

Community Infrastructure Levy (CIL) Infrastructure Funding Gap Assessment

December 2022

Contents

1. Introduction
2. Planning context
3. Infrastructure funding gap
4. Projected CIL income
5. Residual funding gap
6. Conclusion

1. Introduction

This report has been produced to support the introduction of a Community Infrastructure Levy (CIL) by City of York Council. It brings together the existing infrastructure evidence base produced for the Local Plan Examination and additional work undertaken for this exercise to set out the Council's approach to infrastructure planning in accordance with the CIL Regulations 2010 (as amended).

The starting point for preparing a CIL Charging Schedule is for local authorities to demonstrate that there is a funding gap in the provision of infrastructure required to support new development. The National Planning Practice Guidance (NPPG) recognises that there will be uncertainty in pinpointing other infrastructure 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 CIL.

The NPPG states (Paragraph 017): *Information on the charging authority area's infrastructure needs should be drawn from the infrastructure assessment that was undertaken when preparing the relevant plan (the Local Plan and the London Plan in London) and their CIL charging schedules. This is because the plan identifies the scale and type of infrastructure needed to deliver the area's local development and growth needs (see paragraph 34 of the National Planning Policy Framework).*

This document provides the required evidence of an infrastructure funding gap drawing on existing infrastructure planning evidence and referencing those documents, rather than replicating them.

2. Planning context

2.1 National Policy and Guidance

Paragraph 20 of the National Planning Policy Framework (2021) states:

Strategic policies should set out an overall strategy for the pattern, scale and design quality of places, and make sufficient provision for:

(a) housing (including affordable housing), employment, retail, leisure and other commercial development;

(b) infrastructure for transport, telecommunications, security, waste management, water supply, wastewater, flood risk and coastal change management, and the provision of minerals and energy (including heat);

(c) community facilities (such as health, education and cultural infrastructure); and

(d) conservation and enhancement of the natural, built and historic environment, including landscapes and green infrastructure, and planning measures to address climate change mitigation and adaptation.

This requirement to make sufficient provision for infrastructure to support growth in the authority is clarified by further guidance contained within the NPPG in relation to CIL. This notes that charging authorities must identify the total cost of infrastructure they wish to fund through the levy to support development. An Infrastructure Funding Statement (IFS) should be prepared annually indicating infrastructure needs, costs and anticipated funding. This information helps the charging authority to identify the infrastructure funding gap and hence the levy funding target.

The NPPG is very clear that the CIL examination should not reopen infrastructure planning issues that have been considered in putting in place a sound Plan.

2.2 City of York Local Plan

The City of York Local Plan is, at the time of writing, at an advanced stage of preparation and it is anticipated that it will be formally adopted by the Council in 2023. The following documents, submitted during the Local Plan Examination, are considered relevant evidence to support the introduction of a CIL:

Document Link (and Local Plan Examination Reference)	Title of Document	Publication Date
CD018	City of York Local Plan Viability Assessment Update Study (April 2018)	18 May 2018
HS/P2/M6/IR/1b(i)	Technical Note: City of York Viability Plan Update Addendum, May 2022	4 May 2022
EX/CYC/99a	Viability Assessment of ST7 - July 2022	21 July 2022
EX/CYC/99b	Viability Assessment of ST14 - July 2022	21 July 2022
EX/CYC/99c	Viability Assessment of ST15 - July 2022	21 July 2022
EX/CYC/107/3	Student Housing Policy H7 Note August 2022 (the technical note appended deals with the viability implications of this policy)	24 August 2022
EX/CYC/79	Phase 2 Infrastructure Note May 2022	18 May 2022
EX/CYC/107/8	Infrastructure Gantt Chart May 2022 Revised August 2022 (latest figures, reflected Note in May 2022)	24 August 2022

Additional relevant information can be found within the City of York IFS here:

<https://www.york.gov.uk/planning-building/annual-infrastructure-funding-statement/1>

And within the latest Housing Trajectory, submitted during the Local Plan hearings:

<https://www.york.gov.uk/downloads/file/8415/ex-cyc-107-1-housing-trajectory-note-august-2022>

The following report has been commissioned in support of the introduction of a CIL:

City of York Viability Study Report – December 2022 by Porter Planning Economics

3. Infrastructure funding requirements

In order to introduce the CIL, City of York Council, as the charging authority, must demonstrate that there is a shortfall in funding between the expected total cost of infrastructure needed to support development in the authority over the plan period and the level of funding likely to be forthcoming from other sources of funding for infrastructure. This will identify a CIL infrastructure funding target.

