



Eastleigh Borough Local Plan 2016-2036



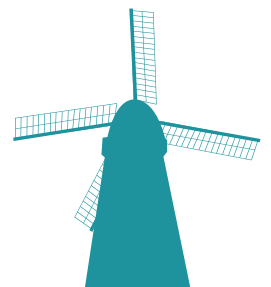
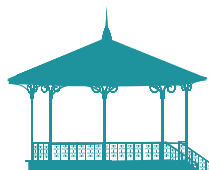
# Eastleigh Borough Local Plan 2016-2036

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## Delivery and Viability of the Strategic Growth Option: Update of the Infrastructure Delivery Plan

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June 2019



## **Contents**

1. Introduction	1
2. Council commentary on issues raised by national policy	1
3. SGO Viability Update (June 2019)	2
4. Conclusions	7
Appendix 1 – Key Points of National Policy	9
Appendix 2 – Infrastructure and Other Inputs used in latest SGO viability study	11
Appendix 3 – Comparison of SGO ‘section 106’ infrastructure costs with other strategic developments in the Borough	29
Appendix 4 – Public Sector Funding Scenarios	30
Appendix 5 - Potential Cost of Habitat Regulation Mitigation Measures	31

## 1. Introduction

- 1.1 The Council has continued to assess the deliverability and viability of the SGO to inform key points of plan preparation, and in the light of on-going dialogue with key infrastructure providers, statutory agencies and adjoining Councils (e.g. Winchester City Council), to ensure a robust assessment with appropriate sensitivity testing.
- 1.2 Table 1 sets out the previous iterations of the SGO viability study and Infrastructure Delivery Plan at different stages of the plan's preparation:

**Table 1**

December 2017 – Council decision	
DEL005	Viability Study – SGO
(SGO002)	Earlier version of SGO002 (see below)
June 2018 – Pre-submission Public consultation	
DEL001	Infrastructure Delivery Plan (SGO section, page 52)
DEL006	Viability Study – SGO
(SGO002)	Earlier version of SGO002 (see below)
October 2018 – Submission	
DEL002	Infrastructure Delivery Plan update (SGO section, page 50)
DEL007	Viability Study – SGO
SGO002	SGO Background Paper – Delivery
SGO013	Delivering a new community North of Bishopstoke and Fair Oak
June 2019 – Examination Documents	
ED	SGO Delivery / Viability overview (this paper, an update to the IDP)
ED	Viability study – SGO
ED	Cabinet report (20 <sup>th</sup> June 2019) on Council actions

- 1.3 The Council has commissioned a final review of the SGO viability study (June 2019) in the light of the final evidence updates and final discussions, and to inform a statement of common ground with Winchester City Council. This paper sets out the overall context, key results and inputs, to provide an update to the Infrastructure Delivery Plan. This paper clearly sets out in the relevant sections where updates have been included.

## 2. Council commentary on issues raised by national policy

- 2.1 The key aspects of the National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG) are set out in Appendix 1.
- 2.2 National policy expects that plans are deliverable and viable. However it explains there should be a “reasonable prospect” (rather than certainty) of

deliverability and viability; recognises the difference between short term and longer term sites; and that evidence will be proportionate. National policy expects plans to be realistic, but also aspirational and to look to the longer term, with Councils taking a pro-active role in delivering sites.

- 2.3 The Council can demonstrate 5 years (and more) of housing supply without the SGO. The Council is also being aspirational, planning for the medium and long term for major growth with the SGO. It is important to do this, to enable the plan to move beyond catering for incremental phases of development on a site by site basis, and instead to set out a longer term strategy to create a new community with the appropriate supporting facilities and infrastructure.
- 2.4 National policy differentiates between short term and longer term sites and it is considered that any Local Plan looking 15 years ahead and more will inevitably contain a degree of uncertainty. This should not detract from the importance of planning for the longer term to achieve wider overall benefits.
- 2.5 In the light of national policy, the key is to consider whether, in the long term context and taking a proportionate view, there is a reasonable prospect of delivery.

### **3. SGO Viability Update (June 2019)**

- 3.1 The Infrastructure Delivery Plan (DEL002) section 8 sets out an assessment of the viability of the SGO and associated infrastructure, based on the SGO viability study of October 2018 (DEL007).
- 3.2 Since then, the infrastructure costs have been further refined in the light of some updates to the submitted evidence and further discussions with 'duty to co-operate' authorities. The Council has commissioned a final version of the viability study to reflect this latest position, and also to include public sector funding scenarios. The study was completed by Dixon Searle Partnership (DSP) in June 2019. This paper provides an update to the Infrastructure Delivery Plan section 8 to reflect this latest position.

#### Scenarios

- 3.3 The first 18 scenarios tested are the same as in the submitted viability study of October 2018 (DEL007). These are based on all funding coming from the development, and on:
  - Two development quantum: 5,058 dwellings and 5,258 dwellings<sup>1</sup>;
  - Development profit: 15%, 17.5% and 20%.

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<sup>1</sup> Slightly changed from October 2018 to better reflect the Pembroes Hill Farm planning permission and the submitted Local Plan dwelling numbers. (The numbers tested in October 2018 were 5,200 and 5,500).

- Land cost: £250,000 / ha, £300,000 / ha and £350,000 / ha.

3.4 In addition these 18 scenarios are now rerun on the basis that a small proportion of the overall costs would be funded by the public sector, based on:

- Level of funding: £30.858 million and £53.682 million
- Type of funding: grant funding or forward funding.

#### Public Sector Funding and Support

3.5 The levels of public sector funding assumed above are considered to be relatively cautious given the scale of housing, economic and infrastructure benefits which will be delivered, taking account of the scale of national delivery funding programmes, the Council's recent track record of attracting funding, and comparable examples from elsewhere. This is set out further in Appendix 2.

3.6 'Delivering a new community North of Bishopstoke and Fair Oak' (SGO013) sets out in Table 1 the Council's recent track record in pro-actively delivering development, which includes:

- West of Horton Heath - purchase of site, appointment of Galliford Try Partnership as master developers, successful bid for Homes England funding;
- Pembers Hill - joint venture with the Galliford Try Partnership;
- Chestnut Avenue - forward funding of infrastructure and advance purchase of properties;
- Bursledon Road – purchase of site.

3.7 The report also sets out the range of potential actions the Council could take to help deliver the SGO. The Council's Cabinet also approved a report on 20 June 2019 regarding the potential to take such actions in relation to the SGO.

#### Inputs / Infrastructure Costs

3.8 This section sets out the latest inputs / infrastructure costs which have been used. DSP include various judgements in their study, for example regarding property values and construction costs. These are detailed in their reports. However some judgements informed primarily by DSP have been included in this section for completeness, for example where they:

- have been the subject of discussion with the Council and others (land values, profit and site works and infrastructure allowance);
- reflect policy requirements (e.g. sustainable design and construction and mobility accessibility).

