

Funding the Infrastructure Gap: Infrastructure Levy

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What contribution could an **infrastructure levy** make to Local Development Plan delivery and in what timescale?

Infrastructure Levy

Structure

- ❑ Context
- ❑ What is Scottish Government proposing?
- ❑ How might it work?
- ❑ Key issues:
 1. What would the infrastructure levy fund?
 2. Impacts on project viability?
 3. How much money would levy raise?
 4. How could the levy operate?

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Context

Timeline

May 2016	Independent review of the planning system reported
January 2017	‘Places, People and Planning’ – 20 proposals for change
April 2017	Consultation closed Independent analysis of views on the proposals
June 2017	‘Places, People and Planning. Position Statement’

Proposals for Change

Proposal 14	Creating a fairer and more transparent approach to funding infrastructure
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“...**Infrastructure Levy** could be used to strengthen the scope for planning to support the delivery of development.”

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What is Scottish Government proposing?

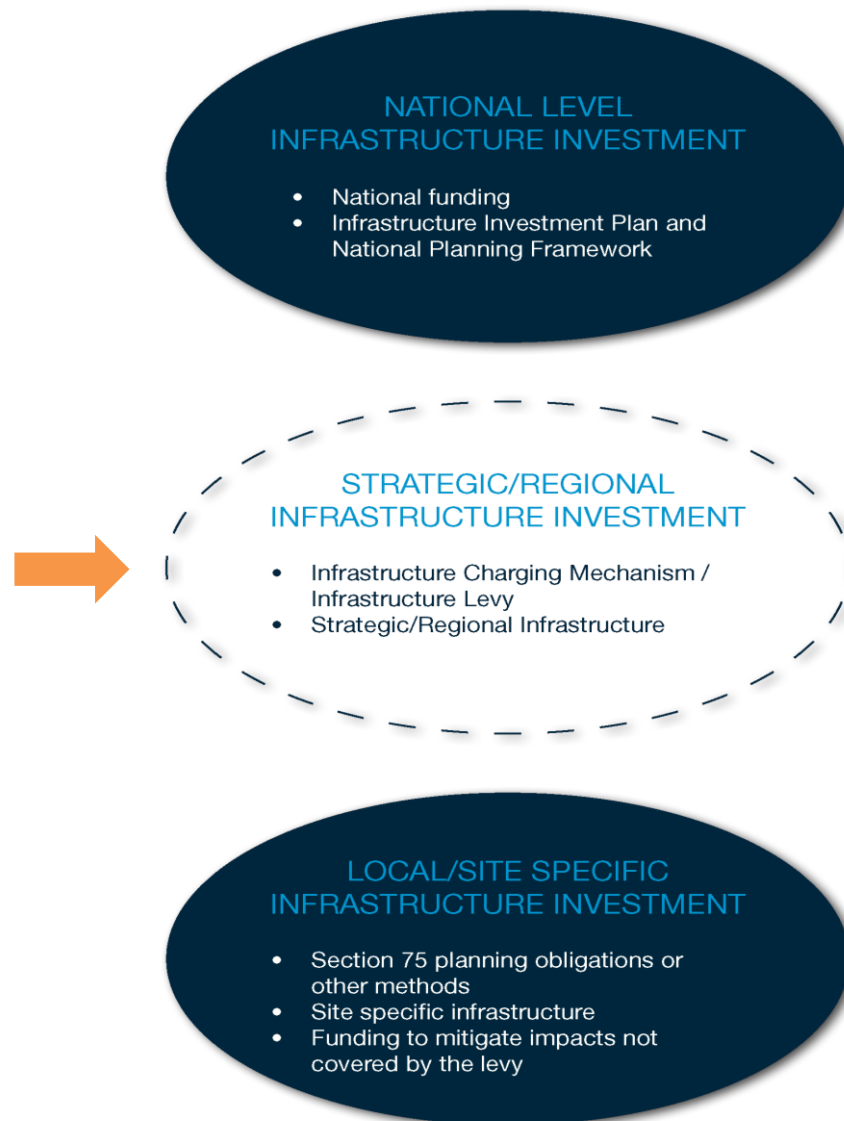
A new means of capturing land value uplift in the form of an **infrastructure levy**

General support subject to further details

	Consultee	Issues
	Development industry	What would the levy fund? Would it be used to replace central funding or infrastructure?
	Businesses	Impacts on project viability? Could it apply to development which has no impact on infrastructure?
	Public sector	The amount of money a levy might raise may be limited? It may not help if it does not make funds available to support upfront costs?

