

CIL : Response to Examiner's Question

(email from Programme Officer dated 19/9/17)

The Examiner has asked the Council to provide further commentary on the letters from Savill's dated 19/9/17. In particular he has asked the Council to address the following.

- A Can the Council provide more clarity about how highway and education costs are likely to be split between CIL and section 106 funding? For example, it is unclear how the descriptions (and indeed scale) of education infrastructure in the updated Regulation 123 list relates to the differential approach that the Council has applied to general residential and strategic sites when making assumptions about the likely level of residual s106 requirements.**

Strategic Sites (over 300 dwellings)

- 1 Education:** For strategic sites, education contributions (with the exception of 0-5 provision and SEN provision) are included within the assumed residual S106 contributions of £13,000 per dwelling. In a number of recent Section 106 agreements (e.g. Lower Heathcote Farm; Myton Rd/Europa Way), education contributions have totalled around £8000 per dwelling. However, in the context of CIL and a change in the approach taken by Warwickshire County Council in planning school infrastructure projects (whereby specific projects are identified and costed rather than purely relying on pupil number generated), we would expect residual S106 contributions for education to average in the region of £7000 per dwelling. This is included within the total assumed amount of £13,000 per dwelling.
- 2 Highways:** Strategic highways infrastructure is likely to be funded from a mix of CIL, and S106/S278 contributions. In recent Section 106 agreements (for example Lower Heathcote Farm; Myton Rd/Europa Way) highways contributions have been around £6000 per open market dwelling (assuming 40% affordable housing) and average of £3600 per dwelling across the whole site. Once CIL is adopted, the residual Section 106 costs for highways will vary according to the specific location and the highways infrastructure required. As an example, for Kings Hill the emerging residual s106/s278 contributions for highways (including works required for access) may well be in the range of £2400 to £3150 per dwelling.
- 3** Another way of approaching this question is to consider the transport costs set out in the Infrastructure Delivery Plan. Highways costs total in the region of £109m between 2011 and 2029. At this point in time, around £75m of this has funding committed (approx. £20m from paid or signed Section 106; approx. £30m from committed "other sources of funding" such as grants; approx. £25m from S278 agreements). Roughly, this leaves £34m still to be funded for highways during the remainder of the plan period. The transport schemes set out in the draft Regulation 123 list total £16.2m, leaving around £17.8m to be funded from S106/S278 or other sources of funding. If around 25% is funded from other sources (as has been the case to date) just over £13m will need to be funded from S106 or S278. As at 1st April 2017, the Local Plan housing trajectory showed that there are 4125 dwellings that do not currently have planning permission that are expected to be completed on site of more than 300 dwellings by 2029. If each of these dwellings contributed to the total of residual highways costs (and we assume no funding is achieved from

sites below 300 dwellings) these would require on average a £3150 per dwelling (as a worst case scenario). Therefore, we would expect a part of the highways infrastructure to continue to be provided through Section 106 or Section 278 without compromising viability

Non- Strategic Site (under 300 dwellings)

- 4 Education:** For sites under 300 dwellings, the Council’s approach is described in paragraphs 17 and 18 of the Council’s paper of Residual s106 assumption (CIL 21). For smaller sites (under 100 dwellings) the Council has made the following assumptions:
- 1) Due to the size of the site, it is likely that in most cases education places will be accommodated within existing schools and in these cases contributions cannot be justified
 - 2) Where additional places are required, they are less likely to relate to a specific infrastructure project (such as major school expansions or new schools) and the proposed CIL contribution for “unspecified expansion” will apply
 - 3) Even where the first two assumptions do not apply, the pooling restrictions will mean in many cases, this scale of site will not be asked for a contribution, as to do so could undermine delivery of the overall education strategy set out in the IDP.
- 5 For these reasons, it will be rare for sites under 100 dwellings to make an education contribution through Section 106. This is borne out by the evidence provided in CIL 21a which shows that for sites less than 50 dwellings, significant education contributions have rarely be requested. For sites between 50 and 100 dwellings education contributions have been made in a number of cases. However for the reasons set out above, this will be much less common once CIL is adopted.
- 6 As set out in paragraph 18 of CIL 21, for sites over 100 dwellings but under 300, the evidence regarding is more mixed and is the most difficult to assess accurately. The approach taken will require a site specific approach and will depend on locational factors and the impact sites have on education infrastructure requirements. In this context, the evidence to support the Council’s assumptions set out in CIL 21 can best be clarified by considering the educational impact of each of the Local Plan allocations over 100 dwellings but under 300 dwellings.

