



**Vale
of White Horse**
District Council



Help us Shape the Future

Community Infrastructure Levy (CIL) INFRASTRUCTURE FUNDING GAP STATEMENT

Your Vale - Your Future

December 2020

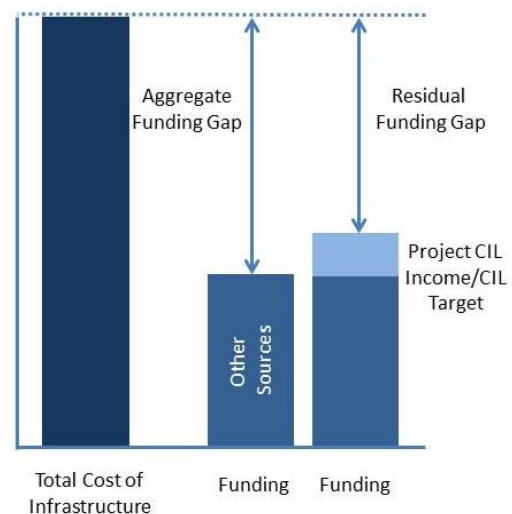
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1. Introduction

- 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 Local Plan 2031 as set out in the Infrastructure Delivery Plans (December 2016 and February 2018).
- 1.2 The Council's current CIL Charging Schedule came into effect in November 2017, following the adoption of the Local Plan 2031 Part 1 in December 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 2031 Part 2 in October 2019 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 2031 and as set out in the Infrastructure Delivery Plans
- 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 Vale of White Horse Local Plan 2031 Parts 1 and 2 were both subject to an independent Examination in Public and have been found sound by the Inspector and subsequently adopted. Infrastructure Delivery Plans were produced to support both LPP1 and LPP2 and, therefore, the infrastructure requirements identified within the Infrastructure Delivery Plans will be used as the basis for determining the funding gaps. If costs for the infrastructure identified in the IDPs have subsequently been updated, we will use these updated costings where we have been provided them.

2. Background

- 2.1 The Vale of White Horse Local Plan 2031 Part 1 sets out the spatial strategy and strategic policies for the District to deliver sustainable development. It identifies the number of new homes and jobs to be provided in the area for the Plan period up to 2031. It makes provision for retail, leisure and commercial development and for the infrastructure needed to support them. The Part 1 plan was adopted in December 2016.
- 2.2 The Vale of White Horse Local Plan 2031 Part 2 (Detailed Policies and Additional Sites) complements the Part 1 Plan and sets out policies and locations for housing for the Vale's proportion of Oxford City's unmet housing need up to 2031, which cannot be met within the City boundaries. It also contains policies for the part of Didcot Garden Town that is situated within the Vale of White Horse District and detailed development management policies to complement Part 1. The Part 2 Plan was adopted in October 2019.
- 2.3 The Council produced respective Infrastructure Delivery Plans (IDP) to support Local Plan 2031 Parts 1 and 2. The IDP produced to support the Part 1 Plan identifies the infrastructure needs and associated costs to support the level of development proposed in Part 1.
- 2.4 The IDP produced to support the Part 2 Plan focuses on identifying the infrastructure needs and costs to support the level and location of development identified in Part 2 only and does not replace or comprehensively update the IDP produced to support Part 1. The evidence within this Statement is therefore based on the infrastructure needs and costs as identified in the IDPs.

- 2.5 The adopted Local Plan 2031 Part 1 sets out the District's housing requirement of 20,560 new homes to be delivered during the Plan period 2011 to 2031 (as set out in Core Policy 4) and provides the contributions of all sources of housing supply expected to meet this need. The Local Plan 2031 Part 2 sets out in Core Policy 4a a revised housing requirement of 22,760 homes, which takes account of an additional 2,200 homes required to contribute towards meeting the unmet housing need of Oxford City.
- 2.6 The Council's position on housing supply (as of 31 March 2020) is set out in Table 1 below.

