

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	27 October 2014
<b>Title:</b>	Update on Major Developments and Strategic Infrastructure
<b>Reference:</b>	6210
<b>Report From:</b>	Director of Economy, Transport and Environment

**Contact name:** Laura McCulloch

**Tel:** 01962 846581

**Email:** laura.mcculloch@hants.gov.uk

### 1. Executive Summary

- 1.1. The purpose of this paper is to update Cabinet on the latest position with regard to the major developments within Hampshire and strategic infrastructure. This update follows an earlier report considered by Cabinet in March 2012 on strategic infrastructure planning and delivery.
- 1.2. This paper seeks to provide an update on:
  - The progress of key major developments in Hampshire; recent Local Growth Funding allocations to major developments; the emerging operation of the Community Infrastructure Levy (CIL) in Hampshire and the key role the County Council has to maximise opportunities for infrastructure funding with developers, districts and Local Enterprise Partnerships (LEPs).
- 1.3 The County Council also recognises the importance of a range of infrastructure services and connections, such as communications, energy, water, and waste water, which are of significant importance, but not generally dealt with by way of developer funding arrangements such as section 106 or CIL. Whilst the paper does not specifically address these matters, the importance of Broadband connectivity in particular remains a significant issue, and one which requires further work with planning authorities, developers and service providers.

### 2. Contextual information

- 2.1. As the pace of scale of development in Hampshire begins to pick up, as the economic recovery takes hold, the County Council, working with district partners, and the LEPs has a central role in securing the timely delivery of appropriate infrastructure to support and maintain sustainable economic growth. The Hampshire Strategic Infrastructure Statement was produced in

order to assist local planning authorities with their local plan and CIL processes, and to ensure that the County Council's infrastructure requirements are clearly established to ensure it is well placed to maximise funding opportunities as and when they arise. The fast paced nature of major developments, and the imminent deadline of April 2015 for local planning authorities to have their Community Infrastructure Levies in place, means that district partners increasingly rely on the information in the Statement to support the development of CIL policies in Local Plans and as a means of engaging with the County Council. Therefore it is important the Statement is updated to provide district partners and LEPs with the latest position regarding infrastructure and associated funding requirements.

### 3. Update on Major Developments

- 3.1. The **Wellesley Aldershot Urban Extension** now has planning permission, with work on phase 1 expected to commence shortly. The section 106 agreement secured significant financial contributions and infrastructure improvements for the County Council including:
- a financial contribution of £15.25million for the provision of two primary schools and the transfer of the two primary schools sites to the County Council at nil cost;
  - a financial contribution of £11.75million towards the provision of additional secondary school places;
  - the transfer of land for the provision of a new Household Waste Recycling Centre to replace the existing facility in Aldershot along with a financial contribution of £201,640.56 towards its construction;
  - transfer of up to one hectare of land in the neighbourhood centre for the provision of an Extra Care facility of up to 100 units; and
  - a package of highway improvements, bus service extensions and a financial contribution of £3million towards improvements in the local area and travel plans for the new schools.
- 3.2. The development of **Barton Farm** in Winchester is moving forward, with the reserve matters application for phase 1 recently approved by Winchester City Council. The school site is due to be transferred to the County Council shortly and discussions are being held regarding the planning application which will need to be submitted. The developer, Cala Homes, is planning to commence work on the site later this year.
- 3.3. An application is expected to be submitted shortly for the development at **North Whiteley**. Regular discussions are currently being held with the development consortium and Winchester City Council regarding the package of highway and transport improvements, new schools, green infrastructure, extra care housing, waste contributions and Sustainable Drainage Systems. A draft Head of Terms has been circulated and is being discussed in detail in

