



Horsham  
District  
Council

# The Community Infrastructure Levy

A Guide for Parish Councils

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## **PURPOSE OF THE DOCUMENT:**

The purpose of this document is to provide an overview for parish councils on how the Community Infrastructure Levy operates and the roles and responsibilities of the district and parish councils.

The Community Infrastructure Levy regulations 2010 (as amended) provide the legal framework for the administration of the levy including how the levy is to be collected, spent and reported and should be read in conjunction with this guidance.

## **WHAT IS THE COMMUNITY INFRASTRUCTURE LEVY (CIL)?**

The Community Infrastructure Levy (CIL) is a tool to help deliver infrastructure to support the development of the area.

The levy is charged on new development that creates either 100sqm of new gross internal area floorspace or (a) new dwelling(s) of any size.

Development of this nature will usually require planning permission from the local planning authority, the Planning Inspectorate or the Secretary of State on appeal, however the levy also applies to developments granted consent through local planning orders or Neighbourhood Development Orders. The levy may also be payable on permitted development.

## **HORSHAM DISTRICT COUNCIL'S CIL CHARGING SCHEDULE**

The geographical areas covered and rates charged by a CIL charging authority are set out in their CIL Charging Schedule.

Horsham District Council implemented its Community Infrastructure Levy (CIL) Charging Schedule on 1<sup>st</sup> October 2017 and this can be viewed on our website at [www.horsham.gov.uk](http://www.horsham.gov.uk). Any relevant development granted on or after this date is CIL liable.

Please note that the South Downs National Park Authority (SDNPA) is a CIL Charging Authority in its own right. It implemented its CIL Charging Schedule on 1 April 2017 and parts of the district falling within the boundaries of the SDNPA are subject to its own charging schedule.

## **CIL LIABLE DEVELOPMENT:**

- Development which creates net additional floor space, where the gross internal area of new build is 100 square metres or more
- Development creating new dwellings of any size, including conversions, (but excluding sub-division of one dwelling to one or more dwellings)

### **The following DO NOT pay the levy:**

- Development of less than 100 square metres unless this is a whole house, in which case the levy is payable
- Buildings into which people do not normally go
- Buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery
- Structures which are not buildings, such as pylons and wind turbines
- Specified types of development which local authorities have decided should be subject to a 'zero' rate and specified as such in their charging schedules
- Vacant buildings brought back into the same use

There may still be an administrative process to follow however, even if the resultant figure payable is £0.

## **CALCULATING THE AMOUNT OF CIL PAYABLE:**

The amount of CIL payable is usually calculated when planning permission is granted, however there are exceptions, such as in the case of an outline permission, where the CIL liability is calculated on final approval of the last reserved matter.

The levy is calculated by multiplying the amount of new gross internal floor area created by the development by the relevant CIL rate. Horsham District Council's CIL rates are as follows:

<b>Residential Development <sup>(1)</sup></b>	<b>CIL charge per m<sup>2</sup> *</b>
District-wide ( <b>Zone 1</b> ) (excludes North of Horsham and Kilnwood Vale)	£135
Strategic Sites ( <b>Zone 2</b> ) (North of Horsham and Kilnwood Vale only)	£0
<b>Other Development (Across the Charging Area)</b>	<b>CIL charge per m<sup>2</sup> *</b>
'Large format' Retail Development (A1 to A5) including supermarkets <sup>(2)</sup> and retail warehousing <sup>(3)</sup>	£100
'Standard Charge' (applies to all development not separately defined above, including, smaller retail development (A1 to A5) <sup>(4)</sup> , offices, warehouses, leisure, education and health facilities)	£0

### **Indexation:**

The CIL regulations require indexation to be applied to the CIL rate and as such, Horsham District Council's CIL rate will be adjusted in accordance with the appropriate index figure each January.

The CIL rates (including indexation) for planning permissions granted in 2018 are £147.74 per m<sup>2</sup> (residential) and £109.44 per m<sup>2</sup> (retail).

## **DEDUCTIONS, EXEMPTIONS AND RELIEFS**

### **Existing in-use floorspace to be retained/demolished:**

Where part of an existing building has been **in lawful use** for a continuous period of 6 months within the 3 years starting from the date of planning permission, parts of that building that are to be demolished or retained can be deducted.