- 3.9 Otherwise, this section sets out those inputs which have been advised by the Council.
- 3.10 The inputs are described more fully in Appendix 2. Some of the key inputs are as follows:
1. Development quantum – 5,058 or 5,258 dwellings, employment, mixed use development and green spaces, as set out in the emerging master plan and addendum;
  2. Affordable housing – 35% (in accordance with policy DM30);
  3. Sustainable design and construction / accessibility within homes – DSP judgement consistent with Local Plan policy DM2 and DM31.
  4. Land acquisition - £250k (baseline), £300k and £350k (sensitivity test) per hectare. DSP judgement informed by NPPG. The land value also reflects infrastructure requirements. Applied equally across the whole SGO policy area<sup>2</sup> (covering all development and green spaces);
  5. Profit – 15%; 17.5%; 20% (for private dwellings). DSP judgement and consistent with NPPG.
  6. Public sector funding – none; £30.858 mil or £53.682 mil. EBC judgement based on the scale of SGO housing delivery, range and scale of Government funding streams and other funding awards. The EBC Cabinet report (20<sup>th</sup> June 2019) and ‘Delivering a new community’ (SGO 013) report demonstrate the Council’s pro-active stance.
  7. Site works and infrastructure - £177.030 mil - £184.030 mil. (£35,000 per dwelling). DSP judgement, broadly equivalent to the upper end of the Harman<sup>3</sup> allowance, to ensure a robust approach. All standard on site infrastructure for a major development. In broad terms considered to include cost of: the link / spine road within the SGO development and other internal roads, sustainable drainage, utilities, and open space equipment.
  8. Education - £48.016 mil - £49.857 mil. This is based on primary and secondary provision (including special needs education) for the SGO dwelling totals, in accordance with Hampshire County Council’s guidance<sup>4</sup>.
  9. Link road - £21.682 mil (and £4.4 million for land acquisition). The link road outside of the SGO development area. Based on HCC consultancy feasibility report, incorporating contingencies in line with

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<sup>2</sup> Submission plan as proposed to be modified to include wider environmental mitigation area

<sup>3</sup> Viability Testing Local Plans: Advice for planning practitioners – Local Housing Delivery Group (2012)

<sup>4</sup> HCC: Developers’ Contributions towards Children’s Services Facilities

Department for Transport guidance. (Land acquisition based on EBC judgement).

10. M3 junction 12 upgrade - £10.7 million. Associated Allbrook Way widening - £4.534 mil. Based on Atkins feasibility reports, incorporating contingencies in line with Department for Transport guidance.
11. Ancient woodland mitigation - £5.9 million  
Southern damselfly mitigation - £4.5 mil - £6.3 mil.  
New Forest mitigation - £3.9 million.  
Based on various environmental studies and EBC judgement.
12. Public open space maintenance - £9.642 mil. Based on SGO master plan addendum and EBC Planning obligations SPD.
13. Various: Bus and cycle strategy (£3 million); Local junction improvements (1 million); Health centre (£2.1 mil); Public art (£1.98 – 2.07 mil); Community facilities (£3 mil).

3.11 The main changes since the October 2018 SGO viability study are to:

- Refine the development quantum to reflect a planning permission within the site;
- Refine the site area (and hence land acquisition costs) to include additional environmental mitigation areas;
- Avoid 'double counting' the cost of the link road within the SGO development area;
- Add costs for additional environmental mitigation, transport measures, and public open space maintenance.

3.12 The costs are based on the following:

- High level engineering feasibility studies – the link road, Allbrook Way widening and M3 junction 12. These costs, and those for the local highway schemes, include a high level of contingency, risk and optimism allowance in accordance with Department for Transport guidance. The total cost of this infrastructure is £37.916 million. A significant proportion of this total cost is the optimism bias (44%), contingency and risk allowance (typically 12.5% - 20%).
- An established policy – contributions to education, open space maintenance, and public art.
- The cost of equivalent facilities, professional judgement and/or discussions with statutory agencies – environmental mitigation, public

transport / cycle strategy, community and health facilities, and link road land acquisition.

- 3.13 The total cost of the infrastructure inputs (points 7 to 13) amounts to £301 - £312 million. This includes a high level of contingency/risk/optimism for the major transport schemes. The total cost of infrastructure inputs which, in broad terms could be secured by 'section 106' developer contributions (points 8 to 13), is £126.285 million or £24,018 per dwelling<sup>5</sup>. On a per dwelling basis this is the same or higher than has been provided by other recent larger sites in the Borough (see Appendix 3).
- 3.14 Therefore it is considered a robust approach has been taken to establishing the infrastructure costs.

### Results

- 3.15 The summary table of results is set out in the SGO viability update (June 2019) in Tables 1 and 2. A summary description of these results is as follows:

*The 18 scenarios which are 100% developer funded:*

- 12 of the 18 scenarios show a surplus.
  - (4 of these surpluses are above £50 million).
- 6 of the 18 scenarios show a deficit.
  - (1 of these deficits exceeds £50 million).

*The 18 scenarios which have a small proportion of public sector forward funding (£30.858 million)*

- 17 of the 18 scenarios show a surplus.
  - (9 of these surpluses are above £50 million).
- 1 of the 18 scenarios shows a deficit.
  - (This deficit is less than £50 million).

*The 18 scenarios which have a small proportion of public sector grant (£30.858 million)*

- All 18 scenarios show a surplus.
  - (14 of these surpluses are above £50 million).
  - (6 of these surpluses are above £100 million).

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<sup>5</sup> Based on 5,258 dwellings. Its £24,586 / dwelling based on 5,058 dwellings.



- (The public sector grant reduces not only the developer's capital costs but also their finance costs for the provision of infrastructure in earlier phases of the development. Therefore the positive effect of the £30.858 million grant is magnified, generating a positive increase in the surplus of [in the region of] £60 million).

*Testing one scenario with a higher level of public sector support (£53.682 million)*

- Taking the higher development quantum of 5,258 dwellings, and then the 'worst case' scenario within that (20% profit and £350,000 / ha land value):
  - A £39.14 million deficit in the developer funded scenario becomes:
  - A £26.94 million surplus with a £30.858 million public sector grant, which becomes:
  - A £71.95 million surplus with a £53.682 million public sector grant.

#### **4. Conclusions**

- 4.1 The SGO is not required to start delivery in-order to meet the Local Plan's 5 year housing requirement.
- 4.2 The SGO will help to meet housing needs over the medium and longer term to the end of the plan period in 2036 and beyond into the mid-2040s.
- 4.3 The SGO forms a long term vision for creating a major mixed use community with supporting transport, social and environmental infrastructure. This meets the NPPF's approach for plans to be aspirational and look to the longer term.
- 4.4 Plans also need to be realistic and have a reasonable prospect of delivery, based on proportionate evidence. Therefore the Council has carefully assessed the viability and deliverability of the SGO, undertaking a number of iterations of viability testing.
- 4.5 The SGO is, in approximately terms, a £1.5 billion development scheme to be delivered over the next 25 years. It is not required in the short term. A reasonable prospect of delivery should be judged in this context. The viability model uses a range of individual numerical inputs but, within the overall context, attempting to establish a false level of accuracy for any individual input should be avoided.
- 4.6 The Council has set out a comprehensive assessment which seeks to cover the key infrastructure and other costs. This is informed by feasibility studies, policy, professional judgement, discussion with statutory organisations, and/or examples of other projects. The viability model includes a range of scenarios / sensitivity tests. This enables an overall picture of the likely viability of the

SGO over the longer term to be formed. This is considered to be consistent with the NPPF's approach to plan for the longer term, and (based on proportionate evidence) also be realistic.