order that the majority of the infrastructure improvements will be agreed prior to the application being determined. Negotiations with the consortium on the overall schools package is further complicated by the need to accommodate the relocation of Cornerstone Primary School within one of the new school sites, and an additional 4 Forms of Entry on the secondary site to cater for demand from the existing community at Whiteley. The development consortium is currently concerned about development viability and is therefore scrutinising the cost of the schools and the value of the land needed, although it has accepted that the County Council is best placed to deliver such infrastructure and so will not seek to deliver the schools itself. The Examination in Public to consider the Area Action Plan relating to the development at **Welborne** in Fareham commences on 15 October 2014. The County Council is currently working with Fareham Borough Council to prepare a series of Statements of Common Ground to cover the key issues to be considered by the Inspector. This includes education, transport, flooding and sustainable drainage, and potentially third party land issues. The inspector is particularly interested in the timing of school provision and the location of the secondary school; the timing of the Junction 10 improvements and the consequences of this on the wider transport network; and how issues of land ownership in relation to provision of Suitable Alternative Natural Green Space will be resolved

- 3.4. The first planning application at **Whitehill & Bordon** has recently been approved by East Hampshire District Council . The application includes redevelopment of Louisburg Barracks for up to 500 houses and 2.94 hectares of employment land, and detailed permission to deliver the first phase of the proposed relief road. Negotiations are ongoing with the Defence Infrastructure Organisation over the collaboration agreement and funding options for the provision of the secondary school and the remainder of the relief road.
- 3.5. To the west of **Basingstoke**, the Local Planning Authority are proposing the allocation of 3,400 new dwellings up to 2019 on land held by the County and Borough Councils in their Draft Local Plan. This is now to be submitted for consideration at an Examination in Public which is expected in 2015. In the meantime, discussions are underway with the Enterprise M3 LEP and Government regarding potential infrastructure funding.
- 3.6. These are just a few of the highlights on the major developments planned across Hampshire over the coming 10 to 15 years. Work is still ongoing within the County Council to formulate a school provision strategy for Welborne and the nearby developments at North Whitely and Eastleigh ahead of the Examinations in Public for those sites, which are all inter-related in terms of secondary school provision in particular.
- 3.7. With the current aspiration from both central government and the LEPs to deliver housing growth, the pace of these strategic allocations is increasing. Therefore it is critical that the County Council identifies the infrastructure and funding requirements associated with these growth areas so that it is best placed to maximise funding opportunities.

#### **4. Local Growth Fund Settlements Relating to Major Developments**

- 4.1. In July 2014 the Local Growth Fund settlements were announced and both the Enterprise M3 and Solent LEPs were successful. The Enterprise M3 was awarded £118million and the Solent LEP was awarded £124.8million, with the total Local Growth Fund allocation for Hampshire over £130million, (both LEP areas extend beyond the Hampshire County Council area). Further details about the Local Growth Deals are set out in a separate report, due to be considered by Cabinet on 27 October 2014.
- 4.2. In terms of major developments, the Solent LEP has been awarded the following:
- £14million investment in transport improvements is committed to enable the development at North Whiteley (with £3.7million in 2015/16); and
  - £19.7million invested to improve transport and connectivity in Fareham and Gosport; £6million in 2015/16 for initial work, £13.7million for 2016/17, and a further provisional allocation of £14.9million for junction 10 M27 starting beyond 2016.
- 4.3. The Solent LEP will be entering negotiations during late 2014 for a further phase of co-investment to deliver additional strategic infrastructure for example to support the development at Welborne and network capacity to and from the Enterprise Zone, including the Stubbington bypass.
- 4.4. The Enterprise M3 LEP has provisionally allocated the following from its Local Growth Deal:
- £3.3million investment in the Basingstoke North Corridor A340 partial dualling, with a commitment to £2.34million in 2015/16 and a further £1million in 2016/17;
  - £6.5million for the Whitehill and Bordon Inner Relief Road;
  - £1.5million for the Basingstoke North East Transport Corridor Improvement schemes;
  - £9.3million for the Basingstoke South Western Corridor to Growth; and
  - £2.3million for junction capacity improvements in Farnborough.
- 4.5. Both LEPs are currently working with Government to formalise the funding arrangements and the County Council, as the primary transport and infrastructure delivery body, is a key partner in this. Nevertheless, it is clear that there will be strict deadlines in place on the spending of any funding allocations and so all partners involved in delivering major infrastructure will be under pressure to deliver projects within the timescales.

