

South Oxfordshire

COMMUNITY INFRASTRUCTURE LEVY (CIL) INFRASTRUCTURE FUNDING GAP STATEMENT DRAFT FOR PUBLIC CONSULTATION



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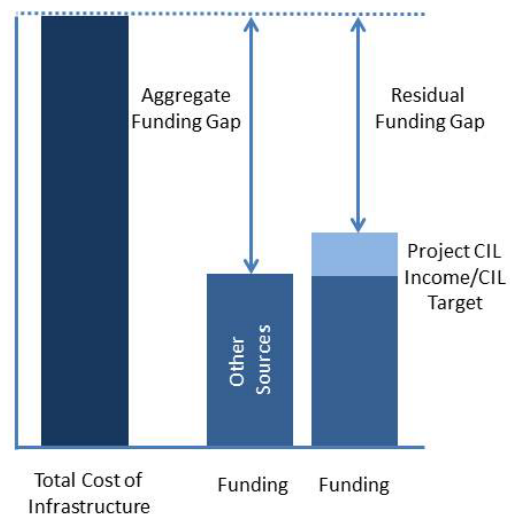
Contents

1.	Introduction	3
2.	Background	4
3.	Infrastructure Funding Gap	6
4.	Conclusion	9

1. Introduction

- 1.1 This Statement has been produced to provide evidence in support of the Council's review of its Community Infrastructure Levy (CIL) Charging Schedule. CIL is a tariff that may be levied by local authorities to help to fund the provision of infrastructure to support development, alongside the use of S106 planning obligations. CIL will contribute towards funding the infrastructure identified in the Adopted South Oxfordshire Local Plan 2035 as set out in the Infrastructure Delivery Plan April 2020 update.
- 1.2 The Council's current CIL Charging Schedule came into effect in April 2016. A number of changes have taken place that have led to the need for the Council to review its CIL Charging Schedule. These include adoption of the Local Plan 2035 in December 2020, and changes to the CIL Regulations in September 2019. Furthermore, the current CIL charging rates are not providing the appropriate amount of funds to help support the delivery of necessary infrastructure in the District, when considering the overall cost of the necessary infrastructure and the ability of developments to contribute more.

- 1.3 To be able to put in place CIL, the Regulations require charging authorities (local authorities) to demonstrate that there is an aggregate funding gap in the provision of infrastructure required to support new development in their administrative area. To do this, they must consider what infrastructure is needed in the area to support development and what other funding sources are available.



- 1.4 In determining the size of the aggregate infrastructure funding gap, charging authorities should consider known and expected infrastructure costs and the other sources of possible funding available to meet those costs. Government recognises that there will be uncertainty in pinpointing other funding sources, particularly beyond the short term. However, a charging authority must provide evidence of an aggregate funding gap in order to charge CIL, or in order to review its adopted CIL charging rates.
- 1.5 This Statement demonstrates that the Council has an aggregate and residual funding gap and thus there is justification for CIL to be levied across the District. The following issues have been considered in identifying its aggregate and residual infrastructure funding gap:

- What infrastructure is needed to support development in the District as identified in the adopted Local Plan 2035 and as set out in the Infrastructure Delivery Plan
 - The likely cost of this infrastructure
 - Existing and known funding sources (including from S106 contributions)
 - The income projected from CIL
- 1.6 As the PPG states¹, the CIL examination should not re-open infrastructure planning issues that have already been considered in putting in place a sound relevant plan. The South Oxfordshire Local Plan 2035 was subject to an independent Examination in Public and has been found sound by the Inspector and subsequently adopted. An Infrastructure Delivery Plan was produced to support the Local Plan and, therefore, the infrastructure requirements identified within the Infrastructure Delivery Plan will be used as the basis for determining the funding gaps. If costs for the infrastructure identified in the IDP have subsequently been updated, we will use these updated costings where we have been provided them.

