AN EXAMINATION UNDER SECTION 212

OF THE PLANNING ACT 2008 (AS AMENDED)

REPORT ON THE DRAFT WEST OXFORDSHIRE DISTRICT COUNCIL COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE

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Charging Schedule Submitted for Examination: 4 March 2025

Date of Report: 18 July 2025

Main Findings - Executive Summary

In this report I have concluded that the draft West Oxfordshire District Council Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the area.

The Council has provided sufficient evidence that shows the proposed rates would not threaten delivery of the Local Plan.

One modification (**EM1**) is necessary to meet the drafting requirements. This can be summarised as follows:

Revise the Residential District-wide (Greenfield) category to include a rate for development for 250 or more units (excluding defined strategic sites) of £150 per square metre.

The specified modification recommended in this report does not alter the basis of the Council's overall approach or the appropriate balance achieved.

Whilst not necessary to meet the drafting requirements, a further modification (**EM2**) is recommended for completeness.

Introduction

1. I have been appointed by West Oxfordshire District Council, the charging authority, to examine the draft West Oxfordshire District Council Community Infrastructure Levy (CIL) Charging Schedule. I am a chartered town planner with more than 25 years' experience inspecting and examining Development Plans and CIL Charging Schedules as a Government Planning Inspector.

2. This report contains my assessment of the Charging Schedule in terms of compliance with the requirements in Part 11 of the Planning Act 2008 as amended ('the Act') and the Community Infrastructure Regulations 2010 as amended ('the Regulations')[1]. Section 212(4) of the Act terms these collectively as the "drafting requirements". I have also had regard to the National Planning Policy Framework (NPPF) and the CIL section of the Planning Practice Guidance (PPG)[2].

3. To comply with the relevant legislation, the submitted Charging Schedule must strike what appears to the charging authority to be an appropriate

[1] The Regulations have been updated through numerous statutory instruments since 2010, most notably through the Community Infrastructure Levy (Amendment) (England)(No. 2) Regulations 2019.
[2] The CIL section of the PPG was substantially updated on 1 September 2019, and most recently updated 26 April 2024. At the time of completion of the examination, no further updates have been made to the CIL section of the PPG following publication of the December 2024 NPPF. For example, in relation to Development contributions, the paragraph referenced in the current PPG as 34 is now paragraph **35** (albeit the text remains unchanged).

balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across the district.[3] The PPG states[4] that the examiner should establish that:

- the charging authority has complied with the legislative requirements set out in the Act and the Regulations;
- the draft charging schedule is supported by background documents containing appropriate available evidence;
- the charging authority has undertaken an appropriate level of consultation;
- the proposed rate or rates are informed by, and consistent with, the evidence on viability across the charging authority's area; and
- evidence has been provided that shows the proposed rate or rates would not undermine the deliverability of the plan (see NPPF paragraph 34[5]).

4. The basis for the examination, on which a hearing session was held 10 June 2025 is the submitted schedule of June 2024 which is effectively the same as the draft Schedule published for public consultation in August/September 2024.

5. In this report all references to the CIL rate are in £/sq.m. In summary, the Council propose a rate of £225 for residential development (excluding flatted development) on greenfield sites throughout the district. On previously developed land (PDL) throughout the district the rate would be £125. For flatted development throughout the district the rate proposed is £25. For identified strategic sites the intention is to apply a nil rate. For large format retail the proposal is for a rate of £125. All other non-residential development would have a nil rate.

Has the charging authority complied with the legislative requirements set out in the Act and the Regulations, including undertaking an appropriate level of consultation?

6. The draft Charging Schedule was formally published for consultation for an 8 week period between 2 August and 27 September 2024. Consultation documents were made available on the Council's website, at the Council's town centre shop and at local libraries. All parties held on the Council's planning policy database, as well as all those who had responded to previous CIL consultations, were notified in writing. 96 responses were received.

[3] Regulation 14.
[4] See PPG Reference ID: 25-040-20190901.
[5] Paragraph **35** of the current NPPF (December 2024).