## 5. Update on CIL

- 5.1. There are now three operational CIL charging schedules operating in Hampshire:
  - Fareham Borough Council's schedule, with effect from 1 May 2013;
  - Havant Borough Council's schedule, with effect from 1 August 2013; and
  - Winchester City Council's schedule, with effect from 1 April 2014.
- 5.2. This means that CIL-liable developments which are granted planning permission in those areas are required to pay the levy and the use of section 106 agreements is restricted.
- 5.3. In February 2014 the CIL regulations were amended and new statutory guidance was issued in relation to CIL. The amended regulations have introduced a restriction on the use of section 278 agreements. This means that the Highway Authority cannot enter into an agreement to secure necessary highway works if those works, or general highway improvements, are included on the local planning authority's CIL Regulation 123 list. In addition, the statutory guidance makes it clear that there should be no actual or perceived double dipping, with section 106 or section 278 agreements seeking provision of any infrastructure that is on the CIL Regulation 123 list. Therefore, the County Council is engaging with local planning authorities to ensure that CIL Regulation 123 lists are as transparent as possible in setting out what infrastructure may be funded by CIL and what will be funded by Section 106 or 278 agreements.
- 5.4. Another key issue for the County Council is the approach taken to extra care housing. The County Council is keen that extra care housing is not subject to CIL charges so as to ensure any extra care schemes it wishes to deliver in the future are not rendered unviable. So far the response from local planning authorities has been extremely positive, with all emerging charging schedules providing a £0 rate for extra care to reflect the County Council's position.
- 5.5. In general terms, it is clear from recent research by the County Council that Hampshire local authorities expect to see a reduction in developer funding due to the introduction of CIL. The funding deficit is compounded by the way in which CIL operates, with funding collected over time and not necessarily at the point at which infrastructure needs to be delivered. As funds are collected, the CIL charging authorities, (i.e. the district or borough councils), will need to determine what proportion should go towards County Council provided infrastructure.

- 5.6. Winchester City Council has taken the decision to transfer 25% of residual receipts to the County Council to deliver the infrastructure identified on the Regulation 123 list, once the proportion for administration and for parish councils has been deducted. Using projections of the annual expected CIL receipts, it is likely that the County Council will receive up to £162,000 per annum in CIL funding compared with the average of £600,000 per annum it currently secures by section 106 in the Winchester area.
- 5.7. Havant Borough Council has devised a funding protocol to allocate CIL funding following the submission of detailed bids. An invitation to bid for funding was received at the end of July 2014, with the closing date for bids set at the end of August. Bids for funding for school places, library improvements and transport were submitted to mitigate the impact of development. However, it is noted that the projected CIL income will not provide sufficient funds to allow all of the required schemes to be delivered. Therefore prioritisation of these schemes needs to be carefully considered.
- 5.8. The Memorandum of Understanding entered into by Hampshire Authorities (except for South Downs National Park Authority) in June 2013 set out a preferred approach to how funding for future county infrastructure should be secured from developments. The agreement acknowledges that a 'one size fits all' approach would not be appropriate as every district, and development, has different characteristics that need to be considered in order to identify the best approach. However the broad principles established by the agreement include: seeking the continued reliance on section 106 agreements for larger, strategic developments; the use of section 278 agreements to secure highways infrastructure; and relying on funding from CIL to mitigate the cumulative impact of numerous smaller developments in an area.
- 5.9. This approach has been reviewed in light of recent changes in the CIL Regulations but it is considered that it is still appropriate, albeit that detailed discussions with the districts regarding the Regulation 123 list are needed in order to ensure continued use of section 106 for strategic developments and section 278 for highway improvements. In this context it is suggested that the Director of Economy, Transport and Environment should periodically publish updated technical reports on infrastructure needs to support the effective partnership approach with local planning authority colleagues on the operation of CIL and other mechanisms for securing developer funding for infrastructure to accompany development. The County Council will also continue to update and publish its Capital Programme which in itself represents a very significant investment and contribution to infrastructure delivery in Hampshire.
- 5.10. The County Council continues to positively engage with the districts on CIL, and the Corporate Infrastructure Planning and Delivery Group, chaired by the Director of Economy, Transport and Environment, is constantly reviewing the approach taken in accordance with changing regulations and guidance in order to ensure that the County Council maximises opportunities to secure funding for infrastructure. With the wider adoption of CIL regimes across the

