

## KCC Consultation: Development and Infrastructure: Creating Quality Places

### Summary

The 'Development and Infrastructure' document sets out the process that KCC will undertake to assess the need for some of the types of infrastructure that it provides as a result of new development. As a key infrastructure provider in Sevenoaks District, this document and the information from the Integrated Infrastructure Finance Model (IIFM) that it provides detail on will be key components of the evidence base for SDC's development of the CIL Charging Schedule. The IIFM is considered to be a significantly more robust approach to forecasting the impacts of development on infrastructure provision than KCC has applied in the past and is welcomed. Whilst generally welcoming the model and the assumptions that it is built on, the draft response highlights a number of technical issues that should be considered and suggests that more background information should be included to demonstrate that the approach is sound. The response notes that, where money is passed to KCC, SDC will expect KCC to show that the money has been spent within Sevenoaks District or to show that it has been spent on infrastructure that supports development within the District, in accordance with the legislation.

### Background

KCC is currently consulting on 'Development and Infrastructure: Creating Quality Places'. This document sets out the process that KCC will undertake to assess the need for some of the types of infrastructure that it provides as a result of new development. The types of infrastructure considered are:

- Primary and Secondary Education;
- Adult Education;
- Libraries;
- Youth and Community; and
- Adult Social Care.

KCC will assess the impact of development on these services through the use of its IIFM model and will provide this information to inform district's CIL Charging Schedules and to make a case for securing planning obligations in the short term. It is understood that the model will assess the demographic impacts of both changes that are occurring in the established population (e.g. changing birth rates and changes in life expectancy) and the impact of new development. From this, the model will identify the likely number of additional users of KCC services (e.g. school children or individuals using adult education services). The model outputs are then assessed by the teams responsible for planning the development of KCC's services, which will identify schemes to provide for the forecast new users. Those schemes that are required as a result of new development will be costed and a rate of contribution per dwelling will be calculated and requested from developers through planning obligations or CIL.

As a key infrastructure provider in Sevenoaks District, this document and the IIFM that it provides detail on will be key components of the evidence base for SDC's development of the CIL Charging Schedule.

## **Recommendation**

It is recommended that the proposed response is sent to KCC.

## **Key Points**

The IIFM is considered to be a significantly more robust approach to forecasting the impacts of development on infrastructure provision than KCC has applied in the past and is welcomed. It is imperative for the smooth progress of the Council's CIL Charging Schedule that the model outputs, which are not part of this document, are provided before the deadline for information from infrastructure providers, of 27<sup>th</sup> April 2012, that the Planning Policy team has set. To provide guidance for developers in the short term, it is suggested that the document should also include indicative levels of developer contributions that the County Council may seek prior to the adoption of CIL.

The proposed response welcomes KCC's apparent commitment to work with district councils on the issue of infrastructure planning and stresses the need for this cooperation to continue. It notes that the outputs of the IIFM need to be seen in the context of other infrastructure requirements in the District and other priorities, such as the provision of affordable housing.

Whilst generally welcoming the model and the assumptions that it is built on, the draft response highlights a number of technical issues that should be considered and suggests that more background information should be included to demonstrate that the approach is sound.

The response notes that, where money is passed to KCC, SDC will usually expect KCC to show that the money has been spent within Sevenoaks District or to show that it has been spent on infrastructure that supports development within it, in accordance with the legislation.

## **Proposed Response**

Thank you for consulting Sevenoaks District Council (SDC) on the 'Development and Infrastructure: Creating Quality Places' document. SDC is pleased to see that KCC is making progress in preparing its model for identifying infrastructure requirements. The outputs of this model, which do not form part of the document, will be an important input into the evidence base for SDC's Community Infrastructure Levy Charging Schedule, which the Council has now started to prepare, with a view to publishing a draft schedule in June/July 2012. KCC's submission of information on its infrastructure requirements before 27<sup>th</sup> April 2012, as set out in my recent correspondence, is considered crucial to SDC being able to make sufficient progress with the Charging Schedule to ensure that it will be in place before the restrictions on the use of planning obligations come into force

in April 2014. We are pleased that recent correspondence with you suggests that information will be provided by this deadline

SDC would like to make the following comments on the 'Development and Infrastructure' document. The comments focus on matters that are important considerations in the preparation of CIL Charging Schedules or the negotiation of planning obligations. Any lack of comments on matters, such as other funding sources or the development of certain forms of service provision, should not be treated as an expression of support from SDC.

#### Co-operation between KCC and District Councils

The document is generally clear that KCC's infrastructure planning work should be seen as supporting the preparation of the districts' Core Strategies and CIL Charging Schedules. This is welcomed. SDC also welcomes the recent engagement with KCC on the housing trajectory figures that form a key input into the IIFM. It is considered that a commitment to this engagement forming part of the process in the future should be included in the document. It is critical that KCC's infrastructure planning is undertaken on the basis of district councils' planning policies and housing trajectories if it is to be a sound evidence base for CIL and/or justification for seeking s106 agreements.

