



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

Draft Charging Schedule

June 2019

Introduction – Funding Gap Analysis

1. This paper has been produced to support the introduction of the Community Infrastructure Levy (CIL) Draft Charging Schedule for developments within Chiltern and South Bucks Districts. It forms an update of the funding gap information provided to accompany the Preliminary Draft Charging Schedule consultation for CIL in December 2018. Information for both Districts is provided separately within this paper as there will be separate CIL charging schedules for each authority.

Local Plan progress and evidence links to 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 that the communities of the districts wish the Councils to pursue. It is likely that, if adopted, a CIL charging schedule would be used alongside the traditional Section 106, Section 278 and other funding mechanisms, as legally appropriate. 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 the 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 IDP¹ has been used to prepare this 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 Draft Charging Schedule Consultation.

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 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 consultation on the '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 7 June 2019 to midnight on 19 July 2019.**

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 of the Councils' IDP². Specific requirements stemming from the site allocations for new housing and employment in the Local Plan are set out in Appendix 2 of the IDP³ for ease of reference.

¹ https://www.chiltern.gov.uk/media/13268/Draft-Infrastructure-Delivery-Plan-June-2019/pdf/IDP_Main_Report_HH_04062019_PDF.pdf?m=636952487102000000

² https://www.chiltern.gov.uk/media/13264/IDP-Appendix-1/pdf/IDP_Appendix_1.pdf?m=636952444147970000

³ https://www.chiltern.gov.uk/media/13265/IDP-Appendix-2/pdf/Appendix_2_for_IDP_29_5_2019.pdf?m=636952444595870000

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 for the emerging Local Plan evidence base.

10. The IDP draws on 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 mitigation and new homes.

11. The costs of specific infrastructure items in Appendix 1 of the IDP have been summarised in Appendix 3⁴ of the IDP together with known funding levels. Information from this Appendix is also set out below, for the purposes of calculating the infrastructure funding gap for CIL. It should be noted that some of the projects are accompanied by indicative costs.

Table 1: All Infrastructure – Whole Plan area

Costs:	£267.48m - £321.02m
Known Funding:	£90m
Aggregate Funding Gap:	£179.38m - £231.02m

Table 2: All Infrastructure – Chiltern District

Costs:	£133.15m - £170.50m
Known Funding:	£34.90m
Aggregate Funding Gap:	£98.25m - £135.60m

Table 3: All Infrastructure – South Bucks District

Costs:	£134.33m-£150.51m
Known Funding:	£55.10m
Aggregate Funding Gap:	£81.13 - £95.41m

⁴ https://www.chiltern.gov.uk/media/13263/Draft-IDP-Appendix-3/pdf/APPENDIX_3_for_IDP_funding_gap_PDF.pdf?m=636951749630730000

Projected CIL Income

12. Appendix 1 of this paper shows the Housing Trajectory for the two districts. CIL is charged on a 'pounds per square metre' basis and therefore by considering planned growth and 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.
13. Such an estimate has been used to determine the potential infrastructure funding gap presented in this paper. The estimated potential CIL income has been based on a number of assumptions which reflect information available to the Councils at this time. These assumptions are set out below.
14. Anticipated CIL revenues have been calculated using the number of new dwellings and economic floorspace identified in the HELAA for each district, and new dwellings, economic floorspace and retail floorspace that would arise through Local Plan site allocations as set out in the pre-submission consultation version of the Local Plan. In addition, a 'windfall' allowance has been included for the first five years of the plan period, again based on information contained in the HELAA.
15. It is important to note that not all sites identified in the HELAA will necessarily come forward for development of the scale or type estimated in the HELAA so the calculation presented here is an estimate of potential CIL income. There are also a number of exemptions within the Regulations available to landowners or developers, 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.
16. As CIL is not payable on affordable housing, the calculation of anticipated CIL revenues has included an adjustment to allow for the provision of 40% affordable (and therefore CIL exempt) homes on major sites (those of 10 dwellings or more), and sites within the AONB that provide five dwellings or more.. A blanket 40% reduction has also been applied to the CIL revenues estimated from windfalls.
17. The development mix identified in Living Places Appendix 1 of the Local Plan pre-submission version has been used to provide an indication of the likely sizes of development that may come forward over the local plan period. However, it is important

to note that this does not factor in the effects of downsizing which could result in some differences in mix at the local level.

