

Agenda Item No 5

Local Development Framework Sub-Committee

9 April 2014

Report of the Assistant Chief Executive and Solicitor to the Council

Core Strategy Update

1 Summary

1.1 This report brings Members up to date on the Core Strategy.

Recommendation to the Sub-Committee

That the affordable housing revised target and thresholds be approved for consultation;

**That the response to the Inspector in paragraph 3.2 be endorsed;
and**

That the remainder of the report be noted.

2 Core Strategy Update

2.1 Since the last Local Development Framework Sub-Committee the Hearing sessions for the Core Strategy Examination have taken place. Two pieces of additional work were requested by the Inspector. These were in relation to the implications of a higher housing figure (200 per annum plus an overall 500 units for Tamworth) on the Sustainability Appraisal and on the Habitats Regulations Assessment and the other related to evidence to support a 40% overall target for the provision of affordable housing.

... 2.2 Attached as Appendix A is the report on the implications on the Sustainability Appraisal and the Habitats Regulations Assessment of a higher housing figure. As it can be seen at a high level it is not considered to have a major impact on the sustainability objectives and no significant impacts on the HRA.

... 2.3 Attached as Appendix B is an extract from the report on the Viability of the Site Allocations Plan. The extract specifically relates to the recommended overall target for affordable housing as well as the detailed thresholds for affordable housing depending on the size and type of site.

2.4 In summary this means that the affordable housing overall target would be reduced to 30% but with various provisos. Based on the evidence before officers this appears to be a logical way forward. The majority of affordable housing over the last few years, in particular, has been provided on publicly owned land. It is not being suggested to reduce this provision. However by

following this advice, which is based on viability assessments, it is clear that potentially more provision could be provided on privately owned sites. This will assist in providing a range of type and a wider choice of affordable housing in the longer term.

3 Inspector's Letter

3.1 A letter has been received from the Inspector and this is attached as Appendix C to this report.

3.2 Subject to Members views on the above it is recommended to make the following suggested changes to the Inspector:

1. Affordable Housing - alter the policy on affordable housing in accordance with the recommendations of the report referred to in paragraph 2.3 above.
2. Employment – In addition to the changes already discussed with the Inspector for paragraph 1.13 in the Submitted Core Strategy which allows for updated information to trigger a review of the Plan it is suggested to add to paragraph 6.36 the following sentence:
“Work is being carried out at both the sub-regional and regional level to consider employment needs on a wider than local level. As and when these report become available considerations will be given as to the implications on the Borough and if necessary trigger a review of the relevant Core Strategy policies.”
3. Green Belt – the Inspector's points are noted. The second bullet in NW2 is a matter of fact that no Green Belt changes have been made it is considered acceptable to remove this bullet point especially as the Inspector considers this would not weaken the Green Belt. .

4 Report Implications

4.1 Environment and Sustainability Implications

4.1.1 An updated Sustainability Appraisal will be required to be prepared following the changes to the current Site Allocations Plan to ensure that it does not have any adverse effects.

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Our reference 4171.09
Your reference
Date 21st February 2014

Dear Dorothy

Implications of 4,100 Dwellings for the Sustainability Appraisal (SA) and Habitats Regulations Assessment (HRA) of the North Warwickshire Core Strategy

Background

The North Warwickshire Borough Council (NWBC) Core Strategy ('the Plan') was submitted for examination in February 2013. As there were no substantive changes to the Plan between the Proposed Submission and Submission versions of the Plan, SA and HRA Screening reports prepared by LUC in October 2012 on the Proposed Submission version of the Plan accompanied the Submission version.

Since Submission, NWBC has updated and enhanced the evidence base supporting the Plan and has suggested changes to the Inspector. In December 2013, NWBC asked LUC to review the implications for the SA and HRA of the following three additional examination documents which have been published by NWBC on the Core Strategy Examination website¹:

Reference number	Document	Issued by	Date
CD9/12	Gypsy and Travellers Accommodation Assessment	University of Salford	August 2013
CD9/13	Employment Land Review	G L Hearn	September 2013
CD9/15	Coventry & Warwickshire Strategic Housing Market Assessment (SHMA)	G L Hearn	November 2013

The implications of these new evidence documents and of the potential changes to the Submission Core Strategy to take account of the new evidence, including an increase in the housing provided to meet the needs of North Warwickshire from 150 dwellings per annum (dpa) to 175 dpa, were set out in LUC's letter to NWBC dated 17th December 2013 and are not repeated in this letter.

¹ http://www.northwarks.gov.uk/info/200297/forward_planning/872/local_plan_for_north_warwickshire/10

Following a request by the Core Strategy Inspector, NWBC has now asked LUC to consider the implications for the SA and HRA of a single potential change to the Submission Core Strategy, namely altering the housing provision to 4,100 net additional dwellings over 2011-2029 rather than 3,800 dwellings over 2006-2028. The figure 4,100 is made up of:

- 200 homes per annum to meet North Warwickshire's housing needs.
- 500 homes to meet Tamworth's housing needs.

Approach to the re-assessment

The SA and HRA reports represented a point in time and these are already submitted so it is not appropriate to prepare new versions of the SA and HRA reports, revising their conclusions in the light of evidence that was not available at the time. Instead, we have set out in Appendix 1 our assessment of the implications for the conclusions of the previous SA and HRA reports of the potential change to the Core Strategy housing provision, taking into account the new evidence for housing need provided by the 2013 SHMA. The 2013 SHMA indicated a need for 175 dpa to meet the needs of North Warwickshire plus 500 for Tamworth and that scale of housing growth was assessed by LUC in December 2013². This new re-assessment represents a response to NWBC's request to review the implications for the conclusions of the 2012 SA and HRA reports of the potential new housing target of 200 dpa to meet the needs of North Warwickshire plus 500 for Tamworth, or 4,100 dwellings in total over 2011-2029. It is not a revised version of or formal addendum to the 2012 SA and HRA reports and must be read in conjunction with the original reports to obtain a full understanding.

