

REVISED COMMUNITY INFRASTRUCTURE LEVY INSTALMENTS POLICY

Head of Service:	Justin Turvey, Interim Head of Place Development
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	Appendix 1: Epsom and Ewell CIL Instalment Policy (April 2024) Appendix 2: CIL Instalment Policies for Surrey CIL charging authorities

Summary

Epsom and Ewell Borough Council adopted its Community Infrastructure Levy (CIL) charging schedule on 29 April 2014 to take effect from the 1 July 2014. This introduced a CIL charge for each square metre of floor area in new developments of eligible residential, convenience retail, student accommodation and care homes granted planning permission.

The Council's Community Infrastructure Levy Instalment Policy came into effect on 1 July 2014. The policy is now over nine years old and has therefore been reviewed following a benchmarking process with neighbouring local planning authorities.

It is recommended that the CIL instalment policy is updated to increase the thresholds for when CIL liable developments pay in instalments.

Recommendation (s)

The Committee is asked to:

- (1) Adopt the Epsom and Ewell CIL Instalment Policy (November 2023) attached as Appendix 1 to come into effect on the 1 April 2024 and supersede the current CIL Instalment Policy on this date.**

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1 Reason for Recommendation

- 1.1 The proposed changes to the Council's Community Infrastructure Levy (CIL) Instalments Policy are recommended to reduce the amount of time it takes the council to receive CIL income following commencement of liable developments and reduce the administrative requirements upon the Council in administering CIL.

2 Background

- 2.1 The process for the introduction and operation of CIL is guided by the Community Infrastructure Levy Regulations which have been amended numerous times since first introduced in 2010. This report relates to the payment of CIL following commencement of a chargeable development and not the CIL rates charged in the borough.
- 2.2 The Council introduced CIL charging on 1st July 2014 and the CIL charges are indexed on an annual basis. To demonstrate the effects of indexation, the current indexed CIL rate for residential dwellings (C3) is £199.27 per square metre for applications determined in 2024, this compares to the rate of £125 per sqm that applied in July 2014 when CIL charging commenced in the borough, an increase of 59%. The CIL rates are forecast to increase again for 2024.
- 2.3 The CIL Regulations set a default requiring full payment of the levy charge within 60 days of commencement of the chargeable amount. However, under Regulation 69B of the CIL Regulations 2010 (as amended) it is permissible for a CIL Charging Authority to establish an instalment policy, offering developers more flexible payment arrangements.
- 2.4 The Councils introduced a Community Infrastructure Levy Instalment Policy that came into effect the same date that CIL charging commenced in the borough, 1 July 2014.
- 2.5 The current instalment policy is detailed in Table 1 below and is triggered on chargeable amounts above £12,500, anything under £12,500 is a single payment due in 90 days.

Table 1 – EEBC Instalment Policy (July 2014)

Total CIL Liability	Instalment Policy
Under £12,500	One payment at 90 days after commencement
£12,500 to £50,000	Two equal instalments at 90 and 180 days after commencement
Greater than £50,000	Three equal instalments at 90, 180 and 270 days after commencement

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- 2.6 The commencement of development triggers the payment of CIL and the issuing of a CIL Demand Notice. A key requirement of the Demand Notice is to explain the payment periods in accordance with the adopted instalment policy.
- 2.7 As a charging authority we can bring into effect a new instalment policy at any time. However, any new instalment policy will only apply to chargeable developments commencing after the new instalment policy comes into effect. CIL is therefore payable in accordance with the instalment policy that was in place at the time of commencement of the chargeable development. The date the new instalment policy takes effect, must be no earlier than the day after the instalment policy is published on the website.
- 2.8 As detailed in paragraph 2.2, there is discretion for each CIL charging authority to set their own instalment policy. The flexibility of offering instalments can be beneficial to developer's cash flow, particularly for small developers, of which there are a number who operate within the borough. However, the disadvantage of offering instalments is that it creates additional administration requirements on the council and delays the receipt of CIL revenues.

