

Test Valley Borough Council

# Community Infrastructure Levy

## Infrastructure Statement

February 2015

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## 1. Introduction

- 1.1 Test Valley Borough Council has resolved to move towards applying CIL as the primary mechanism for securing developer contributions towards infrastructure delivery. The purpose of this paper is to provide additional information to support the evidence base accompanying the Council's CIL Draft Charging Schedule (DCS).
- 1.2 This document should be read in conjunction with:
- TVBC CIL Draft Charging Schedule
  - Draft Regulation 123 List
  - CIL Statement of Modifications
  - The Representations Statement
  - Infrastructure Delivery Plan (IDP) June 2014
  - Revised Local Plan Regulation 22 Submission document
  - TVBC 10 Draft Minor Modifications to the RLP
  - TVBC 11 Draft Main Modifications in Response to TVBC 10
  - Infrastructure and Developer Contributions SPD February 2009
- 1.3 This paper will set out how the Council proposes to fund infrastructure requirements identified in the Revised Local Plan (RLP) July 2014 and Infrastructure Delivery Plan (IDP) June 2014 through CIL. The document also sets out the Council's infrastructure funding gap and clarifies the approach to the provision of infrastructure through S106 contributions, including the existing S106 funds the Council has available for different types of infrastructure requirements. The document sets out the total cost of infrastructure that the Council seeks to fund or part fund from CIL as well as known and potential sources of funding. The CIL Regulations 2010 (as amended) require all charging authorities to have available and submit as part of their evidence base to the CIL examiner 'copies of the relevant evidence'<sup>1</sup>. The documents above will form part of that relevant evidence whilst this document is supporting information.
- 1.4 The report sets out the aggregate funding gap for the provision of the total amount of infrastructure identified in the IDP. It establishes the total cost of provision of infrastructure to support growth and also seeks to indicate the total amount of funding available to implement infrastructure. An indicative list of infrastructure types is listed in the IDP which is used to demonstrate a funding gap and thereby support the adoption of CIL. The approach to securing funding for infrastructure is contained within this document and when read in conjunction with the CIL DCS, sets out the known site specific matters for which S106 contributions will be sought. The extent to which affordable housing targets and other policy requirements have been met is also explained and the developing approach to the Draft Regulation 123 List.
- 1.5 Test Valley Borough Council has undertaken an assessment of its short, medium and long term infrastructure needs in order to support development identified in the RLP up

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<sup>1</sup> Regulation 19 of CIL Regulations 2010 (as amended)

to 2029. The IDP provides the evidence of infrastructure need across the Borough and a basis for calculating the funding required securing necessary infrastructure.

- 1.6 It is not anticipated that CIL receipts will fill the aggregate funding gap but will contribute to it in combination with other sources of funding.
- 1.7 The Council has an adopted Infrastructure and Developer Contributions Supplementary Planning Document 2009 (SPD) which details how contributions will be secured and how they will be used. It also sets out in specific detail financial contributions and infrastructure specifications for individual policy requirements such as public open space. It is proposed that this document will be reviewed and publicly consulted upon in 2015.

## **2. Policy Context**

### NPPF and NPPG

- 2.1 The National Planning Policy Framework (NPPF) seeks to ensure that development can come forward without viability being compromised by policy requirements and obligations.<sup>2</sup>
- 2.2 Paragraph 204 of the NPPF also requires that planning obligations are placed on development provided they meet the following three tests:
  - Necessary to make the development acceptable in planning terms
  - Directly related to the development
  - Fairly and reasonably related in scale and kind to the development
- 2.3 Revisions to the National Planning Practice Guidance (NPPG) with regard to planning obligations were published on 28 November 2014. The NPPG states that no affordable housing or tariff-style contributions should be sought from development of 10 residential units or below<sup>3</sup>. Tariff-style contributions are defined in the NPPG as contributions which can be 'pooled' towards general infrastructure as opposed to specific projects. Contributions secured through S106 agreements should meet the three statutory tests as set out in Regulation 122 of the CIL Regulations 2010 (as amended).

