

# **A Community Infrastructure Levy For Swindon**

## **Swindon Infrastructure Funding Gap Analysis**

**Informed by**

**Swindon Borough Local Plan 2026  
Pre-Submission Document  
(December 2012)**

**And**

**Swindon Borough Infrastructure Delivery Plan  
(December 2012)**

**By**

**Swindon Borough Council**

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## **1. Purpose**

- 1.1. The purpose of this document is to demonstrate that a funding gap exists in Swindon, between the cost of the infrastructure that is likely to be required to support the development coming forward under the Local Plan, and the anticipated funding sources available to deliver it.

## **2. Background**

- 2.1. To be able to adopt a Community Infrastructure Levy (CIL) as a funding stream to support infrastructure delivery, a Charging Authority is required to demonstrate that a funding shortfall exists between the known and expected costs of infrastructure, to support development in its area, having taken into consideration other sources of possible funding available to meet those costs.
- 2.2. This analysis is informed by the content of the Swindon Infrastructure Delivery Plan (IDP), which contains information on the types and costs of infrastructure needed, expected timeframe for delivery and current known funding sources.

## **3. Approach**

- 3.1. The funding gap analysis is informed by a selection of infrastructure projects extracted from the IDP and informed by the Local Transport Plan (LTP) that are considered to be CIL chargeable items. These have been grouped under the following types:
  - Education
  - Transport
  - Public realm improvements
  - Wiltshire Fire and Rescue Service
- 3.2. In demonstrating the funding gap, the cumulative cost of those projects in each infrastructure area has been calculated and the cumulative sum of existing and anticipated funding streams subtracted to determine the funding shortfall. A review of the potential funding sources available is considered under each specific infrastructure type.
- 3.3. Where anticipated funding sources are identified the value of these has been extrapolated from the value received over the period specified.
- 3.4. Consideration has been given to the impact of available CIL receipts taking into consideration the removal of a percentage of receipts to be passed to local councils (Parish Councils in England) or secured for local investment, as proposed under Draft 2013 Regulations published in February 2013.

## 4. Funding Gap Analysis

### Education

- 4.1. The IDP identifies a requirement for a minimum of 5 new forms of primary entry, 16 new forms of secondary entry, expansion of early years provision to meet the needs of growth within Swindon's existing communities within the short-medium term up to 2017/18. These new places will be secured through the construction of new schools and the expansion of existing schools. In addition, provision is required to meet the demand from Special Educational Needs and post-16 participation in learning. The total estimated capital cost for delivering these requirements is **£108,320,000**.
- 4.2. The funding for education comes predominantly from Section 106 receipts. In addition to this, the Council also receives capital funding via the Department for Education Basic Needs Funding Allocation. Funding around this source is difficult to forward project as the approach to calculation has recently been subject to change.
- 4.3. To establish the level of funding shortfall the Council has taken into consideration a combination of known sources of funding along with anticipated secured Section 106 funding linked to existing signed planning legal agreements, and forward projected anticipated Basic Needs Funding using an average of £3,825,077<sup>1</sup>.
- 4.4. Table 1 demonstrates the funding shortfall that exists to deliver these Education projects.

	Amount (£)
<b>Known funding sources</b>	
Section 106 funding	616,000
Other funding sources	12,762,589
DfE Basic Needs Funding 2012-13 and 2013-14	7,802,617
<b>Anticipated funding sources</b>	
Outstanding Section 106 funding (Est.)	2,725,352
DfE Basic Needs Funding 2014-15 to 2017-18 (Est.)	15,300,307
<b>Total estimated capital cost</b>	<b>108,320,000</b>
Total known and anticipated funding	39,206,865
<b>Estimated funding shortfall</b>	<b>69,113,135</b>

**Table 1: Education Funding and Shortfall**

<sup>1</sup> The average of £3,825,077 has been calculated by dividing the total known Basic Needs Funding receipts for the financial years 2011/12-2013/14 £11,475,230 by 3.

## Transport

- 4.5. The IDP contains multiple transport projects that are eligible to be funded by CIL. Seven of these with a total estimated capital cost of **£53,332,000**, that it is anticipated that they will be required by 2019/20, have been extracted to demonstrate that a funding shortfall exists. These projects reflect a mix of pedestrian, public transport and highways improvements that will facilitate movement throughout the transport network and support sustainable transport initiatives.
- 4.6. The Council currently receives grant funding in the form of the Department for Transport 'DfT' Integrated Transport Block Capital Grant to aid the delivery of transport projects within the Borough.
- 4.7. The Council also recognises that other funding streams may exist such as the DfT Devolved Major Transport Scheme funding for the Swindon and Wiltshire Local Enterprise Partnership (LEP) area is an allocation in the region of £17,000,000 over a four year period. No certainty exists with respect to allocation of this funding as this is the responsibility of the yet to be appointed Local Transport Board. Furthermore, other potential funding sources are allocated by means of a bidding process and therefore offer no guaranteed funding stream. In addition, other funding streams could include the Local Pinch Point Funding Programme, the Highways Agency Pinch Point Programme, and the Revolving Infrastructure Fund.
- 4.8. The Local Transport Integrated Capital Block Funding for Swindon for the period 2011/12 to 2014/15 is £6,086,000. In recognition of the fact that the early receipts may already have been spent, the available funds are in the region of £4,772,000 to be paid over the period 2012/13 to 2014/15. The forward projected anticipated receipt is £6,362,667<sup>2</sup>.
- 4.9. Table 2 below demonstrates the funding shortfall that exists to deliver these seven transport projects.

