

**Appendix G – The Community Infrastructure Levy in Peterborough
– Frequently Asked Questions**

The Community Infrastructure Levy in Peterborough: Frequently Asked Questions

April 2015

This guide is for information only and is intended to help the reader understand what CIL means in practice. It is not a policy document. The guide does not cover the entire CIL Regulations, nor does it cover the full range of development scenarios.

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The Community Infrastructure Levy (CIL) in Peterborough: Frequently Asked Questions

What is CIL?

The CIL is a new planning charge to help deliver infrastructure needed to support development of the area. In simple terms, this 'levy' means that any retail development over 100m², or any size of residential development, if it involves the creation of a new dwelling, in Peterborough will have to pay the city council a financial levy. The city council will collect the money from the liable party (usually the developer or owner) and then spend it on new 'infrastructure' which the city needs to grow sustainably. The levy must be used to support development of an area by 'funding the provision, replacement, operation or maintenance of infrastructure.'

Developers currently have to make a contribution towards new infrastructure under the council's Planning Obligations Implementation Scheme (POIS). Changes in legislation make tariff based systems such as POIS unlawful after 6 April 2015. CIL is a new mechanism for securing these funds.

What is infrastructure? Why do we need it in Peterborough?

The definition of infrastructure is included in the Planning Act 2008 but infrastructure covers a wide range of things. Common examples include: new schools, new parks, play areas, new roads and cycleways, electricity cables and water treatment works. It is essential that we provide new infrastructure at the same time as we build new housing and business development. Life in Peterborough would become very challenging if we didn't provide appropriate infrastructure.

When will the CIL come into effect in Peterborough?

The Council's CIL Charging Schedule will come into effect on 24 April 2015.

I thought the Council already charged developers?

We do, this is currently administered under the council's Planning Obligations Implementation Scheme (POIS). However changes to legislation means that POIS becomes unlawful after 6 April 2015. The Council intends to revoke its POIS SPD at the same time it adopts CIL.

Who will pay the CIL?

A development will be liable to pay CIL if:

- It is a type for which a rate has been set in the Council's Charging Schedule;
- If it is a building that people normally go into, and if on completion of the development the increases in floorspace will be more than 100 sq.m;
- It is creating one or more dwellings;
- If it involves the change of use of a building that has been out of use for a period of time, it may be liable.

Most residential and retail developments will have to pay CIL. But there are some key areas where exemptions and reliefs can apply:

- Householder development involving a standard size new house extension or garage;
- Small business developments, under 100 sq.m;
- Affordable housing;
- Some developments built by charities;
- Self-build housing or extensions;
- A change of use with no additional floorspace (if no new dwellings are created);
- Mezzanine floors of less than 200 sq.m inserted into an existing building;
- Change of use from a single dwelling to two or more dwellings;
- The development is a use or area that benefits from a £0 CIL charge.

How much will you have to pay?

It all depends on the new floorspace you provide and what the building will be used for. For every square metre of new floorspace you build that is CIL liable, you will be charged a fixed rate levy. But the levy does change depending on what type of development you build and where it is located.

The calculation involves multiplying the amount of liable new floorspace by the CIL rate for the development type and the index linked figure for the year planning permission was granted. The total is then divided by the index linked figure for the year the Charging Schedule was implemented.

The Council have developed a CIL Calculator to give some guidance as to the amount of CIL that you will be required to pay – www.peterborough.gov.uk. Please note that the calculator will only provide an approximate figure for the CIL amount payable. Detailed calculations will be carried out by the Council's S106 team in accordance with the CIL Regulations.

Who is liable to pay the levy?

The responsibility to pay the levy rests with the ownership of land on which the liable development will be situated. Although liability rests with the landowner, the regulations recognise that others involved in a development may wish to pay. To allow this, anyone can come forward and assume liability for the development.

What are the charges for Peterborough?

The charges are summarised below:

Development Type	Charging Zone		
	High	Medium	Low
Market Housing on sites of less than 15 units	£140	£120	£100
Market Housing on sites of 15 or more units	£70	£45	£15
Apartments on sites of less than 15 units	£70	£45	£15
Residential development comprising 500 or more dwellings	£0	£0	£0
Supermarkets	£150		
Retail Warehouses	£70		
Neighbourhood Convenience Stores	£15		
All other development	£0		

All charges are £ per sq m

What if existing buildings are being demolished or converted?

The gross floorspace of any existing building on the site that are going to be demolished or reused may be deducted from the calculation of the CIL liability. However, deductions can only be applied where those buildings have been in use for a continuous period of at least six months within a period of three years ending on the day planning permission first permits the development.

How will the levy rates respond to inflation?

In calculating individual charges for the levy, charging authorities are required to apply an annually updated index of inflation to keep the levy responsive to market conditions.