Where an existing building does not meet the 6-month lawful use requirement, its demolition (or partial demolition) is not taken into account. However, parts of that building that are to be retained as part of the chargeable development can still be taken into account if the intended use matches a use that could have lawfully been carried out without requiring a new planning permission.

### **Exemptions and Reliefs:**

The Community Infrastructure Levy Regulations make a number of provisions for relief from the levy. Some types of relief are compulsory; others are offered at the charging authority's discretion.

### **Self-Build Exemption (residential extensions and annexes):**

People who extend their own homes or erect residential annexes within the grounds of their own homes are exempt from the levy, provided that they meet the criteria laid down in the regulations.

### **Self-Build Exemption (whole new house):**

The self-build exemption, if the necessary qualification requirements are met and the relief application process completed within required timescales, will apply to anybody who is building their own home or has commissioned a home from a contractor, house builder or sub-contractor. Individuals claiming the exemption must own the property and occupy it as their principal residence for a minimum of 3 years after the work is completed.

### **Social Housing Relief:**

Social housing relief is a mandatory discount that applies to most social rent, affordable rent, intermediate rent provided by a local authority or Private Registered Provider and shared ownership dwellings. Subject to meeting specific conditions, social housing relief can also apply to discounted rental properties provided by bodies which are neither a local authority nor a private registered provider.

### **Charitable Relief:**

A charitable institution which owns a material interest in the land (a charity landowner) will get full relief from their share of the liability where the chargeable development will be used 'wholly, or mainly, for charitable purposes' and they meet the relevant requirements.

Horsham District Council also offers discretionary relief where a charity has a material interest and where the purposes of the development are to generate profits that will be applied to charitable purposes.

## **WHEN IS THE CIL PAID TO HORSHAM DISTRICT COUNCIL?**

CIL is payable once a development has commenced and a commencement notice must be submitted to the district council at least the day before works are due to start.

Once a Commencement Notice is received, the district council issues a CIL demand notice and invoice.

An instalment policy is in place relating to CIL payments. Amounts under £20,000 are payable in full within 60 days of commencement of the development. Sums of £20,001 or more are payable in instalments, but are still based upon commencement of development. Full details of our instalment policy can be found in our [Charging Schedule](#).

## **NEIGHBOURHOOD PORTION OF CIL:**

Where all or part of a chargeable development takes place within an area that has no neighbourhood plan, **15%** of the relevant CIL receipts will be passed to the parish council for that area, up to £100 (index linked) per existing council tax dwelling.

Where all or part of a chargeable development takes place within an area that has a made neighbourhood plan, or where a development was granted permission by a neighbourhood development order, **25%** of the relevant CIL receipts will be passed to the parish council for that area.

Parish council	Neighbourhood plan	Levy
✓	✓	25% uncapped, paid to parish
✓	X	15% capped at £100/dwelling, paid to parish
X	✓	25% uncapped, local authority consults with community
X	X	15% capped at £100/dwelling, local authority consults with community

If a Neighbourhood Plan comes into effect in an area, planning permissions granted before the date the Plan was made will remain subject to the 15% neighbourhood portion. However permissions granted after the date the Plan is made will be subject to the 25% portion.

### **Cross-boundary development:**

Where development straddles parish council boundaries, each council receives a share of the levy which is proportionate to the gross internal area of the development within their area.

A parish council can choose not to receive their portion of the CIL, in which case Horsham District Council will retain those CIL receipts.

## **WHEN IS THE NEIGHBOURHOOD PORTION PAID TO PARISH COUNCILS?**

For CIL received from 1<sup>st</sup> April to 30<sup>th</sup> September in any financial year, the neighbourhood portion will be passed to the parish council by 28<sup>th</sup> October of the following financial year.

For CIL received from 1<sup>st</sup> October to 31<sup>st</sup> March in any financial year, the neighbourhood portion will be passed to the parish council by 28<sup>th</sup> April of the following financial year.

Payments will be made by BACS.