- 4.7 Against this context, the indications are that where the SGO and supporting infrastructure is:
- Fully funded by the developer:
    - Most scenarios (12 out of 18) are viable, and some of these start to generate distinct surpluses;
    - Some scenarios are unviable (6 out of 18), but most of these have relatively small deficits;
  - Funded with a modest level of public sector support:
    - Nearly all scenarios (17 out of 18) are viable with forward funding, and half of these start to generate distinct surpluses;
    - All 18 scenarios are viable with grant funding, and most of these start to generate distinct surpluses.
  - Funded with some more public sector support, based on the higher development quantum (which the Council considers to be robust):
    - Even the 'worst case' scenario starts to generate distinct surpluses.
- 4.8 The level of public sector funding assumed is considered to be cautious in the context of the number of homes, overall development and infrastructure benefits that the SGO will deliver. In addition the Council has a track record in pro-actively helping to deliver development and is considering such actions in relation to the SGO.
- 4.9 Where in some cases (usually relatively small) deficits are generated in the 100% developer funded scenarios, a relatively modest level of public support would turn this into a viable scheme to unlock the major development and infrastructure benefits.
- 4.10 Where in many cases a surplus is generated, this enables the level of infrastructure, developer's profit, or land value to increase, over and above the robust assumptions that the Council has already used. This further adds to the robustness / viability of the scheme.
- 4.11 In the context of needing to take a long term view, the Council considers there is a reasonable prospect that the SGO will be delivered.

## Appendix 1 – Key Points of National Policy

The NPPF (2012) states that:

Plans should identify specific deliverable sites to provide 5 years worth of housing; and identify specific developable sites or broad locations for 6 – 10 years and where possible 11 – 15 years, with a reasonable prospect they are available and viable (para. 47);

Local plans should be aspirational but realistic (para. 154); and crucially should plan positively for the development and infrastructure required (para. 157);

Careful attention is required to viability and costs, plans should be deliverable and viable – providing a competitive return for a willing landowner / developer (para. 173);

Evidence should be proportionate (para. 174);

The need for safeguards (e.g. for environmental mitigation) should be clearly justified and costs kept to a minimum, so development is not unnecessarily inhibited (para. 176);

It is important there is a reasonable prospect that planned infrastructure is deliverable in a timely fashion (para. 177); and that

The plan should be effective / deliverable over its period (para. 182).

The NPPF (2018) follows a similar approach. In some instances it adds a slightly different emphasis:

Strategic policies should look a minimum of 15 years ahead to respond to long term requirements and opportunities such as major improvements to infrastructure (para. 22);

Strategic policies should provide a clear strategy for bringing sufficient land forward at a sufficient rate (para. 23); the plan should be effective / deliverable over the plan period (para. 35);

Local planning authorities should take a proactive role in helping to bring forward land for development (para. 119).

The more specific references to viability in paras. 173 – 177 of the NPPF (2012) have been deleted, although a general reference to Local Plan evidence being adequate and proportionate is retained (para. 31).

In addition to the points made in the NPPF, in brief summary the NPPG explains that plans should:

Set out affordable housing and infrastructure requirements (including education, health, transport, flood and water management, green and digital infrastructure) (para. 001);

Be based on proportionate assessments of viability (paras. 002, 010) to ensure plans are realistic and deliverable (para. 003);

Clearly set out policy requirements so they can be accommodated in the price to be paid for the land (para. 001);

The NPPG also makes further specific points which are referenced in the relevant sections of Appendix 2 below.

## **Appendix 2 – Infrastructure and Other Inputs used in latest SGO viability study (June 2019)**

This note sets out the key inputs which have been used in the latest SGO viability study update (ED, June 2019). The key inputs in this paper relate to infrastructure costs and land acquisition.

### **Acronyms**

EBC = Eastleigh Borough Council

DSP = Dixon Searle Partnership (EBC's viability consultant)

### **Scenarios**

Scenarios are run based on the level of development, profit, land values and public sector funding, as set out in the main paper.

#### **1. SGO Housing and Other Development Capacity**

1a. Input for viability study update (June 2019):

Two scenarios:

- 5,058 dwellings and
- 5,258 dwellings.

1b. The development quantum is those set out in the SGO Master Plan – June 2018 (SGO005) and the SGO Master Plan Addendum (SGO006). These reflect the need for environmental buffers, open spaces, sustainable drainage areas, infrastructure and a mix of uses to create a new community.

1c. The quantum of commercial / education / community used is the same in both master plans.

1d. The quantum of residential development is:

- 5,300 dwellings – Master Plan (June 2018). The submitted Local Plan is also based on the provision of at least 5,300 dwellings.
- 5,500 dwellings – Master Plan Addendum (October 2018).

1e. The higher figure of 5,500 dwellings is considered to be a robust scenario because it also reflects the latest discussions with Natural England and others on the need for environmental mitigation areas to strengthen the protection of the ancient woodlands.

- 1f. One site within the SGO already has planning permission for 242 dwellings - Pembers Hill Farm (PHF). This has already established the infrastructure to be provided for that development. Therefore it is assumed that this development will not fund any wider SGO infrastructure. Accordingly, the viability study update (June 2019) is based on dwelling numbers reduced from the master plan figures by 242 dwellings to 5,058 and 5,258 dwellings.
- 1g. (The October 2018 viability study was based on 5,500 dwellings and 5,200 dwellings. The update above adjusts for Pembers Hill Farm and to better align with Local Plan policy).

## **2. Site Area**

- 2a. Input for viability study update (June 2019):  
-322 hectares.
- 2b. The site area has been refined to reflect the 'red line' SGO policy area as set out in the Council's submission plan and proposed main modifications. The modifications include additional environmental mitigation areas. The site area above also excludes the Pembers Hill Farm site.
- 2c. (The October 2018 viability study was based on 300 hectares. The update to 322 hectares reflects the refinements described above).

## **3. Land Values**

- 3a. Input for viability study update (June 2019):  
  
Three scenarios are assessed:  
-£250,000 / ha – baseline scenario;  
-£300,000 / ha – sensitivity test;  
-£350,000 / ha – sensitivity test.
- 3b. These land values are applied to the total policy site area of 322 hectares.
- 3c. The existing and expanded SGO policy boundary includes a wide range of environmental mitigation areas / woodland buffers and general open spaces which will not be developed. Whilst the actual land values will be subject to negotiation, the viability study assumes that these areas will be acquired at the same value as the rest of the SGO, as set out in the three scenarios above.
- 3d. The SGO policy boundary will also include education and other community uses, and development uses with different property values (e.g. employment, retail, residential). This range of uses and facilities is needed in-order to create a new community. The viability study applies an equal land value across all these uses, as set out in the three scenarios above.

