



Representation on Warwick District Local Plan:

Where the local plan falls down on financial viability.

Planning Guidance

The following outlines provisions to be found in the National Planning Policy Framework and Planning Practice Guidance that refer to the ways that matters relating to financial viability of the plan should be dealt with.

NPPF

Para.173. Ensuring viability and deliverability

Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable.

Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.

177. It is equally important to ensure that there is a reasonable prospect that planned infrastructure is deliverable in a timely fashion. To facilitate this, it is important that local planning authorities understand district-wide development costs at the time Local Plans are drawn up. For this reason, infrastructure and development policies should be planned at the same time, in the Local Plan.

Planning Practice Guidance

013 Costs

Paragraph: 013 Reference ID: 10-013-20140306

For an area wide viability assessment, a broad assessment of costs is required. This should be based on robust evidence which is reflective of local market conditions. All development costs should be taken into account including:

- build costs based on appropriate data, for example that of the Building Cost Information Service;
- known abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or historic costs associated with brownfield, phased or complex sites;
- infrastructure costs, which might include roads, sustainable drainage systems, and other green infrastructure, connection to utilities and decentralised energy, and provision of social and cultural infrastructure;
- the potential cumulative costs of emerging policy requirements and standards, emerging



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planning obligations policy and Community Infrastructure Levy charges;

- general finance costs including those incurred through loans; and
- professional, project management, sales and legal costs.

Viability and plan making

Paragraph: 005 Reference ID: 10-005-20140306

How should viability be assessed in plan-making?

[Local Plans](#) and [neighbourhood plans](#) should be based on a clear and deliverable vision of the area.

Viability assessment should be considered as a tool that can assist with the development of plans and plan policies. It should not compromise the quality of development but should **ensure that the Local Plan vision and policies are realistic and provide high level assurance that plan policies are viable.**

Development of plan policies should be iterative – with draft policies tested against evidence of the likely ability of the market to deliver the plan’s policies, and revised as part of a dynamic process.

Evidence should be proportionate to ensure plans are underpinned by a broad understanding of viability. Greater detail may be necessary in areas of known marginal viability or where the evidence suggests that viability might be an issue – for example in relation to policies for strategic sites which require high infrastructure investment.

Revision date: 06 03 2014

Paragraph: 007 Reference ID: 10-007-20140306

How should costs be considered in plan-making?

Plan makers should consider the range of costs on development. This can include costs imposed through national and local standards, local policies and the Community Infrastructure Levy, as well as a realistic understanding of the likely cost of Section 106 planning obligations and Section 278 agreements for highways works.

Their cumulative cost should not cause development types or strategic sites to be unviable.

Emerging policy requirements may need to be adjusted to ensure that the plan is able to deliver sustainable development.

Revision date: 06 03 2014

Warwick District Local Plan: **Plan Delivery Policies**

DM1 Infrastructure Contributions

Development will be expected to provide, or contribute towards provision of:-:

- a) Measures to directly mitigate its impact and make it acceptable in planning terms,

6.8 The Council has undertaken a viability assessment of the proposals in this Plan, including requirements for affordable housing and development standards. The viability assessment has also been cross referenced to the likely infrastructure costs associated with this Plan. This



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work indicates that as a whole, the Plan's proposals are viable and, in the main, development proposals should be able to comply with the policies of the Plan and contribute to the costs of infrastructure through the CIL scheme without threatening viability.

An expensive local plan

Under the terms of the NPPF the Council needs to undertake a viability assessment of the proposals in their Plan, including requirements for affordable housing and development standards. Currently, a google search on "Warwick District Council local plan viability assessment" does not generate anything useful that would indicate that this is available as a published document. As late as the end of January the campaign groups were provided with information on the work done to date by officers on their calculations and this indicated they were far being able to show us the costs of the plan at that stage.

In the absence of this essential evidence, campaign groups, with the benefit of advice from a chartered accountant, chartered surveyor and a chartered town planner have produced their own assessment which is set out in the Annex .

This viability assessment takes account of representative likely infrastructure costs associated with this Plan and potential income from all sources and shows a significant shortfall in receipts over the potential costs.

