

Larger Windfall Allowance

Topic Paper

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Epsom and Ewell
Local Plan 2022-2040



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1. Introduction

1.1. National policy context:

1.1.1 The National Planning Policy Framework (NPPF) glossary defines windfall sites as: “*sites not specifically identified in the development plan*”.¹ Paragraph 72 of the NPPF (2023) allows Local Planning Authorities (LPAs) to make an allowance for windfall sites as part of anticipated supply. However, LPAs may only make an allowance for windfall if they have: “compelling evidence that they will provide a reliable source of supply”. In addition to this “any windfall allowance should be realistic having regard to the strategic housing land availability assessment, historic windfall delivery rates and expected future trends”.

1.2. Plan Period:

1.2.1 The Planning Practice Guidance (PPG) on housing and economic land availability assessment states a windfall allowance may be justified in the five-year housing land supply calculations. It also advises that local planning authorities have the ability to *identify broad locations* in years 6-15, which could include a windfall allowance based on a geographical area. There is a strong track record in the borough of Epsom & Ewell of windfall sites being delivered (see **Table 2** for historic windfall). This is in part due to the existing Local Plan (Plan E from 2011) and the Core Strategy (2007-2022) allocating a limited number of sites but predominantly because of the nature of delivery in the borough, with a significant number of sites delivering between 5 & 20 units, on smaller sites in the built-up/urban areas of Epsom and Ewell. Plan E (2011) allocated 7 sites, in the Town Centre, of which 2 have been fully completed, 2 partially developed and 3 sites where development is yet to occur. While the Core Strategy (2007) did not specifically allocate sites for housing development, sites did come forward over this strategy’s plans period, notably the development of the former hospital clusters to housing in the north-west of the borough, which are excluded from the historic windfall analysis.

1.2.2 We are of the view that the inclusion of small (0-4 units) & larger windfalls (5+ units) are an aspect of future housing delivery that should be taken into account in the housing trajectory for the Plan period, as they have historically made a significant contribution to housing supply in the borough. This topic paper examines this claim detailing how and why this is an appropriate assertion for this borough and in the context of national policy.

1.3. Methodology:

1.3.1 Windfall development comprises sites that have unexpectedly become available over time, and which were not anticipated by the council as part of a Local Plan. These sites are granted planning permission in accordance with adopted local and national policies and contribute towards housing supply. Windfall completions and commitments can vary in size and type of development, including large sites (over 10 dwellings), such as those that may arise from the closure of a large commercial unit, or much smaller projects such as a residential conversion, redevelopment and intensification of a residential plot (e.g., replacing a single dwelling with more than one dwelling) or a new flat built above a shop.

1.3.2 The NPPF, PPG and methodologies undertaken by other councils, have been used to undertake this larger windfall analysis. As a result of this research, this topic paper comprises of three main sections:

- Evidence from other councils,
- Examining past windfall delivery, and
- Projecting future windfall delivery

¹ The definition of windfall sites was widened with the publication of the revised NPPF in 2018 and has been retained in the 2021 and 2023 NPPF. In the 2012 NPPF it was stated that they normally comprise of previously developed sites (PDL) that have unexpectedly become available.

- 1.3.3 The NPPF requires that when calculating windfall allowance, consideration must be given to the Strategic Housing Land Availability Assessment (referred to as the Land Availability Assessment (LAA) by this Council). The LAA assesses sites capable of delivering five or more dwellings. As such, sites of four or less dwellings would not be included in the LAA, and planning permissions of this size are therefore considered (small) windfall. However, it should be noted that historically windfall sites have still occurred within the borough of Epsom and Ewell that are greater than 4 dwellings, as will be discussed later.

