

# **Community Infrastructure Levy (CIL)**

## **Draft Charging Schedule**

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Cherwell District Council

### **INFRASTRUCTURE FUNDING GAP STATEMENT**

February 2024

# 1. Introduction

- 1.1. This statement 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 Cherwell District. 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.
- 1.2. It provides an estimate of the infrastructure funding gap arising from the Council's Infrastructure Delivery Plan (IDP) Update December 2023, and demonstrates that this gap will not be met by current sources of funding alone. It is proposed that CIL will contribute towards funding some of the infrastructure projects identified in the Adopted Cherwell Local Plan (July 2015) and Cherwell Local Plan 2011-2031 (Part 1) Partial Review - Oxford's Unmet Housing Need (September 2020).
- 1.3. The Infrastructure Funding Gap should be read alongside the Council's Infrastructure Delivery Plan (as updated) and all other evidence supporting the CIL Preliminary Charging Schedule.
- 1.4. The consultation documents are available in the Council's website at [www.cherwell.gov.uk/policypublicconsultation](http://www.cherwell.gov.uk/policypublicconsultation) and comprise:
  - Draft CIL Charging Schedule February 2024
  - CIL Viability Study, January 2024
  - Infrastructure Funding Gap (this document)
- 1.5. The Infrastructure Delivery Plan Update, December 2023 is available in the Council's website at <https://www.cherwell.gov.uk/info/33/planning-policy/370/monitoring-reports/2>
- 1.6. In addition to the preparation of a Draft CIL Charging Schedule, work is being undertaken in respect of a partial review of the Developer Contributions SPD to reflect the potential adoption of a CIL Charging Schedule for Cherwell District, and other revisions to national legislation that have recently come into force.
- 1.7. The Council is in the process of carrying out a full Local Plan review, which has progressed to the Regulation 18 (issues and options) stage as of the time of writing. The Draft CIL Charging Schedule has been developed based on the infrastructure requirements identified through the existing adopted Cherwell Development Plan. The Council is committed to reviewing the implication for CIL and Developer Contributions once the Local Plan review is completed and a new Local Plan for Cherwell District is adopted.

## 2. Infrastructure funding gap

- 2.1. As a part of the process of introducing a Community Infrastructure Levy (CIL) charging schedule, the Council needs to demonstrate that there is an aggregate funding gap in the provision of infrastructure required to support new development in our administrative area. To do this, we must consider what infrastructure is needed in the area to support development and what other funding sources are available.

- 2.2. It is recognised by the Government in the Planning Practice Guidance that there will be uncertainty in identifying specific infrastructure funding sources, particularly beyond the short-term. The Government therefore advises that any authority preparing a CIL Charging Schedule should focus on providing evidence of an aggregate funding gap that demonstrates the need to introduce CIL<sup>1</sup>.
- 2.3. The Council adopted the Cherwell Local Plan 2011-2031 in July 2015 and the Cherwell Local Plan 2011-2031 (Part 1) Partial Review - Oxford's Unmet Housing Need on 7 September 2020. Infrastructure that is needed to support the planned growth within both plans is identified in the Infrastructure Delivery Plan (IDP).
- 2.4. As the PPG states<sup>2</sup>, the CIL examination should not re-open infrastructure planning issues that have already been considered in putting in place a sound relevant plan. The Adopted Cherwell Local Plan (July 2015) and Cherwell Local Plan 2011-2031 (Part 1) Partial Review - Oxford's Unmet Housing Need (September 2020) have each been subject to an independent Examination in Public, and each have been found sound by the Inspector and subsequently adopted. An Infrastructure Delivery Plan was produced to support the 2015 Local Plan. This was subsequently updated following the adoption of the Partial Review Local Plan. Therefore the infrastructure requirements identified within the Infrastructure Delivery Plan will be used as the basis for determining the funding gaps.
- 2.5. 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 2023 presents a review of infrastructure projects of both adopted Local Plans, and it is the primary source of the infrastructure projects used for the infrastructure gap analysis in Table 1 below. If costs for the infrastructure identified in the IDP have subsequently been updated, we will use these updated costings where we have been provided with them.
- 2.6. Presently, Tables 1-5 below shows the infrastructure funding gap arising from all infrastructure schemes identified in the Council's IDP Update 2023. Tables 1-4 relate to the four main areas of growth in our development plan: Bicester and Banbury, the main growth areas in the adopted Local Plan Part 1, the additional sites identified in the Local Plan Review, and infrastructure requirements for the rest of the District. Table 5 presents a summation of the overall funding gap.
- 2.7. Tables 1-5 do not include national infrastructure projects. There is one national infrastructure project in Cherwell District which will benefit the local area – East-West Rail – which is costed at approximately £1.2 billion. This project is fully funded.
- 2.8. Considering all known sources of funding, the infrastructure funding gap to meet identified growth in the Local Plan Part 1 and Partial Review Plan is estimated at approximately £249 million.

