



Hertsmere Borough Council

Community Infrastructure Levy (CIL)

Guidance for applicants and developers

1. Introduction

1.1 Hertsmere Borough Council adopted the Community Infrastructure Levy (CIL) on 17 September 2014, with CIL coming into effect from 1 December 2014.

1.2 This means that applications determined on or after 1 December 2014 may be liable to pay CIL, in accordance with the council's charging schedule below.

<https://www.hertsmere.gov.uk/Planning--Building-Control/Planning-Policy/Developer-Contributions-Framework/040-Hertsmere-CIL-Charging-Schedule-and-Infrastructure-Funding-Statement.aspx>

1.3 This guidance provides useful information to applicants on CIL, including what development will be liable or exempt, how payment will be calculated and when and how it will be collected. It should be noted that this guidance is not an exhaustive list. Information has been based on the CIL Regulations 2010 (as amended). Please also refer to the webpages below:

Government CIL guidance - <https://www.gov.uk/guidance/community-infrastructure-levy>

CIL on the Planning Portal

https://www.planningportal.co.uk/info/200126/applications/70/community_infrastructure_levy

1.4 If you have any questions or queries related to CIL, please email cil.monitoring@hertsmere.gov.uk

2. What is CIL?

2.1 The Community Infrastructure Levy is a levy that local authorities can choose to charge on new development in their area. The money raised can be used to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area.

3. What type of development is liable?

3.1 Development will potentially be liable for CIL if it:

- contains at least 100 square metres of extra floor space (new build);
- is less than 100 square metres but results in the creation of a new dwelling;
- involves change of use to residential where floorspace has not been in use for six months of the previous three years;

- includes development permitted by a 'general consent' (including permitted development) commenced on or after CIL is implemented.

3.2 Development will potentially not be liable for CIL or not be charged if it:

- is for a use which has a zero or nil charge (£0/sq m) set out in the CIL Charging Schedule;
- involves only conversion or change of use with no additional floorspace;
- involves Mezzanine floors inserted into an existing building, unless they form part of a wider development (e.g. external alterations, changes of use etc.);
- involves the subdivision of a dwelling which has been in lawful use;
- is for a building into which people do not normally go, or go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery;
- the chargeable amount is less than £50

3.3 **Relief and exemptions** can be sought in certain circumstances, but are not automatically applied. Instead, relief and exemptions must be applied for, and this must be accepted by the council before development commences, using the relevant application forms. To apply for relief and exemptions you must also have assumed liability. There are a number of other conditions which also apply dependent on the type of relief or exemption (please see section 12). Relief and exemptions can be obtained for:

- social / affordable housing
- charitable developments
- self build - whole houses
- self build - residential extensions / annexes

3.4 **Important note for Householder Applications** for residential extensions of a private home (with the postscript HSE).

A decision was taken by the Council's Executive on the 13 January 2016 that we would adopt an approach not to apply CIL to planning applications for householder extensions i.e. those with an 'HSE' postscript.

Substantial extensions involving the demolition of much of the original house have the potential to be treated as a new dwelling and may not be treated as a HSE application.

4. What is 'continued lawful use'?

4.1 Floorspace subject to demolition or resulting from change of use can only be deducted from the CIL charge where it has been in continuous lawful use for at

least six month in the three years prior to a development being permitted. It will be for the applicant or their agent to demonstrate lawful use by providing appropriate evidence. Information that could be submitted to demonstrate this can include a combination of the following:

- Copies of leases
- Electricity/gas bills for the 6 month period
- Business rate/council tax bills and payments. Note: The Local Planning Authority does not have access to this information as it is data protected.
- Where an informal arrangement exists redacted bank statements to show rent/rates have been paid
- Confirmation from a letting agent/solicitor advising of the period of occupancy

4.2 If it is not evident from the information supplied we will not consider the existing floor space as deductible floor space.

5. What is included as CIL chargeable floorspace?

5.1 All new build floor space within the external walls of the building, including circulation and service space such as corridors, storage, toilets, lift etc. and the existing floor space of a building if a change of use is proposed to create a new dwelling. It also includes garages. CIL is charged on the 'gross internal area' of the development for which planning permission is granted. Generally, any structure with three or more walls and a roof is considered to be 'internal' floor space and therefore chargeable.

5.2 Guidance on measuring gross internal floorspace is available in the Royal Institution of Chartered Surveyors (RICS) Code of Measuring Practice.

<https://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/valuation/code-of-measuring-practice-6th-edition-rics.pdf>

5.3 Detailed information is provided in Appendix 1.

6. How much will I have to pay?

6.1 Eligible developments that receive planning permission from 1 December 2014 will be charged in accordance with the rates set out in the CIL Charging Schedule. The amount payable is calculated when planning permission is granted.

