

Report to: **Scrutiny Committee**



Date of Meeting 9th September 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Local Plan Sites – Allocation to Delivery

Report summary:

This report follows a proposals form that was considered by the committee at their meeting on the 8th April 2021. The report seeks to explain how sites allocated in the adopted local plan have been translated from policy into planning applications focusing on the issues relating infrastructure delivery and viability that have arisen. The report uses a couple of examples to illustrate the issues and seeks to explain how changes in government guidance should help to address the concerns raised as we progress work on the new Local Plan.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That Scrutiny Committee:

1. Note the work undertaken at site allocation and planning application stages with regard to development viability and the delivery of infrastructure as well as the case studies sited in the report.
2. Consider how government guidance has evolved since the preparation of the adopted Local Plan to give greater certainty over issues of viability and deliverability at the plan making stage.

Reason for recommendation:

To ensure that Members understand the issues associated with the delivery of infrastructure and the assessment of viability issues at both the plan making and planning application stages.

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Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance

- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information East Devon Infrastructure Planning DCC Evidence report: [Report of Surveys \(eastdevon.gov.uk\)](#);

[Link to Council Plan](#)

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Background

At the Scrutiny Committee on the 8th April 2021 Members discussed a proposal form with regard to the delivery of the Goodmores Farm development in Exmouth and in particular concerns regarding the education requirements placed on it and the impact this then had on the amount of affordable housing to be provided. Members resolved:

“That the Service Lead for Planning brings a report to the Scrutiny Committee setting out how the allocations within the Local Plan come to fruition through the planning process and how policies in the Local Plan are translated into the delivery of a development. Site allocations would be considered by way of examples, including Goodmores Farm, rather than looking at one particular application in isolation. The report would cover the process and how the outcomes envisaged in the Local Plan have or have not been delivered, and why.”

Context

Government Guidance

It is important at the outset to note how government guidance on the requirements for local plans to identify the infrastructure requirements for individual allocations and the viability and deliverability of these developments has evolved since the adopted local plan was produced and adopted. At the time of the now adopted local plan infrastructure requirements were largely looked at on a district and town wide basis rather than in terms of specific sites. The expectation was that infrastructure would be delivered either on-site through a section 106 agreement or through Community Infrastructure Levy (CIL). The details of what would be secured on site was to be determined through the application process. The impacts on the viability of the development would also be primarily considered at that stage with the plan level viability testing focusing on development typologies and case studies rather than the specific sites. Individual sites were looked at from the point of view of not placing unreasonable infrastructure demands on them but no detailed viability testing of individual sites was done at the plan making stage. As Members will be aware in a number of cases this caused issues with viability appraisals having to be done through the application process and these have often concluded that developments could not in fact meet the policy expectations on viability grounds. In some cases this may be because the costs of delivering the development were not fully understood at the time of allocation or simply

that costs have escalated since that time. Inevitably there is more information available about a site and the proposed development at application stage.

It is notable that the Inspectors report on the examination of the now adopted Local Plan does not mention viability issues thus reflecting the position of government guidance at the time which focused on the traditional planning merits of allocations and the policies of the plan. In stark contrast the Cranbrook Plan DPD has been held up at examination for well over a year now primarily because of viability issues and requirements to identify what infrastructure each expansion area will be required to deliver and that it is viable for them to do so. This illustrates quite a radical change in approach from government from a position where viability was an issue to be considered at application stage to one where viability is tested in much greater detail at plan making stage. This change in approach will need to be reflected in our own approach to production of the new local plan where we will need to satisfy the inspector examining the plan that each allocation is viable and deliverable.

The following case studies illustrate the issues that have arisen with sites allocated in the adopted Local Plan as a result of only carrying out high level viability assessments based on site typologies as per the approach endorsed by government at that time:

Case Study 1 – Goodmores Farm, Exmouth

The Goodmores Farm development in Exmouth was allocated in the adopted Local Plan under Strategy 22 – Development at Exmouth. It is referred to as a “mixed use development for 350 homes and around 5 hectares of land for mixed use employment (3ha) and community and commercial facilities (2ha). Strategy 22 in referring to the infrastructure needed to be provided in the town refers to “a new 210 pupil primary school (1.5ha), including a nursery (at the Goodmore’s Farm site).

The need for an additional primary school in the town had been identified by Devon County Council in evidence submitted outlining the impacts of growth on the infrastructure that they are responsible for. The Infrastructure Delivery Plan (IDP) which was evidence for both the Local Plan and CIL examination also identified this need noting that all of the existing primary schools in the town would be over capacity within the plan period. The IDP identified a funding gap of over £3million for the school excluding land purchase costs. Even the delivery of land for the school would always have been a significant cost to the development at Goodmores Farm. Similar cost implications arise from the requirements to deliver employment spaces and community and commercial facilities. Other than a high level assessment there was no detailed viability assessment of the ability of the Goodmores Farm development to provide these other uses until a planning application was made. Correspondence from Eagle Investments in 2013 in response to the publication of the local plan raises no concerns with the requirement for the school provided the 1.5ha forms part of the overall 5 hectares for employment and community uses which was the expectation. There was no requirement in government guidance to do a site specific viability appraisal at the allocation stage either.

