

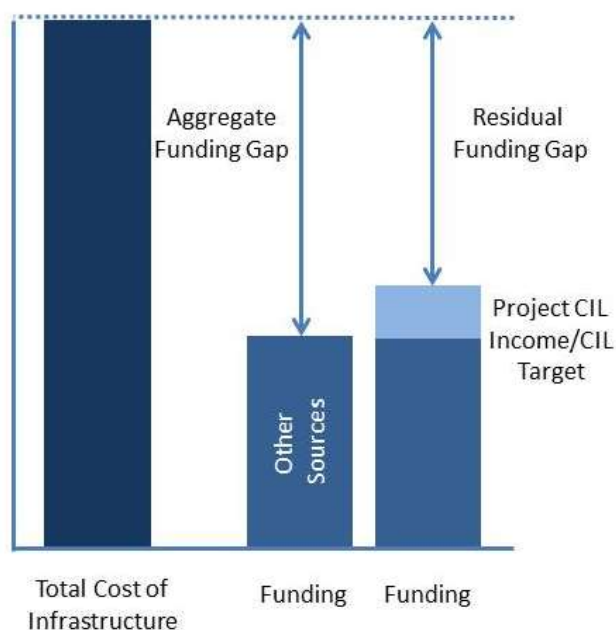
Draft Charging Schedule
Infrastructure and Funding Report
February 2015

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1. Introduction

1.1 In order to establish a Community Infrastructure Levy (CIL) a charging authority needs to identify the total cost of infrastructure that it desires to fund in whole or in part from the levy. The Regulations require Charging Authorities to demonstrate that there is a funding gap in the provision of infrastructure required to support new development. To do this it must consider what additional infrastructure is needed in the area to support development and what other funding sources are available (including core Government funding which will continue following the introduction of CIL).



1.2 In determining the size of its total or 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. This process will identify a CIL infrastructure funding target. This target should be informed by a selection of infrastructure projects or types (drawn from infrastructure planning for the area) which are identified as candidates to be funded by the levy in whole or in part. The Government recognises that there will be uncertainty in pinpointing funding sources, particularly beyond the short term. **The focus should be on providing evidence of an aggregate funding gap that demonstrates the need to levy the Community Infrastructure Levy.**

1.3 This report has been produced to collate existing evidence about infrastructure necessary to deliver the planned level of growth within the District and show how the infrastructure funding gap used to support the CIL Preliminary Draft Charging Schedule has been derived.

1.4 As stated, this report updates and consolidates existing infrastructure planning evidence for the District for the preparation of CIL. Rather than replicating the evidence base, it points to the original source documents. It is not the purpose or role of this document to prioritise or identify infrastructure projects that may be

funded partly or wholly through CIL monies in the future. This is a future process that it is anticipated will be undertaken through existing partnerships that the Council has with infrastructure providers and other authorities and agencies.

2. Infrastructure for Vale of White Horse

Draft Vale of White Horse Local Plan 2031 Part 1

- 2.1 Regulations require that, information on the charging authority area's infrastructure needs should be directly related to the infrastructure assessment that underpins their relevant Plan, as planning identifies the quantum and type of infrastructure required to realise their local development growth needs. The draft Vale of White Horse Local Plan 2031 Part 1 (LPP1) sets out the overall development strategy for the period to 2031. It includes strategic policies as well as locations for strategic housing and employment sites. It will provide the policy context for Neighbourhood Plans and the science vale Area Action Plan. Pre-submission public consultation on the LPP1 (Regulation 19) took place at alongside the public consultation on the Preliminary Draft Charging Schedule. It is expected that a concurrent public examination will take place on the LPP1 and Draft Charging Schedule in summer/Autumn 2015.

Infrastructure Delivery Plan (2014)

- 2.2 In the preparation of the LPP1 the Council has produced an Infrastructure Delivery Plan (IDP) to support the production of the Local Plan and identify the future infrastructure and service need of the District for the plan period. The IDP includes the known infrastructure required to support growth and is a continually evolving document that will be updated on a regular basis and will respond to changes. An updated IDP has been prepared to support the submission draft of the LPP1. A list of infrastructure projects eligible for CIL funding, drawn from the IDP and which form the basis of the funding gap evidence.

Planned Growth

- 2.3 The Oxfordshire SHMA identifies objectively assessed need for 1,028 homes per annum 2011-2031 in the Vale, or 20,560 homes in this 20-year period. The LPP1 comprises a strategic site package to meet the objectively assessed need in full. The following level of development is planned within the District, excluding that already permitted.

