

## **COMMUNITY INFRASTRUCTURE LEVY**

### **1. What is the Community Infrastructure Levy?**

The Community Infrastructure Levy, commonly known as "CIL", has come about by reason of the recent enactment of the Planning Act 2008 which came into being on the 26 November 2008. The object of CIL is that it will allow Local Planning Authorities when considering a planning application, and as part of the approval process, to levy a charge against the developer or land owner to which the application relates to make a financial contribution being the CIL. This contribution is designed to cover the cost of future funding of local infrastructure within the area where the property is situated and will include provision for affordable housing, transport schemes, flood defences, education, medical facilities, parks and leisure centres and such other matters as may be directed by Government from time to time. The payment of the CIL is being designed so that there will be a simple formula. However, further details are awaited as the Secretary of State is in the process of formulating regulations and these are due in the Spring. This will help to understand how CIL is to operate as a matter of practice.

### **2. What will this mean in the future so far as the obtaining of Planning Permission is concerned?**

It is not entirely clear how CIL is to operate other than it will be a charge against the developer/land owner when planning permission has been granted. At present, most people are aware of Agreements made under Section 106 of the Town & Country Planning Act 1990 which Local Authorities tend to use quite frequently in order to obtain financial payments by way of planning gain as a result of the proposed development. It is conceivable, therefore, that CIL will cover most of these financial contributions but it is for the Local Authorities in particular to bring forward the new policies and to calculate how CIL is to operate in their area. Some Councils are banding together within the relevant County so that there is a County wide provision relating to CIL. However, to operate CIL, it has to be a policy brought forward in any future Core Strategy and/or Local Development Framework and many Councils in Surrey and the Home Counties have not yet completed this task. Therefore, it is quite likely that even though regulations will come in to force in the Spring, the introduction of CIL may be a little later and, as a result, its impact cannot yet be judged. One also has to consider the impact of CIL on what are known as Section 106 Agreements and that is not yet clear.

### **3. The object of CIL**

The Government advocates that the CIL will create a more transparent and fair system so far as planning is concerned but the issue is how this will fit in with regard to Section 106 Agreements, i.e. Agreements made under the Section 106 of the Town & Country Planning Act 1990, and that has yet to be fully explored.

### **4. The effect of CIL on buyers of land and buildings**

It is clear that CIL will need to be taken into account when negotiating the purchase of buildings and land for development so that the contribution being the CIL, is in the mind of the Buyer when terms are agreed. The problem at present is that because CIL is not yet calculated in many areas, how will buyers be able to factor in CIL in negotiations with any purchase? This is something which, therefore, needs to be considered as part of the process and buyers should be mindful of the impact that CIL will have.

For further information please contact Paul Leach or Heather Kershaw in our Planning and Local Government Department. Telephone 01483 861848.