

To: Audit & Governance Committee
Date: 8th April 2024
Report of: Head of Planning and Regulatory Services, David Butler
Title of Report: Community Infrastructure Levy (CIL) and Section 106 financial contributions

Summary and recommendations	
Purpose of report:	To explain the CIL and Section106 agreement processes
Key decision:	No
Cabinet Member with responsibility:	Councillor Louise Upton - Cabinet Member for Planning and Healthier Communities
Corporate Priority:	Enable an inclusive economy Deliver more affordable housing Support thriving communities Pursue a zero carbon Oxford
Policy Framework:	None
Recommendation(s): That the Committee resolves to:	
1. Acknowledge and note the CIL and S106 processes	

Appendices	
Appendix 1	Infrastructure funding statement 2022-2023

Introduction and background

1. This paper summarises the processes for the Community Infrastructure Levy (CIL) and Section 106 (S106) agreements.

CIL

2. CIL is a planning charge on new development to help the funding of infrastructure across the city. Oxford City Council sets, collects the levy, and co-ordinates the spending of the funds and reports this to the community.
3. CIL applies on developments:
 - a. that create 100m² or more of new build floor space measured as Gross Internal Floor Area (GIA);
 - b. of less than 100m² new build GIA that results in the creation of one or more dwellings;
 - c. that are a conversion of a building that is no longer in a lawful use.
4. Payment of CIL is triggered by the commencement of development.
5. CIL funds that are received are allocated into three separate parts by the Council:
 - a. 70-80% is allocated to the Council's Strategic spending, working with external partners as required;
 - b. 25% is allocated where there is a Parish Council or Neighbourhood Forum with an adopted Neighbourhood Plan. If the site is not covered by a Neighbourhood Plan, 15% is allocated and is spent in two ways – the Council allocates £2,500 to Ward Members annually and the remaining monies are then made available for the Council to spend;
 - c. 5% is allocated to the Administration of CIL;
6. Receipts and payments are recorded, processed, and monitored by the CIL and Data Analysis Team.

Section 106

7. S106 legal agreements and unilateral undertakings are planning obligations that are entered into before planning permission is granted on certain planning applications in order to make the developments acceptable in planning terms. This can consist of requiring developers to pay contributions towards affordable housing or to provide this on site and/or to pay towards or provide other infrastructure which is directly related to the impact of the development.
8. Planning Obligations may only be entered into if they are
 - **necessary to** make a development acceptable in planning terms;
 - **directly related** to the development; and
 - **fairly and reasonably related in scale and kind** to a development.
9. These legal agreements set out trigger points for payment, such as upon commencement of construction or before the occupation of dwellings. S106 contributions are specified to be allocated for a specific use and are mainly prioritised in Oxford for affordable housing contributions, although some

contributions are sought for specific items of infrastructure, such as for the Cowley Branch Line.

10. As such, there is no S106 'pot' which accumulates as for CIL contributions; all allocations of S106 money are specified within the legal agreement. The one exception to this is Affordable Housing payments that cover the whole city, as it is not usually possible to identify future AH sites in advance.

The contributions are paid by developers when the trigger point conditions are met, with an index-linked interest applied if appropriate. The contribution is then held internally within the Council and relevant departments within the council are notified when the contribution has been collected.

11. All S106 legal agreements are monitored by the CIL and Data Analysis team to record when trigger points have been met and when payments have been received or transferred.
12. Once the project that the S106 money has been allocated to is ready, the money is internally transferred across to the relevant department for expenditure.

Infrastructure Funding Statement

13. Each year, all CIL and S106 income, expenditure and allocation is reported in the council's annual Infrastructure Funding Statement, the most recent is attached as Appendix 1.

Environmental and sustainability implications

- Developer contributions such as CIL and S106 are designed with sustainability in mind to offset the impact of development by taking contributions towards infrastructure and affordable housing. This includes green and blue infrastructure.

Financial implications

14. Income is generated from CIL and S106 contributions to pay for infrastructure and affordable housing.

Legal issues

15. CIL is administered according to the CIL regulations (as amended) and section 106 agreements are drawn up in accordance with the relevant legislation.

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Background Papers: None

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