

Caerphilly County Borough
Community Infrastructure Levy

Guidance Note 1 Example Calculations of CIL Liability

March 2013

This document is available in Welsh, other languages or formats on request



A greener place to live, work and visit
Man gwyrddach i fyw, gweithio ac ymweld



Caerphilly County Borough Council
Community Infrastructure Levy

Guidance Note 1:
Example Calculations of CIL Liability

March 2013

1 Purpose of document

This document contains examples of how CIL liabilities are calculated and covers most scenarios that will occur within Caerphilly county borough. **The examples are as at October 2012**

2 Basis of CIL calculations

All CIL calculations are based on the net increase in the Gross Internal Area (GIA) of the development, as set out in Regulation 40 of the Community Infrastructure Levy Regulations 2010 (the Regulations).

3 Indexation

CIL liabilities are index linked from the year in which the charging schedule took effect to the year in which planning permission is granted. The index used is the All-in Tender Price Index published by the Build Cost Information Service (BCIS), as set out in Regulation 40(7) of the Community Infrastructure Levy Regulations 2010.

Consequently there will be no indexation on CIL liabilities for planning permissions granted in 2013.

4 Mandatory Relief for Charitable development and social housing

Examples of how levels of mandatory relief will be calculated can be found in Guidance Note 3 - Social Housing Relief and Guidance Note 4 - Charitable Development Relief.

5 Definition of “Lawful Use”

The definition of lawful use is contained in Regulation 40(10) of the Regulations as follows:

“For the purposes of this regulation a building is in use if a part of that building has been in use for a continuous period of at least six months within the period of 12 months ending on the day planning permission first permits the chargeable development.”

Scenario 1

The development of a new dwelling in the Higher Viability Zone, either detached or attached to an existing dwelling. The new dwelling is 90m².

Though the development is less than 100m², it results in the creation of a new dwelling and therefore CIL applies.

The CIL charge for residential development in the Higher Viability Zone is £40 m².

The calculation is as follows:

90m² x £40 per m² = **CIL liability of £3,600**

Scenario 2

The development of an extension to an existing dwelling. The existing dwelling is 105m² and the extension is 45m²

The size of the existing dwelling is irrelevant. The only matter of relevance is the size of the extension.

As the extension is for less than 100m² of development, and does not result in the creation of a new dwelling, CIL does not apply.

Scenario 3

The conversion of an existing dwelling to two flats. The existing dwelling is 105m² and the conversion will not result in any new build floor space.

The size of the existing dwelling is irrelevant.

As the conversion does not result in any new development (i.e. it all takes place within the existing dwelling), CIL does not apply.

Scenario 4

The conversion and extension of an existing dwelling in the Higher Viability Zone to form 2 flats. The existing dwelling is 105m² and the extension is 45m².

The size of the existing dwelling is irrelevant here. What is relevant is the level of new build. Although it is only 45m², because it results in a new dwelling, CIL applies.

The CIL charge for residential development in the Higher Viability Zone is £40 m²

The calculation is as follows:

45m² x £40 per m² = **CIL liability of £1,800**

Scenario 5

The demolition of an existing dwelling in lawful use (see note on Page 1) in the Higher Viability Zone and the construction of a block of flats in its place. The existing dwelling is 120m² and the block of flats is 1,000m²

The development of the block of flats results in the creation of a new dwelling therefore CIL applies. However, because the existing dwelling is in lawful use, its floor space is deducted when calculating the CIL liability.

The CIL charge for residential development in the Higher Viability Zone is £40 m².

Guidance Note 1 – Examples Calculations of CIL Liability

The calculation is as follows:

Process 1 – deduct existing floor-space from new floor space

The chargeable area is $1,000\text{m}^2 - 120\text{m}^2 = 880\text{m}^2$

Process 2 – calculate CIL liability based on the net increase in floor space

$880\text{m}^2 \times \text{£}40 \text{ per m}^2 = \text{CIL liability of } \text{£}35,200$

Scenario 6

The demolition of an existing dwelling not in lawful use (see note on Page 1) in the Higher Viability Zone and the construction of a block of flats in its place. The existing dwelling is 120m^2 and the block of flats is $1,000\text{m}^2$.