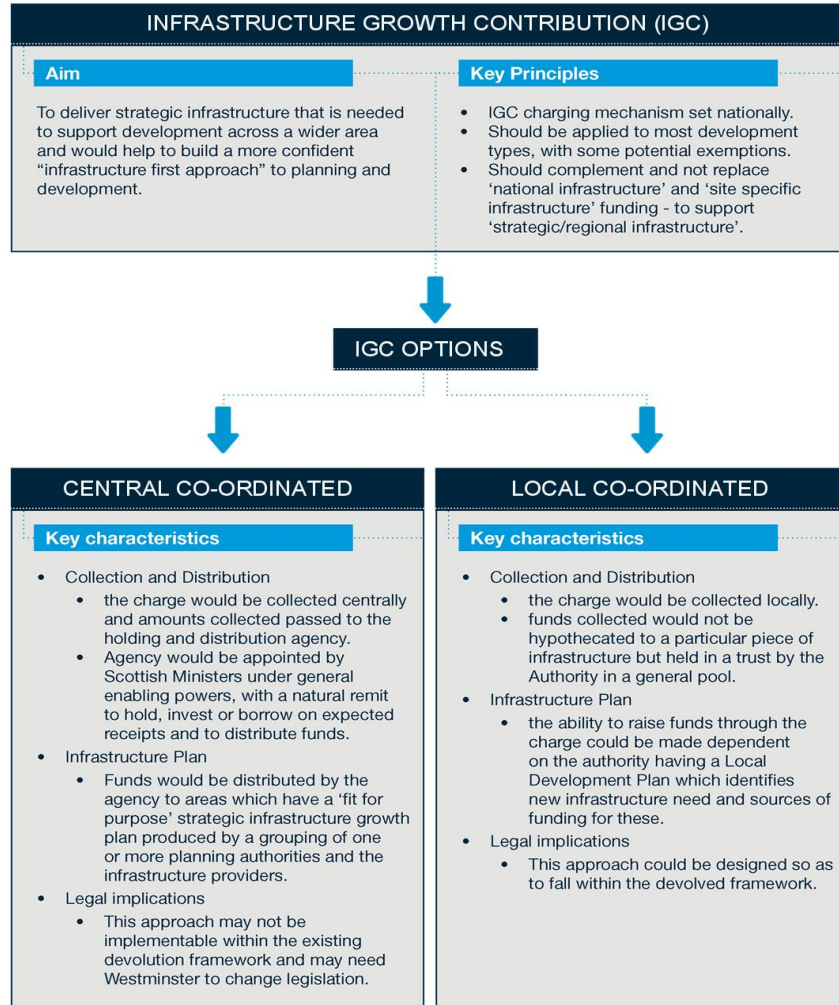
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How might this work?



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Infrastructure Growth Contribution (IGC) Model



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Issue 1 – What would the levy fund?

Infrastructure that enables growth – bringing forward additional land for development. An Infrastructure Growth Contribution.

Infrastructure that is not necessarily related to the contributing development. Section 75 remains to deliver infrastructure necessary to make the proposed development acceptable in planning terms.

Infrastructure that is part of a local or combined authority Plan for Strategic Infrastructure. Annual monitoring report detailing use of IGC.

Additionality of IGC identified within the costed plan showing resources available from Government Departments, Utilities, the Local Authority, Highways Scotland and others.

IGC would require up to five years' lead in time. One to two years of preparation followed by two to three years before funds are raised. Perhaps some “pump priming” should be considered.

