



Dave Barber
Planning Policy Manager
Warwick District Council

Our Ref:

PINS/T3725/429/5

Date:

1 June 2015

Dear Mr Barber,

Examination of the Warwick District Local Plan: Inspector's findings regarding initial matters and issues

1. Further to the initial hearing sessions held between the 6th and 12th of May 2015, I set out below my findings in respect of the duty to co-operate (Matter 1), soundness in terms of overall housing provision (Matter 2) and soundness in terms of the supply and delivery of housing land (Matter 3). I also explain the consequences for the examination.

Duty to co-operate

2. There are a number of strategic matters which required co-operation during the preparation of the Local Plan. The overall provision for housing is of particular importance however, given that Warwick District forms part of the wider Coventry and Warwickshire Housing Market Area (the HMA), the links between authorities in terms of migration, commuting and housing markets and the interrelationship between Warwick District and Coventry City.
3. I am satisfied that the Council has engaged actively with the other authorities in the HMA and beyond throughout the plan preparation process in terms of overall housing provision. The key question is whether engagement has been constructive and the extent to which co-operation has maximised the effectiveness of the preparation of the Local Plan.
4. The duty to co-operate does not bring with it a specific requirement to have reached agreement on the level of housing need and how this will be met across the HMA however. It is the actions and approach of the Council which are critical to my consideration of this matter. I have also taken account of the position taken by other authorities, none of which raise concerns over the level of housing provision proposed in the Local Plan or the Council's compliance with the duty to co-operate.
5. The Council acknowledges that co-operation between the HMA authorities received greater impetus following the findings of the Inspector examining

Coventry's Core Strategy in 2013. This led to joint working on a Strategic Housing Market Assessment (the 2013 SHMA) and an Addendum in 2014 (the 2014 SHMA Addendum), along with other collaboration in terms of evidence. The 2013 SHMA set out figures for objectively assessed need (OAN) for housing across the HMA as a whole and for individual authorities. The overall provision for housing in the Local Plan is based on the 2013 SHMA.

6. Joint working and co-operation continued after the publication of the 2014 SHMA Addendum, notably through the Economic Prosperity Board which met in October and November 2014 and subsequent formal endorsement by each authority. In essence there is an agreement that the OAN for the HMA is 4,004 dwellings per annum. There is recognition that Coventry City will not be able to accommodate the higher level of OAN indicated in the 2014 SHMA Addendum (1,811 dwellings per annum) and agreement that the figures for each authority set out in the 2013 SHMA represent a starting point for distribution of housing across the HMA and that this will accommodate some of Coventry City's needs subject to additional work on capacity being undertaken. It was also recognised that additional work on capacity may identify a further shortfall from the Warwickshire Districts. A process and timeline for evidence gathering and plan review was also agreed, culminating in a joint Core Strategy or co-ordinated review of plans during 2017-19.
7. At the time the Local Plan was submitted, there was no agreement between the authorities in terms of the distribution of the full OAN for the HMA (4,004 dwellings per annum). This remains the case. On the basis of individual authority figures agreed as a starting point, there would be a shortfall of 234 dwellings per annum.
8. The issue of meeting OAN across the HMA in full has not been resolved and I deal with this in relation to soundness below. However in terms of the duty to co-operate, considerable effort has been made by the Council, in conjunction with the other HMA authorities to attempt to address the issue in a constructive fashion through agreement and commitments to continued joint working. The Council submitted a Local Plan based on overall housing provision of 714 dwellings per annum (as in the Publication Draft Plan), despite the fact that the 2014 SHMA Addendum indicated that a lower figure of 606 per annum was required in the District. Whilst I have concerns as to the specific basis for 714 dwellings per annum and whether it is necessarily the appropriate level of provision, the Council has clearly accepted the need to make a significant contribution to accommodating unmet needs from elsewhere in the HMA in principle.
9. The Council has demonstrated constructive, active and ongoing engagement with local authorities and relevant organisations on the other strategic matters. The issues have been resolved effectively and there are no concerns from these authorities and organisations regarding compliance with the duty to co-operate.
10. Taking all of the above factors into account I am satisfied that the Council has engaged constructively, actively and on an ongoing basis in terms of overall housing provision and indeed other strategic matters. I conclude therefore that the Council has complied with the duty to co-operate.