### Adopted Borough Local Plan (BLP)

- 2.4 Policy ESN30 in the adopted Borough Local Plan (BLP) 2006 specifies that development should make adequate provision for infrastructure and community facilities, either as part of the development or through the provision of a commuted sum. Other policies, such as those relating to public open space, specify the quantity of provision and reinforce the Council's position to seek a contribution where facilities and infrastructure cannot be provided on site.

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<sup>2</sup> NPPF paragraph 173

<sup>3</sup> Paragraph 012 National Planning Practice Guidance 28 Nov 2014

## Revised Local Plan (RLP)

- 2.5 The Council's RLP sets out the vision for the future and the strategy for development across the Borough over the period 2011 – 2026. Once adopted, the RLP will replace the adopted BLP 2006. The RLP was submitted for examination in July 2014. The hearing sessions of the examination took place in December 2014 and January 2015. The Inspector is currently considering the evidence presented in the hearings in preparation of compiling a report. Although the RLP is not yet formally adopted, it strongly indicates the direction of travel in terms of the Council's vision for future development up to 2029
- 2.6 RLP Policy COM15 Infrastructure proposes to carry forward a similar approach as BLP Policy ESN30 by seeking investment in infrastructure in terms of works or financial contributions to support development. Individual policies, such as LHW1 Public Open Space, specify the quantity and location of public open space on site or seek an appropriate financial contribution in lieu.
- 2.7 The RLP proposes a number of strategic allocations which form a significant portion of the Council's housing requirement to 2029. A total of 10,584 dwellings (588 per annum) are proposed across the Borough, predominantly within the Borough's major centres of Andover and Romsey, over the lifetime of the RLP. The strategic allocations will deliver approximately 23% (2450) of the Borough wide total. The strategic allocations which are proposed for a nil rate of CIL are:

### New Neighbourhoods at:

- Policy COM3 Whitenap – 1300 dwellings
- Policy COM4 Hoe Lane – 300 dwellings
- Policy COM 5 Park Farm, North Stoneham – 50 dwellings
- Policy COM 6 Picket Piece – 400 dwellings
- Policy COM6A Picket Twenty extension – 300 dwellings

### Mixed use:

- Policy LE14 Black Swan Yard/George Yard – 100 dwellings

- 2.8 The infrastructure required to meet the strategic allocations in the RLP will be sought through a S106 legal agreement. The sites of Whitenap, Hoe Lane and Picket Twenty extension are proposed to commence coming forward in the first 5 years of the RLP plan period and the masterplanning for these sites has already commenced. As part of the RLP process, the Council has produced a Statement of Common Ground with the developers for Whitenap, Hoe Lane and Picket Twenty extensions and continues working with all developers to identify the delivery mechanism of infrastructure. It is accepted that S106 agreements will be a satisfactory mechanism for delivery.

## **3. What is the Community Infrastructure Levy?**

- 3.1 As part of the changes introduced under the Planning Act 2008, the Government introduced the Community Infrastructure Levy (CIL) as a mechanism to enable infrastructure requirements arising from growth to be funded through developer

contributions. The relevant legislation pertaining to CIL is set out in the Community Infrastructure Levy Regulations 2010 (as amended).

- 3.2 CIL is a fixed non-negotiable local tariff that is charged to new development for the purpose of raising funds to support the delivery of the infrastructure that is required as a result of new development. CIL provides a consistent and transparent mechanism to secure financial contributions. It also provides certainty to developers when planning their development schemes as it allows for CIL to be taken account of as part of the development costs or land price negotiations.
- 3.3 As of 6 April 2015 the Council will be limited in how S106 agreements are entered into. The pooling of contributions will be limited to no more than five separate S106 agreements for the same item of infrastructure. Specific infrastructure projects exempted from CIL can still be funded through legal agreements subject to the limit of five separate legal agreements. This means the Council can no longer 'pool' contributions. Consequently, securing sufficient contributions to deliver infrastructure such as transport, education and green infrastructure, leisure and recreation uses and community facilities which rely on pooling more than five contributions will be challenging.

