



**NORTH DORSET
DISTRICT COUNCIL
COMMUNITY
INFRASTRUCTURE LEVY**



**INFRASTRUCTURE
FUNDING GAP**



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June 2016

1. Introduction

1.1 This paper sets out the justification for progressing with the development of a Community Infrastructure Levy (CIL) in North Dorset and forms part of the evidence base for the North Dorset CIL Draft Charging Schedule (DCS). It establishes the basis for the CIL in the context of the statutory guidance, the details of which are summarised below.

1.2 The Planning Act 2008 (as amended), the Localism Act 2011, and the Community Infrastructure Levy Regulations 2010 (as amended) set out the provisions which enable a charging authority to collect a CIL in its area. In particular, the CIL Regulations 2010 state at Regulation 14 that:

'authorities must strike an appropriate balance' between 'the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.'

1.3 The viability of introducing a CIL in North Dorset has been studied in detail and reported to the Council¹.

1.4 The Regulations further state that:

'information on the charging authority area's infrastructure needs should be drawn from the infrastructure assessment that was undertaken as part of preparing the relevant Plan'.

1.5 The relevant plan in this case is the North Dorset Local Plan Part 1, which was adopted by the Council on 15 January 2016.

1.6 Government planning guidance on the CIL² sets out that:

'Charging authorities must identify the total cost of infrastructure they wish to fund wholly or partly through the levy. In doing so, they must consider what additional infrastructure is needed in their area to support development, and what other funding sources are available, based on appropriate available evidence.'

and also outlines that:

'In determining the size of its infrastructure funding gap, the charging authority

¹ North Dorset Whole Plan Viability and CIL Study - Final Report, Peter Brett Associates, February 2015; North Dorset District Council Whole Plan Viability and CIL Study - Updated Viability Report, Peter Brett Associates, February 2016.

² Planning Practice Guidance (February 2014, DCLG) Reference ID: 25-016-20140612.

should consider known and expected infrastructure costs and the other sources of possible funding available 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.'

- 1.7 The District Council prepared an Infrastructure Delivery Plan (IDP)³ to support delivery of the Local Plan's vision. The IDP was discussed at the Examination of the Local Plan and is one of the documents supporting this consultation.

³ The Infrastructure Delivery Plan can be found at [North Dorset Infrastructure Delivery Plan](#)

2. The Funding Gap

- 2.1 To support its development of a Community Infrastructure Levy (CIL) to underpin infrastructure delivery, a Charging Authority is required to demonstrate that there is a shortfall between the known or expected costs of infrastructure to support development in its area and the possible funding available to meet those costs. This is called the 'funding gap'. The CIL is not intended to replace mainstream funding for services. It is intended to reduce the gap between the cost of providing, operating and maintaining the infrastructure needed to support planned development and the amount of money available from other sources.
- 2.2 The IDP which sits alongside the Local Plan sets out various types of infrastructure required to support development. Wherever possible, it includes the associated costs. Whilst the list of infrastructure types is extensive, it is not exhaustive. However, the focus of identifying the funding gap is on the key infrastructure elements required to deliver the spatial vision and meet the demands of a growing population. The IDP identifies the most notable of these, including transportation, waste, drainage, education, sport and recreation, amenity and environment.
- 2.3 The IDP will be updated periodically when new information is made available. The Council's officers will also continue to have informal discussions with infrastructure providers. Uncertainty in public sector finances continues to impact on funding streams and investment plans in the sector and it is very likely that the identified funding gap will not reduce over time.
- 2.4 Table 1 below summarises the funding needs of the key infrastructure categories and the anticipated availability of funding to meet those needs. It can be seen that the estimated overall funding gap significantly exceeds £90m, which CIL contributions will go some way towards meeting.

Table 1: Key Infrastructure Costs and Funding Gap

<i>Infrastructure category</i>	<i>Estimated cost</i>	<i>Funding secured</i>	<i>Gap</i>	<i>Summary</i>	
				<i>Gap</i>	<i>Infrastructure group</i>
Transportation	£17,509,350	£1,906,729	£15,602,621	£15,602,621	Transportation
Utilities	£741,966	£741,966	£0	£11,100,000	Utilities and Emergency Services
Waste	£11,000,000	£0	£11,000,000		
Drainage	£0	£0	£0		
Emergency services	£100,000	£0	£100,000		
Public realm	£302,000	£117,505	£184,495	£184,495	Public Realm
Education	£59,365,000	£10,030,000	£49,335,000	£49,335,000	Education
Health	£1,110,000	£1,100,000	£0	£0	Health
Community	£12,797,000	£1,401,926	£11,421,562	£18,189,648	Recreation, amenity and leisure
Culture	£6,090,300	£0	£6,090,300		
Sport and recreation	£650,000	£82,835	£567,165		
Leisure	£252,000	£113,691	£138,309		
Amenity	£0	£1,200	(-£1,200)		
Environment	£110,000	£6,872	£103,128	£103,128	Environment
TOTALS	£110,017,616.	£15,502,724	£94,514,892	£94,514,892	TOTAL

- 2.5 Even if only the critical⁴ elements of infrastructure identified in the IDP are included then there is still a significant funding gap, as Table 2 below shows:

Table 2: Critical Infrastructure Funding Gap

Infrastructure category	Estimated cost	Funding secured	Gap
Highways and Transportation	£7,300,000	£325,758	£6,974,242
Utilities	£741,966	£741,966	£0
Waste	£10,000,000	£0	£10,000,000
Drainage		£0	£0
Education	£59,365,000	£10,030,000	£49,335,000
Recreation and Leisure	£650,000	£21,000	£629,000
Environment		£6,872	-£6,872
TOTALS	£78,056,966	£11,125,596	£66,931,370

Section 106 and Section 278 payments

- 2.6 Section 106 obligations might still be required, however, on a case-by-case basis (for example, relating to site specific infrastructure necessary for planning permission to be granted) and contributions towards site-related highways works may still be required under Section 278 of the Highways Act 1980, irrespective of CIL provisions. The relationship between Section 106 and 278 obligations and the CIL are referenced in more detail in the accompanying CIL document *Section 106, CIL and Affordable Housing*.

⁴ 'Critical infrastructure' is defined in the Infrastructure Delivery Plan as that which is required to deliver the development without adverse impact.