Soundness – overall housing provision

11. I am satisfied that the 2014 SHMA Addendum, when read alongside the 2013 SHMA, provides a robust assessment of OAN for the HMA. It is based on the most up to date national projections available at the time and in my view uses reasonable assumptions to arrive at a demographically led figure of 4,004 dwellings per annum between 2011 and 2031.
12. Whilst the 2014 SHMA Addendum does not include a specific uplift for market signals, affordability or economic growth, it recognises the case that higher household formation rates for younger households and higher jobs growth would indicate a higher figure. It makes it very clear that the figure of 4,004 dwellings per annum should be regarded as a minimum.
13. The 2012-based household projections published in February 2015 indicate the need for 4,100 dwellings per annum across the HMA between 2011 and 2031 (taking account of allowances for vacancy rates). These are the most up to date projections currently available and give further weight to the findings of the 2014 SHMA Addendum, although again they would suggest that the figure of 4,004 dwellings per annum should very much be seen as a minimum.
14. Although the 2014 SHMA Addendum sets out figures for each authority, it regards these as indicative given the sensitivity to variable migration levels. It also recommends further work by individual authorities in terms of economic growth prospects.
15. The HMA authorities confirmed at the initial hearing sessions that they regard 4,004 dwellings per annum as the minimum figure for OAN in the HMA. On the basis of the evidence before me, I share that view.
16. Other than Stratford-on-Avon District Council, the authorities in the HMA confirmed that they consider the individual authority figures in the 2014 SHMA Addendum as a reasonable basis for OAN in their areas. Stratford-on-Avon District Council considered it to be higher (at least 565 dwellings per annum compared to 508 per annum in the SHMA Addendum) and were undertaking further work in the light of the interim conclusions of the Inspector carrying out the examination of their Core Strategy. It is unclear at this stage to what extent any increase in the figures for individual authorities should be absorbed within the overall HMA total or added to it.
17. The figures from the 2012-based household projections for individual authorities are broadly comparable with the figures from the 2014 SHMA Addendum although it is notable that the figure for Coventry City is 144 dwellings per annum higher.
18. It may be that some of the authorities in the HMA could be asked to accommodate unmet needs from the Greater Birmingham area in due course. If this was the case it is likely to require a further re-assessment of the distribution and overall level of housing provision in the HMA. Whilst the situation in this respect is not yet clear, it seems to me likely that if anything, there would be further upward pressure on the figures for the HMA and individual authorities.

19. Within the HMA itself, there is a particular issue with Coventry City where the agreed figure of 1,180 dwellings per annum based on the 2013 SHMA falls well short of the figure of 1,811 from the 2014 SHMA Addendum. Coventry City Council is in the process of preparing a new Local Plan and has recently undertaken a Strategic Housing Land Availability Assessment (SHLAA) with a draft produced in September 2014. This indicates capacity within or adjacent to the urban area for some 16,500 dwellings and up to a further 7,100 dwellings within the Green Belt (total 23,600). The City Council is yet to make any decisions in terms of releasing land from the Green Belt however. In any event, the maximum capacity would appear to be some 12,500 dwellings below the need indicated by the 2014 SHMA Addendum and accepted by the City Council as a reasonable basis for OAN.
20. Given the evidence currently available, there is likely to be a substantial unmet need of at least approximately 12,500 dwellings in Coventry City between 2011 and 2031. The Council argues that on the basis of the agreement reached, the net shortfall would only be some 4,680 dwellings (234 per annum) and that in the context of total needs over the whole plan period this would be relatively modest.
21. I do not share this view. The shortfall is likely to arise in Coventry and would need to be met in the other authorities. Relative to the indicative OAN for these other authorities, I consider this to be a significant figure. It must also be seen in the context of the OAN of 4,004 dwellings being regarded as a minimum and potential further upward pressure on this figure. There is no substantive evidence and indeed the HMA authorities do not argue that there are constraints which prevent the OAN for the HMA overall being met in full. Under these circumstances I see no basis in the National Planning Policy Framework (NPPF) for an approach which having identified the OAN for the HMA, does not meet it in full.
22. Whilst I appreciate that the HMA authorities regard the figures as a starting point, I also have significant concerns in relation to the basis for the agreed distribution of housing. The figures for individual authorities are those from the 2013 SHMA which set out a lower overall figure for the HMA and a substantially lower figure for Coventry City. Whilst perhaps understandably the authorities have sought to continue with the figures previously agreed, it is not necessarily the case that they remain appropriate in the light of evidence provided by the 2014 SHMA Addendum. The figures for individual authorities were not originally derived on the basis of accommodating unmet need from Coventry. The 2014 SHMA Addendum affected the figures for individual authorities in different ways. I am not aware of any detailed analysis which has assessed the contribution that each authority should make in the light of this updated evidence. The authorities in Warwickshire have different relationships with Coventry and it is not clear how this has been taken into account in agreeing the figures.
23. In the case of Warwick District specifically, the Council considers the OAN to be 606 dwellings per annum based on the 2014 SHMA Addendum and has agreed a figure of 720 dwellings per annum as its contribution to meeting overall needs in the HMA. On the face of it this would make a contribution of some 114 dwellings per annum towards unmet needs from elsewhere within the HMA.