#### **4. How are the CIL charges derived?**

- 4.1 The CIL Regulations<sup>4</sup> also require charging authorities to strike a balance between the desirability of funding from CIL to secure community infrastructure and the effects on the viability of development across the Borough.
- 4.2 The CIL Regulations require two distinct issues to be considered. The first is that sufficient evidence is available to justify the introduction of CIL. This is primarily based on the Charging Authority identifying the infrastructure funding gap between the total cost of infrastructure to support new development and the amount of available funding. Secondly, that the rate of the proposed levy does not make the majority of development proposals unviable, which the Community Infrastructure Levy Viability Study (2014) seeks to demonstrate. The proposed CIL charges should strike a balance between raising sufficient funds to support the provision of infrastructure and ensuring that most forms of development that come forward are viable.

#### **5. Infrastructure required to support development**

- 5.1 The IDP sets out various types of infrastructure required to support development. This list, while extensive, is not an exhaustive list. For the purposes of demonstrating the total cost of infrastructure required to meet the demands of a growing population, the Council and Hampshire County Council seeks developer contributions, where justified, towards:
  - Road and transport infrastructure

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<sup>4</sup> Regulation 14 of CIL Regulations 2010 (as amended)

- Education
- Open space, leisure, recreation and community uses
- Biodiversity Green and infrastructure

5.2 Other necessary infrastructure requirements, such as the supply of electricity or flood defences, have not been included as part of the funding gap work, even if they have been included in the Council's IDP. This is mainly due to the fact that these items of infrastructure are implemented by statutory infrastructure providers on a user pays basis or there are no indicative costs available for this work. These include the possible future requirement of flood defences and flood mitigation work across the Borough in light of the extreme weather events in the winter of 2013/14. Strategic flood mitigation works and flood defences have not been identified for Test Valley by the Environment Agency although small scale flood mitigation works are likely to be required in communities across the Borough to help them manage the impact of overtopping rivers and groundwater flooding which is prevalent in parts of Test Valley. A study by Hampshire County Council regarding localised flooding following the winter of 2013/14 has been published and work is ongoing to assess the nature and potential cost of flood alleviations works, therefore the Council is currently not in a position to provide an accurate estimate of costs for flood mitigation works.

## **Roads and transport infrastructure**

- 5.3 The Hampshire Local Transport Plan (LTP) (2011 – 2031) produced by the County Council provides the long term framework for transport policies within the Borough. The LTP aims to support the economy through resilient highways, traffic management, the role of public transport, quality of life and place as well as linking transport and growth areas.
- 5.4 Hampshire County Council (HCC) is the highway authority responsible for most of the County's roads and bus infrastructure. The HCC Strategic Infrastructure Statement provides the timing, costs, funding sources and delivery partners, including Highways Agency schemes, of the necessary road and transport improvements over the next 10 years.
- 5.5 The County Council also produces an annual District Statement broken down by each local authority within Hampshire showing priority projects and key local priorities in a schedule of improvements. The District Statement projects for Test Valley are primarily informed by the Town Access Plans and Test Valley Access Plan as well as the Cycle Strategy.
- 5.6 It is the schemes from the Strategic Infrastructure Statement and District Statement that are used to calculate the cost of road and transport infrastructure for the purposes of the funding gap.
- 5.7 The proposed Park and Ride site, as set out in policy T3 of the RLP, forms part of a Transport Strategy for Southampton and the requirement is included within the Transport for South Hampshire's Transport Delivery Plan (February 2013) proposals for the sub-region. The Council has safeguarded a site for such a use subject to further

feasibility and modelling work undertaken with Southampton City Council and the Highway Authority.

