

Community Infrastructure Levy (CIL) A non-negotiable land tax

Over the next two years Savills expects the proportion of Local Authorities pursuing CIL in Central and Eastern England to dramatically increase. If done incorrectly, this will have detrimental affects, not only on land values, but also on developers' profit. The Inspector who recently conducted the examination into the CIL for Crossrail concluded that "profit levels sought by developers could be reduced. I fully appreciate the natural resistance that there would be to this, but a modest reduction in profit levels may be something that the development industry will have to learn to accept".

CIL is effectively a tax, so once adopted it is **non-negotiable** even if it makes sites unviable. Unlike current planning obligations (S. 106), CIL is a blanket approach charged at a set rate for different types of development. As such, a site by site approach to development viability justification becomes increasingly difficult and complex. Despite the requirement that CIL be based on viability evidence, the quality of viability studies we have seen varies considerably. As the CIL is set according to viability, scrutiny at an early stage is therefore critical.

Every Local Authority has the option to prepare its own CIL charging schedule as a means of raising funds for infrastructure. Given limitations on S106 from April 2014, it is likely that all Local Authorities will pursue a CIL sooner rather than later.



Planning Background

- **The Planning Act 2008** introduced a series of reforms to the planning system, including the controversial concept of a Community Infrastructure Levy (CIL)
- **CIL Regulations (April 2010)** enabled Local Authorities to introduce a CIL
- **Localism Bill (2011)** set out further details and provisions for future development

Across Central and Eastern England approximately half of Local Authorities are expected to undergo consultation this year (see map overleaf). Newark and Sherwood District Council have already adopted CIL. Now is the time to act.

We would like to come and talk to you about CIL in more detail, and answer any questions that you might have. In the first instance, it would be useful for us to understand which Local Authorities you are interested in. The map overleaf outlines each of the Local Authorities in Central and Eastern England.

Savills Planning, Development and Research have the necessary skills, and local market knowledge, to assist in challenging CIL and making representations on your behalf to help ensure the viability of your forthcoming developments.

If you have any questions please do not hesitate to contact us.

Case Study

Local Authority Greater Norwich Development Partnership
Preliminary Draft Charging Schedule £135-160/m² (Residential)
Savills representations Proposed CIL too high
Draft Charging Schedule £115/m² (Residential)



Tom Fraser
Associate – Development

+44 (0) 1223 347038
+44 (0) 1223 347111
TFraser@savills.com
Unex House
132-134 Hills Road
Cambridge
CB2 8PA



Colin Campbell
Director - Planning

+44 (0) 1223 347068
+44 (0) 1223 347111
CCampbell@savills.com
Unex House
132-134 Hills Road
Cambridge
CB2 8PA