Information on the charging authority area's infrastructure needs should be drawn from the infrastructure assessment that was undertaken as part of preparing the Local Plan. This is because the plan identifies the scale and type of infrastructure needed to deliver the area's local development and growth needs. In determining the size of its infrastructure funding gap, the charging authority should consider known and expected infrastructure costs and the other possible sources of funding to meet those costs. This process will help the charging authority to identify a levy funding target. The government recognises that there will be uncertainty in pinpointing other infrastructure funding sources, particularly beyond the short-term. Charging authorities should focus on providing evidence of an aggregate funding gap that demonstrates the need to put in place the levy.

An Infrastructure Delivery Plan was submitted as part of the evidence base to the Publication Draft Local Plan in 2018. This was updated by the Phase 2 Infrastructure Note in May 2022 (EX/CYC/79) which was submitted during the Local Plan examination. It is intended that this note is developed into an updated Infrastructure Delivery Plan before the CIL examination and to keep this strategy up to date for use in supporting the delivery of the Local Plan. The IDP, and subsequent supporting documents, identify the key infrastructure requirements needed to support the level of planned growth in the authority.

Table 1 below summarises the main infrastructure items needed to support growth, based on the most up to date information available within the Phase 2 Infrastructure Note May 2022. The table does not include any infrastructure projects which would not be eligible for CIL funding or already have sufficient funding identified.

The need for the infrastructure contained within the list has been demonstrated through the examination of the Local Plan. In some instances, the costings have been revised to take into account latest information on the schemes.

Table 1: Infrastructure costs by type

Infrastructure type	Total cost (£million)	Confirmed funding (£million)	Funding Gap (£million)
Education	47.3	0.0	47.3
*Highways improvements	87.0	0.0	87.0
Parking/ demand management	31.0	3.0	28.0
Public transport	41.5	6.7	34.8
Walking and cycling	6.0	0.0	6.0
Sport and leisure	23.3	0.0	23.3
Green infrastructure – including play space, open space, and public realm	45.5	12.0	33.5
Healthcare	5.6	0.0	5.6
Totals	270.7	21.7	249.0

*Highways improvements includes CYC identified projects for the delivery of the plan

While Table 1 indicates the full level of funding required for infrastructure within the authority, other funding streams may also contribute. The table simply shows items to which CIL could contribute and where there is as yet no other confirmed funding to fully cover their costs.

4. Projected CIL income

To justify charging CIL, it should be demonstrated that the projected income over the Plan period to 2038 would not exceed the aggregate funding gap (covered in Section 3 above). Table 2 below projects the anticipated CIL income over the plan period based on the draft Charging Schedule.

From the rates in the draft Charging Schedule and using housing trajectory figures from EX/CYC/107/1, it is possible to estimate the revenue anticipated from CIL. The sum generated is expected to be in the region of £73million over the Plan period.

Table 2

	No. of units (dwellings)	Average unit size (sqm)	CIL rate psm	Total CIL	AH rate	Other reliefs	Total CIL after CIL reliefs
Strategic sites	1,155	91.8	£100	£10,598,561	28.2%	5.0%	£7,227,466
Housing allocation sites with 15 or more dwellings	1,601	88.4	£200	£28,311,600	25.0%	5.0%	£20,172,015
Windfall sites	2,591	88.4	£200	£45,818,461	0.0%	0.0%	£45,818,461
Total		5,347		£84,728,623			£73,217,942

5. Infrastructure funding gap

The infrastructure funding gap is calculated by subtracting the projected CIL income (shown above in Table 2) from the total funding gap (shown in Table 1) and is required for a charging authority to be able to charge CIL.

The evidence in the tables above shows that the infrastructure funding gap is:

£249million (total funding gap) - £73million (projected CIL receipts) = £176million (infrastructure funding gap)

The infrastructure funding gap of over £176million demonstrates that there is a sufficient funding shortfall that must be filled in order to deliver the necessary infrastructure to support growth in the City. This more than justifies the CIL levels proposed in the Draft Charging Schedule.

6. Conclusion

The infrastructure funding requirement of approximately £249m is considered significant enough to justify charging CIL on development within the City of York Council area. With anticipated CIL revenue of approximately £73m, there will remain a significant shortfall in funding (c.£176m) 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.

There are still some unknowns in relation to costings for the identified infrastructure projects and the Council will continue to work with stakeholders to clarify these as far as possible to produce an updated Infrastructure Delivery Plan prior to the CIL examination. Despite this, the infrastructure funding gap identified above sufficiently demonstrates the need for CIL to be introduced in the City of York authority area.