7. The Charging Schedule complies with the Act and the Regulations, including in respect of the statutory processes and public consultation, consistency with the adopted Local Plan and the Infrastructure Delivery Plan, and is supported by an adequate financial appraisal. I also consider it compliant with the national policy and guidance contained in the NPPF and PPG respectively.

Is the draft charging schedule supported by background documents containing appropriate available evidence?

Infrastructure planning evidence

8. The Council produced a detailed Infrastructure Delivery Plan (IDP) in 2016. This IDP identified three broad categories of infrastructure – physical, social and green detailing the infrastructure need for the period 2011 – 2031. In 2020 an Infrastructure Funding Gap Analysis was produced showing an expected gap of a little under £200 million. The potential CIL revenue was estimated to be around £24.5 million. A new updated IDP is being prepared as part of the evidence base for the emerging Local Plan 2041. In November 2024, the Council produced an Infrastructure Funding Statement 2023/2024 that detailed funds that had been collected through s106 agreements in 2023/2024. The March 2025 Infrastructure Funding Gap Analysis Note acknowledges the central Government funding secured by the County Council for public transport improvements along the A40 corridor. The current funding gap is estimated by the Council to be at least £143.9 million, with estimated CIL revenue being £20.5 million. These figures justify the imposition of a CIL which would make a modest contribution to filling the infrastructure funding gap.

9. The adopted Local Plan runs to 2031. It provides for 13,200 homes for the district (2011 – 2031) and 2,750 homes to assist Oxford to meet its needs. Five strategic sites are identified - Salt Cross, West Eynsham, North Witney, East Witney and East Chipping Norton. The need for additional employment land is identified in several locations. The Council is progressing a revised Local Plan for the period to 2041 with an expectation that the housing need will be 14,480 new homes between 2025 and 2041. The housing policies in the adopted and emerging Local Plan are the most relevant for the purposes of this CIL examination.

Economic viability evidence

10. The Council commissioned the Dixon Searle Partnership (DSP) to undertake a CIL Viability Assessment (VA). The VA, dated May 2024, uses the residual valuation approach commonly used in CIL viability work. The assumptions used in the VA were discussed with stakeholders in the development industry, local agents and affordable housing providers.

11. The usual typology approach is used with testing taking place over a range of value levels established during the autumn and winter 2023/24. Sensitivity testing was also undertaken to assess the impact of changing market

conditions. For residential development 16 typologies were tested. These typologies included schemes varying in size from 1 dwelling to 250 dwellings in a variety of formats including standard housing, flatted schemes, mixed use schemes, sheltered housing flats and build-to-rent developments. The site types tested included greenfield land and PDL. Account is taken in the testing of the Council's current affordable housing policy and the assumptions made about dwelling sizes are provided. For flats, the additional cost of providing communal/shared space is taken into account.

12. Additional testing has been undertaken on the five strategic sites/allocations in the district. These sites are currently in agricultural use and the assessment is based on the estimated capacity of each site.

13. The commercial and non-residential typologies tested include large and small retail, offices in and out of town, research/development uses, small and large industrial/warehousing, a budget hotel and a nursing/care home.

14. Geographical variations in residential values are addressed by adopting the value zones set out in Policy H3 of the Local Plan. Three value zones, high medium and low, were identified in the Local Plan as part of the formulating of an affordable housing policy. The VA uses seven value levels (VLs) and each typology is tested against these levels. New house prices are the basis for the VLs which range per square metre from £4,000 to £5,500. Noting that sheltered housing, retirement living and extra-care developments generally achieve higher values, an extended range of values (£5,250 - £7,000) for these typologies are tested.

15. The market housing sales values were researched during the autumn and winter 2023/2024. A variety of sources were used including previous viability studies, the Land Registry, the Valuation Office Agency, sale and marketing reporting and other web sites. Floor areas of residential properties have been derived from the Domestic Energy Performance Certificate Register. Details of the research are provided in Appendix 6 of the VA.