	Amount (£)
<b><i>Known funding sources</i></b>	
Section 106 funding	12,991
DfT Integrated Transport Block 2012/13 to 2014/15	4,772,000
<b><i>Anticipated funding sources</i></b>	
Outstanding Section 106 funding	(Est) 4,937,988
DfT Integrated Transport Block 2015/16 to 2019/20	(Est) 6,362,667
<b>Total estimated capital cost</b>	<b>53,332,000</b>
Total known and anticipated funding	16,085,646
<b>Estimated funding shortfall</b>	<b>37,246,354</b>

**Table 2: Transport Funding and Shortfall**

<sup>2</sup> This has been calculated as an average receipt of £1,590,667 per annum from the total allocation for the years 2012/13 to 2014/15 4,772,000 divided by 3.

## Wiltshire Fire and Rescue Service

- 4.10. Swindon Borough Council recognises the need for investment in new and existing fire stations to ensure the necessary provision of fire services in Swindon. The IDP has identified two projects that will deliver this and which are eligible to be funded by CIL receipts at a combined project cost of **£3,500,000**.
- 4.11. Wiltshire Fire and Rescue Service do not have an identified funding source to deliver these projects and currently rely solely on Section 106 receipts for delivery.
- 4.12. Table 3 demonstrates the funding shortfall that exists to deliver these Wiltshire Fire and Rescue Service projects.

	Amount (£)
<b>Known funding sources</b>	
Section 106 funding	30,162
<b>Anticipated funding sources</b>	
Outstanding Section 106 funding <sup>3</sup>	360,406
<b>Total estimated capital cost</b>	<b>3,500,000</b>
Total known and anticipated funding	390,568
<b>Estimated funding shortfall</b>	<b>3,109,432</b>

**Table 3:** Wiltshire Fire and Rescue Service Funding and Shortfall

<sup>3</sup> This includes anticipated S106 income from planning obligations within the administrative area of Wiltshire Council



## Public Realm Improvements

- 4.13. The IDP has identified five public realm projects which are all eligible to receive CIL funding, the total cost of which is **£12,350,000**.
- 4.14. To date, the public realm improvements delivered within Swindon's Town Centre have been funded by external grants allocated under Growth Point Funding. Future public realm improvements have no guaranteed external funding stream and thus will rely on existing Section 106 receipts for delivery.
- 4.15. Table 4 demonstrates the funding shortfall that exists to deliver these public realm projects.

	Amount (£)
<b>Known funding sources</b>	
Section 106 funding	864,367
<b>Anticipated funding sources</b>	
Outstanding Section 106 funding	1,609,857
<b>Total estimated capital cost</b>	<b>12,350,000</b>
Total known and anticipated funding	2,474,224
<b>Estimated funding shortfall</b>	<b>9,875,776</b>

**Table 4: Public Realm Funding and Shortfall**

## 5. The Funding Shortfall

### Background

- 5.1. The projects contained within the IDP that have been used to demonstrate a funding shortfall are anticipated to be required in the short to medium term up to and including the financial year 2017/18.
- 5.2. To inform the assessment of the funding shortfall it is necessary to understand the anticipated value of the CIL receipts within the Local Plan period, subsequent to the adoption and implementation of a CIL for Swindon. Table 5 contains the projection of CIL income from 2014 through to 2026, informed by information on anticipated housing numbers extracted from the Council's most up to date Housing Trajectory. More importantly it only contains housing numbers within the Charging Zone that would be CIL chargeable.
- 5.3. It is important to forward project CIL receipts only against the anticipated types of development that are likely to be CIL liable. CIL receipts from retail development within the Charging Authority's area are more difficult to predict, therefore a decision was made to base the projection solely on those receipts generated from residential development in this instance. This evidence concludes that the total anticipated CIL receipts the Charging Authority may expect to receive is **£11,297,132**, reducing to **£9,602,562** taking into account the local proportion as explained below.

