

Delivering Infrastructure Strategy

Delivering roads, schools and
other key services

November 2014



Foreword

Whenever people talk about the growth of South Oxfordshire one of their overwhelming concerns is whether the infrastructure will cope with the expected increase in population, homes and transport.

Our adopted Core Strategy December 2012, identifies where new housing and business developments should go across the district.

To make sure our district can support these developments we have developed this strategy which outlines how we will plan infrastructure and to secure funding for it. It also explains how we will work with others to ensure that we have the right infrastructure delivered in the right place and at the right time.

This is all about ensuring that South Oxfordshire continues to be one of the best places to live, work and visit in the country and attracts the best investment.

Cllr Angie Paterson

Cabinet member for planning at South Oxfordshire District Council



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What is infrastructure and who provides it?

Our commitment

We are committed to providing enough jobs and homes in South Oxfordshire, in the right places, at the right time and in a way that protects the way of life in the district. To achieve this, we need to carefully plan the district's future infrastructure needs. We do this by working closely with all of our communities to establish what's needed at a local level.

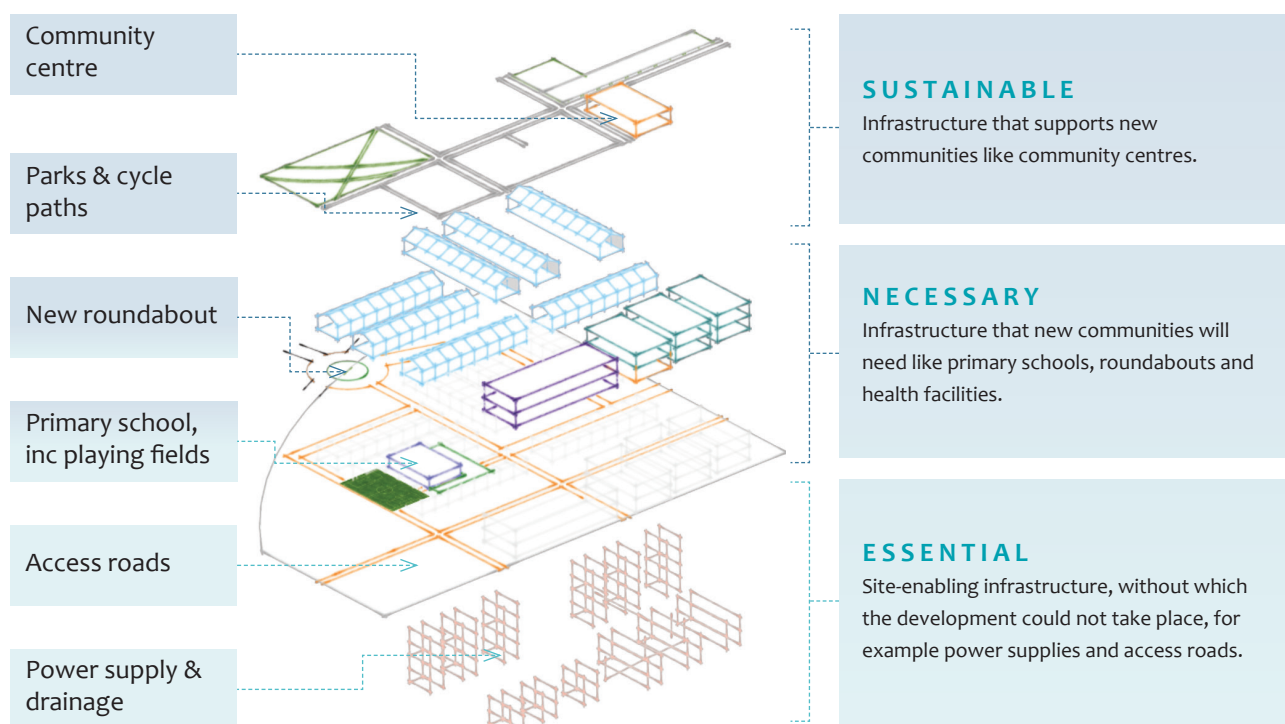
What do we mean by infrastructure?