Summary of re-assessment conclusions

Over 2011-2029, the potential modification to the Core Strategy would provide for an additional 981 dwellings relative to the number of dwellings that would have been provided under the Submission Core Strategy over 2011-2028, an increase of 26%. Viewed in these terms, this is a substantial increase. However, the calculations set out in Appendix 1 place the potential increase in housing provision in context. We estimate that these additional dwellings will mean that the total housing stock in the Borough increases by 3.6% more than would be the case under the Submission Core Strategy, the total urban area increases by 1.7% more, the built-up proportion of the total land area by 0.1% more and the population increases by 2.9% more. These are relatively small changes and have therefore generally made little difference to the previously assessed sustainability effects of the Core Strategy. It is also noted that as at October 2013, 1,201 of the dwellings to be provided over 2011-2029 had already been delivered or committed, leaving 2,899 dwellings still to be developed or provided for over the plan period.

Whilst the total scale of growth in the Borough under the potential modification would still be relatively modest, especially compared to that in neighbouring districts, the 2012 SA did identify a number of significant effects and this remains the case under the potential modification.

The SA objectives which, in our view, warrant a revised sustainability score as a result of the potential modification are as follows:

- *SA objective 8 Provide decent and affordable housing to meet local needs:* The sustainability performance of the Core Strategy in relation to the affordable housing provision element of this objective is judged to change from a significant adverse effect (--) to a minor adverse effect (-),

² LUC's letter to NWBC dated 17th December

based on an increased delivery of affordable homes and the new SHMA which suggests that affordable housing need is lower than at the time of the previous SA Report.

- *SA objective 12: Valuing, enhancing and protecting the quality and distinctiveness of the built environment, including the cultural heritage:* The potential additional housing provision is judged to place additional potential pressure on the historic assets of the Borough's main towns which judged to change the sustainability score from a mixed, minor effect (+/-) to a mixed, potentially significant adverse effect (+/--?). The potential significant adverse effect is uncertain as actual outcomes will depend on the location and design of development in relation to historic assets and the sensitivity of the potentially affected assets.
- *SA objective 16 Minimising North Warwickshire's contribution to the causes of climate change whilst implementing a managed response to its unavoidable impacts:* The sustainability performance of the Core Strategy in relation to the flood risk element of this objective is judged to change from a minor positive effect (+) to a mixed, uncertain effect (+/?) based on uncertainty at this stage of the plan making process as to whether sufficient sites with a low level of flood risk will be available at the Borough's main towns to accommodate the higher level of housing growth.

The potential change to the Submission Core Strategy does not alter the conclusion of the previously prepared HRA report that the Core Strategy will not have a likely significant effects on any European site, either alone or in-combination with other plans and projects.

Yours sincerely

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Approved by: Jeremy Owen, Principal

Appendix 1: Implications of new evidence and intended changes to the Core Strategy for the SA and HRA

New evidence considered

In carrying out this re-assessment we have made reference to the November 2013 SHMA (CD9/15), GL Hearn's January 2014 assessment of the demographic implications of delivering 4,100 net additional dwellings over 2011-2029 (CD9/26), and the Inspector's letter to NWBC dated 15/1/14 requesting an assessment of the implications of these potential housing numbers for the SA and HRA.

The SHMA assesses North Warwickshire's housing need at 175 dpa for 2011-2028³ or 2,975 homes in total (excluding housing to meet the needs of Tamworth). The assessed need for affordable housing for 2013-2028 is 112 dpa.

GL Hearn's assessment of the demographic implications of delivering 4,100 dwellings over 2011-2029 are that it would support growth in population of 7,294 or 11.7% and growth in labour supply (residents in employment) of 1,800 or 5.8% over 2011-2029.

Core Strategy changes

The dwelling provision in the Submission Core Strategy and the potential modification to that provision are set out in the following table alongside the level of housing need identified by the new SHMA.

Net additional dwelling provisions

	Submission Core Strategy		SHMA (Ref CD9/15)		Potential modification	
	Dwellings per annum (dpa)	Total dwellings 2006-2028	Dwellings per annum (dpa)	Total dwellings 2011-2028 ⁴	Dwellings per annum (dpa)	Total dwellings 2011-2029
Dwellings to meet needs of North Warwickshire	150	3,300	175	2,975	200	3,600
Dwellings to meet needs of Tamworth (after 2022)		500		500		500
Total dwellings provided		3,800		3,475		4,100

It is now proposed to amend the Core Strategy period from 2006-2028 to 2011-2029, the revised Plan period being designed to reflect the base date of the current evidence and to ensure that there will be 15 years following adoption.

Because the start and end dates and the duration of the proposed modification Core Strategy are different to those of the Submission Core Strategy, there are a number of different ways in which the housing growth provided by the two plan versions could be compared. This re-assessment is based on a consideration of the additional number of houses that would be built in North Warwickshire during the period 2011-2029 under the potential modification, as compared to the number that would be built in the same period under the Submission Core Strategy, which can be calculated as follows:

³ Although the SHMA covered the period 2011-2031, NWBC have stated that they only used it to provide evidence up to 2028.

⁴ Although the SHMA covered the period 2011-2031, NWBC have stated that they only used it to provide evidence up to 2028.

	Submission Core Strategy	Potential modification
Total dwellings provided by Plan over whole Plan period	3,800 for 2006-2028	4,100 for 2011-2029
Less: Already provided over 2006-2011	(681)	N/A
Total dwellings provided from 2011 to end of Plan period	3,119	4,100

Thus, 981 (4,100-3,119) more dwellings would be provided by the potential modification version of the Core Strategy than the Submission version from 2011 to the end of the Plan period in 2029, an increase of 26%. This additional growth figure forms the basis of LUC's re-assessment.

An alternative way of quantifying the additional growth associated with the potential modification is to multiply the 18 year duration of the revised Plan period (2011-2029) by the difference between the 150 dpa provided by the Submission Core Strategy and the 200 dpa provided by the potential modification:

18 years x (200-150 dpa) = 900 additional dwellings in total, approximately the same number as assumed in our re-assessment.