### The local proportion of CIL Receipts

- 5.4. In mid February 2013 Government laid before the House of Commons Draft 2013 CIL Regulations. These draft Regulations contain proposed amendments to the CIL Regulations 2010 (as amended) that once enacted will provide clarity in respect of the requirement for Charging Authorities to pass a percentage of the CIL receipts to local councils for investment by them (Parish Councils in England). The Charging Authority itself will be required to follow a similar process on behalf of the local community, where the development liable to pay CIL is not in an area of a local council.
- 5.5. This local proportion of CIL Receipts, 'neighbourhood proportion' or 'meaningful proportion' as it has commonly become known will be considered annually with the draft Regulations proposing transfer to local councils twice yearly at a specified time. This local proportion will ultimately result in a reduction in the funds available centrally for allocation to projects or items of infrastructure that the Charging Authority has identified on its published CIL Regulation 123 list of possible projects or items of infrastructure to which CIL receipts could be allocated. The local community however, could make a decision to invest their local proportion back into projects that appear on the Regulation 123 list.
- 5.6. The draft Regulations propose that a local council can use the CIL receipts passed to it to support the development of the local council's areas, or any part of that area by funding;

- a) The provisions, improvement, replacement, operation or maintenance of infrastructure; or
- b) Anything else that is concerned with addressing the demands that development places upon it.

5.7. The draft Regulations make provision for either 15% (or a maximum cap of £100 per dwelling in the area in each financial year [subject to indexation]) or under certain circumstances 25% of certain CIL receipts to be passed to local councils, or to be invested locally by the Charging Authority outside of local council areas. It is important to take this emerging requirement into consideration when demonstrating the funding gap. The proportion of 15% of CIL receipts has been used to inform this funding gap analysis on the basis that the Borough currently has no Neighbourhood Plans adopted in its area, and it would be difficult to predict what development may come forward within such future boundaries if adopted. Neither can the scale of development that may be permitted by Neighbourhood Development Orders in the future be predicted. It is these circumstances, subject to specific parameters, that the draft Regulations indicate would result in an increase of 15% to 25%.

#### The Funding Shortfall

5.8. Table 5 demonstrates that CIL has the potential to reduce the funding shortfall by approximately 8%. This percentage has the potential to increase or decrease subject to the overall level of affordable housing provided on developments contained within existing communities in Swindon and/or that generated through retail development that is CIL liable under the Charging Schedule.

<b>Estimated Funding Shortfall</b>	<b>Amount (£)</b>
Education	69,113,135
Wiltshire Fire and Rescue Service	3,109,432
Transport	37,246,354
Public Realm Improvements	9,875,776
<b>Aggregate funding gap</b>	<b>119,344,697</b>
<b><i>Projected available CIL receipts</i></b>	<b>9,602,562</b>
<b>Residual funding gap</b>	<b>109,742,135</b>

**Table 5 – Total and Residual Funding Shortfall**

5.9. Table 5 demonstrates that the aggregate funding gap is significantly larger than anticipated CIL receipts over the plan period up to 2026, thus providing clear justification of the need to adopt a CIL for Swindon to assist in funding the infrastructure required to support the growth proposed within the emerging Swindon Borough Local Plan 2026.

## **6. Supporting the Development of the Area**

- 6.1 A key consideration in setting a Community Infrastructure Levy for Swindon is to demonstrate how CIL Receipts, through the levy rates set, will contribute towards the delivery of the Local Plan and support development in the Borough. At the same time, in rate setting a balance must be struck between the need to deliver infrastructure improvements, and the potential effect of the levy on the ability to bring forward development during the lifetime of the Charging Schedule. For this reason it is important to explain how future CIL receipts will contribute towards the development of its area, thus supporting the implementation of the Local Plan.
- 6.2 Swindon's New Communities of Wichelstowe, Commonhead, Tadpole Farm, Eastern Villages and Kingsdown are of a scale that they generate a demand for the provision of infrastructure on-site or in the immediate vicinity of the development e.g. open space, play provision, recreation facilities, allotments, early years and primary education, and specific transport network improvements. It is anticipated that these requirements can continue to be secured by means of planning obligation in accordance with the restrictions set out in the CIL Regulations 2010 (as amended). Thus the greatest proportion of their needs can be managed through this framework. It is needs such as resident's access to more strategic services like swimming pools, sports halls, waste recycling centres and the fire service that can no longer be managed by s106 planning obligation.
- 6.3 A £0 rate of CIL is proposed in the Draft Charging Schedule for residential development in these new communities. This £0 rate has been justified by evidence that underpins the DCS. This evidence concludes that residential development within the boundaries of the new communities is not capable of absorbing a CIL charge in addition to the anticipated value of the site specific S106 package, having taking into consideration all policy requirements.
- 6.4 Of the circa 22,000 residential units for the plan period 2011-2026, approximately 74% of these will come forward within the boundaries of Swindon's new communities. The remaining 26% of units (circa 5,700 units) will be developed on land outside the new communities on substantially smaller plots of land. In these areas, a critical mass of development cannot be achieved to deliver all the services and facilities that those future residents are likely to require access to on site. It is therefore important to ensure that provision is made to meet those needs elsewhere. Of the anticipated 5,700 units on sites within existing communities there is a need to take into account consented and completed development that predates the adoption of CIL. This is likely to leave only 3,412 as unconsented by the time CIL is adopted, further impacting on the scale of residential development that is likely to contribute funding towards infrastructure through the CIL mechanism.
- 6.5 CIL receipts will support the implementation of the Plan's objectives in relation to the existing communities by providing income to help fund infrastructure projects that are specifically required as a result of the impact of multiple smaller scale developments taking place across the Borough. Thus, the CIL

