



Topic Paper – Community Infrastructure Levy July 2025



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Introduction

1. This Topic Paper seeks to summarise the process by which the Community Infrastructure Levy (CIL) has been developed given this has been prepared between 2022 to 2025.

Planning Obligations

2. Planning obligations (frequently referred to as 'Section 106 agreements' or S106) are negotiated between the Council and landowners/developers to mitigate the impact of a development or to secure certain requirements/obligations as part of a development. They are currently the only mechanism used in York to secure landowner/developer financial contributions. They can include:
 - Requirements for parts of a development to be used in certain ways, for example, for a percentage of home to be affordable housing;
 - Requirements for certain works to be undertaken or for other requirements and/or restrictions on the form of the development, for example requiring certain works to the highway;
 - Financial contributions to address the impacts of development – usually limited to those cases where it is not feasible to meet policy requirements on site and/or to mitigate specific development impacts, such as the provision of open space.
3. S106 can only be used where the legal tests set out in the CIL Regulations 2010 (as amended) are met. That is S106 must be:
 - Necessary to make the development acceptable in planning terms;
 - Directly related to the development; and
 - Fairly and reasonably related in scale and kind to the development.

Community Infrastructure Levy

4. Since 2010, authorities in England and Wales have been empowered to establish a Community Infrastructure Levy (CIL) to help pay for infrastructure to support development. This charge on the development can operate alongside S106, where the legal requirements set out in the Regulations are met. In very broad terms, CIL has a particular role in meeting the cumulative demand arising from development overall, including

smaller scale development, but there will still be a role for Section 106 in the context where there are very significant costs associated with on-site infrastructure requirements (typically associated with the largest strategic sites).

5. CIL rates must be set out in a CIL Charging Schedule by the charging authority – that is the Council. The level at which CIL rates are set must strike an appropriate balance between collecting money to fund the infrastructure needed to support development and the ability of developments in its areas to afford the charge – that is the viability of development. Accordingly, CIL Draft Charging Schedules are supported by evidence of infrastructure needs and costs and viability impacts – with the latter having a central role in defining the CIL charge.

Why adopt a Community Infrastructure Levy?

6. A charging authority can think strategically in their use of CIL to ensure that key infrastructure priorities in their Local Plan are delivered to facilitate growth and the economic benefits of their area. Subject to meeting the 3 tests set out in CIL regulation 122, charging authorities can use funds from both CIL and section 106 planning obligations to pay for the same piece of infrastructure regardless of how many planning obligations have already contributed towards an item of infrastructure.
7. CIL has a number of advantages, including:
 - Reducing time taken in negotiation Section 106 agreements as the non-site-specific infrastructure costs will be set out up front in a Charging Schedule, providing certainty for developers and infrastructure providers (and CIL is non-negotiable).
 - Capturing financial contributions from smaller developments from one or more units which cumulatively can give rise to infrastructure; infrastructure impacts of this size category of development are not effectively mitigated as S106 is typically limited to major developments. Development of less than 10 units has comprised a fifth of developments in York over the last 10 years.
 - Allowing more flexible allocation of spend than the narrowly ringfenced contributions secured through Section 106 agreements, enabling more effective response to changes in capacity in infrastructure across the

City, such as in response to deficits or surpluses in education or primary health care infrastructure.

- Providing a funding stream to support neighbourhood priorities – which is particularly valuable given the high take up of neighbourhood planning in York.
8. CIL **must** be spent on infrastructure to support development within the area. Accordingly, a CIL spend strategy taking into account development impacts, will be used to guide any future spend in York after a period of accrual of CIL funding; this will be published in due course. This strategy will need to be evidence-led and will be critical to ensure that the right range of infrastructure is delivered in the right place and at the right time – including for education uses where there are particular challenges in projecting demand in the medium to longer term.
9. The CIL spend strategy along with data on the actual spend of CIL receipts will be reported in the Council's [Infrastructure Funding Statement](#)¹, annual publication, which is requirement of the CIL Regulations 2010 (as amended). The Council already publishes a report in connection with Section 106 receipts and expenditure as required by these regulations.

