

Community Infrastructure Levy: Exemption for residential extensions

Report of the Cabinet Member for Economic Growth, Environment & Development Services:
Councillor I. Pritchard



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Agenda Item:	11
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Key Decision?	Yes
Local Ward Members	Whole District

Council

1. Executive Summary

- 1.1 On the 19 April 2016 Full Council approved the adoption of the Community Infrastructure Levy (CIL) Charging Schedule. Full Council also agreed to commence charging CIL on 13 June 2016.
- 1.2 The Charging Schedule sets a CIL rate for residential development including extensions to domestic properties of £55 per square metre in high value zones, £25 per square metre in lower value zones and £14 per square metre in Strategic Development Areas.
- 1.3 In accordance with the CIL Regulations there are a number of exemptions to the CIL levy for domestic extensions and to date the Authority has not received any CIL income from residential extensions.
- 1.4 It is proposed that the Council no longer applies CIL to residential extensions given the high cost to the authority of implementing this part of the Regulation.

2. Recommendations

- 2.1 That Council approve to cease applying CIL to domestic extensions in order to reduce the administrative burden on the Authority, applicants and planning agents.
- 2.2 That Council approve the update to the Exemptions, Relief and Exception Circumstances Policy as set out in Appendix A.
- 2.3 The Domestic Extension Policy will apply to any domestic extension application validated on / after 1 January 2019.

3. Background

- 3.1 CIL is a planning charge on development, introduced by the Planning Act 2008. It is a tool for Local Authorities in England and Wales to help deliver infrastructure to support the development of their area. On the 19th April 2016 following formal public consultation and an examination in public, the District Council adopted a CIL Charging Schedule enabling it to apply charges to qualifying development for the purposes of delivering key infrastructure. Approval was also given to commence charging CIL from the 13th June 2016.

- 3.2 All new residential properties and extensions of 100 square metres or above, to existing properties are required to pay a CIL levy. The Charging Schedule sets a CIL rate of either £55, £25 or £14 per square metre for residential development including extensions to domestic properties.
- 3.3 An amendment to the CIL Regulations in February 2014 introduced an exemption to the CIL levy for residential extensions. This exemption applies where the applicant owns a material interest in the house, occupies the main house as their main residence and the extension is an enlargement of the main house and is not going to comprise a new dwelling.
- 3.4 CIL exemptions are not automatically applied and in order to qualify for the residential extension exemption the applicant / developer needs to make an application for CIL relief to the authority, once the local planning authority has issued the liability notice. The authority will then notify the applicant / developer of the decision prior to them being able to commence development. There are very few circumstances where relief from CIL would not be granted but there is a considerable amount of time and paperwork associated with the collection / exemption of CIL for household extensions.
- 3.5 As at the beginning of July 2018, since implementing CIL only 27 household applications have been recorded as being liable for CIL. However, every householder application received has to be assessed to determine whether or not they are over 100 square metres to trigger CIL liability. This process takes on average one hour of Officer time a week which equates to £1,971.32 in staff costs per annum¹.
- 3.6 Of the 27 applications which were CIL liable, only 18 applications have been fully processed. The other 9 applications are still being chased by the Local Planning Authority for outstanding CIL forms. The 18 processed applications together had a total CIL liability of £171,243.01, all of which have been granted relief from CIL. Therefore, to date the Authority has received no CIL income from household applications.
- 3.7 A CIL liable extension application case can take between 1 – 2 hours to process. This involves checking the weekly list, updating Exacom, measuring floor plans, issuing notices and responding to queries. Therefore, based on an average of 1 hour 30 minutes of Officer time per case, this equates to £740 in staff costs per annum.
- 3.8 Overall, it is costing the authority on average £2,711 per annum² to apply this legislation at a pure cost to the authority. Given that no cases have generated a CIL income in the two years since it has been implemented this is not an effective use of officer time. It is also unlikely that we will receive CIL income in the future from house extensions and therefore to continue to apply this section of the legislation will result in a continued drain on the Council's resources.
- 3.9 The Exemptions, Relief and Exceptional Circumstances Policy came into effect from 13 June 2016. The Council has updated this document to include a policy to reflect the proposed changes to applying CIL to domestic extensions (Appendix A).

Next Steps

- 3.10 Council is asked to approve to cease applying CIL to domestic extensions in order to reduce the administrative burden on the Authority, applicants and planning agents.
- 3.11 Council is asked to approve the update to the Exemptions, Relief and Exceptional Circumstances Policy (Appendix A).

¹ Staff costs are based on the hourly rate for a Technical Support Officer

² This excludes any potential appeal costs

Alternative Options	<ol style="list-style-type: none"> 1. Council decide not to cease applying CIL to domestic extensions and the Council continues to assess each householder application for extensions to determine whether it is CIL liable development, issue a liability notice, determine applications for relief from CIL, record CIL liability as a Land Charge and subsequently record exemption relief. This will result in a continued drain on the Council's resources.
Consultation	<ol style="list-style-type: none"> 1. The Community Infrastructure Levy was adopted at Full Council on 19 April 2016 following consultation on the emergence of CIL. 2. No consultation has been undertaken on the request to cease applying CIL to domestic extensions.
Financial Implications	<ol style="list-style-type: none"> 1. Developer Contributions arising from CIL will contribute towards infrastructure requirements identified in the Infrastructure Delivery Plan and support the sustainable delivery of the Local Plan Strategy. To date no CIL income has been received from domestic extensions and removing the administrative burden will free up Officer time, thus reducing the impact on Council resources.
Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> 1. Reducing the officer burden on this area will enable officers to contribute more effectively to delivering the strategic plan.
Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> 1. An Equality Impact Assessment checklist has been completed (associated with the Councils CIL) and shows that CIL will not harm or prejudice the interests of any particular section of society.
Crime & Safety Issues	<ol style="list-style-type: none"> 1. There are no crime and safety issues.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The Regulations do not provide any discretion to waive the CIL charges for residential extensions	If challenged, contrary argument can be put forward that it is open to a local authority to waive a statutory charge provided it has acted reasonably in reaching that decision	Yellow

Background documents:
[Lichfield District Council Community Infrastructure levy Charging Schedule.](#)
[Lichfield District Council Regulation 123 list](#)
[Lichfield District Council CIL Exemptions, Relief and Exceptional Circumstances Policy](#)

Relevant web links:
<https://www.lichfielddc.gov.uk/Council/Planning/The-local-plan-and-planning-policy/Planning-obligations/Community-Infrastructure-Levy-CIL.aspx>