NWBC has confirmed to LUC that the additional dwellings would be likely to be accommodated at Atherstone & Mancetter and at Polesworth & Dordon and that this would be possible without altering any of the related spatial policies within the Submission Core Strategy (other than NW4 Split of Housing Numbers) including:

- Policy NW1 Settlement Hierarchy
- Policy NW2 Green Belt: *'No changes to the Green Belt boundary will be made.'*
- Policy NW15 Atherstone: *'Further growth outside of the current boundaries, will be focused in the broad direction of the north-west of the settlement'*
- NW16 Polesworth & Dordon: *'The Broad location of growth will be to the south and east of the settlements' and 'Any proposals will be expected to be limited in size and maintain the separation between the urban area of Tamworth and the settlements of Polesworth and Dordon.'*

In light of the above, LUC has not re-assessed the spatial strategy or the detailed implications of directing the additional dwellings to particular settlements or sites since the broad directions for growth and the extent of the Green Belt will not change as a result of the potential modification. The re-assessment is therefore confined to the implications of an increase in the total quantum of housing provision. Given the high-level nature of the spatial information within the Core Strategy, it is LUC's view that specific locations for the potential additional development are more appropriately set out in a Site Allocations document which would be subject to a separate SA and HRA process.

Implications for October 2012 SA findings

The potential additional housing growth figure, whilst representing a substantial percentage increase on the submitted provision, is small in scale when considered in the context of the Borough as a whole, as illustrated by the estimates in the following table:

Estimated implications of potential additional housing growth

	Submission Core Strategy 2011-2028	Potential modification 2011-2029	Absolute difference	Difference as proportion of Borough total
Net additional dwellings provided	3,119 dwellings	4,100 dwellings	+981 dwellings	$981/27,033^5 = +3.6\%$
Increase in urban area @ 30 dwellings per hectare (dph) ⁶	104 ha	137 ha	+33 ha	$33/1,903^7 = +1.7\%$
Increase in urban area @ 30 dph as proportion of total land area of Borough	$104/28,427^8 = 0.37\%$	$137/28,427 = 0.48\%$	$33/28,427 = +0.12\%$	N/A
Population growth supported @ 1.8 persons per dwelling ⁹	5,614 persons	7,380 persons	+ 1,766 persons	$1,766/61,900^{10} = +2.9\%$

NWBC has stated that of the dwellings to be provided from 2011 onwards 151 had already been completed during 2011-October 2013 and a further 1,050 were committed at October 2013, a total of 1,201 dwellings. This means that, as at October 2013 and assuming a development density of 30 dpa, the future land requirement for the remaining dwellings under the Submission Core Strategy was 64 ha (3,119-1,201/30). The future land requirement under the potential modification would be 97 ha (4,100-1,201/30), an increase of only 33 ha, representing less than 2 ha per annum for the whole Borough.

The section below considers whether the sustainability effects identified in the 2012 SA of the Core Strategy are significantly altered by the potential new housing provision, considered in the context of the relatively small scale of additional growth and the evidence provided by the new SHMA. The 2012 SA took a topic based approach which appraised the Core Strategy as a whole against sustainability topics represented by SA objectives or groups of linked objectives. The re-assessment in Appendix 1 is structured according to the same sustainability objectives or groups of linked objectives that formed the basis of the 2012 SA Report.

⁵ ONS 2011 housing stock data.

⁶ NBC Annual Monitoring Report 2010/11: in 2010/11170 69% of new dwellings completed were built at densities over 30 dph.

⁷ GIS analysis by LUC: estimate of total urban area in Borough.

⁸ GIS analysis by LUC: estimate of total land area of Borough.

⁹ GL Hearn's January 2014 assessment of the demographic implications of delivering 4,100 net additional dwellings states that these would support population growth due to in-migration of 7,294 persons which equates to 1.8 per dwelling.

¹⁰ ONS Table 9 Mid-2006 Population Estimates: Quinary age groups and sex for local authorities in England and Wales; revised in light of the 2011 Census.

Previous SA score	Justification of previous score	Re-assessed score	Justification of re-assessment
<p>1. Creation of a modern, healthy and diverse economy which is able to adapt to changes in the wider economy while remaining relevant to the needs of local people.</p> <p>2. Maintaining and enhancing employment opportunities and reducing the disparities arising from unequal access to jobs.</p>			
++	Overall approach to the economy is one that seeks to facilitate employment development and diversify the local economy including support for small and medium-sized enterprises and farm diversification.	No change	No change to relevant Core Strategy policies.
-	Restrictions on the availability of land inherent in the settlement hierarchy and Green Belt policy could mean that some employment development opportunities are foregone, although availability of potential employment land is not an issue for the Borough as a whole.	No change	Additional housing provision could further restrict availability of land for employment uses but no change to the SA score is deemed necessary as the availability of potential employment land is not an issue for the Borough as a whole.
?	Efforts to diversify the economy and provide jobs for local people require a match of job opportunities with skills.	No change	No change to relevant Core Strategy policies.
+/-	Environmental policies likely to have mixed effects, reducing some development opportunities that might otherwise occur, and potentially adding to business costs, but on the other hand enhancing the Borough as a place to work.	No change	No change to relevant Core Strategy policies.
<p>3. Ensuring that people of all ages are provided with the opportunity to obtain the skills, knowledge, confidence and understanding to achieve their full potential.</p>			
+	It is considered overall that the Core Strategy will result in positive effects on this Sustainability Appraisal Objective. Housing will be prioritised in existing large settlements where education and training opportunities are likely to be concentrated (Policies <i>NW1 Settlement Hierarchy</i> , <i>NW4 Split of Housing Numbers</i>) and education and training services and facilities will be safeguarded and where appropriate developed and improved Policies <i>NW15 Atherstone</i> , <i>NW17 Local Services & Facilities</i> , <i>NW19 Delivery of Infrastructure</i> .	No change	Directing the additional housing provision to the Category 1 Market Towns (Atherstone & Mancetter; Polesworth & Dordon) should provide the potential additional residents with access to better education and training services and facilities and help those settlements to support more such services and facilities than under the Submission Core Strategy. The increased growth is not deemed sufficient to alter the SA score.
<p>4. Equal access to services, facilities and opportunities for all, regardless of income, age, health, disability, culture or ethnic origin.</p> <p>10. Increasing use of public transport, cycling and walking and reducing use of the private car.</p>			
+?/-?	The plan has many policies which will have positive effects against this objective. However, the dispersed pattern of small settlements means that accessing services and facilities is likely to remain problematic as settlements often do not have the population to readily support services and facilities and it is therefore uncertain whether equal access can be achieved. Some negative effects for residents of growth to the south and east of Polesworth and Dordon are possible as the A5 acts as a potential barrier to pedestrian movement; more detailed stages of the planning process should resolve uncertainty	No change	Directing the potential additional housing provision to the Category 1 Market Towns (Atherstone & Mancetter; Polesworth & Dordon) should help those settlements to support more services and facilities than under the Submission Core Strategy. The directions of growth beyond the existing settlement boundaries will be the same as under the Submission Core Strategy so the