## **Education**

- 5.8 HCC is the statutory authority responsible for planning, organisation and commissioning of primary and secondary schools and school places.
- 5.9 Funding for schools and school places is achieved from a range of different sources. Funding from central government is secured on an annual basis and is informed by population growth and the demand for places over the short term. HCC is also able to rationalise its own land holdings to provide for new schools or reinvesting the proceeds.
- 5.10 The Council has worked with HCC to identify where there will be pressure on school places as a result of development which has informed policies in the RLP. Policies in the RLP which cover strategic allocations specify where a new school or funding for school places will be required as part of the development. As the RLP strategic allocations are nil CIL rated, the Council has factored the cost of school provision into the development appraisals and will seek the provision of a new school or school places through a S106 agreement.

## **Open space, leisure, recreation and community uses**

- 5.11 The RLP sets out a housing requirement of 10,584 (588 annually) to be delivered over the lifetime of the Plan to 2029. This will result in a growing demand for formal recreation facilities, informal recreation, leisure and community facilities. Policy LHW1 in the RLP seeks the provision of on-site public open space from new development. Where on-site provision is not possible, the Council seek a contribution in lieu for off-site provision in the vicinity of the development.
- 5.12 As part of the evidence base for the RLP, the Council has assessed the future need for leisure, recreation and community uses. The requirement for formal recreation and sports provision has been assessed through the Playing Pitch Strategy (2014) which assesses future demand and provides detail on the form and location of various types of formal sports provision.
- 5.13 In 2012 an Audit was undertaken of public open spaces (POS) within the Borough using the definitions within the BLP 2006 (policy ESN22 and Annex 1). There are four types of public open space: sports ground/formal recreation, parkland, informal recreation, and children's play space. The definitions of POS within RLP policy LHW1 vary slightly from ESN22 and also include the provision of allotments. The Public Open Space Audit identified surpluses and deficits by Parish (or Ward in Andover and Romsey) and gave a snapshot of the quality of open spaces. The Audit provides a basis for assessing local deficits in various types of public open space and informs the requirement for open space on development sites or a financial contribution in lieu. Detailed calculations for each type of public open space is set out in Annex 1 of the Infrastructure and Developer Contributions SPD.



- 5.14 The Green Space Strategy (2007) provides the basis for managing and maintaining open spaces such as parks, gardens, nature reserves, allotments and cemeteries that are in the control of the Council.

### **Biodiversity and Green Infrastructure**

- 5.15 Test Valley has a number of European Designations which are areas protected for their unique, diverse, sensitive or rare habitats. Such designations include the New Forest National Park, part of which falls within Test Valley and Emer Bog. These are listed in RLP policy E5: Biodiversity.
- 5.16 In order to meet the requirements of the Conservation of Habitats and Species Regulations, the Council has adopted an interim approach to secure a financial contribution from new dwellings to mitigate the recreational impact on International Nature Conservation Designations.
- 5.17 Within 5.6km of the Solent and Southampton Water SPA, contributions of £172 per dwelling for new residential development for are currently being sought following agreement from the Council's Cabinet on 15<sup>th</sup> May 2014.
- 5.18 Within 13.6km of the New Forest SPA, contributions of £1300 per dwelling for new residential development for are currently being sought following agreement from the Council's Cabinet on 1<sup>st</sup> October 2014.
- 5.19 The financial contributions sought for both SPAs are to facilitate interim measures for the protection of species habitats with both areas. The measures being implemented are linked to providing wardens and are sought through S106 legal agreements as these measures do not constitute infrastructure therefore are not subject to a restriction on pooling
- 5.20 The Council has identified the Forest Park as one of a number of projects which could make a positive contribution towards Green Infrastructure in south Hampshire. To support the implementation of the Forest Park, the Council has adopted the Forest Park Implementation Framework (October 2014) which identifies a range of mechanisms for securing the Forest Park, including CIL for financial contributions and S106 for contributions and/or land acquisition.

### **6. Infrastructure funding strategy**

- 6.1 This section sets out the infrastructure projects that the Council intends to fund through CIL and where it continues to seek S106 contributions.
- 6.2 The Council currently seeks developer contributions through the S106 mechanism in accordance with the three tests set out in Regulation 122 of the CIL Regulations. The Council considered its approach to seeking developer contributions is consistent with the NPPG on tariff-style contributions.

