



Development Strategy Team
Rugby Borough Council
Town Hall
Evreux Way
Rugby
CV21 2RR

18 November 2022

Dear Sir/Madam

COMMUNITY INFRASTRUCTURE LEVY – DRAFT CHARGING SCHEDULE CONSULTATION

Homes England welcomes the opportunity to provide representations in response to the Community Infrastructure Levy – Draft Charging Schedule (Autumn 2022).

Homes England is working with the consortium of developers and landowners at South West Rugby to help facilitate the delivery of the allocation.

Homes England has a dual role at South West Rugby, as both Master Developer and landowner. In its role as Master Developer, Homes England is forward funding and leading on the delivery of key highway and utility infrastructure in collaboration with the consortium. As a landowner, Homes England is seeking to accelerate the delivery of housing and supporting community uses, including schools and a District Centre on the 95.61ha of land in its ownership.

Homes England's comments on the Draft Charging Schedule are set out below.

Homes England's comments

South West Rugby exclusion from CIL

Homes England **supports** the Viability Assessment Review's recommendation that South West Rugby is specifically nil rated in the CIL Charging Schedule.

Paragraph 15 notes that South West Rugby has been tested against CIL in the Viability Assessment Review that supports the Charging Schedule.

The Viability Assessment Review (January 2022) prepared by BNP Paribas on behalf of the Council states at paragraph 1.8 that:

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“The South West Rugby Urban Extension has been tested with the community infrastructure and highways requirements identified in the masterplan and costed by G&T. The same costings from been applied as a ‘notional’ budget to the Coton Park West Urban Extension. These requirements amount to £22,842 per residential unit. As these sites will have to bear this significant direct cost, there is no additional capacity to apply CIL to these schemes. We therefore recommend that both South West Rugby Urban Extension and Coton Park East are specifically nil rated in the Charging Schedule.”

It should however be noted that the Viability Assessment Review (January 2022) significantly underestimates the costs associated with bringing forward the South West Rugby allocation.

Paragraph 4.20 and Table 4.20.1 of the assessment outlines the findings of the 2019 Gardiner & Theobald viability report which identified a total infrastructure cost of £107,773,627 which, based on 5,000 homes, equates to £21,555 per dwelling.

Paragraph 4.21 then states that these infrastructure requirements are incorporated as costs within the BNP appraisals. It notes that after applying inflation to these costs (as measured by the change in the BCIS Tender Price Index over the intervening period), the total per unit increases from £21,555 to £22,842 per dwelling.

However, there are a number of issues with this calculation.

1. The South West Rugby SPD (June 2021) in Appendix K identifies an infrastructure requirement for the allocation of £119,792,869 (not £107,773,627 as used in the appraisals).
2. The £119,792,869 is also expected to be paid for by the 3,990 homes remaining to be delivered on the allocation, not the 5,000 homes that were originally intended.

Notwithstanding the fact that the costs included within Appendix K of the adopted South West Rugby SPD (June 2021) are not a fair reflection of current cost estimates (which have increased), the cost per dwelling at South West Rugby based on the SPD would be **£30,023** (which is over 30% higher than the figures used in the viability appraisal).

The Appendix K costs also do account for the significant costs associated with utility infrastructure, or the delivery of the east-west sustainable transport corridor. The actual infrastructure costs will therefore far exceed the £30,023 per dwelling outlined above.

The Agency notes that paragraph 13 of the Charging Schedule states that the Viability Assessment Review has shown that residential development across the borough is viable and that a maximum CIL rates in the region of £2,000 per sqm have been found to be achievable without compromising development viability.

Whilst it is assumed that paragraph 13 is meant to refer to £200 per sqm (not £2,000), this shows that residential development at South West Rugby will be subject to S106 costs significantly above this maximum rate and therefore it is correct that the South West Rugby allocation is specifically nil rated within the Charging Schedule.

South West Rugby SPD (June 2021) Appendix K

Table B of Appendix K outlines the strategic infrastructure costs that the Council expects all development at South West Rugby to contribute towards.

However, given that a majority of the strategic infrastructure schemes included in Table B of Appendix K are outside of the allocation boundary and will benefit the wider Rugby area (and other residential development), Appendix K specifically states that the South West Rugby development will contribute 'a proportion' of the costs.

This strongly implies that other developments outside of South West Rugby will be expected to contribute towards these costs as well.

If developments outside of the South West Rugby allocation will be contributing towards these strategic infrastructure costs via CIL contributions, Homes England would welcome Rugby Borough Council's confirmation that a proportion of the CIL monies received by the Council will be directed towards the SPD Appendix K costs to ensure that there is no gap in the funding required to deliver the supporting infrastructure required by South West Rugby and the wider area.

Should you wish to discuss the content of this letter further please do not hesitate to contact [REDACTED], Senior Planning & Enabling Manager at Homes England at [REDACTED]

Yours sincerely

Homes England