- 3e. The Council and DSP both consider the £250k / ha scenario to be a robust baseline land value assumption.
- 3f. The National Planning Practice Guidance explains that the benchmark land values should be based on the existing use value plus a premium for the landowner. The existing use value should be informed by market evidence. It is the value of the existing use and should disregard hope value. The premium for the landowner should reflect the minimum return at which a reasonable landowner would be willing to sell their land (providing a reasonable incentive in comparison with other options available), while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. Market evidence can be used as a cross check to, but should not be used in place of, the overall benchmark land value (the two may diverge). Benchmark land values should be based on policy compliance, and reflect abnormal and site specific infrastructure costs. Policy requirements should be incorporated within the price to be paid for the land. The price paid for land is not a relevant justification for failing to accord with the plan. (NPPG 'Viability and plan making' paras. 001, 002, 006, 013, 014, 015, 016).
- 3g. DSP advise that a land value of £250k / ha allows for approximately a 10 times increase in land value over existing agricultural values.
- 3h. As summarised above, the NPPG explains that benchmark land values should reflect policy and infrastructure requirements. In addition to the normal infrastructure costs which would be associated with any major development, the SGO B/C concept is based on the delivery of some key additional infrastructure to deliver wider benefits, notably the off-site strategic highway costs of £41.316 million (M3 jnc 12, Allbrook Way widening, link road). The land value should reflect these additional costs. Based on a total development area of 322 hectares, this would reduce land values by £ 128,000 / ha.
- 3i. It is considered that the land value of £250k / ha reflects both a significant premium for the landowners on the existing use, and the additional infrastructure requirements / benefits of SGO B/C, and therefore is a robust benchmark / baseline scenario consistent with the NPPG.
- 3j. Nevertheless, the higher land values of £300k / ha and £350k / ha are included as a sensitivity test to assist further discussion at the examination.
- 3k. (The October 2018 viability study was based on the same three scenarios).

## 4. Public Sector Funding

- 4a. The SGO will create a new community delivering at least 5,300 new homes, significant new economic space, and major new transport and education infrastructure.
- 4b. The Government and its agencies have major funding programmes to assist with the delivery of new homes, economic development, transport, education and other infrastructure. Given the scale of benefits delivered by the SGO, it is considered likely that Government funding would be available if required.
- 4c. The council has been successful in bidding for funding in the recent past. It also has a track record of directly assisting in the delivery of development, for example with forward funding of infrastructure or the purchase of properties for rent. The Council has set out in evidence (SGO013) and a report approved by Cabinet on 20<sup>th</sup> June 2019, the range of actions it has and could take to assist delivery.
- 4d. The viability assessment update assesses grant funding and forward funding scenarios. The forward funding scenario assumes the developer will pay back the public sector body over the course of the development, saving significant finance costs. The assessment also considers two levels of funding. The first, £30.858 million, relates to funding a significant proportion of the off-site transport infrastructure; the second, £53.682 million, relates to funding all of the off-site transport infrastructure, and some further costs. A detailed breakdown is set out in Appendix 4.
- 4e. The off-site transport infrastructure will enable major housing and employment space to be delivered as part of a mixed use community whilst minimising traffic congestion. Therefore a range of public sector funding streams are potentially available, for example from Homes England, the Solent Local Enterprise Partnership, the Department of Transport, Highways England or Hampshire County Council.
- 4f. More broadly public sector funding may be available for other aspects of infrastructure. For example Homes England or the Solent Local Enterprise Partnership may fund environmental or other measures required to deliver the development; or the Department for Education and Hampshire County Council may fund school places.
- 4g. With reference to education funding, in May 2019 the NPPG's section on viability assessments was updated to explain that the "initial assumption" should be that development will fund new schools (para. 029). This relates to the Department for Education's new guidance<sup>6</sup> which explains that central government's basic need funding can be used to fund new school places for development, but that this should be the minimum necessary to secure viable development taking account of all infrastructure requirements, or can be used to forward fund the school places.

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<sup>6</sup> Delivering Schools to Support Housing Growth (April 2019), paragraph 6.



- 4h. Overall a wide range of substantial public sector funding is potentially available.
- 4i. Homes England programmes include the following:
- Land Assembly Fund - £1.03 billion – to unlock challenging sites;
  - Housing Infrastructure Fund - £5.5 billion over 5 years. This includes two funds:
    - The Marginal Viability Fund available to district councils. The first tranche of funding is supporting 133 projects.
    - Forward funding available to County Councils for larger projects. 7 schemes are currently funded.
  - Home Building Fund - £4.5 billion – development and infrastructure finance for developers, with loans of up to £250 million.
  - Accelerating delivery – using modern methods of construction.
- 4j. For example, Homes England has acquired the Northern Arc site at Burgess Hill and are funding £63 million of infrastructure, including a link road, to deliver 3,500 dwellings.
- 4k. Within the Borough, the Council has attracted Homes England Housing Infrastructure Fund money to help fund the Botley by-pass (£10 million) and to fund the West of Horton Heath link road (£9.33 million). The West of Horton Heath development has received a total of £21 million of Homes England funding, the remainder being for accelerated construction techniques. To give some context to the total figure of £30.858 million and £53.682 million of public sector funding assumed for the SGO, this is around 1.5 to 2.6 greater than that received for West of Horton Heath, but the SGO development is 3.8 times greater in terms of numbers of dwellings delivered. Therefore these assumptions are considered to be relatively cautious.
- 4l. The Department for Transport has a £11.4 billion capital investment programme for the 5 years up to 2019/20. This includes a £7.7 billion programme of road enhancements, funding 112 major enhancement schemes. The Department also operates a £1.7 billion Transforming Cities Fund to support local transport and growth. This includes £5.7 million for the Southampton area, which also includes funding for projects within Eastleigh Borough.
- 4m. Hampshire County Council is funding £72 million in new transport infrastructure in the 3 year period from 2019/20.
- 4n. The Solent Local Enterprise Partnership has a £1.5 billion investment plan for the 5 years to 2020. This includes loan or capital funding for individual projects of up to £14 million to deliver priority outcomes, including accelerating housing delivery. £7.7 million has been invested in the Centenary Quay

scheme in Southampton to unlock the next phase of 340 homes. £4.5 million has been invested in the Dunsbury Park link road to deliver an employment site.

- 4o. The Department for Education funds the capital requirements of meeting new school places. In the 10 years to 2021 Hampshire County Council will receive £231 million. 2,607 school places are being funded for the latest 2019 – 2021 period. (This is part of Hampshire Council's total funding over this same period of £160 million for new and enhanced schools).
- 4p. In short, given the range and scale of potential funding sources, and of benefits the SGO will deliver, it is considered the public sector funding scenarios tested in the viability study update are relatively cautious to ensure a robust viability appraisal.

## **5. Developer Profit**

- 5a. Input for viability study update (June 2019):

Three profit scenarios:

- 15%
- 17.5%
- 20%

- 5b. The NPPG states that for plan making, an assumption of a return of 15-20% on gross development value may be considered suitable. (NPPG viability section para. 18).
- 5c. The Council has demonstrated a track record of assisting delivery by purchasing properties for rent (as set out in SGO 013). This helps to 'de-risk' a development for the developer, which means that lower profit margins (i.e. within the range set out above) may be achievable.
- 5d. (The October 2018 viability study was based on the same three scenarios).