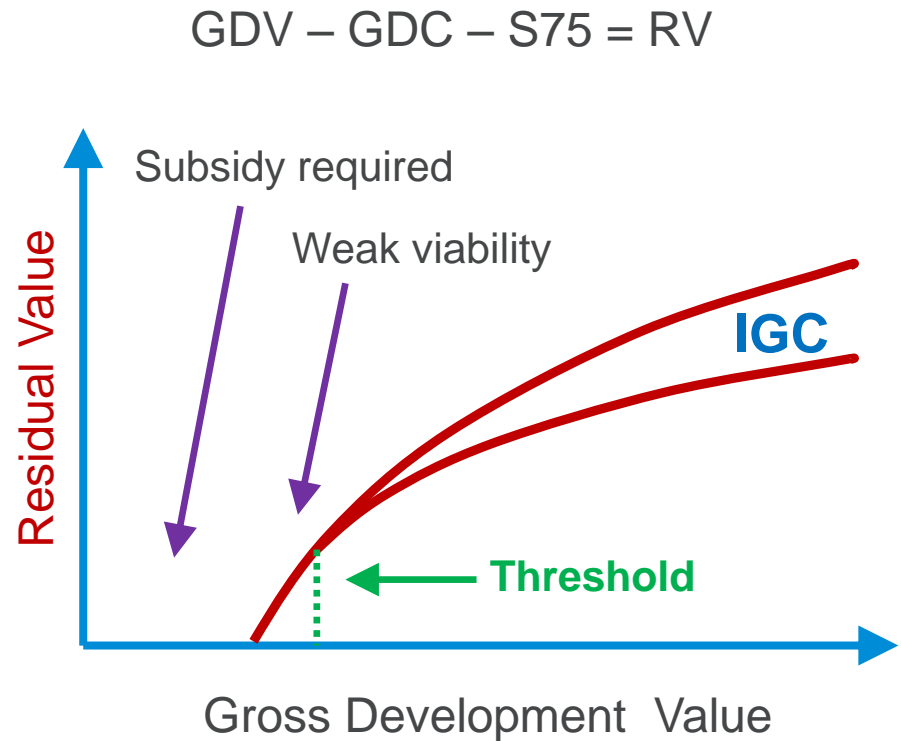
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Issue 2 – Impacts on Project Viability

IGC is designed to prevent market distortions – no exceptions that might create unfair advantage – applied to all development of buildings that people use.

IGC is designed to minimise impact on viability, taking into account a projected growth in value of S75 obligations.

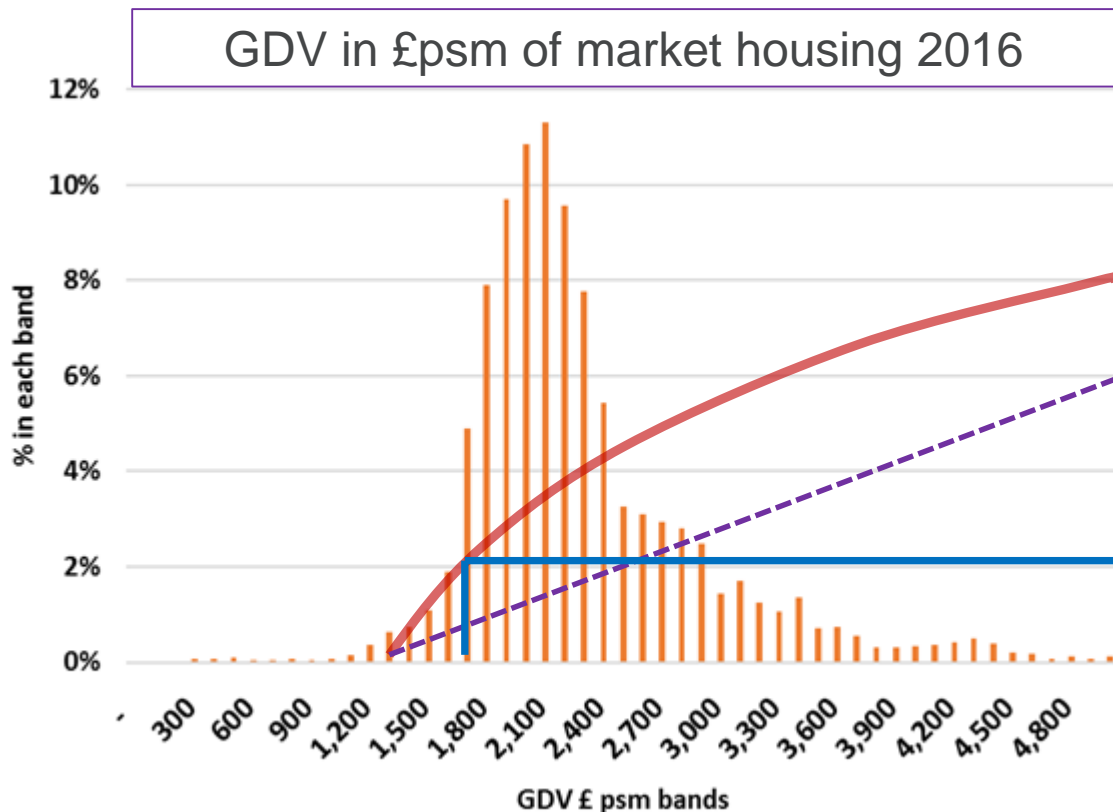
IGC is based on the ability to pay.