Previous SA score	Justification of previous score	Re-assessed score	Justification of re-assessment
	over whether this can be overcome.		potential negative effects for new residents to the south and east of Polesworth and Dordon will be experienced by more people. The increased growth is not deemed sufficient to alter the SA scores.
+?/-?	<p>Policies to reduce the reliance on the private car and increase walking and cycling opportunities (particularly <i>NW8 Sustainable Development</i>) are expected to have a positive effect. Increased or improved public transport services may come forward through requirements set out in policies <i>NW18 Transport</i> and <i>NW19 Delivery of Infrastructure</i> (although the latter refers to 'transport' rather than 'sustainable transport' so may include travel by car) which will also lead to positive effects on this objective.</p> <p>It is likely that development in some locations in the Borough without existing public transport links is likely to require a car to access essential services. Policies such as <i>NW8 Sustainable Development</i> which require development to accommodate and enable access for cars will be important for these developments but could also conflict with the promotion of sustainable transport. Policy NW8 could be made more specific by applying these requirements to development in locations only where alternatives to the private car cannot be used.</p> <p>Some uncertainty also remains as the small scale of development proposed in settlements lower down the settlement hierarchy is unlikely to be able to support significant improvements in public transport services, forcing new developments to rely on the private car. Further uncertainty relates to the fact that <i>NW18 Transport</i> which seeks to improve the trunk road network and to implement measures to avoid increases in congestion on the local road network (in addition to public transport services) may encourage people to continue travelling by private car rather than public transport although bus services should also benefit from such measures.</p> <p>Although the Core Strategy is supportive of enhanced employment opportunities for local people (see Sustainability Appraisal of Employment and Economy theme) out-commuting to larger settlements in adjoining areas is likely to remain a problem due to the draw of major centres like Birmingham for both employers and employees.</p>	No change	Directing the potential additional housing provision to the Category 1 Market Towns (Atherstone & Mancetter; Polesworth & Dordon) should provide potential additional residents with access to better public transport and help those settlements to support more public transport provision than under the Submission Core Strategy. The increased growth is not deemed sufficient to alter the SA score.
8. Provide decent and affordable housing to meet local needs.			
++	Sufficient housing should be delivered to approximately meet household growth projections.	No change	The potential increase in housing provision to 200 dpa during 2011-2029 exceeds the housing need of 175 dpa identified by the SHMA for this period so total need should continue to be met.

Previous SA score	Justification of previous score	Re-assessed score	Justification of re-assessment
--	Insufficient affordable housing will be delivered to meet identified needs, although the scale of affordable housing need is greater than the total number dwellings to be delivered, and could not realistically be achieved.	-	The conclusion of SA of the Submission Core Strategy was based on an assessed need for affordable housing of 281 dpa compared to provision of 60 dpa (40%x150), resulting in additional unmet need of 221 dwellings each year (281-60). The new SHMA states that affordable need for 2013-2028 is 112 dpa and the potential modification to the Core Strategy will deliver 80 dpa (40%x200), reducing the annual shortfall to 32 dwellings each year. Whilst affordable need will still not be met in full, the significant reduction in the shortfall justifies a revised SA score against this aspect of SA objective 8 of '-' (minor negative).
+?	Policy requires new development to be of a type and tenure that reflects settlement needs but Core Strategy lacks detail as to what the needs of each settlement are beyond a broad statement that accommodation for younger people and the elderly is in short supply within smaller settlements.	No change	No change to relevant Core Strategy policies.
++	Provision of sufficient gypsy and traveller pitches	No change	No change to relevant Core Strategy policies.
5. Developing and supporting vibrant and active communities and voluntary groups, who are able to express their needs and take steps towards meeting them.			
6. Reducing crime, fear of crime and antisocial behaviour.			
9. Providing opportunities to participate in recreational and cultural activities.			
+/-	It is considered that the vibrancy of settlements will be maintained and enhanced through policies to protect facilities and services where there is evidence of local need and through the provision of new services and facilities to meet the needs of new development. Policies to protect and improve the appearance and attractiveness of the Borough will also contribute positively. The proposed regeneration of Atherstone is likely to improve vibrancy through the measures set out in Policy <i>NW15 Atherstone</i> , although the direction of growth to the north west is one of the least deprived around the settlement. Restrictions on development other than affordable housing in some smaller settlements may have a negative impact on their vibrancy.	No change	No change to relevant Core Strategy policies.
+	It is considered that overall the Core Strategy will have a positive effect on the crime objective through design and regeneration policies.	No change	No change to relevant Core Strategy policies.
+	There are many policies in the plan which will have a positive effect on providing opportunities to participate in recreational and cultural activities, notably <i>NW17 Local Services and Facilities</i> .	No change	No change to relevant Core Strategy policies.
7. Tackling health inequalities and improve health by supporting local communities and by improving access and raising awareness			

