

RTPI Scotland Response

Infrastructure Levy for Scotland Discussion Paper

About the RTPI

The Royal Town Planning Institute (RTPI) champions the power of planning in creating sustainable, prosperous places and vibrant communities. We have over 27,000 members in the private, public, academic and voluntary sectors. Using our expertise and research, we bring evidence and thought leadership to shape planning policies and thinking, putting the profession at the heart of society's big debates. We set the standards of planning education and professional behaviour that give our members, wherever they work in the world, a unique ability to meet complex economic, social environmental and cultural challenges.

Introductory Remarks

We welcome this opportunity to contribute to the discussion on introducing an Infrastructure Levy for Scotland. Our response to this paper is based on discussions with members of our Scottish Executive Committee and Policy Sub-committee who have experience in both the public and private sectors (hereafter referred to as our "members"), as well as drawing on inhouse RTPI expertise.

We note that the Discussion Paper includes 37 questions which seek views on the finer details of how a levy should be calculated and implemented in Scotland. However, many of our members expressed a view that the discussion paper raises more questions than it provides answers, leaving it difficult to respond directly to all the questions posed throughout. Rather than responding to each of the questions individually, therefore, we take this opportunity to highlight some of the higher-level issues that were raised in our discussions with RTPI members regarding the levy's purpose and practical implementation.

Infrastructure First

RTPI Scotland consistently hears from its members in the public and private sectors that funding for and delivering infrastructure are significant barriers to development in Scotland. Given the scale of the issue, we have long supported an ambitious response to delivering an Infrastructure First approach for Scotland. The RTPI Scotland 2017 Thinkpiece, *Making an Infrastructure First Approach a Reality*, advocated for a national mechanism to lead infrastructure planning for Scotland, as well as the introduction of an infrastructure levy and national infrastructure fund to bring forward strategic infrastructure.

When discussing an approach for an infrastructure levy, it is important to recognise not only the upfront costs associated with infrastructure delivery, but also the longer-term values that strategic infrastructure generates for Scotland's communities when planned and delivered holistically and collaboratively utilising quality town planning practices. [Recent RTPI commissioned research](#) into the economic value of planning, estimates a planning premium of at least £71.5 billion can be generated through the implementation of quality town planning and design practices, including those

practices that assist in the delivery of strategic infrastructure required to create cohesive, liveable, sustainable, connected and accessible communities.

RTPI Scotland strongly believes that the planning system – if used to its fullest potential – can support Scotland’s Infrastructure First ambitions and generate a planning premium.

Infrastructure First requires a whole system approach to infrastructure investment and delivery across all scales and in partnership with multiple stakeholders. We consider that the introduction of a new Infrastructure Levy for Scotland has the potential to play a critical role in delivering on Scotland’s Infrastructure First ambitions, provided it is undertaken in a way that:

- Establishes a clear purpose
- Establishes clearly where the levy sits in the bigger picture of infrastructure delivery at all scales – particularly in relation to other existing infrastructure funding mechanisms
- Establishes a clear, transparent, and effective system for calculating, collecting, monitoring and enforcing the levy.
- Recognises the levy’s limitations. The 2017 research undertaken by Peter Brett Associates found that an Infrastructure Levy calculated on the basis of a progressive non-linear rate would generate approximately £75 million annually in contributions, which the discussion paper recognises will not raise all the funding needed for infrastructure related to development in an area.

The Purpose of the Infrastructure Levy

The Discussion Paper is clear that the intention of the Infrastructure Levy is to supplement (and not replace) current mechanisms for securing developer contributions, including through Section 75 obligations. The paper also states, at Section 8.7 that “the intention of the ILS is to help fund infrastructure projects which are needed as a result of the cumulative impacts of development, or regional projects” which could not otherwise be funded through Section 75 obligations.

We broadly agree that the introduction of an infrastructure levy used to help fund strategic, regional scale, infrastructure necessitated due to the cumulative impact of multiple developments overtime could help plug the contributions gap that currently exists due to the limitations of Section 75.

However, it is important that this purpose is clearly established from the outset to leave no doubt as to the levy’s purpose and position within the current overarching funding and contributions framework that exists in Scotland. Although the discussion paper states that the purpose of the levy would be to plug the cumulative impact gap, the type of infrastructure that the levy could fund, as set out in Section 56 of the Planning (Scotland) Act 2019, includes infrastructure types that are currently captured through Section 75 obligations. This has led to concerns amongst our members that this could lead to a double taxation on infrastructure through both the levy and Section 75 obligations.