Can I have a worked example, please?

To illustrate what it means in practice, here are some worked examples (The following worked examples are simplified examples to illustrate approximate CIL liability, but please note the don't take account of all development scenarios or indexation – please see our website or contact planningobligations@peterborough.gov.uk in relation to specific proposals):

1. Builder Smith gets planning permission to develop 2 new dwellings on a greenfield site in Wittering (in the High Value Zone). The dwellings have a gross internal area of 125 sq.m each:

The chargeable floorspace is:

$$2 \text{ (dwellings)} \times 125 \text{ sq.m} = 250\text{sq.m}$$

The following formula can then be used:

CIL Rate (R) x Chargeable Floorspace (A)

Builder Smith will therefore have to pay a CIL charge of:

$$£140 \text{ per sq.m} \times 250 \text{ sq.m}$$

$$\text{Total CIL liability} = \text{£35,000}$$

2. Builder Jones gets planning permission to build 5 new private 3 bedroom houses in Werrington (in the Medium Charging Zone), with no 'affordable homes'. Each home has a Gross Internal Area (GIA) of 100 sq m. An existing dwelling that has been in lawful use for six months of the previous three years will be demolished.

The first step is to work out the chargeable floorspace. To work out the chargeable floorspace it is necessary to use the formula below:

$$G_R - K_R - \frac{(G_R \times E)}{G}$$

Where:

G = 500 sq. m (the gross internal area of the development)

G_R = 500 sq. m (the gross internal area of the development charged at the residential rate. This figure is the same as the above as there is only one chargeable use on the site)

E = 100 sq. m (the gross internal area of the house to be demolished)

K_R = 0 sq. m (no existing buildings are to be re-used so this figure is 0)

$$500\text{sq.m} - 0 - \frac{(500\text{sq.m} \times 100)}{500}$$

$$\text{Chargeable floorspace} = 400\text{sq.m}$$

After allowing for demolition, the net increase in floor area is 400 sq. m. The following formula can then be used:

CIL Rate (R) x Chargeable Floorspace (A)

Builder Jones will therefore have to pay a CIL charge of:

$$£120 \text{ per sq m CIL charge} \times 400\text{sq.m}$$

$$\text{Total CIL liability} = \text{£48,000}$$

3. Builder Smith gets planning permission for 30 market housing units in Wittering (in the High value zone) on a greenfield site. All developments of more than 15 dwellings should provide 30% affordable housing. Each home has a floorspace of 100 sq m.

$$\text{Total GIA} = 30 \text{ homes} \times 100 \text{ sq m} = 3,000 \text{ sq m}$$

CIL Rate (R) x Chargeable Floorspace (A)

$$£70 \text{ per sq m CIL charge} \times 3,000 \text{ sq.m}$$

$$\text{Total CIL Liability} = \text{£210,000}$$

However builder Smith has agreed to provide 30% affordable housing. He can apply for relief on the affordable housing element. To benefit from social housing relief the relevant person / organisation must be an owner of the land, must have assumed liability to pay CIL and must have submitted their claim for relief, and received the Council's determination, prior to commencing the chargeable development. In this case the Council receives a claim for 900sq.m social housing relief:

Deduct the GIA eligible for relief from the total GIA:
 Total GIA (3,000 sq.m) – the GIA eligible for relief (900 sq.m) = 2100 sq.m

Recalculate CIL liability:
 2100sq m x £70 per sq m CIL

Revised CIL Liability = £147,000

4. Builder Jones get planning permission for 16 apartments in the City Centre. All developments of 15 dwellings or more should provide 30% affordable housing.

Builder Jones will not be required to pay any CIL. Apartment developments of 15 or more dwellings are not require to pay CIL in Peterborough.

5. Builder Smith gets planning permission for 500 dwellings in Hampton. Each home has a floorspace of 100 sq.m.

Builder Smith will be not be liable for any CIL as residential developments of 500 dwellings or more have a £0 CIL rate.

Residential developments of 500 dwellings or more will continue to meet their infrastructure requirements through S106 planning obligations.

When will CIL be paid?

It all depends on when you start your development (CIL is payable on commencement of development) and how big the 'chargeable amount' is. The city council has published an Instalment Policy. The Instalment Policy is summarised below:

Chargeable amount	Number of Instalments	Amount or proportion of CIL payable in any instalment/time at which payments are due
£75,000 or less	1	Total amount payable within 180 days of commencement of development
£75,001 - £500,000	3	Instalment 1: 25% of full payment within 60 days of commencement date Instalment 2: 50% of full payment within 360 days of commencement date Instalment 3: 25% of full payment within 540 days of commencement date
£500,001 or more	4	Instalment 1: 25% of full payment within 60 days of commencement Instalment 2: 25% of full payment within 360 days of commencement Instalment 3: 25% of full payment within 540 days of commencement Instalment 4: 25% of full payment within 720 days of commencement

If my development is phased, when is CIL payable?