Previous SA score	Justification of previous score	Re-assessed score	Justification of re-assessment
+	Health and wellbeing are influenced by a very wide range of factors, many beyond the remit of the Core Strategy. To the extent that local planning policy can play a part, the plan policies taken together will have a positive effect on this objective.	No change	Minor improvement in performance against this objective due to a larger proportion of affordable housing need being met insignificant effect on SA score due to the large number of other relevant factors contributing to health and wellbeing.
11. Valuing, enhancing and protecting the assets of the natural environment of North Warwickshire, including landscape character.			
--?/ ?/ +	<p>Overall the Core Strategy is expected to have mixed effects, including potential for significant negative effects.</p> <p>Despite the protection afforded by Policies <i>NW10 Quality of Development</i> and <i>NW11 Natural & Historic Environment</i> in particular, even the relatively small amounts of development beyond the development boundaries of Market Towns and Local Service Centres outside the Green Belt could adversely affect the character of the landscape.</p> <p>A significant adverse effect could result from development to the north west of Atherstone if it falls within landscape unit 'A'. Uncertainty exists because development to the north west of Mancetter, as specified by Policy <i>NW15 Atherstone</i>, may not actually fall within this unit. Even if it did, it is possible that a significant effect could be avoided by the kinds of mitigation measures described in the Landscape Character Assessment study.</p> <p>Uncertain effects relate to development beyond the boundaries of Grendon & Baddesley Ensor and Hartshill with Ansley Common. Although high sensitivity landscape units are located in areas of potential around these settlements the actual effects will depend on the broad location of development in relation to the sensitive units.</p> <p>For the remainder of Market Towns and Local Service Centres, development will either take place within the existing settlement boundary or within less sensitive landscape units, so that the potential landscape impact is unlikely to be significant. Renewable energy development will only be permitted where it respects landscape capacity and sensitivity, individually and cumulatively, so significant landscape impacts are judged unlikely. In all cases, some mitigation is offered by the landscape protection policies discussed above.</p> <p>Potential positive effects relate to the enhancement of the green infrastructure network and the potential landscape benefits of regeneration and prioritisation of development in existing settlements specified by the spatial strategy and regeneration policies.</p>	No change	Provision of 981 more dwellings in the District will magnify the negative effects on the natural environment identified in the 2012 SA Report, although it may also provide further opportunities to support enhancement. An uncertain significant adverse effect on the landscape was already recorded for the scale of housing provision provided by the Submission Core Strategy, particularly where growth is to be directed to the north west of Atherstone. These potential significant adverse effects are more likely to occur on the landscape from the additional housing to be provided under the potential modification. Whether such effects will actually occur from the additional housing provision will depend on whether the additional dwellings can be accommodated on sites located in landscape units with lower sensitivity and/or whether adequate mitigation can be put forward to minimise effects.
13. Valuing, enhancing and protecting the biodiversity of North Warwickshire			
+/-?	The plan generally offers strong protection for the Borough's biodiversity, both within and outside designated sites. It is considered that the small scale of development provided for and the focus of	No change	Provision of 981 more dwellings in the District increases the potential for adverse effects on locally important biodiversity

Previous SA score	Justification of previous score	Re-assessed score	Justification of re-assessment
	development on brownfield land and existing settlements are unlikely to have a significant negative effect on biodiversity overall although effects at the local level could occur. The greatest risks are associated with development beyond settlement boundaries, such as provided for at Atherstone & Mancetter, Polesworth & Dordon, Baddesley & Grendon and Hartshill & Ansley Common. Support for renewable energy projects also has the potential to negatively impact on biodiversity although any such development will be tightly controlled by provision within <i>NW9 Renewable Energy and Energy Efficiency</i> and other policies offering protection to biodiversity.		features since it is likely to increase the area of greenfield development. The potential modification is likely to increase growth outside the existing settlement boundaries of Atherstone & Mancetter and Polesworth & Dordon, but considerable uncertainty remains until development locations are known. The incremental effects of the additional development are not judged sufficient to alter the SA score.
12. Valuing, enhancing and protecting the quality and distinctiveness of the built environment, including the cultural heritage.			
+/-	The Core Strategy provides strong support for good design that reflects local distinctiveness. The commitment to the use of Building for Life Standards, sustainability checklists, Landscape Character Assessment and Settlement Appraisals and Design Champions strongly supports well located and designed development. Cultural heritage is also protected and enhanced by a number of policies in the Core Strategy (<i>NW10 Quality of Development, NW11 Natural & Historic Environment & NW15 Atherstone</i>). However, locating the majority of development in the main settlements is considered to have mixed effects. It has the potential to restore derelict buildings and create attractive and high quality development but may also lead to further development pressure on listed buildings and conservation areas and their settings.	+/--?	The potential additional housing provision has the potential for additional adverse effects on historic assets in the Category 1 Market Towns (Atherstone & Mancetter; Polesworth & Dordon) but these are uncertain as they will depend on the quality of development, the location of development in relation to historic assets and the sensitivity of the potentially affected historic assets.
14. Ensuring development makes efficient use of previously developed land, buildings and existing physical infrastructure in sustainable locations.			
++	The Core Strategy provides strong support for locating development in or adjacent to existing settlements that have the widest range of services and facilities. This maximises the opportunities to make use of existing infrastructure and to re-use existing buildings.	No change	No change to relevant Core Strategy policies.
--?	Although the Core Strategy prioritises use of brownfield land it also makes clear that development will be required beyond existing settlement boundaries, adjacent to larger settlements outside of the Green Belt. Although some derelict land exists outside settlement boundaries, for example associated with former mine workings, the extent to which this or other brownfield land beyond settlement boundaries will be suitable for or sufficient to accommodate new development is uncertain and some greenfield development is judged likely.	No change	In directing additional growth to Category 1 Market Towns (Atherstone & Mancetter; Polesworth & Dordon), the likelihood of significant amounts of development outside their existing settlement boundaries is increased. The extent to which it will be possible to accommodate the additional housing on brownfield land remains uncertain. No change in SA score deemed necessary.
15. Maintaining the resources of air, water and productive soil, minimising pollution levels.			
18. Using natural resources efficiently.			
+/-/?	Air quality: The spatial strategy and policies to reduce reliance on the	No change	Directing the potential additional housing