2. Evidence from other councils

2.1. Introduction:

- 2.1.1 Here we examine approaches taken by various councils towards windfall allowance. We specifically highlight the following four councils which have all included a larger windfall analysis in their housing trajectory; namely: Guildford, Maidstone, East Hampshire and Tonbridge & Malling.
- 2.1.2 The Guildford Local Plan (2015-2034) included a windfall allowance for small sites (1 to 4 units) and large sites (5 to 25 units) in their projected housing trajectory. The upper limit of 25 units on large sites was to ensure that one-off historical windfall sites (above 25 net units) do not overinflate future projections.
- 2.1.3 Maidstone Borough Council first included a larger windfall allowance in a May 2016 Housing Topic Paper, with small sites being 1 to 4 units, and large sites including all sites above 5 units (with no upper limit). It is noteworthy, that this approach and windfall allowance methodology, was found to be 'sound' by the Inspector at the Examination in Public of the 2017 Local Plan² and was carried forward to the 2021 SLAA Update and Local Plan Review (2021). According to the council, there was no evidence to suggest that sources of windfall sites were to diminish.
- 2.1.4 East Hampshire District Council included a small sites windfall (1 to 4 units), as well as all sites of 5 and above, with no upper limit. That is, their windfall analysis considers all development that was not anticipated by the council. They argued that there are no restrictions in the NPPF as to the size of site which can be classed as windfall, and the LAA does not have the scope to be able to identify all potential sites of five dwellings or more, for the whole Plan period. Therefore, it should be acknowledged there will be unknown sites that will provide a further potential source to future windfalls and housing supply. Furthermore, the PPG stipulates that a windfall allowance can be included in association with the identifying of developable sites and broad locations in years 6-15 of the Plan period.
- 2.1.5 Tonbridge & Malling Borough Council included both small sites (less than 5 units) and large sites (5 units or more) in their windfall analysis. As above, they had no upper limit to the large sites but did exclude three major sites, which were not allocated in the adopted Local Plan, and were determined by the Secretary of State. Their approach was informed by Maidstone's, discussed above, reiterating that this approach was considered reasonable by the Inspector examining Maidstone's Local Plan in 2017. They go on to argue that the collection of large windfall sites is *not* finite and will '*continue to be replenished over the years as new unforeseen opportunities, particularly in the long-term present themselves*'.

2.2. Discussion on projecting forward and discounting windfall allowance

- 2.2.1 Councils take different approaches on when to apply the windfall allowance in the housing supply over the Plan period. There is also variation in whether and to what degree to apply a 'discount' to projected windfall allowance in different parts of the Plan period. The purpose of a discount is to reflect that larger (windfall) sites are less likely to be unknown earlier in the Plan period, than they are to be known later in the Plan period. Some councils apply a 50% discount to large windfall projected delivery in years 5-10, as has been done in Maidstone or apply no discount to any future

² Maidstone BC, Response to Inspector's Initial Questions, 24 June 2022.

windfall delivery, as was done by East Hampshire, or capping the windfall at 25 units (an upper limit) as was done by Guildford.

2.3. Discussion of other councils' approaches

- 2.3.1 A number of insights can be drawn from other council approaches to windfall analysis and projection. For instance, it is common to not include a windfall projection at the start of the Plan period. The argument for this is to avoid double counting, as delivery over the first number of years is likely to have received planning permission; and is also more likely to have been allocated in the Local Plan. Some do not include windfall for the first 3 years (to reflect that most planning applications are valid for this time period from approval), while others do not include windfall for the first 5 years.
- 2.3.2 The discount rate on windfalls projected forward is either 0% or 50%. A 50% discount rate is more likely to be applied to larger windfall sites (above 5 units) than small sites (1 to 4 units) and more likely to be applied in the earlier years, as opposed to the later years, when it is projected forward. For instance, if a large windfall allowance is projected forward from year 6 onwards, a 50% discount is often applied to years 6 to 10, with a 0% discount from years 11 onwards.
- 2.3.3 The reasoning here makes apparent sense, as we are more likely to be aware of large sites to be delivered earlier in the Plan period, than later in the Plan period. We would also agree with Tonbridge & Malling's assertion that 'the pool of large windfall sites is not finite' and will 'continue to be replenished over the years as new unforeseen opportunities, particularly in the long-term present themselves'. Therefore, we should continue to project windfalls (both small and large) into the latter years of the Plan period, at less of a discount than earlier in the Plan period.

