

**Growth, Infrastructure and Resources  
Scrutiny Committee  
10<sup>th</sup> February 2022**

**Briefing Note on progress with interim  
assessment of the trajectory of future  
development, potential CIL income and  
impact on infrastructure**



## 1. Introduction

1.1 The purpose of this report is to provide an update to the Scrutiny Committee on ongoing work to review the likely trajectory of future development, potential CIL income and impact on infrastructure.

## 2. Background

2.1 The resolution to withdraw the Rutland Local Plan 2018 – 2036 in September 2021 has resulted in the Council being unable to demonstrate a 5 year supply of housing. Until further allocations are made through the Local Plan Review, in the interim period prior to adoption of the new Local Plan, speculative development on unallocated sites could come forward for development across the County.

2.2 In absence of having a plan in place, development coming forward on a piecemeal basis will be assessed on a case-by-case basis through individual planning applications at different times submitted and assessed by the Development Management Team and Planning Committee, without the oversight and evidence of strategic plan making to ensure that growth and development is supported by the necessary infrastructure.

2.3 This makes it more difficult for the Council to plan services as well as being able to assess income generated through the Community Infrastructure Levy (CIL), determine the potential impact of emerging development on infrastructure and thereby plan for the effective use of CIL income received by the Council.

## 3. Potential short term trajectory of development pending the adoption of a new Local Plan

3.1 The new Local Plan is not anticipated to be adopted until 2025, and so the assessment of development projected to come forward is focused on an interim period between 2021 – 2026. Development and sites that come forward during this period will be brought forward by developers. However, the evidence which underpinned the withdrawn Local Plan and knowledge within the planning policy team of potential sites that may come forward has been used to make assumptions to identify what sites may be developed over this period and to assess the potential infrastructure impacts of this unplanned growth and potential CIL revenue.

3.2 The following studies and evidence have been reviewed:

- Strategic Housing and Employment Land Availability Study (SHLAA) 2019.
- Planning Policy Internal 5 year housing land supply assessment September 2021 which includes the proposed allocations in the withdrawn Local Plan 2018—2036.
- Landowner response forms March 2021 submitted to Planning Policy as part of the 5YHLS update.
- Development Management pre application discussions and pending applications that Officers are aware are coming forward.
- Infrastructure Delivery Plan (IDP) 2019.

3.3 The level of growth within the assessment is based on sites which may come forward and are a reasonable estimate based on a number of appropriate assumptions. ***The inclusion of sites with the***

***CIL trajectory assessment holds no planning weight and does not mean that these sites will be successful in gaining planning permission.*** A total of 41 sites have been identified for potential development in this period.

**4. Trajectory of potential CIL income**

4.1 A very optimistic rate of development for these sites is indicated in Table 1 below. The table below assessed uses an indicative revenue of £15,300 per dwelling (2021 CIL rate) and an average assumed dwelling size:

|  | Year 1<br>2021/22   | Year 2<br>2022/23   | Year 3 2023/24        | Year 4 2024/25        | Year 5 2025/26        | Total potential<br>yield |
|--|---------------------|---------------------|-----------------------|-----------------------|-----------------------|--------------------------|
| Projected housing figures of unplanned sites   | 0                   | 43                  | 233                   | 358                   | 369                   | 1003                     |
| Large Sites with Planning Permission (not allocated in the submitted Local Plan and CIL) | 12                  | 12                  | 0                     | 0                     | 0                     | 24                       |
| Small Sites with Planning Permission (with lapse rate applied of 10 dwellings per annum) | 23                  | 55                  | 0                     | 0                     | 0                     | 78                       |
| <b>Total dwellings</b>   | <b>35</b>           | <b>110</b>          | <b>233</b>            | <b>358</b>            | <b>369</b>            | <b>1105</b>              |
| CIL Liab discount (35% AH)   | 22.75               | 71.5                | 151.45                | 232.7                 | 239.85                | 1183                     |
| Additional discount for Neighbourhood Plan Areas & Admin                                 | 15.925              | 50.05               | 106.015               | 162.89                | 167.895               | 828.1                    |
| <b>Estimated CIL annual income to RCC</b>  | <b>£ 243,652.50</b> | <b>£ 765,765.00</b> | <b>£ 1,622,029.50</b> | <b>£ 2,492,217.00</b> | <b>£ 2,568,793.50</b> | <b>£ 12,669,930.00</b>   |

