



Community Infrastructure Levy (CIL)

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Community Infrastructure Levy

- Policy / legislative background
- Why introduce CIL?
- Process for developing/ introducing CIL
- Charging Schedule for Greater Norwich

Policy/legislative background

- CIL regulations came into force on 6 April 2010 following consultation in 2009
- November 2010- government announced CIL would be continued
 - “Fairer system to fund new infrastructure”
- Reforms introduced in April 2011 and further proposals linked to localism bill

Legislative changes

- April 2011- changes:
 - More control for councils- examiner checks that CIL is not unreasonably high
 - Flexible payment deadlines allowed
 - £50K min. threshold for in kind payments scrapped
- Changes linked to localism bill:
 - Ensuring neighbourhoods receive a “meaningful” proportion of funds
 - Definition of infrastructure- e.g. road maintenance

Benefits of CIL

- Provides certainty for developers
- Transparent- rate fixed- no room for negotiations
- Broader range of developments contribute
- Can fund sub regional infrastructure
- Can be linked with forward funding- prudential borrowing
- Stronger legal remedies to secure unpaid CIL- injunction; imprisonment!

Why introduce CIL

- LA's "empowered but not required" to introduce CIL
- CIL Regs make Circular 5/05 tests statutory now-planning obligations can only be used to mitigate impact of development- 3 new tests
- Govt proposes phasing out of pooled contributions- (only for up to 5 developments after 2014)
- Limitations on maintenance contributions
- No funding of sub regional infrastructure
- Under s.106 in Norwich small sites don't contribute
- Regs allow for CIL plus s.106 but **no double counting**

Process for setting CIL

- “Charging authorities” identify infrastructure funding requirements
- Taking other funding sources into account identify “gap”
- **Indicative** list (Reg.123) of projects CIL is intended to fund
- Assessment of **area based** viability
- Charging schedule allocates £ to each main class of development on a £ per sq m basis (gross internal floorspace)- (threshold 100 sq m new build or 1 or more dwellings)
- Scope for differential rates for different geographic areas **based on viability**
- Subject to consultation & scrutiny at public examination

What is required to introduce CIL?

- A Core Strategy
- Infrastructure evidence and a funding gap
- A charging schedule derived from **viability** evidence

Progress to date

- Joint Core Strategy (JCS) adopted with commitment to CIL (Policy 20)
- JCS/LIPP Infrastructure evidence – tested at JCS examination
- Additional work on green infrastructure (clarifies infrastructure requirements)
- Total infrastructure which is CIL fundable = c£480million
- Viability Advice - GVA Dec 2010 + July 2011
- CIL Frontrunners project
- CIL Focus Group and Developer Forum

Draft recommended Charging Schedules

- Each district is a charging authority with its own Charging Schedule
- Therefore 3 co-ordinated Charging Schedules not 1 joint schedule
- Drafts are identical except Norwich City Council is entirely within 1 **residential** charging zone, Broadland and South Norfolk are covered by 2 zones

