

Michael Doody
Chairman of the Council

Council meeting: Tuesday, 13 October 2015

Notice is hereby given that an ordinary meeting of Warwick District Council will be held at the Town Hall, Royal Leamington Spa on Tuesday, 13 October 2015 at 6.05pm.

Emergency Procedure

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

Agenda

1. **Apologies for Absence**
2. **Declarations of Interest**

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct. Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

3. **The Local Plan – The Way Forward**

To consider a report from the Chief Executive.

(Pages 1 – 14 and appendices 1 - 5).



4. **Common Seal**

To authorise the affixing of the Common Seal of the Council to such deeds and documents as may be required for implementing decisions of the Council arrived at this day.



Chief Executive
Published Tuesday 5 October 2015

General Enquiries: Please contact Warwick District Council, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ.

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Enquiries about specific reports: Please contact the officers named in the reports.

Details of all the Council's committees, councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 353362 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

The agenda is also available in large print, on request, prior to the meeting by calling 01926 353362.

 Council 13th October 2015		Agenda Item No. 3
Title	The Local Plan – The Way Forward	
For further information about this report please contact	Dave Barber dave.barber@warwickdc.gov.uk 01926 456065	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	12 th August 2015 Minute number 65	
Background Papers	Submitted Local Plan (January 2015). Inspector's Letter to the District Council (June 2015); Leaders letter to Inspector (August 2015); Inspectors Letter to the Council (August 2015); Reports to CWJCEGP (6 th July 2015 and 29 th September 2015)	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	No
Not relevant at this stage.	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	1/10/15	Chris Elliott/Bill Hunt/Andy Jones
Head of Service	1/10/15	Tracy Darke
CMT	1/10/15	Chris Elliott, Bill Hunt, Andy Jones
Section 151 Officer	2/10/15	Mike Snow
Monitoring Officer	1/10/15	Andy Jones
Finance	2/10/15	Mike Snow
Portfolio Holder(s)	2/10/15	Cllr Stephen Cross
Consultation & Community Engagement		
N/A		
Final Decision?	No	

1. **Summary**

- 1.1 This report updates the Council on the letter received from the Local Plan Inspector on 28th August (**Appendix 1**) and asks the Council to endorse the Memorandum of Understanding agreed by the Coventry and Warwickshire Joint Committee for Economic Growth and Prosperity (CWJCEGP) on 29th September 2015 (**Appendix 2**). It further sets out the way forward for responding to the Inspector and undertaking the work required during the suspension period should that be agreed.

2. **Recommendations**

- 2.1 That the Local Plan Inspector's letter of 28th August as set out in **Appendix 1** is noted.
- 2.2 That the Council endorses the Coventry and Warwickshire Joint Committee for Economic Growth and Prosperity (CWJCEGP) Memorandum of Understanding relating to the planned distribution of housing shown in **Appendix 2**.
- 2.3 That the Council agrees to write to the Local Plan Inspector to request that the Examination is suspended to address the concerns he has raised (including indicating the aspects of the Plan that are likely to require modification as set out in paras 3.11 and 3.12 below).
- 2.4 That the Council delegates authority to the Head of Development Services in consultation with the Portfolio Holder for Development Services to make representations to Nuneaton and Bedworth's forthcoming Borough Plan consultation with regard to the Plan's proposed level of housing provision and other relevant matters.
- 2.5 That the timetable of work to be undertaken during the suspension period be amended as set out in **Appendix 3**.

3. **Reasons for the Recommendations**

- 3.1 **Recommendation 2.1:** Following the Council meeting on 12th August, the Leader of the Council wrote to the Local Plan Inspector to request that the Inspector agrees to suspend the Local Plan examination (instead of withdrawing the Plan) with a view to recommencing the examination in Spring 2016. The Inspector replied to the Leader of the Council on 28th August 2015. His letter is shown in **Appendix 1**. In it he indicates that "in principle a suspension of the examination may be an appropriate way forward". However at this stage he has not formally agreed to suspension and states that he will review the situation following the CWJCEGP on 29th September 2015 and once we have provided him with other information. From his letter, it can be concluded that the sub-regional agreement (Memorandum of Understanding) reached on the 29th September regarding unmet housing need arising from Coventry will be central to the decision he reaches regarding suspension or withdrawal of the Warwick Local Plan.