Other than the fact that this was a previously agreed figure, I see no basis however to suggest that this is necessarily the appropriate contribution to unmet needs, relative to other authorities.

24. Therefore we have a situation where the agreement between the HMA authorities would leave what I consider to be a significant shortfall of unmet need. This is in the context of what is clearly regarded as a minimum figure for OAN. In addition there is insufficient justification for the specific contribution to unmet need proposed from Warwick District.
25. It is not the case that the Local Plan should necessarily accommodate all of the residual unmet need from the rest of the HMA. However, the Council has submitted a plan in the absence of a clear strategy to meet the OAN for the HMA in full.
26. I consider therefore that in relation to overall housing provision, the Local Plan is not positively prepared, justified, effective or consistent with national policy. It is not sound.
27. I have taken account of the arguments put forward by the Council and the other HMA authorities in terms of the merits of having an adopted plan in place as soon as possible and the scope to deal with issues of unmet need through a review of the Local Plan. I note examples from other examinations where Inspectors have taken this view. Of course the circumstances relating to each examination vary and there are other examples, such as Aylesbury Vale, where Inspectors have not accepted that a review mechanism is appropriate. In this case, there is clear and up to date evidence regarding OAN, produced jointly by all of the authorities concerned. There has also been the opportunity to consider the evidence on OAN and put forward a strategy to meet it in full. There is clear evidence that there are likely to be substantial unmet needs from Coventry City and a good indication at least of the scale of these unmet needs.
28. Whilst there are clearly benefits in having an adopted Local Plan in place as soon as possible, this cannot be at the expense of having a sound plan which effectively deals with key strategic matters. Realistically, even if the examination were to progress to further hearing sessions, the earliest the Local Plan could be adopted is likely to be late 2015 or early 2016. I deal with housing supply below but if further work were to be undertaken in this respect, it is likely to add further to the timescale for adoption. Joint working between the HMA authorities is already underway and further work planned to an agreed timetable. With renewed impetus, it seems to me that the evidence base and agreement between authorities could be in place to put forward a plan which effectively deals with the issue of housing provision within the next year or two.

Soundness - the supply and delivery of housing land

29. In considering this matter I have taken account of the information set out in the Council's written statement for the hearing session, discussions on the day, the notes subsequently provided by the Council in relation to the housing trajectory (EXAM 19) and the windfall allowance (EXAM 20) and further clarification dated 22nd May 2015 in response to my questions. I am grateful to the Council for the clarification provided and appreciate the willingness to address specific concerns

raised in a pragmatic fashion. I take the Council's position in respect of a windfall allowance and the supply and delivery of housing land generally to be that set out in the post-hearing notes as further updated by the response to my questions.