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Issue 3 – How much money would levy raise?

Dependent on complexity of formula and on the number of authorities applying IGC.



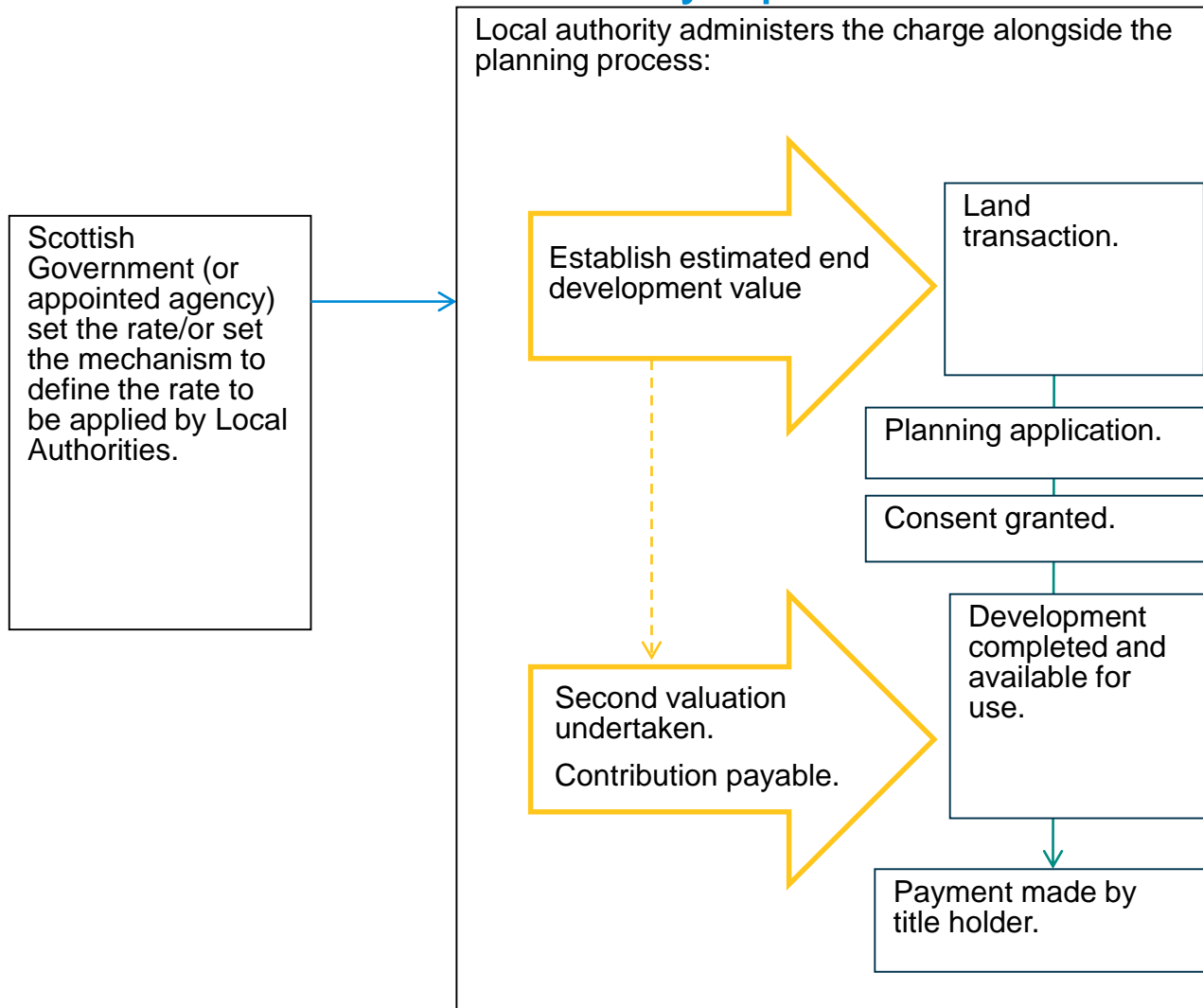
Non-linear formula = up to 2% of national development value. Progressive.