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<sup>1</sup> Planning Practice Guidance – Community Infrastructure Levy, paragraph 017 Reference ID: 25-017-20190901, last updated 1 September 2019. Online at <https://www.gov.uk/guidance/community-infrastructure-levy>

<sup>2</sup> Planning Practice Guidance – Community Infrastructure Levy, paragraph 017 Reference ID: 25-017-20190901, last updated 1 September 2019. Online at <https://www.gov.uk/guidance/community-infrastructure-levy>

Table 1 Estimated funding gap - Bicester

<b>Infrastructure category</b>	<b>Cost of assessed infrastructure</b>	<b>Other sources of funding</b>	<b>Estimated funding gap</b>
Transport	£93,412,894	£6,270,000	£87,142,894
Education	£116,143,000	£116,143,000	£0
Utilities	£114,000,000	£114,000,000	£0
Flood risk			£0
Emergency and rescue services			£0
Health	£15,000,000		£15,000,000
Community Infrastructure	£2,200,000		£2,200,000
Open space, recreation and Biodiversity	£1,257,000	£35,000	£1,222,000
<b>Bicester totals</b>	<b>£342,012,894</b>	<b>£236,448,000</b>	<b>£105,564,894</b>

Table 2 Estimated funding gap - Banbury

<b>Infrastructure category</b>	<b>Cost of assessed infrastructure</b>	<b>Other sources of funding</b>	<b>Estimated funding gap</b>
Transport	£72,000,000	£2,200,000	£69,800,000
Education	£42,500,000	£42,500,000	£0
Utilities	£28,000,000	£28,000,000	£0
Flood risk			£0
Emergency and rescue services			£0
Health	£10,000,000		£10,000,000
Community Infrastructure	£100,000	£100,000	£0
Open space, recreation and Biodiversity	£4,057,200	35000	£4,022,200
<b>Banbury totals</b>	<b>£156,657,200</b>	<b>£72,835,000</b>	<b>£83,822,200</b>

Table 3 Estimated funding gap - Rest of District

<b>Infrastructure category</b>	<b>Cost of assessed infrastructure</b>	<b>Other sources of funding</b>	<b>Estimated funding gap</b>
Transport	£19,200,000		£19,200,000
Education	£16,222,693	£16,222,693	£0
Utilities	£8,000,000	£8,000,000	£0
Flood risk			£0
Emergency and rescue services			£0
Health	£7,500,000		£7,500,000
Community Infrastructure	£850,000	£350,000	£500,000
Open space, recreation and Biodiversity	£867,000	£692,000	£175,000
<b>Rest of district totals</b>	<b>£52,639,693</b>	<b>£25,264,693</b>	<b>£27,375,000</b>

Table 4 Estimated funding gap - Partial review sites

<b>Infrastructure category</b>	<b>Cost of assessed infrastructure</b>	<b>Other sources of funding</b>	<b>Estimated funding gap</b>
Transport	£66,093,617	£41,093,000	£25,000,617
Education	£72,992,531	£72,992,531	£0
Utilities			£0
Flood risk			£0
Emergency and rescue services	£164,396	£164,396	£0
Health	£7,500,000		£7,500,000
Community Infrastructure	£11,727,722	£11,727,722	£0
Open space, recreation and Biodiversity	£44,855,100	£44,830,100	£25,000
<b>Partial review sites totals</b>	<b>£203,333,366</b>	<b>£170,807,749</b>	<b>£32,525,617</b>