30. Notwithstanding my concerns regarding the overall provision for housing in the Local Plan, I have considered the approach towards the supply and delivery of housing land in the context of the Council's view that there is a requirement for 720 dwellings per annum between 2011 and 2029 (12,960 dwellings in total). Updated Table 3.8 (in the response to my questions) summarises the Council's position in terms of housing supply. This indicates a total supply of 12,711 dwellings, some 249 short of the requirement. Even on the basis of the Council's own assessment, the Local Plan will not deliver the housing requirement.
31. The merits of individual site allocations and the assumptions about delivery have not been subject to detailed scrutiny at this stage in the examination. Nor has there been detailed scrutiny of individual sites with planning permission. However, for the purposes of reaching conclusions on the initial matters and issues and subject to the caveat that further scrutiny may well have lead to a different conclusion, I am prepared to accept the Council's position with regard to the supply and timing of delivery from these sources. Likewise, I am prepared to accept the Council's view of potential supply and timing of delivery from the consolidation of existing employment areas and canal-side regeneration.
32. My key concern is with the allowance for windfall sites. I note that the Council has now incorporated potential supply from SHLAA sites (300 dwellings in total) into this category. The Council's latest position is that windfalls would contribute 53 dwellings in 2015/16, 123 dwellings in 2016/17 and 175 dwellings each year from 2017/18 onwards (2,276 dwellings in total over the remaining 14 years of the plan period to 2029). This would equate to approximately 19% of the residual dwelling requirement as of 2015/16. I appreciate that windfalls have consistently played a substantial part in housing supply in the District and I accept that they are likely to continue to come forward in reasonably significant numbers. Given the nature of the District, past trends and the scope of the SHLAA, I am satisfied that the specific estimates (set out in EXAM 20) for annual average windfall completions from rural sites, conversions and changes of use and urban sites of less than 5 dwellings are reasonable.
33. The SHLAA includes urban area sites for 5 or more dwellings. It was published relatively recently (May 2014) and the site identification process appears to have been carried out robustly and comprehensively. The Council estimates capacity from such sites (excluding those large enough to allocate) as 316 dwellings of which it considers 300 could be expected to be delivered in the plan period. This leaves a significant allowance (in the order of at least 900 dwellings) for as yet unidentified urban area sites of 5 or more dwellings.
34. The Council has a reasonably up to date SHLAA which sought to identify such sites and has had the opportunity to allocate sites in the emerging Local Plan. Whilst additional urban area sites for 5 or more dwellings are likely to continue to come forward, I see insufficient basis to suggest that this will be on the scale

anticipated with any degree of certainty. Previously (see H005 and the Council's written statement for the hearing session) the Council had not included an allowance for completions from urban area sites for 5 or more dwellings up to 2019, in recognition of the overlap with specific sites identified in the SHLAA. Whilst this category has now been merged in the Council's latest assessment, I see no basis for including an allowance for unidentified urban area sites for 5 or more dwellings in addition to specific SHLAA sites in this period.

35. I note that you accept that the Council's trajectory set out in EXAM 20 included double counting with the anticipated completions in 2015/16 and 2016/17 from sites already with planning permission.
36. In the terms set out in Paragraph 48 of the NPPF, I do not consider that there is compelling evidence that windfall sites will continue to provide a reliable source of supply on the scale envisaged. I find therefore that the overall windfall allowance is not justified or realistic.
37. Solely on the basis of the Council's own estimates there would be a shortfall in provision of some 249 dwellings over the plan period compared to the requirement. Even this relies on a windfall allowance which I consider to be unjustified. It also provides no flexibility should site allocations not come forward as expected. I consider that the supply of housing land for the plan period as a whole would fall short of that necessary to meet requirements and provide even a modest level of flexibility by several hundred dwellings.
38. Actual completions since 2011 have totalled 1,180 dwellings (up to 28/2/15). I accept that an allowance can reasonably be made for the net effect of additional care home bedspaces and that on this basis completions since 2011 can be regarded as 1,265 dwellings. Compared with an annual requirement of 720, there has been a shortfall in delivery of 1,615 dwellings in the first four years of the plan period.
39. I accept that previous constraint policies (applied between 2005 and 2009) and wider economic conditions from 2007 onwards are likely to have had an effect on the level of housing completions in the District. I also acknowledge that completions each year between 2001 and 2006 exceeded regional strategy requirements, although this was clearly in the context of more buoyant economic circumstances.
40. However, completions in each of the first four years of the plan period since 2011 have been very significantly below the annual requirement. As noted above, giving a shortfall of 1,615 dwellings already. There has been under delivery in each of the last six years and in seven out of the last ten years. Since 2005 there has been an overall shortfall of some 1,700 dwellings. Despite higher levels of completions between 2001 and 2006, there has been an overall shortfall of approximately 500 dwellings between 2001 and 2015. Warwick District had a separate housing target from Coventry City during this period and it is this against which performance should be judged. On the basis of the above I consider that there has been persistent under delivery of housing.