7. Can I pay in instalments?

7.1 CIL Charging Authorities can choose to allow CIL to be paid in instalments. Our instalment policy sets out when payment of CIL would be due depending on the total amount of CIL payable, should developers wish to phase their CIL payments rather than pay the full costs on commencement of development. This instalment policy takes effect from 1 January 2019 and will only apply to CIL payable as a result of commencement notices served on or after 1 January 2019.

7.2 Please read the council's instalment policy for further guidance:

<https://www.hertsmere.gov.uk/Documents/09-Planning--Building-Control/Planning-Policy/CIL-Instalment-Plan-1.pdf>

8. What happens if I don't pay CIL?

8.1 If CIL remains unpaid the council may take any or all of the following actions, in order to recover the debt, as based on the CIL Regulations.

- Removal of the instalment facility
- Impose surcharges and late payment interest
- Issue a CIL Stop Notice
- Seek authorisation from the courts to seize and sell assets to recover the CIL due
- Seek committal to prison

9. How is CIL calculated?

9.1 The calculation involves multiplying the CIL charging rate by the additional (new build) floor space, and factoring in an index figure to allow for changes in building costs over time.

$$\text{CIL Charge} = \text{Net additional new build floor space (A)} \times \text{CIL Rate (R)} \times \text{Inflation index (I)}$$

Where: A = the net area of floor space chargeable in square metres after deducting any existing floor space and any demolitions, where appropriate. R = the levy rate as set in the Charging Schedule, I = All-in tender price index (from January 2020 it is the RICS CIL Index) of construction costs in the year planning permission was granted, divided by the All-in tender price index for the year the Charging Schedule took effect.

Existing floor space that has been in continuous lawful use can be used as deductible floor space from the total CIL charge. The onus is on the applicant to demonstrate this usage.

9.2 CIL Indexation:

CIL payments must be index linked from the year that CIL was introduced to the year that planning permissions are granted. The index we must use is the national All-in Tender Price Index published by the Build Cost Information Service (BCIS) but from 2020 onwards it is the RICS CIL Index.

9.3 If the building is demolished before planning permission for redevelopment is granted, the previous floor space cannot be taken into account for the purpose of calculating the CIL charge.

10. Who is liable to pay?

10.1 Landowners are ultimately liable for the levy, but anyone involved in a development may take on the liability to pay. In order to benefit from payment in instalments, someone must assume liability (see section 11). Where no one has assumed liability to pay the levy, the liability will automatically default to the landowners and payment becomes due as soon as development commences. Liability to pay the levy can also default to the landowners where we have been unable to recover the levy from the party that assumed liability for the levy, despite making all reasonable efforts.

11. Planning application and CIL procedure

11.1 CIL involves a number of stages, which are legal processes that must be complied with in order to administer CIL effectively. If the stages are not complied with, there are a range of penalties that the Council can impose.

11.2 Please refer to the CIL procedure on the following page.

Community Infrastructure Levy (CIL) Guidance

Development Stage	Developer/Applicant Actions	Councils Actions
1. Submission of planning application	<p>Submit planning application, supporting material and appropriate plans (including plans of existing floorspace)</p> <p>Submit information to enable Council to determine CIL liability (Additional Information Requirement Form)</p>	<p>Determine if the application is suitable for validation</p>
3. Assessment and determining of planning application		<p>Determine the planning application</p> <p>Determine liability/chargeable amount</p>
4. Post grant of planning consent	<p>Assume liability for CIL (CIL Form 2).</p> <p>If liability changes any time before the final payment becomes due, submit withdrawal or transfer of liability form (CIL Form 3 or 4).</p>	<p>Request for an Assumption of Liability Form (CIL Form 2).</p> <p>Acknowledge assumption of liability.</p> <p>Complete a Land Registry search if there is no response within 14 days to identify the owner.</p> <p>Issue a CIL liability Notice.</p> <p>Register CIL as a local land charge.</p> <p>If a Liability Notice is issued and ownership/liability changes, a revised Liability Notice will be issued.</p>
5. Prior to commencement of development	<p>Submit claims for relief (where relevant and available) (CIL Forms 7-13).</p> <p>Notify the Council of commencement of development (CIL Form 6) as soon as commencement date is known.</p>	<p>Determine claims for relief that comply and issue a decision on valid claims.</p> <p>Acknowledge receipt of commencement notice.</p> <p>Issue a Demand Notice.</p>
6. Post commencement of development	<p>Pay CIL as per the specified amount or in instalments if requested.</p>	<p>Acknowledge receipt of payments.</p> <p>Apply penalties, surcharges and enforcement powers in the event of non – payment.</p>
7. Completion	<p>Where self-build relief has been granted, submit the CIL Form 7 Part 2 and the accompanying evidence within 6 months of completion.</p>	<p>Acknowledge receipt of completion (CIL Form 7 Part 2) and issue relief claim decision.</p> <p>Monitor reliefs for 3 or 7 years depending on the relief granted.</p>

12. Charitable Relief, Social Housing Relief and Self-Build Exemption

12.1 Mandatory relief from CIL is available in a number of specific instances

- A charity landowner will benefit from full relief from their portion of the liability where the chargeable development will be used wholly, or mainly for charitable purposes;
- The development is a self-build new home, extension or residential annexe;
- If the chargeable development comprises or is to comprise qualifying social housing (in whole or in part), the social housing element is eligible for relief from liability to pay CIL subject to conditions.