- 3.2 **Recommendation 2.2:** At its meeting on the 29th September 2015 the CWJCEGP considered a Memorandum of Understanding (MoU) to ensure the housing needs of the Coventry and Warwickshire Housing Market Area (the HMA) are met in full. The MoU was agreed to by the Leaders of Coventry CC, Warwick DC, Warwickshire CC, Rugby BC, North Warwickshire BC and Stratford-on-Avon DC. It was not agreed to by the Leader of Nuneaton and Bedworth BC. For Warwick District, the implication of the MoU is to increase the District's Housing Requirement from 12,860 dwellings between 2011 and 2029 (as set out in the submitted Local Plan) to 16,776 dwellings (see para 3.11 for more details).
- 3.3 The MoU provides a shared agreement that the Housing Need of the HMA is 85,540 dwellings (2011 to 2031). This compares with a minimum figure of 80,000 dwellings identified in the 2014 Joint SHMA Update. This is based on the report prepared GL Hearn on the Updated Assessment of Housing Need, August 2015. It should be noted that due to uplifts in Stratford District and North Warwickshire to balance housing with employment forecasts, the sum total of the need of the 6 City/Borough/District Council areas is 88,160 dwellings. This is set out in the MoU.
- 3.4 The recent GL Hearn report (**See Appendix 4** for a summary of this) also sets out the Objectively Assessed Need (OAN) of each of the six Councils within the HMA. It identifies an OAN of 600 dwellings per annum for Warwick District. This closely aligns with the findings of the 2014 Joint SHMA Update which identified an OAN of 606 dwellings per annum for the District. It identifies an OAN for Coventry of 2120 dwellings per annum (or 42,400 dwelling between 2011 and 2031)
- 3.5 The MoU specifically addresses the limited site capacity of Coventry City which means the City Council is unable to meet its housing need in full within the City boundary. Coventry City Council has undertaken a detailed housing capacity assessment (Strategic Housing Land Availability Assessment or SHLAA) during the summer of 2015 using a jointly agreed methodology. This focuses strongly on brownfield sites within the City (which combined with completions since 2011 provides for 17,500 dwellings) and identifies capacity from just over 7,100 dwellings on greenfield sites within the City's Green Belt. In total, the assessment indicates that the City has capacity for 24,600 dwellings. Warwick District Council officers (along with officers of all the Warwickshire districts and boroughs) have scrutinised the City Council's work on capacity and have been aided in doing so by the open book approach taken by the City Council. Officers are therefore satisfied that the City Council have undertaken a rigorous piece of work and that their findings are reasonable and robust.
- 3.6 The consequence of this is that the City has a shortfall of 17,800 dwellings between 2011 and 2031. The Duty to Cooperate requires all the Warwickshire planning authorities to work with the City to reach an effective solution to this shortfall and to act in a reasonable and constructive way. Whilst the Duty to Cooperate is not a Duty to Agree, the Inspector for WDC's Local Plan has made it clear that the submitted Local

Plan cannot progress unless and until the HMA's housing requirement is being planned for in full, including Coventry's shortfall.

- 3.7 The MoU sets out a rational and fair redistribution of the shortfall to the Warwickshire Councils. The approach set out in the MoU is based on an objective and equitable methodology that was developed by all of the Council's in the HMA. Further detail regarding this methodology is set out in the covering report to the meeting of the CWJCEGP on 29th September. This is shown in **Appendix 5**. Essentially, the agreed approach considers the functional relationship each District has with the City by looking at a two-way commuting flows and migration patterns. From this, conclusions were reached regarding the percentage of the unmet need that should be accommodated in each of the Warwickshire Districts. This methodology indicated that just over 37% of the shortfall should be accommodated in Warwick District. This amounts to 6,640 dwellings between 2011 and 2031. In total, and as a result, the District's housing requirement between 2011 and 2031 is 18,640. However, it should be remembered that the Plan Period for the submitted Local Plan is 2011 and 2029. The requirement needs to be adjusted to reflect this (see para 3.11 below).
- 3.8 As well as setting out the housing need and the proposed redistribution of the unmet need, the MoU includes a range of additional clauses to ensure consistency and enable the MoU to be reviewed in certain circumstances. This includes a commitment to for each authority to prepare a Local Plan to reflect the MoU. This is important to demonstrate ongoing commitment to a plan-led system and ensure a piecemeal approach to development is avoided.
- 3.9 Nuneaton and Bedworth Borough Council have decided that they are unable to agree the MoU at the present time. This is because they have not yet completed work on their SHLAA and so do not know the housing capacity of the Borough. Work on their SHLAA (in line with the joint methodology) is due to commence shortly and they have indicated an intention to complete by the end of November 2015. Once the work is complete, officers from all the Warwickshire authorities (including Warwick District) will closely scrutinise the methodology and findings of this work to ensure the Borough's capacity has been correctly identified and has been maximised. This will be particularly important if the initial findings indicate that Nuneaton and Bedworth do not have the capacity to meet their share of Coventry's shortfall in full.
- 3.10 It should be noted that clause 4 of the MoU allows for a review of the MoU to take place in the event that NBBC or any other Council is unable to meet its share of the shortfall because of capacity limitations.
- 3.11 **Recommendation 2.3:** The MoU has significant implications for the Local Plan. To take account of the MoU and to respond to other concerns raised by the Inspector in his initial findings the following areas are being assessed for modifications:

- **Policy DS2 Providing the homes the District needs:** this policy will need to be modified to reflect the fact that the Plan will be providing for, not just the District’s housing needs, but the additional needs of the City as well.
- **Policy DS4 Spatial Strategy:** this policy sets out the overall framework for determining the most appropriate locations for housing and other development within the District. The Policy has been tested to ensure it is still appropriate in light of the changed housing requirement (see “Strategy Check and Review” in the timetable set out in Appendix 3). In particular, officers have assessed alternative spatial strategies using both the sustainability appraisal framework and each of the clauses within the Policy. This work has demonstrated that the Spatial Strategy set out in DS4 remains the most sustainable approach and indicates that no more than minor amendments are likely to be required to the Strategy. This will continue to provide the basis for the Council bringing forward specific site proposals.

As described below (policy DS6), it will be necessary to provide an additional 3,916 dwellings to address unmet arising in Coventry. On top of that, additional sites will need to be allocated to address concerns about the windfall allowance and to provide a degree of flexibility (see policy DS7). As a result additional land for approximately 5,200 dwellings will need to be allocated. Work is ongoing to identify the specific sites to achieve this. However, in considering sites, it is important to take account of:

- a) The National Planning Policy Framework’s (NPPF) requirement to achieve sustainable development, including aiming to locate homes, services and jobs close together to reduce the need to travel
- b) The fact that the majority of the additional housing requirement arises from Coventry

These factors suggest that a reasonable starting point for identifying land for at least some of the additional allocations is to consider green belt releases in the vicinity of Coventry. Officers consider that such an approach would be entirely consistent with Policy DS4

- **Policy DS6 Housing requirement:** the submitted Plan provided for a minimum housing requirement of 12,860 (2011 to 2029). The new minimum level of housing growth will be 16,776 (2011 to 2029) - an increase of 3,916 dwellings (30% increase). The table below shows in more detail how this requirement is derived

	Warwick District Objectively Assessed Need (dwellings per annum)	Portion of Coventry’s unmet need to be meet in Warwick District (dwellings per annum)	Total annual requirement (dwellings per annum)	Total Requirement as set out in MoU (2011 to 2031)	Total Requirement for Local Plan Period (2011 to 2029)
Submitted Local Plan Jan 2015	606	108	714	14,280	12,860

