Community Infrastructure Levy

Guidance for neighbourhoods and parishes in Daventry District

April 2018

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Setting the scene for CIL

The Community Infrastructure Levy (CIL) is a charge on the amount of floor space created by new development. Its purpose is to raise funds for essential community infrastructure that is required across an area as the population grows. In Daventry District, the CIL will apply to new housing and retail developments, but the rates vary according to location and size of development.

Local authorities that adopt the CIL must draw up a list (known as the Regulation 123 List) which specifies the infrastructure that will be funded by the CIL. Daventry District Council (DDC) has put the 'big ticket' items that serve a wide area on its list, such as major road projects and secondary schools. Section 106 agreements can no longer be used to pay for items on the Regulation 123 List, but can still be used for site specific infrastructure such as primary schools, community buildings and GP surgeries.

Parish Councils will receive a portion of the CIL receipts raised in their parish. This portion will be greater if they have a Neighbourhood Plan in place for the area where the development occurs. For parishes with no council, DDC will engage with residents to identify how it should be spent.

What is the CIL Charging Schedule?

Daventry District Council will apply the Community Infrastructure Levy to residential and retail development.

As a general rule, all new dwellings (whatever their size) and any other residential or retail development that creates over 100m² of new floor space will be liable. Some development is exempt, such as self-build dwellings and affordable housing. However, conditions apply to exemptions and if they are not complied with, the CIL that would have been due can be clawed back.

Since adopting the CIL on 1st September 2015, DDC has applied indexing to the published rates to account for construction industry inflation. This is allowable under the CIL Regulations. For 2018, the rates are as follows:

Development Type	Levy per m²
Residential Urban Zone	£60.50
Residential Rural Zone - sites with 5 or more units	£78.65
Residential Rural Zone – site with 4 or less units	£242.00
Retail (excluding central zone)	£121.00
All other uses and locations	£0

A map showing the various zones can be found on the DDC website at www.daventrydc.gov.uk/CIL

Community benefits

DDC is the CIL collecting authority for our District. Generally, CIL is due to be paid within 60 days of a development commencing. However, for sites where the CIL liability exceeds £60,000, the developer can pay in instalments. Therefore, on a large site that is being developed by one of the national house builders, it may take over two years to collect all the CIL that is due.

Parish councils will receive a portion of the CIL that is raised in their parish. This portion is paid out twice a year, in April and October, and is to be spent on the parish council's own priorities for local infrastructure.

Parish councils that have an adopted Neighbourhood Plan in place when a CIL liable development is first permitted will receive 25% of the CIL receipts. Parish councils with no Neighbourhood Plan receive 15% which is capped at £100 per existing council tax dwelling per year. So, a parish council with no Neighbourhood Plan and 250 council tax dwellings can only be paid a maximum of £25,000 in any one year. The Council Tax Base List, which is published every October, will be used to identify the number of council tax dwellings in each parish.

Parishes with no council do not get a portion of CIL. Instead, DDC will set aside 15% of the receipts, capped as above, and will engage with residents as to how the money should be spent in their parish.

Calculating the parish portion – example 1

60 new homes on the edge of a large village

A site of this size could include up to 24 affordable housing units which are exempt from CIL. Therefore, let's assume the CIL is calculated on the 36 market homes and the average net floor space of each is 100m². The total floor space for calculating CIL will be 36 x 100m² = 3,600m². The applicable CIL rate is £78.65 per m² (see table above) so the CIL liability will be 3,600 x £78.65 = £283,140.

In this case, the developer will benefit from being able to pay by instalments. So, 25% will be due within 60 days of works commencing and the remaining 75% due within 360 days. Effectively, DDC will collect £70,785 in year 1 and £212,355 in year 2.

The large villages have parish councils, and if there is an adopted Neighbourhood Plan, 25% of the CIL receipts will be paid to the parish council, ie. £70,785. As the CIL in this example is paid in two instalments, the parish council will get £17,696 in year 1 and £53,089 in year 2.

If there is no adopted Neighbourhood Plan, the parish council will get 15% of the CIL receipts. This is £42,471, but is subject to the cap rule. However, a large village will have a high cap, so all things being equal, the parish council should receive £10,618 in year 1 and £31,853 in year 2.

How is CIL spent?

DDC intends to spend its portion of CIL on the specific infrastructure that is identified in its Regulation 123 List. This includes items that serve the whole District, or large parts of it, eg. major roads, secondary schools, leisure centres.

