



CHILTERN
District Council



SOUTH BUCKS
District Council

Stronger in partnership



Community Infrastructure Levy (CIL)

Chiltern and South Bucks District Councils

Funding Gap Analysis

Consultation document

Preliminary Draft Charging Schedule

November 2018

Introduction – Funding Gap Analysis

1. This paper has been produced to support the introduction of the Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule for developments within the Chiltern and South Bucks Districts. These documents can be found here:

www.chiltern.gov.uk/planning/cil and www.southbucks.gov.uk/7089/Community-Infrastructure-Levy-CIL-.

2. Chiltern and South Bucks Councils are currently producing a joint Local Plan to cover the period 2016-2036. Local Plans set out the social, physical and environmental changes that need to be implemented or safeguarded to secure sustainable development. Achieving sustainable development requires growth to create new or revitalised employment, living and recreation spaces.

3. Focussing on financial resources, the Councils have methods to collect capital and revenue from developers, government and agency funding streams and their own savings and borrowing capacities to pay for development mitigation. Until 2010, the income achievable from developers was mainly restricted to addressing the specific on-site impacts of the development and exceptional costs beyond the site but specifically mitigating the approved development. This funding was and still is typically collected by councils through mechanisms called Section 106 and Section 278 planning obligations. Since 2010, a further option for the collection of income has been available to councils, which is the Community Infrastructure Levy (CIL). The emphasis of CIL is that it has a wider community focus, in both being collectable from the majority of new development and having the ability to address not just the impacts of the development within its vicinity, but over a wider geography and can also be spent on projects not directly related to the specific contributing development

4. CIL can therefore be a tool to deliver the infrastructure goals the communities of the districts wish the Councils to pursue. It is likely that, if adopted, a CIL charging schedule would, as legally appropriate, be used alongside the traditional Section 106, Section 278 and other funding mechanisms. The flexibility of the CIL is an attractive option to help the emerging Local Plan's vision to deliver sustainable development. It can also assist the districts' parishes with their infrastructure needs because 15% of the levy collected is passed on to the town and parish councils where the development is taking place. Where town and parish councils have a neighbourhood development plan in place, this rises to 25% of levy receipts.

5. Local plans need to ensure that growth is deliverable. Aspects of deliverability include land availability, the viability of development options and an assessment of infrastructure and environmental impacts and potential for mitigation. To aid this, local plans need to be developed alongside an Infrastructure Delivery Plan (IDP). IDPs take account of the physical, geographic and financial resources required to create sustainable development deriving from the land use allocations. The preparation of the joint Local Plan's draft IDP has been

used to prepare the infrastructure funding gap analysis. This gap analysis has helped to establish a balance between the desirability of funding infrastructure from the CIL and the potential impact upon the economic viability of development across the districts. Appendix 1 of this document contains the infrastructure funding gap analysis and should be referred to in responding to the Preliminary Draft Charging Schedule Consultation. These documents can be found here: www.chiltern.gov.uk/planning/cil and www.southbucks.gov.uk/7089/Community-Infrastructure-Levy-CIL-.

Establishing the Community Infrastructure Levy

6. In order to be able to establish a CIL, the Councils need to demonstrate that a funding gap exists between the total cost of infrastructure necessary to support growth over the plan period, the amount of funding that could be secured from CIL during the plan period and the impact on development viability of such a charge.

7. This document provides data, based on the current information available, that the requirements set out in the CIL regulations can be met. This evidence underpins Chiltern and South Bucks District Councils' decision to proceed with the first stage of public consultation to establish CIL. This first stage is called the 'Preliminary Draft Charging Schedule' and residents, businesses and other organisations are invited to comment on the approach the Councils are proposing to take. The consultation will run from midday on 2 November 2018 to midnight on 14 December 2018. For details of how to comment please here: www.chiltern.gov.uk/planning/cil and www.southbucks.gov.uk/7089/Community-Infrastructure-Levy-CIL-.

Evidence to establish the Community Infrastructure Levy

8. To establish the estimated cost of infrastructure, an indicative list of infrastructure projects to support the delivery of the emerging joint Local Plan has been tabulated in Appendix 1. These infrastructure requirements are drawn from the draft Chiltern and South Bucks Councils' Infrastructure Delivery Plan 2017 (IDP) and have been supplemented by additional information reflecting the results of on-going stakeholder involvement and the wider scope of the Local Plan to facilitate sustainable development.

9. The IDP includes information on the phasing of schemes where known and has a detailed focus on projects which aid the deliverability of the emerging Local Plan. The IDP provides a 'snap shot' of infrastructure requirements, reflecting development proposals at that time and is based on assumptions about funding and costs. It relates to evidence and transport modelling of requirements within the Local Plan evidence base. As such it should be read alongside the more detailed studies commissioned and to be commissioned for the emerging Local Plans evidence base.