3. Windfall delivery in Epsom & Ewell

3.1. Historic windfall delivery

- 3.1.1 Following on from a review of other councils approach to windfall allowance, we now examine historic windfall completions within the borough of Epsom & Ewell.
- 3.1.2 As noted in the introduction, a windfall allowance needs to refer to ‘sites not specifically identified in the development plan’, as per the NPPF. Examining past windfall delivery, therefore, we need to exclude sites that were previously allocated in the Local Plan.
- 3.1.3 9 sites were excluded from the historic windfall analysis, as these were allocations or were identified through the Plan-making process and have since been delivered. These sites are listed in **Table 1** below. They were either allocated in Plan E (2011) or referred to in the Core Strategy (2007-2022). Additional sites identified in the Core Strategy (2007) but delivered before 2012/13 are not relevant, as they are not within the examined historic windfall period.

Site name	Application ref	Net units	Years completed	Planning Policy
West Park Hospital, Horton Lane	09/00971/FUL	369	2011/12 - 2015/16	Core Strategy (2007)
St Ebbas Hospital, Hook Road, Epsom	08/00576/FUL	322	2009/10 - 2015/16	Core Strategy (2007)
Epsom Station site	09/00824/FUL	117	2012/13	Plan E (2011)
NESCOT Agricultural Land, Reigate Road, Ewell	15/00098/FUL	91	2016/17 - 2018/19	Core Strategy (2007)
The Lintons Centre, Lintons Lane, Epsom	13/00250/FUL	85	2015/16 - 2016/17	Core Strategy (2007)
Part of the Utilities Sites	13/00250/FUL	85	2015/16	Plan E (2011)
Magistrates Court	10/00071/FUL & 12/01255/FUL	54	2012/13	Plan E (2011)
87 East Street, Epsom	12/01066/FUL	45	2015/16	Core Strategy (2007)
Lidl site (previously Tesco), within the Depot Road & Upper High Street allocation	17/00001/FUL	30	2022/23	Plan E (2011)
Total		1,198		

- 3.1.4 Other councils have often taken around a 10-year rolling approach to looking at historical windfall delivery. We have ascertained data going back to 2012/13 and up to 2022/23 (an 11-year period). We have subdivided the size of sites by net units delivered on the site and have named these:
- Small windfall (1 to 4 units),
 - Medium windfall (5 to 9 units),
 - Larger windfall (10 to 19 units),
 - Biggest windfall (20+ units).

Table 2: Historic windfall delivery in Epsom & Ewell (all sites)

