

# Interim Solent Bird Disturbance Mitigation Strategy

## Appendix showing the calculation of the developer contribution

- A1. This Appendix explains the methodology for calculating the £172 per dwelling developer contribution set out in the Interim Mitigation Strategy.
- A2. Table 1 below lists the nature and cost of the measures which will be needed to mitigate the impacts on the Solent SPAs of the additional visitors which will be generated by the envisaged housebuilding. Precise costs cannot be estimated at this stage so there is an allowance for contingencies.
- A3. The additional coastal recreational activity will be a permanent feature, so the measures to prevent the increased activity having an impact on the SPAs must also be in place for the lifetime of the new homes. The funding contributions must therefore provide for the mitigation measures to be continued in perpetuity. The exception is the Alver Valley Country Park which will be maintained in perpetuity by Gosport Borough Council. Table 1 includes a contribution to a fund to maintain the other mitigation measures in perpetuity. Paragraph A5 and table 2 below explain that fund in more detail.

**Table 1: Estimated annual cost of the mitigation package**

| <i>Item</i>   | <i>Cost</i>     | <i>Notes</i>  |
|---|-----------------|---|
| Full-year ranger (one post)                                 | £40,000         | As the mitigation is required to prevent impacts on over-wintering birds, most of the rangers will only be employed during each winter. The figures include salaries plus an allowance for uniform, personal protective equipment, equipment, vehicle rent, maintenance and fuel. |
| Winter-only rangers (three posts)                           | £60,000         |   |
| Contribution towards creating the Alver Valley Country Park | £17,000         |   |
| Project implementation officer                              | £28,000         | Part-time post: 3 days per week   |
| Operating budget  | £21,000         | Provision for printing, signage, web design etc.  |
| Monitoring  | £15,000         |   |
| Contingency   | £5,000          |   |
| <b>Sub-total of mitigation costs:</b>                       | <b>£186,000</b> |   |
| In perpetuity funding                                       | £231,023        | Set at 136.7% of annual mitigation costs excluding the Alver Valley Country Park, which is the level that allows for sufficient interest to be gained by the year 2028/9 to cover the annual mitigation costs.  |
| <b>Total annual costs:</b>                                  | <b>£417,023</b> |   |

A4. Over the period covered by the strategy, the local authorities anticipate that planning permission will be granted for an average of 2,430 homes per annum<sup>1</sup> within the 5.6 kilometre zone. Sharing the £417,013 total cost in table 1 above between those anticipated dwellings means a contribution of £171.61 per dwelling. For ease of implementation, this figure has been rounded to £172.

A5. To maintain the mitigation measures in perpetuity, some of the funding contribution will be invested so that by 2028/9 the money invested is sufficiently large to generate enough interest to cover the annual cost of the mitigation measures (excluding the Alver Valley Country Park). Table 2 below shows that accumulation. Row 1 shows the invested sum carried forward from the preceding year. Row 2 shows the assumed interest rate (based on investment analysts' advice that interest rates will return to historic norms over the coming years reaching a figure of 4.25% in 2020/21) and row 3 shows the interest earned. Row 4 shows that year's contribution from developers to the in-perpetuity fund. Row 5 is the total of rows 1, 3 and 4: it then becomes the sum carried forward to the ensuing year (row 1).

**Table 2: In-perpetuity funding**

| Row |                        | 2014/15  | 2015/16  | 2016/17  | 2017/18  | 2018/19    | 2019/20    | 2020/21    |
|-----|------------------------|----------|----------|----------|----------|------------|------------|------------|
| 1   | Carried forward        | -        | £231,023 | £463,432 | £700,943 | £947,737   | £1,204,823 | £1,481,027 |
| 2   | Interest rate          | 0.50%    | 0.60%    | 1.40%    | 2.25%    | 2.75%      | 3.75%      | 4.25%      |
| 3   | Interest earned        | £0       | £1,386   | £6,488   | £15,771  | £26,063    | £45,181    | £62,944    |
| 4   | Developer contribution | £231,023 | £231,023 | £231,023 | £231,023 | £231,023   | £231,023   | £231,023   |
| 5   | Total funds            | £231,023 | £463,432 | £700,943 | £947,737 | £1,204,823 | £1,481,027 | £1,774,994 |

|   | 2021/22    | 2022/23                    | 2023/24                  | 2024/25                    | 2025/26                    | 2026/27                    | 2027/28                    | 2028/29                    |
|---|------------|----------------------------|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 1 | £1,774,994 | £2,081,454                 | £2,400,939               | £2,734,002                 | £3,081,220                 | £3,443,195                 | £3,820,553                 | £4,213,950                 |
| 2 | 4.25%      | 4.25%                      | 4.25%                    | 4.25%                      | 4.25%                      | 4.25%                      | 4.25%                      | 4.25%                      |
| 3 | £75,437    | £88,462                    | £102,040                 | £116,195                   | £130,952                   | £146,336                   | £162,374                   | £179,093                   |
| 4 | £231,023   | £231,023                   | £231,023                 | £231,023                   | £231,023                   | £231,023                   | £231,023                   | £231,023                   |
| 5 | £1,982,750 | £2,277,243.5<br>£1,982,750 | £2,583,517<br>£1,982,750 | £2,902,041.2<br>£1,982,750 | £3,233,306.4<br>£1,982,750 | £3,577,822.3<br>£1,982,750 | £3,936,118.7<br>£1,982,750 | £4,093,563.5<br>£1,982,750 |

<sup>1</sup> The residual housing provision in Local Plans (after deducting completions to date) divided by the remaining number of years of the plan period.

A6. The table shows that the £179,093 interest earned in 2028/29 and each year thereafter (row 3) is sufficient to cover the £171,000 annual cost of the mitigation measures (excluding the Alver Valley Country Park), such that they are then funded in-perpetuity.

A7. The calculations above are based on an average figure of homes planned to built during future years. In reality, the number of homes built will vary each year and thus the need for mitigation will also vary from year to year. Moreover, many homes which are started during the next few years will have been granted planning permission before the introduction of the mitigation strategy and its requirement for a developer contribution towards mitigation. These factors will mean a phased implementation of the mitigation measures and thus the actual expenditure on mitigation each year will vary, potentially quite significantly in some years, from the figures in table 1 above.

**3 July 2014**