12.2 Claims for relief cannot be made after the development has commenced.

12.3 In each case, the claim for relief must be made on the appropriate form (which can be found on the planning portal website) and the person making the claim must have assumed liability (CIL Form 2) to pay CIL and be an owner of the land. Claims can be made at any time up to the point where development commences. If no claim has been made, we will issue the Liability and Demand Notices showing the full CIL liability in the usual way.

12.4 As soon as possible after receiving the claim, we will assess it and notify the claimant of our decision and reasons and the amount of relief they qualify for. Both the application for relief and the Council's decision and reasons need to be registered/ recorded. You should not start development until you have received the Council's decision. When the Demand Notice is issued, the amount of relief is shown on the notice.

12.5 Any relief granted is subject to a clawback period, during which the relief can be withdrawn if a disqualifying event occurs. Affordable housing and charitable relief are subject to a 7-year clawback period. If the development ceases to be used for social housing or charitable purposes, the relief is disqualified and the outstanding CIL must be paid. Developments granted self-build relief are subject to a 3-year clawback period. If the property ceases to be used as the principal resident, or is sold or rented during this period, the relief will be disqualified and the CIL will need to be repaid.

13. Consequences of not following this procedure

Surcharge for failing to assume liability before commencement (Regulation 80)

13.1 Failure to assume liability before the commencement of development may result in the CIL collecting authority imposing a surcharge of £50 per landowner

subsequently discovered. This surcharge ensures that the costs of establishing the identities of landowners are borne by the liable parties.

Surcharge where apportionment is necessary (Regulation 81)

13.2 Further, where CIL collecting authorities have to apportion liability between one or more owners of the land, they may also impose a surcharge of £500 per owner. This is to ensure the costs of this apportionment are borne by the owners in question. Both these surcharges are in addition to the loss of payment rights that result from failing to assume liability before the commencement of development.

Surcharge for failing to comply with a notice of chargeable development (Regulation 82)

13.3 Failure to submit a notice of chargeable development (for planning permission by way of general consent) before development commences may result in the CIL collecting authority imposing a surcharge of 20% of the CIL amount due, up to a maximum of £2,500.

Surcharge for failure to submit a commencement notice (Regulation 83)

13.4 Failure to submit a valid commencement notice before development commences may result in the CIL collecting authority imposing a surcharge of 20% of the CIL amount due, up to a maximum of £2,500.

13.5 In addition payments will not be permitted to be made in line with the Instalment policy. Payment will be due in full on the day that the council believes the development to have commenced.

Surcharge for failure to notify the Council of a disqualifying event (Regulation 84)

13.6 Failure to inform the relevant authority of a disqualifying event within 14 days, beginning on the day in which the disqualifying event occurs, may result in a surcharge of 20% of the CIL amount due, up to a maximum of £2,500.

Late payment surcharge (Regulation 85)

13.7 Continued failure to pay CIL may result in additional late payment surcharges:

- Five per cent of the outstanding amount where payment is still overdue after 30 days, subject to a £200 minimum
- Further five per cent of the outstanding amount where payment is still overdue after six months, subject to a £200 minimum
- Further five per cent of the outstanding amount where payment is still overdue after 12 months, subject to a £200 minimum

Surcharge for failing to comply with an information notice (Regulation 86)

13.8 Failure to comply with any requirement of an information notice within 14 days, beginning with the day in which the notice is served, may result in the CIL collecting authority imposing a surcharge of 20% of the relevant amount or a maximum of £1,000.

Late payment interest (Regulation 87)

13.9 Failure to pay CIL on time will result in the imposition of late payment interest at 2.5% above the Bank of England base rate.

Stop notice

13.10 If the council considers that interest and late payment surcharges will be ineffective in securing payment of the overdue CIL, we may decide to serve a CIL stop notice on the development in question. This stop notice prohibits development from continuing until payment is made. Continuing to develop in the presence of such a notice is a criminal offence, punishable by potentially unlimited fines.

13.11 Before serving a CIL stop notice however, we will first issue a warning to the person liable to pay the amount, the land owners, occupiers and all those who we consider will be affected by the notice. We will also post a warning on the site itself. This warning will state that continued non-payment may result in a CIL stop notice being issued. It will also set out the amount overdue and the number of days after which a CIL stop notice may be served if payment continues not to be made. If payment is not made by the end of this period, we may serve a stop notice which will prohibit development with immediate effect immediately until payment of the outstanding amount is made.

