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Limited uptake and spending shows CIL regime 'is failing', say engineers

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Councils have failed to spend almost 40 per cent of the community infrastructure levy (CIL) receipts they have collected, according to a new report.

New development: a building site in London. Image by David Holt, Flickr

A report by the Association for Consultancy and Engineering (ACE) also found that only 43 per cent of councils have introduced a CIL since the power to do so was introduced in 2010.

A series of Freedom of Information Act requests undertaken by the association found that, of £1.1 billion collected by councils in England and Wales that have implemented the levy, £431 million remains in their coffers.

The report says that "the reasons for this may vary, but the impact and potential dangers of this are easy to see. Failing to spend sufficiently on infrastructure in a smooth and consistent way can have costly and potentially dangerous consequences."

The document says that "the original aim of the CIL was to standardise the way in which contributions towards infrastructure within communities was paid for".

Instead, it adds, CIL has "resulted in an increasingly complicated system of contributions where some areas rely solely on section 106 with others employing section 106 and CIL in addition. The result is the means of contributing towards infrastructure have become more diluted and complex, where the initial aim was, in fact, the opposite".

Among its recommendations, the report says that central government should "reassess how the CIL is implemented and charged at an authority and local level". It also calls on government to "issue guidance over best practice for CIL spending including developing a transparent pipeline of work".

And it says that government should "start charging a new property sales levy to replace the CIL over the medium to long term". It says this should be "based on value and location".

The report says: "Due to the fact that infrastructure costs do not have a direct correlation with land value, revenue from a property sales levy should be collected by HM Revenue and Customs and distributed equitably, based on population density, or by local authorities.

"This would provide an ongoing revenue source for local authorities to borrow against and would be a significant benefit in ensuring timely expenditure."

ACE chief executive, Hannah Vickers, said: "While councils are deciding not to implement the levy, or sitting on the funds raised, local infrastructure is bearing the brunt of increased strain whenever new homes or retail developments are green-lit.

"This means more cars on our local roads, more pupils in our crowded schools and longer waiting lists at the GP. Given the current financial demands on councils this is a surprising state of affairs."

Vickers added that it was "clear that the original intention of the levy as a means of fairly raising money for supporting infrastructure is failing".

The ACE report follows comments by shadow planning minister Roberta Blackman-Woods at the Planning for Housing conference earlier this month, that the CIL and section 106 agreements are "no longer fit for purpose".

In September, Prime Minister Theresa May suggested that the government will soon issue a response to a consultation it held earlier this year on changes to the developer contributions system.

Last August, a *Planning* investigation found that councils had collected tens of millions of pounds in CIL receipts since the levy was introduced, but spent an average of just 16 per cent on infrastructure.