Infrastructure is the facilities and services needed to support our communities and enable the local economy to thrive. This includes:

- **transportation:** roads, bus routes, rail network;
- **education facilities:** schools, colleges, universities, adult learning centres;
- **utilities:** water, power grids, sewer;
- **community facilities:** libraries, sports and leisure facilities, community centres;
- **health care:** hospitals, local GP surgeries and other facilities;
- **emergency & essential services:** fire, police and ambulance facilities.
- **green spaces:** playing fields and sport pitches, wildlife areas; and
- **communications systems:** mobile phone coverage, super fast broadband.

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The diagram below shows some of the different types of infrastructure a typical large development needs, all of which are important. It also shows how we categorise these.



The timing of infrastructure is important. Essentials like roads, water, electricity and gas obviously need to be in place at the start of any development. The necessary infrastructure like schools need to be in place too but at the right time. This is more difficult to time as schools are extremely costly to run and can only open when there is enough local demand. This has to be balanced with the needs of families who move to a new home before the development is complete or before the community is big enough to support a new school. We work very closely with developers and the other authorities that provide this kind of infrastructure to make sure that new communities are properly provided for.

Who provides what?

There are various agencies responsible for building, maintaining and operating the different types of infrastructure such as:

- **Oxfordshire County Council** – roads, schools and education, libraries
- **Highways Agency** – motorways and the A34
- **Network Rail and rail operators** – rail network and stations
- **Private utility companies** – energy, water and telecommunications
- **Developers** – responsible for ensuring essential infrastructure is available within their development
- **Ourselves** – leisure facilities and open spaces
- **Parishes** – allotments and cemeteries

We continually work with all of these organisations to make sure they provide the appropriate infrastructure at the right time in South Oxfordshire, and that the district gets excellent investment in bigger infrastructure, like railway and highway improvements.

Other district councils

We work closely with other district, unitary or county councils to make sure that where infrastructure crosses council boundaries that it meets the needs of all the local communities affected by it.



How we will fund infrastructure

The wide variety of infrastructure required for a community requires funding from a range of sources.

Essential Infrastructure: as this is the basic infrastructure needed for a development to work, the developer pays for this. This includes things like streets, drainage, power, parking, landscaping, amenity space and footpaths within the development site.

Necessary and Sustainable Infrastructure: these are usually funded through:

- **Section 106 obligations** - when we approve a large housing development, the developer signs an agreement that commits them to funding specific infrastructure for that site and the local area it affects. Without the agreement, we would not give the development planning permission.
- **Community Infrastructure Levy (CIL)** - this is a fee developers pay us that we use to invest in infrastructure across the district. For more information on how we use CIL, see page 8.

Other funding sources include:

New Homes Bonus

We receive additional revenue from the government for delivering new housing. We can use this income to fund infrastructure.

Local Enterprise Partnership funding

The Oxfordshire Local Enterprise Partnership is a group of representatives from business, education and other public organisations that's working to improve Oxfordshire's economy. The partnership bids for funding to support projects that address significant issues in the county, like major infrastructure shortages. Oxfordshire County Council receives the grant on behalf of the LEP.

Government grants

Oxfordshire County Council receives grant funding, which is administered through the Local Transport Board for road infrastructure.



Planning and delivering infrastructure: the six steps

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Step 1

It starts with our Local Plan as this identifies potential development sites. From this we can calculate how many people will live and work in a particular area.



Step 2

We then identify what infrastructure these new communities will need as well as the needs of any existing communities. By comparing these needs against the infrastructure that is currently in place we can establish how much more is needed.



Step 3

We consider whether the best way to meet any extra infrastructure needs is by enhancing what's already available or by providing new infrastructure. Where land is needed for new infrastructure, we earmark this in our Local Plan.



