

### Reforming developer contributions – technical consultation on draft regulations

#### Summary of main proposals

1. The Government announced a package of reforms to the system of developer contributions in the Autumn Budget of 2017, in response to the Community Infrastructure Levy (CIL) Review. The Government consulted on its proposals in March 2018 (which the Council responded to) and published its response to the consultation in October 2018. It is important to note that given the previous consultations, the current consultation is not seeking views on the principle of the reforms but on the draft regulations.
2. The regulatory changes proposed to be brought forward are as follows:
  - Ensuring that consultation is proportionate by reducing the consultation required when producing a CIL Charging Schedule from two stages to one.
  - Removing the restriction which prevents local authorities from using more than five Section 106 obligations to fund a single infrastructure project (the pooling restriction).
  - Not requiring the full CIL charge to be payable immediately in the event of failure to submit a Commencement Notice, instead a smaller penalty would be charged.
  - Changes to abatements on phased developments.
  - Not applying current indexation to already permitted floorspace where a planning permission is amended.
  - Indexing CIL rates to more closely track the value of development.
  - Replacing Regulation 123 lists (i.e. the list of infrastructure projects or types of infrastructure that a local authority intends will be, or may be, wholly or partly funded by the Levy) with Infrastructure Funding Statements which would include information on what Section 106 obligations had been spent on.
  - Clarifying that local planning authorities can seek a sum as part of a Section 106 obligation for the monitoring of it.
  - Exempting starter homes from CIL where the dwelling is sold to individuals whose total household income is no more than £80,000. It is important to note that the Government will be introducing regulations on the broader aspects of the starter homes policy shortly and it will be for individual local authorities to determine the appropriate level of starter homes with no mandatory requirement to deliver them.

## Policy Context

3. The Core Strategy and Urban Core Plan for Gateshead and Newcastle upon Tyne was adopted in March 2015 (Parts 1 and 2 of the Local Plan). Work is progressing on the Local Plan document (detailed policies and site allocations) Making Spaces for Growing Places (MSGP) and this will be submitted for examination to the Planning Inspectorate in early 2019. The infrastructure to be fully or part funded by CIL and Section 106 obligations is required to deliver the Local Plan.
4. Nationally, the revised National Planning Policy Framework (NPPF) was published in July 2018. Paragraph 34 sets out the need for local plans to set out the contributions expected from development. The Planning Practice Guidance (PPG) sets out Government guidance on CIL charging rates, CIL collection, spending, how it relates to other developer contributions and instances where relief from CIL is applicable.

## Consultation

5. The Cabinet Members for Environment and Transport have been consulted.

## Alternative Options

6. The options around the implementation of the proposals have been considered and discussed in this report.

## Implications of the Recommended Option

### 7. Resources

**a) Financial Implications** – Any costs would be met from existing budgets.

**b) Human Resources Implications** – There are no human resource implications arising from this report.

**c) Property Implications** - There are no property implications arising from this report.

**8. Risk Management Implication** –There are no risks associated with this report.

**9. Equality and Diversity Implications** – There are no equality and diversity implications arising from this report

**10. Crime and Disorder Implications** – There are no crime and disorder implications arising from this report.

11. **Health Implications** – There are no health implications arising from the report
12. **Sustainability Implications** – There are no sustainability implications arising from the report.
13. **Human Rights Implications** - There are no human rights implications arising from this report.
14. **Area and Ward Implications** – All

**Background papers**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/767292/CIL\\_Amendment\\_Regulations\\_Consultation\\_Paper.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/767292/CIL_Amendment_Regulations_Consultation_Paper.pdf)

## **GATESHEAD COUNCIL RESPONSE TO CONSULTATION ON THE TECHNICAL CONSULTATION ON DRAFT REGULATIONS FOR REFORMING DEVELOPER CONTRIBUTIONS**

**Question 1 - Are there any elements in regulation 3 which will prevent the Government achieving the policy intent?**

It is not considered that there will be any elements that will prevent the Government achieving the policy intent. The Council supports the proposals in making consultation more proportionate.

**Question 2 - Are there any elements in regulations 4 and 12 which will prevent the government achieving the policy intent?**

It is not considered that there will be any elements that will prevent the Government achieving the policy intent although guidance in the form of examples (in a similar format to that set out in paragraph 17 of the consultation) within the PPG would be helpful. Whilst the Council supports the proposal to remove Regulation 123, it should be noted that the Council will need to review its Supplementary Planning Document in relation to developer contribution as due to Regulation 123, the Council has not been seeking Section 106 contributions in relation to play and open space due to them having to be pooled.

**Question 3 - Are there any elements in regulation 7 which will prevent the Government achieving the policy intent?**

It is not considered that there are any elements in regulation 7 which will prevent the government achieving the policy intent. A more proportionate approach to administering exemptions is welcomed. However, clear clarification is required as to the requirement of a commencement notice in relation to an exemption for residential extensions. This Authority welcomes the reduction in the potentially severe addition to the levy for what is essentially an administrative error in not submitting a Commencement Notice.

**Question 4 - Are there any elements in regulation 13 which will prevent the Government achieving the policy intent?**

It is not considered that there are any elements in regulation 13 which will prevent the government achieving the policy intent. The Council considers that the extension of abatement provisions to phased permissions is a welcome amendment.

**Question 5 - Are there any elements in regulation 6 which will prevent the Government achieving the policy intent?**

It is not considered that there are any elements in regulation 6 which will prevent the Government achieving the policy intent. However the introduction of 5 new

regulations to address the issue appears to make the calculation of the levy liability over complicated and open to errors.

**Question 6 - Are there any elements in regulation 5 which will prevent the Government achieving the policy intent?**

It is not considered that there are any elements in regulation 6 which will prevent the Government achieving the policy intent.

**Question 7 - Do you have any further comments in relation to the Government's proposed approach to Community Infrastructure Levy indexation including, for residential development, the approach of using smoothed index using local house prices?**

The proposed approach to indexation appears to add additional complexity to the regulations by proposing three new indices each with a different reference date instead of one. The increase in market responsiveness is welcomed, and the proposal addresses the problems associated with the BCIS.

**Question 8 - Are there any elements in regulation 10 which will prevent the Government achieving the policy intent?**

The only question marks would be the ability of parish councils to provide reports and it may be beneficial for the regulations to allow local authorities to do this on their behalf if there is agreement. Notwithstanding this, the Council supports the objectives of introducing Infrastructure Funding Statements.

**Question 9 - Are there any elements in regulation 11 which will prevent the Government achieving the policy intent?**

It is not considered that there will be any elements in regulation 11 which will prevent the Government achieving the policy intent. The ability to seek a monitoring fee through S106 obligations is a welcome addition to the regulations and will end the current uncertainty surrounding this.

**Question 10 - Are there any elements in regulation 8 which will prevent the Government achieving the policy intent?**

It is not considered that there will be any elements that will prevent the Government achieving the policy intent.

**Question 11 - Are there any elements in regulations 13 to 15 which will prevent the Government achieving the policy intent?**

It is not considered that there will be any elements that will prevent the Government achieving the policy intent. The technical clarifications are welcomed as they address relatively minor issues that were creating problems during the calculation of levy liability for Section 73 applications.