

19 September 2017  
Warwick CIL Inspectors Response 190917



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Dear Mr Kemp,

### **Response to Warwick DC CIL Representation 19/9/17**

We welcome the opportunity to be able to provide a response to the Council's recent reply to our representations.

The first point we would like to re-emphasise is that the BNP Paribas viability appraisal has set the residual land value at the lowest margins of viability considered acceptable by DcLG. This presents a significant risk that means should any of their viability assumptions be wrong then it would put the viability of the largest SUE site at risk. The very risks we have identified have not been addressed in the most recent response.

The key point we are seeking to highlight is that the viability appraisal fails to properly take account of the likely full s106 costs which the Council's own evidence demonstrates could be around £16k-£17k per plot. The appraisal fails to recognise that the Kings Hill development will have little to gain from the current Reg 123 infrastructure and fails to recognise the infrastructure contributions that will be required for Coventry. We set out our further position on each of these points below:

#### **Full S106 Included in the Viability Appraisal**

We consider that the s106 allowances made in the BNP Paribas appraisal are too low. The combined education contribution (£7,000 per plot) and s106 allowance (£5,000 per plot) is significantly less than the Council's own evidence.

The Council's own evidence demonstrates a full s106 requirement for large sites as being around £16,000 - £17,000 per plot. For Kings Hill this means the first potential gap in the infrastructure costs is circa £16m-£20m.

As the largest SUE with cross boundary infrastructure requirements, we do not consider it unreasonable to assume a full s106 provision not being required, especially where the Reg 123 schedule offers limited infrastructure support to Kings Hill.

If a £16k per plot assumption is applied to Kings Hill and the education element is deducted along with the £5k per plot s106 (£7k per plot) then that presents a £4k -£5k per plot difference in the Council's assumption and their own evidence of £16k-£17k per plot. There is no clear evidence set out in the viability work which justifies a £12k (or £5k) per plot assumption at Kings Hill, especially when CIL provides limited reduction to the Kings Hill infrastructure costs.

If the £4k-£5k per plot difference is applied then this would result in a further £16m-£20m in s106 obligations based on the average of the major schemes previously consented. As previously highlighted, the Council's viability appraisal had tested the Kings Hill site at the margins of viability (£247,820 per Hectare).

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Any miscalculation or under scoring of the s106 costs will push this residual land price below the level identified as being acceptable in the CLG guidance which suggests £247k/ Ha.

What evidence or analysis has the Council prepared which shows that the difference between the evidence of s106 at £16k per plot for large sites and then Kings Hill being assumed to be £12k been undertaken? Many of these issues could be cleared up if an appraisal was undertaken which is based on evidence or clear assumptions were made.

If any reduction to £5k or £12k per plot is to be applied then this should be evidenced beyond the Council's £16k per plot already set out. We have not found any clear evidence which demonstrates where a £5k per dwelling assumption for other s106 items comes from. We attach a schedule setting out a series of s106 assumptions for Kings Hill which amount to circa £18k per plot.

### **Cross Boundary s106 Obligations**

At no point in the Council's viability appraisal or response to our previous representations has any reference been made to the s106 or 278 obligations that will have to be met to mitigate impacts arising from Coventry. If the Council have had confirmation from Coventry City that no such cross boundary obligations will be sought then this would be welcomed. However, we have already identified that highways contributions to works in Coventry are estimated to be circa £7m-10m. We would expect Warwick DC to recognise that some significant highways contributions will be needed. We do not think that the Council has made an allowance for contributions required for any significant infrastructure (highways or other) in Coventry.

The concerns we have that the appraisal has not been clearly evidenced or justified. The appraisal is not transparent in what assumptions have been made in terms of the difference CIL will make to the site specific s106 obligations and whether an allowance has been made for contributions to Coventry. If CIL and a full s106 is applied then the additional infrastructure costs of circa £16m-£20m will have to be taken from the residual land value which has already been set at the lowest end of the acceptable range set out by DCLG.

### **Response Sought**

If a new appraisal and assumptions can be provided which give clarity to the concerns we raise, including a response on the above matters raised then we will be in a clearer position to understand what impact there could be on the marginal viability which has already been assumed.

