**Community Infrastructure Levy: Frequently Asked Questions (January 2017)**

1. **Introduction**
   1. South Somerset approved a Community Infrastructure Levy Charging Schedule on the 17th November 2016[[1]](#footnote-1). At the same time as approving the Charging Schedule, it was agreed that the levy would be implemented from the 3rd April 2017 onwards. For clarity, the approved Charging Schedule is set out in Table 1.

**Table 1: South Somerset Charging Schedule**

|  |  |  |
| --- | --- | --- |
| Type of Development | Levy Rate | Geographical Extent |
| Yeovil Sustainable Urban Extensions[[2]](#footnote-2) | £0 (zero) per square metre | See Appendix 1 |
| Chard Eastern Development Area[[3]](#footnote-3) | £0 (zero) per square metre | See Appendix 2 |
| All Other Residential Development | £40 per square metre | District-wide. See Appendix 3 |
| Convenience-based Supermarkets and Superstores, and Retail Warehouse Parks (outside of defined Town Centres and Primary Shopping Areas)[[4]](#footnote-4) [[5]](#footnote-5) | £100 per square metre | District-wide, excluding those areas defined in Appendices 1, 2, and 4 – 15 |
| All Other Uses | £0 (zero) per square metre | District-wide. See Appendix 1 – 15 |

* 1. A number of internal changes within the Council are required to ensure that the Charging Schedule and the levy are implemented effectively. This includes adopting new IT software; integrating working practices between planning, legal, and finance teams; and establishing new governance arrangements for the management and spending of monies accrued via the levy.
  2. To help smooth the transition to the when the levy is in place, answers to a series of *“Frequently Asked Questions”* have been set out below.

1. **Frequently Asked Questions**

**Q. When will the South Somerset levy be implemented?**

South Somerset has decided to start charging a levy from the 3rd April 2017. This date was chosen to allow the Council’s internal processes to be changed to cater to the new requirements of implementing and managing the levy. It also means the monitoring of the levy will coincide with the financial year.

The time between the levy being approved and the levy being implemented (November 2016 to April 2017) also allows the development industry to adjust to the different regime.

**Q. What can the District Council spend the levy money on?**

The levy can be used to fund a wide range of infrastructure, as defined in Section 216(2) of the Planning Act 2008, and Regulation 59 (as amended) by the 2012 and 2013 Regulations.

This flexibility gives local areas the opportunity to choose what infrastructure they need to deliver their Local Plan. However, the levy cannot be used to fund affordable housing.

Local authorities must spend the levy on infrastructure needed to support the development of their area. The levy is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development.

**Q. What is the neighbourhood portion of the levy?**

15% of the levy receipts are passed directly to those parish and town councils where development has taken place (see Regulation 59A for details).

Up to £100 per existing council tax dwelling can be passed to the parish, town or community council each year to be spent on local priorities.

**Q. What if an area has an adopted Neighbourhood Plan in place?**

If communities have an adopted neighbourhood plan for an area, it will benefit from 25% of the levy revenues arising from the development that takes place in their area. This amount will not be subject to an annual limit.

**Q. When is the neighbourhood portion paid?**

Charging authorities and parish, town and community councils are free to decide the timing of neighbourhood funding payments themselves.

However, in the absence of such an agreement, there is a fall back positon, which specifies that the neighbourhood portion of levy receipts must be paid every 6 months, at the end of October and the end of April.

**Q. What happens where development straddles a parish, town or community council administrative boundary – who gets the levy receipt?**

Where development straddles the boundaries of parish or town councils’ administrative areas, each council receives a share of the levy which is proportionate to the gross internal area of the development within their administrative area.

For example, if a development crosses two parish or town council administrative areas with 50% in one parish and 50% in the other, each council receives 50% of the neighbourhood portion, up to the level of the annual limit for their area. The total levy liability across the development is used to calculate the neighbourhood funding figure, to take account of sites with variable rates.

There may be occasions when development crosses more than one administrative area *and* one area has a neighbourhood plan in place. If so, that area will receive 25% of the levy rate applicable to their area and one area will not.

**Q. What can neighbourhood funding be spent on?**

The portion of the levy that goes to town and parish councils can be spent on a wider range of things than at the District Council level.