## **6. Site Works and Infrastructure**

- 6a. Input for viability study update (June 2019):

For 5,058 dwellings – £177.030 million  
For 5,258 dwellings - £184.030 million.

- 6b. DSP calculate this input on the basis of £35,000 per dwelling.
- 6c. This is based on DSP's experience of the costs of providing standard on site infrastructure both for individual plots and strategically across the site, for

example roads, and sustainable drainage. For the SGO this equates to a very significant scale of investment, as set out above.

- 6d. (The October 2018 viability study was based on a lower allowance of £32,000 / dwelling).
- 6e. By way of comparison, the Harman report advises an allowance of £17,000 - £23,000 per dwelling (2012 prices). Adjusting to today's prices<sup>7</sup>, the £35,000 allowance used by DSP is broadly equivalent (possibly slightly higher) than the upper end of the Harman allowance (£23,000). This illustrates that the £35,000 allowance is robust and cautious, broadly equivalent to the higher end of the Harman range.
- 6f. The Harman report "Viability Testing Local Plans: Advice for planning practitioners" was produced by the Local Housing Delivery Group chaired by Sir John Harman in June 2012. The group was set up to respond to the Government's challenge to deliver more houses and included representatives from the Local Government Association, Planning Inspectorate, Planning Officers Society and a range of house building groups. A Government observer also attended.
- 6g. The report includes a section on 'Development Revenues and Costs' (pages 34 – 36). This explains that BCIS build costs will not include external structural and local site works. The report lists the types of additional costs, including 'external works, infrastructure and site abnormalities' and 'site specific mitigation' which it explains may include flood protection, sustainable urban drainage, ecology and off site highway works. The report advises to use average figures supplemented by more specific information if available and discussion with the relevant statutory agencies. The report sets out 4 common problems encountered in undertaking viability testing, including using BCIS build costs without taking account of on site and strategic infrastructure costs. It states that Appendix B sets out more details.
- 6h. Appendix B includes the following:
- "2. Strategic infrastructure and utility costs  
Many models use construction cost information provided by BCIS or other sources.  
While this is regarded as a legitimate starting point, care is needed in understanding what is both included and excluded from such cost indices. Cost indices rarely provide data on the costs associated with providing serviced housing parcels, i.e. strategic infrastructure costs which are typically in the order of £17,000 - £23,000 per plot for larger scale schemes".

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<sup>7</sup> Based on the BCIS all in tender prices index

- 6i. On this basis EBC considers the Harman allowances provide a good basis for understanding the cost of all the standard on site strategic infrastructure, including roads, utilities, and sustainable drainage. The Harman allowances, updated to current prices, support DSP's judgement that a figure of £35k per dwelling will cover this infrastructure.

## **7. Affordable housing & housing design / space / mobility standards**

- 7a. Input for viability study update (June 2019):

Affordable housing – 35% of units  
Sustainable design and construction – 2% of costs  
Part M4(2) – 80%  
Part M4(3) – 7% market housing  
Part M4(3) – 8% affordable housing

- 7b. The percentages of affordable homes, and mobility standard homes equates to the submitted Local Plan policies DM30 and DM31.
- 7c. (The October 2018 viability study was based on the same inputs).

## **8. Education**

- 8a. Input for viability study update (June 2019):

5,058 dwellings - £48,015,478  
5,258 dwellings - £49,857,339

- 8b. The cost of education provision is based on Hampshire County Council's published guidance<sup>8</sup> for contributions per dwelling for the delivery of primary and secondary places, including provision for children with special educational needs. It is based on the two dwelling capacities as set out above, and the standard pupil yields.
- 8c. Hampshire County Council do not seek a contribution for early years provision, which is delivered by private providers. However they do seek to ensure the development includes space for early years provision, and this is already incorporated into the SGO master plan.
- 8d. (The October 2018 viability study was based on £51 million. The adjustment reflects detailed refinements and the latest dwelling figures).

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<sup>8</sup> HCC: Developers' Contributions towards Children's Services Facilities

## 9. SGO Link Road

9a. Input for viability study update (June 2019):

Cost of link road - £21.682 million;

9b. The Hampshire County Council Engineering Consultancy link road feasibility report (2016) (SGO008) sets out the cost of the link road (phases 1 – 3). EBC have then assumed a cost for phase 4 on a pro-rated basis. The total cost, as set out in Table 2 below, is £47.2 million. This cost incorporates allowances, as set out in DFT guidance for:

- civil contingencies – 15%;
- risk register
- optimism bias – 44%.

9c. Therefore, of the total cost, just over £22 million or 47% relates to an allowance for contingency, risk or optimism, to ensure a robust cost assessment.

**Table 2**

	Allbrook Hill Relief Road	Highbridge Road	NBLR from Highbridge Road to Winchester Road	Winchester Road to Mortimers Lane	Total
	Phase 1	Phase 2	Phase 3	Phase 4	
Civils	£2,222,504	£2,340,208	£8,534,473	£5,230,806	<b>£18,327,991</b>
Civils Contingencies	£333,376	£351,031	£1,280,171	£784,621	<b>£2,749,199</b>
Intelligent Transport Systems	0	0	£85,000	£85,000	<b>£170,000</b>
Landscaping	£57,785	£60,845	£221,896	£136,001	<b>£476,527</b>
Fees, Supervision, Support, Investigations	£761,438	£726,225	£2,943,918	£1,809,748	<b>£6,241,329</b>
Risk register (including utilities and inflation)	£626,498	£338,233	£2,405,769	£1,464,626	<b>£4,835,126</b>
Optimism Bias	£1,760,705	£1,679,279	£6,807,340	£4,184,753	<b>£14,432,077</b>
<b>Total</b>	<b>£5,762,306</b>	<b>£5,495,821</b>	<b>£22,287,567</b>	<b>£13,695,555</b>	<b>£47,241,249</b>

9d. The parameters of the link road (e.g. a single carriageway road with a series of junction improvements) have been incorporated within the strategic transport model runs which have informed the Transport Assessment

(TRA001 and TRA002). This demonstrates that the link road, as set out in the feasibility study of 2016, remains valid in the context of the submission Local Plan's development proposals. The detailed junction designs along the link road included within the Transport Assessment (TRA001 and TRA002) are sometimes slightly different to those set out in the feasibility study (SGO008) and these are not considered to have any bearing on the costs set out in the feasibility study. In other words the link road concept has been reviewed as necessary to accord with the emerging plan, to confirm that the cost estimates remain valid. (An additional improvement scheme is required for the M3 junction 12, and the cost for this is set out separately below).

- 9e. A significant section of the overall SGO link road will run through the SGO development as defined by the policy boundary. As set out in the feasibility study, the link road will comprise a single carriageway road with a width of 7.3m, and additional cycle and foot paths. The Council (EBC) considers that this is the equivalent of a standard spine road for a major development. Therefore the Council and DSP consider that this section of the link road is part of the development's standard infrastructure costs which have already been included in the £177.030 - £184.030 million 'Site Works and Infrastructure' allowance.
- 9f. Therefore to avoid the 'double counting' of costs, the updated viability assessment (June 2019), only includes the cost of the link road outside the SGO policy boundary. This is the whole of phases 1 and 2 and part of Phase 3. The cost of Phases 1 and 2 are £5.76m and £5.49m respectively (as set out in Table 2). The cost of Phase 3 outside the SGO is estimated to be £10.43m (on the basis of the proportion of that phase which lies outside the SGO). The total cost of the link road outside of the SGO is therefore £21.68 million. (This includes £10 million of contingency/risk/optimism bias).
- 9h. (The October 2018 viability study included the total link road cost of £47.2 million so included a significant overlap with the 'site works and infrastructure' allowance).