We would like to work collaboratively with the Council and its advisors to find a solution which seeks to avoid placing the largest SUE at or below the margins of viability then this would be most welcomed.

We look forward to a response to the above and attached in due course.

Kind regards

Yours sincerely



Michael Davies  
Director, Planning

## Kings Hill Infrastructure Requirements (UPDATED 19/09/2017)

	Greater certainty on estimate		Limited certainty on estimates		No information available
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Type	Project	Scheme Description	Further comments	Indicative Cost
TRANSPORT	Site Access 1 New junction on Green Lane	Simple priority bellmouth junction		£100,000
	Site Access 2 New junction, Green Lane / St Martin's Road / Kings Hill Lane	Roundabout junction single lanes, flaring to two		£1,500,000
	Site Access 3 New junction King's Hill Lane / Stoneleigh Road	Signalisation junction, 2 lane exit, on Stoneleigh road a deceleration lane plus dedicated right turn		£250,000 - £300,000
	Kings Hill Lane widening of southern section	13 metre wide highway, flaring at entrance, from Stoneleigh Road to Finham Brook	The scheme requires rebuilding the road with new drainage and lighting.	£650,000 - £750,000
	Kings Hill Lane pedestrian and cycle	Reduced speeds, some signage, some lining, reduced access measures, amend TRO		£50,000
	School drop off	School drop off and pick up facility, off Green Lane to be used by Finham Park School to relieve parking congestion on Green Lane during school opening and closing times.	Proposed as a benefit to local residents to mitigate parking congestion on Green Lane. Not decided yet if scheme will be included.  Unclear on drainage requirements allowance made in cost estimate	£225,000 - £300,000
	Sustainable travel: EV charging points	Potentially a number of parking spaces strategically located with connections to electric charging points	IDP	£3,600 + £360 data cost every 3 years per unit installation  Cost information provided from charge master

Type	Project	Scheme Description	Further comments	Indicative Cost
	Public Transport infrastructure	Bus penetration of the site on spine routes with stops and shelters every 400m. Routes are assumed but are unlikely to be much different.	Coventry CC do not currently have a mapped out PT scheme, however they are working on this. The aspiration is to eventually have bus RT penetrating the scheme.	£80,000**
	A46 Link Road Phase 1, A46/ Stoneleigh Road major upgrade (Highways England)	Full interchange	<p>WCC is lead authority with CCC in partnership.</p> <p>Scheme has funding for £21M but a may be required if costs exceed this.</p> <p>Phase 1 start on site summer 2018 with completion by late 2019 to meet HS2 construction peak in 2020/21.</p> <p>A series of public information events are organised for July 2017</p>	<p>N/A</p> <p>Scheme funding secured – contribution now unlikely</p>
	Junction improvement: A46/ A452 Thickthorn roundabout signalisation and widening (Highways England)	<p>Junction upgrade.</p> <p>Next junction south of Stoneleigh Road so greater distance from scheme. Main access from A46 to Kenilworth / Leamington.</p>	<p>Jan 2015 WCC IDP referenced a cost of £1.25m for this scheme.</p> <p>The point at which a contribution may be required, and its actual amount, will be agreed in discussion and assessment with the highway authorities.</p>	£125,000**
	Stivichall Roundabout	Upgrade to	A46 link road	N/A

Type	Project	Scheme Description	Further comments	Indicative Cost
		accommodate additional traffic resulting from Kings Hill development	scheme is major mitigation for A45 congestion and therefore unlikely that any mitigation would be forthcoming.	
	A46 Link Road Phase 2	New east west highway connecting Phase 1 with Warwick University and Kirby Corner	WCC awarded £1.25m by DfT to develop a full business case for Phase 2 of the A46 link road scheme. This will be assessed by DfT before a decision is taken as to whether to provide further funding towards the scheme.	<b>INCLUDED IN ARUP ESTIMATE OF TOTAL OFF-SITE HIGHWAYS COSTS</b>
	Junction improvement: B4113 Coventry Road / B4115 north of Stoneleigh		Potential signal scheme.	£200,000
	Junction improvement: B4115 Birmingham Road / Stoneleigh Road	Signalisation scheme	Potential signal scheme. Need to double check if this scheme has already been funded elsewhere through S106 contributions.	£200,000
	Foot bridge over the Kenilworth to Coventry Railway line	Options being developed	Connections for NMUs across the rail line are currently inadequate. With 4000 houses, major employers to the west as well as other services a need to provide some improvements seems likely. Costs include £462,800, see Arup feasibility study. This cost excludes NR costs including	£712,800