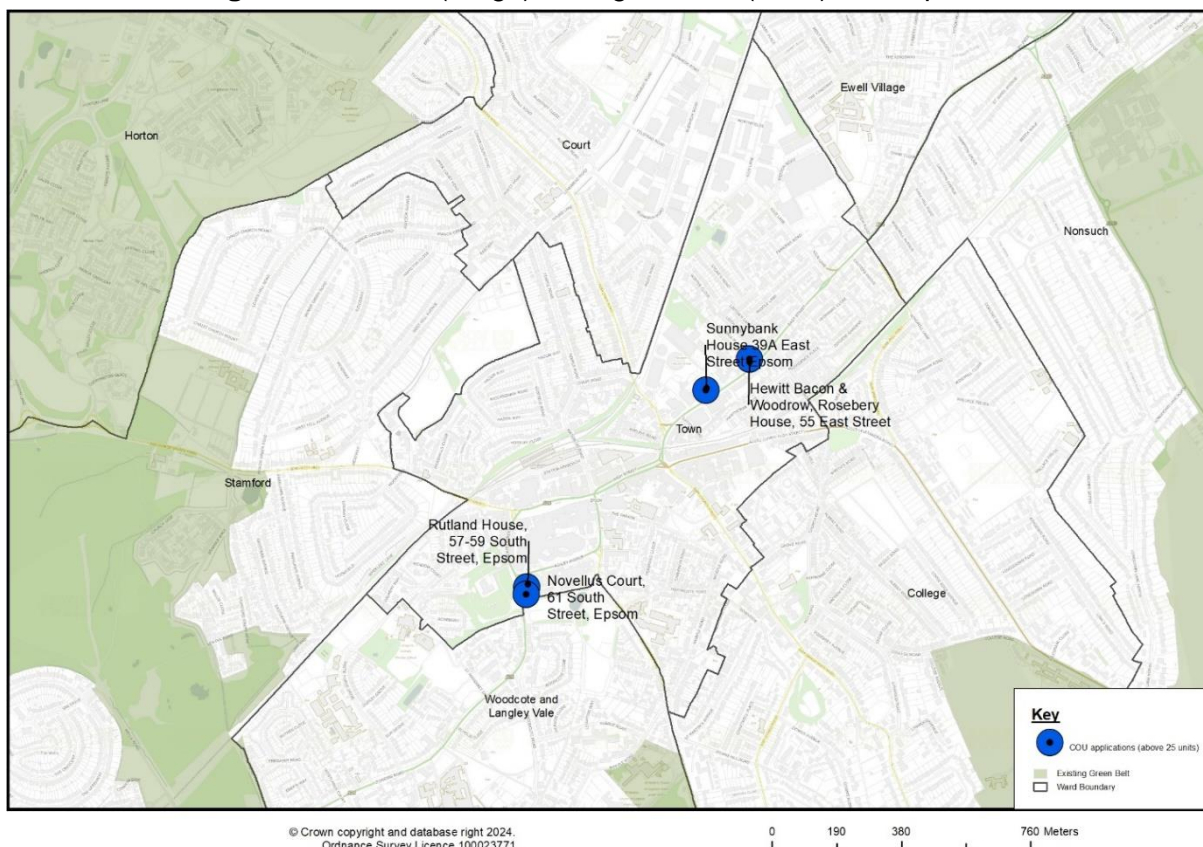
Year	Small Windfall (1 - 4 units)	Medium Windfall (5 - 9 units)	Larger Windfall (10 - 19 units)	Biggest Windfall (20 + units)	Total
2012-13	30	8	13	52	103
2013-14	44	5	10	0	59
2014-15	32	7	16	47	102
2015-16	33	6	15	0	54
2016-17	40	29	55	129	253
2017-18	62	30	16	0	108
2018-19	24	42	41	30	137
2019-20	40	25	21	109	195
2020-21	41	21	13	92	167
2021-22	23	22	0	35	80
2022-23	21	8	0	211	240
Total	390	203	200	705	1,498
Average	35	18	18	64	136

- 3.1.5 The 'biggest windfall' sites (20+ units) contribute the greatest to the total windfall delivery over the 11-year period, at roughly half the total number of units (an average of 64 units per annum). Small windfall (1 to 4 units) equates to 35 units per annum, medium windfall (5 to 9 units) to 18 units and larger windfall (10 to 19 units) to 18 units per annum.
- 3.1.6 Prior to taking a closer look at the biggest windfall sites (20+ units) it would be illustrative to also consider the impact on permitted development rights and their impact on Change of Use (COU) developments from office to residential, as these are an important potential windfall supply.

3.2. Permitted development rights (COU from office to residential)

- 3.2.1 Permitted development (PD) rights allowing the conversion of certain buildings to homes was first introduced in a temporary basis in 2013. In April 2016 this was made permanent. From August 2021 the 'Class MA' PD rights allow for the conversion of commercial, business and service uses to residential without the need for a full planning application. In September 2024 the council confirmed the cancellation of Article 4 Directions (in place since 2015) relating to changes of use from employment office buildings to residential use (C3), as these had 'expired' and no longer served a purpose.
- 3.2.2 In the borough of Epsom & Ewell, of all the Permitted Development Change of Use applications received since 2013, of which there have been 96 applications, 55 were in Town ward (57%) and 24 in Ewell Village ward (25%). If you remove sites with duplicate applications on them, there are 78 sites, with 50 in Town ward (64%) and 16 in Ewell Village ward (21%); the vast majority of applications, therefore and expected Change of Use (office to residential) occur in Town ward and to a lesser degree Ewell Village ward.
- 3.2.3 The largest COU developments (from office to residential) have occurred in/around the Epsom town centre. The four largest of these (above 20 net units), with their locations, are shown in **Figure 1** below.

