

Community Infrastructure Levy (CIL)

Preliminary Draft Charging Schedule

Cherwell District Council

INFRASTRUCTURE FUNDING GAP

February 2016

1. Introduction

- 1.1. This document has been prepared to inform Cherwell's Community Infrastructure Levy (CIL) and forms part of the evidence justifying the setting of a CIL charge in the district.
- 1.2. It shows the infrastructure funding gap arising from the Council's Infrastructure Delivery Plan (IDP) Update December 2015 and that this gap will not be met by current sources of funding alone.
- 1.3. The Infrastructure Funding Gap should be read alongside the Council's Infrastructure Delivery Plan and all other evidence supporting the CIL Preliminary Charging Schedule, particularly the Council's Position Statement on CIL and Planning Obligations.
- 1.4. The consultation documents are available in the Council's website at www.cherwell.gov.uk/policypublicconsultation and comprise:
 - Preliminary Draft Charging CIL Charging Schedule February 2016
 - CIL Viability Study, January 2016
 - Position Statement on CIL and Planning Obligations
 - Infrastructure Funding Gap (this document)
- 1.5. The Infrastructure Delivery Plan Update, December 2015 is available in the Council's website at <http://www.cherwell.gov.uk/index.cfm?articleid=9043>

2. Infrastructure funding gap

- 2.1 To set up a CIL charge the Council needs to demonstrate that there is an infrastructure funding gap which considers CIL and other sources of funding. Government recognises that identifying other sources of funding and particularly beyond the short-term is not always possible and advises providing evidence of an aggregate funding gap that demonstrates the need to put in place the levy.
- 2.2 The Council adopted the Cherwell Local Plan in July 2015 and identified the infrastructure needed to support planned growth within the Local Plan's Infrastructure Delivery Plan (IDP).
- 2.3 Infrastructure needs to justify a CIL charge should be drawn from the infrastructure assessment that was undertaken as part of preparing the relevant Plan. The IDP contains the infrastructure required to support Local Plan growth and it is therefore the relevant infrastructure evidence.
- 2.4 The IDP is reviewed on a yearly basis alongside the Annual Monitoring Report to reflect progress on infrastructure delivery as well as new plans, programmes and funding streams from infrastructure providers. The IDP Update December 2015 presents a review of infrastructure projects for the first five months since the adoption of the Local Plan and it is the source of the infrastructure projects used for the infrastructure gap analysis in Table 1 below.
- 2.5 The Council has commenced the preparation of Local Plan Part 2 (development management policies and non-strategic sites), and on a Partial Review of Local

Plan Part 1 concerning Oxford's unmet housing needs. More detailed information on infrastructure provision will arise from these two Plans and from Neighbourhood Plans as work progresses.

- 2.6 Infrastructure costs and other information will change in response to consultation comments and latest programmes from infrastructure providers as the Council progresses CIL. New schemes will also be identified through Oxfordshire wide infrastructure work undertaken to support the latest bids for Local Growth Fund.
- 2.7 Presently, Table 1 below shows the infrastructure funding gap arising from all infrastructure schemes identified in the Council's IDP Update 2015 for Bicester and Banbury, the main growth areas in the adopted Local Plan Part 1.
- 2.8 Considering all known sources of funding the infrastructure funding gap to meet identified growth in the Local Plan Part 1 is estimated at c. £410. There will be an element of uncertainty in identifying infrastructure funding sources throughout the Local Plan period to 2031 and although this statement shows a funding gap it is expected that other funding streams will be available over time as illustrated by the 31 completed schemes since the IDP was first prepared.

