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# **Lewisham Community Infrastructure Levy (CIL)**

## **Background paper – What is CIL?**

December 2011

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# 1. Introduction

## Context

This document has been produced to support the process which will establish a charging schedule for the Community Infrastructure Levy (CIL). The aim of the document is to provide a brief introduction to the CIL and answer a number of key questions. For a more in depth knowledge of CIL, you should refer in the first place to the legislation released in April 2010 (and subsequent updates and addendums) and associated guidance produced by the Department of Communities and Local Government (DCLG).

It should also be noted that the Government are reviewing the CIL legislation and regulations and changes to the levy are highly likely. This document is accurate at the time of writing and will be updated if/when changes are made by Government.

## What is CIL?

The Community Infrastructure Levy is a new charge which authorities in England and Wales (including the London Borough of Lewisham) can charge against most types of new development in their area. The level of CIL payable may be based upon the size, development type and geographic location of the proposed development. The money raised will be used to pay for local and sub-regional strategic infrastructure to support development such as schools, hospitals, roads and transport schemes, as well as libraries, parks and leisure centres.

## Why have a CIL?

A considerable amount of development is planned for the London Borough of Lewisham in the near future. The councils planning documents (the Local Development Framework) identify proposals for the development of over 18,000 new homes in the borough by 2025/26, which will place increased pressure on the facilities and services that are required to support the boroughs residents, workers and visitors. The CIL will provide funding that the council will then spend on increasing and improving the level of social, green and physical infrastructure to support the new development and existing users.

Additional to the benefits to local people, it is also a favourable scheme for developers as it will provide a fixed rate of levy for each type of development by location in the borough. This means that developers will be able to apply certainty to the cost of the charge from the outset of a project.

# 1. Introduction

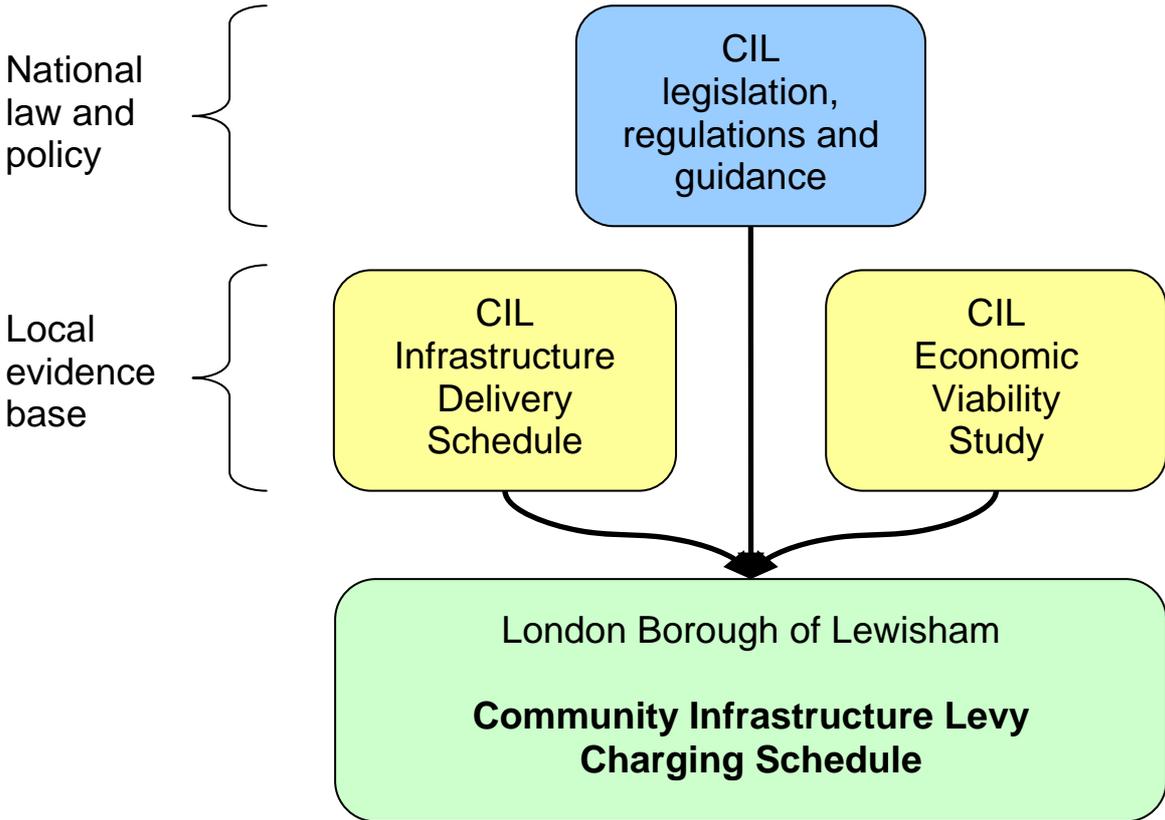
Lastly, the Government will restrict the use of the previous system used to collect funding for infrastructure (Section 106 or S106) when CIL comes in to place in April 2014. This means that if the Council wants to collect money from developers to spend on infrastructure then it must use CIL.

# 2. Setting a levy rate

In order for the Council to be able to charge a levy, they are required to produce a charging schedule, which identifies the rate / rates that are to be charged per square metre of new development.

The charging schedule must be informed by evidence base documents which show the need for a charge (i.e. the need for infrastructure) and that levying such a charge will not hinder the viability of development across the borough. The Borough of Lewisham have produced three documents which form it's charging schedule and the supporting evidence base as shown in Figure 1 below.

