

REPORT TO:	Planning Policy Committee, 8 June 2023
SUBJECT:	Infrastructure Levy (IL) Technical Consultation
LEAD OFFICER:	Kevin Owen, Planning Policy & Conservation Manager
LEAD MEMBER:	Chair of Planning Policy Committee
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:	
<p>The recommendations supports:-</p> <ul style="list-style-type: none"> • Improve the Wellbeing of Arun; • Delivering the right homes in the right places; • Supporting our environment to support us; • Fulfilling Arun’s economic potential. 	
DIRECTORATE POLICY CONTEXT:	
<p>Supporting the delivery of infrastructure helping to promote active healthy lifestyles, housing and other needs while enhancing the quality of heritage and the natural and built environments and promoting economic growth, in a sustainable manner.</p>	
FINANCIAL SUMMARY:	
<p>There are currently no financial implications as this is a technical consultation. However, should the IL be introduced there may be additional financial burdens associated with transferring to a new system including supporting evidence, legal and preparation costs.</p>	

1. PURPOSE OF REPORT

- 1.1 This report briefs Committee on the technical consultation on the proposed new ‘Infrastructure Levy’ (IL) under the Levelling up and Regeneration Bill. The IL if introduced, would change how development contributions are currently secured in Arun (i.e. via CIL - Community Infrastructure Levy and S106).

2. RECOMMENDATIONS

- 2.1. Planning policy committee resolves to:-

Agree the proposed response under paragraph 4.11 of the report.

3. EXECUTIVE SUMMARY

- 3.1. Arun is a Community Infrastructure Levy (CIL) charging authority (since 1 April 2020). As such, Arun receives the CIL levy from new developments that are liable for CIL. The amount charged is set out in the council’s CIL Charging Schedule for different types of land use and zones in Arun and is calculated based on the amount of new floorspace to delivered).

- 3.2. However, the Government is now undertaking a technical consultation on implementing a new replacement Infrastructure Levy (IL) nationally. The consultation seeks views from local authorities on the technical design of the proposed new IL. The aim of the IL proposals is to create a simpler, more transparent system and one that will potentially, raise more revenue than the existing CIL system.
- 3.3. The IL consultation document suggests that the IL will be a more efficient system, largely removing the existing Section 106 planning obligations and enabling the delivery of on-site affordable housing as an 'in-kind payment of the Levy through a new 'right to require' which will enable local authorities to secure affordable homes as a proportion of levy liabilities.
- 3.4. The technical consultation is at a very early stage and there is a significantly long lead time before proposals are introduced. This report therefore, only takes a high level look at the most relevant matters (and does not attempt to address all of the consultation questions at this time) in order to form the council's response which will be submitted by officers as letter, by 9 June 2023.

4. DETAIL

- 4.1. The consultation lasts for 12 weeks from 17 March to 9 June 2023.
- 4.2. Following this date, the government will then assess comments received and a response will be issued that summarises any themes that emerge.
- 4.3. The Levelling Up and Regeneration Bill seeks to replace the current CIL Levy system. This will mean that if the IL is introduced, authorities such as Arun will be required to undertake work to produce a new Levy Charging Schedule (LCS). As under the current CIL system, the new system will allow authorities to set differential levy rates and/or minimum thresholds for different development uses and land types in their local area. This approach will also allow the Levy to address greenfield and brownfield land development. The National Planning Policy Framework attaches substantial weight to the value of using suitable brownfield land and the IL is expected to facilitate these policy intentions.
- 4.4. The Infrastructure Levy technical consultation includes 44 questions. These cover fundamental design choices; levy rates; charging the levy; delivering infrastructure; delivering affordable housing and introducing the levy.
- 4.5. The new Levy will be charged on the value of property on completion per square metre (sqm). The current CIL system is calculated on new floor area created (per sqm) on approval. It is anticipated that this will improve receipts including arising from uplift when developments are completed.
- 4.6. Levy rates are to be set by charging authorities in the LCS. When setting rates, there are several factors that will need to be taken into account. This includes the viability of the development and the desirability that rates can deliver affordable housing at a level equalling or exceeding what is delivered now in that area.
- 4.7. Local authorities will be required to prepare a new document called an Infrastructure Delivery Strategy (IDS). This will help identify and plan for

infrastructure priorities. This includes the provision of GP surgeries and schools. The IDS will be subject to examination.