Site Ref and Name	Estimated no. of dwellings	Implications for Education Infrastructure
H09 Kenilworth School, Leyes Lane	250	As Kenilworth School will be both the contributor and the beneficiary of any Section 106 education contributions, if required, these are unlikely to be disputed or impact on viability.
H12 Kenilworth 6 th Form, Rouncil Lane	130	
H11 Montague Road	140	The education impacts from this site are likely to be addressed through CIL (unspecified expansion)
H27 South Arras Boulevard, Hampton Magna	130	These sites would fall within the Aylesford School catchment for secondary education. The IDP does not specify any projects for Aylesford School and so secondary education costs would be

H51 South Lloyd Close, Hampton Magna	115	encompassed in CIL. The IDP does specify expansion of Budbrooke Primary School at an estimated cost of about £1.5m. Almost £200k has already been identified through the S106 agreement for the site at Opus 40, Birmingham Road. If the balance of £1.2m was shared between sites H27, H51 and H28, the cost per dwelling would be approx. £3000 per dwelling
H28 North of Birmingham Rd, Hatton Park	150	
DSNEW3, Police HQ, Leek Wootton	115	Existing schools can accommodate additional pupil numbers

7 The table above shows that, of the seven Local Plan housing allocations in this range, only those sites feeding in to Budbrooke School would be required to make a Section 106 contribution towards education. Whilst these specific contributions could exceed the assumptions made in the viability assessment, this school is an exception and is the only village school specified for expansion in the IDP that has not already been funded. It should also be kept in mind that the costs set out in the IDP are broad estimates and do not relate to a specific costed scheme. In addition, the potential for other sources of funding to supplement Section 106 contributions should be considered (such as EFA) which could reduce the S106 contributions.

8 **Highways:** As described in para 3 above, the total costs of the unfunded highways schemes in the IDP that is likely to need funding from Section 106 or Section 278 is around £13m. Paragraph 3 above, assumes the whole of this £13m cost could be met from strategic sites without compromising viability. In reality, some sites below 300 will be expected to make a modest contribution to highways costs but this is likely to be significantly less than for strategic sites as shown by the evidence of CIL21. These costs are unlikely to be at a level to invalidate the Council's section 106 assumptions for sites below 300 dwellings.

B Comment on Savills' specific response about the Kings Hill site, including the schedule of infrastructure requirements that it has submitted?

9 Comments in relation to Kings Hill relate specifically to the viability assessments and are made without prejudice to the pre-application discussions relating to infrastructure requirements. The schedule of infrastructure set out in Savills' most recent letter shows an emerging picture relating to infrastructure requirements for the site. There is still further specific work to be done to finalise some of the infrastructure requirements and costs.

10 WDC met with Savills on 19th September with the express purpose of addressing the concerns that had been raised regarding infrastructure costs and the impact this could have on viability. At this meeting the following assumptions regarding infrastructure costs were agreed:

Infrastructure	Assumed Costs	Comments
Education	£28.0m	
Roads/Transport (WCC)	£1.1m	
Roads/Transport (CCC)	£5.5 to	

	£8.5m	
Open Space Provision	£6.4m	Included in on site infrastructure assumptions
Open Space Maintenance	£16.8m	
Hospital	£1.0m	In the regulation 123 list (no S106 contribution)
GP Surgery	£1.0m	
Sports and Swimming Pools	£3.3m	In the regulation 123 list (no S106 contribution)
Community Centre	£2.0m	
Police	£1.1m	In the regulation 123 list (no S106 contribution)
Site Access	£3.0m	Included in on site infrastructure assumptions
Total	£69.2m to £72.2m	
Total excluding items within on site infrastructure assumptions	£59.8m to £62.8m	
Total excluding items within draft Reg 123 list	£54.4m to £57.4m	

11 CIL7 and CIL8 make assumptions about residual S106 costs for Kings Hill and provide the evidence to support a level of CIL at £55 per square metre. These assumptions provide the potential for the following infrastructure contributions:

- £52m for residual S106 costs (£13,000 per dwelling)
- £13.2m for CIL (£55 per sqm for market dwellings @ 100sq metre/dwelling)
- £80m for onsite infrastructure (£20,000 per dwelling) - includes utilities, site roads, site access and the laying out of open space.

12 This shows that there is a small difference between the Council's assumptions about potential section 106 costs of £52m (£13,000/dwelling) and emerging infrastructure costs to be fund through section 106 of £54.4m to £57.4m (£13,600 to £14,350/dwelling). The evidence therefore broadly supports the Council's assumptions and viability conclusions, although the Council recognises that further work needs to be done to:

- a) Clarify the precise infrastructure costs – particularly the highway contributions that may be required from Coventry City Council
- b) Understand the likely onsite/utilities costs for the site to review whether there is flexibility within that assumption. Even allowing for £9.4m required for access and laying out open space, the assumptions provide for a further £70.6m (£17,650 per dwelling) towards provision of utilities and site roads
- c) Consider the extent to which the CIL reg 123 list should be reviewed to provide a more evenly distributed set of infrastructure priorities across the District and thereby reducing the residual section 106 costs for Kings Hill
- d) If necessary and as a last resort, work with the site promoters to fully appraise viability and if this evidence supports the viability concerns, the Council will consider options to address this in line with the Local Plan policy DM2.