In 2014 an outline planning application was made for the Goodmores Farm site comprising 350 homes, 1.53ha for a primary school and associated playing fields, 2.14ha of employment land and 0.34ha of community and commercial space including open space. The County Council commented on the application by confirming the ongoing need for an additional primary school in the town referring to there being an “...acute shortage of primary school places in the town, due in large part to a high birth rate in the area in recent years”. The proposed mix of uses including the primary school was considered to comply with Strategy 22, however a viability appraisal submitted with the application demonstrated that due to the undulating nature of the site, abnormal site preparation costs and the need to provide land for the school; the development could not afford to

provide affordable housing. The developer however accepted a reduced profit margin in order to deliver 5% of the homes as affordable.

The assessment of the site as part of the SHLAA (Strategic Housing Land Availability Assessment) had not identified the topography of the site and the abnormal costs of delivering it as constraints. However these assessments were quite high level. The viability testing done at the time was also high level and looked at case studies and scenarios to test the viability of the plan rather than testing each specific site. Whether the issues identified at the application stage would have been picked up at the allocation stage had more detailed viability testing been carried out is unknown. To some extent these issues come to light through greater information and testing of sites through the design process and no doubt the greater information available about the site at the outline application stage helped to identify and test the viability issues that were raised in this case.

Case Study 2 - Ottery Moor Lane, Honiton

The Local Plan identifies this site for a development of up to 150 new homes in Strategy 23 – Development at Honiton. The Local Plan does not identify specific infrastructure requirements for this development other than those identified for all sites such as affordable housing, open space etc. Strategy 23 identifies infrastructure needed in the town generally instead such as improvements to the Turks Head junction and improved cycle links from the western side of the town to the town centre.

Assessment work in the preparation of the local plan identified that the site was known to be contaminated from previous uses, however there was little information about the extent of this and likely costs for mitigation albeit reports do recognise that this could be significant.

In 2014 a planning application was made in outline for up to 150 homes on the site. The application was submitted with a viability appraisal which identified abnormal construction costs associated with the demolition of existing building and decontamination of the site. Following an independent assessment of the viability of the scheme it was accepted that the development could not deliver the full 25% affordable housing required by policy and that only 17.3% of the units could be delivered as affordable homes. The only other infrastructure the scheme could afford to provide was an on-site play area with other contributions including towards education (£426k) proving unaffordable.

Case Study Conclusions

These two case studies illustrate the limited amount of viability testing that was required and therefore undertaken at the plan making stage in preparation of the adopted Local Plan and the subsequent problems that have arisen. It is not considered that the outcomes would necessarily have been any different since it seems unlikely that different sites would have been allocated had these issues been better understood at the time given the limited number of alternative options in each case. It is however understood that the community had reasonable expectations of what each of these sites would deliver and the fact that these expectations have not subsequently been met causes reputational issues as well as a perceived loss of infrastructure that had otherwise been anticipated.

Solutions

These issues have arisen nationally and the government have already taken steps to address them by putting assessments of viability as a key stage in the plan making process rather than it being left to be considered at the planning application stage. This does not entail specific viability appraisals of individual sites instead detailed modelling should be undertaken based on a typology approach whereby sites with similar characteristics are tested to model the implications for viability of particular policy choices so that their impact and deliverability can be better understood. It may however be appropriate to do a site specific assessment of key strategic sites. It is anticipated that site specific assessments will be needed on large scale strategic sites as part of this local plan to provide a greater level of understanding of their viability and their ability to deliver supporting infrastructure. This will require a greater understanding of the constraints of each site at allocation stage than was previously the case which will add to workload. However it should be noted that a complete understanding of these issues can only usually be obtained once a detailed development proposal has been fully designed and costed.

The expectation is then that at application stage a development will be assumed to be viable if it complies with the up to date policies of the local plan, however a further assessment can be undertaken at that stage on the basis of what has changed since the local plan appraisal which forms a baseline for future assessment.

These measures should help to ensure that we have a better understanding of viability issues at the plan making stage through work on the new local plan and so are less vulnerable to viability appraisals being submitted at application stage. Even then where this does occur the onus will be on developers to demonstrate that something has changed since the allocation was made and so issues that were already known about and understood at the plan making stage need not be revisited.

Financial implications:

There are no specific financial implications which require comment.

Legal implications:

The NPPG sets out that the role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan. Having carried out viability testing at plan making the future local plan policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage. There are no legal implications other than as set out in the report.