Type	Project	Scheme Description	Further comments	Indicative Cost
			possessions. In addition we have assumed a 900m footway will be required est. £250,000.	
	Smarter Choices	Sustainable transport packages	IDP references £350,000 travel pack monies agreed in S106 from southern sites thus far - check for pooling of contributions from 5 or more sources.	£50,000**
	Junction improvement: A45 Leamington Road and St Martin's Road roundabout upgrade	Signalised roundabout	Current proposal is subject to review by CCC.	£1,000,000
	Junction improvement: A45/ Kenilworth Road signalised cross-roads upgrade	Signal retiming, minor improvements	Constrained junction, little scope to do anything major, possibly improvements to signal operations. A46 link road scheme is major mitigation for A45 congestion.	<b>INCLUDED IN ARUP ESTIMATE OF TOTAL OFF-SITE HIGHWAYS COSTS</b>
	Junction improvement: Stoneleigh Road/ A429 Kenilworth Road	Minor widening, lane improvements	Constrained junction, little scope to do anything major. There could be extensions to the flaring on the approach lanes. A46 link road scheme is major mitigation for A45 congestion.	<b>INCLUDED IN ARUP ESTIMATE OF TOTAL OFF-SITE HIGHWAYS COSTS</b>
	Sustainable travel: additional sections of the Coventry and the Warwickshire strategic cycle networks	Focus on Stoneleigh Road which has little pedestrian / cycle infrastructure	Arup to consider feasibility of pedestrian / cycle connections crossing the Coventry / Leamington railway. Ongoing dialogue with highway authority re acceptability of	£50,000**

Type	Project	Scheme Description	Further comments	Indicative Cost
			'no dig' construction	
	Rapid Transit Network	Scheme likely to penetrate site and improve PT connectivity to employment sites	Phased delivery throughout plan period. £80,000,000 is the cost quoted for the entire network. A contribution may be required which goes towards off site infrastructure and possibly service provision.	£2,312,000**
	Sustainable travel: car club infrastructure	Assumed to consist of parking spaces and set up costs		£200,000**
EDUCATION	Pre-School	Contribution to improvement and expansion of existing facilities	WCC Education seeking all new primary schools to have nursery provision on site.	£28 million (cost taken from BNP Paribas CIL Viability report)
	Primary	1 X 2FE with capability for possible expansion to 3FE	Provision of 1x 3FE primary school as part of application.  1x 2FE primary to be delivered on CCC land.	
	Secondary	All-through primary / secondary school and SEN facilities	IDP refers to requirement for secondary provision existing as site proceed to 4,000 dwellings (beyond plan period / 2,000 threshold)	
	Special Education Needs	Contribution to improvement and expansion of existing facilities	Likely to be provided as part of on site secondary / all through school provision	N/A
	School Transport	Contributions to school transport		£180,000 for 4,000 dwellings

Type	Project	Scheme Description	Further comments	Indicative Cost
AFFORDABLE HOUSING		Minimum 40% affordable provision for residential developments on sites of 11+ dwellings	SHMA proposes an affordable housing tenure split of 86% social rented and 14% intermediate housing. ACTION: monitor proposals for change in provision i.e. starter homes proposals.	TBC
	Kenilworth / Crackley Country Park	Country Park to north of Kenilworth. Mitigation for HS2 proposals.		N/A
GREEN INFRASTRUCTURE	Open Space Provision	Requirement for open space in accordance with standards specified in SPD	Typologies to be calculated - to include amenity green space, parks + gardens, natural areas, green corridors, allotments	£6.41m for 4,000 unit scheme (masterplan)
	Open Space Maintenance	Maintenance agreements to cover costs for 13 years	Calculated at point the open space is adopted using formula x 13 years	£16.82m for 4,000 unit scheme
	Green Infrastructure Provision	Protection, enhancement and restoration of District's green infrastructure assets.		Covered by CIL
	Playing Pitches	District requirement for 5 full size and 4 mini football pitches		Covered by CIL
		District requirement for expansion of cricket club infrastructure to accommodate additional teams		
		District requirement for expansion of rugby club infrastructure to accommodate additional teams		
		District requirement for renewal of artificial hockey pitches		