18. 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 Standards⁵. The Nationally Described Space Standard sets out a minimum space requirement that could be adopted by the Councils, however developers could provide larger dwellings than these and therefore this is likely to be a conservative estimate. The pre – submission version of the Local Plan includes Policy DM DP 7 on minimum internal space standards which is consistent with those referred to above.
19. For employment, additional floorspace has been estimated using information contained in the HELAA and also the Local Plan site allocations as set out in the enterprising places chapter of the pre-submission version of the Local Plan. Additionally retail site allocations as identified in policy SP EP3 of the pre-submission Local Plan have also been included.
20. Adjustments have then been made for sites that would be exempt from CIL due to their size based on the thresholds identified in the Draft Charging Schedule (see table 7).
21. Once all adjustments had been made, calculations have been undertaken based on the resulting additional floorpace and the proposed levy rates as set out in the Draft Charging Schedule. These remain at £150 per square metre for residential and retail developments; other commercial and business developments at £35 per square metre and public service and community facilities at £35 per square metre.
22. These charging levels have been tested in the Viability Assessment, which has formed part of the evidence used to determine 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 Draft Charging Schedule consultation.
23. On the basis of the assumptions outlined above, it is estimated that CIL will deliver approximately £21.02 million over the plan period in total for the whole Local Plan area. For Chiltern District it is estimated that CIL will deliver approximately £14.07 million over the plan period. For South Bucks it is estimated that CIL will deliver approximately £6.95million over the plan period.

⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/524531/160519_Nationally_Described_Space_Standard_Final_Web_version.pdf

Infrastructure Funding Gap

24. 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. Tables 4 - 6 below set out the differences between the total estimated cost of infrastructure to support growth over the plan period, and the amount of likely CIL income from anticipated new developments as set out in the section above.

Table 4 – Residual Funding Gap – entire Local Plan area

Aggregate funding gap of infrastructure	£179.38 - £231.02m	A
Projected CIL income	£21.02m	B
Residual Funding Gap	£158.36 – £210m	A-B

Table 5 – Residual Funding Gap – Chiltern District

Aggregate funding gap of infrastructure	£98.25 - £135.60m	A
Projected CIL income	£14.07m	B
Residual Funding Gap	£84.18 - £121.53m	A-B

Table 6 – Residual Funding Gap – South Bucks District

Aggregate funding gap of infrastructure	£81.13 - £95.41m	A
Projected CIL income	£6.95m	B
Residual Funding Gap	£74.18 –£88.46m	A-B

25. These tables identify the existence of a funding gap for Chiltern District and for South Bucks District and confirm that CIL funding alone will not generate sufficient funds to pay for all of the infrastructure needs identified in the IDP. It would however make an important contribution towards such infrastructure.

Other Funding Sources

26. 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

27. 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.
28. Some allocations might be exempted from CIL where significant infrastructure is required on / or directly related to the site to achieve sustainable development, as this would be secured through the use of planning obligations. Thresholds have been used to identify which of the allocated sites in the emerging joint Local Plan would fall within the CIL regime. The thresholds for developments to be excluded from CIL are set out in the Draft Charging Schedule:
- Sites of 10 hectares and greater; or
 - Developments of 400 homes and greater; or
 - Development of 40,000 square metres and greater

The way the thresholds would relate to the Local Plan housing and employment site allocations is summarised in table 7 below.

Table 7: CIL Thresholds in relation to Local Plan Site Allocations

Site	Homes	Employment	Site allocation gross area (Ha)	CIL to apply if: less than 400 homes or less than 10 ha or less than 40,000 sq m floorspace
SP BP 2 Chesham	500	n/a	20.3	No
SP BP 3 Holmer Green	300	n/a	17	No
SP BP 4 Area south of London Road Amersham	40	n/a	2.1	YES
SP BP 5 Area SE of Whielden St Amersham	50	n/a	5	YES
SP BP 6 Little Chalfont	700	Existing employment on site	45.8	No
SP BP 7 North East Chalfont St Peter	360	n/a	16.4	No
SP BP 8 South East Chalfont St Peter	200	n/a	11.5	No
SP BP 9 Beaconsfield	1600	20,000 sqm	111.9	No
SP BP 10 West of Iver Heath	360	n/a	30.3	No
SP BP 11 North of Iver Station	1000	12,000sqm	45.2	No
SP BP 12 Area east of Ridgeway	90	4,000 sqm	4.8 ha	YES
SP BP 13 Land north of Denham Roundabout	None	16,000 sqm	4.6 ha	YES
SP BP 14 Land adj to Taplow station	None	4,000 sqm	3.8 ha	YES