Step 4

We work closely with the organisations that can provide the infrastructure to make sure they plan properly for the extra infrastructure the district needs..



Step 5

We bring together in one plan all the assessments we've made on what infrastructure is needed, when and where it is required, who is responsible for delivering it and how it will be funded. We call this the Infrastructure Delivery Plan and it is part of the suite of documents that support our Local Plan.



Step 6

Through the planning process, we work with developers to make sure they provide the essential and necessary infrastructure to support the new communities on their site. We do not approve planning applications that don't appropriately address infrastructure needs.



How we use Section 106

How are Section 106 obligations agreed?

We negotiate with the developers of sites over nine houses to 1) provide the onsite infrastructure needed to support developments, and 2) contribute towards improving existing local facilities and services to offset the effects of the new development. The viability of a new development is a key part of the negotiations and there are legal tests to what we can secure under a S106 legal agreement.

Who pays Section 106?

Developers

Who receives the money and how is it spent?

We do, the County Council and some town and parishes. We spend the money on services we provide such as leisure facilities. The County Council will spend the money on transport, education, libraries etc and the town and parishes receive contributions for example for the future maintenance of open space.

For major infrastructure improvements, like upgrades to the transport network, we need to pool contributions from a number of development sites where we can't raise enough money from one.

We spend the money on infrastructure, as set out in our Infrastructure Delivery Plan and to offset the impact of new developments.

See appendix 1 for a comparison between Section 106 and CIL.



How is the Community Infrastructure Levy used?

Who sets the levy?

We do, to raise money for the infrastructure the district needs as set out in the Infrastructure Delivery Plan. In setting the charge we ensure developments in South Oxfordshire remain financially viable and attractive to developers.

Who pays it?

Developers it applies to work that adds more than 100 square metres of floor space to a building, or creates new homes. Building works that are exempt include:

- houses, flats, residential annexes and residential extensions that are built by 'self-builders'
- social housing that meets the government's relief criteria
- charitable developments
- vacant buildings being brought back into the same use.

Who receives it?

We do and we pass 15 per cent of the levy to the relevant town or parish council where the development is taking place. If they have an adopted Neighbourhood Plan, this automatically increases to 25 per cent. We will also pass on money to other statutory providers, such as the County Council to build schools and roads etc.

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How we spend it

We will use the money on improving, replacing and maintaining the infrastructure set out on our infrastructure list.

The infrastructure list derives from the Infrastructure Delivery Plan and sets out projects that may wholly or partly be funded by CIL money and includes:

- new and existing roads, public transport, cycling and pedestrian routes, and other transport facilities
- flood defences
- schools and public education centres
- green and open spaces, including play areas
- community facilities like sports centres and libraries

See appendix 2 for an illustration explaining how we decide whether to use Section 106 or CIL.