will support broader growth, whilst at the same time benefitting the local community, by helping to fund, for example:

- Improvements at local schools;
- Improvements to the wider highway network to assist traffic flow;
- Improvements to the sustainable transport network for buses, cycling and walking;
- To add capacity to facilities in strategic parks used by residents from across the Borough to meet with increased demand
- To ensure that all residential and commercial property has adequate fire coverage.

6.6 In assisting to fund such infrastructure delivery the CIL Receipts could aid meeting the strategic objectives of the emerging Local Plan 2026 linked to Education, Community and Health, Transport, Culture & Leisure, and Green Infrastructure specifically. In addition this will align with meeting with the 6 themes of the vision of the Community Strategy<sup>4</sup> for Swindon to 2030, and the shorter-term priorities of the One Swindon Partnership<sup>5</sup>.

6.7 It is also important to recognise that the adoption of CIL will assist in providing an alternative funding stream to that under s106 pooled contributions that has been operating within the Borough via the adopted Developer Contributions Development Control Guidance Note (DCDCGN) since September 2006 to present. The purpose of this Guidance was to establish a standard charging framework to secure financial contributions from development to manage the cumulative impact of predominantly residential development (and in some instances, retail and employment development) on Swindon's services and facilities. The application of this Guidance has already been scaled back since the enactment of the CIL Regulations in April 2010. It will no longer be fit for purpose to operate alongside CIL. The DCDCGN will need to be replaced by Supplementary Planning Guidance the content of which focuses on site specific mitigation requirements. The Council is currently working on the drafting of a replacement SPD, independently of the CIL adoption process for adoption and publication alongside the adoption and implementation of CIL.

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<sup>4</sup> The Swindon Sustainable Community Strategy: A Shared Vision for Swindon 2008-2030 (<http://www.swindonsp.org.uk/ssp-communitystrategy.htm>)

<sup>5</sup> <http://www.oneswindon.org.uk/>

## APPENDIX 1

### Projected CIL Income from Open Market Housing Based on September 2012 Housing Trajectory

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total 2014-26
Swindon Urban (incl. pdl)	500	400	350	200	200	200	200	200	200	150	150	160	<b>2910</b>
Rural SBC	30	50	50	75	75	42	30	30	30	30	30	30	<b>502</b>
<b>Total Completions Swindon Borough</b>	<b>530</b>	<b>450</b>	<b>400</b>	<b>275</b>	<b>275</b>	<b>242</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>180</b>	<b>180</b>	<b>190</b>	<b>3412</b>
Affordable Housing Unit Numbers @ (30%)	159	135	120	82.5	82.5	72.6	69	69	69	54	54	57	1023.6
Open Market Unit Numbers	371	315	280	192.5	192.5	169.4	161	161	161	126	126	133	2388.4
Average Dwelling Size (sq./m)	86	86	86	86	86	86	86	86	86	86	86	86	86
Projected CIL Rate (£)	55	55	55	55	55	55	55	55	55	55	55	55	55
<b>Anticipated Annual CIL Receipts (£)</b>	<b>1,754,830</b>	<b>1,489,950</b>	<b>1,324,400</b>	<b>910,525</b>	<b>910,525</b>	<b>801,262</b>	<b>761,530</b>	<b>761,530</b>	<b>761,530</b>	<b>595,980</b>	<b>595,980</b>	<b>629,090</b>	<b>11,297,132 (9,602,562)*</b>

#### NOTES:

1. Anticipated Annual CIL receipts calculated using the following: No. OM units x Average dwelling size x CIL Rate £ per sq. m
2. CIL receipts in the early charging years have the potential to be compromised by the delivery of housing numbers built out under permission granted prior to the adoption of CIL.
3. \*Estimated CIL retained after removal of the local proportion = **£9,602,562** (£11,297,132 - £1,694,570 [equal to a 15% reduction]). The % reduction could increase if Neighbourhood Plans are adopted or permission is granted by means of Neighbourhood Development Order in the area.