Previous SA score	Justification of previous score	Re-assessed score	Justification of re-assessment
	<p>private car and avoid pollution are expected to have a positive effect on air quality. However, both these policies also require development to accommodate and enable access for cars and seek to improve the trunk road network which could conflict with the promotion of sustainable transport and impact negatively on air quality.</p> <p>Some uncertainty also remains as the relatively small scale of development proposed is unlikely to support significant improvements in public transport services, particularly in settlements towards the bottom of the settlement hierarchy which could result in new development relying on the private car.</p>		<p>provision to the Category 1 Market Towns (Atherstone & Mancetter; Polesworth & Dordon) should provide potential additional residents with access to better public transport and help those settlements to support more public transport provision than under the Submission Core Strategy. Whilst this may have some indirect benefits for air quality, it is unlikely to be significant in the context of the performance of the Core Strategy as a whole against, as discussed under SA objectives 16 and 17.</p>
+	<p>Water resources: Water resources are a concern in the Borough and more broadly within the region. The Core Strategy has little scope to address this although it does require development to include water efficiency measures.</p>	No change	<p>Potential additional housing provision will place additional pressure on limited water resources but the scale of increase is unlikely to be significant in the context of the scale of growth in the relevant Water Resource Zones and the variety of supply and demand management measures recommended by the Warwickshire sub-regional Water Cycle Study 2010. No change in SA score deemed necessary.</p>
+	<p>Water quality: Policies in the Core Strategy that protect water quality (and, indirectly, those that protect SSSIs) will have a positive effect on this Sustainability Appraisal objective.</p> <p>An area of concern may be sewerage capacity, for example at Atherstone Wastewater Treatment Works (WwTW). However, the Core Strategy requires development to ensure adequate infrastructure is in place to support any proposed scheme and Water Authorities are required to meet the infrastructure needs of planned new development.</p>	No change	<p>Potential additional housing provision to the Category 1 Market Towns (Atherstone & Mancetter; Polesworth & Dordon) will create additional pressure on wastewater treatment capacity where this is an issue, for example at Atherstone WwTW. However, safeguarding policies within the Core Strategy and the Environment Agency's discharge consenting regime should ensure that water quality is preserved. This together with the relatively small scale of additional housing means that no change in the score against this aspect of the SA objective is deemed necessary.</p>
++/?	<p>Soils and agricultural land: The Core Strategy's spatial strategy directs the bulk of development to the main towns whilst Policy <i>NW8 Sustainable Development</i> prioritises brownfield land for development, indirectly protecting agricultural land. There remains some potential for the loss of best and most versatile (BMV) agricultural land, particularly adjacent to the settlements where a significant amount of development beyond existing development boundaries is provided for. Uncertainty exists as to whether BMV land will be affected because data are unavailable to distinguish Grade 3a land from Grade 3b and</p>	No change	<p>Potential additional housing provision increases the risk that some BMV agricultural land may be lost to greenfield development beyond settlement boundaries. As in the original SA, uncertainty exists as to whether BMV land will be affected because data are unavailable to distinguish Grade 3a land from Grade 3b and because development locations will not be known until later in the plan-</p>

Previous SA score	Justification of previous score	Re-assessed score	Justification of re-assessment
	until development locations are known, later in the plan-making process. Positive effects on Sustainability Appraisal Objectives 15 and 18 relate to the requirements of <i>NW8 Sustainable Development</i> for development to avoid adverse effects on health or ecology from contaminated land and to deliver appropriate remediation.		making process. No change in SA score is deemed necessary.
++?	Minerals: The Core Strategy clearly states that development should not sterilise known mineral reserves in general and that growth to the south and east of Polesworth & Dordon is subject to coal reserves not being sterilised. Given the extent of Minerals Safeguarding Areas adjacent to the main towns outside of the Green Belt which are targeted for growth there is some uncertainty whether this policy can be fully implemented whilst also achieving development objectives within planned timescales, as noted under Sustainability Appraisal Objective 8. This uncertainty should be resolved once strategic development locations have been identified.	No change	Potential additional housing provision, notably that to the south and east of Polesworth & Dordon, increases the risk that it will not be possible to achieve the planned rate of housing growth whilst adhering to the Core Strategy policy requirement to avoid sterilising known mineral reserves. As in the original SA, uncertainty exists as to whether mineral reserves will be affected because development locations will not be known until later in the plan-making process. No change in SA score is deemed necessary.
16. Minimising North Warwickshire's contribution to the causes of climate change whilst implementing a managed response to its unavoidable impacts.			
17. Reducing overall energy use through sustainable design, increasing energy efficiency and increasing the proportion of energy generated from renewable sources.			
+?/-?	Transport emissions: Although the Core Strategy's spatial strategy and policies to support use of sustainable travel modes will have a positive effect, development in locations without public transport links, improvements to the road network and accommodation of car access in development will have negative effects. Uncertainty exists because it will be difficult to reverse the trend of increasing private car use and to avoid travel by unsustainable modes to neighbouring major employment centres.	No change	A significant proportion of residents commute out of the Borough to work and public transport usage is generally low. The larger scale of housing development will, as evidenced by GL Hearn's assessment of demographic implications, increase the labour supply. Although this is likely to attract some new employers to the Borough the strong pull of large employment centres in neighbouring districts is likely to mean that out-commuting remains significant so that total transport emissions are increased. The scale of change is not deemed sufficient to justify a change in SA score.
+	Energy efficiency in the built environment: The Core Strategy will have a positive effect against this objective as it requires new residential and commercial development to meet sustainability standards that include energy efficiency and makes efficient use of previously developed land, buildings and infrastructure.	No change	No change to relevant Core Strategy policies.
++?	Renewable and low carbon energy: The Core Strategy provides strong support for new development to use renewable energy although it is	No change	No change to relevant Core Strategy policies.

