



Our Ref: A1552016/FMC/ar

2 August 2017

Mr A Sharma MP
Minister of State for Housing and Planning
Department for Communities & Local Government
2 Marsham Street
London, SW1P 4DF

Dear Minister,

Community Infrastructure Levy/Local Infrastructure Tariff – Buildings required for the purposes of agriculture on the holding

We are writing as a number of rural organisations with our concerns about recommendations in the Community Infrastructure Levy (CIL) Review Team's report to Government, *A New Approach To Developer Contributions*. This review proposes the introduction of a local infrastructure tariff (LIT) as a mechanism for improving the capturing the increased value of land after planning permission is granted.

In particular we are concerned with the recommendation (5.1.14) that *'agricultural buildings should be covered by the LIT but that local authorities should be encouraged to include this type of structure in its low or zero-rated bands'*.

Since the introduction of CIL, we have had to lobby all CIL charging schedules to achieve a zero rate. In some we have been unsuccessful and as a result, CIL is being charged on new agricultural buildings.

Most agricultural buildings are erected for the purposes of agriculture on the holding, in other words, to use as part of their farming business – that is a fundamentally different approach from most commercial buildings or housing developments which are built by investors for selling or letting. A new agricultural building will not result in an increase in capital value and so any CIL or LIT charge will have to be funded by farmers from loans, repaid from the increased revenue expected from the development over future years. The cost of servicing the loan will be an additional direct cost to the farming business and will be paid out of fluctuating farm incomes.

In those areas where a CIL charge is levied on new farm buildings, the requirement to pay a substantial CIL charge has actually stopped farm development from taking place. This has the effect of harming competitiveness of the industry and preventing improved productivity on farms.

Most new agricultural buildings are developed within an existing farming business, either to allow the business to grow or to replace obsolete structures with more efficient modern buildings for reasons of animal welfare or food safety for example. The recent report recognises concerns from the agricultural industry that a residential or office use of a building is very different in nature to that of an agricultural building of low value, which would have little or no impact on land value and would make a minimal additional demand on local infrastructure needs.

Agricultural buildings are often relatively large in area, but they are of low value and low impact, so any CIL or LIT charge which is more than negligible has a disproportionate effect which can deter investment. After Brexit, farming businesses will need to make much more innovative investment in order to improve their competitiveness and we are concerned that any CIL or LIT charge on new buildings will have an inhibiting effect that is likely to outweigh the economic gains achieved. Most buildings erected for agricultural purposes are buildings into which people will not normally go (Regulation 6 CIL Regulations 2010); they are used to house livestock or to store crops and machinery. The reason why people will not normally enter a farm building include animal welfare, and health and safety including increased biosecurity. It is too dangerous to allow the general public to enter such buildings. In the past, the government has provided an example of buildings into which people do not normally go, e.g. electricity substations. The government says these are too dangerous for the general public to enter.

We are not persuaded by the argument that an exemption for agricultural buildings would be “the thin end of the wedge”. Agricultural buildings are clearly defined in planning legislation and the case for excluding them is clear. We do not see any danger of creep which would extend the exclusion more widely. On the contrary, including them would increase red-tape and bureaucracy into the planning system, but most importantly will discourage investment in rural businesses as it has done in those local authorities where a CIL charge is levied on farm buildings. This is because each local authority will have to take a decision on whether to exempt agricultural buildings through representations, stopping investment in rural businesses until there is clarity on its exemption. It is interesting to note that, since 2009, only one local authority has carried out a viability assessment on whether agricultural buildings can afford to pay CIL – it concluded that the local authority should be paying the farmer to build a new farm building.

If, contrary to our views, the report’s recommendations are to be followed so that agricultural buildings are to be included in the LIT, we ask that Government issues a strong recommendation that they are zero rated. Simply “encouraging” local authorities to include them in “low or zero rated bands” is not a clear enough policy steer on this issue.

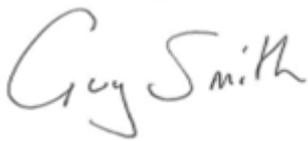
We encourage you to ensure than any new system of CIL/LIT contributions exempts agricultural buildings. We would be more than happy to come and meet you and discuss our concerns further.

We look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink that reads "Ross Murray". The signature is written in a cursive style with a horizontal line underneath the name.

Ross Murray
President
Country Land & Business Association

A handwritten signature in black ink that reads "Guy Smith". The signature is written in a cursive style.

Guy Smith
Vice President
National Farmers Union

A handwritten signature in black ink that reads "George". The signature is written in a cursive style with a long horizontal line extending to the right.

George Dunn
Chief Executive
Tenant Farmers Association

A handwritten signature in black ink that reads "Jeremy". The signature is written in a cursive style with a long horizontal line extending to the right.

Jeremy Moody
Secretary and Adviser
Central Association of Agricultural Valuers

Please send your response to Fenella Collins, Head of Planning, CLA, 16 Belgrave Square, London SW1X 8PQ