

**NAME OF COMMITTEE**

Cabinet

**DATE OF COMMITTEE**31<sup>st</sup> August 2011**REPORT OF THE PORTFOLIO HOLDER; CORPORATE DIRECTOR; ASSISTANT DIRECTOR;****Portfolio Holder for Economic Development and Enterprise****REPORT OF THE****TITLE OF REPORT**

Infrastructure Delivery Plan

**EXEMPT INFORMATION****RECOMMENDATIONS**

That Cabinet;

1. endorses the progress made to date on the Infrastructure Delivery Plan; and
2. approves the progression of an evidence base and option appraisal for the Community Infrastructure Levy

**PURPOSE**

To update Members on the development of the Infrastructure Delivery Plan and seek approval from Members to start work on the evidence base and option appraisal for the Community Infrastructure Levy (CIL)

**RESOURCE IMPLICATIONS**

The cost of production for the Infrastructure Delivery Plan (IDP) is included within the existing Local Development Framework (LDF) budget. The implementation of the IDP will require resources from the public, private, voluntary and community sectors. Funding could be secured through the development management process as planning obligations (s.106 or Community Infrastructure Levy) as well as other Government programmes and initiatives such as the New Homes Bonus and Tax Incremental Financing.

There is likely to be a cost implication to producing and administering the Community Infrastructure Levy. The cost of the examination and viability work will have to be met by the Council. The Council has budgeted £40,000 for the financial year 2013/14 however, this may need to be brought forward and this amount may need increasing and will need to be considered during the budget process. At present there are very few Authorities who have introduced CIL and so information on actual costs is not available. With respect of undertaking viability work, the Government has stated that:

“Estimates of rates charged by the Valuation Office Agency and by consultants suggest that the costs could range between £25,000 and £70,000 depending on the complexity of the work (which will depend on the degree of variation in land values and the complexity of the charging schedule).”

The Government has also estimated the cost of examination to be between £30,000 and £40,000.

It would be anticipated that Tamworth would incur costs at the lower end of these scales. Through working with other Staffordshire Authorities or Authorities in the Local Enterprise Partnership (LEP) then there is the potential to share costs and achieve efficiencies. The cost of the evidence base, viability work, examination and administration will be investigated further as part of the option appraisal and reported to Cabinet for a decision as to whether to proceed with CIL. It is estimated that on average £3,000 to £4,000 could be levied on a new house. In Tamworth we currently have identified future housing sites that could make a provision of 1350 units to 2026. This would equate to a CIL of £4m to £5.5m over the period based on these estimates that could be used to part fund the identified infrastructure. Once established up to 5 per cent of the total CIL receipts can be used to fund the council's administrative expenses.

In order to understand the cost benefits and implications of a CIL further evidence and options need to be considered before reporting back to Cabinet.

#### **LEGAL/RISK IMPLICATIONS BACKGROUND**

Without a detailed evidence based Infrastructure Delivery Plan the Core Strategy will be at risk of being found unsound which would be a significant waste of time and money.

If the Community Infrastructure Levy is not in place then there is a risk of not securing funds to support the delivery of identified infrastructure necessary to support growth and development in the Borough.

#### **SUSTAINABILITY IMPLICATIONS**

The IDP and CIL will seek to improve the sustainability of the town through the provision of the necessary infrastructure to support growth and development.

#### **CONCLUSIONS**

In order to understand the cost benefits and implications of a CIL further evidence and options need to be considered before reporting back to Cabinet.

#### **BACKGROUND INFORMATION**

##### **1. Infrastructure Delivery Plan**

The Local Development Framework (LDF) is a flexible portfolio of different documents, which are referred to as local development documents (LDDs) that can be tailored to the needs of a particular area and easily updated. The Core Strategy is the key document in the LDF as it sets out the spatial vision for the local area in response to the Sustainable Community Strategy (and or strategic vision for an area) and the views of citizens and local stakeholders in the planning system. It will set out the pattern of development across Tamworth until 2026. This means that it will, for example, identify which broad areas are suitable for housing and other strategic development needs.

The Council is in the process of finalising its Core Strategy after a number of public consultations and it is intended to publish the Core Strategy in January 2012, submit to Government in May 2012 and for it to be examined in Public by an independent inspector in the summer of 2012.

