Levy be spent on?

The neighbourhood portion of the levy can be spent on a wider range of things than the rest of the levy, provided that it meets the requirement to 'support the development of the area'. The wider definition means that the neighbourhood portion can be spent on things other than infrastructure. For example, the pot could be used to fund affordable housing where it would support the development of the area by addressing the demands that development places on the area.

Once the levy is in place, parish, town and community could work closely with their neighbouring councils and the charging authority to agree on infrastructure spending priorities. If the parish or town shares the priorities of the charging authority, they may agree that the charging authority should retain the neighbourhood funding to spend on that infrastructure.

It may be that this infrastructure (e.g. a school) is not in the parish or town's administrative area, but will support development.

When should payments be made?

Payment periods associated with the transfer of the meaningful proportion to the parish/town council will be in accordance with regulation 59D of the CIL Regulations:

The charging authority must make payment in respect of the CIL it receives from 1st April to 30th September in any financial year to the local parish/town council by 28th October of that financial year.

The charging authority must make payment in respect of the CIL it receives from 1st October to 31st March in any financial year to the local parish/town council by 28th April of the following financial year.

What are the reporting requirements?

A Parish Council will be free to spend these funds on facilities that serve to address the demands that development places on its area, but will be obliged to report annually on CIL expenditure. The District Council would expect to receive annual financial reports four working weeks of the end of financial year.

If a parish or town does not spend its levy share within 5 years of receipt, or does not spend it on initiatives that support the development of the area, the charging authority may require it to repay some or all of those funds to the charging authority

Please note more detailed guidance can be found:

<https://www.southsomerset.gov.uk/planning-and-building-control/spatial-policy/community-infrastructure-levy/>

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