## **10. SGO Land Acquisition Cost**

- 10a. Input for viability study update (June 2019):

Cost of land acquisition - £4.4 million.

- 10b. Based on EBC's judgement, the estimated cost of land acquisition for the link road outside the SGO policy boundary is £4.4m.
- 10c. (The October 2018 viability study included the same cost).

## **11. M3 junction 12 and Allbrook Way**

- 11a. Input for viability study update (June 2019):
- M3 junction 12 - £10.7 million
- Allbrook Way widening - £4.534 million
- 11b. The traffic from the SGO link road will join the existing Allbrook Way leading to the M3 motorway at junction 12. Feasibility studies (TRA006 and ED) have identified the cost of the improvements required. These include:
- An upgrade to the motorway junction at £10.7 million. (This is based on the latest scheme, which includes 1 rather than 2 additional lanes on the motorway over bridge, to reflect the latest traffic modelling. TRA006 identifies the cost of this scheme is £9.2 million. The examination document identify the cost of the northern bridge strengthening is approximately £0.5 - £1 million. EBC have used the higher figure of £1 million and added an extra £0.5 million given the need to divert utilities. This totals £10.7 million).
  - Widening Allbrook Way to provide 1 additional lane southbound at a cost of £4.534 million.
- 11c. These high level feasibility study costs include an allowance for contingency / risk (20%) and optimism bias (44%), in accordance with Department for Transport guidance.
- 11d. (The October 2018 viability study included a cost for the M3 junction 12 upgrade of £10.1 million. This was based on 2 additional lanes prior to the latest transport modelling. The October 2018 viability study did not include a cost for the northern bridge strengthening or the Allbrook Way widening).

## **12. Public Transport and Cycle Strategy**

- 12a. Input for viability study update (June 2019):  
-£3 million
- 12b. The Scope of a Public Transport and Cycling Strategy (ED) identifies the types of measures needed to support travel by bus and cycle between the SGO and the wider area. These include for example on site high quality bus waiting facilities and 'real time' information and off site measures such as bus priority phasing of signalised junctions and improved cycle routes.
- 12c. Based on the approach in the strategy, and high level research of costs, the viability study allows for £3 million for these measures.
- 12d. (By way of context the cost of retrofitting bus priority measures into existing traffic lights has fallen very significantly, to around £2,000 per signals upgrade).

12e. (The October 2018 viability study did not include a cost for a public transport / cycling strategy).

### **13. Local highway improvements**

13a. Input for viability study update (June 2019):  
-£1 million

13b. In addition to schemes which are already committed / funded from other developments, the Transport Assessment (TRA001 and 002) assumes that the preferred SGO B/C 'do something' scenario will include two further junction improvements on the existing local highway network in the general vicinity of the SGO. These are as follows, and the cost estimate for them is based on the Transport Interventions Cost Estimate (TRA003 and TRA004):

- Fair Oak Road / Mortimers Road junction - £0.8m
- Denhams Corner roundabout south of Horton Heath - £0.2m.

13c. These two estimates are at the upper end of the cost estimate scale. (The lower end of the cost estimate would total £0.5 million). There is also a possibility that some of these improvements will be funded by the Pembers Hill Farm development. However the above costs are used in the viability study update to ensure a robust assessment. They include an allowance for risk (12.5%) and optimism bias (44%).

13d. (The October 2018 viability study was based on the same cost. This was included in part of a wider total of £8.3 million for 'environmental and local infrastructure').

### **14. Protection and enhancement of ancient woodland**

14a. Input for viability study update (June 2019):  
- £5.9 million.

14b. This is based on:

- £1 million – green bridge across the link road;
- £3.9 million – towards a warden and associated costs funded in 'perpetuity' (using the same calculation as for the agreed Solent Recreational Mitigation Strategy);
- £0.5 million – woodland access measures;
- £0.5 million – habitat creation measures.



- 14c. These figures are based on EBC's judgement, the cost of schemes elsewhere, and discussions with agencies such as Natural England.
- 14d. (The October 2018 viability study was based on £5.2 million. This was included in part of a wider total of £8.3 million for 'environmental and local infrastructure'. The adjustment reflects a refinement of the warden costs).
- 14e. In addition a further £0.9 million is included for the maintenance of the environmental mitigation measures ('wildlife areas') as set out in the section on open spaces below.

## **15. Southern Damselfly Conservation Strategy**

- 15a. Input for viability study update (June 2019):  
- £4.5 million - £6.3 million
- 15b. A figure is included to contribute to the Southern Damselfly Conservation Strategy.
- 15c. The HRA update (ED, June 2019) concludes that the effects of air pollution will not cause an adverse effect on southern damselfly habitats and that therefore no mitigation is required. The HRA does conclude that mitigation is required to ensure no adverse effect from water pollution, and identifies a range of potential mitigation measures, including those within the Southern Damselfly Conservation Strategy. Therefore such measures may be implemented as part of the required mitigation. In any case implementing some of the measures within the Conservation Strategy will contribute more generally to the NPPF's aim to achieve a net gain in biodiversity.
- 15d. For the viability update it was initially assumed that the fields within the SAC immediately south of the realigned Highbridge Road (part of the link road) would be acquired to help implement the Southern Damselfly Conservation Strategy. These fields total 12 hectares, and for added robustness this was increased by 50% to 18 hectares to enable more fields to be acquired within the Itchen valley. This will help facilitate the strategic approach advocated by the Conservation Strategy to acquire connecting habitats.
- 15e. The land within the SAC has no alternative development value and the land value would be the subject of negotiation. However, to provide a robust and cautious assessment for the viability study update the relevant development land value for that scenario is applied (£250 / ha - £350 / ha). £0.5 million is added to undertake the works necessary to turn this into habitat suitable for the southern damselfly. The resultant cost is £4.5 - £6.3 million (depending on the land value scenario).
- 15f. (The October 2018 viability study did not include a cost for this mitigation).

## **16. New Forest Mitigation**

- 16a. Input for viability study update (May 2019):  
-£3.9 million
- 16b. Councils in the area are working with Natural England and the New Forest National Park Authority on a strategy to address recreational disturbance in the New Forest. This will establish the extent of any funding required in relation to development in Eastleigh. The input above is to provide for a warden and associated costs, calculated as in 14., to manage recreational disturbance.
- 16c. (The October 2018 viability study did not include a cost for this mitigation).

## **14. – 16. Summary of Environmental Mitigation, including HRA Mitigation**

- 16d. Therefore in total, £14.9 million - £16.7 million of costs are allowed for environmental mitigation. This is in addition to the costs allowed for the other necessary habitat regulation mitigations. These are included within the site works and infrastructure allowance, the link road feasibility study, and the master plan (the cost of setting aside significant areas of land for environmental mitigation). This is set out in Appendix 5.