Planning Policy Statement 12 (PPS12) (June 2008) identifies that adequate infrastructure planning is a key test of soundness for Core Strategies. It identifies the Core Strategy as the means of 'orchestrating the necessary social, physical and green infrastructure required to ensure that sustainable communities are created'. To fulfil that role and to be found sound, the **Core Strategy must identify : infrastructure needs and costs; the phasing of development; funding sources; and responsibilities for delivery. This will be expressed in an Infrastructure Delivery Plan (IDP) which will form part of and be submitted and examined with the Core Strategy. Producing the IDP is not something that the Council can do alone. Working with other partners to prepare infrastructure**

## **plans is essential.**

Guidance that supports PPS12 from the Government, the Planning Inspectorate and the Planning Advisory Service all advocate the importance of identifying the necessary infrastructure to support the development proposed in the Core Strategy up front, testing the risks associated with the infrastructure and setting out contingencies to ensure that there is flexibility to overcome any future delivery problems that may be experienced.

Whilst the IDP is important to ensure that the Core Strategy is found sound, it also has a wider corporate role within Tamworth Borough Council and with partners as it supports and informs other strategies and decisions (such as the Local Investment Plan which sets out the councils ambitions for the development of new affordable housing) relating to capital investment. The Council and its Partners will need to align their own financial decision making to facilitate the delivery of necessary infrastructure for which they are responsible. There is therefore a key role for the Tamworth Strategic Partnership (TSP) to take ownership of the IDP and to ensure post adoption that it is monitored and updated yearly. Guidance from the CLG (Planning Together, April 2009) advises that LSPs establish a group for infrastructure and asset management. This could be useful for considering asset management strategies across organisational boundaries, improving joined-up service delivery and rationalising premises costs, and for considering approaches for the transfer of assets to community control. The TSP have recognised the importance of the IDP to this role and as such have made its production the subject of a Task and Finish Group.

To achieve an integrated approach, authorities need to work with local investors from the public, private, voluntary and community sectors. Funding will also need to be secured through the development management process as planning obligations and through any future arrangements, e.g. the forthcoming Community Infrastructure Levy (CIL) as well as other Government programmes and initiatives such as the New Homes Bonus and Tax Incremental Financing.

### What is infrastructure?

The list could be exhaustive but could include: roads, public transport, energy, water (supply and treatment), waste (management and disposal), flood defence, telecommunications, open space, parks and open spaces, education, healthcare, emergency services, crematoria, social services, community centres, arts and culture facilities etc. Often these are split into 3 areas:

**Physical:** the broad collection of systems and facilities that house and transport people and goods, and provide services e.g. transportation networks, housing, energy supplies, water, drainage and waste provision, ICT networks, public realm and historic legacy.

**Green:** the physical environment within and between our cities, towns and villages. A network of multi-functional open spaces, including formal parks, gardens, woodland, green corridors, waterways, street trees and open countryside.

**Social & Community:** the range of activities, organisations and facilities supporting the formation, development and maintenance of social relationships in a community. It can include the provision of community facilities (education, healthcare, community centres, sports & leisure facilities), local networks, community groups, small scale funding to assist local projects, skills development and volunteering.

Through the process of producing the Core Strategy, by talking with partners individually and through the Local Strategic Partnership, and through various studies, a range of infrastructure has been identified (see Appendix A). Further work is required with public and private sector partners to finalise the IDP. A series of meetings have been arranged with partners and it is intended to take a report to the TSP Board in September to identify and further necessary infrastructure.

### Project Management

The IDP will be 'owned' by Tamworth Borough Council on behalf of the TSP and will be viewed as a key corporate document. Day to day management of the IDP, including monitoring and review will be the responsibility of the Head of Strategic Planning and

Development. As it is a living document the content will change and the Council will be reliant on partners to provide more detailed information as projects are finalised.

The IDP contains information regarding the type, timing and potential costs of infrastructure needed to support the growth proposed by the Core Strategy. The IDP and its subsequent updates enable the Council to plan effectively for this growth and to maximise the potential associated with this growth to achieve wider sustainability, economic, social and environmental objectives.

## **2. Community Infrastructure Levy**

Historically development has funded infrastructure that is required as a result of the development through section 106 agreements. However, this has often been restricted to large scale developments and the cumulative impact on the infrastructure of places (particularly as a result of small developments) has not been addressed. Section 106 agreements were often not particularly transparent to the public and misunderstood and often did not offer developers certainty on the costs of development. The process could also add significantly to the time taken to issue a planning permission.

The Government recognised that almost all development has some impact on the need for infrastructure, services and amenities - or benefits from it - and thought it is only fair that such development pays a share of the cost. The Government felt it also right that those who benefit financially when planning permission is given should share some of that gain with the community which granted it to help fund the infrastructure that is needed to make development acceptable and sustainable.

The Community Infrastructure Levy (CIL) came into force in April 2010. It allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development. This includes new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces and leisure centres. The Regulations also restrict the use of Section 106 to collect developer contributions.