10. The IDP draws evidence from a range of sources, including utility and other infrastructure providers, external local authorities and government bodies' evidence, and Local Plan requirements for new jobs, transport mitigations and new homes.

11. The specific infrastructure items, for the purposes of calculating the infrastructure funding gap for CIL, are listed in Appendix 1. The following tables 1-4, are a summary of costs to deliver infrastructure projects within the districts to support the delivery of the emerging joint Local Plan. It should be noted that there are many projects which do not yet have indicative costs. Therefore, the information set out below for the infrastructure requirements is indicative.

The following tables derive from the IDP and the infrastructure list set out in Appendix 1.

Table 1 – Health and Well Being Infrastructure

Costs:	£74.3 – £96.7m
Known Funding:	£31.7m
Aggregate Funding Gap:	£42.6 - £65m

Table 2 – Community Cohesion and Education Infrastructure

Costs:	£39-£56m
Known Funding:	Not known
Aggregate Funding Gap:	£39 - £56m

Table 3 – Town Centres and Economic Development Infrastructure

Costs:	Not known at this point - TBC
Known Funding:	TBC
Aggregate Funding Gap:	TBC

Table 4 – Movement and Access Infrastructure

Costs:	£63.7 – £69.3m
Known Funding:	£24m
Aggregate Funding Gap:	£39.6 - £45.2m

Table 5 – Totalled Infrastructure

Costs:	£177m- £222m
Known Funding:	£55.8m
Aggregate Funding Gap:	£121.2- £166.2m

Planned Growth

12. The most up to date Housing and Employment Land Availability Assessment (HELAA) provides background evidence on the potential availability of land in the districts for housing and economic uses and the choices available for delivering sites.

13. The published HELAA (May 2017) identifies that there is potential capacity in the districts to accommodate around 5,222 additional homes.

This is comprised from:

- 426 homes on sites identified as suitable in the HELAA but without planning permission (years 0-10);
- 2,137 homes from large sites that are under construction / unimplemented (years 0-5);
- 559 homes from small site commitments that are under construction / unimplemented (years 0-5);
- 31 homes on sites with unimplemented planning permissions (years 6 to 10);
- 350 homes on sites allocated in local plans (years 6 to 10);
- 784 homes on HELAA sites expected from years 11+;
- 935 homes on windfall sites (2014 to 2036).

14. The HELAA also identifies capacity for additional economic uses for approximately 17,726 sqm. of B1 (offices) and around 24,303 sqm of B2/B8 (industrial) uses.

Projected CIL Income

15. CIL is charged on a 'pounds per square metre' basis and therefore by estimating the anticipated new floorspace arising from new developments over the plan period, it is possible to project the income that could be generated through CIL. However, the forecast for CIL income can only ever be an estimate, based on the most up to date data available and using the knowledge available to the Councils on likely development sites.

16. Such an estimate has been used to determine the potential infrastructure funding gap presented in this paper. This has been based on a number of assumptions which reflect information available to the Councils at this time, but which may be subject to change as work on the Local Plan continues and new evidence studies are produced. These assumptions are set out below.

17. Anticipated CIL revenues have been calculated using the number of new dwellings identified in the HELAA¹, (updated by recent monitoring information) and those that could arise through strategic Green Belt releases, making adjustments to exclude developments

¹ [http://www.chiltern.gov.uk/media/9629/Draft-Housing-and-Economic-Land-Availability-Assessment-HELAA-May-2017-/pdf/CDC_and_SBDC_HELAA_Update_\(May_2017\).pdf?m=636319102893600000](http://www.chiltern.gov.uk/media/9629/Draft-Housing-and-Economic-Land-Availability-Assessment-HELAA-May-2017-/pdf/CDC_and_SBDC_HELAA_Update_(May_2017).pdf?m=636319102893600000)

that are likely to come forward prior to CIL being implemented. Housing numbers have been estimated using an approach consistent with that taken to identify the infrastructure necessary to support development locally, as listed in the draft IDP and as used in studies such as the Local Transport Modelling. This includes using the upper range of net dwellings provided in the HELAA. In addition, a 'windfall' allowance has also been included, again based on information contained in the HELAA.

18. It is important to note that this estimate is a 'best-case' scenario as not all sites identified in the HELAA will come forward for development or for the scale and type of development estimated. Whether sites come forward for development will depend on a number of factors including whether the proposal is acceptable in planning terms, the willingness of the landowner/developer to promote their site, the economy and availability of funding. In addition, there are also a number of exemptions within the Regulations available to landowners or developers holding CIL liability which are difficult to factor into the estimated CIL income. Some of these do not emerge until applications are submitted, up to commencement of development. Current exceptions currently include self- build homes, charitable relief and certain extensions.

19. As CIL is not payable on affordable housing, the calculation of anticipated CIL revenues has assumed that all major sites (those of 10 dwellings or more), and sites within the AONB that provide five dwellings or more, would provide 40% affordable housing which would exempt from CIL.

