

# **Merthyr Tydfil County Borough Council**

## **A Guide to the Community Infrastructure Levy (CIL)**



**October 2011**

## **1 Background**

- 1.1 This document provides an overview of the Community Infrastructure Levy (CIL), a planning charge that came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010. It explains the key features of the new charge, its rationale, purpose and how it will work in practice. It is designed to inform any parties who have an interest in the levy and who might be involved in its operation.
- 1.2 It should be noted that the Government is reviewing the CIL therefore this document will be updated to take any changes that may be implemented into account.

## **2 What is Community Infrastructure Levy and what will it be used for?**

- 2.1 The Community Infrastructure Levy is a new charge which local authorities in England and Wales can charge on most types of development in their area. CIL charges will be based on the size, type and location of a proposed development. The money raised in Merthyr Tydfil will then be used to fund infrastructure required to support development in the County Borough.
- 2.2 As part of implementing CIL, the Council will need to prepare an Infrastructure Delivery Plan (IDP) which will identify the infrastructure required to meet the growth envisaged over the Local Development Plan (LDP) timeframe (up to 2021). Work on the IDP has already been commenced by the Town Planning Division's Policy and Implementation Section and the document will highlight all infrastructure projects contained within the LDP as well as any other projects that may have emerged since the LDP was prepared.

## **3 Why introduce CIL?**

- 3.1 Housing and Employment growth within the County Borough needs to be supported by additional physical and social infrastructure to cater for an increased population, as well as improving existing facilities.
- 3.2 Levying a specific charge will provide developers with certainty as to what they will be required to contribute towards infrastructure in future. It will also spread the cost of providing infrastructure across a wide range of development, ensuring that the cumulative impact of small developments is accounted for.

## **4 Setting the CIL charge**

- 4.1 In order to charge CIL, the Council is required to produce a charging schedule that sets out the rates to be applied in the Merthyr Tydfil County Borough.

This must be based on evidence of need for infrastructure AND an assessment of implementing CIL on the economic viability of a development.

- 4.2 As required under the CIL regulations, the Council will carry out the following activities:
- Produce and consult on a Preliminary Draft Charging Schedule;
  - Produce and consult on a Draft Charging Schedule;
  - Submit the Draft Charging Schedule, along with the Evidence Base and representations received on the Draft Charging Schedule, for independent examination; and
  - On adoption of the Charging Schedule make it available for Inspection and notify people of its adoption.
- 4.3 It should be noted that as with the Local Development Plan, a key issue in implementing CIL will be the need to produce a charging schedule based on clear and robust evidence. Gathering this evidence will entail significant work to be undertaken by the Policy and Implementation Section, additional to ongoing monitoring of the Merthyr Tydfil Local Development Plan and the production of a variety of Supplementary Planning Guidance (SPG).

## **5 Application of Community Infrastructure Levy**

### What development will be charged CIL?

- 5.1 CIL will be charged in pounds per square metre of the net additional increase in floorspace of any given development. This will ensure that CIL does not discourage the redevelopment of sites.
- 5.2 All new buildings and extensions over 100 square metres of gross internal floorspace, and all new dwellings will be liable for CIL. CIL will apply to all such buildings, regardless of the type of planning consent used to grant permission.
- 5.3 If, as part of new development, existing buildings on the development site are to be demolished, the area of these buildings can be deducted from the final amount of CIL charged.

### Is any development exempt from paying CIL?

- 5.4 Yes, some development is exempt:
- There is CIL exemption for social housing and development used for charitable purposes (there can also be discretionary relief for charitable investments);
  - The CIL Regulations allow authorities to offer CIL relief in exceptional circumstances where the specific scheme cannot afford to pay it, but there are conditions; and

- Affordable Housing is not included in CIL and should be provided through S106 agreements (this issue is under review as part of consultation on the CIL Regulations being carried out over Summer/Autumn 2011)

#### What will the CIL rates be in Merthyr Tydfil?

- 5.5 The Regulations allow local authorities to charge different rates depending on the use and location of a development as long as this can be justified by an assessment of impact on development viability. Taking into account information such as the affordable housing viability work undertaken during LDP preparation, it is anticipated that rates will vary across the County Borough depending on use and location.
- 5.6 The rates and areas they relate to will be published along with the Charging Schedule when further work has been carried out on the evidence base.

#### How will CIL be calculated?

- 5.7 The rate will be based on the area of development liable and the level of charge identified for the use proposed in the location of the development. The chargeable rate will be index linked.

#### Who will be liable for paying CIL?

- 5.8 CIL will be paid by the owner of the land where CIL liable development will be carried out, unless another party volunteers to pay the CIL by assuming liability. Anyone who wishes to pay the CIL can come forward and assume CIL liability for the development. Where a development has a party who has assumed liability, the development will be entitled to a payment window and possibly payment through instalments, provided other CIL procedures such as the commencement notice are followed. Where no-one assumes liability to pay CIL, the liability will automatically default to the owners of the relevant land and payment becomes due immediately upon commencement of development.

#### Who will collect CIL?

- 5.9 CIL will be collected by the "CIL Collecting Authority". Merthyr Tydfil County Borough Council will be the collecting authority for all development where it grants planning permission.

#### When will CIL be paid?

- 5.10 Payment will normally be in instalments starting from the intended date of commencement of development. The dates of payment will depend on the level of CIL that is due to be paid:

- Over £40,000 – 4 equal instalments at 60, 120, 180 and 240 days.
- £20,000 - £40,000 – 3 equal instalments at 60, 120 and 180 days.
- £10,000 - £20,000 – 2 equal instalments at 60 and 120 days.
- Less than £10,000 – 1 instalment at 60 days.
- Where an amount payable is not received in full on or before the day on which it is due:
  - the unpaid balance becomes payable in full immediately; and
  - the Collecting Authority must send a copy of any demand notice which it serves as a result of the non-payment to each person known to the authority as an owner of the relevant land.

## **6 Further Information and advice**

Copies of this guidance and other relevant documents can be downloaded from the Council's website at [www.merthyr.gov.uk](http://www.merthyr.gov.uk)

Further information is available from:

The Planning Policy & Implementation Section  
 Merthyr Tydfil County Borough Council  
 Ty Keir Hardie  
 Riverside Court  
 Merthyr Tydfil  
 CF47 8XF  
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