

Infrastructure Funding Gap Statement

Community Infrastructure Levy (CIL) Partial Review

1. Introduction

1.1 This statement provides an estimate of the infrastructure funding gap to support the review of CIL charges for Oxford City Council. It shows that a substantial funding gap remains, justifying the continued implementation of CIL and supporting an increase of CIL rates to help to fund the infrastructure needs of the city.

2. Aggregate Funding Gap

2.1 An initial aggregate funding gap can be estimated from the Infrastructure Delivery Plan (IDP), taking into consideration the gap between identified infrastructure costs and known funding for these items of infrastructure. The IDP has been updated in October 2023 to identify the infrastructure needs and costs to support development in the Local Plan 2040. It should be noted that not all costs for infrastructure have been fully identified in the IDP and many costs are estimated.

Table 1: Aggregate funding gap (Infrastructure Delivery Plan)

Estimated Costs (IDP)	£1,427,973,064
Confirmed Funding (other sources, IDP)	£470,085,000
Aggregate Funding Gap (IDP)	£957,888,064

3. Residual Funding Gap

3.1 The residual funding gap represents the remaining funding gap after taking into consideration the additional potential contributions that CIL funding could make over the plan period.

3.2 To work out the residual funding gap, an estimate of the amount of CIL likely to be generated from development proposed in the Oxford Local Plan 2040 is required. Estimates for likely employment floorspace and housing to come forward in the plan period have been used to calculate the CIL amounts.

3.3 Consideration also needs to be given to the current amounts of CIL (End of year 22-23) which have been collected but have not yet been spent. Unspent CIL (as of the end of the 2022-23 financial year) is: **£13,830,286.00**

Likely Employment Floorspace that could be delivered within the plan period

3.4 The 2023 Employment Land Needs Assessment Update Report (produced by Lichfields) confirms the city's employment need to 2040. For an estimate of the potential employment floorspace that could come forward in the plan period, using employment need provides a robust and justifiable position, especially as Oxford has the potential to meet its employment land needs within the city's boundary during the plan period.

3.5 As such, using the city's identified employment need for provides a pragmatic basis to establishing a defensible approach for estimating the potential CIL income derived from employment land in the city.

3.6 The potential CIL that could be generated by meeting the plan's identified employment need was calculated by taking a mid-point between the high and low employment scenarios and then multiplying the estimated floorspace by the proposed CIL rates of £168.74/m². Table 2 provides the CIL projected for an estimated level of employment floorspace that could potentially come forward to 2040.

Table 2: Estimated CIL projection (Employment Needs Floorspace)

Scenario	E(g) - Offices	E(g) - R&D	B2 - Industry	B8 - Warehousing	Total
Oxford – Low	68,690 m ²	106,110 m ²	39,950 m ²	54,450 m ²	269,200 m ²
Oxford – High	82,810 m ²	166,230 m ²	39,950 m ²	59,880 m ²	348,870 m ²
Oxford - Midpoint	75,750 m ²	136,170 m ²	39,950 m ²	57,165 m ²	309,035 m ²
Old CIL rate at £33.74/m ²	£2,555,805.00	£4,594,375.80	£1,347,913.00	£1,928,747.10	£10,426,840.90
Proposed CIL rate at £168.74/m ²	£12,782,055.00	£22,977,325.80	£6,741,163.00	£9,646,022.10	£52,146,565.90
				Difference	£41,719,725.00

3.7 This shows that increasing the rates as proposed in the partial review consultation for E(g) Business and B2/B8 Industrial use classes would generate an additional **£41,719,725.00** towards infrastructure over the proposed plan period if employment needs are met to the midpoint level.

Likely Housing delivery that could take place within the Plan period to 2040

3.8 The Plan's housing requirement (9,612 dwellings) was used to estimate the potential CIL income that could come from residential development during the plan period. The housing requirement was chosen as it represents a clear and transparent indication of potential housing that has a realistic possibility of being delivered in the plan period.

3.9 The starting point for estimating the potential CIL to be generated within the plan period was the housing capacity as set out in Policy H1 as 9,612 dwellings. It was important to work out how many dwellings could be charged CIL as the CIL legislation exempts certain types of dwellings from paying CIL. Examples of exemptions are for landowners with a charitable status (such as the Universities when delivering student accommodation), and the affordable housing element of schemes are also exempt from paying CIL.