Table 1: Housing Requirement and Supply

Residential Development – Number of Dwellings		
		District Total (01/04/2020)
Housing requirement for the full plan period (Apr 2011 to Mar 2031)		22,760
Housing Completions (Apr 2011 to Mar 2018)		9,112
Housing Supply (Apr 2018 to Mar 2031)	Known commitments	13,914
	Local Plan 2031 Part 1 allocations	1,117
	Local Plan 2031 Part 2 allocations	2,400
	Windfalls	800
TOTAL SUPPLY (AT 31 MARCH 2020)		27,343

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 2031. 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 both the Part 1 and Part 2 IDPs 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 IDPs provide details for a number of 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 IDPs, infrastructure needs 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, strategic infrastructure is identified separately, all of which has been included within the identification of a 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 IDPs¹ also set out sub-regional and national funding sources that will play a vital role in supporting infrastructure delivery. These include:

- The Housing Infrastructure Fund –(HIF) £218 million pounds has been secured towards infrastructure unlocking housing in and around Didcot;
- The Oxfordshire Housing and Growth Deal- £215 million secured countywide for infrastructure in Oxfordshire, which will help to accelerate the delivery of housing;
- The Local Growth Fund- This deal secured £108 million for infrastructure in Oxfordshire; and
- The City Deal- £55 million was secured, with a focus on access improvements across the Science Vale area.

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 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)

¹ Chapter 2, Infrastructure Delivery Plan (LPP2 Update), available from https://data.whitehorsedc.gov.uk/java/support/dynamic_serve.jsp?ID=1019020233&CODE=334F7060DA83381A86546455BA116AD7

Table 2: Identified Funding Gap – LPP1² and LPP2 infrastructure

	Cost of assessed infrastructure	Other Sources of Funding ³	Estimated Funding Gap
Housing Allocations			
Education	£81,131,408	£81,131,408	£0
Transport	£77,708,691	£77,708,691	£0
Leisure	£27,167,821	£25,851,974	£1,315,847
Other (e.g. Public art, flood defences etc)	£9,173,584	£8,864,904	£308,680
Sub total	£195,181,504	£193,556,977	£1,624,527
Strategic Infrastructure			
Highways Infrastructure	£463,730,000	£180,715,000	£283,015,000 ⁴
Rail Infrastructure	£665,000,000	£665,000,000	£0
Sub total	£1,128,730,000	£845,715,000	£283,015,000
Total	£1,323,911,504	£1,039,271,977	£284,639,527

- 3.6 The total cost of infrastructure identified in the IDPs equates to circa £1.3 billion. When other sources of funding are discounted, an aggregate funding gap of circa £285 million remains. It should be noted, there are some infrastructure projects identified in the IDPs (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.

Estimated CIL receipts

- 3.9 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.
- 3.10 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

²Only LPP1 sites without planning permission have been included.

³Including Section 106 (S106), grant funding, Enterprise Zone Business Rates, Local Enterprise Partnership funding

⁴Significant public sector investment has been secured to forward fund the delivery of Didcot Science Bridge and New Thames crossing schemes through the Housing Infrastructure Fund (HIF), which are included in the Science Vale Transport Package of the IDP. The HIF is forward funding the delivery of these schemes with financial contributions towards the recovery of the HIF forward funding required. These contributions will be used to fund other infrastructure schemes that support delivery of new homes in the future.

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 expecting sources of housing, with allocated sites that are not exempt from CIL⁵ and windfall development projections⁶ being used to determine the number of CIL liable units coming forward;
- Discount of 35% 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;
- The development mix has been determined using the development mix required for sites as set out within the SHMA.

3.11 We have also made an assessment of expected CIL income from supermarket retail developments. This is based on the amount of convenience retail floorspace estimated to be required in the District up to 2031, as set out in the Retail and Town Centres Study⁷ produced to inform the Vale of White Horse Local Plan 2031 Part 2.

3.12 Using these assumptions, it is estimated that CIL will deliver approximately £31m over the remaining Plan period to 2031. 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	1,240	155	1,085	111,592	£200 / £280	£30,579,340
Supermarket retail	N/A	N/A	N/A	2,772	£117.00	£324,324
Total	1,240	155	1,085	114,364	N/A	£30,903,664

⁵ Zone 1- East of Sutton Courtenay

Zone 2- North East Marcham, North of East Hanney, North East of East Hanney

⁶ For windfall development the Zone 3: Rest of District rate has been used to calculate income. This is because whilst sites may come forward in the higher charge area of Zone 1: Eastern Parishes or lower charge area of Zone 2: Wantage, Grove and Faringdon, it is reasonable to use the Zone 3 charge which is between these higher and lower charges to estimate CIL income.

⁷ Available from

https://data.whitehorsedc.gov.uk/java/support/dynamic_serve.jsp?ID=1019020334&CODE=635CCD4D8303E9C03462B36F79B38758

- 3.13 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	£1,323,911,504
Other sources	£1,039,271,977
Aggregate funding gap	£284,639,527
CIL collected to date	£2,201,703
Estimated total CIL income	£30,903,664
Residual funding gap (Aggregate funding gap – CIL income)	£251,534,160

- 3.14 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 Vale of White Horse 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.

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on 01235 422600