Table 5 Total estimated funding gap

<b>Infrastructure category</b>	<b>Cost of assessed infrastructure</b>	<b>Other sources of funding</b>	<b>Estimated funding gap</b>
Transport	£250,706,511	£49,563,000	£201,143,511
Education	£247,858,224	£247,858,224	£0
Utilities	£150,000,000	£150,000,000	£0
Flood risk	£0	£0	£0
Emergency and rescue services	£164,396	£164,396	£0
Health	£40,000,000	£0	£40,000,000
Community Infrastructure	£14,877,722	£12,177,722	£2,700,000
Open space, recreation and Biodiversity	£51,036,300	£45,592,100	£5,444,200
<b>Overall totals</b>	<b>£754,643,153</b>	<b>£505,355,442</b>	<b>£249,287,711</b>

2.9. Not all the projects in the IDP will be funded or partially funded by CIL. 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 types in this paper does not constitute a commitment from the Council to fund or partially fund them. The IDP projects will be reviewed and selected for funding in the light of CIL receipts and infrastructure priorities.

### 3. Projected CIL income and infrastructure funding

3.1 The Council used the Housing Delivery Monitor from the 2022-23 Annual Monitoring Report (published in December 2023) to estimate the potential CIL income over the Local Plan Part 1 period to 2031. We took a cautionary approach, and had regard to the previous levels of planning permissions and completions, as well as ongoing market trends.

3.2 CIL is not expected to be in place until April 2025, and so any sites or windfall figures that are anticipated to have gained planning permission (including outline planning

permission) prior to this point have been discounted. Affordable housing is exempt from CIL and affordable housing has therefore been discounted from the potential CIL floor space calculations.

- 3.3 Planning history indicates a relatively low instance of retail warehouse development, so no CIL income is projected for retail warehouses to 2031; however it is proposed to move ahead with the proposed CIL charge given viability evidence demonstrates this form of development is viable.

*Table 6 Projected CIL income to 31 March 2031*

Development	No of dwellings	Affordable / self-build housing	CIL liable housing	Floor area (sqm)	CIL rate (per sqm)	Projected CIL income
<b>New or replacement dwellings</b>						
Northern area	288	94	194	17,752	£20	£355,040
Southern area	456	147	309	28,235	£120	£3,388,200
Banbury & Bicester	552	165	387	35,370	£0	£0
Strategic allocated housing sites	3,710	1,394	2,316	211,440	£0	£0
<b>Other charges</b>						
Primary retail (Banbury & Bicester)	-	-	-	-	£260	£0
Large scale industrial (> 2,000 sqm)				6,216	£70	£435,120
Distribution & logistics	-	-	-	58,481	£110	£6,432,910
Convenience based supermarkets & superstores	-	-	-	2,360	£200	£472,000
Retail Warehouses	-	-	-	-	£140	£0
<b>Total</b>	<b>1,296</b>	<b>406</b>	<b>890</b>	<b>359,854</b>		<b>£11,083,270</b>

- 3.4 The Council estimates that based on the 2023 AMR and previous permission / build out rates, about 113,044 m<sup>2</sup> of floor space from development will be subject to CIL at the different CIL rates proposed in the Draft Charging Schedule.
- 3.5 The estimated CIL income to 2031 would be c.£11 million.
- 3.6 Income from CIL would contribute to reducing the infrastructure funding gap by 4% leaving a residual funding gap of £235 million to be met by other funding sources. This infrastructure funding gap demonstrates that levying CIL charges is justified in Cherwell District.
- 3.7 Many sites identified in the Adopted Cherwell Local Plan (July 2015) either have planning permission or are under construction. Many of the sites in the Cherwell Local Plan 2011-2031 (Part 1) Partial Review - Oxford's Unmet Housing Need (September 2020) are in the process of coming forward for planning permission. If CIL were to be adopted in 2025 as indicated in the Council's Local Development Scheme, it would mainly address windfall development and growth identified in a future Local Plan Review.

3.8 Other sources of funding to deliver infrastructure will continue to have a key role in the delivery of infrastructure alongside CIL. These include:

- Section 106 planning obligations on-site mitigation and critical off-site infrastructure improvements felt necessary to make development acceptable in planning terms;
- 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; and
- Business Rate retention.