## **PARISH COUNCIL RESPONSIBILITIES:**

Parish Councils are responsible for:

- Spending the neighbourhood portion of the CIL;
- Reporting annually on their CIL income and expenditure (parish CIL report);
- Publishing their parish CIL report.

## **SPENDING THE NEIGHBOURHOOD PORTION:**

You must spend your portion of the CIL within **five years from receipt**. If the funds have not been spent within that time, or not been spent in line with the CIL regulations, they can be claimed back by the district council.

## **What can the Neighbourhood Portion of CIL be spent on?**

Your CIL receipts **must be used to support the development of your area, or any part of that area, by funding:**

- (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 could include:

- Transport infrastructure
- Open spaces
- Educational facilities
- Medical facilities
- Sporting and other recreational facilities
- Social and community facilities
- Affordable housing
- Preparation of a neighbourhood plan

It should also be noted that, in line with government guidance, the levy is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development.

Should you wish to do so, you can pass your CIL receipts to other parties to be spent on your behalf. This may be of assistance if the infrastructure requirements are outside of your remit.

You should work closely with local groups and organisations, neighbouring councils and the district council to agree on infrastructure spending priorities. If you share the priorities of the district council, you may agree that the district council should retain the neighbourhood funding to spend on that infrastructure. It may be that this infrastructure is not in your administrative area, but will support the development of the area.

### **ANNUAL REPORTING ON CIL FUNDS:**

For any financial year in which you receive CIL receipts (“the reported year”) you **must** prepare a report which includes the following information:

- (a) the total CIL receipts for the reported year;
- (b) the total CIL expenditure for the reported year;
- (c) summary of CIL expenditure during the reported year including –
  - (i) the items to which CIL has been applied; and
  - (ii) the amount of CIL expenditure on each item; and
- (d) details of any notices received relating to regulation 59E (Recovery of CIL) including:
  - (i) the total value of CIL receipts subject to notices served in accordance with regulation 59E during the reported year;
  - (ii) the total value of CIL receipts subject to a notice served in accordance with regulation 59E in any year that has not been paid to the relevant charging authority by the end of the reported year;
- (e) CIL receipts for the reported year retained at the end of the reported year;
- (f) CIL receipts from previous years retained at the end of the reported year;

There is no prescribed format for reporting on the CIL and you may choose to combine reporting on the levy with other reports you already produce, however a template is also provided at Appendix A.

### **PUBLISHING THE PARISH CIL REPORT**

You **must**

1. Publish the report:
  - (i) on your website;
  - (ii) on Horsham District Council’s website if the parish council does not have a website;
2. Send a copy of the report to Horsham District Council no later than 31<sup>st</sup> December following the reported year, unless the report is to be published on Horsham District Council’s website.

Useful links:

[Government CIL Guidance](#)

[Community Infrastructure Levy regulations 2010 \(as amended\)](#)

[Planning Portal](#)

**APPENDIX A**  
**TEMPLATE FOR PARISH CIL REPORT**

## COMMUNITY INFRASTRUCTURE LEVY (CIL) REPORT

Reported Year 1 April \_\_\_\_\_ to 31 March \_\_\_\_\_

Parish: \_\_\_\_\_

As required under regulation 62A of the Community Infrastructure Levy regulations 2010 (as amended) \_\_\_\_\_ Parish Council reports as follows:

### Summary of CIL Receipts:

A	Total CIL <b>carried over</b> from the previous years	£
B	Total CIL <b>receipts</b> for the reported year	£
C	Total CIL <b>expenditure</b> for the reported year	£
D	Total CIL <b>repaid</b> following a repayment notice	£
E	Total CIL <b>retained</b> at the end of the reported year (A+B-C-D)	£

### Summary of CIL Expenditure during the reported year:

Item / Purpose to which CIL applied	Amount of CIL Spent
<b>Total Spent</b>	£

### Details of notices received requiring repayment of CIL to the charging authority (reg. 59E (see Appendix B):

Total value of CIL receipts subject to notices served in the reported year	
Total value of CIL receipts subject to a notice <i>in any year</i> that has not been paid to the charging authority by the end of the reported year.	