Table 1: Planned Level of Residential Development

Residential Development – Number of Dwellings			
	Science Vale	Rest of Vale	District total
Requirement over plan period 2011-2031	11,850	8,710	20,560
Annual average requirement over period	593	436	1,028

- 2.4 In addition to residential development the LPP1 plans for the delivery of significant non-residential development. The Vale is home to major employment centres including Harwell Oxford Campus, one of the largest employment centres in Oxfordshire and a nationally important hub for research and scientific activity. Milton Park and Harwell Campus form an integral part of the Science Vale Oxford enterprise and technology area of international significance. The Science Vale Oxford area spans from Didcot in the east to Wantage and Grove in the west and includes the Science Centre at Culham within South Oxfordshire District Council.
- 2.5 The Vale is committed to the future growth and development of the Science Vale Oxford area. The area has been identified as a strategic priority of the Oxfordshire Local Enterprise Partnership (LEP). Sites at the Harwell Campus and Milton Park were designated as an Enterprise Zone in 2011. The Harwell Campus and Milton Park sites are both identified as strategic employment sites in Core Policy 12 of the LPP1, providing approximately 100 hectares of available employment land.

3. Infrastructure Funding Gap

- 3.1 Government Guidance states that a Charging Authority should provide evidence of a funding gap which demonstrates the need to charge the Community Infrastructure Levy. Based on the information currently available to the Council and set out in the IDP September 2014 there is clear justification for charging the levy.
- 3.2 Government Guidance also states that the Council should focus on providing evidence of an aggregate funding gap that demonstrates the need to levy CIL. This should be the funding gap associated with the schemes likely to be funded by CIL once alternative sources of funding have been taken into account.
- 3.3 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 2031. The next step is to eliminate from the funding gap analysis any infrastructure item which the council is not expected to contribute to. This includes, for example, utilities infrastructure which is funded via revenue from consumer bills. The final stage was 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. Funding for some items has already been secured from other sources and in other cases 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.

3.4 Table 2 below sets out the infrastructure funding gap by type of infrastructure, the sole purpose is to demonstrate a shortfall in funding the aggregate costs of known infrastructure needed to support new development. The difference between the total identified cost and the funding gap represents identified alternative sources of funding. 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 Vale (or the cost of the Vale 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

	Cost of assessed infrastructure	Other Sources¹	Estimated Funding Gap
Education			
Primary	£73,345,455	£66,827,025	£6,518,430
Secondary	£65,167,790	£31,100,000	£34,067,790
Special Education Needs	£2,367,750	£783,750	£1,584,000
Transport			
Science Vale Transport Package	£189,370,000	£14,500,000	£119,723,000
Non SV Transport Package	£31,175,000	£31,175,000	£0
Leisure	£19,621,962	£10,824,000	£8,797,962
Total	£381,047,957	£155,209,775	£170,691,182

3.5 The assessed infrastructure which makes up the funding gap includes significant infrastructure items including the £40m Thames Crossing at Appleford/Culham and other Science Vale infrastructure items. The funding gap includes items which will support the delivery of development but are not necessarily critical to the delivery of the LPP1. Additional developer funding will be secured for Science Vale infrastructure from South Oxfordshire's new Local Plan

3.6 Table 2 does not show the total funding gap as not all estimated costs and funding sources have been identified. 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.

¹ Including Section 106 (S106), grant funding, Enterprise Zone Business Rates, Local Enterprise Partnership funding

- 3.7 The total cost of infrastructure equates to circa £382 million. When other sources of funding are discounted an aggregate funding gap of circa £155 million remains. As stated, to justify the introduction of a CIL, it is necessary for the charging authority to demonstrate a funding gap. To date charging authorities have been able to demonstrate sizable funding gaps, and therefore a reason to charge a CIL. The size of funding gaps vary between charging authorities, for instance Bristol's funding gap is approximately £630m while Bedford's is £194m.
- 3.8 The Infrastructure Funding Gap is not a prioritised list of infrastructure delivery and it does not identify the infrastructure which will necessarily be funded by CIL. Its purpose is to demonstrate the existence of a funding gap for the provision of infrastructure requirements, which justifies the imposition of a CIL.
- 3.9 In addition to demonstrating an aggregate funding gap, it is important for charging authorities to understand the likely income projections arising from a proposed CIL rates. 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.
- 3.10 Accurately assessing what revenue will be generated from CIL is difficult as each development scheme differs. It is estimated that CIL will deliver approximately £91m over the plan period to 2031 however this is based on a number of assumptions and should only be taken as a guide.