16. For affordable housing revenue the VA assumes a mix of 66% affordable rented tenure, 25% First Homes, and 9% shared ownership. The conventional approach of capitalising the net rental stream is used, with the capital value of retained equity applied as appropriate in shared ownership schemes.

17. The Gross Development Value (GDV) of commercial development is based on rental values and yields. Data for rents and yields is derived from several sources including the CoStar property intelligence database, the Valuation Office Agency and property industry publications/websites. For each typology, a range of rental values is tested and these are then capitalised by applying yields of between 4.5% and 8%.

18. Data regarding the assumed base build cost is based on Building Cost Information Service (BCIS) figures rebased using the West Oxfordshire

location factor. For standard residential development, the base costs per sq.m identified a range from £1,394 for mixed housing and flats development to £1,699 for flats only. For commercial uses the highest base cost identified (£2,936) is for research and development uses.

19. An allowance varying between 10 and 15% for external works and normal servicing and access costs is applied. The equivalent of £500,000 per hectare (ha) has additionally been incorporated for site preparation costs. Contingencies are dealt with by an allowance of 5% of build costs. Fees, profit levels and finance costs are detailed separately for residential and non-residential development. These costs are based on assumptions that are frequently seen in CIL viability work. Build periods are based on BCIS data using the Construction Cost calculator sense checked against site specific examples. Based on discussions with the Council, DSP apply a site specific s106 contingency of £3,000 per dwelling. A comprehensive range of policy requirements, including sustainable design/climate change/carbon reduction, biodiversity net gain, water efficiency, wheelchair accessibility and electric vehicle charging points are taken into account.

20. Benchmark land values (BLV) are based on the recommended existing use value (EUV) plus a premium approach. For greenfield land, the testing done by DSP ranges from £250,000/ha to £500,000/ha with the upper level relating to paddock land or similar. These figures apply a premium on agricultural land value of between 10 and 20 times. For garden sites through to high value existing use sites in the main town centres, the BLV tested a range from £800,000 to £2,500,000 per hectare. DSP note that the expectation is that the great majority of development in the area is expected to take place on greenfield sites.

Are the proposed rates informed by and consistent with the evidence on viability across the charging authority's area?

21. For residential development, the VA provides a comprehensive assessment of possible CIL rates. Typologies ranging from 1 house to a 250 dwelling mixed houses/flats scheme are considered as are schemes for specialised forms of housing. The Council's affordable housing policy is incorporated in the testing while the sensitivity of the results is dealt with by varying new build sales values. The testing also involves trial CIL charging rates and the trial CIL rates are also expressed as a percentage of GDV to provide what DSP describe as a "health check". DSP consider that realistic CIL rates should not usually exceed a range of 3 – 6% of GDV.

22. The viability buffer concept is incorporated based on a charging rate of up to 70% of the theoretical maximum rate identified in the VA.

23. Not surprisingly, the testing undertaken shows a wide range of theoretical CIL rates. For scenarios below the affordable housing threshold outside the Area of Outstanding National Beauty (AONB)[6] looking at schemes from 1 to 5

[6] Known as the Cotswolds National Landscape.

houses, DSP conclude that a CIL of around £300 could be set. For 6 – 10 house schemes inside the AONB, the figure favoured by DSP is £250.

24. For developments above the affordable housing threshold on greenfield sites, DSP calculates that a theoretical maximum CIL rate of £800 could be charged. Taking into account relevant considerations, such as the need for a buffer, the recommendation from DSP is that rates between £140 and £350 could be considered across all affordable housing policy zones.

25. For PDL sites above the affordable housing threshold, the VA notes a more challenging viability picture, especially for flatted development. For housing and mixed use schemes the conclusion is that CIL rates of between £50 and £200 appear to be supportable. For flatted schemes, the view is that a nominal rate of £25 would be appropriate. DSP considers that the evidence is that build-for-rent schemes reflect the same viability prospects as flatted schemes and should be charged at the £25 rate.

26. For older persons housing, including care homes, the VA notes that these schemes usually produce mixed viability outcomes. The assessment is that generally it would be appropriate to treat housing for older people in the same way that flatted development is treated and to apply a nominal CIL rate of £25. The same applies to build-to-rent schemes.