Signed: \_\_\_\_\_ Position: \_\_\_\_\_

You must

- (i) publish this report:
  - (a) on your website;
  - (b) on Horsham District Council's website if you do not have a website;
- (ii) send a copy of the report to Horsham District Council no later than 31<sup>st</sup> December following the reported year, unless the report is to be published on Horsham District Council's website.

## **APPENDIX B**

### **Extracts from Part 7 (Application of CIL) of the Community Infrastructure Levy regulations 2010 (as amended)**

The following extracts relate to the neighbourhood portion of CIL:

#### **Regulation 59A**

##### **"Duty to pass CIL to local councils**

59A.—(1) This regulation applies to that part of a chargeable development within the area of a local council.

(2) Subject to paragraph (12) and regulation 59E(5) a charging authority, other than the Mayor, must pass to every local council within its area a proportion of CIL receipts calculated in accordance with this regulation and regulation 59B.

(3) In England, where all or part of a chargeable development is within an area that has a neighbourhood development plan in place the charging authority must pass 25 per cent of the relevant CIL receipts to the parish council for that area.

(4) In England, where all or part of a chargeable development—

- (a) is not in an area that has a neighbourhood development plan in place; and
- (b) was granted permission by a neighbourhood development order made under section 61E or 61Q(3) (community right to build orders) of TCPA 1990,

the charging authority must pass 25 per cent of the relevant CIL receipts to the parish council for that area.

(5) In England, where all or part of a chargeable development—

- (a) is not in an area that has a neighbourhood development plan in place; and
- (b) was not granted planning permission by a neighbourhood development order made under section 61E or 61Q (including a community right to build orders) of TCPA 1990,

then, subject to paragraph (7), the charging authority must pass 15 per cent of the relevant CIL receipts to the parish council for that area.

(6) In Wales, where all or part of a chargeable development is within the area of a community council then, subject to paragraph (7), the charging authority must pass 15 per cent of the relevant CIL receipts to that community council.

(7) The total amount of CIL receipts passed to a local council in accordance with paragraph (5) or (6) shall not exceed an amount equal to £100 per dwelling in the area of the local council multiplied by  $I_A$  in each financial year.

(8) In paragraphs (3) to (6) the relevant CIL receipts are the proportion of CIL received in relation to a development equal to the proportion of the gross internal area of the development that is relevant development in the relevant area of the local council.

(9) In paragraph (8), the relevant area is—

- (a) in relation to paragraph (3), that part of the parish council's area that has a neighbourhood development plan in place;
- (b) in relation to paragraphs (4)(a) and (5)(a), that part of the parish council's area that does not have a neighbourhood development plan in place; and
- (c) in relation to paragraph (6), the whole of the community council's area.

(10) In paragraph (8), the relevant development is—

- (a) in relation to paragraphs (3) or (6), the whole of the development;
- (b) in relation to paragraph (4)(b) that part of the development for which permission was granted by a neighbourhood development order made under section 61E or 61Q (community right to build orders) of TCPA 1990; and
- (c) in relation to paragraph (5)(b) that part of the development for which permission was not granted by a neighbourhood development order made under section 61E or 61Q (community right to build orders) of TCPA 1990.

(11) In this regulation an area has a neighbourhood development plan in place in relation to a development, or part of a development, if—

- (a) a neighbourhood development plan was made by a local planning authority in accordance with section 38A(4) of the Planning and Compulsory Purchase Act 2004 prior to the time at which planning permission first permits that development; and
- (b) that neighbourhood development plan is extant in relation to the relevant area on the day when planning permission first permits that development.

(12) Where a local council notifies the charging authority in writing that it does not want to receive some or all of the CIL receipts that this regulation applies to before that CIL is paid to it, the charging authority must retain those CIL receipts.

## **Regulation 59B**

### **Application of regulation 59A to land payments**

59B.—(1) Regulation 59A applies to land payments accepted by a charging authority in accordance with regulation 73(1) (payment in kind) as follows.

(2) For the purposes of regulation 59A(8), the CIL received in relation to a development includes the value of CIL that any land payments were accepted in satisfaction of.

(3) Any payments to a local council relating to a land payment must be paid to the local council in money.

