CIL Watch: RICS sets out new guidance on assessing levy viability

19 December 2019 by Mark Wilding   PlanningResource

The impact of community infrastructure levy (CIL) rates should be considered alongside local plan policies when assessing viability across a council area, according to new draft guidance for surveyors.

The recommendation is included in a proposed new Royal Institution of Chartered Surveyors (RICS) guidance note, *Assessing financial viability in planning under the National Planning Policy Framework for England*, which was recently published for consultation.

Intended to take into account the 2018 revised National Planning Policy Framework, and subsequently updated Planning Practice Guidance (PPG), the note will replace a previous iteration issued by the RICS in 2012. According to the guidance, the revised 2018 NPPF and PPG "placed the emphasis on [financial viability assessments] at the plan-making rather than the decision-taking stage of the planning process".

It goes on to say: "The impact on viability of a CIL, whether proposed or existing, should be considered alongside the policy requirements of the plan. Charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area."

The RICS advises this should be "clearly set out" in the financial viability assessment (FVA) or in a separate document published by the local authority. It recommends that a single FVA is carried out for both a CIL charging schedule and an emerging plan where possible.

It states: "Where there is a requirement for a draft charging schedule to be tested alongside other policy requirements, generally only one FVA will be required. The advantage of a single assessment may be that it enables CIL and infrastructure delivery to be assessed alongside other policy requirements, such as affordable housing."

Several aspects of the CIL PPG are highlighted by the RICS note. Surveyors are advised that where a draft plan and CIL charging schedule are being assessed simultaneously, the draft plan should be used as the basis for testing.

Elsewhere, the draft guidance refers to the 2019 CIL regulations stating that there are "benefits to undertaking infrastructure planning for the purpose of plan-making and setting the levy at the same time". The guidance adds: "CIL charging schedules are not formally part of the relevant plan, but they should generally be consistent with that plan and should be viability tested in a similar way."

The RICS note stresses the need to identify sample sites to test viability assumptions. "Although testing for the CIL is a broad test of viability across an area, a sample range of sites should also be assessed in line with the CIL PPG," it states.

Minor changes have been made to two other sections of the PPG, as follows.
- **Education contributions** Guidance from the DfE on securing developer contributions for education has been updated to refer to the recently revised CIL regulations. The CIL revisions remove restrictions on using section 106 agreements and levy receipts to fund the same type of infrastructure, so infrastructure related to school developments can use funding from both CIL and section 106. The updated guidance also notes that developers delivering schools directly as an "in kind" contribution may be eligible for the DfE's Developer Loans for Schools pilot programme. This offers loans, at interest, to fund the construction of schools in a bid to incentivise development "in the areas most in need".
- **Healthy and safe communities** This section of the PPG has been revised to add a new paragraph, which describes a healthy place as one that is "inclusive and promotes social interaction" and refers to the new National Design Guide, published in October. The PPG says the guide "sets out further detail on promoting social interaction through inclusive design, including guidance on tenure–neutral design and spaces that can be shared by all residents".