county from next April, it is further proposed that a report on the initial performance of CIL in securing developer funding and the contributions secured towards critical infrastructure across Hampshire would be an appropriate subject for a future report to the Hampshire Partnership.

## **6. Conclusion**

- 6.1. Major developments and developer funding are important areas for the County Council's corporate engagement and critical to its future financial capacity. The timely delivery of appropriate infrastructure to support new development is vital in terms of maintaining the character and quality of life of Hampshire, as well as the capacity of its public services.
- 6.2. Funding of infrastructure for development is a rapidly changing and complex area. It is therefore important that the County Council secures maximum levels of external funding to support provision. This requires a flexible approach, on a site-by-site basis, and the maximisation of Government, LEP and other grant funding, as well as securing appropriate developer contributions, so that County Council funds are most effectively deployed. It is therefore recommended that the Director of Economy, Transport and Environment, as Chair of the Corporate Infrastructure Planning and Delivery Group, be given authority to engage with district council colleagues and to negotiate developer funding arrangements on behalf of the County Council
- 6.3. The deadline for introducing CIL is fast approaching and this, along with the pace at which major developments are progressing, requires the County Council to be in a strong position to negotiate with districts, LEPs and developers on infrastructure planning and funding. The Hampshire Strategic Infrastructure is a key document in setting out these requirements and providing a sound evidence base for negotiations.

## **7. Recommendations**

- 7.1. That the County Council confirms its approach to securing developer funding to deliver infrastructure to support sustainable economic growth across Hampshire, as set out in section 5 of the report.
- 7.2. That delegated authority is given to the Director of Economy, Transport and Environment to engage and negotiate with the local planning authorities to secure developer funding contributions and to periodically publish technical reports and updates on strategic infrastructure requirements and delivery in Hampshire.
- 7.3. That the position on major developments be noted, and that the Cabinet confirms support for active engagement by the County Council in the development of these sites to support high quality development and sustainable economic growth.

Rpt/6210/LMcC

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	yes
Corporate Improvement plan link number (if appropriate):	

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- (a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- (b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- (c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

The planning of major development and the associated strategic infrastructure needs considers the requirements of communities in terms of age (from school places to extra care housing), and the nature of the locality (such as rurality or poverty) and seeks to ensure that provision is made by planning the appropriate improvements needed to support diverse, sustainable communities. The corporate approach to planning major development and strategic infrastructure should therefore have a low impact.

### **2. Impact on Crime and Disorder:**

2.1. The County Council is working in partnership with Hampshire Constabulary on the planning of major developments and strategic infrastructure requirements in order that crime can be designed out at the early stages of planning.

**3. Climate Change:**

- 3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

The planning of major developments and strategic infrastructure ensures that opportunities are maximised to deliver sustainable communities which reduce the need to travel, are energy efficient and use sustainable drainage to mitigate against flood risk.

- 3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The planning of major developments and strategic infrastructure ensures consideration of potential future climate change and therefore enables communities to be designed to be resilient.