Type	Project	Scheme Description	Further comments	Indicative Cost
	Biodiversity Mitigation / Offsetting	Mitigation measures must be identified if potential for biodiversity impacts. If not possible on site compensatory measures involving biodiversity offsetting	To be quantified – subject to impacts. Intention to deliver net increase in biodiversity.	No Cost
	Telecommunications	High Speed Fibre Broadband to be supplied to the site. Excludes all on-site ducting and ancillary works.	Discussions to take place with broadband suppliers to achieve best value for the Developer	N/A
	Waste	Redesign of existing household recycling facilities to accommodate population increase.	No S106 contributions required	N/A
HEALTH	Warwick Hospital	Additional outpatient, diagnostic, treatment and in patient facilities at Warwick Hospital		£1m  (Basic assumption that the largest SUE will need to make a contribution)
	GP	No requirement identified in IDP.		£1m  (Based on WDC S106 of £25,270 on 115 unit scheme)
INDOOR SPORTS FACILITIES	Sports Halls and Swimming Pools	Refurbishment and enhancement of swimming pools, sports halls & gym facilities in Kenilworth, Warwick and Leamington.		£3.3m  (Based on s106 of £831.04 per dwelling on 115 unit scheme.)
CULTURAL FACILITIES	Libraries	IT and stock purchases to support growth in population.		£80,000  (A small contribution may be required approx £20 per dwelling)

Type	Project	Scheme Description	Further comments	Indicative Cost
	Community centres and meeting spaces	No requirement identified in IDP.	Seek to provide any requirement within school building (dual use) – on site	Estimated £2m  (based on SW Warwick scheme where community centre was circa £1.7m)
EMERGENCY SERVICES	Police	Police custody suite, equipment		£1.1m  (based on £277 per dwelling on 115 scheme)
	Fire	Fire Service Delivery Point		N/A
	Ambulance			N/A
OTHER	Footpath Connections	Enhance links into countryside from new developments	£150,000 sought in total (£83,000 through S106 / £67,000 through CIL)	£30,000**
	SUDS maintenance	Requirement for ongoing maintenance of SUDS schemes		£62,500 per year for 4000 properties. Assume £937,500 (15 years)
	Implementation / community development trust	Management of community services, public realm and dissemination of information	Consideration of setup, management / governance to be discussed and agreed with WDC	To be reviewed with LSL/WDC

Type	Project	Scheme Description	Further comments	Indicative Cost
	S106 / CIL Monitoring	Resource to manage and monitor S106 and CIL for 10 years	£750,000 total sought (review of proportional requirement to LSL scheme required)	TBC through S106 negotiations  Recent S106 for 115 scheme in Warwick included £30,000 or 1% of total contributions (whichever is the lesser)
	Ground Investigation	Limited Ground investigation is likely to be required to confirm ground conditions, geotechnical properties, presence of GW, any contamination, ground gases.		£50,000+ ** Assume limited GI with geotechnical and environmental sampling/ testing, follow on field work

**NB - SEE BELOW FOR ARUP ESTIMATE OF TOTAL OFF SITE HIGHWAYS COSTS**

	Off-site highway works	Off-site highway improvements to mitigate impacts of scheme.	This sum is to cover those improvements listed above which are not costed plus any not yet identified that may only be revealed by the traffic modelling. Allow as a contingency. The actual sums cannot forecast with any degree of confidence until the traffic modelling is completed.	Allow £2,000,000** to £5,000,000**
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**Note: costs with suffix \*\* are Arup estimates based on professional judgment only.**

Overall infrastructure cost estimates (excludes items shown as red due to lack of information)	<b>Approx. £72,910,900</b>
Approx cost per plot	<b>£18,227</b>