We submit therefore that any new regulations put forward to introduce an Infrastructure Levy for Scotland must set out clearly its purpose as distinct from other funding mechanisms at the local and national levels. In this regard, any new levy **must** only fund strategic infrastructure projects that are needed as a consequence of the cumulative impact of development. These types of infrastructure projects are distinct from local infrastructure projects in that often they:

- Have a wider growth impact that goes beyond the local level.
- Are larger in scale than local infrastructure and have the potential to cross multiple local authority boundaries.

- Do not have a clear direct link with any one individual development, but rather are necessitated due to the cumulative impact of multiple developments over time.

Consequently, any future regulations must provide clarity that the infrastructure levy **must not** be used to contribute to the funding of:

- Local infrastructure directly related to a development, which can reasonably be funded through S75 obligations. Infrastructure that has already been captured under S75 must not then also be eligible for funding through the infrastructure levy, and vice versa.
- National infrastructure developments, which are currently funded through national funding mechanisms.

Strategic Infrastructure Requires a Strategic Planning Approach

Given our above understanding of the intended purpose of the Infrastructure Levy – i.e. to fund strategic infrastructure to support wider regional scale growth that cannot be funded through S75 obligations – it stands to reason that the appropriate scale at which to administer the levy would be the strategic regional scale.

Our members have highlighted to us the critical challenges of cross-boundary working when not accompanied by an appropriate regional strategic framework to facilitate strategic planning practices. There is a general feeling amongst our members that the discussion paper does not adequately address these challenges, and there is concern that introducing an infrastructure levy to be administered entirely at the local level will be ineffective in achieving its strategic aims, rendering it a blunt instrument in the spatial planning toolkit.

Strategic planning has long been considered a key mechanism through which to achieve “larger than local” spatial planning objectives and can take many different forms. In Scotland, between 2006 and 2023, Strategic Development Plans (SDP) were the principal mechanism for undertaking strategic spatial planning in Scotland for the four largest city regions. There are success stories which have emerged from this strategic planning mechanism. Most notably TAYplan, which won the RTPI’s Silver Jubilee Cup in 2012, was praised as a potential model that could be applied to strategic planning across the UK and beyond, with the TAYplan team providing training to Welsh and Northern Irish planners and politicians on the introduction of their own strategic planning mechanisms.

[Research commissioned by the RTPI and undertaken by UWE in August 2024](#) examines the experience in England and highlights the importance of strategic planning as a framework for central government to make investment decisions and to deploy limited resources. Importantly however, this research also identifies a number of barriers to the successful delivery of strategic planning approaches, including (but not limited to):

- A lack of political understanding and buy-in for strategic planning practices.
- Inadequate governance arrangements at the strategic level.
- Insufficient allocation of resources dedicated to strategic planning to ensure access to the knowledge and skills required to ensure effective implementation of strategic planning initiatives.

The above barriers demonstrate that strategic planning initiatives often have mixed success not due to an inherent defect in the strategic planning approach, but rather due to a range of external factors that limit their ability to fully realise their strategic ambitions.

With the demise of SDPs in 2023, Regional Spatial Strategies (RSS) are now the principal mechanism in Scotland for delivering on strategic planning objectives. Consequently, our members feel strongly that RSSs should be utilised as the principal mechanism through which to administer any future infrastructure levy in Scotland.



However, there is very little detail in the discussion paper about how this could work in practice, with only three references to RSSs in the paper as a potential future means through which regional infrastructure needs could be identified.

We submit that for the infrastructure levy to have the best chance of success, it will require at the very least the full realisation of RSSs and the establishment of regional partnerships to deliver them. This should be a priority for the Scottish Government if the levy is to be taken forward. As it stands, with no regulations in place for local authorities to move forward with RSSs (and no clear timeframe for this) there is a concern that the infrastructure levy will lack an adequate vehicle to drive forward the identification, funding and delivery of strategic infrastructure.

The Role of the Local Development Plan

There was general agreement amongst our members that, given the absence of RSSs and associated regional planning partnerships, Local Development Plans are the next best alternative to identify infrastructure to be funded through a future levy. This would also enable the delivery of strategic infrastructure partly funded through the levy to be monitored as part of the LDP Delivery Programme.

Notwithstanding the above, our members have raised concerns that the discussion paper does not go into sufficient detail to address how regional cross-boundary infrastructure and an associated levy would be agreed between, collected by, and distributed across two or more local authorities. There remains considerable uncertainty, therefore, as to how this can work in practice without an adequate strategic planning mechanism in place at the regional level (as previously submitted).

Exemptions, Reductions and Waivers

There are a number of questions in Sections 8.1.3 and 8.2 of the discussion paper relating to possible exemptions, reductions and waivers of any future infrastructure levy.