## **17. Public Open Space Maintenance**

- 17a. Input for viability study update (June 2019):  
  
Public open space maintenance - £9.642 million
- 17b. The Council's Planning Obligations SPD (2006) applies a standard of 2.85 hectares of public open space per 1,000 population. This would mean the SGO would require 36 hectares of public open space<sup>9</sup>. This is based on providing local green space; district green space including sports pitches; and wildlife sites.
- 17c. The emerging Local Plan sets a standard of 1.4 hectares of public open space per 1,000 population. This is in accordance with the more up to date submitted evidence on open space needs (ENV003, dated 2017). This would mean 17.7 hectares of public open space would be required<sup>10</sup>. This is based on providing amenity open space; play areas (for children / young people) and allotments. This results in less open space in itself relative to the SPD

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<sup>9</sup> Based on the full 5,500 dwellings as the master plan includes Pembers Hill Farm. Assumes the 5,500 dwellings are, on average, 3 bedroom dwellings, and that the average occupancy rate is 2.3 people (as set out in the Planning Obligations SPD).

<sup>10</sup> See footnote 2

(2006) approach, primarily because it does not include a standard for sports pitches or wildlife sites.

- 17d. The more up to date submitted evidence on sports pitches (ENV004, 2017) takes a more qualitative approach to assessing needs across areas of the Borough. In general terms the need for sports pitches in the north of the Borough will be met by recently completed or emerging proposals. However the study recognises that an SGO may create further needs.
- 17e. The public open space and green infrastructure proposed for the SGO is set out in the emerging master plan (SGO 005 and 006). The master plan addendum (SGO 006), which includes 5,500 dwellings, includes green infrastructure which provides a greater level of protection in relation to ancient woodland. The master plan consultants have provided a schedule of the open space provision included in the master plan addendum (SGO 006), and this is set out in Table 3.

**Table 3**

	Type of open space	Master plan provision
		Hectares
1.	Amenity Open Space / Play Areas	
	Village square	0.91
	Village buffer	21.29
	Neighbourhood green	5.49
	Local Park	0.12
	Village park	7.38
	Total	35.19
2.	Allotments	
	Community orchards / allotments	1.38
3.	Sports Pitches	
	Village playing fields	2.62
	50% of secondary school playing fields (overall school site is 7ha, assume 80% playing fields)	2.8
	Total	5.42
4.	Environmental Mitigation Areas	
	Strategic green corridor	118.11
	Green corridor	2.02
	Total	120.13

- 17f. Table 4 compares the relevant categories of open space provided in the master plan with the relevant open space standard:

**Table 4**

Overall Total	Master plan provision	Local Plan requirement	SPD requirement
Local Plan open space categories (1 and 2)	36.57	17.7	
SPD open space categories (1, 3 and 4)	160.74		36

- 17g. Table 4 demonstrates that the open space provision within the emerging master plan (SGO006) is significantly greater than that required by the emerging Local Plan or the previous SPD open space standards.
- 17h. This demonstrates the strong approach which has been taken in the master plan to open space provision to create a high quality living environment and 'place shaping' within the wider landscape and environmental context. This includes the provision of a high level of amenity space and a 'bespoke' approach to sports provision. It also includes the provision of environmental mitigation areas informed by detailed discussions with statutory agencies such as Natural England. This is to protect the ancient woodlands, informed by the SGO's ecological appraisal and bat survey (SGO 020 and SGO 021); to protect the River Itchen headwaters and also to contribute to nutrient neutrality, as informed by the habitat regulations assessment (SUB 004, SUB 005, ED – June 2019) and hydrological studies (SGO 009 – 012).
- 17i. Based on this strong and evidence based provision of open space, the Council has calculated the associated costs as follows:
1. The 'lost development opportunity' is already factored into the master plan and hence viability study development quantum;
  2. Some open space provision would incur a capital cost for the provision of associated equipment, for example in relation to sports pitches and play areas. It is considered this is included within the Site Works and Infrastructure allowance.
  3. Open space also incurs a maintenance cost. The Council's Planning Obligations SPD seeks a developer to provide this for a period of 15 years. Based on the types of provision set out in table 3, this will amount to £9.64 million (at 2018 prices), which is included in the viability study update.
- 17j. (The October 2018 viability study did not include a cost for open space maintenance)

## **18. Public Art / Community Development**

- 18a. Input for viability study update (June 2019):  
-5,058 dwellings = £1.98m  
-5,258 dwellings = £2.07m
- 18b. The Council's Planning Obligations SPD (2006) seeks a contribution of £300 per dwellings towards public art. Multiplied by the two development capacities and allowing for inflation to 2018, the public art contributions is as above.
- 18c. It is considered that in this case the SPD's per dwelling approach may be more suited to smaller developments. The calculation above results in large sums for public art. However the Council's public arts strategy sets a clear approach to support higher quality developments and so it is considered appropriate to include at least a high proportion of the above costs. Any outstanding amounts could help fund for example a community development officer or skills / training officer. Therefore the costs above are considered robust.
- 18d. (The October 2018 viability study did not include a cost for public art / community development)

## **19. Health Centres**

- 19a. Input for viability study update (June 2019):  
-£2.1 million
- 19b. An allowance of £2.1m is allowed for the construction of new health facilities. DSP have already included construction costs for mixed uses in the SGO, which would include the health centre if it were on site. However it is possible that a s106 contribution would be required to improve / expand the existing Stokewood health centre / doctors surgery off site instead (policy Bi1 allocates land for the expansion of this facility). Therefore it is considered to be more robust to continue to include a separate cost for a health centre.
- 19c. (The October 2018 viability study was based on the same cost. This was included in part of a wider total of £8.3 million for 'environmental and local infrastructure').

## **20. Community Facilities**

- 20a. Input for viability study update (June 2019):  
-£3 million
- 20b. Based on the developer contributions for recent strategic developments (for example Boorley Gardens, Stoneham and Hedge End North), a new community facility costs approximately £1.5m. Allowing for two such facilities across the SGO results in an allowance in the viability model runs of £3m.

20c. (The October 2018 viability study did not include a cost for community facilities).

### **Appendix 3 – Comparison of SGO ‘section 106’ infrastructure costs with other strategic developments in the Borough**

The total infrastructure costs set out in Appendix 2 amount to a section 106 infrastructure contribution per dwelling for the SGO (5,258 dwellings) as follows:

- All infrastructure (including strategic off site highway infrastructure<sup>11</sup>) - £24,018 / dwelling
- Infrastructure (excluding strategic off site highway infrastructure<sup>12</sup>) - £16,160 / dwelling

Other recently permitted strategic development sites have a section 106 infrastructure contribution per dwelling as follows:

Stoneham (1,100 dwellings) - £15,073 / dwelling<sup>13</sup>

Boorley Gardens (1,400 dwellings) -£10,058 / dwelling  
(an additional contribution is also understood to be made for the Sunday’s Hill bypass)

Therefore, even excluding the SGO’s strategic off site transport measures, the viability study update is assuming a level of infrastructure contribution per dwelling for the SGO which is similar to other recently permitted strategic sites. Furthermore the SGO is able to deliver wider off site strategic transport infrastructure benefits, which increases the level of infrastructure contribution significantly relative to these other sites. This indicates that the SGO viability study update (June 2019) is including a comprehensive range of infrastructure costs to provide a robust assessment.

