



## **GREATER CAMBRIDGE** SHARED PLANNING

Cambridge City Council and

South Cambridgeshire District Council

Community Infrastructure Levy

Supporting Statement

## 1. Background

Cambridge City Council adopted its Local Plan on 18 October 2018. South Cambridgeshire District Council adopted its Local Plan on 27 September 2018. The plans set out future land use and planning policies for the respective areas until 2031. The plans are intrinsically linked often relying on the same evidence including the infrastructure delivery study.

Both plans state that the provision of facilities and services will be secured via a planning obligation (S106 agreements) when mitigating a site-specific impact or more generally through a Community Infrastructure Levy contribution.

## 2. The Community Infrastructure Levy

The Community Infrastructure Levy ('CIL') is a charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area.

CIL only applies in areas where a local authority has consulted on, and approved, a charging schedule which sets out its levy rates and has published the schedule on its website. In summary, a charging schedule is prepared and adopted as follows:

1. the charging authority prepares its evidence base to inform its draft levy rates, and collaborates with neighbouring/overlapping authorities (and other stakeholders)
2. the charging authority prepares and publishes a draft charging schedule for consultation
3. representations are sought on the published draft
4. the charging authority must take into account any representations made to it before submitting a draft charging schedule for examination
5. an independent person (the "examiner") examines the charging schedule in public
6. the examiner's recommendations are published
7. the charging authority has regard to the examiner's recommendations and reasons for them
8. the charging authority approves the charging schedule.

The charging schedule specifies what types of development are liable for the levy and the relevant rates for these development types. CIL rates are expressed as pounds (£) per square metre.

In creating the charging schedule, the charging authority should have regard to the actual and expected cost of infrastructure, the viability of development, and other sources of funding.

When deciding the levy rates, an authority must strike an appropriate balance between:

- (a) additional investment to support development, and
- (b) the potential effect on the viability of developments

CIL has been adopted by more than half of all potential charging authorities. Locally CIL has been adopted by Huntingdonshire District Council, East Cambridgeshire District Council and Peterborough City Council. Uttlesford District Council intend adopting CIL and have consulted on a draft charging schedule.

### 3. Infrastructure investment

Information on the charging authority area's infrastructure needs should be drawn from the infrastructure assessment that was undertaken when preparing the relevant plan. This should be set out in an infrastructure funding statement which identifies the infrastructure needs, the total cost of this infrastructure, anticipated funding from developer contributions, and the choices the authority has made about how these contributions will be used.

When preparing infrastructure funding statements, authorities should consider known and expected infrastructure costs taking into account other possible sources of funding to meet those costs. This process helps the charging authority identify the infrastructure funding gap and a levy funding target. The CIL examination will not re-open infrastructure planning issues that have already been considered in putting in place a sound relevant plan. Planning guidance recognises that there will be uncertainty in pinpointing other infrastructure funding sources, particularly beyond the short-term. It says that any significant funding gap should be considered sufficient evidence of the desirability of CIL funding, where other funding sources are not confirmed.

The Infrastructure Statement produced by the Councils with input from Cambridgeshire County Council and the Greater Cambridge Partnership explains that CIL receipts would be used to help address the funding gap that exists in delivering strategic transport infrastructure.

The Cambridge and the South Cambridgeshire Local Plans relied on the Transport Strategy for Cambridge and South Cambridgeshire (TSCSC) adopted by Cambridgeshire County Council on 4 March 2014. Around the same time the TSCSC was adopted the Greater Cambridge City Deal was signed to support the delivery of this transport infrastructure through an innovative gain share mechanism.

The City Deal created a framework for the Government providing up to £500 million that will be invested in transport and housing in the Cambridge and South Cambridgeshire area. In signing the deal local partners committed to invest a further £500 million made up from multiple sources including Business Rates, New Homes Bonus, Section 106 planning obligations, and Community Infrastructure Levy receipts. Delivery of the City Deal would be the responsibility of the Greater Cambridge Partnership (GCP).

In 2023 the GCP recognised that, because of external factors including considerable high inflation within the construction industry, the identified gap between funding to expenditure had increased leading to the difficult decision to pause work on several projects.

Budgetary pressures remain and the local contribution has fallen short of the level that was intended being secured. Based on known costs and known income a gross funding gap of £272m can be demonstrated.