2. Background

- 2.1 The South Oxfordshire Local Plan 2035 sets out policies for change and includes a strategy for delivering growth from 2011 to 2035. It identifies the number of new homes and amount of new employment land to be provided in the area for the Plan period up to 2035. It makes provision for retail, leisure and commercial development and for the infrastructure needed to support them. The plan was adopted in December 2020.
- 2.2 The council produced an Infrastructure Delivery Plan update in April 2020 (IDP) to support the Local Plan 2035. The IDP identifies the infrastructure needs and associated costs to support the level and location of development proposed. The evidence within this Statement is therefore based on the infrastructure needs and costs as identified in the IDP.
- 2.3 The adopted Local Plan 2035 sets out the District's housing requirement of 23,550 new homes to be delivered during the Plan period 2011 to 2035 (as set out in Policy STRAT2) and provides the contributions of all sources of housing supply expected to meet this need. This housing requirement includes 4,950 homes to contribute towards meeting the unmet housing need of Oxford City.
- 2.4 The council's position on housing supply as set out in the Local Plan 2035 is shown in Table 1 below.

¹ <https://www.gov.uk/guidance/community-infrastructure-levy>

Table 1: Housing Requirement and Supply

Residential Development – Number of Dwellings		
		Net Number of dwellings to 2035
Housing requirement for the full plan period (Apr 2011 to Mar 2035)		23,550
Committed components of housing supply	Housing Completions (Apr 2011 to April 2020)	7,178
	Known commitments (as at 1 April 2020) Sites under construction, with planning permission and allocations carried forward from the Local Plan 2011 and Core Strategy	9,182
New components of housing supply	Local Plan 2035 Strategic allocations	11,785*
	Outstanding market town allocations to be made through Neighbourhood Development Plans	454 (115 at Henley on Thames and 339 at Thame)
	Outstanding Larger Village allocations to be made through Neighbourhood Development Plans	211 (96 at Sonning Common and 115 at Woodcote)
	Nettlebed allocations	46**
	Windfalls	1200
TOTAL		30,056

* Strategic allocations continue to deliver housing beyond the plan period and will deliver a total of 14,600 homes.

** The Local Plan allocates a total of 46 dwellings at Nettlebed, however permission has since been granted for 20 dwellings at Joyce Grove. These dwellings have been removed from the CIL receipts estimates but are included here as this shows the situation as of 1st April 2020.

3. Infrastructure Funding Gap

- 3.1 The starting point for identifying whether a funding gap exists is to establish the total cost of infrastructure required across the District to support planned growth up to 2035. The next step is to eliminate from the funding gap analysis any infrastructure item that the Council is not expected to contribute towards. This includes, for example, utilities infrastructure which is funded via revenue from consumer bills. The final stage is to deduct known funding from other sources which is earmarked for or likely to contribute towards the costs of some of the required infrastructure items.
- 3.2 We have gathered the information on likely infrastructure costs and funding sources from the IDP for infrastructure that has not yet been delivered in the District. Inevitably, there are a number of gaps where costs are either unknown or uncertain. The CIL guidance recognises that there will be uncertainty in confirming funding sources for the provision of infrastructure, particularly beyond the short-term. The focus should be on utilising appropriate available evidence.
- 3.3 The IDP provides details for several potential infrastructure projects (where known), alongside sources of existing and potential funding (where known) and this information has been used to enable the funding gap to be calculated. Within the IDP, infrastructure needs for the strategic sites are split on a site-by-site basis to demonstrate the infrastructure that is needed to support the development of that particular site. In addition, infrastructure for allocated sites in Didcot and District-wide infrastructure is identified separately, all of which has been included within the identification of a funding gap. The IDP does not calculate anticipated costs for all district-wide infrastructure or infrastructure associated with windfall developments that is likely to be required. Due to the nature of these developments, there is not sufficient evidence available to accurately estimate infrastructure costs at this stage. As a result, there are infrastructure items missing from the calculations that will contribute towards the funding gap.
- 3.4 Funding for some items has already been secured from other sources and, in other items, a reasonable alternative to CIL has been identified. S106 has been considered appropriate in certain cases where a link can clearly be drawn between a new development and the need for an infrastructure item. The IDP² also sets out sub-regional and national funding sources that will play a vital role in supporting infrastructure delivery. These include:
- The Future Oxfordshire Partnership - Oxfordshire Housing and Growth Deal- £215 million secured countywide for infrastructure in Oxfordshire, which will help to accelerate the delivery of housing;
 - The Housing Infrastructure Fund (HIF) - £218 million pounds has been secured towards infrastructure unlocking housing in and around Didcot; and

