

Community Infrastructure Levy

Instalment Policy



This Instalment Policy will take effect on the 1st of August 2020

1 Introduction

- 1.1** An Instalment Policy has been prepared to accompany the Charging Schedule of Test Valley Borough Council's Community Infrastructure Levy.
- 1.2** An Instalment Policy is a discretionary policy that is intended to assist developers to manage development finance. If the first instalment is missed, the total amount of CIL that the development is liable for will become payable and the Instalment Policy no longer applies to that development.
- 1.3** An Instalment policy enables payments to be made in instalments in line with the thresholds as set out the schedule below. The policy has been prepared in accordance with Regulation 69(B) of the CIL Regulations 2010 (as amended) which provides the framework for how a policy is to be prepared. Instalment policies must state:
- the date in which the policy takes effect,
 - the number of instalment payments,
 - the amount of CIL payable in each instalment and
 - the time that the first payment is due and times for any subsequent payments
- 1.4** The policy must also state any minimum amount of CIL for which CIL may not be paid by instalment. An Instalment Policy is a discretionary document and the number of thresholds, the level of threshold and the timescale in which to set payment deadlines are decided by the Council. The Council has drawn on the recommendations in the CIL Viability Study and its own data to devise appropriately timed instalments. A detailed rationale is set out in Section 2 in this document.

Table 1: The instalment schedule

Total CIL liability	Number of instalments	Percentage payment	Calendar days	Months
Amounts less than £5000	0	100%	Within 240 days of commencement ¹	8
Amounts less than £20,000, subject to a minimum first payment of £5000 within 60 days of commencement ²	2	50%	Within 300 days of commencement	10
		50%	Within 420 days of commencement	14
Equal to or greater than £20,000 but less than £100,000	3	25%	Within 240 days of commencement	8
		25%	Within 300 days of commencement date	10
		50%	Within 630 days of commencement date	21
Amounts equal to or greater than £100,000 but less than £250,000	3	25%	Within 270 days of commencement	9
		25%	Within 450 days of commencement	15
		50%	Within 720 days of commencement	24
Amounts equal to or greater than £250,000	4	25%	Within 360 days of commencement	12
		25%	Within 540 days of commencement	18
		25%	Within 720 days of commencement	24
		25%	Within 900 days from commencement	30

1 Commencement of development refers to the date in which development is to be commenced. Regulation 7 states that development is to be treated as commencing on the earliest date on which any material operation begins is carried out. Regulation 67 states that commencement notices must be submitted no later than the day before development is to be commenced.

2 The remaining liability after the minimum payment of £5000 is deducted is due in two instalments of 50% each.

2. Rationale

- 2.1** Instalment policies have been developed with the aim of ensuring that development can contribute to the infrastructure needs of the Borough whilst maintaining viability. The phasing of payments in accordance with development timescales can assist with the cash flow of projects and ensure that payments can be made once income is being received.
- 2.2** Regulation 70 of the CIL Regulations 2010 (as amended) states that payments should be made in full within 60 days of commencement unless an Instalment Policy is issued on or before a commencement date³. Payment in full within 60 days of commencement can have an impact on deliverability and viability of sites. The CIL Regulations do not allow for setting the payment periods based on number of completions or type or size of development. They can only be differentiated according to the total chargeable amount.
- 2.3** The Viability Study assumed that CIL payments are phased in three payments of 33%, 33% and 34%. However, this Instalment Policy has been adapted to allow smaller developments to pay two instalments of a quarter of the total CIL liability followed by the remaining 50%. The last instalment threshold has been adjusted for larger scale developments to 4 equal instalments.
- 2.4** An Instalment Policy would not apply to development to which Regulation 42⁴ applies and where the chargeable amount calculated under Regulation 40 is zero.

3. How was the threshold decided?

- 3.1** The first threshold has been set at a low figure in order not to prejudice development and viability within Charging Zone 4. Setting the lowest threshold at £5,000 also takes account smaller development of around 1 – 2 residential units.
- 3.2** An analysis of a sample of recently completed small scale residential development indicates that on average, developments between 1-20 dwellings are completed within one year given in Table 2. Table 2 also gives indicative timescales to complete an individual dwelling on strategic allocations and an average completion rate per year.

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