Viability

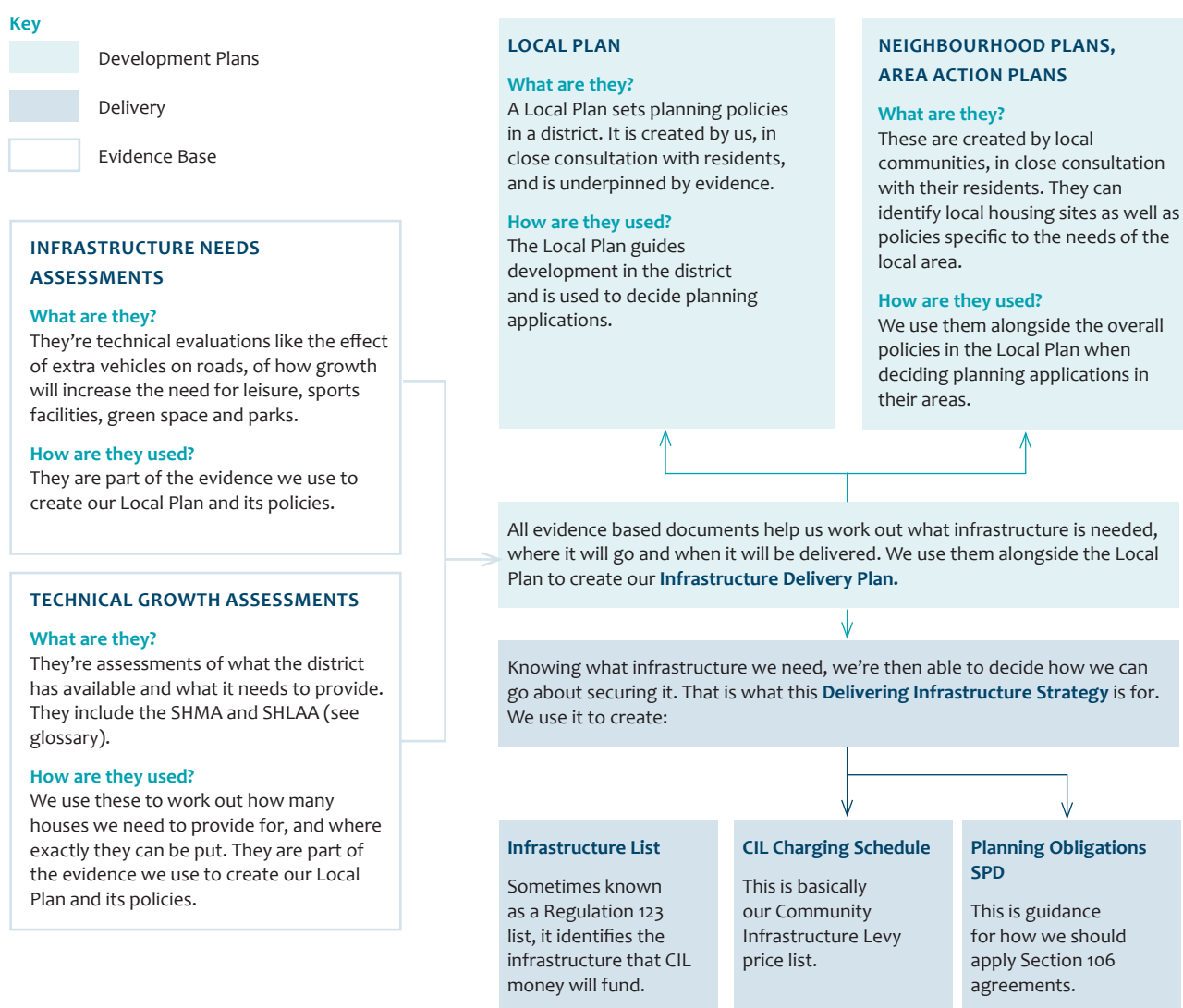
When we set the CIL charges we take into account how it could affect the viability of developments given other obligations like providing 40 per cent affordable housing. For an illustration of this see appendix 3.



Where does this strategy fit in with our Local Plan?

There are many documents that we use in conjunction with the Local Plan to help us make decisions on a wide range of things like what housing developments to approve, or what areas need new schools or leisure centres, and when they'll need them.

This is a simplified diagram that helps outline how this strategy sits alongside all of these other planning documents. In reality it's more complicated than this, but it gives an idea of how certain documents are used with others:



Conclusion

It is our responsibility and our desire to make sure South Oxfordshire thrives for generations to come, and remains one of the very best places to live in the country.

With the approaches we've identified in this document, we can make sure that everybody living and working here has access to the best services and facilities, and ultimately will benefit from growth within the district.

The council will seek to ensure that the infrastructure provided as a result of new development, secured through the funding sources identified in this document, meets the needs of communities including people from protected groups where these are different from the needs of other people.