The development of the block of flats results in the creation of a new dwelling therefore CIL applies. Because the existing dwelling is not in lawful use, its floor space is not deducted when calculating the CIL liability

The CIL charge for residential development in the Higher Viability Zone is $\text{£}40 \text{ m}^2$.

The calculation is as follows:

$1,000\text{m}^2 \times \text{£}40 \text{ per m}^2 = \text{CIL liability of } \text{£}40,000$

Scenario 7

The demolition of a building of $5,000\text{m}^2$, $1,000\text{m}^2$ of which is in lawful use, and its replacement with a building of $10,000\text{m}^2$, comprising $1,000\text{m}^2$ of retail development, $5,000\text{m}^2$ of office development and $4,000\text{m}^2$ of hotel development.

The key issue here is that the existing building is in lawful use. Therefore the total amount of existing floor space can be deducted from the CIL liability. As the new building comprises a range of uses, the deduction of the existing floor space is applied on a pro rata basis across the new uses.

The CIL charge for office development is $\text{£}0$ per square metre.

The CIL charge for retail development is $\text{£}100$ per square metre.

The CIL charge for hotel development is $\text{£}0$ per square metre.

The calculation is as follows:

Process 1 – calculate the deduction factor for the existing floor-space

$5,000\text{m}^2$ (existing floor-space) / $10,000\text{m}^2$ (new floor space) = 0.5

Process 2 – calculate the office liability existing floor-space

$5,000\text{m}^2 \times \text{£}0 \text{ per m}^2 \times 0.5 = \text{£}0$

Process 3 – calculate the retail liability

Guidance Note 1 – Examples Calculations of CIL Liability

$$1,000\text{m}^2 \times \text{£}120 \text{ per m}^2 \times 0.5 = \text{£}50,000$$

Process 4 – calculate the hotel liability

$$4,000\text{m}^2 \times \text{£}0 \text{ per m}^2 \times 0.5 = \text{£}0$$

Process 5 – calculate the total liability

$$\text{Office (£}0\text{)} + \text{Retail (£}50,000\text{)} + \text{Hotel (£}0\text{)} = \text{CIL liability of £}50,000$$

Scenario 8

A charitable institution gains planning permission for a supported housing residential development of 1,315 square metres GIA, and a retail unit (which will be occupied by the charitable institution) of 75m² GIA on a cleared site in the Higher Viability Zone.

The residential CIL rate in the Higher Viability Zone is £40m² and the retail CIL rate is £100m², therefore the total CIL liability is £60,100 (i.e. Residential liability of £52,600 + Retail liability of £7,500).

Prior to commencement of the development, the Council receives a claim for charitable relief.

The Council grants mandatory charitable relief for the residential element because the tests in Regulation 43 are satisfied, but does not grant charitable relief for the retail element because that is classed as an investment activity and the Council is not offering discretionary charitable relief for investment activity.

Consequently the CIL liability is reduced to £7,500 (i.e. the retail liability)

Scenario 9

A residential development of 4,000m² Gross Internal Area (GIA) on a cleared site in the Higher Viability Zone is granted planning permission.

The residential CIL rate in the Higher Viability Zone is £40 per m²; therefore the CIL liability is £160,000.

Prior to the commencement of the development, the Council receives a claim for 950m² of Social Housing Relief.

The calculation of the revised CIL liability is as follows:

Process 1 – Deduct the GIA eligible for relief from the total GIA

$$\text{The total GIA (4,000m}^2\text{)} - \text{the GIA eligible for relief (950m}^2\text{)} = 3,050\text{m}^2$$

Process 2 – Recalculate the CIL liability

Guidance Note 1 – Examples Calculations of CIL Liability

$$3,050\text{m}^2 \times \text{£}40\text{m}^2 = \text{Revised CIL liability of £122,000}$$