Figure 1: Historic (Large) Change of Use (COU) developments



Address	Net units	Year completed	Full app. or PD?
Sunnybank House 39A East Street Epsom	39 units	2020/21	Full application
Rutland House, 57-59 South Street, Epsom	32 units	2016/17	PD
Hewitt Bacon & Woodrow, Rosebery House, 55 East Street	30 units	2016/17	Full application
Novellus Court, 61 South Street, Epsom	23 units	2016/17	22 units (PD); 1 unit planning app.

3.3. Examining the ‘biggest’ windfall sites

- 3.3.1 In this section we review the 5 largest of the ‘biggest sites’ and whether they are likely or not to be repeated in the future.
- 3.3.2 Epsom & Ewell High School delivered 161 net units (ref: 18/01360/FUL). This scheme was granted planning permission at committee in 2020/21 and was completed in 2022/23. It is a greenfield site in the urban area. We would suggest this site is the type of site *unlikely* to come forward again in the new Plan period.
- 3.3.3 Woodcote Grove delivered 98 net units (ref: 19/00999/FUL). The scheme was granted planning permission at committee on 2020/21 and completed in 2022/23. It is a brownfield site located in the urban area. We would suggest this site is the type of site that may come forward again in the new Plan period.
- 3.3.4 The third largest site is the ‘New Development on NESCOL Agricultural Land’ (ref: 17/00429/FUL) which delivered 88 units on a mix of greenfield and brownfield land in the urban area. It received planning permission at committee in 2017/18 and was completed over 3 years from 2018/19 to 2020/21. We would suggest this site is the type of site unlikely to come forward again in the new Plan period.
- 3.3.5 The next largest scheme was at ‘Presto Haulage, the Old Mill’ which delivered 80 net units on brownfield land in the urban area (ref: 18/01430/FUL). The scheme received planning permission at

committee in 2019/20 and was completed in 2021/22 and 2022/23. We are of the opinion that this type of development may come forward again as windfall in the future.

- 3.3.6 The fifth largest windfall scheme was at Salesian College Sport Ground which delivered 60 units on greenfield land in the urban area (ref: 15/00845/FUL). This scheme was granted permission at committee in 2016/17 and completed in 2019/20. We are of the view that this is not the kind of scheme likely to be delivered in the new Plan period, principally due to a lack of greenfield space in the urban area for new development.
- 3.3.7 If we take the view that the greenfield sites above 50 units are not likely to come forward in the new Plan period, which would be a reasonable approach, we can exclude them from the historic windfall analysis. This results in an average windfall for the 'biggest sites' (20 + units) of 45 units, and is referred to as **scenario 2** below.