RTPI Scotland agrees that the levy should apply only to developments which reasonably contribute to the cumulative impact on strategic infrastructure needs identified in an RSS or LDP. Consequently, we believe this cumulative impact test should be the principal mechanism to determine application of the infrastructure levy to a development proposal.

In broad terms, RTPI Scotland is of the view that blanket exemptions, reductions or waivers should not apply at the national level once the cumulative impact of a development proposal has been established. Rather, all developments contributing to the cumulative impact on strategic infrastructure must reasonably be expected to pay the levy.

Notwithstanding the above, we understand that not all developments and not all areas and regions of Scotland are the same and there may be regional and/or local justifications for granting a reduction or waiver of the levy in certain limited circumstances. To ensure that the levy is fair, transparent and provides certainty to local authorities and to the development industry, it is vital that reductions and waivers are not applied on an ad hoc and piecemeal basis. Instead, any reductions or waivers applied to development proposals which meet the cumulative impact test should adhere to a clear set of criteria or guidelines established by the Scottish Government and applied by local authorities on a case-by-case basis.

Enforcement of and Monitoring the Levy

Section 8.6 of the paper discusses the options for enforcing the levy, and issuing penalties if not paid, including the option to halt development until payment of the

levy is secured by the local authority. Section 8.8 of the paper discusses the options for keeping an account of the money collected through the levy, including the amount spent and what it has been spent on.

We believe it is entirely reasonable for local authorities to impose penalties on those eligible to pay the levy who attempt to evade its payment. We also agree that there should be annual reporting on the infrastructure levy income and expenditure to ensure a robust and transparent process.

We are mindful, however, of the additional administrative and enforcement duties the levy will place on local authorities that are already stretched and facing financial and resourcing pressures. It is important to ensure, insofar as possible, that the additional duties associated with the levy do not represent an unreasonable additional resourcing burden.

In our [response to the Scottish Government's Investing in Planning consultation](#) (which closed earlier this year) we expressed disappointment that the consultation paper did not cover either plan-making or enforcement. Both are critical to the functioning of the Scottish planning system and require adequate resourcing as part of a coordinated and cohesive whole-system resourcing strategy.

Given the above, we believe that levy reporting should form part of an existing plan or strategy monitoring framework, to lessen the additional administrative burden that will result from introducing a separate and standalone monitoring and reporting process. In our view, and for the reasons already outlined above, RSSs represent the most suitable mechanism to administer and report on the infrastructure levy. In the absence of RSSs, however, our members have expressed the view that the LDP Delivery Programme would be the best alternative method to report on levy income and expenditure.

Concluding Remarks

RTPI Scotland is broadly supportive of the introduction of a new Infrastructure Levy for Scotland. If set up in the right way, we believe it has the potential to play a critical role in delivering on Scotland's Infrastructure First ambitions by addressing the contributions gap that exists with respect to the cumulative impact of development on strategic infrastructure needs.

Notwithstanding the above, our members have expressed concerns that the discussion paper attempts to address the detail of how a levy should be implemented in Scotland, without addressing the broader principles of:

- Where it will sit in the broader picture of infrastructure funding and delivery in Scotland.
- How it will fit into current plan-making practices in a way that addresses the complexities of cross-boundary strategic infrastructure delivery.
- How it will be implemented so as not to place an additional and unreasonable resourcing burden on local authorities.

Without the above points first being addressed, it was difficult for our members to respond to the more detailed questions set out in the discussion paper. There is a general concern that if the infrastructure levy is rushed through to avoid triggering the sunset clause, that we run the risk of introducing a levy that will not work in practice and will fail to adequately serve its intended purpose in supporting the delivery of Scotland's Infrastructure First ambitions.

It is our view that any new infrastructure levy regulations must clearly stipulate that the levy is for the funding of strategic infrastructure only and cannot be used for either national or local infrastructure delivery (both of which have separate funding and contributions mechanisms in place). It must also clearly stipulate that infrastructure partly funded through the infrastructure levy cannot also be partly funded through



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Section 75 obligations. In this regard, the identification of strategic infrastructure through the plan-making process will be critical to establish infrastructure needs from the outset.

Given that strategic infrastructure is very rarely contained within a single local authority boundary, our members feel strongly that we must first establish a solid strategic plan-making and governance framework. This could be done by prioritising the introduction of regulations for Regional Spatial Strategies and associated regional planning partnerships between local authorities. Without this, it was difficult for our members to envisage how the levy could work in practice in funding strategic cross-boundary infrastructure if the calculation, collection, and delivery is confined to the local level.

We would welcome further engagement and dialogue with the Scottish Government to assist in the future development of infrastructure levy regulations that have a clear and distinct role in advancing Scotland's Infrastructure First ambitions set out in NPF4.