

Cambridge City Council

Record of Executive Decision

Response to Technical Consultation on the Infrastructure Levy (department for Levelling Up, Housing & Communities)

Decision of: Councillor Thornburrow, Executive Councillor, Planning Policy and Infrastructure

Reference: 23/URGENCY/P&T/11

Date of decision: 30/05/ 23 Date Published on website: 09 June 2023

Decision Type: Non-Key

Matter for Decision: To agree the response to the Department for Levelling Up, Housing & Communities (DLUHC) Technical Consultation on the Infrastructure Levy

[Appendix 1 Response to Technical Consultation on the Infrastructure Levy - Cambridge Council](#)

Why the Decision had to be made (and any alternative options): The purpose of this decision is to agree the joint response from both Cambridge City and South Cambridgeshire councils to the Department for Levelling Up, Housing & Communities' Technical consultation on the proposed introduction of an Infrastructure Levy that seeks to replace the current regime of developer obligations (Section 106 Agreements and Community Infrastructure Levy).

The consultation is on technical aspects of the design of the Levy with responses informing the preparation and contents of regulations as part of the Levelling Up and Regeneration Bill.

The Government is seeking to amend the current system of developer obligations from new development by introducing a new Infrastructure Levy, which it intends to replace the Community Infrastructure Levy and hopes it will replace the use of Section 106 Agreements for the vast majority of new development proposals. Currently neither South

Cambridgeshire District Council nor Cambridge City Council have a Community Infrastructure Levy but continue to mitigate the impacts of development through the use of Section 106 contributions from major developments.

The proposed response raises significant concerns about the proposals regarding the practical and financial implications that they could have for the Councils. The response highlights concern regarding the timing of receipt of funding and the impact this could have on Councils having to bear the cost of borrowing to fund early infrastructure provision, and questions the realism of the approach proposed for strategic spending plans (referred to as Infrastructure Delivery Strategies).

Beyond this, the proposed response highlights the need for the levy to secure appropriate provision of affordable housing alongside addressing infrastructure needs effectively so it is delivered when it is needed. The response also seeks local discretion on many issues, so that the levy reflects local circumstances.

The proposed consultation response highlights:-

- the need for a mutually beneficial approach which enables developers to deliver new housing which is viable and maximises gross development value, and enables councils to mitigate the impact of development through the creation of sustainable new infrastructure at the appropriate time, which helps communities to thrive.
- That the details of the scheme need to be consistent with the stated purposes of introducing a new Infrastructure Levy – That is that the Levy must achieve the same or greater affordable housing provision; must ensure sufficient funding can be secured to provide the necessary infrastructure required to support sustainable growth; and that it retains the ability for councils to seek satisfactory mitigation of site specific impacts.(Questions 1, 2, 5 of the Technical Consultation)
- Being clear about the infrastructure that a developer should provide as part of their development and that which is to be funded from the Levy.(Questions 1 & 2 of the Technical Consultation)
- The need to recognise that land values and land uses will vary across an authority area, and therefore applicable rates and the setting of thresholds for particular forms of development are best

determined using local discretion.(Question 20 of the Technical Consultation)

- That the system must assist the delivery of infrastructure when it is needed, including the ability of local authorities to seek earlier payment of the Levy to facilitate this. (Question 18 –19 of the Technical Consultation)
- Whether it is reasonable to assume that local authorities would be willing to borrow against future Levy receipts to forward fund infrastructure, the risks with this approach, especially where district councils are not the delivery body (i.e. for highways, schools, healthcare etc). (Questions 21-22 of the Technical Consultation)
- Concerns that the system is overly complicated and would be difficult for laypersons to understand, potentially undermining public confidence in the transparency of the system. (Questions 3 ,8 12,13 & 14 of the Technical Consultation)
- Whether the system would be open to potential abuse or manipulation to reduce liabilities on developers. (Questions 3,6, 7, & 14 of the Technical Consultation)
- Whether the Levy could be adapted to help address other concerns, such as land value engineering and development delivery rates .(Questions 16 & 17 of the Technical Consultation)
- Drawing attention to other potential pitfalls of the proposed Levy system and, where appropriate, offering up solutions that mutually beneficial for all parties. (Questions 21 of the Technical Consultation)
- That councils are best placed to determine potential exemptions to the Levy, or reduced rates, and what priority is to be afforded to which infrastructure. (Questions 39,42 of the Technical Consultation)
- The need to engage with county and other relevant infrastructure providers, as well as the wider community, to ensure all affected parties have a say what's required and where to meet local needs. (Question 28 of the Technical Consultation)

- The need for ongoing engagement with the councils to ensure the implementation of the Levy does not undermine existing planned development and growth. (Questions 44 & 45 of the Technical Consultation)
- The need to adequately resource councils to meet the significant administrative burdens likely to arise in setting an Infrastructure Levy, operating it, and monitoring its effectiveness. (Question 37 of the Technical Consultation)

The alternative options are:

- Agree to submit the response in Appendix 1, with possible minor amendments
- Agree an alternative response
- Agree not to respond to the consultation

To not submit a consultation response, would miss an opportunity to put forward the Council's views to the Department for Levelling Up, Housing & Communities about the councils concerns in relation to the Government's proposed Infrastructure levy.

The Executive Councillor's decision: To confirm that the consultation response set out in Appendix 1 of this decision should be made to Department for Levelling Up, Housing & Communities (DLUHC).

[Appendix 1 Response to Technical Consultation on the Infrastructure Levy - Cambridge Council](#)

Delegated authority is given to the Joint Director for Planning and Economic Development to agree any minor amendments to the response in order to finalise the joint response.

Reason for the decision: To provide the views of Cambridge City Council to the Department for Levelling Up, Housing & Communities (DLUHC) Technical Consultation on the Infrastructure Levy

Scrutiny Consideration: The Chair and Spokesperson of the Planning and Transport Scrutiny Committee were consulted prior to the action being authorised.

Report: Appendix 1 – Cambridge City Council and South Cambridgeshire District Council proposed joint response to the Department for Levelling Up, Housing & Communities

[Appendix 1 Response to Technical Consultation on the Infrastructure Levy - Cambridge Council](#)

Comments: Councillor Porrer made the following comments which were addressed by the Planning Policy Manager.

- Q13 (p9/10) It would be good to mention the risk of a developer going bankrupt and local councils having to pick up the tab, as well as for delays in payments as mentioned. This is alluded to in the answer to Q21 but could be more explicit. We have already had experience in Greater Cambridge of developers going out of business without completing the infrastructure I believe.
- p17 para 1 - elicit not illicit I think.