The CIL Regulations permit CIL payments to be phased where the planning permission specifies that the development will be phased. In this case, each phase will be treated as a separate CIL chargeable

development and CIL payments relating to each phase can be made in line with the Council's CIL Instalments Policy.

What happens if I don't pay CIL charges?

Unlike S106 obligations, CIL is a mandatory and non-negotiable planning charge and there are penalties and surcharges for non-payment, including the option to pay by instalment being automatically withdrawn. There are also strong enforcement powers, including Stop Notices, surcharges and prison terms.

What is the relationship between CIL and planning obligations?

Planning obligations (funding agreements between the local planning authority and the developer) will continue to play an important role in helping to make individual developments acceptable. However, reforms have been introduced to restrict the use of planning obligations.

The CIL levy is intended to provide infrastructure to support the development of an area rather than to make individual planning applications acceptable in planning terms. As a result, there may still be some site specific impact mitigation requirements without which a development should not be granted planning permission (e.g. affordable housing, local highway and junction improvements and landscaping). Therefore, there is still a legitimate role for development planning obligations to enable a local planning authority to be confident that the specific consequences of development can be mitigated. The Council's approach to planning obligations is set out in its Developer Contributions SPD.

If I am submitting a planning application. How can I find out more about CIL and what I need to do for my planning application submission?

For more detailed information in relation to CIL liability applicants should contact the Council's S106 team at planningobligations@peterborough.gov.uk .

Where can I get the appropriate forms?

The forms are available on the Council's website at www.peterborough.gov.uk or on the planning portal website at www.planningportal.gov.uk .

What will the council spend the money on?

CIL will pay for infrastructure to support new development such as roads, open spaces, schools and community buildings. It can be used to pay for strategic infrastructure serving a wide area, such as improvements to the parkway system or electronic traffic management systems; or it can be local infrastructure such as a community building within a village.

Some of the money we are going to devolve down to local areas to decide how they spend it.

How the money has been spent will be set out in an annual report.

The Council has published what is known as a Regulation 123 List which states what infrastructure CIL can be used to fund, in whole or in part. The Regulation 123 List is summarised below:

Strategic / city wide impact transport projects (excluding specific improvements necessary to make a development acceptable in planning terms)
Education facilities*
Health facilities*
Indoor Sports and recreation facilities*
Library, museum and life-long learning facilities*
Waste Management infrastructure*
Emergency services*

Strategic Open Space
Strategic flood risk management schemes (excluding flood risk measures required to facilitate the alleviation of flood risk in relation to a development site)
Public realm
Crematorium and burial grounds
* excluding where requirements are directly related to residential development comprising 500 dwellings or more

Tell me more about contributions being devolved to local areas

The city council is committed to passing more control and influence down to local communities, so that local communities can decide what the priorities are for spending resources.

CIL Regulations dictate that a Neighbourhood Proportion is passed on to local communities where development has taken place. This proportion to be passed on is highlighted in the table below:

CIL Revenue split	Proportion of total CIL where development has taken place
Neighbourhood Proportion – no Neighbourhood Plan	15% - capped at £100 per existing council tax dwelling
Neighbourhood Proportion - adopted Neighbourhood Plan	25% - uncapped

Unparished areas (usually wards in urban areas) will not hold CIL funds. In such areas the Council will retain the 15% - 25% of Levy receipts but will engage with the communities where development has taken place and agree with them how best to spend that neighbourhood funding.

Town and Parish Councils will be required to produce an annual report outlining their use of their share of CIL receipts.

Will CIL pay for everything?

No. We will need to secure funding from a wide range of other sources, including the private sector, government grants and from our own resources. Developers will only be asked to pay a fair share at a level they can afford.

How will CIL be monitored?

To ensure that the levy is open and transparent, charging authorities must prepare short reports on the levy for the previous financial year which must be placed on their websites by 31st December each year. These reports will set out how much revenue from the levy has been received, what it has been spent on and how much is left.

Is all this CIL process finalised then?

No CIL is an ongoing process and will be subject to monitoring and review. Further information in relation to CIL can be found on the Council's website – www.perterborough.gov.uk

Where can I find out more about CIL?

More information on CIL is available from the following websites:

- Department for Communities and Local Government - <https://www.gov.uk/government/policies/giving-communities-more-power-in-planning-local-development/supporting-pages/community-infrastructure-levy>
- The Planning Advisory Service - <http://www.pas.gov.uk/pas/core/page.do?pageld=122677>