41. In terms of a five year supply of housing sites, a buffer of 20% should be applied therefore. This buffer should be applied once the shortfall from the plan period so far has been added to the basic requirement of 720 dwellings per annum.
42. In light of the above I consider the five year requirement as of 1/4/15 to be 6,258 dwellings. The Council's position (as clarified in the response to my questions) is that the five year supply at this point would total 5,968 dwellings. This includes an allowance for 701 dwellings from windfall sites which as set out above I consider to be unjustified. The Local Plan would not provide for a five year supply of housing at the outset and is not likely to until at least 2017/18.
43. I consider therefore that in relation to the supply and delivery of housing land, the Local Plan is not positively prepared, justified, effective or consistent with national policy. It is not sound.
44. I have taken account of the Inspector's report on the North Warwickshire Core Strategy and the Inspector's interim conclusions on the Stratford-on-Avon Core Strategy. There are some significant differences in circumstances compared with the Local Plan however. The Inspector's report for North Warwickshire was clearly produced in advance of the publication of the 2014 SHMA Addendum and the subsequent agreement between the HMA authorities. The specific issue of unmet need from within the HMA and in particular Coventry City was not apparent at that time. It also appears that the Inspector did not have specific concerns regarding the supply of housing land.
45. In the case of Stratford-on-Avon, the District clearly has a different relationship with other authorities compared with Warwick District. Much of the focus of the Inspector's interim conclusions relates to the relationship with Greater Birmingham, where the situation regarding unmet need is still to be clarified, rather than Coventry. In Stratford-on-Avon the Core Strategy is to be followed by a separate site allocations document which provides the scope for reserve sites to provide additional flexibility and respond to evidence of unmet needs elsewhere. Again it appears that the Inspector does not have the same concerns regarding the supply of housing land.

Overall findings

46. I am satisfied that the Council has complied with the duty to co-operate, however I consider that the Local Plan is not sound in terms of overall housing provision and the supply and delivery of housing land.
47. As set out above, whilst I recognise the benefits of having an adopted Local Plan in place as soon as possible, this cannot be at the expense of having a sound plan. Adopting a plan with a commitment to a review mechanism would not resolve the key strategic matter of housing provision and as explained above is in reality unlikely to bring significant benefit in terms of timescales for adoption. In any case, it would not address the serious concerns relating to housing supply.
48. I have considered the potential to address the issues of soundness through a suspension of the examination. There is significant work still to be undertaken

jointly with the other HMA authorities in terms of assessing the capacity to accommodate housing, Green Belt, and agreeing a distribution of the OAN for the HMA in full. The timetable for this would put it well beyond a reasonable period of suspension. It may also result in a significantly different approach to accommodating housing development in Warwick District. In order to address the serious issues with housing supply both for a five year period and the plan period as a whole, additional housing land on a significant scale would need to be identified. This is likely to take considerable time given that options would need to be properly considered and assessed. It is also likely to require a review of the spatial strategy and potentially the approach to the Green Belt. The Council acknowledges this in EXAM 20 in respect of the implications of seeking to identify broad locations for growth or significant additional site allocations.

49. Taking all of these factors into account, I do not consider that a suspension of the examination is appropriate in this case, it would take too long, is likely to result in a plan substantially different from that submitted and in any event is unlikely to facilitate the adoption of a sound local plan in a timetable that is significantly shorter than the other options open to the Council.
50. Under the circumstances my advice to the Council is that there are realistically only two options. Firstly the Council could choose to receive my formal report. Given my findings, I will only be able to recommend non-adoption of the Local Plan. Alternatively the Council may choose to withdraw the Plan under S22 of the Planning and Compulsory Purchase Act 2004 (as amended).
51. I appreciate that you will be disappointed by my findings and will need time to consider them. However, I would be grateful if you could confirm the Council's position via the Programme Officer as soon as possible. A copy of this letter should be placed on the Council's website and made available on request.

Yours sincerely

Kevin Ward

INSPECTOR