

**Waveney District Council  
Community Infrastructure Levy**

**Raising funds for  
infrastructure delivery:**

**Instalment Policy**

May 2013

Coming into effect: 1<sup>st</sup> August 2013



## Introduction

This document sets out Waveney District Council's Community Infrastructure Levy (CIL) Instalment Policy. It permits CIL liabilities arising from chargeable developments to be paid in instalments in accordance with the schedule below. The policy has been prepared in accordance with Regulation 69B of the CIL Regulations 2010 (as amended).

## Instalment Policy

Waveney District Council's CIL Instalment Policy is set out in the table below and varies according to the total chargeable amount of CIL a development is liable for.

Total CIL Liability	Payment Periods
Chargeable amounts <b>less than £80,000</b>	<p>Three instalments:</p> <p>The first instalment representing <b>33%</b> of the total chargeable amount will be required within <b>60 days of commencement</b>.</p> <p>The second instalment representing <b>33%</b> of the total chargeable amount will be required within <b>365 days of commencement</b>.</p> <p>The third instalment representing <b>34%</b> of the total chargeable amount will be required within <b>547 days of commencement</b>.</p>
Chargeable amounts <b>greater or equal to £80,000</b>	<p>Three instalments:</p> <p>The first instalment representing <b>33%</b> of the total chargeable amount will be required within <b>60 days of commencement</b>.</p> <p>The second instalment representing <b>33%</b> of the total chargeable amount will be required within <b>547 days of commencement</b>.</p> <p>The third instalment representing <b>34%</b> of the total chargeable amount will be required within <b>730 days of commencement</b>.</p>

NB Commencement will be taken to be the date advised by the developer in the commencement notice under CIL Regulation 67. The total chargeable amount is the total amount detailed on the demand notice and therefore takes into account any reductions made due to relief (e.g. social housing relief).

The above Instalment Policy takes effect on the date that Waveney District Council's Charging Schedule takes effect which is the **1<sup>st</sup> August 2013**

In accordance with the CIL Regulations 2010 (as amended) the above 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

Where the instalment policy does not apply, the chargeable amount must be paid in full **within 60 days** of the notified or deemed commencement date of the chargeable development. Where payment is not made in full within 30 days of the due date for the instalment payment the total unpaid balance of the chargeable amount becomes payable in full immediately.

Where outline planning permission permits development to be implemented in phases, each phase of the development, as agreed by Waveney District Council, can be treated as a separate chargeable development. The above instalment policy will therefore apply to each separate phase of the development and its associated separate chargeable amount.

## **Rationale**

The purpose of the Instalment Policy is to aid development viability by assisting the cash flow of developments. If the full chargeable amount of CIL was payable within 60 days of commencement (the default position in the CIL Regulations 2010(as amended)) the CIL would be payable before any income from the development was received. This means that the CIL liability would likely have to be financed, thus increasing the costs of development. Therefore, by introducing a phased instalment policy some payments can be timed to after some income from the development has been received. CIL Instalment Policies have to set with respect to time from commencement. The regulations do not allow for setting payment periods with respect to contingent events such as number of completions on a site. Payment periods cannot be differentiated according to type or size of development. However, they can be differentiated depending on the total chargeable amount. This Instalment Policy has two different payment periods depending on whether the total chargeable amount is £80,000 or more.

The rates of CIL set out in the Charging Schedule were informed by the CIL Viability Study. The CIL Viability Study made an assumption that CIL payments would be phased in accordance with a instalment policy. The CIL Viability Study assumed that payments would be phased as set out below:

- 33% on commencement;
- 33% 12 months after commencement; and
- 34% 18 months after commencement.

This phasing has formed the basis of this Instalment Policy as the CIL rates proposed are viable with this approached to phasing of payments. To propose a less favourable phasing of instalments could undermine the viability of the proposed CIL rates.

To sense-check this phasing approach and make sure it is the most appropriate approach fro all circumstances, the Council has looked at existing arrangements for the phasing of Section 106 payments, and the timescales developments take from commencement to completion. As most CIL will be raised from residential development it is appropriate to set the instalment policy with respect to the development timescales of residential development.

Presently, developments up to 10 dwellings normally only pay Section 106 planning obligations contributions towards open space (up to £995 per dwelling). These contributions are frequently collected through upfront payments prior to planning permission being granted. For larger sites where education contributions, library contributions and other Suffolk County Council contributions are required payments are normally phased into two instalments with a proportion paid on commencement and the remainder paid approximately mid-way through the development. An analysis of four larger developments that have taken place in recent years shows that in the majority of circumstances 60-65% of the contributions are paid on commencement with the remainder mid-way through the development. The exception was a larger development with a much larger contribution which was split with 33% on commencement and 67% mid-way through the development.

An analysis of a sample of recently completed residential developments in the District indicates that on average developments between 1 and 20 dwellings are usually complete within 18 months from commencement. On these sites the first completion normally takes place a year after commencement. On sites of 20 dwellings and above the developments are on average completed after 3 years after commencement. The mid-point of development (between first completion and final completion) is on average just over two years from commencement. The table below summarises the results based on days from commencement.

<b>Development Size (sample)</b>	<b>Days from commencement to first completion</b>	<b>Days from commencement to mid-point of development (between first completion and last completion)</b>	<b>Days from commencement to final completion.</b>
1 to 20 dwellings (13)	381	451	522
20 dwellings and above (8)	428	784	1141

The above analysis indicates that for residential developments up to 20 dwellings the phasing of instalments in the CIL Viability Study are entirely appropriate. However, for larger developments a

longer payment period may be required as under the arrangements in the CIL Viability Study the full amount of CIL would need be payable before the development reaches its mid-point and 66% of the chargeable amount would be due before the first house is completed on the site. Across most of the District a CIL rate of £60 per square metre will apply. This means a site of 20 homes would likely generate a CIL liability of £78,000 (assuming an average house size of 100sqm and 35% affordable housing on site). The Instalment Policy for Waveney has therefore been split at a threshold of £80,000. Sites with CIL liabilities of £80,000 and above will have longer to pay the CIL liabilities than that modelled in the CIL Viability Study, with the full amount of CIL payable by the average mid-point in the development timescale. This is consistent with current practice with respect to the timing of Section 106 contributions as detailed above. Development with a chargeable amount below £80,000 will pay CIL in accordance with the phasing modelled in the CIL Viability Study.

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