27. Turning to the analysis of the 5 strategic sites, the DSP note that the scope for a CIL charge is highly dependent on-site specific details. The conclusion is that using key mid-point value levels the viability prospects range from a deficit of £16,000 per dwelling to a surplus of about £3,500 per dwelling. The clear conclusion is that the strategic sites should have a nil charge, with the necessary infrastructure being delivered on a site-by-site basis through s106 agreements.

28. As regards commercial developments for large format supermarkets and food stores, using medium rental levels and a 4.5% yield, DSP regards a charge of £125 as supportable. Other forms of retail, including town centre and comparison retailing, do not show sufficient viability to support a CIL charge. The same applies to office and hotel development in West Oxfordshire.

29. The VA looks at the development prospects of a wide range of other uses including leisure centres, day nurseries, garages, storage premises and surgeries. The conclusion is that these types of uses do not demonstrate clear viability prospects and should be subject to a nil CIL rate.

30. In summary, the CIL rates proposed in the draft Charging Schedule follow the recommendation provided by DSP. These recommendations are in line with the viability evidence produced.

Has evidence been provided that shows the proposed rate or rates would not undermine the deliverability of the plan (see National Planning Policy Framework paragraph 34[7]).

31. On behalf of Hallam Land, Turner Morum (TM) challenge a number of the assumptions used by DSP. This challenge includes reducing the value of affordable rented units to 50% of open market value, increasing target profit levels for both market housing and First Homes to 20%, and applying a finance rate of 7.5%. In relation to build costs, TM use BCIS data for flats generally and housing generally rather than mixed developments generally. A 15% uplift is applied to flats to account for circulation and common areas and site-specific costs are calculated at £20,000 per unit. For site areas calculations, the net to gross allowance favoured by TM is 100%.

32. As regards profit margins for market housing, there is no convincing evidence that suggests that the risk of developing in West Oxfordshire is unusual. For this reason, I do not support a profit margin assumption that is higher than the 17.5% frequently seen in CIL viability calculations. The finance cost assumption of 6.5% is also one that is frequently used and I can see no good reason why it should be higher. With the exception of the two matters discussed below, the other differences in the assumptions made by DSP and TM are relatively small and are unlikely to make a significant difference to the viability conclusions reached by DSP. The two assumptions that I consider merit further consideration relate mainly to relatively large green field sites.

33. In relation to infrastructure costs for the two large typology sites, the VA assumes a figure of £16,250 per unit plus a site specific s106 contingency of £3,000. TM refer to the figures for the strategic sites and the s106 funding being sought by the Council in on-going negotiations relating to a 370-unit site being promoted by Hallam Land, where currently the Council is seeking £24,000 per unit. The Council point out that this figure is not yet finalised or agreed. TM say they are acting on sites in West Oxfordshire where s106 contributions exceed £23,000 per plot. TM conclude that an allowance of £20,000 per unit for site specific costs for infrastructure and abnormals would be an optimistic assumption. The evidence provided by TM suggests that an assumption of £20,000 for infrastructure costs on large green field sites is not unrealistically high.

34. In relation to the benchmark land values, the approach used by DSP is affected by the gross/net figures assumed. DSP assume a 30% uplift for the two large green field residential typologies tested. TM consider that a 100% uplift would be more realistic and refer to a site at Middle Barton that their clients wish to develop where the net area is 6.5 acres on site with a gross area of 21 acres – an uplift of some 220%. TM also note that for the East Witney strategic site the uplift is nearly 200%. Applying a 100% uplift to the 100 and 250 unit typologies, TM conclude that the benchmark land value for the 100 unit site would be £2,500,000 and £6,250,000 for the 250 unit site.

[7] Paragraph 35 of the current NPPF (December 2024).

Comparable figures by DSP are £1,625,000 and £4,065,000. Using the TM preferred assumptions and benchmark figures there is no CIL headroom.