Page 9 of the consultation document identifies other forms of developer contributions that may impact on the viability of development and on a developer's ability to make the contributions towards KCC services that are found to be necessary through the model. It also advises that early contact is made with the relevant district 'to ensure full account is taken of other service requirements and local policies'. It should be clear that this advice is for the benefit of developers and only to be followed prior to CIL Charging Schedules being adopted. Once Charging Schedules have been adopted, the outputs of the IIFM model should have been submitted to the District Council, prioritised against other infrastructure needs and policy considerations (in particular affordable housing) and taken into account in setting the CIL Charge. Over time SDC consider that the main benefit of the model will be proving to District Councils that KCC continues to require CIL funds for infrastructure related to new development rather than informing developers.

The last paragraph of the section headed 'CIL' on page 7 of the document refers to Ashford and Dover piloting an approach to preparing a CIL Charging Schedule that is intended to be adopted across all Kent Districts. SDC is starting work on its CIL Charging Schedule now. It is considered that waiting for the Ashford and Dover pilot work to be completed is likely to lead to other districts' Charging Schedules being adopted after April 2014, when the restrictions on the use of planning obligations come into force. This is not considered to be in the interests of the planning authorities or the infrastructure providers. KCC should commit to working with all Districts to prepare their Charging Schedules and should remove this reference from the document.

There is also a need to ensure that KCC and the districts work together to deliver infrastructure schemes in the most appropriate way. For example, the indicative list of infrastructure provision on page 6 of the document includes the 'provision of houses

meeting wheelchair accessible standards'. SDC includes a requirement for wheelchair accessible housing its S106 agreements, where needs dictate. It must be ensured that there is not duplication in the scheme that KCC and the districts seek funding for.

The IIFM is a sophisticated tool and it relies on a large number of assumptions and standards. Given the model's complexity and that KCC are potentially a key beneficiary from CIL Charging Schedules, KCC should make a commitment in this document to defend the outputs of the model at all independent examinations on districts' CIL Charging Schedules, where necessary. In addition, where it is possible to do so, efforts should be made to amend the document to improve understanding for those that are coming to the document for the first time. In the box 'Stage 1: Assessment of need', it should be stated that this is the assessment of need for KCC services. The formula on page 11 (and in the appendices) is also unclear. It is considered that this requires a key to explain what the acronyms refer to and where information on the figures to be used can be found. It would also be helpful if it was explicitly stated in the formula what the calculation equals.

#### Integrated Infrastructure and Finance Model (IIFM)

Whilst SDC has some detailed comments on elements of the calculations at the heart of the model (set out below), the Council welcomes the majority of the key principles of KCC's approach, including considering the impact of forecast demographic changes amongst the existing population and changes resulted to planned development separately. This is critical for CIL as the legislation requires that funds secured through the levy are only used to fund infrastructure required as a result of development. The Council also welcomes the proposed outputs from the model, in particular the fact that the costs of providing the necessary infrastructure will be set out. Again, this is critical for CIL, as it requires the identification of an infrastructure funding gap.

Whilst the general approach is welcomed, SDC do have concerns about certain aspects of the methodology. In particular, more consideration should be given to:

- Whether the model needs to look over a 20-25 year time horizon. Significant uncertainty must exist over how infrastructure will be provided, what other forms of funding will be available and the nature of demographic changes over this period. SDC would consider this modelling unnecessary if it meant that the publication of more reliable information for the next 5 or 10 years were to be delayed as a result. It should be noted that infrastructure plans that support CIL Charging Schedules are not expected to provide upfront assurances of how CIL funds will be spent but should instead be seen as indicative (see p15 of CLG's CIL Guidance: Charge Setting and Charging Schedule Procedures). The length of time that money secured through planning obligations and/or CIL can be reasonably held without being spent also needs to be considered.
- The source figures for the 'District-specific occupancy profiles', 'Services Ratios' and the 'Demand Ratios' need to be included. It is noted that appendix 3 is supposed to set out these figures but in some places it simply refers to another document or 'nationally set target', rather than a specific source. The sources for

the figures set out in the 'service parameters' sections on pages 16, 17 and 19 should also be included and justified. It is considered that model needs to be more transparent if it is to stand up to challenge by developers and if these KCC projects are to be considered priorities by districts in allocating funding secured through CIL. It is hoped that this information is set out in the final version of this document.

- Much more information needs to be included on the assumptions that have been made in assessing the capacities of existing facilities, the judgements as to which infrastructure schemes are required to meet any identified deficiencies and assumptions about alternative sources of funding available. This should either be included in the final version of this document, where possible, or included in the documents that will follow setting out the district-specific outputs of the model.