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<sup>11</sup> Off-site link road; Allbrook Way widening and M3 junction 12

<sup>12</sup> Off-site link road; Allbrook Way widening and M3 junction 12

<sup>13</sup> Excluding affordable housing contributions to make comparable with SGO and other schemes. With affordable housing it becomes £16,369 / dwelling

## Appendix 4 – Public Sector Funding Scenarios

The main public sector funding scenarios used in the latest SGO viability study (June 2019) assume £30.858 million of public sector funding, either as forward funding or grant funding.

This public sector support is based on the off-site strategic highway infrastructure, as this is a key part of delivering the overall SGO concept, and it brings into scope a range of potential public sector funding from Homes England, the Solent LEP, Department for Transport, Highways England, Hampshire County Council, or Eastleigh Borough Council forward funding.

This public sector support is also based on a cautious scenario to ensure robustness for the Local Plan evidence.

On this basis public sector funding would be for:

- SGO link road phase 1 and 2 - £5.762 mil and £5.496 mil
- Land acquisition for SGO link road - £4.4 mil
- Allbrook Way widening - £4.534 mil
- M3 jnc 12 - £10.7 mil

Total = £30.892 mil

The actual figure inputted into the viability model runs was £30.858 million.

However the Council considers it is likely that, given the scale of the development, a significantly higher level of public sector support would be available if required. The following higher level of public support is applied to a scenario, although again this is not considered to represent a maximum limit of public sector support if required.

The level of funding in these two scenarios is on the basis of all off site strategic transport funding and an allowance to fund some other costs:

- SGO link road phase 1, 2 and 3 outside of SGO - £21.682 mil
- Land acquisition for SGO link road - £4.4 mil
- Allbrook Way widening - £4.534 mil
- M3 jnc 12 - £10.7 mil
- Local highway improvements - £1 million
- Public transport – cycling - £3million
- Other costs - £8.546 million

Total = £53.682 mil



## **Appendix 5 - Potential Cost of Habitat Regulation Mitigation Measures**

The Habitat Regulations Assessment (SUB004) sets out the mitigation measures required in-order that the Local Plan proposals comply with the habitat regulations. This is a summary of those measures which relate to the SGO, which should be read in association with the HRA. It is intended to provide a broad understanding of the likely additional costs associated with meeting the habitat regulations.

### 8.2: Disturbance: Strategic Impacts

Solent and Southampton Water SPA / Ramsar

Cost - none

The SGO lies outside the 5.6km buffer within which the Solent Recreation Mitigation Strategy (SRMP) applies.

New Forest SPA

Cost - £3.9 million

A mitigation strategy is being prepared in partnership with the relevant Councils and organisations. The appropriate level of funding in relation to Eastleigh development is to be determined. Measures could include:

- The provision of suitable alternative natural green space (SANGs) within and around the development. The SGO emerging master plan and master plan addendum (SGO 005 and 006) already include significant areas of open space. This includes 120 hectares of environmental mitigation areas. The development quantum upon which the viability assessments are being undertaken already reflect the provision of this open space.
- Visitor management within the New Forest - the viability update includes an allowance of £3.9 million for an 'in perpetuity' payment (calculated on the same basis as for the SRMP).

### 8.3: Noise and Vibration

River Itchen SAC

Cost – included within the link road feasibility study

Measures are required within 100 metres of the River Itchen (i.e. the SGO link road and bridge) and close to headwaters likely to be used by otters (figure 6.10 identifies Bow Lake, which runs along the north western side of the SGO).

Measures include low impact construction techniques; noise attenuation measures; protection of reed banks; and protection of corridors such as the Bow Lake.

It is considered that in the context of the overall development scheme, any costs will be small and covered within the high allowances for contingency, risk and optimism bias in the link road feasibility study (SGO 008).

#### 8.4 Hydrological Impacts: Strategic Growth Option

River Itchen SAC

Cost – already included within the evidence base

Measures include buffer zones around headwaters of 20 metres; the incorporation of green infrastructure; sustainable drainage; and existing drainage pathways not to be blocked.

The emerging master plan (SGO 005 and 006) incorporates 20 metre buffers around headwaters, space for sustainable drainage and significant areas of open space. The development quantum upon which the viability assessments are being undertaken reflect this.

Measures include clear span bridges, appropriate depth of bridge foundations (to avoid bed / bank reinforcements and also to avoid disrupting ground water flows); bridge levels to be above the 1 in 100 year plus climate change flood level.

The link road feasibility report costs are based on a replacement bridge across the Itchen navigation. This is understood to be based on a single span bridge. The further assessment of the navigation bridge (TRA008) is based on a single span, and maintains the 1 in 100 year flood level and incorporates the necessary measures to avoid an adverse and achieve an enhanced environmental effect.

#### 8.5 Land outside European site boundaries

River Itchen SAC

Cost – already included within the evidence base

Mitigation is required along dispersal corridors for otters, including the River Itchen and Bow Lake stream.

Measures include suitable under bridge high water pathways, including a berm or ledge under the replacement Itchen navigation crossing (and bridge abutments set back, as set out in section 8.4).

The link road feasibility report costs are based on a replacement bridge across the Itchen navigation. This is understood to be based on a single span bridge. The further assessment of the navigation bridge (TRA008) is based on a single span, maintains the 1 in 100 year flood level and incorporates the necessary measures to avoid an adverse and achieve an enhanced environmental effect.

#### 8.6 Non-native species and site specific hydrological impacts

Cost – very small

Measures are required within 100 metres of the River Itchen (i.e. the SGO link road) or close to headwaters.

Measures include those aimed at discouraging fly tipping (careful design to restrict riverside access or create access which is over looked, community composting schemes, information leaflets, estate management); and sustainable drainage as set out in section 8.4.

It is considered that in the context of the overall development scheme, the cost of the additional measures set out above will be very small.

### 8.7 Water abstraction

River Itchen SAC

Cost – no additional direct costs for the development.

Mitigation is addressed by a joint statement between Southern Water and the Environment Agency (at June 2018 subject to approval by the Secretary of State).

In addition the Local Plan sets higher standards for water efficiency. The viability study has included an allowance for sustainable construction.

### 8.8 Water Pollution

River Itchen SAC, Solent Maritime SAC and Solent and Southampton Water SPA / Ramsar

Cost – to be confirmed

Mitigation relates to implementation of the PUSH Integrated Water Management Strategy (2018) (DEL010):

- Continued joint working between PUSH Councils, the Environment Agency and Natural England, including a joint statement and review of the IWMS in 2020;
- Establishment of a Water Quality Working Group to monitor progress and plan for required mitigation (e.g. infrastructure upgrades and nutrient management plan);
- Local Plans to identify uncertainty regarding the need for mitigation (e.g. nutrient neutral development) and phase development where necessary; and water resource availability (including water efficiency of 110 litres per head per day).

[www.eastleigh.gov.uk/localplan2016-2036](http://www.eastleigh.gov.uk/localplan2016-2036)