- 6.3 In light of the CIL Regulations and NPPG on seeking developer contributions, the Council has set out the types of infrastructure it proposes to seek from CIL on the CIL Draft Regulation 123 List. All other types of infrastructure, particularly on-site provision is proposed to be sought through a S106 or with regard to highways works a S278 agreement, where justified. Further details about how the Council has structured the Draft Regulation 123 List and it's interaction with S106 contributions is set out in Section 9 of this document.
- 6.4 The Council's adopted Borough Local Plan (2006) broadly sets out the types of infrastructure required to support the proposed amount of development in the plan. Objectives for the provision and delivery of each infrastructure type are set out in each policy and are supported by Policy ESN 30 covering infrastructure.
- 6.5 The Council secures significant financial contributions from small scale developments, in particular for public open space provision and local transport schemes. Where an infrastructure scheme or project cannot be identified then no contributions are sought. The Council proposes to continue with this approach of seeking contributions provided it meets the legislative tests (below in para. 7.3).
- 6.6 The NPPG online CIL guidance states that "The charging authority should also set out any known site-specific matters for which section 106 contributions may continue to be sought."<sup>5</sup>
- 6.7 The Council has set out a list of infrastructure projects in a draft Regulation 123 List which was published alongside the Preliminary Draft Charging Schedule and Draft Charging Schedule consultations. The Council proposes to seek CIL for expenditure on the items of infrastructure or specific projects listed in the draft Regulation 123 List except where site specific circumstances require mitigation on site to make the development acceptable in planning terms. More specifically, S106 contributions will be sought where they meet the three tests set out in Regulation 122 of the CIL Regulations 2010 (as amended) which allow planning obligations to be sought from development if it is:
1. Necessary to make the development acceptable in planning terms,
  2. Directly related to the development, and
  3. Fairly and reasonably related in scale and kind to the development.
- 6.8 The Council has determined the approximate scale of cost and existing available funding including that set out in the County Council's Strategic Infrastructure Statement (December 2013) and District Transport Statement which refer to projects in the Council's adopted Supplementary Planning Documents of Test Valley Access Plan, Andover Town Access Plan and Romsey Town Access Plan.
- 6.9 The draft Regulation 123 List is structured in such a way to provide specific criteria which would necessitate seeking S106 contributions either as on site provision/mitigation or as a financial contribution. The Council has also taken the

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<sup>5</sup> Paragraph 017 NPPG 12 June 2014

approach to proposing a nil rate of CIL for strategic allocations in the RLP due to the specific nature and scale of infrastructure requirements.

- 6.10 The Council's policies are to seek infrastructure on-site where appropriate. The RLP Policy COM15: Infrastructure, requires appropriate investment in infrastructure through financial contributions or works to mitigate the impact on existing infrastructure. It is the Council's policy to seek infrastructure on site where appropriate and necessary in order to mitigate the effects of development. RLP Policy E6: Green Infrastructure and Policy LHW1: Public Open Space seeks to deliver these types of infrastructure on site. Where this is not possible, financial contributions will be sought for a project that is directly related to the site or alternative off-site provision consistent with the policy and the tests set out in Regulation 122 of the CIL Regulations 2010 (as amended).
- 6.11 The Regulation 123 List sets out a list of projects and infrastructure types that the Council will not seek financial contributions for through the mechanism of a S106 legal agreement. The Regulation 123 List also sets out exclusions where provision of infrastructure on site or in the vicinity of the site is required to avoid or mitigate the impacts of development. Works or financial contributions will be secured for a specific project not identified on the CIL Regulation 123 List and linked directly to the development where necessary.
- 6.12 As demonstrated in the CIL Viability Study, the specific infrastructure requirements drawn from the strategic allocation policies in the RLP and the requirement for up to 40% affordable housing were factored into the site specific appraisals and showed that the strategic allocations were not able to support both CIL and S106 contributions. The Council proposes a nil rate of CIL for strategic allocations. The S106 contributions sought from the strategic allocations will be used to support the development of specific infrastructure on and in the vicinity of the site as identified in the relevant policies in the RLP and consistent with Regulation 122.
- 6.13 It is estimated that the total combined cost of infrastructure for the strategic allocations amounts to approximately £46m<sup>6</sup>. These sums have been calculated to include financial contributions and infrastructure delivered by the developer.
- 6.14 With the pooling restriction on S106 contributions in place, the Council continues to liaise with the County Council regarding the cumulative impact of both allocated residential sites and windfall development based on Strategic Housing Land Availability Assessment (SHLAA) sites and other known developments coming forward. Schools that may be impacted by these developments have been identified for potentially securing S106 contributions. Schools and/or school places will be sought through a S106 agreement on strategic allocations.
- 6.15 S278 of the Highways Act (1980) allows the Council to enter into an agreement with a developer to improve or modify the highway network. These works typically arise from the need to mitigate the impact of a development on the road network off the site. The Draft Regulation 123 List sets out reference to documents from which projects appropriate for CIL expenditure will derive. The Test Valley Access Plan Supplementary