The nature of calculations such as these is that estimates will vary. Nevertheless, it is our view that this estimate produced early this year still represents the best available.

The news is not good. Although we can't claim to have definitive answers for everything we have based our calculations on the best evidence available and are confident that we have a reasonable handle on the scale of likely costs and receipts.

We estimate that when the capital costs of the road improvements, cycleways, park and ride, country parks, clinics, GPs' surgeries, an extension to Warwick Hospital, the primary and secondary schools, extra policing, adult and children's services are all added together there will be a bill to the public purse of something over £215m. At the same time, despite expected developer contributions and the New Homes Bonus, by our calculations, there will be a shortfall of income over costs in the region of £30m which is going to have to be met by council taxpayers.

As the main provider of roads and education facilities our estimates suggest that the county council could be faced with a shortfall of around £85m between the income they may receive from developer contributions and the costs of new provision. In the parlous state of local government finance it is hard to see how the County Council could fund this expenditure. So, at the worst we could be left without essential infrastructure.



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There seem to be three options as solutions to this situation. The first is to economise on infrastructure - meaning more overcrowded schools and overcrowded roads. That's not acceptable. Another is to load the costs on the council tax payer - an average of an extra £500 or so on the tax bills for every household in Warwick District. The third alternative is to change the plan - which is the option we prefer.

The starting point, however, would be for the council to publish their own up to date financial assessment for the plan so it can be interrogated and for officers to enlighten us as to the costs of the plan and how the appropriate authorities are going to be able to meet the costs they will incur. Council tax payers need to understand the costs they will have to bear if the plan is pushed through.

In the meantime, in the absence of credible published proof of the financial viability of the local plan and the evidence of the figures in the assessments reported in this representation the local plan must be assumed to be unsound



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Annex: Estimated costs of implementing the Warwick Local Plan produced by campaign groups in January 2014

Warwick District Council Draft Local Plan June 2013

Estimates of implied infrastructure costs compared with likely receipts

Infrastructure Costs	Schedule	Warwick District Council		Warwick County Council		Other bodies		Total public purse	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Road traffic schemes	1			33,669		11,550		45,219	
Country Park	1	1,500						1,500	
Education	2			109,523				109,523	
Health	3					48,232		48,232	
Sports facilities	4	5,000						5,000	
Libraries	4	500						500	
Police infrastructure	4					2,035		2,035	
Parking provision	4	4,000						4,000	
Total costs			11,000		143,192		61,817		216,009
Receipts									
S.106 receipts		2,629		56,813		24,195		83,637	
Community Infrastructure Levy		-						-	
New Homes Bonus (over 6 years)		104,796						104,796	
								-	
								-	
Total receipts			107,425		56,813		24,195		188,433
Surplus / (Deficit)			96,425		(86,379)		(37,622)		(27,576)

140131 Costs v Receipts estimate-1

Summary



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Schedule 1 Road traffic scheme costs

Source: Warwick Strategic Transport Assessment, Phase 3 Assessment
Issue: 22 May 2013

<u>Scheme</u>	<u>Name</u>	<u>Grade</u>	<u>Total</u> <u>£'000</u>	<u>Wk CC</u> <u>£'000</u>	<u>Dof T</u> <u>£'000</u>
1	Thickthorn Roundabout	1	1,250	1,250	
2	Kenilworth Gyratory	3	300	300	
3	A452/Bericote Roundabout	2	1,250	1,250	
4	A452/Blackdown Roundabout	1	650	650	
5	A452 Spinney Hill Roundabout	2	450	450	
6	Emscote Road / Greville Road	1	750	750	
7	Prince's Drive / Warwick New Road	1	350	350	
8	Bath Street / High Street	1	500	500	
9	Adelaide Road / Avenue Road	2	350	350	
10	Dormer Place / Adelaide Road	2	300	300	
11	Myton Road Roundabout	1	500	500	
12	Priory Road / Smith Street / St Nicholas	1	300	300	
13	Castle Hill Gyratory Signals	1	650	650	
14	Europa Way / Myton Road Roundabout	1	1,600	1,600	
15	Shires Retail Park Roundabout	1	1,250	1,250	
16	Europa Way Roundabout	1	900	900	
17	Grey's Mallory Roundabout	2	500	500	
18	A46 / Birmingham Road "Stanks Island"	1	1,400	1,400	
19	Bericote Road Stoneleigh Road	3	500	500	
20	Kenilworth Road / Westhill Road	3	500	500	
21	Europa Way Corridor - Part 1	1	5,550	5,550	
22	Europa Way Corridor - Part 2	1	2,950	2,950	
23	Gallows Hill - 2 Lanes	1	1,500	1,500	
24	Banbury Road - 2 Lanes	2	900	900	
	ATM "Managed Motorways"	1	10,000		10,000
	Sustainable Travel Infrastructure (cycle routes)	1	2,000	2,000	
	Virtual P & Ride	1	2,000	2,000	
	Sub-total		39,150	29,150	10,000
	Add: "Abnormal costs allowance	5%	1,958	1,458	500
	Sub-total		41,108	30,608	10,500
	Allowance for contingencies - conservative	10%	4,111	3,061	1,050
	Total		£'000 45,219	33,669	11,550