² Chapter 8, Infrastructure Delivery Plan (April 2020 Update), available from <https://www.southoxon.gov.uk/wp-content/uploads/sites/2/2020/09/South-PSD27-Infrastructure-Delivery-Plan-April-2020-update.pdf>

- The Local Growth Fund - £142.56 million secured for infrastructure in Oxfordshire through Local Growth Funds 1, 2 and 3.

3.5 Table 2 below sets out the estimated funding gap taking into account infrastructure requirements identified for housing allocations and strategic projects. The difference between the total identified cost of the assessed infrastructure and the identified other sources of funding provides the estimated funding gap. Only infrastructure requirements which meet the following criteria have been taken into account:

- The total cost of the project is known or can be reasonably estimated
- The project is specific to South Oxfordshire (or the cost of the South Oxfordshire element of the scheme is known or can be reasonably estimated)
- The project is required to support future development of the district rather than addressing existing capacity issues
- The project is something tangible (i.e. not a review or feasibility study)

Table 2: Identified Funding Gap – South Oxfordshire District Council Local Plan 2035³ infrastructure

	Cost of assessed infrastructure⁴	Other Sources of Funding⁵	Estimated Funding Gap
Housing Allocations			
Education	£195,642,746	£195,642,746	£0
Transport	£257,724,000	£152,583,364	£105,140,636
Leisure	£113,851,874	£113,851,874	£0
Health	£14,801,853	£12,590,400	£2,211,453
Other (e.g. Public art, flood defences etc)	£7,855,940	£7,855,940	£0
Sub total	£589,876,413	£482,524,324	£107,352,089
Strategic Infrastructure			
Highways Infrastructure	£236,301,000	£121,844,000	£114,457,000
Rail Infrastructure	£5,400,000,000	£5,400,000,000	£0
Flood Risk Infrastructure	£426,000	£0	£426,000
Sub total	£5,636,727,000	£5,521,844,000	£114,883,000
Total	£6,226,603,413	£6,004,368,324	£222,235,089

³Only allocated sites without planning permission have been included.

⁴ As noted in Paragraphs 3.3, 3.5 and 3.6, this estimate is based only on a selection of infrastructure projects where the likely costs are known. In reality the estimated funding gaps are likely to be much larger.

⁵ Including Section 106 (S106), grant funding, Local Enterprise Partnership funding

3.6 The total cost of infrastructure identified in the IDP equates to circa £6,226,603,413. When other sources of funding are discounted, an aggregate funding gap of circa £222,235,089 remains. It should be noted, there are some infrastructure projects identified in the IDP (and also infrastructure associated with windfall development) where the cost is unknown or uncertain and, therefore, it is likely that this funding gap could be higher. For example, where the estimated funding gap is noted as £0 with regards to Education, Leisure and Other, this does not mean that there will not be a funding gap for these items. The IDP does not provide costs for infrastructure items where they could not be accurately estimated. As such there are infrastructure items identified within the IDP where costs have not been determined yet (and consequently have not been included in the costs of infrastructure calculated) that will come forward and require funding from CIL and/or other funding sources and contribute towards the funding gap.