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<sup>6</sup> CIL Viability Study, page 49, paragraph 7.3

Planning Document (SPD), Town Access Plans SPDs and the District Statement (updated annually), contain the majority of projects which CIL will be spent on. The documents are designed to complement one another.

## **7. Infrastructure funding gap**

- 7.1 The total amount of infrastructure that is required to support the proposed development across Test Valley exceeds the amount of actual and known funding available. This creates an Infrastructure Funding Gap which justifies the Council's approach in moving towards CIL.
- 7.2 A charging authority must be able demonstrate a gap between infrastructure requirements and available funding in order to provide evidence for the need to charge CIL.<sup>7</sup>
- 7.3 The National Planning Practice Guidance (NPPG) online CIL guidance states that "Charging authorities must identify the total cost of infrastructure they wish to fund wholly or partly through the levy ... information on the charging authority area's infrastructure needs should be drawn from the infrastructure assessment that was undertaken as part of preparing the relevant Plan."<sup>8</sup> The Council has met these requirements through the preparation of the IDP (June 2014) which assesses the total amount of infrastructure and where known associated costs, to support the delivery of the policies within the RLP.
- 7.4 The NPPG advises that "In determining the size of its infrastructure funding gap, the charging authority should consider known and expected infrastructure costs and the other possible sources of funding to meet those costs. This process will help the charging authority to identify a levy funding target."<sup>9</sup> In assessing the infrastructure funding gap, the Council has considered and continues to assess the total amount of funding available from all sources including the total available S106 contributions secured in recent years. Hampshire County Council's Strategic Infrastructure Statement acknowledges that the nature of local government budget allocation and government grants mean that it is not always possible to predict what funding might be available in the future<sup>10</sup>. The Council's infrastructure requirements are reflected in the County Council's Strategic Infrastructure Statement which identifies funding from sources such as Local Economic Partnerships and the Highways Agency for strategic infrastructure projects within Test Valley.
- 7.5 The infrastructure list in Table 1 is derived from the Corporate Plan, Revised Local Plan, Infrastructure Delivery Plan, the Council's Supplementary Planning Documents and Hampshire County Council's Strategic Infrastructure Statement.
- 7.6 The infrastructure included in the list below does not include the infrastructure to be provided on Strategic Allocations as identified in the Revised Local Plan as it is

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<sup>7</sup> Paragraph 016 National Planning Practice Guidance 12 June 2014

<sup>8</sup> Paragraph 016 National Planning Practice Guidance 12 June 2014

<sup>9</sup> Paragraph 016 National Planning Practice Guidance 12 June 2014

<sup>10</sup> Hampshire County Council Strategic Infrastructure Statement December 2013

proposed that the Strategic Allocations will attract a nil rate of CIL. The infrastructure requirements of Strategic Allocations have been taken into account in the CIL Viability Study and are proposed to be secured through S106 contributions. The list does not include utilities as these are provided by the utilities companies either through the developer or at direct cost to the end consumer.