Benchmarking

- 2.9 Having undertaken a benchmarking exercise with other CIL authorities in the local area, officers note the current instalment is generally much lower than other authorities. Table 2 below details the 'trigger' for CIL payment by instalments in other Surrey Local Planning Authorities. Extracts of each of the local authority's instalment policies are also detailed in Appendix 2.

Table 2 – Triggers of other Surrey Authority instalment policies

Charging Authority	Single payment value and payment terms	CIL instalment policy trigger
Tandridge	Not applicable	All development eligible for payment in instalments
Spelthorne	Less than £10,000 Payment within 90 days of commencement	Over £10,000
Elmbridge Borough Council	Less than £12,500 Single payment 90 days after commencement	Over £12,500

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Mole Valley District Council	Less than £50,000 Single payment 60 days after commencement	Over £50,000
Reigate and Banstead	Less than £50,000 Single payment 60 days after commencement	Over £50,000
Surrey Heath	Less than £50,000 Single payment 60 days after commencement	Over £50,000
Runnymede	Less than £50,000 Single payment 60 days after commencement	Over £50,000
Waverley	Less than £100,000 Single payment 90 days after commencement	Over £100,000

2.10 Table 2 demonstrates the significant variation in the trigger CIL value that enables developers of CIL liable developments to pay in instalments. From the sample £50k is the favoured amount to trigger a CIL instalment policy with payment typically being due 60 days after commencement.

3 Recommendation

- 3.1 Officers recommend that the Council as the Charging and Collecting Authority of CIL monies raise the thresholds for payment by instalment and reduce the time periods for payment from the commencement date. This will mean that the council receives CIL income more promptly following the commencement of development and reduces administrative requirements for the Council.
- 3.2 It is recommended that the instalment policy (attached as Appendix 1) and summarised in Table 3 overleaf is adopted to come into effect on 1 April 2024.

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Table 3 – Proposed instalment policy to come into effect 1 January 2024.

Amount of CIL Liability	Number of instalment payments	Amount of proportion of CIL payable in any instalment/time at which payments are due
Amount £25,000 or less	Single Instalment	Total amount payable within 60 days of commencement of development
Amount £25,001 to £100,000	Two Instalments	50% payable within 60 days of commencement date 50% payable within 180 days of commencement date
Amount £100,001 or more	Three Instalments	Three equal instalments at 60, 180 and 270 days after commencement

- 3.3 It is considered that the proposed instalment policy to take effect from 1 April 2024 strikes the right balance by retaining an instalment policy that will not impact the deliverability of development in the borough, whilst reducing the amount of time it takes for the Council to receive CIL income to fund infrastructure delivery and reducing administrative requirements.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 None arising from this report.

4.2 Crime & Disorder

4.2.1 None arising from this report.

4.3 Safeguarding

4.3.1 None arising from this report.

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4.4 Dependencies

4.4.1 None arising from this report.

4.5 Other

4.5.1 None arising from this report.

5 Financial Implications

5.1 The introduction of a revised instalment policy will reduce the administrative burdens on the local authority as a CIL charging authority and reduce the amount of time it takes to receive CIL income from CIL liable developments after they have commenced.

5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

6 Legal Implications

6.1 The Community Infrastructure Levy Regulations 2010 (as amended) set out the legal framework for the operation of CIL. And set a default requiring full payment of the levy charge within 60 days of commencement of the chargeable amount. However, under Regulation 69B of the CIL Regulations it is permissible for a CIL Charging Authority to establish an instalment policy, offering developers more flexible payment arrangements.

6.2 **Legal Officer's comments:** As above

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priority is engaged: work with partners to develop and improve transport and infrastructure.

7.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.

7.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.

7.5 **Partnerships:** None arising from the contents of this report.

8 Background papers

8.1 The documents referred to in compiling this report are as follows:

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- Epsom & Ewell Borough Council Community Infrastructure Levy (CIL) Instalment Policy published on the Council's website on July 2014.

<https://www.epsom-ewell.gov.uk/sites/default/files/documents/residents/planning/planning-policy/CIL%20Instalment%20Policy.pdf>