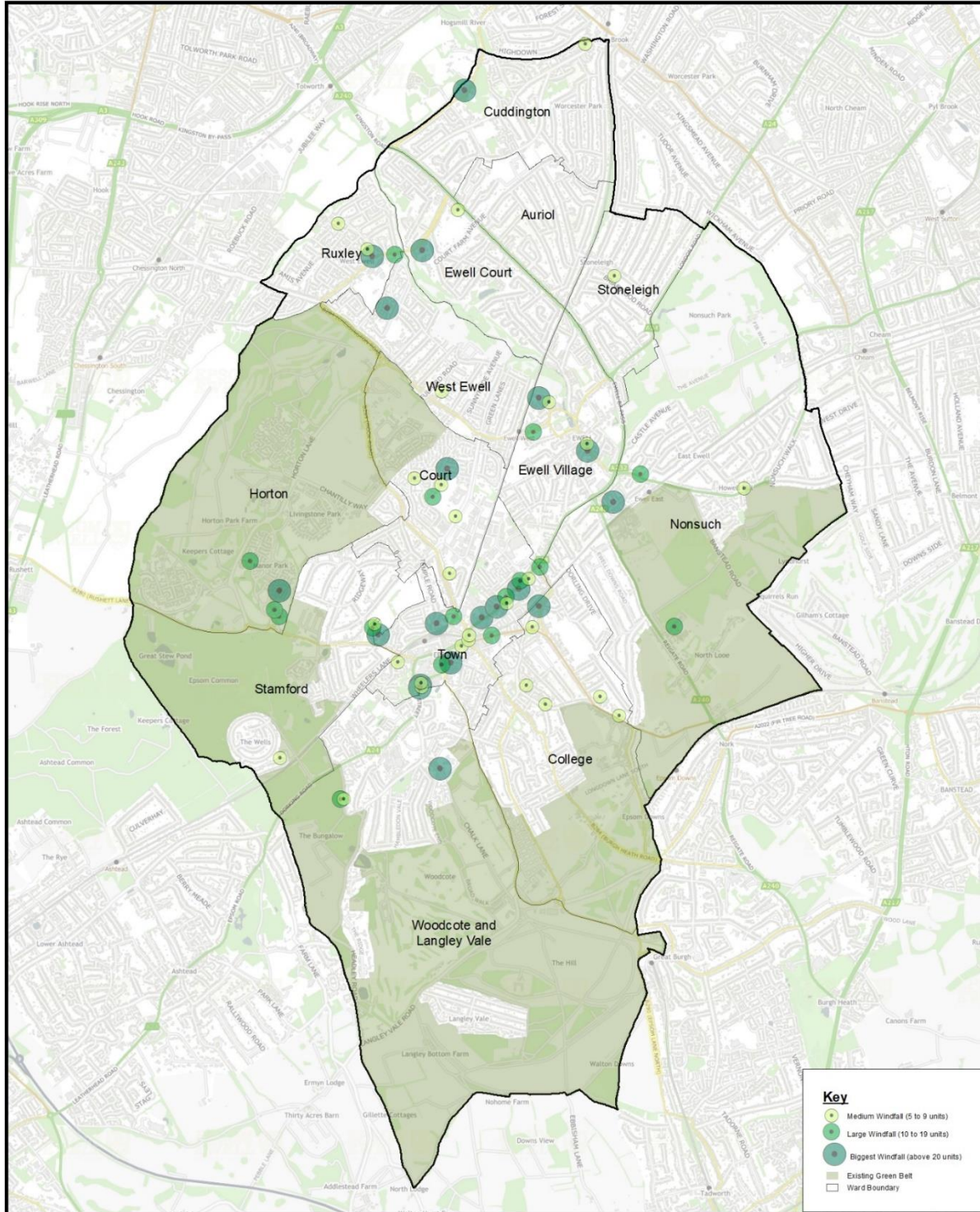
3.4. Threshold scenarios (excluding differently sized sites)

Threshold Scenarios (1-6)	Small Windfall (1 - 4 units)	Medium Windfall (5 - 9 units)	Larger Windfall (10 - 19 units)	Biggest Windfall (20 + units)	Total
Scenario 1: All sites included	35	18	18	64	135
Scenario 2: Excluding urban greenfield sites of 50+ units	35	18	18	45	116
Scenario 3: Excluding all sites of 50+ units	35	18	18	31	102
Scenario 4: Excluding all sites of 25+ units	35	18	18	10	81
Scenario 5: Excluding all sites of 25+ (except office to residential conversions)	35	18	18	19	90
Scenario 6: Excluding all sites of 20 + units	35	18	18	n/a	71
Source: Epsom & Ewell Annual Monitoring Reporting (AMR) data 2012/13 – 2022/23					