#### 4. Development viability

A charging authority should be able to explain how their proposed CIL rate(s) will contribute towards new infrastructure to support development across their area. Viability assessments should be proportionate, simple, transparent and publicly available and should be presented in a document that shows the potential effects of the proposed levy rate or rates on the viability of development across the authority's area.

Where the levy is introduced after a plan has been made, it may be appropriate for a local authority to supplement plan viability evidence with assessments of recent economic and development trends, and through working with developers, rather than by procuring new evidence.

A charging authority should draw on existing data wherever it is available. Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams locally held evidence.

In addition, a charging authority should directly sample an appropriate range of types of sites across its area, in line with planning practice guidance on viability with this sampling exercise providing a robust evidence base about the potential effects of the rates proposed, balanced against the need to avoid excessive detail. A charging authority's proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence.

The Councils have commissioned BNP Paribas Real Estate (BNPPRE), a market leader in CIL and Local Plan viability assessments.

#### 5. Section 106 Agreements

CIL is not intended to make individual planning applications acceptable in planning terms. There is still a legitimate role for development specific planning obligations, even where CIL is

charged, to enable a local planning authority to be confident that the specific consequences of a particular development can be mitigated.

The Councils consulted on a joint Planning Obligations Supplementary Planning Document in 2024 and 2025. This explains when contributions are required and how they are calculated. The SPD is proposed being adopted by the Councils in February and March 2026.

In summary a CIL will be used to fund strategic transport projects and Section 106 agreements will continue to be used to fund local infrastructure such as schools, libraries, doctor's surgeries, sports facilities, community centres, and green infrastructure.

Analysis of planning permissions issued since the start of 2022 shows that the value of section 106 agreements for smaller developments typically ranges between £8,000 and £12,000. Larger developments contribute more though this is often in the form of inkind infrastructure. A total contribution equivalent to around £12,000 to £15,000 per dwelling is a good indicator of section 106 agreements completed in Greater Cambridge over the last few years. Because section 106 agreements are used to mitigate the impact of a development the level and nature of contributions can vary across the Council areas. Contributions towards County Council infrastructure (education and transport) varies considerably. Whilst many contributions are not required to contribute anything, other developments have paid the equivalent of £10,000 per dwelling.

The Planning Obligations Supplementary Planning Document is expected to increase the level of contributions developers will pay to reflect the current cost of providing infrastructure. Whilst unlikely, a development could be expected to contribute up to £20,000 per dwelling where none of the local infrastructure (particularly schools) can cope with the additional demand generated by the development. The assessment carried out by BNP Paribas assumes a Section 106 contribution of £25,000 per dwelling thereby providing an additional buffer to any new national policies that may be introduced.

## 6. The Charging Schedule

The draft charging schedule is proposing the following:

- Industrial, buildings storage buildings, data centres will pay £35 per square metre
- Shops, restaurants, cafes, financial institutions, hotels will pay £50 per square metre
- Houses, retirement homes, student accommodation will pay £60 per square metre
- Offices and lab space will pay £175 per square metre

The regulations provide exemptions to certain types of development based on scale or use.

The following do not pay CIL:

- development of less than 100 square metres, unless this consists of one or more dwelling and does not meet the self-build criteria below
- buildings into which people do not normally go
- buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery
- structures which are not buildings, such as pylons and wind turbines

The following can be subject to an exemption or relief where the relevant criteria are met, and the correct process is followed:

- residential annexes and extensions where an exemption has been applied for and obtained prior to commencement of the development
- 'self-build' houses and flats, which are built by 'self-builders' where an exemption has been applied for and obtained prior to commencement of the development
- social housing that meets the relief criteria
- charitable development that meeting the relief criteria

BNPPRE conclude that the proposed CIL rates will have a relatively modest impact on residual land values in most cases. In exceptional cases where it is not possible to pass the cost of increased CIL rates back to the landowner through a reduction in land value, the increase will have a modest impact on affordable housing levels that can be delivered.

The Councils estimate that between £5m and £10m will be generated through CIL each year, equivalent to £25m to £50m over the plan period.

The Councils considered that they have struck an appropriate balance between achieving its aim of meeting needs for affordable housing with raising funds for infrastructure, and ensuring that developments generate acceptable returns to willing landowners and willing developers.