Country Parks

Park referred to in Paragraph 5.1.10 of the 2013 Draft Plan document
Cost - taken from Periurban Park document 2012

	<u>£'000</u>
	1,500



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Schedule 2 - Education costs

Basis for calculation: Proposed developments	Site	No. of houses
	1. Woodside Farm	280
	2. Harbury Gardens	700
	3. Europa Way/ Myton Gdns	1,200
	4. Gallows Hill / Europa Way	370
	5. S. Harbury Lane	710
	6. N. of Harbury Lane	230
	7. Gallows Hill	250
	Total	3,740

The numbers of new pupils are based on the WDC Physical Assets Resources Group figure of 3.72 pupils per 100 houses per year of schooling. (although this number is for mature estates. Large new estates tend to generate more pupils)
This gives:

Category	Factor	Pupils (rounded)	Figures used	Cost of provision per WDC £/pupil	Total cost £'000
Early Years	1	139	139	12,404	1,724.2
Primary	7	974	973	12,404	12,069.1
Secondary	5	696	695	18,424	12,804.7
6th Form	1	139	135	19,609	2,647.2
Primary Spec. Ed. Needs	0.1373	19.10	19.10	13,079	249.8
Secondary Spec. Ed. Needs	0.17465	24.30	24.30	18,436	448.0
					29,942.9

However, it is suspected that this understates the realistic cost of provision of such facilities.

As an example, take the cost of Primary schools

A single form entry school takes	210 pupils
Primary requirements as above are	973 pupils
This implies	4.63 single form entry schools
Rounding up gives	<u>5.00 schools</u>
This would accommodate	1,050 pupils
The numbers needed are (as above)	973 pupils
so this gives an excess of	<u>77 pupils</u>
This represents	7.91 % "excess" provision
However, this "excess" could well be needed to accommodate the actual numbers needed from these new estates	

A two form entry primary school has a typical area of 2,650 m²
The cost per square metre is likely to be about £ 1,610 per m² (Birmingham actual costs)

	£'000
Giving a basic cost of	4,267
Add abnormals at 7.5%	320
Add externals at 16.0%	683
Gives:	5,269
Fees at 12.0%	632
Furniture, fittings equipment 10.0%	427 (applied to basic cost)
IT kit - 1/4 of FFE 25.0%	107
Total cost at 2006 Prices	6,435
Apply Tender Price Index to Q4 2011 12.67%	815
Cost at Q4 2011 prices	7,250
Apply Tender Price Index to Q2 2014 2.5%	181
Current cost of two form entry primary school	<u>7,431</u>

Say for five forms, multiply by 2.5
Realistic current cost for the five form entry schools: 18,578 (excluding site acquisition costs)
The amount allowed in the WDC calculation is only 12,069
This represents an underprovision of: 6,509 - an extra cost of 54 %

Applying this uplift to the S.106 figure of 29,943 as above
Gives an additional cost of 16,149
Gives a total cost for education for those dwellings of 46,092

However, this is based on the number of dwellings above: 3,740
The total number of dwellings requiring provision is 8,887 (See Schedule 7 - "Homes")
This gives a total cost pro-rata of 109,523



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Schedule 3 - Health Costs

Local provision - GP surgeries etc.