**Table 1 – Infrastructure Funding Gap**

Summary of the total cost of infrastructure required to support development

Infrastructure type	Total cost	Secured funding	Aggregate funding gap
Education (including Andover College)	£38,550,000	£8,692,321	£29,857,697
Strategic Highway and transport infrastructure schemes	£7,300,000	£4,300,000	£2,800,000
Highways works, pedestrian/cycle links and public transport	£34,765,000	£8,110,400	£26,654,600
Car parking (including Park & Ride)	£3,200,000	£150,000	£3,050,000
Flood mitigation measures	To be established	Nil	Nil
Communities & Leisure including sports facilities, public open space, green infrastructure and community buildings	£38,147,800	£12,006,707	£26,141,093
Health/medical Facilities <sup>11</sup>	To be established	£36,800	Nil
	Sub Total = £115,962,800	Sub Total = £31,707,437	<b>Total = £88,503,390</b>

7.7 The total amount of CIL receipts likely to be received by the Council between 2015 and 2029 has been estimated using the Housing Trajectory in the RLP. The modelling takes into account the proposed charges for each zone and the likely amount of development to come forward within each zone. The modelling doesn't include development with planning permission or the strategic allocations. It is predominantly based on the windfall and Strategic Housing Land Availability Assessment (SHLAA) sites.

7.8 The total estimated CIL income based on charging between 2015 and 2029 equates to **circa £7.5 million**. The model for the estimated CIL income makes the following assumptions:

- Dwellings (other than those identified within the Revised Local Plan strategic allocations) are assumed to have a gross internal floorspace of 85 sq m per dwelling.
- Developments which already have planning permissions or are expected to be approved prior to the implementation of the CIL charge have been excluded.
- The CIL charge is assumed in line with the Draft Charging Schedule, at £175, £140, £105 and £70 per sq m for residential development in zones 1 – 4 respectively.
- The dwelling provision excludes affordable housing units which are not subject to CIL.

7.9 The funding gap is calculated by deducting the estimated amount of CIL income from the aggregate funding gap as shown below.

**Total Funding Gap = Total aggregate funding gap – estimated CIL income = £81,053,160**

7.10 Test Valley is a fully parished Council. As tariff-style obligations should no longer be sought as set out in the NPPG, the Council will continue with its current approach of engaging with Parish Councils on a regular basis in order to identify the improvement or

<sup>11</sup> Taken account of as part of major development in the form of reserved land as part of Local Centres. Liaison continues concurrently with the restructure of health services and Clinical Commissioning Groups

provision of specific schemes which would be impacted upon by development. Parish Councils are likely to be impacted upon the most by both the limitations on pooling contributions as set out in Regulation 122 of the CIL Regulations and the restriction on seeking tariff-style contributions.

- 7.11 Whilst S106 contributions form a significant portion of funding for many Parish Council projects, there are other types of funding streams available to parishes. Parish Councils are able to levy a precept on each household as part of their council tax which are included separately on a household's council tax bill. The precept provides parish council funding to finance the functions they perform. Due to the proximity of some parishes to Ministry of Defence Land, some are party to an Armed Forces Covenant, through which grant funding is secured. Grants to parishes for specific projects from development outside of the S106 mechanism also constitute another source of funding.
- 7.12 The Council also has a Community Asset Fund, part of which is drawn from the New Homes Bonus and is available for awarding funds to community groups for infrastructure such as village halls and public open space. The total allocated for the Community Asset Fund in 2014/2015 is £300,000. The Council has an annual Capital Spending Programme, which where appropriate, funds may be secured for new infrastructure projects or schemes.

## 8. Developer contributions targets

- 8.1 As required by the NPPG CIL Guidance, the extent to which policy requirements have been both set and met is summarised in this section.
- 8.2 The table below summarises the S106 contributions that have been secured by the Council over the last 3 years (since January 2012) and are broadly categorised by infrastructure types. The table is limited to financial contributions and does not take account of the value of works and other obligations in each S106.