MoU (September 2015)	600	332	932	18,640	16,776
Change	-6	+224	+218	+4,360	+3,916

- **Policy DS7 Meeting the housing requirement:** the submitted Plan included an allowance for 2,485 dwellings from windfall sites. The Inspector has indicated that he does not think that this level of windfalls is justified. This number will therefore need to be reduced. At present, work is still ongoing regarding a justifiable level of windfalls. However, officers estimate that (taking account of the increased housing requirement, the reduced level of contributions from windfalls and the Inspector's requirement that the Plan should provide for a level of flexibility over the requirement by several hundred dwellings), the site allocations in the Plan need to be increased by approximately 5200 dwellings. As part of this the housing trajectory (i.e the expected year by year delivery of housing) and the 5 year supply of housing will need to be reviewed including the buffer required for previous undersupply and making up the shortfall within a five year period. It will be necessary to maintain a 5 year housing land supply throughout. To achieve this, it may be necessary to consider the merits of granting planning permission for sites that are not allocated in the Local Plan.
- **Policy DS10 Broad Location of allocated housing sites:** In line with Policy DS4 and taking account of the detailed site assessment work described below (see Policy DS11), the number of dwellings to be allocated within each broad location will need to be revised.
- **Policy DS11 Allocated housing sites:** the submitted Local Plan proposes to allocate a range of sites for housing in line with the spatial strategy to meet the housing requirement of 12860 dwellings. Given that we will now need to modify the housing requirement, it follows that it will be necessary to allocate additional housing sites (to provide for approximately additional 5200 dwellings). Work is currently taking place to carry out detailed assessments of sites that could meet this need. These assessments are being carried out on the following basis:
 - Stage 1 - Identification of potential sites: potential sites have been identified by revisiting all the sites considered in the 2014 SHLAA to identify those where circumstances may have changed or where officers consider that the additional housing need may now outweigh other factors that had previously rendered sites unsuitable or constrained in terms of capacity. In addition a further call for sites is being carried out to explore whether there are any suitable sites available of which the Council is currently unaware.
 - Stage 2 – Technical and infrastructure assessment: each potential site is subject to a detailed technical assessment including factors such as access, flooding, landscape, ecology, heritage, infrastructure capacity and requirements, etc. This technical work will be undertaken either by the Council's own specialist officers or through the commissioning of appropriate work from other authorities, the County Council or consultants as necessary.

- Stage 3 – Policy compliance assessment: each site is assessed against its compliance with key aspects of the policy framework including its sustainability (as indicated in the NPPF), the Council’s spatial strategy (Policy DS4) and Green Belt (can exceptional circumstance be justified?).
- Stage 4 – Shortlist of suitable sites: using all the assessment evidence described above a shortlist of suitable sites will be identified. Taking account of the mix of scale and locations of these sites, this will be used to arrive at a final set of sites to propose to Council. This stage will involve careful consideration of overall viability, the delivery trajectory and the potential for the sites to deliver a 5 year housing land supply.
- Running throughout these assessments will be work on legally compliant sustainability appraisals so that when the modifications are published we can demonstrate that we have fully considered a range of alternative options and have arrived at reasonable conclusions regarding the sustainability of the overall strategy and the specific sites proposed for allocations.

It is not possible at this stage to indicate which sites are likely to come forward to meet the need for additional allocations. As set out in the timetable below, a further report will be brought to Council with formal recommendations for modifications upon which to consult.

- **Policy DS19 – Green Belt:** the submitted Local Plan includes this policy to ensure that details of amendments to the Green Belt boundaries are provided. It is possible that the additional housing requirement may require further green belt releases. This policy may therefore need to be modified to reflect this possible outcome.

3.12 As a result of the above work, it may be necessary to revisit some other aspects of the Development Strategy set out in section 2 of the submitted Local Plan. This reassessment could include:

- **Policy DS8 – Employment Land:** the implications of the additional housing requirement will need to be fully explained. This work will need to be done in close cooperation with Coventry City Council and other Councils in the HMA so that the approach to planning for the sub-region’s employment land requirements (to go alongside the HMA’s housing requirements) can be set out to demonstrate a strong alignment as required by para 17 of the NPPF.
- **Policy DS9 – Employment sites to be allocated:** see Policy DS8 above
- **Policy DS12 – Allocation of Land for Education:** Depending on which sites are allocated for housing and the infrastructure evidence associated with these sites, the need for additional land for education will need to be considered. However, it should be noted that some of the infrastructure assessment work will be undertaken with Coventry City Council, and it is possible that some of the education provision will be found within the City.
- **Policy DS20 - Accommodating housing need arising from outside the District:** Whilst it may not be necessary to significantly change the wording of this policy, the purpose and justification for the policy will change in light of the MoU. The “explanation” text accompanying this policy will therefore need to be reviewed.

- Aside from the policies outlined above, other aspects of the Plan are likely to require relatively minor modifications, particularly the sections on “Duty to Cooperate and Strategic Planning” and “Local Plan Objectives”.
- Officers are of the view that modifications to these policies are likely to be relatively minor and will only be required to ensure internal consistency and coherence of the Local Plan in light of the changes to the housing requirement.