We are committed to making sure that people and organisations that benefit financially out of developments in our district make a fair and reasonable contribution to supporting the new communities they're creating, and their neighbours as well.



Glossary

Local Plan

– our overall plan that identifies the main sites for housing developments in the district, as well as the services, jobs, facilities and infrastructure needed to support them. It includes the policies that we will use when deciding planning applications for developments over the timescale of the plan.

Infrastructure Delivery Plan

– sets out what infrastructure is needed to support the growth set out in the Local Plan.

Infrastructure list

– derives from the Infrastructure Delivery Plan and is a list of the infrastructure in the short term that we can fund using money raised from the Community Infrastructure Levy. You may see this referred to as a Regulation 123 list.

SHLAA (Strategic Housing Land Availability Assessment)

– an investigation into what land is available for housing developments in South Oxfordshire.

SHMA (Strategic Housing Market Assessment)

– an independent assessment of the housing market across the whole of Oxfordshire. This helps us identify how many houses we need to provide until the year 2031.

SPD (Supplementary Planning Document)

– provides additional information on planning policies in the Local Plan/Core Strategy



Appendix 1

The difference between CIL & section 106

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		Planning Obligations (site specific mitigation)	Community Infrastructure Levy
Scope	What Type of Infrastructure can it support?	Only items justifiable within the three legal tests: <ul style="list-style-type: none"> necessary to make the development acceptable in planning terms directly related to the development fairly and reasonably related in scale and kind to the development 	All infrastructure necessary to support development of the area (district)
	Can it be used to secure Affordable Housing?	Yes - use to prescribe an agreed proportion of affordable housing	No
	Geographic Application	Site specific impacts that may or may not reach beyond the 'red line' (planning application site)	A charging schedule must cover whole district
	What types of development are eligible to pay CIL?	All development (but the time consuming nature of the process means only the largest are charged)	Any development over 100m ² or new dwelling. Building that people would normally go into (some further exemptions existing for charities and social housing and self build).
	Eligibility of Capital & Revenue	Capital & Revenue both eligible (Revenue for maintenance & agreed revenue items)	Provision, improvement, replacement, operation or maintenance of new and existing infrastructure
	Can the money be pooled?	Not for long. After April 2015 you will not be able to pool more than five obligations	CIL is effectively a pooling mechanism with complete flexibility over spending priorities
	Once the money is collected how easy is to change what it is spent on?	Items agreed within the S106 Agreement	CIL can be spent on any infrastructure. Authorities need to set out the items they intend to fund using CIL in a Reg 123 list.
Setting Charging Levels	Is there a need to establish a list of Infrastructure requirements	The authority needs to justify S106 is necessary based on the three legal tests (as above). A Planning Obligations SPD is required	Yes. Need costed infrastructure list to prove local need (there is no emphasis on prioritisation at the evidence gathering stage and explicit recognition that the list will change over time)
	Setting differential rates	Negotiated proposal taking each development on its merits	Differences in rates should only relate to viability for <ul style="list-style-type: none"> different zones different uses scale of development
	Charging Units	Flexible	Per m ² of additional floor space only (all uses)
	Testing Viability	Case by case basis (leaving room for negotiation during pre-application discussion)	Viability is tested at a district-wide level at the evidence gather stage, then CIL payments are mandatory



Criteria to determine which infrastructure should be funded through CIL or S106

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graph TD
    START([START]) --> Q1{Is the infrastructure in the Infrastructure Delivery Plan (IDP)?}
    Q1 -- YES --> Q2{Is it CIL eligible? *}
    Q1 -- NO --> OS[OTHER SOURCE]
    Q2 -- YES --> Q3{Is there likely to be a funding shortfall that requires developer contributions?}
    Q2 -- NO --> OS
    Q3 -- YES --> Q4{Will it be delivered for a single strategic site?}
    Q3 -- NO --> OS
    Q4 -- YES --> Q5{Does the site alone generate the need for the infrastructure?}
    Q4 -- NO --> OS
    Q5 -- YES --> Q6{Does the facility need to be physically delivered on that site?}
    Q5 -- NO --> OS
    Q6 -- YES --> Q7{Is it a normal development cost?}
    Q6 -- NO --> OS
    Q7 -- YES --> DP[DEVELOPER PAYS]
    Q7 -- NO --> S106[S106 ON SITE MITIGATION OR CIL IN KIND]
    