However, parish and town councils still have to meet the requirement to spend the money on projects that: ***“support the development of the area”***.

The wider definition means that the money at the parish and town council level can be spent on things other than infrastructure. For example, the pot could be used to fund affordable housing where it would support the development of the area by addressing the demands that development places on the area.

Parish and town councils should work closely with their neighbouring councils and the District Council to agree on infrastructure spending priorities.

If the parish or town shares the priorities of the District Council, it may be the case that the parish/town council agrees that the District Council should retain the money and for it to be spent on that particular project. This may include spending the parish or town council’s money on infrastructure not in the parish or town council’s administrative area, but where it will support the development of the area.

**Q. What happens if parish or town councils do not spend the money**

If a parish or town council does not spend its share within 5 years of receipt, or does not spend it on initiatives that support the development of the area, the District Council may require it to repay some, or all, of those funds back to the District Council.

**Q. Do the planning obligations restrictions apply to neighbourhood funds?**

Regulation 123(2), as amended by the 2014 Regulations, prevents section 106 planning obligations being used in relation to those things that are intended to be funded through the levy by the District Council.

While parish or town councils are not required to spend their neighbourhood funding in accordance with the District Council’s priorities, it is expected that parish or town councils work closely with the District Council to agree priorities for spending the neighbourhood funding element.

Parish and town councils should consider publishing their priorities for spending the neighbourhood funding element, highlighting those that align with the District Council. Where a neighbourhood plan has been made, it should be used to identify these priorities.

**Q. How should the parish, town or community council report on its levy spending?**

Parish and town councils must make arrangements for the proper administration of their financial affairs (see section 151 of the Local Government Act 1972). They must have systems in place to ensure effective financial control (see Accounts and Audit (England) Regulations 2011 and Accounts and Audit (Wales) Regulations 2005). These requirements also apply when dealing funding payments under the levy.

For each year when they have received funds through the levy, parish and town councils must publish the information specified in Regulation 62A, namely:

* the total CIL receipts for the reported year;
* the total CIL expenditure for the reported year;
* summary of CIL expenditure during the reported year including—
  + the items to which CIL has been applied; and
  + the amount of CIL expenditure on each item; and
* details of any notices received in accordance with regulation 59E, including—
  + the total value of CIL receipts subject to notices served in accordance with regulation 59E during the reported year;
  + the total value of CIL receipts subject to a notice served in accordance with regulation 59E in any year that has not been paid to the relevant charging authority by the end of the reported year.
* the total amount of—
  + CIL receipts for the reported year retained at the end of the reported year; and
  + CIL receipts from previous years retained at the end of the reported year.

They should publish this information on their website or on the District Council’s website. If they haven’t received any money they do not have to publish a report, but may want to publish some information to this effect in the interests of transparency.

There is no prescribed format. Parish and town councils may choose to combine reporting on the levy with other reports they already produce. The levy neighbourhood funding income and spending will also be included in their overall published accounts but are not required to be identified separately in those accounts.

Where the District Council holds and spends the neighbourhood portion on behalf of the local community, it should ensure that it reports this as a separate item in its own accounts.

1. South Somerset Approved Charging Schedule (November 2016): <http://modgov.southsomerset.gov.uk/ieListDocuments.aspx?CId=137&MId=1805&Ver=4> [↑](#footnote-ref-1)
2. As defined in Policy YV2 in the South Somerset Local Plan (2006 – 2028): North-East Sustainable Urban Extension and South Sustainable Urban Extension. [↑](#footnote-ref-2)
3. As defined by Policy PMT1 & PMT2 in the South Somerset Local Plan (2006 – 2028). [↑](#footnote-ref-3)
4. Supermarkets are shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix. The majority of custom at supermarkets arrives by car, using the large adjacent car parks provided.

   Superstores are self-service stores selling mainly food, or food and non-food goods, with supporting car parking.

   Retail warehouses are large stores specialising in the sale of comparison and household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering mainly for car-borne customers. [↑](#footnote-ref-4)
5. Town Centres as defined through Policy EP11 of the South Somerset Local Plan (2006 – 2028). Primary Shopping Areas in Yeovil and Chard as defined through Policy EP11 in the South Somerset Local Plan (2006 – 2028). [↑](#footnote-ref-5)