**Table 1 Indicative CIL revenue potential 2021 – 2026 Very optimistic scenario**

n.b. A discount has also been included to account for a lapse rate and affordable dwellings which will not be CIL liable based on existing Core Strategy Policy.

4.2 The expected rate of completions from years 3 onwards is very high and so rates of completions in these years have been capped at 200 per annum as the likely maximum development to be achieved. A revised table based on this cap is set out below, still using an indicative revenue of £15,300 per dwelling (2021 CIL rate):

|  | Year 1<br>2021/22    | Year 2<br>2022/23    | Year 3<br>2023/24      | Year 4<br>2024/25      | Year 5<br>2025/26      | Total potential yield  |
|--|----------------------|----------------------|------------------------|------------------------|------------------------|------------------------|
| Projected housing figures of unplanned sites   | 0                    | 10                   | 200                    | 200                    | 200                    | 610                    |
| Large Sites with Planning Permission (not allocated in the submitted Local Plan and CIL) | 12                   | 12                   | 0                      | 0                      | 0                      | 24                     |
| Small Sites with Planning Permission (with lapse rate applied of 10 dwellings per annum) | 23                   | 55                   | 0                      | 0                      | 0                      | 78                     |
| Total dwellings  | 35                   | 77                   | 200                    | 200                    | 200                    | 712                    |
|  |                      |                      |                        |                        |                        |                        |
| CIL Liable discount (35% AH)   | 23                   | 50                   | 130                    | 130                    | 130                    | 463                    |
| Additional discount for Neighbourhood Plan Areas & Admin                                 | 16                   | 35                   | 91                     | 91                     | 91                     | 324                    |
| <b>Estimated CIL annual income to RCC</b>  | <b>£<br/>244,800</b> | <b>£<br/>535,500</b> | <b>£<br/>1,392,300</b> | <b>£<br/>1,392,300</b> | <b>£<br/>1,392,300</b> | <b>£<br/>4,957,200</b> |

**Table 2 Indicative CIL revenue potential 2021 – 2026 less optimistic scenario**

4.3 For both tables, a further 30 per cent discount has been applied as neighbourhoods without a neighbourhood plan but where the CIL is charged will receive a 15 per cent share of the revenue from development in their area, but this will be capped at £100 (indexed) per council tax dwelling per year. Areas with adopted neighbourhood plans will receive a 25 per cent share of the revenue from development in their area. The Council also applies a 5 per cent admin charge.

4.4 The figures are an estimated projection of CIL income based on the number of dwellings which could be completed and a number of caveats should be taken into consideration as to exactly when payments could be received as follows:

1. Potential sites may come forward through either an outline permission or full. Whilst an average lead in time of 2 years is used within the 5 year housing supply calculation, CIL payment times lag beyond the start date on sites.
2. CIL payments are not paid on the completion of each dwelling. Each planning permission has an instalment agreement in which the first instalment of CIL (10%) should always be paid 60 days following the commencement of the development. Then depending on the size of the development it is broken down into further instalments based on the number of days from commencement.

## **5. Infrastructure considerations**

5.1 Infrastructure considerations are based on the IDP prepared for the submitted and now withdrawn Local Plan. The Infrastructure Delivery Plan 2019 reviewed and assessed almost all of the suitable sites identified within the SHELAA 2019 and identified on a site by site basis costs for transport improvements, local play space requirements and where possible community hall/sports improvements within Oakham and some villages.

5.2 In terms of site specific costs there is an identified £2,031,000 of transport improvements (to be agreed via Section 278) which are identified as needed to bring the potential sites assessed forward and will be paid for by developers.