Previous SA score	Justification of previous score	Re-assessed score	Justification of re-assessment
	<p>not clear how the 10% target for major developments has been decided or whether more ambitious targets would contribute positively to the use of renewable technology in development schemes.</p> <p>Support is also provided for renewable energy development although this is subject to strict criteria in relation to impacts on the natural environment and communities. Although the sub-regional Renewable Energy Study indicated limited potential for large scale wind generation or district and community heat and power schemes in the Borough, the base scenario calculated that the Borough could increase its renewable energy generating capacity from 2.7% of its total energy needs in 2007 to 13.9% in 2025/6. The criteria to be met by renewable energy development under Policy NW9 create some uncertainty as to whether this potential can be fully achieved.</p>		
+	<p>Climate change adaptation: Policy <i>NW8 Sustainable Development</i> requires development to use sustainable drainage, water efficiency measures and natural vegetation to manage the impacts of climate change which will have positive effects on this Sustainability Appraisal objective. Policies to create and enhance the Borough's green infrastructure network will also have positive effects. Implications for flood risk are discussed separately under the Flood Risk topic.</p>	No change	No change to relevant Core Strategy policies.
Reducing flood risk (flood risk falls within Sustainability Appraisal Objective 16 but it was considered to be significant enough to warrant separate consideration)			
+	<p>NPPF requirements together with the Core Strategy's objective to limit exposure to flood risk and the requirement of supporting text to policy <i>NW8 Sustainable Development</i> that development in areas at risk of flooding must carry out a Level 2 flood risk assessment provide effective policy protection for people and property in relation to existing flood risk. Policy requirements for sustainable drainage and protection of flood storage areas should help to ensure that development does not result in new flooding.</p>	+/?	<p>Flood risk is widespread throughout the Borough and acts as a constraint on development around the settlements of Polesworth & Dordon and Atherstone & Mancetter to which the potential additional housing would be directed. Whilst NPPF requirements and Core Strategy policies on flood risk should continue to manage it, the potential additional housing development increases the possibility that insufficient sites with lower flood risk are available, introducing some uncertainty about performance against this SA objective.</p>
19. Encouraging and enabling waste minimisation, reuse, recycling and recovery to divert resources away from the waste stream.			
+	<p>Policy <i>NW8 Sustainable Development</i> explicitly requires that development maximises opportunities to encourage re-use and recycling of waste materials, both in construction and operation. Reduced waste generation from construction is indirectly supported by the spatial strategy, regeneration policies and prioritisation of brownfield land for development. Locating new housing development in existing settlements where they may be close to existing recycling sites should also encourage recycling of waste. This conclusion takes</p>	No change	No change to relevant Core Strategy policies.

Previous SA score	Justification of previous score	Re-assessed score	Justification of re-assessment
	into account the new HWRC under construction at Lower House Farm which will increase recycling capacity in the Borough.		

Implications for October 2012 HRA findings

The potential changes to the Plan will increase the total housing provided by 981 homes. The HRA of the Submitted Plan showed that there are no European sites within the Borough boundary and that the main potential for likely significant effects was from indirect effects such as water pollution or recreation, in-combination with other plans and projects. The potential increase in the number of homes to be provided is judged to be insignificant in the context of these in-combination effects which are largely dependent on growth within nearby Birmingham and Coventry. The mitigation provided by other policies within the Core Strategy and by the Environment Agency's permitting regimes for water abstraction and wastewater discharges remain capable of managing residual risks. The **potential changes to the Core Strategy do not alter the conclusions of the HRA of the Submission Core Strategy that the Plan will not have a likely significant effect** on any European site, either alone or in-combination with other plans and projects.

Extract taken from the document called, "Review and Update of the Council's Affordable Housing Viability Assessment, Site Allocations Plan Viability assessment and CIL Study" by Adams Integra, March 2014.

Affordable Housing

- 1 Having undertaken the viability assessment, our advice for the Council's policy content on affordable housing is as follows:
- 2 **A headline affordable housing target of 30% to be provided on-site applicable to schemes of 15 or more dwellings in most areas.**
- 3 **On Greenfield (previous agricultural use) sites an appropriate policy target applicable for North Warwickshire Borough Council would be to seek 40% on-site provision of affordable housing on sites of 15 or more dwellings.**
- 4 **For schemes of between 1 and 14 inclusive units either on-site provision or a financial contribution be sought in lieu of providing affordable housing on-site, and that this be calculated using the methodology outlined below and will be broadly equivalent to on-site provision but at a lower requirement of 20% affordable housing**

The reason for this is that many Registered Providers have expressed a reluctance to manage less than 3 units on a particular site. The preference should always be for the units to be on-site but if this is not practicable then a financial contribution should be sought.

The suggested calculation seeks to equate the financial contribution to the land value of the relevant dwelling plots (those that would have been made available for on-site affordable housing).

It is beyond the remit of this study to comment on the planning policy scope or wider merits of an approach to seek financial contributions towards meeting affordable housing needs from the smallest sites, but to inform only on the development viability aspects. There are potential practical advantages of requesting financial contributions from the smallest sites rather than adhering to on-site provision. There can be issues with affordability, integration, management and the like in relation to providing affordable housing on small sites. This policy approach could have practical merits with those issues in mind. If those concerns are removed through the use of financial contributions in lieu of on-site provision, then dependent on the scale of the payment being appropriately judged there is unlikely to be a pure financial viability issue – subject as normal to any existing/alternative use barriers and the normal negotiation process where necessary.

In our view, the most appropriate route more generally is to look at land value. In essence this involves calculating how much it would cost to go elsewhere and replace the land on which the affordable housing would have been provided on-site. This is the basis we have assumed.

We work through our calculation methodology below, which is based on a formulaic approach to approximating the land value that needs to be replaced elsewhere, and then allowing also for the cost of acquiring and servicing that land. We start by taking the value of the land as if no affordable housing were required on-site, calculated as a percentage of the market sale value of a property. This percentage would reflect the pre-affordable housing (0%) residual land value results, as taken from this study.

For this purpose we have applied a proportion of **15%** of the relevant property or properties Open Market Value (OMV) as the residual land figure. This was derived from an average of **all** relevant appraisals and the 0% affordable housing appraisals from sites of 2 to 5 units.

An allowance is added for acquisition and (potentially) for servicing costs that would need to be borne in the case of replacing the land elsewhere in the market.