SDC welcomes the discussions that have recently taken place over the threshold to be used to decide whether development sites are considered individually or clustered over a relatively wide area and their impact considered together. It is currently proposed that this threshold should be 100 units. SDC considers that, in the context of the scale of development proposed in its District, a figure of 20 units may provide a more appropriate basis for considering the impact of individual development sites. However, indicative infrastructure requirements calculated on the basis of the existing model should provide sufficient information in the early stages of developing a CIL Charging Schedule and should not be delayed as a result of a decision to change the model on this basis.

It is noted that the IIFM will be used to assess the need for new primary and secondary schools infrastructure. Clarification is requested as to whether or not the model will consider the impact on academy and specialist schools (e.g. faith schools and grammar schools) and whether KCC will continue to pass receipts from CIL and/or planning obligations to these schools. In Sevenoaks Town, for example, SDC would need to engage directly with the Knole Academy to assess the impact of development on it if KCC's approach will no longer do this.

#### Alternative Funding for Infrastructure Improvements

In showing that a proposed CIL charge is sound, district councils will be required to provide evidence of a funding gap between the cost of providing the required infrastructure and the funding available, or likely to be available, from alternative sources. SDC expects that information on other funding streams that infrastructure providers have access to is provided when infrastructure requirements are submitted to the Council prior to 27<sup>th</sup> April 2012.

The 'Development and Infrastructure' document identifies a wide range of alternative funding sources that will need to be considered (page 6). KCC should also give consideration to whether any realised or anticipated funds secured through the redevelopment of sites on which its infrastructure was located (e.g. redundant school sites) could be reinvested in infrastructure identified as required as part of this process.

SDC do not agree with the inclusion of some of the schemes that are identified as alternative funding sources on page 6 of the document. In particular, SDC do not agree that the Kent and Medway Investment Fund is likely to be a realistic alternative funding mechanism in Sevenoaks District.

It is noted that for some types of infrastructure (libraries and youth services, for example), KCC consider that needs could be met by extending the opening hours of facilities. It is considered that, under the legislation, this would be an appropriate use of CIL in some circumstances, and would reduce the burden on developers when compared to developing new facilities. However, it would be helpful if the document explained explicitly why the funding required for this would not be covered by the increased Council Tax revenue that would result from an increase in the number of households as a result of development.

#### Use of the IIFM for Planning Obligations

It is clear from the consultation document that KCC intends to use the outputs of the IIFM to make a case for seeking developer contributions through planning obligations prior to CIL Charging Schedules being adopted by districts. The fact that this is intended to replace the tariff approach from the Developer Contributions Guide is welcomed as it is often considered that this can no longer be shown to be in accordance with the tests for the use of planning obligations in the CIL Regulations 2010.

However, the Developer Contributions Guide did provide some certainty to developers by setting out the contributions that they were expected to make. It is recognised that precise levels of contribution may not be able to be included for all services in this document, given that the model seeks to identify site-specific local impacts of development. However, SDC consider that an indicative contribution or range of contributions for each District for different KCC services should be included in the document, including as a quick reference guide in the executive summary. It is acknowledged that this will require the completion of the IIFM outputs for each district.

In determining the appropriate s106 contributions that developers should make, local planning authorities will need to consider other policy objectives (e.g. affordable housing requirements), other infrastructure needs (including transport related infrastructure, which may be required by KCC) and development viability, in accordance with existing and emerging national policy. It is important that the document appropriately sets the outputs from the IIFM in this context.

The 'executive summary' states that 'the framework and its resultant outputs...should be substituted for the Developer's Guide where that document is referred to in existing Section 106 Agreements. It is assumed that this is intended to refer to model s106 agreements that may have been prepared by district councils for use on new applications rather than completed agreements, which could not be altered. The document should ensure that this is clear. It is also questioned whether this can be done in advance of the model outputs being completed.

## Other forms of Development

In view of the types of KCC services that the IIFM addresses, it is appropriate that the document primarily deals with the impact of residential development. However, consideration should also be given, through the model or through some other approach, to the need for other KCC services. An example in Sevenoaks District may be the need for an increase in provision for Gypsy and Traveller accommodation or associated support services in order to meet local needs.

Whilst it is acknowledged that transport issues are not addressed through the IIFM, it is important that KCC is able to advise on transport infrastructure requirements (and the cost of provision etc) in a timely manner to help districts in preparing CIL Charging Schedules. SDC welcomes the positive discussions that have been had with KCC highways on this issue to date.

## Reporting

District councils will have a statutory requirement to report on the use of CIL receipts under the regulations. Where money is passed to KCC it will be expected that information is provided to SDC to show how it has been spent. SDC will usually expect KCC to show that the money has been spent within its District or to show that it has been spent on infrastructure that supports development within in, in accordance with the legislation.

SDC welcomes KCC's development of the IIFM and requests that the outputs from it are made available as soon as possible.