



**Vale
of White Horse**
District Council



Help us Shape the Future

Updated Infrastructure and Funding Report

Your Vale - Your Future

December 2016

CIL Infrastructure and Funding Report

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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 proposes 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, a Charging Authority 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 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 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. Documents supporting the plan identify the quantum and type of infrastructure required to realise the local development growth needs. The 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. The LPP1 has now been found sound by the

Examiner, subject to a number of modifications, with the plan being considered for adoption by full Council on 14th December.

Infrastructure Delivery Plan

- 2.2 The Council has produced an Infrastructure Delivery Plan (IDP) to support the Local Plan and the CIL Charging Schedule. The IDP identifies the future infrastructure and service needs 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. A partial update of the IDP in December 2016 forms the basis of the funding gap identified here.

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 up to 2031.

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	435	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 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 enterprise and technology area of international significance. The Science Vale area spans from Didcot in the east to Wantage and Grove in the west and includes the Science Centre at Culham within the South Oxfordshire District Council boundary.
- 2.5 The Vale is committed to the future growth and development of the Science Vale 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 latest IDP there is clear justification for charging the levy. The estimated figures from the IDP have been used to undertake a viability update for each of the strategic sites.
- 3.2 Government guidance states that the Council should focus on providing evidence of an aggregate funding gap that demonstrates the need to levy CIL.
- 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 developer 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 costs, with the sole purpose being 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 sources	Estimated funding gap
£463,260,016	£306, 248, 122	£157,011,894

- 3.5 The assessed infrastructure which makes up the funding gap includes significant infrastructure items including those in the Science Vale Transport Package. 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 funding sources, such as national grants, Enterprise Zone Business Rate or Local Enterprise Partnership funding
- 3.7 The total cost of infrastructure equates to circa £463million. When other sources of funding are discounted an aggregate funding gap of circa £157million remains. As stated, to justify the introduction of a CIL, it is necessary for the charging authority to demonstrate a funding gap, this funding gap clearly demonstrates a need for CIL.
- 3.8 The Infrastructure Funding Gap is not a prioritised list of infrastructure 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 £60million 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
1	£120	£56,647,000
2	£85	£3,667,500
Total		£60,314,580

- 3.11 As CIL only becomes payable when development is commenced, and it is likely that options for payment by instalments will be offered, CIL 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	£463,260,016
Other sources	£306, 248, 122
Funding gap	£157,011,894
Total CIL Income	£60,314,580
CIL income as a proportion of total assessed infrastructure	13%
Residual funding gap (funding gap – CIL income)	£96,697,314

3.12 The residual funding gap demonstrates that the proposed CIL charge makes a modest contribution to the aggregate funding gap.

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 provide for infrastructure related to some of the large strategic sites, on site mitigation and affordable housing. There are mechanisms in place to avoid developers being ‘double charged’ for provision of specific infrastructure items.
- 4.3 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’). A new Regulation 123 List is being published in December 2016
- 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 infrastructure projects eligible to receive CIL monies.
- 4.5 The Council is committed to work with infrastructure providers, the development industry and the local community to establish procedures for prioritising infrastructure projects for receipt of CIL monies.

- 4.6 Amendments to the CIL Regulations (2013) require 15 per cent of Community Infrastructure Levy revenue received (capped £100 per existing dwelling) by the Charging Authority to be passed directly to those town and parish councils, in who's administrative area development takes place or 25% of the levy revenue if there is a Neighbourhood Plan in place.
- 4.7 The Vale of White Horse District Council will encourage town and parish councils to spend their neighbourhood funding element prioritising infrastructure to support the new development.

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

Council	Years					
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
VoWH	£350,000	£92,943	£1,128,253	£4,139,991	£2,508,801	£15,245,727
OCC	£126,710	£579,369	£4,137,281	£14,752,840	£11,789,403	£16,79,291
Totals	£476,710	£672,312	£5,265,534	£18,892,831	£14,298,204	£32,037,018

6. Conclusion

- 6.1 CIL will play an important role in the delivery of infrastructure within Vale and will account for approximately 13% of the total essential infrastructure to deliver the Local Plan Part 1. With anticipated CIL revenue of approximately £60.3million (over the period of the Local Plan), there will remain a shortfall in funding (c.£96.7m) 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.

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