

## Community Infrastructure Levy Background Summary

### The Community Infrastructure Levy

1. The Community Infrastructure Levy (CIL) is a new levy that CIL Charging Authorities can choose to charge on new development in their area. The levy will help pay towards infrastructure to support new development and facilitate growth. This includes transport schemes, flood defences, schools, hospitals and other health and social care facilities, parks, green spaces and leisure centres.
2. In two tier structures such as Oxfordshire the Charging Authorities (which will set the levies) will be the District Councils, they will also be the Collecting Authorities receiving the levy payments<sup>1</sup>.
3. Planning obligations will still have a role to play in terms of site specific infrastructure that mitigates the specific impacts of a development. However, the CIL regulations introduced a number of reforms to scale back the use of planning obligations. Those reforms come in to full operation on 6 April 2014, by which time if there is no CIL in operation within the relevant Charging Authority's area the potential for both district and county authorities to continue to secure contributions via S106 agreements will be very restricted<sup>2</sup>. CIL will be a key element in helping fund infrastructure needed to facilitate growth planned in the county, although it is not intended to meet the entire funding gap.
4. All CILs are to be levied in pounds per square metre (£/sqm) of additional floorspace arising from any chargeable development. Once the charge is set, it will be payable on any new building or extension of 100 sqm or more of gross internal floorspace or involves the creation of one new dwelling<sup>3</sup>. While any new building over this size will be potentially subject to the levy, the gross floorspace of any existing buildings on the site that have been recently in use and are going to be demolished will be deducted from the final liability. The CIL Regulations give relief from the levy to development that will be used for charitable purposes and affordable housing will not be subject to the levy.
5. As Charging Authorities the District Councils will play the lead role in not only setting a CIL but also deciding how it is spent. Funds collected from CIL will not be tied to use related to a specific development or the provision of specific infrastructure. However Charging Authorities are allowed to use up to 5% of CIL receipts on the cost of administering the levy and there is also a requirement for a proportion of CIL funds to be passed to Parish Councils and Neighbourhoods.

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<sup>1</sup> Where the County Council grants planning permission it will collect any levy and pass it across the relevant District Council.

<sup>2</sup> After the 6 April 2014 the pooling of contributions under planning obligations towards a piece of infrastructure will only be allowed from up to 5 developments.

<sup>3</sup> Even when it is below the 100 sqm threshold

## **The Process for implementing the levy**

6. In order to set a CIL a Charging Authority must prepare and publish a document known as the “charging schedule” which will set out the rates of CIL which will apply in the authority’s area.
7. In order to establish that a CIL is required the charging schedule needs to be supported by infrastructure evidence which shows that there is a funding gap between the infrastructure needed to support predicted growth and the funding sources available to deliver it. Once the infrastructure funding gap has been established and shown to be significant enough to justify a CIL charge, the next stage will be to set the Levy rate. That stage will focus on viability testing.
8. In setting CIL rates Charging Authorities must aim to strike an appropriate balance between the desirability of funding infrastructure from CIL and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area. The CIL Regulations allow for differential rates of CIL to be set according to geographical area or by development type if this is supported by the viability evidence. Taking into account the viability evidence the charging authority should propose a rate which does not put at serious risk the overall development of their area.
9. Before a CIL is adopted the charging schedule must go through a statutory consultation process:
  - Firstly the charging authorities must consult on their proposed CIL rates in a preliminary draft charging schedule (PDCS).
  - When a charging authority considers that a draft charging schedule (DCS) is ready for examination, it must publish the DCS and the appropriate available evidence on infrastructure costs, other funding sources and economic viability.
  - The authority must then call for representations on the DCS to be made within a period of at least four weeks.
  - Finally the charging schedule must be subject to an examination in public by an independent and qualified person.