3.10 Therefore, site allocations where there was a potential to bring forward student accommodation were subtracted from the total housing capacity figure. For the purposes of these CIL estimates, it has been assumed that all of the sites where student accommodation is mentioned in the plan are delivered for student accommodation in their entirety.

3.11 The next step was to subtract any other CIL-exempt properties. The affordable housing policy (Policy H2) requires qualifying developments to deliver 40% of any housing delivered as affordable housing. Therefore, it can be assumed that 40% of the remainder of the dwellings are exempt from CIL. Table 3 shows an estimate of the number of properties that are potentially CIL liable.

Table 3: Number of dwellings that have the potential to be CIL liable

Housing Capacity LP2024 (dwellings)	9,612
Minus Potential Student Site Allocations dwelling equivalent (1,496 exempt)	8,116
40% of remaining dwellings (affordable housing exemptions)	3,246
Potential CIL Liable Dwellings	4,869

3.12 To calculate the CIL that can be generated by the CIL liable dwellings, an estimate of the likely floorspace that these new homes would deliver was undertaken in line with the proposed policies in the plan. Space standards used in the Local Plan in policy HD12 Internal Space Standards for Residential Development were used. For the purposes of the residential CIL estimation, it has been assumed that there is an equal representation of dwelling sizes between 1 to 4 beds, representing the typical sizes of dwellings that come forth in Oxford. (i.e., 25% 1-bed, 25% 2-bed, 25% 3-bed and 25% 4-bed).

3.13 As the space standards provide a range of potential sizes for 1-bed to 4-bed properties, a midpoint of the space standards for each size dwelling was used to estimate the likely amount of residential floorspace that could come forward. Table 4 shows the space standards for each dwelling type (1-bed to 4-bed) and their mid-points.

Table 4: Space standards floorspace for 1-4 bed dwellings

	Low	High	Midpoint
1-bed	40 m ²	59.5 m ²	49.75 m ²
2-bed	63 m ²	81 m ²	72 m ²
3-bed	76.5 m ²	110.5 m ²	93.5 m ²
4-bed	93 m ²	133 m ²	113 m ²

3.14 Each floorspace midpoint was then multiplied by a quarter of all CIL liable residential dwellings (1,217) to represent each dwelling size equally and then multiplied by the proposed residential CIL rate of £168.74/m² to give an estimate of the total CIL to be generated.

Table 5: Estimated CIL projection (Housing Floorspace)

	Floorspace midpoint	Total housing floorspace (midpoint multiplied by quarter of CIL liable dwellings 1,217)	Multiplied by CIL rate at £168.74/m ²
1-bed	49.75 m ²	60,565.65 m ²	£ 10,219,847.78
2-bed	72 m ²	87,652.8 m ²	£ 14,790,533.47
3-bed	93.5 m ²	113,826.9 m ²	£ 19,207,151.11
4-bed	113 m ²	137,566.2 m ²	£ 23,212,920.59
			£ 67,430,452.95

3.15 This leaves an estimated residual funding gap of **£824m** (likely higher due to additional unidentified infrastructure costs in the IDP). A summary of the infrastructure funding gap is shown in Table 6 and Figure 1 below. The residual funding gap demonstrates that the continued implementation of CIL is still desirable to help fund infrastructure within Oxford City. Although CIL would be able to make a reasonable contribution towards meeting cumulative infrastructure needs from development, additional funding from other sources (e.g. government grant funding) is required to address the full infrastructure gap.

Table 6: Total Residual funding gap:

Estimated Costs (IDP)	£1,427,973,064
Confirmed Funding from Other Sources (IDP)	£470,085,000
Aggregate Funding Gap (IDP)	£957,888,064
CIL Funding (Gathered and Unspent 22-23)	£13,830,286
Estimated CIL Funding (Employment)	£52,146,566
Estimated CIL Funding (Housing)	£67,430,453
Residual Funding Gap	£824,480,759

Figure 1: Infrastructure Funding Gap (Aggregate and Residual)