- 3.4.1 **Table 3** above summarises the average annual windfall figures for the different size sites, described in 6 scenarios. The first scenario includes all sites, the second excludes urban greenfield sites of 50+ units; the third excludes all sites of 50+ units; the fourth excludes all sites of 25+ units; the fifth excludes all sites of 25+ units except Change of Use schemes (office to residential conversions), while the sixth scenario excludes all sites of 20+ units. As can be seen above the choice of threshold will have a not insignificant impact on the average total figure. For instance, 135 units in scenario 1 (all sites included) to 71 units in scenario 6 (excluding sites of 20+ units).
- 3.4.2 The choice of which scenario to choose to project forward into the Plan period will depend on which types of schemes one expects to come forward and where in the borough these are likely to come forward. As a result, it may be useful to know where historic windfall has occurred. As can be seen below the majority of larger windfall delivery (5 units and above) has occurred within Town ward (see **Figure 2** below).

Figure 2

Larger Windfalls (5 to 10; 10 to 19 & 20+ units) (2012/13 - 2022/23)



3.5. Projecting windfall delivery during the Plan period

3.5.1 The next step is to project windfall delivery for the Plan period. In **Table 4** below we have run with **scenario 2**, from **Table 3** above, and have applied a 50% discount to the 'biggest windfall' sites (which exclude greenfield sites in the urban area, as per the scenario) for the years 7 to 11 (years 2028/29 to 2032/33 in the Plan period) and a 0% discount for the 'biggest windfall' from years 12 to 18 (years 2033/34 – 2039/40). We have also applied windfall of 5+ units from year 7 (2028/29 in the Plan period), while it is from year 4 for small windfall (1 to 4 units). This is an approach not dissimilar to those taken by other councils, discussed earlier in this paper. Remember there is no standard method or PPG guidance for projecting windfall delivery forward into the Plan period.

Year	Year into Plan period	Small Windfall (1 - 4 units)	Medium Windfall (5 - 9 units)	Larger Windfall (10 - 19 units)	Biggest Windfall * (20 - 50 units)	Total
2023/24	2	0	0	0	0	0
2024/25	3	0	0	0	0	0
2025/26	4	0	0	0	0	0
2026/27	5	35	0	0	0	35
2027/28	6	35	0	0	0	35
2028/29	7	35	18	18	23	94
2029/30	8	35	18	18	23	94
2030/31	9	35	18	18	23	94
2031/32	10	35	18	18	23	94
2032/33	11	35	18	18	23	94
2033/34	12	35	18	18	45	116
2034/35	13	35	18	18	45	116
2035/36	14	35	18	18	45	116
2036/37	15	35	18	18	45	116
2037/38	16	35	18	18	45	116
2038/39	17	35	18	18	45	116
2039/40	18	35	18	18	45	116
Total		490	216	216	430	1,352

Source: Epsom & Ewell Annual Monitoring Reporting (AMR) data 2012/13 – 2022/23
* Excludes urban greenfield sites

3.5.2 In conclusion, a total of 1,352 units could be delivered as windfall over the Plan period, if one were to choose **scenario 2** from **Table 3** and apply the discount discussed above (see **Table 3** above). For context the housing need figure for the years 2 to 18 is 9,673; as estimated by the standard method (569 dwellings per year). So about 14% of the housing need figure could be met by windfall delivery, a not insubstantial amount, and on the balance of the information available to us at the time of writing, a not unfounded approach for the Council to take.

3.5.3 However, one might say that this is an overly optimistic approach. If we were more prudent, we could exclude all sites of 20+ units. The projected windfall of this **scenario 6** is shown below, in **Table 5**. This would result in a total windfall delivery of 922 units over the Plan period. It is this approach that the Council has chosen, as the Council does not want to be reliant on windfall sites in order to meet the housing requirement.