York's decision to proceed with a CIL

10. York's Executive took the decision to proceed with the preparation of a CIL in June 2022². Subsequently a decision to consultation on the draft Charging schedule and accompanying documents was taken in January 2023³.

¹ <https://www.york.gov.uk/planning-building/annual-infrastructure-funding-statement/>

² [Agenda for Executive on Thursday, 16 June 2022, 5.30 pm](#) (Item 9)

³ [Agenda for Executive on Thursday, 26 January 2023, 5.30 pm](#) (Item 76)

Infrastructure Funding Gap

What is an Infrastructure Funding Gap?

- I 1. The starting point for preparing a CIL Charging Schedule is for local authorities to demonstrate that there is a funding gap in the provision of infrastructure required to support new development.
- I 2. Information on the charging authority area's infrastructure needs should be drawn from the infrastructure assessment that was undertaken as part of preparing the Local Plan. This is because the plan identifies the scale and type of infrastructure needed to deliver the area's local development and growth needs. In determining the size of its infrastructure funding gap, the charging authority should consider known and expected infrastructure costs and the other possible sources of funding to meet those costs. This process will help the charging authority to identify a levy funding target. The government recognises that there will be uncertainty in pinpointing other infrastructure funding sources, particularly beyond the short-term. Charging authorities should focus on providing evidence of an aggregate funding gap that demonstrates the need to put in place the levy.

Testing infrastructure costs and viability

- I 3. We have tested through the Local Plan Examination high-level costs for anticipated infrastructure delivery based upon the policy requirements and developer contribution process. An Infrastructure Delivery Plan was submitted as part of the evidence base to the Publication Draft Local Plan in 2018 to identify the key infrastructure requirements needed to support the level of planned growth in the authority. This was updated by the Phase 2 Infrastructure Note in May 2022 [EX/CYC/79] and Infrastructure Gantt Chart August 2022 [EX/CYC/107/8].
- I 4. The following documents, submitted during the Local Plan Examination, are considered relevant evidence to support the introduction of a CIL:

Table 1: Local Plan Evidence Base

Document Link (and Local Plan Examination Reference)	Title of Document	Publication Date
CD018	City of York Local Plan Viability Assessment Update Study (April 2018)	18 May 2018

HS/P2/M6/IR/1b(i)	Technical Note: City of York Viability Plan Update Addendum, May 2022	4 May 2022
EX/CYC/99a	Viability Assessment of ST7 - July 2022	21 July 2022
EX/CYC/99b	Viability Assessment of ST14 - July 2022	21 July 2022
EX/CYC/99c	Viability Assessment of ST15 - July 2022	21 July 2022
EX/CYC/107/3	Student Housing Policy H7 Note August 2022 (the technical note appended deals with the viability implications of this policy)	24 August 2022
EX/CYC/79	Phase 2 Infrastructure Note May 2022	18 May 2022
EX/CYC/107/8	Infrastructure Gantt Chart May 2022 Revised August 2022 (latest figures, reflected Note in May 2022)	24 August 2022

15. The Inspectors report found that the policy approach to the collecting developer contributions was reasonable (Issues 24 of their report⁴). Modifications were inserted into Policy DMI 'Developer Contributions' to ensure that we could consider a viability assessment at the time of application, and if a development can be shown not to be viable, then the phasing of obligations, and /or include a review mechanism in any legal agreement can be considered. This approach is now adopted through Policy DMI.

York's Infrastructure Funding Gap

16. The Council presented evidence of a funding gap in the published Infrastructure Funding Gap Assessment (IFGA)(2022). This document was originally consulted on as part of the CIL consultation in January 2023. The IFGA (2022) identified that there was a total estimated infrastructure cost £270 million, of which £21.7m has confirmed funding. The identified funding gap at that point was £249 million.