5.3 In terms of county wide costs in the short term (up to 2025) there are an identified **£20,371,500** infrastructure costs identified; however there are a number of infrastructure requirements which are known to be required to support growth which have not been costed. Overall the £20,371,500 is likely to increase. Costs which are not yet considered for within this total listed are below:

- School transport costs of £8.5 million are identified over the longer term to 2040, costs are not apportioned to shorter timeframes.
- No costs are identified for public transport or bus improvements.
- Parking costs improvements are not identified by costs or project.
- Electricity and HV improvements at Empingham and Ketton are not costed.
- There is currently limited capacity in Secondary schools, further assessment is required.
- A countywide cost of £1.4 million is identified for open space and recreation, however this is not disaggregated in terms of projects or timeframes. Site specific costs identify that there is a need for a new park or amenity green space provision improvements in Cottesmore, Empingham, Greetham, Geeston, Market Overton.
- Allotment provision in Cottesmore, Edith Weston, Empingham, Greetham. Ketton, Market Overton and Oakham.

5.4 The £20,371,500 is estimated to be required for the following infrastructure in the next 5 years:

- Transport an estimated £100,000 in short term bus improvements.
- Primary and Secondary Education requires an estimated £4.4 million investment.
- Health Facilities requires an estimated £640,000.
- An estimated £12 million to support Community facilities, Leisure and Recreation.
- An estimated £2.9 million to support Heritage and Art facilities
- Broadband connectivity improvements estimated at £2.9 million.

5.5 These costs are in the process of being moderated and checked against the interim growth assumptions by infrastructure providers. Following the sense check of costs and confirmation of requirements further prioritisation will be required by the Council to inform how CIL revenue will be allocated in future given the anticipated funding gap.

## **6. Initial considerations and conclusions**

6.1 Table 1 sets out the potential CIL revenue which could be generated by potential sites coming forward which amounts to **£12,669,930** however as a minimum there are identified infrastructure projects within the interim period of **£20,371,500** and a clear shortfall of potential CIL income. This is based on a very optimistic scenario for rates of development. Table 2 sets out a still optimistic rate of development which shows potential CIL revenue of **£4,957,200**.

6.2 As stated above, work is ongoing to update this trajectory. costs are in the process of being moderated and checked against the interim growth assumptions by infrastructure providers. Following the sense check of costs and confirmation of requirements further prioritisation will be required by the Council to inform how CIL revenue will be allocated in future given the anticipated funding gap.

6.3 Clearly, lower rates of development and growth will have less impact on infrastructure. The model created here can be adjusted to fit differing rates of development and revised infrastructure impacts and costs.

6.4 There is an overriding message that CIL revenue will not cover all infrastructure impacts arising from development and growth, requiring the Council to be prudent in determining priorities for CIL expenditure.

6.5 The report on the Infrastructure Funding Statement approved by Cabinet in December 2021 recognised that given the decision made to withdraw the Local Plan, there was an imperative for the County Council to determine priorities and governance for determining the strategic element of CIL expenditure in the interim period pending the adoption of a new Local Plan.

6.6 A flow chart for the interim prioritisation of strategic CIL expenditure by the County Council was set out in the appendix to the 2020/21 IFS approved by Cabinet (set out below). This was based on good practice from other local authorities and will enable any spending to be focused on key infrastructure needs that will support identified growth in the interim period until the adoption of a new Local Plan.

6.7 Cabinet therefore approved this approach as the basis for decision making on Community Infrastructure Levy pending the adoption of a new Local Plan for Rutland. Initially, it is proposed that expenditure is focused on critical infrastructure that is necessary to unlock and enable development or is considered essential to mitigate the impact of development.

6.8 Given the interim findings above, this is likely to remain the case for sometime to come, pending the production of the new Local Plan.

Appendix A – extract from Infrastructure Funding Statement

Interim prioritisation of strategic CIL expenditure