	<u>£'000</u>	<u>£'000</u>
Cost proposed for a 5 GP surgery in Myton Oken development ref 13/1016 - Osbornes, July 2013		
Based on <u>3,755</u> households, with <u>8,750</u> patients	2,900	
The plan envisages a population increase of <u>28,500</u> patients		
Less: Provided for above <u>(8,750)</u> patients		
Leaves a requirement for <u>19,750</u> patients		
<p>There is currently hardly any spare capacity, so assume that new surgeries are required, and (optimistically) that only two surgeries can fill the gaps. Estimates by Osbornes are on the file for Harbury Gardens proposal 13/0036 - total costs - land, construction, FFE, professional fees & VAT</p>		
Assume build two surgeries, to serve <u>19,250</u> patients		
Leaves, to be absorbed elsewhere <u>500</u> patients		

<u>Patients</u>	<u>GPs</u>	<u>Total costs £</u>	<u>Patients</u>	
1,750	1	964,589		
3,500	2	1,272,976		
5,250	3	1,706,993		
7,000	4	2,209,186		
8,750	5	2,461,273	8,750	2,461
10,500	6	2,859,946	10,500	2,859
12,250	7	3,008,527	<u>19,250</u>	
14,000	8	3,323,869		
15,750	9	3,618,744		
17,500	10	3,913,619		
19,250	11	4,046,037		
21,000	12	4,311,251		
22,750	13	4,671,817		
24,500	14	4,775,150		
26,250	15	5,309,015		
28,000	16	5,535,237		
29,750	17	5,845,579		
31,500	18	6,123,525		

Gives a total cost for GP surgeries of 8,220

Primary Care - Hospital wards etc.

<u>First estimate of costs</u>	
A three storey ward block at Warwick Hospital has been estimated at	13,000
(this is based on the Osbornes estimate of £6.4m which excluded equipment, VAT, fees, etc.)	
For 30,000 people other specialist facilities would be needed	
Say an uplift of <u>50%</u> coming to	6,500
Gives a total cost for Hospital wards and facilities of	19,500

Estimate of costs based on NHS email of 13th September re application 13/1016 giving general requirement

Cost for south Warwickshire (Warwick & Stratford DCs)	£	64,000,000	
Increase envisaged in number of dwellings		19,672	
Cost per dwelling	£	3,253	
Cost for a growth in dwellings of		12,300	40,012
Total cost			<u>48,232</u>



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Schedule 4 - Other Costs

£'000

Sports Facilities

The appeal decision on Fremond Way (ref. 12 / 0027) of 24/9/13 did not accept the £ 195,731 requested for sports facilities, which applied to 209 homes represented 937 per home

The cost at this level for 12,300 homes would be £'000 11,519

However, for the scale of housing envisaged - 12,300 homes is a small town - some provision of sports facilities is vital. The assumed cost is 5,000 plus site costs at £250,000 per acre

Libraries

The appeal decision on Fremond Way (ref. 12 / 0027) of 24/9/13 did not accept the £ 35,675 requested for library facilities, which applied to 209 homes represented 171 per home

The cost at this level for 12,300 homes would be £'000 2,100

However, for the scale of housing envisaged - 12,300 homes is a small town - some provision of library facilities is vital. The assumed cost is £'000 500

Policing infrastructure

The appeal decision on Fremond Way (ref. 12 / 0027) of 24/9/13 accepts the Policing cost assessment of £396 per home for secured homes (would be £566 if not "secured")
For Fremond way the cost is thus £82,764 for 209 homes, and the same figures per home are quoted in the July 2013 application for "Myton Garden Suburb" (ref. 13/1016).
It seems reasonable to recognise this cost for the major developments

	Homes
Sites on the edge of Warwick, Leamington and Whitnash	3,740
Kenilworth	700
Red House Farm	250
East of Whitnash	450
	<u>5,140</u>
Assuming that they all qualify as "secure", so cost / home is £	<u>396</u>
	<u>£'000</u>
Estimated total cost is	<u>2,035</u>