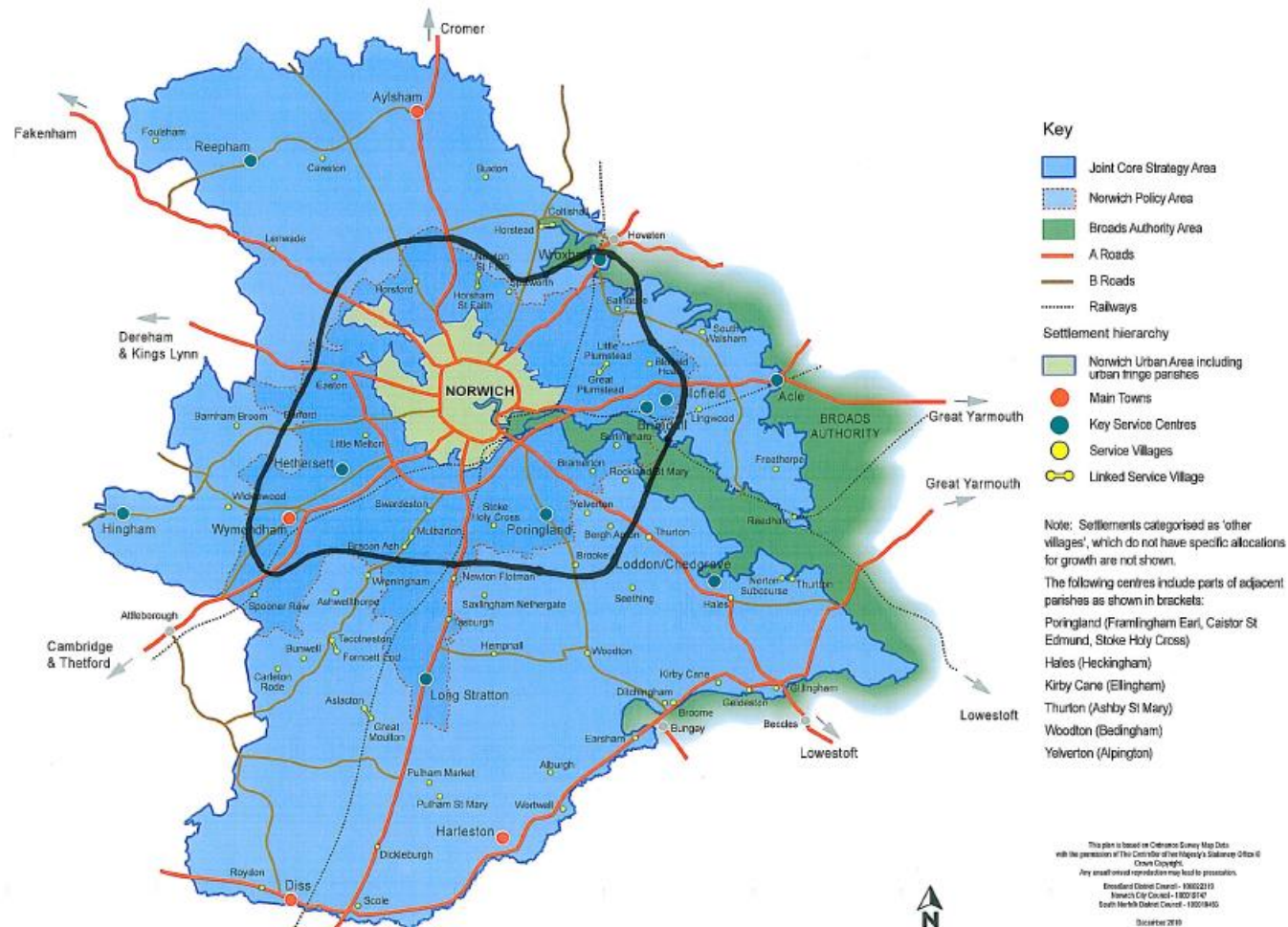
Draft recommended CIL rates

- Rates based on GVA advice taking account of feedback from CIL focus group:
 - 2 residential zones, 1 for all other uses
 - Residential rates reduced to take account of remaining s106 costs – assume £750 per dwelling
 - Inner Zone - recession reduction? Consultation on range. Must be single rate when submitted.
 - Residential garages – added complication

CIL Rates recommended for consultation

Residential	£135 - 160 (Inner) £75 (Outer)
Large Foodstores	£135
Other Retail (A class) Assembly and Leisure (D2 class)	£25
Residential and non-residential institutions (C2, C2A, D1)	£0
Residential garages (not shared)	?? - ??
All other uses including Business (B class), Hotels (C1), PD	£5
Sui generis	In line with similar use class

2 residential charging zones



Supporting the Charging Schedule

- CIL Background and Context report also includes:
 - Discretionary relief
 - Instalment policy
- Infrastructure funded by CIL (the “Reg 123 list”)

What will be CIL funded? (Reg 123)

- Starting principle to minimise S106 (or S278 or conditions) for infrastructure
- Off site infrastructure generally CIL funded – some specific exceptions
- Some on-site S106 funded – mainly infrastructure that is part of the normal design e.g. site access, playspace
- Land transfer, affordable housing still S106

Delivery (not part of consultation)

- CIL = Responsibility
- Local Investment Plan and Programme (LIPP) – developing short term management plan
- CIL not intended to fund all infrastructure
- Current estimate of funding gap = c£100m
- Other funding– DfT, mainstream budgets, RGF, TIF
- Prudential borrowing?
- Efficiency – ongoing discussions with GNDP about ongoing management of delivery programme.

Next steps

- Report to Council's Cabinet Sept 21 2011
- Autumn 2011 – preliminary draft charging schedule consultation
- Winter 2011 – submission
- Spring 2012 – examination
- Summer 2012 - adoption

Questions?