35. The gross/net consideration is not straightforward. The variety of factors, including biodiversity net gain, that potentially affect the net/gross figure can vary considerably from site to site. For example, in some cases biodiversity net gain may not involve the development site itself. I consider that with considerations such as biodiversity net gain in play, it is likely that an uplift assumption of 30% could in many cases be too low. On the other hand, the 100% uplift favoured by TM may in general be unduly high. Given the variation possible with different sites there is no obvious way of reaching a definitive figure. In my judgement, a reasonable general assumption for the uplift would be between 40 and 50%.

36. The two issues identified, infrastructure costs and net/gross uplift, are likely to increase in relevance with the size of the potential development site. Bearing in mind the need to avoid undermining the delivery of housing, I consider that there is a need for a specific CIL rate for large non-strategic green field sites. How large a site should be to qualify is a matter of judgement as is the rate to be applied. In my view, it would be prudent to apply a rate of £150 to all non-strategic green field housing sites for 250 or more dwellings. I therefore recommend that the District Council should modify the draft Charging Schedule as set out in **EM1** in the Appendix to this report.

37. For strategic sites identified in the Local Plan, the VA shows convincingly that the best approach is to apply a nil rate and to use s106 to provide the necessary infrastructure.

38. There is no convincing evidence that the rates being proposed for other uses, including flatted development and residential development on previously developed land, would threaten the delivery of development.

39. There are a number of representations that deal with how the CIL will be administered and the use of the funds raised. These are matters for the Council and are not relevant to this examination. The views expressed in the representations about the CIL rates being proposed range from the rate being too low to a view that CIL is an unjustified tax. Some point to the rates applied by nearby authorities and argue that development in West Oxfordshire will be discouraged. I consider the charge setting process to CIL in West Oxfordshire strikes an appropriate balance and I can see no evidence that the proposed rates are too high in relation to other authorities. In any event, the proposals are based on the evidence of viability in West Oxfordshire (i.e. 'its area', as per Regulation 14) and what other authorities charge has little relevance.

40. The Council has put forward a series of non-material minor amendments to the draft Charging Schedule.[8] These deal with matters of clarification and typographical errors. The amendments do not affect my conclusions and I recommend their inclusion in **EM2** in the Appendix to this report.

41. The Council's decision to use a matrix approach is based on reasonable assumptions about development values and likely costs. In setting the CIL charging rate, the Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in West Oxfordshire. The Council has tried to be realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure funding, while ensuring that the delivery of development in the area will not be undermined.

Overall Conclusion

42. I conclude that the draft West Oxfordshire District Council Community Infrastructure Levy Charging Schedule, subject to the making of the modification set out in **EM1**, satisfies the drafting requirements and I therefore recommend that the draft Charging Schedule be approved.

43. Whilst not necessary to satisfy the drafting requirements, I further recommend in **EM2** that the non-material minor amendments submitted (as itemised in a separate schedule[9]) should be incorporated when the draft Charging Schedule is updated.

Keith Holland

Examiner

[8] West Oxfordshire Community Infrastructure Levy Schedule of Non-Material Minor Amendments. View at: https://www.westoxon.gov.uk/media/xbqb4hau/cil-dcs-schedule-of-non-material-minor-amendments.pdf
[9] See footnote 8 above.

Appendix

Examiner Modifications (EM) recommended in order that the Charging Schedule may be approved.

Examiner Modification (EM)	Page no./ other reference	Modification
EM1	Page 6 Residential uses charging table	Revise CIL Zone wording to read: Residential District-wide (Greenfield) up to 249 units. Add Residential District-wide (Greenfield) 250 units and above. Add £150 in the £ per square m column opposite the reference to 250 units and above.
EM2	Page 8, paragraph 6.4 & the addition of a fourth Appendix (comprising a Glossary of Terms).	Incorporate amendments set out in the submitted document "West Oxfordshire Community Infrastructure Levy Schedule of Non-Material Minor Amendments". View at: https://www.westoxon.gov.uk/media/xbqb4hau/cil-dcs-schedule-of-non-material-minor-amendments.pdf