

## **Annexe 1 – Background information on CIL and the relationship between CIL and Section 106 planning obligations**

Infrastructure investment is key to economic growth for the county. There is a clear government commitment to promote growth in the form of jobs, businesses and housing and the government is increasingly tying funding for new infrastructure to growth. Authorities will not be able to afford infrastructure if they don't accept growth in their areas.

The Community Infrastructure Levy (CIL) was introduced as an incentive for communities to accept growth. It seeks to ensure developers pay more towards the cost of infrastructure and to create a virtuous circle where development brings clear and identifiable benefits to an area.

CIL is charged in £s per square metre on net increase in gross internal floorspace in any new development, except for affordable housing and buildings used for charitable purposes which are exempt. Once set a CIL charge is non-negotiable.

In Surrey the districts and boroughs are the CIL charging authorities. They will each set their own CIL charge and decide how to spend the CIL receipts. They are required to report each year on how much has been collected and how it has been spent. The CIL regulations allow the charging authorities to use 5% of their total CIL receipts to cover the cost of administering CIL.

In most cases CIL will replace the current Section 106 contributions regime and the PIC and Horley small sites tariff regimes will cease. From April 2014, or depending on the outcome of the recent government consultation April 2015, the use of further S106 contributions will be limited. One of the key differences between CIL and S106 contributions is that the monies collected are not linked to site-specific agreements. The funding can, therefore, be used flexibly and creatively to meet local and strategic infrastructure needs relating to the overall cumulative effect of development.

In some cases, for example on larger sites, there may be site-specific infrastructure required to make the development acceptable and S106 agreements can still be used. The government have put in place a number of measures, however, to ensure developers are not charged twice for the same infrastructure.

Under the CIL regulations S106 contributions cannot be used to fund any infrastructure included on the charging authority's regulation 123 list, their list of infrastructure which is intended to be wholly or partly funded by CIL. In addition authorities will not be able to pool contributions from more than five separate agreements for a specific piece or type (e.g. transport or education) of infrastructure. This covers all agreements entered into since April 2010, and where five or more agreements already exist relating to a project or type of infrastructure then no more S106 agreements can be added once CIL is introduced or from April 2014 (or 2015). This does not apply to anything excluded from the levy and affordable housing will still be secured through S106 agreements.

This page is intentionally left blank