Housing Growth Deal and the Industrial Strategy

29. 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

30. This report establishes that for both Chiltern District and South Bucks District Local Authority areas 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 (Tables 4-6). It also estimates the contribution that CIL income can make to narrow that funding gap.
31. 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. Other projects which are required as direct mitigation for a particular development site are likely to be funded through planning obligations. 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 in the Local Plan area and within each District.

Appendix 1

Chiltern and South Bucks Housing Trajectory for 2016-2033 - for Chiltern and South Bucks Joint Local Plan - Position April 2019

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	TOTAL Homes
REQUIREMENT																					
Local Housing Need 20-year requirement (Homes) 2016-2036 based on the Standard Method Calculation.	763	763	763	763	763	763	763	763	763	763	763	763	763	763	763	763	763	763	763	763	15,260
COMPLETIONS AND REMAINING REQUIREMENTS FROM AYLESBURY LOCAL PLAN (VALP) AND CHILTERN AND SOUTH BUCKS LOCAL PLAN (CSB)																					
Indicative Vale of Aylesbury Local Plan Supply for Chiltern and South Bucks (CSB) Local Plan 2036. (VALP in addition to these homes provides a 10% buffer of 1,526 homes.)					320	320	320	320	320	320	320	320	320	320	320	320	321	n/a	n/a	n/a	4,161
Completions - Year 2019/20 is a median estimate of previous completions in the Plan period.	632	585	597	605																	2,419
Chiltern and South Bucks Local Plan 2020/21 - 2033/36.					492	492	492	492	492	492	492	492	491	491	491	491	491	763	763	763	8,680
SUPPLY CSB ONLY																					
SP2: Chesham					0	0	0	40	40	50	50	50	50	50	50	50	50	20	0	0	500
SP3: Holmer Green					0	0	0	30	40	50	50	50	50	30	0	0	0	0	0	0	300
SP4: London Road West, Amersham Old Town					0	0	0	0	0	0	20	20	0	0	0	0	0	0	0	0	40
SP5: South East of Whielden Street, Amersham Old Town					0	0	0	0	0	0	20	30	0	0	0	0	0	0	0	0	50
SP6: Little Chalfont					0	0	0	40	50	60	70	70	70	70	70	70	70	60	0	0	700
SP7: Chalfont St Peter - North East					0	0	0	30	40	50	50	50	50	50	40	0	0	0	0	0	360
SP8: Chalfont St Peter					0	0	0	30	30	40	40	40	20	0	0	0	0	0	0	0	200
SP9: Beaconsfield					0	0	0	50	60	60	90	90	100	110	120	140	180	200	200	200	1,600
SP10: Iver Heath					0	0	0	0	30	30	40	40	40	50	50	50	30	0	0	0	360
SP11: North of Iver Station					0	0	0	40	40	60	80	90	90	100	100	100	100	100	100	0	1,000
SP12: East of Ridgeway Business Park, Iver					0	0	0	0	20	30	40	0	0	0	0	0	0	0	0	0	90
Local Plan Allocations					0	0	0	260	350	430	550	530	470	460	430	410	430	380	300	200	5,200
Hard commitments - Sites with full planning permission/reserved (5 or more dwellings)					305	298	242	85	0	0	0	0	0	0	0	0	0	0	0	0	930
Soft commitments - Sites with only outline planning permission (5 or more dwellings)					0	0	55	9	7	0	0	0	0	0	0	0	0	0	0	0	71
Windfall					0	0	90	90	90	90	90	0	0	0	0	0	0	0	0	0	450
HELAA					191	196	120	91	88	117	138	145	160	155	142	138	108	117	63	60	2,029
Total					496	494	507	535	535	637	778	675	630	615	572	548	538	497	363	260	8,680