Parking provision

Current provision	Warwick	2,200	
	Leamington	1,900	
	Total	<u>4,100</u>	
Population increase		20%	
Say increase in parking provision sd be		10%	
Number of new spaces needed		410	
Cost of a space at ground level	£	6,000	
		<u>£'000</u>	
Initial cost of spaces		2,460	
Roadworks for access		50	
Charging equipment		30	
Lighting & security		200	
Extra costs if multi-storey		<u>300</u>	
Sub-total		3,040	
Design & contract management costs at	15%	<u>456</u>	
		3,496	

Planning Service Space recommendation per private car	2.4	X	4.8 Metres	
equals	11.52	sq. metres, excluding manoeuvring space		
Times number of spaces, gives	4,723.20	sq. metres		
Allow for manoeuvring space at	50%			
Total area needed	7,084.80	sq. metres		
At	4,046.86	sq. metres per acre		
gives	1.75	acres		
Site cost per acre	£'000	500		<u>875</u>
Total cost				<u>4,371</u>
Say at least				<u>4,000</u>

140131 Costs v Receipts estimate-1

4 Other costs

www.savewarwick.co.uk, for further information.

Or contact: info@savewarwick.co.uk

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Schedule 5 - CIL / Section 106 receipts

Although the Community Infrastructure Levy ("CIL") should be applicable once there is a local plan, the amounts it generates are generally less than S106 agreements, so the estimate of S106 receipts below has been taken as a proxy for CIL receipts.

Section 106 agreements encompass several types of receipts for different bodies.
The amounts vary significantly between developments, depending on the size, nature, and impact of each development.

Traffic contributions

Warwick County Council is currently requesting £6,000 per market dwelling for developments which generate traffic management requirements.

See letters of 13/9/13 re development 13/1016 and 5/12/13 re development 13/1434
Schedule 7, "Homes" sets out a generous assessment of the developments which might generate traffic management requirements in the draft local plan

This gives 3,325 homes at £ 6,000 ; receipts going to Warwick County Council

Education

Schedule 7, "Homes" sets out an assessment of the developments likely to generate education requirements which cannot be satisfied by existing provision.

The contribution requested for Fremond Way 12/0027 on 27/7/12 was £3,780 / home

Assume 8,887 homes at £ 4,000 ; receipts going to Warwick County Council

Health

The contribution requested by the NHS is £ 3,253 per dwelling - see Schedule 3

Schedule 7, "Homes" sets out an assessment of the developments likely to generate S106 agreements, and this number is used to assess the health contributions

Assume 7,303 homes at £ 3,253 ; receipts going to the NHS

Other sources

These include sports facilities, rights of way improvements, libraries, police infrastructure, parking and other minor items. The amount requested varies considerably, and even those requested are not always allowed by inspectors on appeal.

Assume an average of £ 1,000 per market dwelling liable to S106

Assumed total dwellings liable to s106 are 7,303 as above

Market dwellings at 60% are thus 4,382

Assume proceeds are split as to:

WDC	<u>60%</u>
WCC	<u>30%</u>
Other	<u>10% (balance)</u>
Total	<u>100%</u>

This gives 4,382 homes at £ 1,000 split as shown

Totals, taken to the summary sheet

WDC £'000	WCC £'000	Other £'000	Total £'000
	19,950		19,950
	35,548		35,548
		23,757	23,757
2,629	1,315	438	4,382
2,629	56,813	24,195	83,637



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Schedule 6 - New Homes Bonus receipts

New Home Bonus

The "bonus" consists of a matching of the Council Tax on "new" properties by Central Government for six years.

There have been reports that the bonus will be top-sliced, but this is not taken into account for this calculation.

Assuming that the whole of the 12,300 "new" homes will be (or have already been) eligible for the bonus, and a distribution of rateable value bands, we have:

Band	% of houses in each band	Number of houses	Council Tax / year - £	Annual council tax - £'000
A	15%	1,845	1,000	1,845
B	15%	1,845	1,200	2,214
C	20%	2,460	1,350	3,321
D	35%	4,305	1,500	6,458
E	10%	1,230	1,850	2,276
F	5%	615	2,200	1,353
Totals	100%	12,300		17,466

Times 6 gives £'000 **104,796**