Fixed % of GDV = well under 1% of national development value. Proportional.

Flat rate psm = up to 1% of national development value. Regressive.

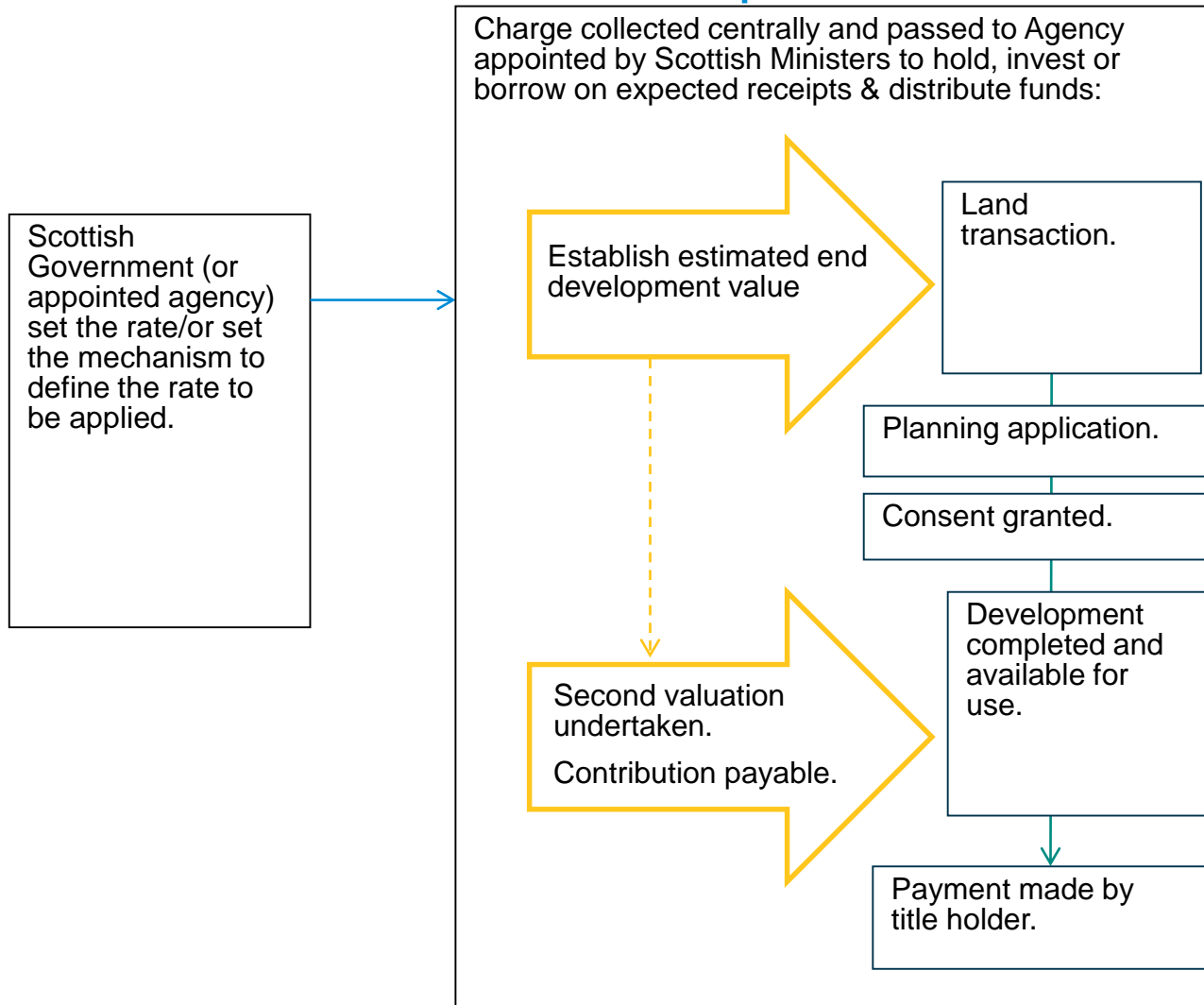
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Issue 4 – How could the levy operate?



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IGC – Central Co-ordinated Option





Thank you

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