## **Regulation 59C**

### **Application of CIL by local councils**

59C. A local council must use CIL receipts passed to it in accordance with regulation 59A or 59B to support the development of the local council's area, or any part of that area, by funding—

- (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.

## **Regulation 59D**

### **Payment periods**

59D.—(1) This regulation applies where a charging authority is required to make a payment to a local council under regulation 59A or 59B.

(2) If the charging authority and the local council agree on a timetable for payment, the charging authority must pay the local council in accordance with that timetable.

(3) In all other cases, the charging authority must pay the local council in accordance with the following paragraphs.

(4) The charging authority must make payment in respect of the CIL it receives from 1st April to 30th September in any financial year to the local council by 28th October of that financial year.

(5) The charging authority must make payment in respect of the CIL it receives from 1st October to 31st March in any financial year to the local council by 28th April of the following financial year.

## **Regulation 59E**

### **Recovery of CIL passed in accordance with regulation 59A or 59B**

59E.—(1) This regulation applies to CIL receipts received by a local council in accordance with regulation 59A or 59B that the local council—

- (a) has not applied to support the development of its area within 5 years of receipt; or
- (b) has applied otherwise than in accordance with regulation 59C.

(2) The charging authority may serve a notice on the local council requiring it to repay some or all of the CIL receipts that this regulation applies to.

(3) A notice under paragraph (2) will be valid if it contains the following information—

- (a) the amount of CIL receipts to be repaid;
- (b) the reasons for requiring those receipts to be repaid; and
- (c) the date by which repayment is to be made which must be no earlier than 28 days from the day the notice is served.

(4) On receipt of a valid notice the local council must send to the charging authority any CIL receipts it has not spent up to the value set out under sub-paragraph (3)(a) within the time set out under sub-paragraph (3)(c).

(5) If the local council is unable to repay the full amount set out under sub-paragraph (3)(a) out of unspent CIL receipts, the charging authority must recover the rest of that amount out of future CIL receipts that it would otherwise have to pass to the local council in accordance with regulation 59A or 59B.

(6) If the charging authority recovers CIL receipts in accordance with paragraph (5) it must serve a notice on the local council when those receipts would otherwise be passed to the local council stating—

- (a) the amount of CIL receipts recovered; and
- (b) the amount of CIL receipts still to be recovered by the charging authority from the local council.

(7) A charging authority may withdraw a notice served under paragraph (2) at any time and if it does so any unspent CIL receipts recovered under paragraph (4) or (5) in accordance with the withdrawn notice must be returned to the local council.

(8) A charging authority and a local council may at any time vary the terms of a notice served under paragraph (2) by agreement.

(9) Part 9 (enforcement) does not apply in relation to this regulation.

(10) CIL receipts recovered under this regulation must be used by the charging authority to support the development of the area of the local council they are recovered from by funding—

- (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.

## **Regulation 62A**

### **"Reporting by local councils**

**62A.—(1)** A local council must prepare a report for any financial year ("the reported year") in which it receives CIL receipts.

(2) The report must include—

- (a) the total CIL receipts for the reported year;
- (b) the total CIL expenditure for the reported year;
- (c) summary of CIL expenditure during the reported year including—
  - (i) the items to which CIL has been applied; and
  - (ii) the amount of CIL expenditure on each item; and
- (d) details of any notices received in accordance with regulation 59E, including—
  - (i) the total value of CIL receipts subject to notices served in accordance with regulation 59E during the reported year;
  - (ii) the total value of CIL receipts subject to a notice served in accordance with regulation 59E in any year that has not been paid to the relevant charging authority by the end of the reported year.
- (e) the total amount of—
  - (i) CIL receipts for the reported year retained at the end of the reported year; and
  - (ii) CIL receipts from previous years retained at the end of the reported year.

(3) The local council must—

- (a) publish the report—
  - (i) on its website;
  - (ii) on the website of the charging authority for the area if the local council does not have a website; or
  - (iii) within its area as it considers appropriate if neither the local council nor the charging authority have a website, or the charging authority refuses to put the report on its website in accordance with paragraph (ii); and
- (b) send a copy of the report to the charging authority from which it received CIL receipts, no later than 31st December following the reported year, unless the report is, or is to be, published on the charging authority's website."