<b>Infrastructure type</b>	<b>Contributions<sup>12</sup></b>
Affordable Housing	£545,852.84
Education	£1,122,793.00
Highways	£3,591,339.91
Transport	£68,230.00
Public Open Space	£2,320,350.08
Public Art	£77,850.00
Landscaping	£231,209.79
Community facilities/development	£232,265.17
Upskilling	£63,980.00
Green Infrastructure	£21,139.84
<b>Total (Jan 2012- Jan 2015)</b>	<b>£8,042,744.84</b>

<sup>12</sup> Contributions secured through S106 agreements entered into since January 2012

- 8.3 Affordable Housing – The Council's adopted Borough Local Plan policy ESN04 targets the provision of 200 affordable homes a year. In 2011/12 a total of 220 affordable homes were delivered. In 2012/13 a total of 360 affordable homes were delivered. However, in 2013/14 the amount of affordable homes delivered was 133, falling short of the target by 67. Variation in the annual delivery of affordable housing will impact on the amount of affordable housing contributions sought. The annual completions fluctuate given the significant delivery from Greenfield allocations.
- 8.4 Education – S106 contributions are sought in accordance with a guidance note published by Hampshire County Council 2003 (updated annually) and direct liaison between the County Council's Education Officer, the Local Planning Authority and in the case of large sites, with the developer. Policies in the Borough Local Plan regarding strategic sites have been successful in securing schools on site where required with new schools being delivered at both East Anton and Picket Twenty. This approach is carried forward in the emerging Revised Local Plan. The threshold for a new 1 form entry school is 700 residential units. Where school places are required, the Council has been successful in securing a financial contribution for expansion/improvement at specifically named school serving that development.
- 8.5 Highways and transport – S106 contributions for transport and highways infrastructure are required by the Local Planning Authority in accordance with Hampshire County Council's Transport Contributions Policy: A New Approach to Calculating Transport Contributions in Hampshire. The formula is based on the transport impact of each development. The basic measurement of transport impact is quantified by the net increase in the number of multi-modal trips that a development is expected to generate. A financial value is then attached to each multi-modal trip. The Council has been successful in securing contributions for major pieces of infrastructure, such as Andover Bus Station, which was significantly redeveloped and improved in 2014, as well as travel plans, which encourage the use of travel by sustainable modes.

## **9. Regulation 123 List and CIL expenditure**

- 9.1 The Council's Draft Regulation 123 List (The List) sets out the types of infrastructure and projects that it proposes for CIL expenditure. This list can be reviewed and updated, subject to public consultation, at any time.
- 9.2 The List sets out broad infrastructure types for CIL expenditure including highway and transport works, public open space, sports facilities, Andover College, health facilities, green infrastructure and flood defences. It makes reference to the Andover Town Access Plan, Romsey Town Access Plan, Test Valley Access Plan and Test Valley Cycle Strategy documents. These documents list a number of highway, pedestrian and cycling projects for implementation or improvement to facilitate access throughout Andover, Romsey and rural Test Valley.
- 9.3 In late 2014 and early 2015 the Access Plans and Cycle Strategy were publicly consulted upon to include new schemes and remove projects that have been implemented. The updated Access Plans also identify potential funding sources, including CIL, for delivering the identified projects and schemes. Once the updated

Access Plans and Cycle Strategy have been formally adopted as Supplementary Planning Documents, these have the potential to form part of a more detailed Regulation 123 List.

- 9.4 The Council has an up to date system of recording S106 contributions to distinguish between contributions being sought via the S106 agreement mechanism and those that are proposed to be funded from CIL receipts. The Council's S106 database is an essential tool for identifying where contributions have been secured from 5 or more S106 agreements for the same item of infrastructure since 6 April 2010.
- 9.5 The Council is in the process of establishing a protocol for allocating CIL funds for projects and schemes on The List. This will require integration with the Council's existing process of capital expenditure and the mechanism for agreeing the release of funds.