

Committee(s): Policy & Resources Committee	Date(s): 11/03/2021
Subject: Community Infrastructure Levy: Extension of Deferral of CIL Payments due to Covid	Public
Report of: Director of the Built Environment	For Decision
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Summary

At its meeting on 9 July 2020, the Policy & Resources Committee agreed to the introduction of a time-limited amendment to the City Community Infrastructure Levy phasing policy. This amendment also applies to the Mayoral CIL. The amendment allowed development commencing between 9 July 2020 and 1 February 2021 to defer payment of CIL monies until 1 April 2021. It is now necessary to consider whether the time limited deferral of payment should lapse or be extended.

The expectation in July 2020 was that national Covid restrictions would have been eased by April 2021, with the City's economy on a path to recovery from the pandemic. The continuation of Covid restrictions and depressed levels of activity in the City indicate a continuing need to provide support to the City's development industry and businesses to assist in the recovery from Covid. An extension of the policy to allow the deferral of CIL payments until 31 July 2021 is therefore proposed.

Recommendation(s)

Members are asked to:

- Agree a time limited extension to the Community Infrastructure Levy phasing policy until 31 July 2021, as set out in paragraphs 5-8 of this report.

Main Report

Background

1. In May 2020, the Government published revised Covid-19 guidance for the Community Infrastructure Levy (CIL), allowing smaller developers to defer CIL payments. This was set out in revised regulations that remain in force until 31 July 2021.
2. At its meeting on 9 July 2020, the Policy & Resources Committee agreed to the introduction of a time-limited amendment to the City of London's CIL phasing policy, applicable to all CIL liable development in the City and contributions collected by the City Corporation on behalf of the Mayor of London. The amendment allowed development commencing between 9 July 2020 and 1 February 2021 to defer payment of CIL monies until 1 April 2021.

Current Position

3. Since the revised City CIL phasing policy came into effect in July 2020, only one request to defer a payment of £128,000 has been received. Two other schemes have commenced since July 2020 and one is due to commence in March. The developers involved have not requested deferral on the combined CIL liability for these schemes of £5.1m.
4. Under Policy & Resources Committee decision, the time-limited deferral of CIL payments will lapse unless the policy is renewed or revised. The time limitation was from 9 July 2020 until 1 February 2021, with payments due 60 days later on 1 April 2021. At the time of the Committee's decision in July 2020, it was expected that Covid movement and trading restrictions would have been lifted by April 2021 and that business activity in the City would be recovering, removing the need to consider further deferral of CIL payments. However, there remains significant uncertainty over when and how quickly current Covid restrictions will be lifted and economic activity in the City of London remains at low levels.

Proposals

5. Extending the CIL phasing policy to allow developers to continue to defer CIL payments would give a clear signal to the development industry, investors, City occupiers, workers and residents, that the City Corporation is seeking to support City businesses at a difficult time. It could also help to further encourage planning and development activity such that the City can benefit from the anticipated upturn in economic and business activity once restrictions are lifted.
6. It is proposed that the time-limited changes to the CIL phasing policy be extended to align with national regulations for CIL payments to smaller developers. This would mean that, for schemes commencing before 31 July 2021:
 - CIL charges under £500,000 – payment in full will be due within 60 days after 31 July 2021;
 - CIL charges above £500,000 – payment of 50% of charge within 60 days after 31 July 2021, payment of the remainder within 240 days of 31 July 2021.
7. For schemes which have already commenced and for which CIL payments are due, the City Corporation would not apply late payment surcharges for the period up to 29 September 2021.
8. The proposed extension of the CIL phasing policy will again be time limited, until 31 July 2021, at which point the pre-July 2020 instalment policy terms would be reinstated, or an alternative instalment policy considered subject to the economic circumstances at that time.

Corporate & Strategic Implications

9. The proposed change would be in alignment with the Corporate Plan strategic aim of supporting a thriving economy and the City Corporation's support for businesses during the Covid-19 pandemic.
10. Between October and December 2020, the City Corporation consulted on changes to s106 planning obligations, including financial obligations on developers outside of CIL requirements. The Planning & Transportation

Committee have yet to consider the outcome of this consultation, but a decision to further defer CIL payments will be a consideration in that Committee's determination.

Financial Implications

11. The deferral of CIL payments previously agreed by this Committee has resulted in the deferral of £128,000 of CIL monies due, and a potential deferral of a further £87,000. Other schemes incurring CIL payments of over £5m have commenced with no request to defer CIL payment. The proposed extension of CIL phasing outlined in this report will potentially result in a temporary reduction in future CIL payments to the City Corporation for a period of 6 months, but may allow schemes to commence in this period which may otherwise have not commenced until later in 2021.

Conclusion

12. In July 2020, the Policy & Resources Committee agreed a time limited change to the CIL payment policy, allowing payment to be deferred until 1 April 2021, to support the continuation of development through and after the Covid pandemic. This deferral aligned with the direction of national regulatory changes.
13. The time limited changes to CIL payments came to an end in February 2021. This report seeks approval to extend the deferral of CIL payments further to 31 July 2021, with payments then due a minimum of 60 days later from 29 September 2021.

Appendices

None

Background Papers

Report to Policy & Resources Committee 9 July 2020: Community Infrastructure Levy: Changes to Instalment Policy

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