Table 3: Estimated CIL receipts from residential development

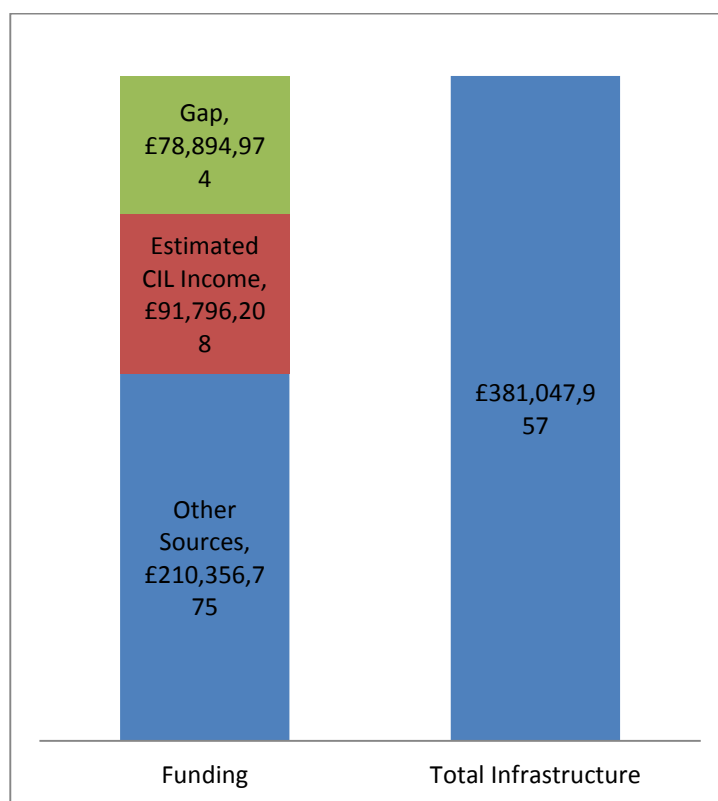
Total CIL Collected				
	Zone	CIL Amount	Total	Annual
Sites of 11 or more	1	£120	£67,191,554	£4,199,472
Sites of 11 or more	2	£85	£3,625,264	£226,579
Sites of 10 or fewer	1	£260	£17,944,423	£1,121,526
Sites of 10 or fewer	2	£200	£3,034,967	£189,685
Total			£91,796,208	£5,737,263

- 3.11 As CIL only becomes payable when development is commenced, and it is likely that options for staggered payment will be offered, CIL it is not expected to begin generating significant amounts within the first year following adoption.

Table 4: CIL income in the context of total infrastructure

Total assessed Infrastructure	£381,047,957
Other sources	£155,209,775
Funding gap	£170,691,182
Total CIL Income	£91,796,208
CIL income as a proportion of total assessed infrastructure	24%
Residual funding gap (funding gap – CIL income)	£78,894,974

Chart 2: CIL as a proportion of total assessed infrastructure (residual funding gap)



3.11 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. Authorities with a concurrent Local Plan and CIL examination tend to demonstrate higher estimated CIL receipts over the plan period and a more moderate funding gap than authorities applying a CIL to an adopted Core Strategy. This is likely arising from higher housing targets, the need to pool funding from in excess of five schemes.

4. CIL Allocation

- 4.1 Guidance requires that CIL monies be spent on infrastructure to support the development in the district. Funding should be focused on the provision of new infrastructure rather than correcting existing shortages in capacity. CIL receipts may also be used to expand and enhance existing infrastructure if it will serve the needs of new development.
- 4.2 Whilst CIL will replace many of the purposes of S106 Agreements, S106 Agreements will remain to deal with matters such as site specific infrastructure requirements and affordable housing. There are mechanisms in place to avoid developers being 'double charged' for provision of specific infrastructure items. The CIL Regulations require the Council to publish a list of infrastructure types or specific schemes that it intends will, or may, be wholly or partly funded by CIL. The Council will not be able to seek S106 contributions towards infrastructure on this list, this list is referred to as the 'Regulation 123 list'.

