



## **Community Infrastructure Levy – Information for Town and Parish Councils**

### **Raising funds for new and improved infrastructure**

The Community Infrastructure Levy (CIL) is the new way in which the Council collects financial contributions from developers to help pay for new and improved infrastructure.

#### **1. What is the Community Infrastructure Levy (CIL)?**

The Community Infrastructure Levy (CIL) is a new levy on almost all new buildings. It is a means of making sure that development contributes towards the infrastructure needed to support growth in an area. Previously many smaller developments made no specific contribution towards infrastructure, even though, cumulatively, they could place significant demands on local facilities. In the case of larger schemes, developer contributions were generally negotiated on a scheme by scheme basis between the local planning authority and developers in the form of Section 106 obligations. CIL has been introduced by the Government to try and make the process more transparent, and to try to ensure that all relevant developments make an equitable contribution. Section 106 obligations will continue alongside CIL, but in a much reduced and restricted form.

CIL is a non-negotiable levy on all new dwellings and all built development of at least 100 sq m, based on the floor area of the development (subject to certain exemptions).

CIL must be spent on infrastructure necessary to support development planned in the Council's Local Development Framework. Importantly, Town and Parish Councils will receive a share of CIL known as 'Neighbourhood Funding' for spending on their own priorities.

The list of infrastructure projects/types that Broadland District Council intends may be wholly or partly funded by CIL can be viewed in the Regulation 123 list:

[http://www.broadland.gov.uk/PDF/123\\_List\\_Final.pdf](http://www.broadland.gov.uk/PDF/123_List_Final.pdf)

#### **2. What does it apply to?**

It applies to all buildings into which people normally go, including, for example agricultural buildings and storage warehouses, but will not apply simply to changes of use of an existing building, nor to changes of use of land, or the construction of infrastructure such as roads, pumping stations etc. The charges vary between different types of development, and in the case of houses, in different parts of Broadland. There are some forms of development which are exempt – affordable houses, generally managed by housing associations or local councils, development by charities for charitable purposes and self-build projects. Broadland's Charging

Schedule and other CIL information can be viewed at:  
[http://www.broadland.gov.uk/housing\\_and\\_planning/4734.asp](http://www.broadland.gov.uk/housing_and_planning/4734.asp)

### **3. What percentage of CIL funds goes to parish and town councils?**

CIL is designed to incentivise development in an area. 'Neighbourhood Funding' means Parish and Town Councils can spend CIL funds on their own priorities. CIL is not only designed to pay for infrastructure needed to support growth, it is also designed to incentivise communities to welcome and promote new development in their area. As such, the regulations require the District Council to pass a proportion of CIL funds raised in a particular area to the relevant Parish or Town Council and they will receive 15% of CIL raised funds raised in their Town or Parish. A further 10% will be available for Councils which have an adopted Neighbourhood Development Plan in place. Money raised can be spent on anything that deals with the demands that development places on their area, such as open space, school places, cycle/pedestrian routes, strategic transport infrastructure and community facilities.

Payments to areas without a Neighbourhood Development Plan in place will be capped to £100 per council tax dwelling per year. This means that a Parish with 500 dwellings cannot receive over £50,000 of CIL receipts per year (per development). In areas with a Neighbourhood Development Plan the amount to be passed over will be 25% with no cap.

The relevant proportion of CIL funds will be passed to the Parish or Town Council every 6 months. Funds will be passed to the Parish or Town Council on 28 October for all funds received between April and September, and 28 April for all funds received between October and March. It should be noted that CIL is paid in instalments upon commencement of development (for the larger developments) so it may be some time following the granting of planning permission that a Parish or Town Council receives its proportion of CIL funds.

Any funds which are erroneously spent will need to be handed back to the District Council. Additionally, funds which are not spent within 5 years must also be handed back to the District Council. If the Parish or Town Council has to hand funds back but cannot afford to, the District Council will recover the funds by deducting from future CIL receipts that were due to be passed to the Parish or Town Council.

### **4. Supporting development in an area**

CIL funds must be used to support development. The proportion of CIL that a Parish or Town Council receives must be used to support the development of the area. Funds can be spent on:

- the provision, improvement /replacement, operation or maintenance of infrastructure; or
- anything else that is concerned with addressing the demands that development places on an area.

This gives Parish and Town Councils considerable freedom to spend their proportion of CIL on the things that address the impacts of development on their area.

Examples include:

- Improvements to a village hall;
- New or improved play areas;
- Provision of affordable housing;
- Preparation of a Neighbourhood Development Plan (providing it addresses the demands that development places on the area).

## **5. Producing an annual report of CIL funds**

Parish and Town Councils that receive CIL must prepare an annual report detailing funds received and spent. Parish and Town Councils that have received a proportion of CIL funds have a duty to produce an annual report that details the amount of CIL funds received and spent. The report must set out the following:

- The total amount of CIL received for the financial year;
- The total amount of CIL spent in the financial year;
- A summary of expenditure including details of what items CIL was spent on and the amount of CIL expenditure on each item;
- Any CIL that has been handed back to the District Council due to failure to spend or applying CIL funds to inappropriate items;
- The total amount of CIL from the financial year unspent and the total amount of CIL from previous years unspent.

The report must be published by 31 December following the reported year (e.g. for the financial year 2014/15 the report must be published by 31 December 2015). The report must be published on the Parish or Town Council website if they have one. The report must also be sent to Broadland District Council by 31 December. The District Council will publish all reports on its website as well. It would also be good practice to put a summary of the report in any Parish newsletter or on public notice boards.

CIL funds are subject to the same requirements for financial management and auditing as all monies Parish and Town Councils receive and spend as detailed in the Local Government Act 1972 and the Accounts and Audit (England) Regulations 2011. If a Parish or Town Council does not wish to receive some or all of the CIL receipts they are eligible for they must write to the District Council informing them of their position. At any time a Parish or Town Council can resume their rights to receive some or all of the CIL funds by writing again to the District Council. Future receipts will then be passed to the Parish again.

## **6. Working in partnership working with the District Council**

It is good practice to discuss any potential expenditure of CIL funds with the District Council. Early discussion will ensure that projects are in line with regulations and

Broadland's priorities. If your Council requires any support with consulting your community, setting community priorities or alignment with the District's priorities, please contact Sally Hoare on 01603 430485 or email [sally.hoare@broadland.gov.uk](mailto:sally.hoare@broadland.gov.uk)

Early discussion will also allow other funding sources to be explored and whether some of the CIL managed by the District Council, via the Greater Norwich Growth Board, can go towards the project<sup>i</sup>. Parish/Town Plans and Neighbourhood Development Plans can act as a good starting point for prioritising CIL spend. Parishes and Towns should consider whether the expenditure addresses the extra demand on infrastructure and services that is caused by development. Please note CIL cannot be used as a replacement for everyday Parish or Town Council expenditure.

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<sup>i</sup> The four Greater Norwich local authorities (Broadland District Council, South Norfolk District Council, Norwich City Council and Norfolk County Council) have an arrangement for the operation of the Greater Norwich Growth Board and for the pooling of the Community Infrastructure Levy receipts to enable the implementation of an annual Business Plan submitted by the constituent local authorities.