

**Malvern Hills District Council  
Community Infrastructure Levy (CIL)**

**Indexation Update - Guidance Note (January 2021)**

This document has been produced to provide information and guidance on how indexation will affect CIL charges for CIL liable development in Malvern Hills District Council's administrative area.

All CIL Liability Notices issued by the council from 1 January 2021 onwards will include indexation in the calculation of the chargeable amount. The calculation of the CIL chargeable amount by the CIL Regulations 2010 (as amended):

<b><u>R x A x Ip</u></b> <b><u>lc</u></b>  <b>R</b> – the CIL rate for that use <b>A</b> – the deemed net area chargeable at rate R <b>Ip</b> – the index figure for the year in which planning permission was granted <b>lc</b> – the index figure for the year in which the charging schedule took effect
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In calculating individual charges for the levy, Schedule 1 of the CIL regulations requires collecting authorities to apply an index of inflation to each relevant CIL rate to keep the levy responsive to market conditions. From 1 January 2021, the index is the RICS CIL Index published by the Royal Institution of Chartered Surveyors. This annual index figure will be published on or around 1 November each year and will apply from 1 January of the following year. The latest RICS CIL Index figure is available on the RICS website.

The index figures that will be used to calculate indexation for Malvern Hills District Council's adopted Charging Schedule are:

<b>Year in which permission first permitted development for CIL purposes</b>	<b>Index Figure</b>
2017 (year in which Charging Schedule took effect)	286 (fixed baseline for lc)
2018	321
2019	327
2020	334
2021	333

**Worked example**

Student accommodation example based on the above approach:

Year in which CIL took effect: 2017

Fixed baseline figure: 286

Planning Application: 25-unit student accommodation block at £100 per sq. m, floorspace 1,000 sq. m

Year in which planning permission first permits development: 2021

2021 index update: 333

CIL Charge = £100 x 1,000 x 333

/286 = £116,433 (rounded up)

This document is relevant to all CIL Liability Notices issued since 1 January 2021 identifying the Index Value relevant to each CIL indexation year. This document will be updated annually in January when a new index figure for the year will be applied.

### **Year in which permission first permits development for CIL purposes**

The time at which planning permission first permits development for CIL purposes varies dependent on the type of decision being sought from the council. The timing is set out under CIL Regulation 8 (as amended) and will vary, e.g.

- Outline Permissions
- Reserved Matters following outline
- Discharge of conditions on phased permissions
- Full planning applications
- Certificate of Lawful Development Proposed, e.g. household extensions
- Submissions for decisions on other permitted development proposals, e.g. permitted change of use

Updated CIL guidance (September 2019) has also been published relating to [how indexation is applied to Section 73 permissions.](#)

For the reasons above it is not automatic to assume that the RICS CIL Index figure that is used to calculate the CIL chargeable amount will be the rate in the year in which a Decision Notice is issued by the council.

Even if a decision is made not to submit an application to seek the formal decision of the council as to whether permitted development works are lawful and compliant with the legislative and regulatory controls placed upon them, CIL is still relevant to any proposal that generates a net gain in floorspace and needs to be assessed for the works being carried out.

### **Time at which a CIL Liability Notice is generated**

Until such time as planning permission first permits development for CIL purposes, no CIL Liability Notice will be generated by the council. For this reason, it is possible that the relevance of CIL to a development proposal will not appear on the Land Charges Register, as it is only once a CIL chargeable amount can be calculated that the chargeable amount will appear as a Land Charge.

For any further information or advice in respect of CIL indexation please either view the council's CIL webpage <https://www.malvern hills.gov.uk/planning/other-planning-services/community-infrastructure-levy> or contact the Policy Plans team directly [01386 565565].

1 January 2021