Estimated CIL receipts

3.7 It is important for charging authorities to understand the likely income projections arising from proposed CIL rates as the charging authority cannot collect CIL receipts in excess of what is needed to fund the aggregate funding gap.

3.8 Accurately assessing what revenue will be generated from CIL is difficult as each development scheme differs. For example, when considering housing development, it is often unclear what size new homes will be built to and where a development site is located will dictate the proposed CIL rates to be applied. It is also often difficult to determine the proportion of affordable and market homes that will be provided on each site. An estimate of CIL income will, therefore, need to be based on a series of assumptions and should only be taken as a guide. The assumptions are as follows:

- Expected housing growth has been determined by looking at expected sources of housing from the Local Plan 2035, with allocated sites (and those listed as outstanding allocations to be made through Neighbourhood Plans) that are not exempt from CIL⁶ and windfall development projections being used to determine the number of CIL liable units coming forward;
- Discount of 40% affordable housing for sites over 10 dwellings as affordable housing does not pay CIL;
- The floorspace for different types of dwellings has been determined using the typical floorspaces for different types of dwellings (gross internal area) that has been adopted within the viability assessment;

⁶ Sites allocated in made neighbourhood plans without planning permission in place as of 1st April 2021 have been included in these projections as well as:

Zone 1 - Nettlebed allocations (excluding Joyce Grove as permission has been granted), Sonning Common outstanding allocations, Woodcote outstanding allocations and Henley-on-Thames outstanding allocations.

Zone 2 – Thame outstanding allocations

Zone 3 – Vauxhall Barracks, Orchard Centre Phase II, Didcot Gateway

- The development mix has been determined using the development mix required for sites as set out within the SHMA 2014.

3.9 We have also made an assessment of expected CIL income from supermarket retail developments. This is based on the amount of convenience retail floorspace required in the District up to 2035, as set out in Policy TC1: Retail Services Growth, of the South Oxfordshire Local Plan 2035.

3.10 Using these assumptions, it is estimated that CIL will deliver approximately £70,370,850 over the remaining Plan period to 2035. Table 3 sets out the detail of this calculation.

Table 3: CIL income projection

Development	No of dwellings	Affordable housing	CIL Liable housing	Floor area (m ²)	CIL charging rate (psm)	Projected CIL income
Residential	3430	882	2548	258432		£69,470,850
Supermarket retail	N/A	N/A	N/A	4500	£200	£900,000
Total	3430	882	2548	262932	N/A	£70,370,850

3.11 By estimating the likely CIL receipts, it is possible to calculate a residual funding gap by subtracting the projected CIL income from the aggregate funding gap, as set out in Table 4 below.

Table 4: CIL income in the context of total infrastructure

Total assessed infrastructure	£6,226,603,413
Other sources	£6,004,368,324
Aggregate funding gap	£222,235,089
CIL collected to date	£28,176,112
Estimated total CIL income	£70,370,850
Residual funding gap (Aggregate funding gap – CIL income)	£123,688,127

3.12 The residual funding gap demonstrates that the proposed CIL charge makes a modest contribution to the aggregate funding gap. The scale of the residual funding gap clearly demonstrates the justification for the CIL charge.

4. Conclusion

- 4.1 CIL will play an important role in the delivery of infrastructure within the South Oxfordshire District and towards mitigating the cumulative impacts of new development. This Statement clearly demonstrates that the District has a funding gap in terms of necessary infrastructure provision, which justifies the implementation of CIL across its administrative area.
- 4.2 There will still remain a shortfall in funding that will need to be found from other sources e.g. the Council's capital programme or government grants, whose funding has yet to be determined. The Council will proactively seek additional funding opportunities where they become available with the aim of reducing the funding gap.
- 4.3 This Statement has been published alongside the Draft CIL Charging Schedule, as part of the supporting evidence.

Alternative formats of this publication are available on request. These include large print, Braille, audio, email, easy read and alternative languages.

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