Figure 1



## 2. Setting a levy rate

In order to produce and adopt a charging schedule and hence a levy rate the council is required to go through a series of steps as follows:

- Produce a Preliminary Draft Charging Schedule
- Public consultation – 6 weeks minimum
- Produce a Draft Charging Schedule
- Public consultation – 4 weeks minimum
- Submit the Draft Charging Schedule, evidence base reports and any public representations to the independent inspectorate
- Undergo a public examination of the Draft Charging Schedule
- Adopt a final Charging Schedule

# 3. FAQs

## What development is charged?

CIL will be levied using £'s per square metre and the chargeable area will be the net additional increase in floorspace of any given development. It is applicable to all new buildings and extensions greater than 100sqm of gross internal floorspace and unreservedly to all new dwellings.

If there are existing buildings on the development site which are to be demolished for redevelopment, the associated floorspace **may** be applicable for deduction from the chargeable floorspace, although other regulations have a bearing.

## Is any development exempt?

There are a few types of development that are exempt from paying CIL as follows:

- Affordable housing is exempt from CIL and should be dealt with through the remaining Section 106 procedure
- Social housing and development that is to be used for charitable services are exempt (certain to a number of conditions detailed in the regulations)
- The council can specify exemptions of its own should it wish. Details of any exemptions will be identified in the Charging Schedule.

## What will the rate be?

Lewisham is an extensively diverse area and evidence shows that there are large deviations in wealth, land value, deprivation and many other factors within the borough. Because of this the council will give regard to a rate that differs geographically across the borough. Similarly, there is an understanding that some types of development generate greater value than others, therefore consideration will be given to using a differential rate based upon development type.

The outcome of this investigation may lead to one rate for the whole borough, or more likely a matrix of rates split by two or three geographic areas and two or three development types. This means therefore that there could potentially be between four and nine levels of rate across the borough.

### **What will the total payment be for a site?**

The total payment for a site can be worked out using a simple calculation. The chargeable area in square metres (excluding exemptions and valid existing floorspace) will be charged at the relevant rate/s in pounds per square metre. It should be noted that the CIL rate will be index linked and therefore will be adjusted year by year.

### **Who pays?**

In the first place it is assumed that the landowner is the party that is liable for the payment of CIL and this will usually be the case. This will change if another party assumes liability and volunteers to pay the CIL, which can be exacted by anyone. In the event that no liable party can be located, the default liability will always fall with the landowner.

### **When is it paid?**

CIL is to be paid upon commencement of development. Where the development is to be phased, the schedule can be divided into a number of separate payments to align alongside the commencement of each phase.

### **Who will collect it?**

CIL is to be collected by the council for the London Borough of Lewisham. The council will be developing a set of procedures and regulations by which it will administrate the collection and enforcement of CIL in the near future.

### **What will collected CIL be spent on?**

The money collected by the council through CIL will be spent on strategic social infrastructure projects throughout the borough. The CIL Infrastructure Development Schedule (IDS) has identified a large range of projects that are required to be delivered in the CIL period. It is a number of these schemes that the council would currently anticipate implementing through the use of CIL funding. However, it must be noted that the regulations state that the identified infrastructure needs in the evidence base for the charging schedule (i.e. the CIL Infrastructure Delivery Schedule) are not what the CIL funding has to be spent on. It is understood that needs and priorities will change over time and therefore CIL may well be spent on different projects than those initially identified. Despite this potential change in expenditure regime, it is clear that all funding will be used to support social, green or physical infrastructure.

The government are currently consulting on the proposal for local authorities to be required to consult with local neighbourhood groups or forums when spending a proportion of the CIL income. This would mean that the Council would have to take account of local views before deciding where and how to spend part of the CIL generated money. The Council will continue to monitor the consultation and potential implementation of regulations and will then adjust the CIL draft charging schedule if required.

### **What happens to Section 106?**

Section 106 will continue to play an important role in helping to make individual developments acceptable to local planning authorities and communities.

For example, new affordable housing will continue to be delivered through planning obligations rather than CIL. Some reforms have been introduced, however, to restrict the use of section 106. Some of these have already come into effect and others will take effect from April 2014 – or as soon as a charging authority starts to charge CIL.

Most importantly, after April 2014, planning obligations can no longer be used as the basis for a tariff to fund infrastructure, but will pass this responsibility to CIL.

### **How long will CIL last?**

CIL is an ongoing system with no specified end date. However, locally the CIL charging schedule will be reviewed biennially through the Annual Monitoring Report (AMR) and assessed to ensure it is still appropriate in terms of infrastructure needs and viability. If monitoring results show that an adjustment is needed to the CIL rate in order for it to continue to meet an appropriate balance between need and viability, then the CIL charging schedule will be reviewed and pass through the same process of public consultation and examination as the original schedule.

If you require further information or advice about the councils preparation of a CIL charging schedule please, in the first instance, see our website at the following address:

<http://www.lewisham.gov.uk/myservices/planning/policy/LDF/Pages/default.aspx>

If you require further assistance, please contact the Planning Policy Team at the following:

**Address**

Planning Policy Team  
Planning Service  
5<sup>th</sup> Floor Laurence House  
1 Catford Road  
Catford  
London  
SE6 4SW

**Telephone**

020 8314 7400

**E-mail**

planning.policy@lewisham.gov.uk

Additionally, further information is available regarding CIL through several other organisations including:

**Department for Communities and Local Government**

<http://www.communities.gov.uk/planningandbuilding/>

**Planning Advisory Service**

<http://www.pas.gov.uk/pas/core/page.do?pagelId=122677>

