

Community Infrastructure Levy

Instalment Policy

December 2014



Spelthorne Borough Council

Community Infrastructure Levy (CIL) Instalment Policy

- 1.1 In accordance with Regulation 69B of the Community Infrastructure Levy Regulations 2010 (as amended 2011) Spelthorne Borough Council will allow the payment of CIL by instalments as set out in the table below. This approach of allowing payments over a longer period will assist with cash flow and development viability.
- 1.2 This instalment policy comes into effect on 1 April 2015.

Total CIL liability	Number of instalments	Percentage payment	Calendar days
Amounts less than £10,000	0	100%	Within 90 days of commencement
Amounts equal to or greater than £10,000 and less than £50,000	2	50%	Within 90 days of commencement
		50%	Within 180 days of commencement
Amounts equal to or greater than £50,000 but less than £100,000	3	25%	Within 90 days of commencement
		25%	Within 180 days of commencement
		50%	Within 270 days of commencement
Amounts equal to or greater than £100,000 but less than £500,000	3	25%	Within 180 days of commencement
		25%	Within 270 days of commencement
		50%	Within 360 days of commencement
Amounts equal to or greater than £500,000	4	25%	Within 180 days of commencement
		25%	Within 270 days of commencement
		25%	Within 360 days of commencement
		25%	Within 540 days of commencement

- 1.3 The instalments relate to the amount payable (the chargeable amount) as indicated on the Demand Notice. The commencement date will be the Commencement Notice date as advised by the developer under CIL Regulation 67.
- 1.4 Where outline planning permission permits development to be implemented in phases, each phase of the development, as agreed by Spelthorne Borough Council, can be treated as a separate chargeable development. The approved instalment policy will, therefore, apply to each separate phase of the development and its associated separate chargeable amount.

2. Circumstances where the Instalment Policy will not apply

- 2.1 In accordance with the CIL Regulations 2010 (as amended) this Spelthorne CIL instalment policy will **not** apply in the following circumstances:
- a. Where a Commencement Notice has not been submitted prior to commencement of the chargeable development;
 - b. Where nobody has assumed liability to pay CIL for the chargeable development on the intended day of commencement;
 - c. An instalment payment has not been made in full within 30 days of the due date for the instalment payment;
 - d. A person has failed to notify Spelthorne Borough Council of a disqualifying event within 14 days of a disqualifying event occurring. (Disqualifying events relate to when CIL relief has previously been granted and circumstances subsequently change).
- 2.2 Where the instalment policy does not apply, **the chargeable amount is due in full** on the notified or deemed commencement date of the chargeable development or the date of the disqualifying event, whichever is the earliest. A surcharges may apply for failure to assume liability, and in accordance with Regulation 83, failure to submit a valid Commencement Notice before development commences **will** result in the Council imposing a surcharge equal to 20% of the chargeable amount due, up to a maximum of £2,500.

3. Instalment policy rationale (not part of policy)

- 3.1 Liability for the payment of CIL is triggered by the commencement of development. The Draft Charging Schedule published in March 2014 for consultation prior to submission in May (para 13) confirmed that the Council proposed to adopt, and keep under review, an instalment policy in accordance with the procedures set out in Regulation 69B of the CIL Amendment Regs 2011.
- 3.2 The regulations require the CIL charge to be paid in full within 60 days of commencement of a development unless the charging authority has adopted an instalment policy. During the consultation stages a number of representations were received requesting the Council to consider an instalment policy in order to reduce the financial burden on small scale developers and to ensure that cash flow problems did not have an adverse impact on viability.
- 3.3 The Council has therefore carefully considered the evidence and has developed an instalment policy which aims to ensure that all development can contribute to the infrastructure needs of the Borough whilst maintaining viability. In the Final Report on viability proposed by the Council's consultants DSP, it was recommended (para 3.10.4) that the scope to phase CIL payment timings should be considered where needed as part of mitigation for scheme viability or delivery issues. The front-loading of significant costs can impact on development cash flow in a very detrimental way, so costs (negative balances) are carried in advance of sales income which counteracts them.
- 3.4 It was suggested that spreading the cost burden even on some smaller schemes may well provide a useful tool for supporting viability in the early stages. In addition it was suggested that discussions with developers on the timing of affordable housing provision and/or financial contribution obligations could also be important in this regard. In some cases an affordable housing element can provide valuable and relatively secure cash flow; in others there may be overall scheme benefits from phasing its provision differently.
- 3.5 There is a clear case for adopting an instalment policy. The CIL regulations allow for the setting of phased payments based on time periods measured from commencement of development and as proportions of the total charge liable for the particular development. Instalments cannot be linked to completions or stages of development or the type and size of development, although large developments may be formally split into distinct phases so that each phase is considered as a separate development for the purpose of CIL payments.