Distraint on goods (asset seizure)

13.12 We may seek a court's consent to seize and sell your assets to recover the money due. These assets may include any land you hold. We must send you notice of its intention to do so beforehand.

Committal to prison

13.13 Where a liable party continues to evade paying CIL, we can ask a magistrates' court to commit the relevant person(s) to prison for no more than three months. To do this, we must be able to demonstrate to the court that we have been unable to recover the CIL amount due by seizing and selling your assets and land.

14. Appeals

14.1 Once a Charging Schedule is adopted, the rate of the levy is non-negotiable and the Council is not required to justify its application on a case-by-case basis. Appeals under the CIL Regulations are overwhelmingly about matters of fact (e.g. did the Council make a mistake in calculating the liability? Did the development actually commence on such and such a date?).

14.2 The relevant appeals to the Valuation Office Agency (VOA) are:

- An appeal of the calculation of the chargeable amount following a review under Regulation 113. The appeal must be made within 60 days of the date when the original liability notice was issued. (Regulation 114)
- If an owner of a material interest in land disagrees with an authority who has apportioned liability to pay the charge, then that person may appeal. The appeal must be made within 28 days of the date the Demand Notice was issued. (Regulation 115)
- An appeal can be made if it is considered that the collecting authority has incorrectly determined the value of the interest in land used in an apportionment assessment for charitable relief. The appeal must be made within 28 days of the decision on the claim for charitable relief. Development must not have commenced. (Regulation 116)
- An appeal can be made if it is considered that the collecting authority has incorrectly determined that the annex is not wholly within the grounds of the main dwelling for a residential annex exemption. The appeal must be made within 28 days of the decision on the claim for a residential annex exemption. Development must not have commenced. (Regulation 116A)
- An appeal can be made if it is considered that the collecting authority has incorrectly determined the value of the exemption allowed for self-build housing. The appeal must be made within 28 days of the decision on the claim for self-build exemption. Development must not have commenced. (Regulation 116B)

Appeals to the VOA can be made by following this link: <https://www.gov.uk/guidance/community-infrastructure-levy-how-to-make-an-appeal>

14.3 The relevant appeals to the Planning Inspectorate are:

- A relevant person can appeal any of the surcharges covered set out above. It can be appealed on the basis that it was calculated incorrectly, that a liability notice was not served or if the breach simply did not occur. The appeal must be made within 28 days of the surcharge being imposed. (Regulation 117)
- A relevant person can appeal a deemed commencement date if that person considers that the date has been determined incorrectly. An appeal must be made within 28 days of the date the Demand Notice was issued. (Regulation 118)
- A relevant person can appeal against a stop notice. They can do so if a warning notice was not issued or the development has not yet commenced. An appeal must be made within 60 days of the date when the stop notice takes effect. (Regulation 119)

Appeals to the Planning Inspectorate can be made by following this link: <https://www.gov.uk/guidance/appeal-a-community-infrastructure-levy-enforcement-notice>

Appendix 1

The CIL chargeable area

Floorspace within the chargeable development is measured as gross internal floorspace (GIA) in square metres. This could include:

- Areas occupied by internal walls and partitions (This included the dividing walls between attached and semi-detached dwellings)
- Columns, piers, chimney breasts, stairwells, liftwells, other internal projections, vertical ducts, and the like
- Atria and entrance halls, with clear height above, measured at base level only
- Internal open sided balconies, walkways, and the like
- Structural, raked or stepped floors are property to be treated as a level floor measured horizontally
- Horizontal floors, with permanent access, below structural, raked or stepped floors
- Corridors of a permanent essential nature (e.g. fire corridors, smoke lobbies)
- Mezzanine floor areas with permanent access (subject to exclusion)
- Lift rooms, plant rooms, fuel stores, tank rooms which are housed in a covered structure of a permanent nature, whether or not above the main roof level
- Service accommodation such as toilets, toilet lobbies, bathrooms, showers, changing rooms, cleaner's rooms, and the like
- Voids over stairwells and lift shafts on upper floors
- Loading bays
- Areas with a headroom of less than 1.5m
- Pavement vaults
- Garages and other ancillary buildings
- Conservatories

When measuring the GIA the following is excluded:

- Perimeter wall thicknesses and external projections
- External open sided balconies, covered ways and fire escapes
- Canopies
- Voids over or under structural, raked or stepped floors
- Greenhouses, garden stores, fuel stores, and the like in residential

Guidance on measuring gross internal floorspace is available in the RICS Code of Measuring Practice:

<https://www.rics.org/uk/upholding-professional-standards/sector-standards/real-estate/code-of-measuring-practice/>