Table 1: Infrastructure funding gap – Bicester and Banbury

| Infrastructure types | Total IDP projects | Completed | Costs to be confirmed | Costs Known | Total £m of costs known | Funding secured/ committed | Funding gap of known costs |
|---|--------------------|-----------|-----------------------|-------------|-------------------------|----------------------------|----------------------------|
| Bicester | | | | | | | |
| Transport | 61 | 16 | 31 | 14 | c.£378.6 | c.£315.6 | c.£63 |
| Education | 14 | 2 | 3 | 9 | c.£113 | c.£25.91 | c.£87 |
| Utilities | 12 | 2 | 5 | 7 | c.£112 | c.£11 | c.£101 |
| Flood risk | 1 | 1 | - | - | - | - | - |
| Emergency and rescue services | 2 | 0 | 1 | 1 | c.£19 | c.£0 | c.19 |
| Health | 4 | 2 | 1 | 1 | c.£1.5 | c.£0.00 | c.£1.5 |
| Community Infrastructure | 19 | 1 | 10 | 8 | c.£15.25 | c.£13.78 | c.£1.47 |
| Open space, recreation and Biodiversity | 15 | 0 | 12 | 3 | c.£3.35 | c.£0 | c.£3.35 |
| Bicester totals | 128 | 24 | 63 | 43 | c.£641.23 | c.£366.32 | c.£275 |
| Banbury | | | | | | | |
| Transport | 45 | 5 | 21 | 19 | c.£72.43 | c.£2.63 | c.£69.8 |
| Education | 7 | 0 | 4 | 3 | c.£46.51 | c.£16.51 | c.£30 |
| Utilities | 13 | 0 | 10 | 3 | c.£11 | c.£11 | c.£11 |
| Flood risk | 2 | 1 | 1 | 0 | | | |
| Emergency and rescue services | 2 | 0 | 1 | 1 | c.£19 | c.£0.00 | c.£19 |
| Health | 1 | 0 | 1 | 0 | - | - | - |
| Community Infrastructure | 14 | 1 | 5 | 8 | c.£1.67 | c.£1.67 | c.£1.67 |
| Open space, recreation and Biodiversity | 14 | 0 | 9 | 5 | c.£4.10 | c.£4.10 | c.£4.10 |
| Banbury totals | 98 | 7 | 52 | 39 | c.£154.71 | c.£35.91 | c.£135.57 |
| Bicester and Banbury Totals | 226 | 31 | 115 | 82 | c.£795.94 | c.£402.23 | c.£410.5 |

Source: Infrastructure Delivery Plan Update, December 2015

- 2.9 Not all the projects in the IDP will be funded or partially funded by CIL and the Council is seeking views from the public, infrastructure providers and site promoters on the most effective way of funding infrastructure projects within the potential funding sources available and the context of CIL Regulations.
- 2.10 The inclusion of the IDP projects or infrastructure type in this paper does not constitute a commitment from the Council to fund or partially fund it. The IDP projects will be reviewed and selected for funding in the light of CIL receipts and infrastructure priorities. The Council will publish a Draft CIL Regulation 123 list at the next stage of consultation in summer 2016 (Draft CIL Charging Schedule consultation) indicating which projects intends to fund or part fund from CIL receipts.

3. Projected CIL income and infrastructure funding

- 3.1 The Council used the Housing Delivery Monitor from the 2014 Annual Monitoring Report (published in March 2015) to estimate the potential CIL income over the Local Plan Part 1 period to 2031. Sites and windfall figures have been discounted to take into account that CIL is not expected to be in place until April 2016 and that sites gaining outline planning permission ahead CIL adoption will not be subject to CIL charges. Affordable housing is exempt from CIL and affordable housing has therefore been discounted from the potential CIL floor space calculations.
- 3.2 The Council estimates that based on the 2014 AMR, only about 114,040.4 m² of floor space from growth identified in Local Plan Part 1 will be subject to CIL at the different CIL rates proposed in the Preliminary Draft Charging Schedule.
- 3.3 The estimated CIL income to 2031 for the estimated Local Plan Part 1 floor space would be c.£ 23m.
- 3.4 Income from CIL would contribute to reducing the infrastructure funding gap by 5.6% leaving some £387m to be met by funding sources that become available over the Plan period. This infrastructure funding gap justifies levying CIL charges in Cherwell.
- 3.5 This percentage of infrastructure funding from CIL seems to be similar to that experienced by other local authorities. Research from the Planning Advisory Service (PAS) indicates that CIL is unlikely to contribute more than 5 to 10 per cent of funding for infrastructure requirements although this will depend on the particular circumstances of each local authority in terms of their infrastructure priorities and planned growth.
- 3.6 Sites identified in the Local Plan Part 1 are already within the Planning Application system. If CIL were to be adopted in 2017 as indicated in the Council' Local Development Scheme, it would mainly address windfall development and growth identified in emerging Local Plan Part 2 and Local Plan Part 1 Partial Review.
- 3.7 Other sources of funding to deliver infrastructure will continue to have a key role in the delivery of infrastructure alongside funding from development proposals (CIL and S106s). These include:

- Section 106 planning obligations on-site mitigation and under certain circumstances some limited pooling;
- Infrastructure provider's investment programmes including: Highways England, Network Rail, Sports England, Environment Agency, Thames Water;
- Central government funds such as Local Growth Fund and the 'Large sites infrastructure programme' from the Department for Communities and Local Government and funds to support infrastructure as part of the recently awarded Bicester Garden Town;
- New Homes Bonus;
- Business Rate retention.