

## What is CIL?

The levy allows local authorities to raise pre-determined funds from developers undertaking new building projects in their area.

The Government believes that CIL, which replaces the previous system of agreeing planning obligations between local authorities and developers (known as section 106 agreements), gives local authorities the freedom to determine how this money should be spent and provides a more predictable funding stream to plan and deliver the required infrastructure.

## How is CIL charged?

CIL will determine a fixed rate for new development provided in a particular area. It will be based on the net increase in floorspace provided and calculated in pounds per square metre. CIL allows different rates to be set for different types of development. It may also differ in types of area e.g. urban and rural.

Local authorities do not have to introduce CIL and may choose not to do so. Similarly section 106 agreements are still available to use. However if the local authority does decide to set a levy it must be assessed looking at the available evidence, consulted upon and externally examined to ensure it is reasonable.

The proposed rate should not be so high that it puts at risk the overall development of the area. Local authorities must therefore consider the viability of development in their particular area when setting a levy.

Once agreed local authorities will then be able to levy the charge on most new development. There are some exceptions from the levy, such as affordable housing and some charitable purposes. The levy is payable when development starts, though the local authority may have a policy of phasing payments.

## What will it fund?

The local authority decides how and when the levy will be spent and publishes a list of infrastructure items it intends to direct monies towards at the time it adopts CIL. The local authority is required to publish this on its website.

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This list could include things like roads, flood defences, schools, health centres, social care, play areas and parks, sports facilities and other community facilities.

The money can only be used to fund infrastructure projects needed as a result of the development. It cannot be used to rectify existing infrastructure deficiencies unless they are made worse by the development. The levy can also be used to support the ongoing maintenance of the infrastructure.

## Incentive for local communities

Local authorities must pass on a proportion of the monies collected to neighbourhoods for them to spend on infrastructure projects to support new development in their area.

In April 2013 the Government brought into force [legislation](#) that local authorities operating CIL will be required to pass on 25% of the money raised from new development within a Neighbourhood Plan Area to the community itself. The community can then decide how the money is spent. The Neighbourhood Plan must have successfully been through a local referendum and brought into force.

Communities that do not have a Neighbourhood Plan in place will receive 15% of CIL, subject to a cap of £100 per council tax dwelling in the area. If a Parish Council has a neighbourhood plan or order in place for just a part of its area, it would receive the 25% of CIL only for development within the area covered by the neighbourhood plan, or given permission by the order, and the normal 15% for development elsewhere.

Parish and Town councils will receive the money directly. In areas without a Parish council the local authority must agree with the local community how the money will be spent.

The [Localism Act 2011](#) sets out what neighbourhood CIL can be spent on. It includes the provision, improvement, replacement, operation or maintenance of infrastructure – or anything else that is concerned with addressing the demands that development places on the local area.

