



Further reforms to the Community Infrastructure Levy

An important new consultation paper from the DCLG proposes further changes to the Community Infrastructure Levy, which was first introduced in 2010. The proposed changes will provide more clarity over how the charge is set. Other matters addressed in the consultation include the relationship with Section 106 obligations and greater local choice over how to implement the levy to reflect local conditions. The Levy has already been reformed through the Localism Act, which introduced powers to require that a proportion of levy receipts should be passed to the local council.

Under current legislation, “charging authorities” are allowed to accept land in whole or part payment of the levy. One of the leading proposals in the consultation paper, is that developers will be able to provide infrastructure as “payment in kind” against CIL liability. It should be noted that EU Procurement Rules also apply. In order to prevent procurement challenges delaying development, payment in kind provisions are limited to the capital value ceilings set out in the EU procurement rules. Currently these thresholds are £173,934 for goods and services and £4,348,350 for works. It is envisaged that only a single valuation would be required.

Another important new measure outlined in this consultation is that charging authorities would be allowed to set differential rates by reference to both, the intended use and, the scale of development. There are also proposals to provide for payment of the levy to be paid in phases, in accordance with planning permission.

As a result of this consultation, the current vacancy test may also be removed. The effect of this change would be that the levy would not generally be paid on buildings that are refurbished or redeveloped, and would only be payable on any increases in floorspace in refurbishment and redevelopment schemes. The full consultation document, together with the questionnaire, has been posted on to the [CIC website](#). The deadline for responses is 28 May 2013.

Change of Permitted Use – the impact on London

The Chair of the London Assembly Planning Committee wrote to Eric Pickles on 3 April 2013, to ask him to reconsider the Government’s proposed new permitted development (PD) rights that would allow the change of use from B1(a) offices space to C3 residential without the need for planning permission. The committee is concerned that this move will have a detrimental effect on London.

The Government's plans to introduce the new permitted development rights for a period of three years were announced in January. A number of Councils, including the majority of Boroughs in London, have applied to the Government to be exempt from the rules.

New banking help for SMEs

The Bank of England has announced an extension to the Funding for Lending Scheme (FLS) to January 2015, in a bid to increase the incentive for banks to lend to small and medium sized enterprises. The revamped scheme will also include lending to certain non-bank providers of credit which play an important role in providing finance to the real economy.

Since its introduction last August, the Bank of England claims that the FLS has led to a reduction in funding costs for banks and building societies, which has in turn translated into an increase in credit availability for UK businesses. This improvement, however, has been less marked for small and medium sized businesses. Under the revised scheme, every £1 of lending to SMEs during the remainder of 2013 will be worth £10 of initial borrowing allowance in 2014.

The FLS will also be expanded to include lending by banking groups involving financial leasing corporations and factoring corporations, which can be important sources of finance to some SMEs.

Construction prequalification questionnaires

BSI has now produced PAS 91:2013 which is entitled [Construction prequalification questionnaires](#). Free to download from the BSI website, this document replaces PAS 91: 2010. The question format in the new document has been modified to make it more suitable for electronic application. It also includes a voluntary question on BIM.

Paul Reeve of the Electrical Contracting Association identifies other key changes, including :

- Information for public sector buyers on compliance with the EU public procurement requirements.
- Refinements to the mandatory Health and Safety questions (based on core questions in HSE's CDM 2007 Approved Code of Practice).
- Stronger recognition of Safety Schemes in Procurement (SSIP) and OHSAS 18001 (the health and safety management system standard) giving buyers and suppliers a clear route to meeting the mandatory Health and Safety questions.
- Scope for buyers to ask customised, additional questions, when they are practically useful and clearly flagged as 'additional to PAS 91'.

Treasury committee critical of “help to buy”

The Treasury Select Committee under chairman Andrew Tyrie, has published a [report](#) which characterizes the “help to buy” scheme launched in the budget as, “very much a work in progress” and which may also have “a number of unintended consequences”.

One of the committee’s concerns is that this mortgage guarantee scheme makes the Government an active player in the mortgage market. This means that the Treasury now has a financial interest in maintaining house prices to limit losses to the taxpayer. Another criticism of the scheme is that, since it is essentially designed to support house prices, it may not be in the interest of first time buyers, a group the Government says it wants to help.

A central problem which is identified, is that should the high loan to value mortgages reflect structural rather than cyclical factors, the pressure to extend the scheme in three years time will be immense. The consequence of this, is that a scheme designed to deal with a supposedly temporary problem will become a permanent feature of the UK housing market.

As the initiative to seek continuance or require discontinuance of the scheme seems to lie both with the Financial Policy Committee (FPC) and the Government, this would appear to be an extension of the FPC’s remit.. This might prove distracting or burdensome to this body which is still relatively new.

The lack of clarity over whether the mortgage guarantee scheme will be open to those wishing to purchase a second home, was also seen as a drawback, especially as the declared intention has been to help people on to the property ladder as well as those who wish to move.

In terms of the mechanics of the operation of the scheme, it remains to be seen how the commercial fee from lenders who participate in the guarantee scheme will be determined and whether it will be subject to alteration?

PAS 1192-3

Tenders have been issued in relation to PAS 1192 -3, another draft standard from BSI, in the suite of documents which will implement the BIM programme. This document addresses data transfer processes rather than data content. It will offer guidance on the use and maintenance of the asset information model (AIM) to support the planned preventative maintenance programme and the portfolio management activity for the life of the asset.

Infrastructure spending

The difficulties of financing infrastructure projects were revealed recently by Lord Deighton, the Commercial Secretary to the Treasury, who is in effect the coalition's infrastructure minister. In the Daily Telegraph on 23 April, he was reported as saying that "When I took this job, the working assumption was that raising the money was the hard bit. For me, the challenge is getting all these projects into a financeable state so you can take them to the capital market".

The Chancellor laid out a National Infrastructure Plan more than 18 months ago that identified a pipeline of 550 projects worth £310bn and pledged £40bn of taxpayer guarantees to help convince pension funds to invest. So far, though, only two projects have found backers, the underground extension to Battersea and a biomass energy project.

Royal Assent for Growth and Infrastructure Act

The Growth and Infrastructure Act 2013, received Royal Assent on 25 April 2013. One of the consequences of this new act will be to get building going on stalled housing sites by allowing the reconsideration of economically unviable Section 106 agreements. The DCLG claim that this could unblock 75,000 stalled homes. Separately 15,000 affordable homes will be delivered from new capital funding and the infrastructure guarantee.

Other consequences of the new legislation will be to remove a regulatory barrier to a £160 million investment programme in the gas network and to give developers of large scale business and commercial development the option to fast-track major projects while retaining community consultation.

At the other end of the scale, there will be a reform of permitted development in relation to householder rights, to remove "red tape" on uncontentious, small-scale extensions, although neighbours must be consulted when these new rights are used. Other planning reforms include: removing over-lapping development consent regimes that require multiple extra permissions from different government agencies and; allowing planning applications to go to the Planning Inspectorate where a council has consistently failed to meet statutory requirements to consider applications on time.

Design-led Infrastructure

At the request of the Planning Inspectorate, Cabi at the Design Council have just published a guide for clients to ensure that the projects are well designed. This publication: [A Design-led Approach to Infrastructure](#) sets out ten principles for use in nationally significant infrastructure projects.