In summary, the financial contribution is arrived at by the following steps:

- a) Open market value (OMV) of the housing units on-site. (This would normally be provided by the developer and verified by the Council).
- b) Multiply by the residual land value percentage. We have used 15%.
- c) Add 15% of the result of a x b to reflect site acquisition and servicing costs. This gives the per unit sum.
- d) Apply to the relevant site number and proportion (in this case 20%).

Worked example to illustrate the above:

- A scheme of 3 No 3-bed houses selling at Value Point 3 = £165,000 each.
- Total GDV = 3 x £165,000 = £495,000
- x by RLV (£495,000 x 15%) = £74,250
- x by 15% for fees (£74,250 x 115%) = £85,387
- x 20% affordable housing requirement (£85,380 x 20%)
- Financial contribution = **£17,077**

- 5 The above formula is equally applicable to flats as well as houses as it is the open market value of the units that is the important factor.
- 6 The financial contribution could be collected upon the sale of each individual property which will ensure that the correct amount is paid. This approach would also help the developer with their cashflow.
- 7 **In areas that may be typically lower value that are shown as Value Points 1 and 2, in our opinion it would not be appropriate to set lower rates bearing in mind that those locations may also “host” some higher value schemes. It is our opinion that individual schemes that are in these lower value areas should be looked at on a scheme by scheme basis. Where it can be shown that a residential scheme has particular viability issues then a case should be put forward by the developer which should then be independently assessed.**
- 8 The cost of any scheme-specific viability assessment should be funded by the applicant.
- 9 In practice, residential values patterns are not well defined. We consider that a clear, straightforward borough-wide approach would be more appropriate than much more complicated alternatives.
- 10 **The financial contributions approach will be a useful additional enabling tool for the Council as part of its overall approach** – especially during periods (as at present), of uncertain grant funding (HCA or other investment).
- 11 **A target affordable housing tenure mix of 85% affordable rent and 15% suitable intermediate tenure**; not for rigid site-by-site application, but in terms of setting the overall expectations and guiding delivery. This is consistent with HCA guidance in recent years and concurs with current Council evidence. It is a tenure split that has been used widely to help provide mixed communities and mixed tenure developments.
- 12 In all cases the **policy positions should be set out as clear targets**, to help inform land value expectations and form the basis for a continued practical, negotiated approach.
- 13 Policy wording will **need to acknowledge the relevance of considering development viability** on site specific cases.
- 14 The Council will **need to consider the mathematical subtleties of its selected approach** – for example, how numbers rounding and net/gross (new dwellings numbers) application affects the working of the policy positions, particularly for smaller sites where such factors will tend to have a greater influence on outcomes.
- 15 The build costs used in the assessments assume that the houses are built to Code for Sustainable Homes Level 3.

Examination of the North Warwickshire Borough Council Core Strategy

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Date 28 March 2014

Dear Mrs Barratt,

Thank you for carrying out the further work relating to employment, housing and affordable housing I requested at the hearings in January.

Affordable Housing

The March 2012 'Review and Update of the Council's Affordable Housing Viability Assessment, Site Allocations Plan Viability assessment and CIL Study' assesses the economic viability of a range of housing site types and different size schemes across the borough. You helpfully summarised its recommendations for thresholds and targets in your e mail of 7 March but do not indicate what the Council now intends. I consider, for the reasons set out in my letter of 9 January, that in order to be sound Policy NW5 should include target/s and threshold/s for housing sites.

I therefore invite the Council to suggest a main modification to Policy NW5. Such a modification should be subject to consultation. Given that it will be necessary to explore the evidence underpinning the targets and thresholds, including the technical evidence contained in the viability assessment, it would be prudent to assume that a further hearing will be required.

Employment

The National Planning Policy Framework (NPPF) sets out the Government's commitment to ensuring that the planning system does everything it can to support sustainable economic growth. The NPPF also requires planning to encourage not impede growth and plan proactively to meet the development needs of business. The Employment Land Review Update (ELR) September 2013 identifies a significant requirement for additional land for logistics use, a requirement that the Core Strategy does nothing to meet. I acknowledge that a regional perspective is required and that the Coventry and Warwickshire LEP is currently working on a Joint Sub-Regional Employment Land Study and that further work is to be carried out to consider the

need for Major Investment Sites and Regional Logistics Sites in the Black Country and Southern Staffordshire. I agree that without the results of these studies it would not be appropriate to set a requirement for RLS in the Core Strategy (nor do I do not consider there to be sufficient reliable evidence before me to do so).

However, the ELR recommends that the Council should acknowledge that these studies may trigger a need to review the Core Strategy. This is accepted by the Council in paragraph 3.6 of the statement for the employment hearing but is not currently stated in the Plan. I therefore invite the Council to consider a modification to that effect.

Green Belt

Policy NW2 states that no changes will be made to the Green Belt boundary. I appreciate that through your work relating to the emerging Site Allocations DPD, you are confident that the level of development proposed in the Core Strategy can be delivered without encroaching into the Green Belt. However, the sites which will come forward from the SHLAA to the Site Allocations DPD are yet to be tested to see if they are the most appropriate and deliverable. Consequently, a blanket ban on any changes whatsoever at this stage could hamper the Council's ability to deliver the development planned in the Core Strategy.

Further, such a prohibition would not allow the Council the flexibility to consider minor changes which would accord with the advice in paragraph 85 of the National Planning Policy Framework (NPPF) and which may deliver development in sustainable locations. I suggest, therefore that you give careful consideration to the merits of removing this reference. Deleting this statement would not require the Green Belt boundary to be changed in any future plan; that would be a matter for the Council to consider in due course in the light of all the circumstances at that time.

I would now ask you to give careful consideration to the above and look forward to your response including, should the Council wish to amend Policy NW5, a timetable indicating when the modification would be produced and consulted upon. I remain willing to do all I can to help the Council in relation to the way forward, although you will appreciate the restricted nature of my role in this regard and that any advice given is without prejudice.

Yours sincerely

A Thickett

Inspector