20. An indicative development mix was determined using information provided in the Buckinghamshire Housing and Economic Development Needs Assessment (HEDNA) Addendum Report (September 2017)². The requirements identified therein have been combined to provide an indicative dwelling mix across both districts. However, it is important to note that this does not factor in the effects of downsizing and that work on the Local Plan evidence base is still ongoing with further studies being prepared in this respect. This may result in different requirements being identified for Chiltern and South Bucks Districts to those that have been used as the indicative dwelling mix here.

21. As CIL is charged on a 'pounds per square metre' basis, assumptions have also been made regarding the potential floorspace resulting from different types of dwellings (e.g. 1 bed flat, 2 bed house etc.), determined by taking an average of the floorspaces presented in the Nationally Described Space Standards³. The Nationally Described Space Standard sets out a minimum space requirement that could be adopted by the Councils, however

² [http://www.chiltern.gov.uk/media/11403/Housing-and-Economic-Development-Needs-Assessment-HEDNA-Update-2016-Addendum-Report-ORS-Atkins-September-2017-/pdf/Bucks HEDNA UPDATE Addendum Report - ORS \(September 2017\).PDF?m=636637058683370000](http://www.chiltern.gov.uk/media/11403/Housing-and-Economic-Development-Needs-Assessment-HEDNA-Update-2016-Addendum-Report-ORS-Atkins-September-2017-/pdf/Bucks%20HEDNA%20UPDATE%20Addendum%20Report%20-%20ORS%20(September%202017).PDF?m=636637058683370000)

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/524531/160519_Nationally_Described_Space_Standard_Final_Web_version.pdf

developers could provide larger dwellings than these and therefore this is likely to be a conservative estimate.

22. For employment, additional floorspace has been estimated using information contained in the HELAA, updated based on recent monitoring work, and also that identified through the potential release of strategic Green Belt options.

23. Calculations have been undertaken based on the proposed levy of £150 per m² for housing and £35 per m² for employment uses as set out in the Preliminary Draft Charging Schedule.

24. This level has been tested in the Viability Assessment and is a critical piece of evidence to assist in determining the most appropriate level for the CIL tariff. It considers burdens placed upon new development through the Local Plan 2036, such as affordable housing requirements. The assessment will be published alongside the Preliminary Draft Charging Schedule consultation

25. On the basis of the assumptions made, it is estimated that CIL will deliver approximately £72.4million over the plan period.

Infrastructure Funding Gap

26 As previously highlighted, charging authorities must demonstrate a funding gap between infrastructure requirements and available funding in order to provide evidence for the need to charge CIL.

27. Table 5 sets out the difference between the total estimated cost of infrastructure to support growth over the plan period (the aggregate funding gaps from Table 4) and the amount of likely CIL income from anticipated new developments as set out in the section above.

Table 5 – Residual Funding Gap

Aggregate funding gap of infrastructure	£121.2 - £166.2m	A
Projected CIL income	£72.4m	B
Residual Funding Gap	48.8 – 93.8m	A-B

28. Table 5 identifies the existence of a funding gap and confirms that CIL funding alone will not generate sufficient funds to pay for all of the major infrastructure needs identified in the IDP. It would however make an important contribution towards such infrastructure.

Other Funding Sources

27. Clearly other sources of funding will be required in order to progress infrastructure projects identified to support growth set out in the emerging Local Plan. Some of the higher-level costs will need to be supported through government funding bids. Other more localised costs will need to be funded by service or utility providers.

Projected S.106 Income

28. As previously mentioned, a potential source of income is developer contributions secured via S106/S278 obligations for infrastructure related to mitigation. Planning obligations assist in mitigating the impact of unacceptable development to make it acceptable in planning terms. Planning obligations may only constitute a reason for granting planning permission if they meet the tests set out in Regulation 122 of the CIL Regulations in that they are necessary to make the development acceptable in planning terms, directly related to the development, and fairly and reasonably related in scale and kind.

29. Some strategic sites might be exempted from CIL where significant infrastructure is required on / or directly related to the site to achieve sustainable development. It is anticipated that a threshold will be used to determine which of the strategic sites in the emerging joint Local Plan would fall outside the CIL regime and whose infrastructure would be entirely funded through planning obligations.

Housing Growth Deal and the Industrial Strategy

30 The Government has mechanisms to support locally led housing and economic growth. These alter in budget cycles and currently include funding to support its agencies, Homes England and the Local Enterprise Partnerships.

Conclusion

31. This report establishes that a funding gap exists between the total estimated cost of infrastructure necessary to support growth over the plan period and the estimate of funding available (Table 5). It also estimates the contribution that CIL income can make to narrow that funding gap.

32. CIL funding is not expected to be able to fund all infrastructure projects, as some requirements are placed on utility providers and national government departments and their agencies. However, the flexibility of CIL to provide for a range of projects, some of which are not necessarily directly related to specific developments, plus the ability to pool / match funds, make it a useful tool to achieve sustainable development.