

Planning Bill Community Infrastructure Levy/Tariff Report

To: **Joint Strategic Growth Implementation Committee**

Date: **6 February 2008**

From: **Chief Executive, Cambridgeshire Horizons**

Purpose: **To update the Committee on Government's proposals for a Community Infrastructure Levy, and to consider how a CIL, or other tariff system, might apply in Cambridgeshire.**

Recommendation: **Cambridgeshire Horizons to take forward further work in this area, including Alex Plant liaising with Peter Studdert to set up ½ day seminar on possible CIL/tariff arrangements as soon as this further work reaches sufficient maturity.**

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1.0 Introduction and Context

- 1.1 The Government's Planning Reform Bill, currently going through Parliament, contains provisions that will enable local authorities to implement a Community Infrastructure Levy (CIL). This, in effect, is the replacement measure for Planning Gain Supplement. This paper provides JSGIC Members with some information about this, and briefly considers how a CIL, or any tariff system, might help to deliver additional, more certain and more flexible funding for growth-related infrastructure in Cambridgeshire.

2.0 Detail

- 2.1 At a recent seminar on CIL, Government officials set out in more detail the aims of CIL, they are, *inter alia*:
 - To provide a fairer, more flexible and more certain means by which Councils can raise additional cash for infrastructure (on top of central Government grants);
 - To enable value from development to be captured across a broader base than currently (the majority of developments are not subject to S.106 and so pay nothing);
 - To better link the value capture system to well-evidenced infrastructure costs and delivery planning;
 - To enable sub-regional infrastructure requirements to be met more readily than under the current system.

3.0 Practicalities

- 3.1 The Planning Reform Bill only contains a few short clauses which pave the way for CIL, and are hard to argue with. The detail will be left to the regulations to follow (which will be subject to affirmative resolution and so debated on the floor of the House). Government are expected to issue a consultation document giving some more detail on what is proposed for CIL within the next few weeks.
- 3.2 The new powers will allow Councils to set a CIL for their area following assessment of infrastructure needs (the starting point for which would be the relevant Development Plan Documents) and consultation with the local community. There is express recognition from Government that this may lead to differential rates of CIL in different areas.
- 3.3 Councils will then need to set out a final charging schedule for their CIL, and the period it is set for, alongside a business plan detailing the timing of infrastructure projects that the CIL will fund. This will mean that developers will know with greater certainty what their contributions will need to be in different areas, and what infrastructure they are contributing to.
- 3.4 All developments would be captured, but small homeowner developments, (e.g. loft extensions) will be exempt.

- 3.5 S106 will continue to operate alongside a CIL, focussed on site-specific needs and affordable housing, while the CIL will deliver wider, and sub-regional, community needs.
- 3.6 It is expected that Councils can use the new powers from 2009, but they will be optional not mandatory, so Councils could decide not to bring forward a CIL but stick with S106 alone.

4.0 Practical Examples of Tariff

- 4.1 There are a number of examples of Councils who have already put tariffs in place including:
- Milton Keynes.
 - Chelmsford (which applies different rates to different zones within the borough).
 - Surrey (which only applies to developments of less than 100 houses)
- 4.2 Many other authorities are considering bringing tariff arrangements forward, which are at varying stages of maturity.

5.0 Proposed Cambridgeshire Horizons Work on Tariff Options

- 5.1 Drawing on the Deloitte's Long Term Delivery Plan, which was completed last year and sets out the high level infrastructure needs for the Cambridge Sub-region, Horizons is planning to take forward some work over the next few months to outline how any CIL/tariff arrangement might work in Cambridgeshire. This would then provide a basis for further discussion with partners and would be tabled at a future Board meeting to consider whether there is merit in bringing such a scheme forward.
- 5.2 Some of the issues we would expect this further work to cover would include:
- How could borrowing against expected revenues be arranged (public or private).
 - What are the practicalities of setting tariffs at different rates.
 - How to ensure that the tariff levels are set neither too high or too low.
 - Need to drill down to sufficient level of detail on infrastructure needs.
 - Different rates/methods for housing as opposed to commercial development.
 - What transitional arrangements would be in place given stages of existing S106 negotiations.
 - Interface with site-specific S106 arrangements.

- Considering what appropriate consultation arrangements would need to be put in place, for example publishing a draft charging schedule and consulting on levels.