Tamworth Borough Council, under the Regulations is classed as the 'Charging Authority' and is able to put in place a 'Charging Schedule' which sets out rates (in £'s per Sq. M.) that the Levy is charged for different types of development.

Tamworth Borough Council will also be the 'Collecting Authority' and will have responsibility for issuing liability, commencement and demand notices. The Council will also have Enforcement Powers to be used for example if the required Levy has not been paid.

In order to put CIL in place an independent Examination will be held to ensure that the procedural requirements have been followed and that the charging authority has used "appropriate available evidence". The Borough Council will therefore need to: establish the total cost of the required infrastructure (including CIL set up and administration costs); the amount that can be funded from other sources; the overall effect of imposing CIL at the chosen rate(s) on the economic viability of development in the area; and, strike "an appropriate balance" between the desirability of funding the infrastructure and not making the achievement of the overall development unviable.

It is likely that in Tamworth development will be unable to afford to pay for all of the required infrastructure due to land values, and therefore CIL will need to be recognised as only one of a variety of sources of funding for infrastructure.

The Borough Council may pass money to bodies outside their area to deliver infrastructure which will benefit the development of their area, such as the Environment Agency for flood defence or the county council, for education infrastructure. As contributions to infrastructure are pooled within CIL so one payment is made, the Borough Council will need to make decisions on prioritising infrastructure and what proportion of CIL receipts should be passed to these other infrastructure providers.

The levy is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be

made more severe by new development. The levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support development.

If we choose, we will also be able to collaborate and pool our funds with other Charging Authorities to support the delivery of 'sub-regional infrastructure', for example, a larger transport project where we are satisfied that this would support the development of Tamworth.

To ensure that the levy is open and transparent, charging authorities must prepare short reports on the levy for the previous financial year which must be placed on their websites by 31 December each year. They may prepare a bespoke report or utilise an existing reporting mechanism, such as the annual monitoring report which reports on the development plan.

These reports will ensure accountability and enable the local community to see what infrastructure is being funded from the levy. Charging authorities must report on how much monies they received from the levy in the last financial year and on how much was unspent at the end of the financial year. They must also report total expenditure from the levy in the preceding financial year, with summary details of what infrastructure the levy funded, how much of the levy was 'spent' on each item of infrastructure and how much on administrative expenses.

### Implications

The CIL will be able to be raised against development and even small amounts for each will add up. After the 6<sup>th</sup> April 2014 we will not be able to pool more than five s106 contributions. Currently in Tamworth, contributions are collected and pooled from some developments for improvements to public open space and also via the town centre parking policy.

Whilst there is a resource and cost implication to administer CIL the costs could be recovered through revenue raised through the CIL. However, this would reduce the amount collected for infrastructure. The risk of not implementing a CIL will be that less developer contributions will be raised as the ability to use s106 reduces after 2014, and therefore required infrastructure will be more difficult to deliver.

CIL is likely to be more cumbersome and inflexible than financial payments secured by planning obligations. There will be a resource implication to ensure that the correct procedures are followed, the progress of development is monitored and appropriate records are kept. However, it is possible to cover part of the administration costs of CIL through the Levy.

CIL will have a more powerful enforcement regime and will provide clarity and certainty for the development industry (and for the Council) once the system is established. This will aid financial planning of key infrastructure requirements.

Further work will be undertaken to look at the options available to the Council and the costs, benefits and risks of each and reported back to Cabinet. In order to do this further detail on the required infrastructure will be collected from partner organisations, including costings and phasing. Further research will be undertaken from Authorities who have gone through the process and have a CIL in place and further research on likely levels of CIL that could be raised.

### Draft Timetable

Collect evidence (informed by the Infrastructure Delivery Plan)	Ongoing
Option Appraisal for CIL - Cabinet	January 2012
<i>If decided to proceed</i>	
Procure advice to establish land & property values	Spring 2012
Procure advice to establish construction rates	Spring 2012
Engage consultant to undertake viability testing	Spring 2012
Produce a preliminary draft charging schedule	Spring 2012
Cabinet report that sets out schedule and likely levy that could be recovered and seeks approval to consult	April 2012
Consult on the preliminary draft charging schedule	May 2012
Publish draft Charging Schedule	July 2012

4 week period to allow representations to be made	August 2012
Appoint an examiner	Summer 2012
Submission to an Examiner	October 2012
Examination	Winter 2012
Examiners report	Early 2013
Approval of charging schedule by Full Council	Early 2013

<b>REPORT AUTHOR</b>
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Matthew Bowers
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<b>LIST OF BACKGROUND PAPERS</b>
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Report to Cabinet, "Local Investment Plan", 29 <sup>th</sup> June
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<b>APPENDICES</b>
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A) Draft Infrastructure Delivery Plan
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