- 4.3 Subject to local consultation the Regulations permit Regulation 123 lists to be changed when priorities change. The Guidance states that if the proposed changes have a significant impact on viability it should only be as part of a review of the schedule (para.90-CIL Guidance- April. 2013).
- 4.4 As has been demonstrated as part of the Funding Gap, CIL will not be able to fund the entire infrastructure required across the district. The Council will need to determine how to prioritise between the different infrastructures projects eligible to receive CIL monies.
- 4.5 The Council is committed to work with infrastructure providers and the local community to establish procedures for prioritising infrastructure projects for receipt of CIL monies. Alongside this, the Council will develop a set of transparent governance procedures for the allocation and release of CIL monies.
- 4.6 Amendments to the Regulations in 2013 now require that to help communities to accommodate the impact of new development and to strengthen the role and financial autonomy of neighbourhoods fifteen per cent of Community Infrastructure Levy revenue received by the charging authority will now be passed directly to those town and parish Councils in whose administrative area development takes place.
- 4.7 The Vale of White Horse District Council will encourage town and parish councils to responsibly spend their neighbourhood funding element prioritising Regulation 123 list infrastructure items. Failure to do this will reduce funds available for infrastructure provision and slow delivery of important items. In areas which have embraced positive planning for future development in their local area by putting in place a Neighbourhood Development Plan (in line with the powers inserted by the Localism Act 2011 into the Town and Country Planning Act 1990) the neighbourhood funding element is increased to twenty five per cent of Levy receipts for development in their area.

5. Historical S106 Delivery

- 5.1 The DGLG CIL Guidance 2014 states that as background evidence, the charging authority should provide information about the amount of funding collected in recent years through section 106 agreements.

Table 5: S106 obligations secured by VoWH and OCC

	Years			
	2010/2011	2011/2012	2012/2013	2013/2014
VoWH	£350,000	£92,943	£1,128,253	£4,139,991
OCC	£126,710	£579,369	£4,137,281	£14,752,840
Total	£476,710	£672,312	£5,265,534	£18,892,831

Table 6: Affordable Housing Secured by VoWH

Year planning secured	Scheme address	Total no. of units	AH units	AH % of total
2011/12	Appleford Rd. Sutton Courtenay	15	6	40%
	Simpsons Way, Kennington	16	6	38%
	The Croft, Marcham	8	3	38%
	Rear of 46 Newbury St, Wantage	23	9	39%
2012/13	Oxford Road, Kingston Bagpuize	8	8	100%
	South of Alfred's Place, East Hanney	15	6	40%
	Station Rd/Townsend Rd, Shrivenham	31	12	39%
	South of Faringdon Rd. Southmoor	50	20	40%
	Majors Rd, Watchfield	120	48	40%
	Nalder Estate, East Challow	71	28	39%
	Walnut Trees, Ashbury	18	7	39%
	Broadwater, Wantage	14	5	36%
	Stockham Farm Phase 1	200	80	40%
	2013/14	Land adj. to Folly Farm	28	11
Lime Road, Botley		136	54	40%
Tilbury Lane, Botley		150	60	40%
Crown Meadows, East Hanney		25	10	40%
North of Priory Lane, Marcham Phase 1		18	7	39%
Major Ameys site in Sutton Courtenay		140	56	40%
Cowan' Camp, Watchfield		100	40	40%
Mayott House, Ock St, Abingdon		40	16	40%
West of Witney Road, Kingston Bagpuize		110	43	39%
East of Chainhill Rd, Wantage		85	34	40%
West of Old Station Road, Wantage (Monk's Farm phase 1)		133	53	40%
East of Drayton Rd, Abingdon		160	64	40%
Draycott Rd, Southmoor		98	39	40%
Land off Barnett Rd, Steventon		50	20	40%
Land off Faringdon Rd, Stanford-in-the-Vale	73	28	38%	
Highworth Rd, Shrivenham	36	14	39%	

	Milton Rd, Suttong Courtenay	65	26	40%
	Chailey Hse, Blewbury	30	12	40%
	Kingsfield, Sheepstead Rd. Marcham	43	17	40%
	Damson Trees, Colton Rd, Shrivenham	68	27	40%
	land at Causeway Farm, Steventon	31	12	39%
	Church Farm, West Hanney	6	2	33%
	Portway Villas, East Hendred	21	8	38%
	Totals:	2235	891	40%

6. Conclusion

- 6.1 CIL will play an important role in the delivery of infrastructure within Vale and will account for approximately 20% of the total essential infrastructure to deliver the Local Plan Part 1. With anticipated CIL revenue of approximately £91m (over the period of the Local Plan), there will remain a shortfall in funding (c.£79m) 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.
- 6.2 The council will proactively seek additional funding opportunities where they become available with the aim of reducing the funding gap.