    Q1a{Does the Council need to pool contributions from a number of sites to pay for the infrastructure?}
    Q1a -- YES --> Q1b{Pooling contributions from more than five sites}
    Q1a -- YES --> Q1c{Pooling contributions from less than five sites}
    Q1b -- YES --> CIL[CIL (GENERAL FUNDING)]
    Q1c -- YES --> CIL
    Q1a -- NO --> S106
    
    CIL --> CIL_NOTE[CIL can be used to deliver any item of infrastructure that is necessary to mitigate the impact of development and growth. The CIL Infrastructure List contains a summary of items that the Council wishes to deliver through CIL]
  
```

START

Is the infrastructure in the Infrastructure Delivery Plan (IDP)?

YES

Is it CIL eligible? *

YES

Is there likely to be a funding shortfall that requires developer contributions?

YES

Will it be delivered for a single strategic site?

YES

Does the site alone generate the need for the infrastructure?

YES

Does the facility need to be physically delivered on that site?

YES

Is it a normal development cost?

YES

DEVELOPER PAYS

Site-enabling costs, such as de-contamination or a new access road are considered normal development costs

NO

OTHER SOURCE

Does the Council need to pool contributions from a number of sites to pay for the infrastructure?

YES

Pooling contributions from **more** than five sites

YES

CIL (GENERAL FUNDING)

CIL can be used to deliver any item of infrastructure that is necessary to mitigate the impact of development and growth. The CIL Infrastructure List contains a summary of items that the Council wishes to deliver through CIL

Pooling contributions from **less** than five sites

YES

S106 ON SITE MITIGATION OR CIL IN KIND

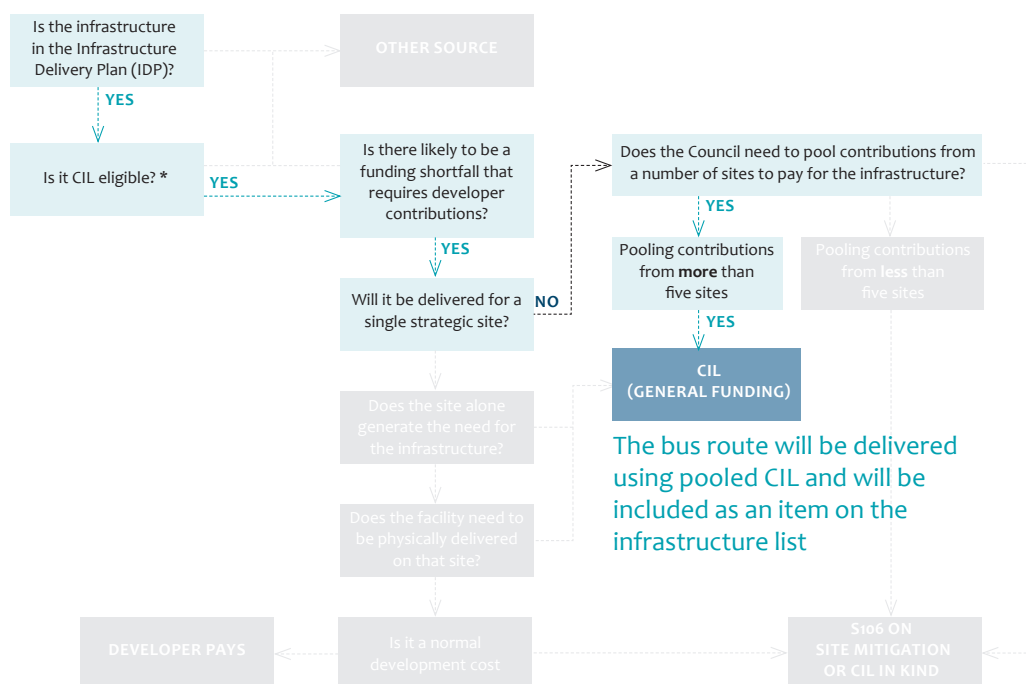
S106 can be pooled for five or fewer developments. However, if the infrastructure item is on the CIL Infrastructure list, CIL in kind may be used to deliver area specific infrastructure. CIL in kind may be topped-up with other general CIL contributions

NO





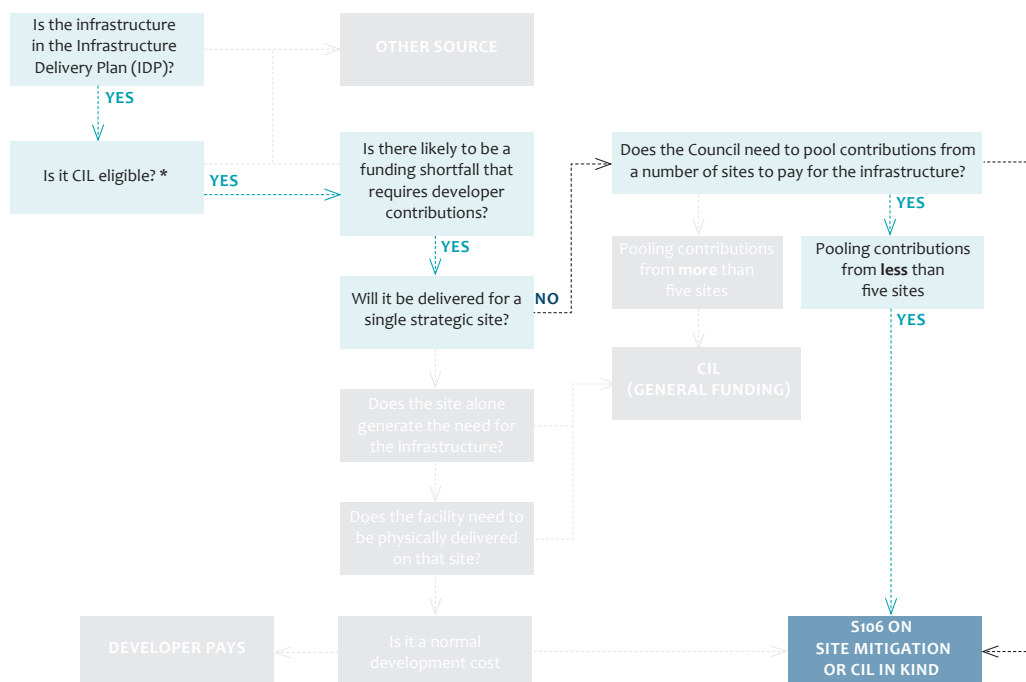
Example 1:
A new bus route is needed in an area where 1,200 homes are being built in six new developments.



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Example 2:
A community centre is needed in a growth area where three strategic sites are being developed.



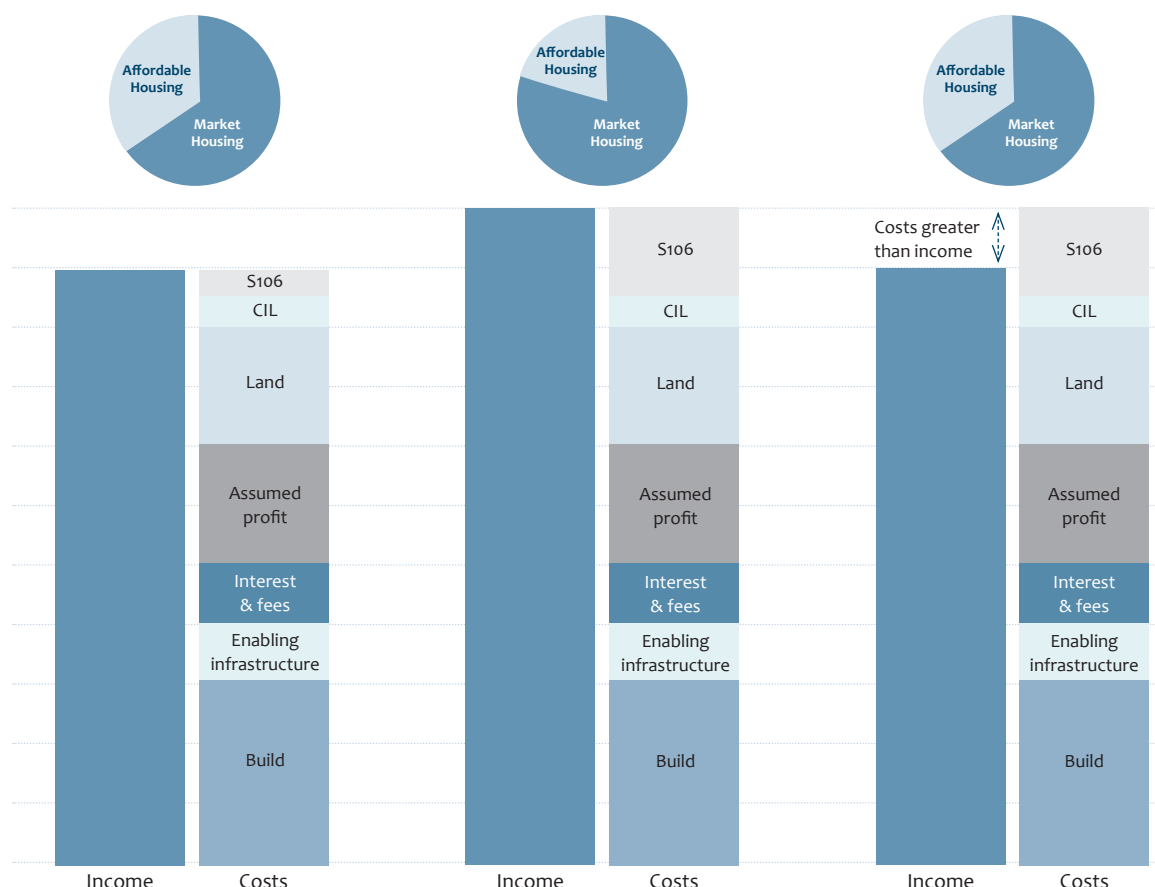
The community centre will be delivered via pooled S106. If the community centre in the Infrastructure List, CIL in kind may be used to deliver the centre.



Appendix 3

Viability

As part of the process to set a CIL charge, we must consider how the set charge may affect the viability of development in the district. Factors, such as varying the amount of affordable housing required from a development, will have a much bigger impact on viability, as shown on the graph below.



✓ Development A: 35% affordable housing

The scheme has a particular value (e.g. £100m). The costs must not exceed the value if the scheme is to be viable. Consequently there is a finite amount of CIL and s106 that can be charged. In this case, the development remains viable after the CIL and s106 levies.

✓ Development B: 20% affordable housing

The scheme leads to a higher scheme value (e.g. £110m) as the market housing can be sold for higher than the affordable proportion. Once set CIL is a fixed amount. There is more scope to charge s106 to deliver on-site or community infrastructure while retaining development viability.

✗ Development C: 35% affordable housing scheme unviable

This scheme is located in the lower area value area. Although the scheme requires similar levels of investment, sale values for the private housing are lower, decreasing the income for the development. Once all these factors are taken into account, the development is unviable given the fixed level of CIL.