Table 5: Projecting windfall delivery
Scenario 6: Excluding all sites of 20+ units

Year	Year into Plan period	Small Windfall (1 - 4 units)	Medium Windfall (5 - 9 units)	Larger Windfall (10 - 19 units)	Total
2023/24	2	0	0	0	0
2024/25	3	0	0	0	0
2025/26	4	0	0	0	0
2026/27	5	35	0	0	35
2027/28	6	35	0	0	35
2028/29	7	35	18	18	71
2029/30	8	35	18	18	71
2030/31	9	35	18	18	71
2031/32	10	35	18	18	71
2032/33	11	35	18	18	71
2033/34	12	35	18	18	71
2034/35	13	35	18	18	71
2035/36	14	35	18	18	71
2036/37	15	35	18	18	71
2037/38	16	35	18	18	71
2038/39	17	35	18	18	71
2039/40	18	35	18	18	71
Total		490	216	216	922

Source: Epsom & Ewell Annual Monitoring Reporting (AMR) data 2012/13 – 2022/23

4. Conclusion

4.1. Discussion of other council approaches:

- 4.1.1 In terms of other council approaches, it is common to not include a windfall allowance for the early years of the Plan period. This is to avoid double counting, as delivery over the first number of years is more likely to be known to the council or has already received planning permission. Some do not include windfall for the first 3 years, while others do not include windfall for the first 5 years.
- 4.1.2 The discount rate on windfalls projected forward is either 0% or 50%. A 50% discount rate is more likely to be applied to larger windfall sites (5 + units) than small sites (1 to 4 units) and more likely to be applied in the earlier years, as opposed to the later years, when it is projected forward.

4.2. Historic Windfall delivery in Epsom & Ewell

- 4.2.1 Historic windfall delivery has predominantly occurred within Town ward in and around the Epsom town centre. The larger windfalls have tended to occur in the Town ward (in and around the Epsom Town Centre), while the smaller windfalls are more dispersed around the borough. We expect windfall delivery to continue throughout the borough but expect larger windfalls to occur in the Town ward and to a lesser extent Ewell Village ward; and smaller windfalls to continue across the borough.
- 4.2.2 With a continuation and extension of permitted development rights we expect COU (office to residential) developments to continue in Town & Ewell Village wards, in particular. This is an aspect of unexpected supply that ought to be included in the housing trajectory over the Plan period.

4.3. Scenarios:

- 4.3.1 The choice we make as to what upper limit to place on historic windfall completions and at what discount (or not) to project these forward has an impact on projected housing supply.
- 4.3.2 If the housing need figure is 9,673 for the years 2 to 18 of the Plan period (as calculated by the standard method) which scenario one chooses will result in between 9 - 16% of housing need met though a windfall allowance (from small to large), see **Table 6** below for a summary. This is significantly lower than the percentage of housing need delivered through windfalls in other councils where larger windfalls have been included, such as Maidstone (25% of housing need met through windfall), East Hampshire (23% of housing need) and Tonbridge & Malling (36% of housing need).

Threshold Scenarios (2, 5 & 6)	Biggest Windfall (20 + units)	Total	Percentage of housing need *
Scenario 1: All sites included	608	1,530	15.8%
Scenario 2: Excluding urban greenfield sites of 50+ units	430	1,352	14.0%
Scenario 3: Excluding all sites of 50+ units	267	1,219	12.6%
Scenario 4: Excluding all sites of 25+ units	95	1,017	10.5%
Scenario 5: Excluding all sites of 25+ (except office to residential conversions)	228	1,150	11.9%
Scenario 6: Excluding all sites of 20 + units	n/a	922	9.5%

Source: Epsom & Ewell Annual Monitoring Reporting (AMR) data 2012/13 – 2022/23
* calculated as 9,673 over the remaining Plan period.

4.4. Selecting a scenario:

- 4.4.1 The council does not intend to be reliant on the delivery of windfall sites in order to meet the housing requirement. As such, a modest approach has been taken and **scenario 6**, shown above, has been chosen. This is to exclude all sites of 20+ units from the windfall supply. This results in 9.5% of housing need met though windfall delivery, which is modest when compared to other councils, and appropriate for this borough given the history and type of sites that have come forward for development.