- 4.8. It is envisaged that the new IL system will dovetail with the new planning system to be introduced by the Levelling up and Regeneration Bill. Once the Levy is introduced nationally, it is expected that the design of a charging schedule and plan-making will align. However, through the test and learn phase it may be the case that the development of new Local Plans and the introduction of the Infrastructure Levy are not fully aligned. Upon first introduction, an Infrastructure Levy charging schedule and Infrastructure Delivery Strategy will need to be introduced together – local authorities will not be required to undertake a Local Plan review for the Levy to be adopted.
- 4.9. The consultation seeks views on a new ‘right to require’. This will enable local authorities to set out what proportion of the Levy they want delivered as affordable housing (in kind), and what proportion they want delivered as cash; and in what circumstances exemptions from the Levy for registered provider-led schemes could be appropriate.
- 4.10. A phased ‘test and learn’ system will be introduced with selected authorities from 2025/26. National rollout will occur over the course of a decade and the current system will remain in place for those areas who have not adopted the Levy. This is hoped it will make the transition as smooth as possible.
- 4.11. Officers consider that the following high-level matters should be submitted in response to the technical consultation.
- The new system needs to allow existing CIL charging authorities to transition into the new IL with the minimum of cost and disruption;
 - The IL should be designed to accommodate features of the existing CIL infrastructure levy as far as possible including with regard to grounding levy rates based on local land values and development viability, to ensure that the IL reflects local affordability and land use markets;
 - There are, however, regional and sub regional variations in land values and development markets that the new system could address to ensure that weaker market areas that face similar high infrastructure costs are topped up (e.g. consider a percentage pooling of receipts nationally with a formula for redistribution);
 - As with the current system, a capped percentage of IL receipts should be included to ensure that the administration costs can be absorbed however, the cap may need to be higher if the costs of implementing the new system are higher (e.g. calculating development value on completion of development using surveyor and valuation reports to work out liabilities and defending against challenge);
 - The current CIL system allows s.106 contributions to be scaled back to delivering on site mitigations with off-site mitigation funded by the CIL levy. This captures value from many smaller scale developments that would otherwise not contribute. However, for large strategic sites which may need large scale infrastructure mitigation, this is still likely to require s.106 contributions. CIL levy receipts are not necessarily tied to delivering infrastructure for specific strategic developments but rather fund a collective pool of infrastructure and is subject

to a process of prioritisation. The new system should have regard to aligning development with enabling infrastructure via s.106 and this should be addressed in developing the new system;

5. CONCLUSION

5.1. There is a considerable lead time to testing and introducing the proposed new IL system to ensure that it is fit for purpose when finalised. The above comments should be forwarded as part of this council's initial high-level response to the process.

6. OPTIONS/ALTERNATIVES CONSIDERED

6.1. The council can choose not to make a response. However, this would risk that a future Infrastructure Levy system is introduced that is not fit for purpose or is more costly and less effective than the current CIL system in place.

7. CONSULTATION

7.1. The national IL technical consultation runs until the 9 June 2023.

8. COMMENTS BY THE GROUP HEAD OF CORPORATE SUPPORT/SECTION 151 OFFICER

8.1. The implementation of the new IL system is expected to be rolled out over the next decade. There are no immediate implications arising from the technical consultation.

9. RISK ASSESSMENT CONSIDERATIONS

9.1. There are no risk assessment considerations with this proposed consultation response.

10. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

10.1. There are no Governance or legal implications arising from this technical consultation.

11. HUMAN RESOURCES IMPACT

11.1. There are no implications arising for Human Resources.

12. HEALTH & SAFETY IMPACT

12.1. There are no direct implications for Health & Safety.

13. PROPERTY & ESTATES IMPACT

13.1. There are no direct implications for Council property.

14. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

14.1. There are no direct adverse implications for Equalities/Social Value.

15. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

15.1. There are no direct adverse implications for Climate Change however, in future, ability to charge IL receipts from developments for infrastructure mitigation may help to reduce carbon and protect development from climate change extremes. Climate change and sustainability should be considered in the future and consultation undertaken to ensure adheres impacts are minimised or removed.

16. CRIME AND DISORDER REDUCTION IMPACT

16.1. There are no direct adverse implications for Crime and Disorder.

17. HUMAN RIGHTS IMPACT

17.1. There are no direct adverse implications for Human Rights.

18. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

18.1. There are no implications for FOI/Data Protection.

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BACKGROUND DOCUMENTS:

Infrastructure Levy consultation:

[Technical consultation on the Infrastructure Levy - GOV.UK \(www.gov.uk\)](http://www.gov.uk)