Updating the infrastructure development costs

17. Any assessment must be based on infrastructure funding requirements identified in the Local Plan, which were set out iteratively throughout the protracted Examination process; this is comprehensive.

18. The CIL Viability Assessments (2022[CSD7], updated in November 2023 [CSD6] and June 2025 [CSD5]) have considered build costs for different development typologies. Information from the Build Cost Information

⁴<https://www.york.gov.uk/downloads/file/10084/inspectors-report>

Service (BCIS) has been used as a consistent data source for this information to allow results to be compared accurately.

19. Where indicative costs are shown in the IDP (2025), a 20% uplift in costs has been applied where these remain indicative to reflect uplift in delivery costs. The proposed uplift reflects increases in the Tender Price Index between May 2022 and Q3 2025.
20. The Council have also undertaken cost reviews of key highway infrastructure to inform key decision-making of how to proceed. This has been provoked by changes to government funding regimes and requirements as well as an uplift in construction costs.

Summary

21. The Council has sought to update the Infrastructure Delivery evidence and our understanding of the Infrastructure Funding to a 2025 base date, as far as possible [CSD8].
22. The infrastructure that needs to be delivered for the Local Plan is identified to now c£1015.7million for which there is committed of c£540.5m. The **funding gap is therefore c£480million.**

Process for determining York's draft CIL schedule

Consultation

23. Full details of the consultation on the draft York CIL Charging Schedule is set out in the Consultation Statement [CSD4].
24. The authority has undertaken two periods of consultation on the draft Charging Schedule.

Consultation Spring 2023

25. Consultation took place between February -March 2023 on the draft charging schedule and supporting evidence; this was compliant with the regulatory requirements set out in Regulation 16 of the Community Infrastructure Regulations 2010 (as Amended). The consultation also took place alongside the Local Plan Main Modifications Consultation, which was

helpful in relation to understanding the proposed policy requirements built into the supporting CIL Viability Assessment (2022) [CSD7].

26. Respondents to this consultation raised concerns in relation to a number of assumptions. To address this, a sensitivity test Viability Report was commissioned to test proposed assumptions by consultees.

Consultation Winter 2023

27. The CIL Sensitivity Test Viability Report (November 2023) [CSD6] concluded that there should be a number of modifications to the proposed CIL Charging Schedule.
28. Further consultation was undertaken with respondents in December 2023 to understand their view on the modifications.
29. Responses to the consultation identified that a number of issues were resolved as a result of the proposed amendments to the charging schedule. However, outstanding issues highlighted were in relation to strategic sites and purpose built student accommodation.

Viability Assessment

30. National planning policy guidance is clear that *“When deciding the levy rates, an authority must strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments”*.⁵
31. Demonstration of the ‘appropriate balance’ is critical through the publication of a Viability assessment. The following assessments have been prepared and submitted to support the draft CIL Charging Schedule:
- **CSD5** - CIL Viability Assessment Update (June 2025)
 - **CSD6a** – CIL Sensitivity Test Viability Report (November 2023)
 - **CSD6b** – CIL Sensitivity Test Viability Report Errata Addendum (December 2023)
 - **CSD7** – CIL Viability Assessment Study (December 2022)

⁵ <https://www.gov.uk/guidance/community-infrastructure-levy#charging-schedules-and-rates> Paragraph 10

32. These assessments applied the following to reach conclusions on whether/how much of a charge could be levied:

- National Policy context;
- Market and economic conditions;
- Development Viability Assumptions;
- Policy costs and S106 Obligations; and
- Benchmark land values.

Submission Charging Schedule

33. The draft charging schedule submitted for examination results from responding to consultation feedback resulting in amended assumptions and as a result of the revised viability assessment update (2025).

34. The rationale for these changes and full details of the modifications to the draft charging schedule are set out in the Statement of Modifications [CSD2].