

RECOVERY STRATEGY

The Council's recovery strategy is based on:

- 1 Community Infrastructure Levy contributions
- 2 Development contributions to be secured by Section 106 Agreement
- 3 Disposal of public sector land – serviced Triangle Site

Community Infrastructure Levy

The Council will borrow £10M (PWLB) to be repaid over 15 years with future CIL and Section 106 receipts. It is estimated that the yearly annuity for the repayment of the loan and the interest would be about £833K. The £10M will be invested to bridge the gap between the HIF award of £95M and the total scheme cost of £115M. The Council has a clear strategy to repay the loan without further burden on public sector finances and at a minimum risk.

The Council has adopted CIL as the primary mechanism for securing development contributions towards infrastructure provision to support development. Payment for CIL by relevant development is mandatory for the development types set out in the CIL Charging Schedule. For the Town Centre, development is charged at £75/sq.m for residential units and £75/sq.m for retail. The CIL rates build in sufficient cushion to ensure development viability, and it is not expected that viability will be undermined when contributions are sought towards the HIF scheme.

The Core Strategy make provision for the delivery of 4,964 dwellings and 93,900 sq.m of retail floorspace between 2010 and 2027. For the residential development, this is equivalent to 292 dwellings per year.

It is estimated that CIL will generate a total income over 10 years based on a housing requirement of 292 dwellings per year of about £13,000,000 - £14,000,000 (approx.), an annual average of £1,300,000 (minimum). It is clear from the viability evidence to support the CIL Charging Schedule that this amount can comfortably be secured over 10 years, and contributions secured so far are in line with the original projection. For example, So far, £4,190,122 has been received. This is against the backdrop of a total of £8,001,281 Demand Notices served, which the Council is expecting payment. This is for the period 1 April 2015 to date. Full details of how this is calculated are set out in the CIL Charging Schedule and the CIL Topic Paper on Infrastructure Funding Gap, which can be accessed by this link: <https://www.woking2027.info/infrastructure>. On average it is estimated that overall contributions per dwelling would be: £4,452.

The Council is committed to invest in delivering other necessary infrastructure to support the housing development. In this regard, of the total contributions to be secured, the Council will seek to ring-fence 40% towards the provision of SANGs to mitigate the impacts of housing development of the European designated sites. This is mandatory under the European Directive. 20% of the contributions will be ring-fenced for local community infrastructure projects in accordance with Government legislation. 10% of the contributions will be set aside for other types of necessary infrastructure such as public realm, open space and green infrastructure identified in the Council's Infrastructure Delivery Plan to support development. In total, the Council will be setting aside about £910K per year of the CIL receipts for the provision of other infrastructure other than the HIF scheme. Consequently, the Council is

committing to set aside 30% of the total CIL contributions to help service the £10M loan. This is equivalent to about £390,000 per year. By this approach, the Council is achieving the twin objectives of committing CIL money to deliver the HIF project whilst at the same time setting aside substantial amount of money to deliver other necessary infrastructure to support the proposed housing development.

It should be noted that it is likely that there would be active ground floor retail frontages for a number of the sites, which CIL contributions would be sought. This has not been factored into the calculation, but would help provide sufficient comfort in minimising any potential risks associated with developing the sites.

Developer contributions to be secured by Section 106 Agreement

Improvement to the Victoria Arch has been identified in the Council's Infrastructure Delivery Plan and the Regulation 123 List as necessary to support the delivery of the housing requirement set out in the Core Strategy, in particular, the development earmarked for the Town Centre where the Spatial Strategy of the Core Strategy directs most of the new housing development (about 2,180 dwellings out of the total requirement of 4,964 dwellings)..

Presently, traffic under the bridge and its vicinity has been a congestion hotspot and the inadequate road and bridge infrastructure has stifled housing growth and led to poor north-south connectivity by pedestrians and cyclists. Various scheme options have been assessed in the past and relevant development sites in the Town Centre have contributed towards improvements at the Victoria Arch. There is a clear justification for development within the Town Centre to continue to make a contribution to implement the HIF scheme to address the bottleneck.

The transport modelling works undertaken to support the HIF Bid demonstrates that the network in the vicinity of the Victoria Arch will not be able to cope with any additional traffic generated over and above what has already been planned for the Council's emerging Site Allocations DPD. The 3,304 additional dwellings to be delivered on the back of the HIF award can only be achieved if the HIF scheme is implemented in full. Planning permission for the development of the HIF sites for the additional 3,304 are likely to be refused without the HIF proposal. The case for improvements at the Arch to support the delivery of the Core Strategy has already been made and demonstrated by the Infrastructure Delivery Plan. The HIF proposal is therefore necessary to enable housing development on the HIF sites in particular to come forward, and for all other town centre sites in general to come forward. The principle for securing the developer contributions towards the scheme will therefore be in accordance with the tests set out in Regulation 122 of the CIL Regulations.

It is proposed that development across the Town Centre including the HIF sites will be required to contribute £10M towards the HIF scheme. This will be secured by Section 106 Agreement as site specific requirements over and above any CIL contributions. The Core Strategy expects about 2,180 dwellings to be provided at the Town centre up to 2027. Of this requirement, 462 units have been delivered to date, leaving a residual of 1,718 units yet to be provided. It is expected that an additional 3,304 units will be delivered on the back of the HIF sites making a total of 5,022 units to be delivered within the Town Centre up to 2030.

It is estimated that an annual average of about £581,673 would be secured from this source to help contribute towards servicing the £10M PWLB loan and to provide other necessary infrastructure to support the development. Together with the CIL contributions, about £971,673 would be secured of which £833K would be needed to service the loan and the residual amount thereafter, about £138,673 per annum will go towards the provision of necessary infrastructure to support residential development across the Borough.

The Triangle

An essential part of the scheme is the acquisition and demolition of properties at the Triangle to enable the scheme to progress. The site once cleared will enable the delivery of about 300 new homes. There is a forecast estimate of £15M to be received from the disposal of the serviced Triangle site. This will be retained to cover costs overruns with the net balance being available in future to support further infrastructure to support housing development across the Borough.

Conclusion

The recovery strategy estimates that some £35m could be recovered and used as set out above and to cover any cost overruns. Based on the evidence, there is the reasonable prospect that the amounts involved would be recovered.