Parish councils have more freedom as to how they can spend their CIL portion. Regulation 59C states that it should be used to fund:

(a) *The provision, improvement, replacement, operation or maintenance of infrastructure, or*
(b) *Anything else that is concerned with addressing the demands that development places on an area.*

This suggests that parish councils should spend their CIL funds on the local infrastructure that they typically have some influence over, eg. the village hall, the sports field, children's play areas etc. If there is a Neighbourhood Plan, this will certainly guide spending plans. If not, parish councils are encouraged to engage with parishioners about community needs.

Parish councils should also consider the merits of contributing their CIL funds towards larger projects that provide benefit on a wider scale. This could be with neighbouring parishes or with DDC.

As already noted, parishes with no council have their CIL portion retained by DDC who will then engage with parishioners as to how it should be spent. The retained parish portion can be spent as described in Regulation 59C (see above).

Calculating the parish portion – example 2

Two new detached homes in a small village

If two new homes are for sale on the open market, they will be CIL liable. Let's assume the net floor space of each is 120m², which makes a total of 240m². The applicable CIL rate will be £242 per m² so the CIL liability will be 240 x £242 = £58,080.

As the CIL is below £60,000, it will be paid in one lump to DDC within 60 days of works commencing. If we assume this small village has only 75 council tax dwellings and no Neighbourhood Plan, they will only be entitled to 15% and the cap rule will apply. The most that can be paid to the parish council in any year (or set aside by DDC if there is no parish council) will be 75 x £100 = £7,500.

15% of £58,080 is £8,712, so the parish will get £7,500 with the £1,212 balance going back into DDC's general CIL pot to be spent on major infrastructure projects as per the Regulation 123 List. Furthermore, if any more CIL receipts are raised from other sites in this village in the same financial year, these too will have to go back into DDC's general CIL pot owing to the cap rule.

A note on self-builds

In a relatively affluent District such as ours, there is likely to be a high number of self-builds which can claim exemption. However, the CIL that would have been due can be clawed back by DDC if a disqualifying event occurs - for example, if the self-builder fails to submit the correct forms to corroborate their status, or if they move out of their self-build home within 3 years.

Most self-builds are large and have high CIL values – for instance, a dream home in a rural setting with a net floor space of 250m² will have a potential CIL liability of over £60,000. Therefore, it is important that DDC ensures the self-builders follow due process and occupy their new home for at least 3 years. DDC has set up a monitoring regime to catch any disqualifying events that may occur. However, we will always welcome information from parish councils that suspect a disqualifying event has occurred. At the end of the day, there are good financial reasons for both DDC and the parish councils keeping an eye on the self-builds!

Parish Council reporting requirements

To ensure transparency, both DDC and parish councils must publish a CIL report on an annual basis. This must be done by 31st December after the financial year end. So, for the 2017/18 year, the report must be published by 31st December 2018.

The report must include:

- Total CIL receipts
- Total CIL expenditure
- A breakdown of CIL expenditure items
- The amount of CIL retained from that year
- The amount of CIL retained from previous years

DDC has a CIL reporting template that parish councils can use to meet their CIL reporting obligations. Whatever reporting format parish councils use, the report must be placed on their website (if they have one) and a copy sent to DDC. It might also be good practice to include a summary of the CIL report in the parish magazine or newsletter and pin a copy onto the parish notice board.

Please note, if a parish council does not spend its CIL portion within 5 years of receipt, there is scope for DDC to claw it back. However, we expect that this situation will not even arise!

There is no requirement for parishes without a parish council to publish a CIL report.

Further advice

DDC can offer free advice for parishes who are seeking additional funding for their projects. It is also worth asking DDC how well a parish project is likely to fit in with wider development plans for the area as it could be possible that the parish's CIL portion can be more usefully spent on other parish priorities.

For projects where a parish may not have the expertise or capacity to deliver on its own, DDC may also be able to provide project management services if there is capacity to do so. For this there may be a charge to cover DDC's costs.

This guide has been prepared to assist parishes, but the CIL Regulations are very complex and open to interpretation. A comprehensive guide to CIL can be found on the Planning Portal website: http://planningguidance.communities.gov.uk/blog/guidance/community-infrastructure-levy/

DDC welcomes feedback on this guidance. If there is any other advice that neighbourhoods and parishes would like to see in future editions, please tell us.

How to contact us

For advice on wider development plans, working with DDC on projects or DDC project management support, email Gary Underhill: gunderhill@daventrydc.gov.uk

For all other advice, including funding advice, value of parish payments, and the reporting template, email Tim Cantwell: tcantwell@daventrydc.gov.uk

DAVENTRY DISTRICT COUNCIL