3.13 Whilst the modifications outlined in paras 3.11 and 3.12 above are significant in terms of the scale of additional housing required, they do not suggest or require a substantive change to the Plan’s overall strategy. With the exception of the additional allocations required to address the Inspector’s concerns regarding the windfalls allowance, the modifications are all associated with the additional housing requirement resulting from the MoU. The modifications will seek to provide a response to the MoU that is focused and that can be contained within the existing Local Plan strategy. Officers are satisfied that the amended housing numbers can align with the Plan’s overall strategy and that this offers a positive and co-operative approach.

3.14 It is proposed that the MoU, along with the scope of the modifications and the associated programme of work as set out above, forms the basis of a further letter to the Inspector. This letter will seek to demonstrate that a period of suspension is appropriate for the Local Plan examination and that there is a reasonable prospect that the Council can put forward a focused set of modifications within the timescale set out in appendix 3 to address the concerns raised by the Inspector in his letter of the 1st June. To achieve this, the letter will need to demonstrate that:

- a) The scale of the modifications is not so substantial that the Council should withdraw the current Plan and commence a new process.
- b) The necessary work can be carried out within a reasonable timescale.

3.15 It will also be important to explain in the letter, the implications of NBBC’s decision not to agree to the MoU. At the time of preparing this report, further work needs to be carried out with NBBC to fully understand the aspects of the MoU that they do support and those aspects where there are differences. From this it is hoped that areas of common ground can be clearly identified. This will enable the letter to the Inspector to clearly set out the differences and to explain the implications for Warwick District’s Local Plan.

3.16 Recommendation 2.4: Nuneaton and Bedworth Borough Council’s Cabinet approved a report on 30th September 2015 which recommended that the “Submission Version” of their Borough Plan be consulted on prior to submission to the Secretary of State. This represents a fairly advanced stage in the plan-making process. This stage is usually reached when the Council has completed the preparatory stages and are satisfied (subject to any representation received) that the Plan is ready for Examination. Whilst the recommendation of the report to NBBC’s cabinet does not explicitly state that this consultation is taking place under Regulation 19 of the 2012 Town and Country Planning Regulations, NBBC officers have confirmed that

this is the case and that this is the version of the Plan that the Council intends to submit.

- 3.17 In Policy NB2, the Borough Plan sets out proposals to provide for 10,040 dwellings between 2011 and 2031. Whilst this aligns with Nuneaton and Bedworth's local housing need, it makes no provision at all for the shortfall arising from Coventry. Paragraph 5.8 of the Plan provides some further explanation as follows:
"The NPPF requires the housing needs of the housing market area to be met in full. Coventry City Council has stated that they are unlikely to be able to meet the objectively assessed need for the city within their boundaries and so some redistribution within the HMA is likely to ensure housing needs are met. At the time of writing it is unclear what the total capacity of Nuneaton and Bedworth is to accommodate additional housing from Coventry and so work is on-going to update the Council's SHLAA using an agreed sub- regional methodology. The findings of this work may lead to the allocation of additional land to assist in meeting the needs of the Coventry and Warwickshire HMA. This will be the subject of a further round of focused consultation, if required."
- 3.18 Whilst this position is understood, it is considered premature to be consulting on a Submission Draft (under regulation 19) before work on the evidence base is complete and which will render this part of the Plan unsound. It is therefore necessary to object to Nuneaton and Bedworth's draft Borough Plan to ensure Warwick District Council can continue to underline the importance of having full regard to the housing need of the Housing Market Area and to ensure that NBBC's SHLAA work is carried out thoroughly and is subject to close analysis from this Council. In this way this Council can make representations to ensure that the capacity of Nuneaton and Bedworth is understood and fully utilised before any further redistribution is considered.
- 3.19 On this basis, this recommendation seeks to delegate the responsibility for agreeing representations to NBBC's Borough Plan to the Head of Development Services in consultation with the Portfolio Holder for Development Services. Further, it is suggested that their remit be extended to make representations in relation to other aspects of the Borough Plan, as they see fit.
- 3.20 **Recommendation 2.5:** In the letter that the Leader of the Council sent to the Inspector on 13th August, the Council outlined a programme and timetable which sought to address the Inspector's concerns by March 2016, enabling the examination process to recommence. The Inspector's response (letter of 28th August) expressed *"doubts regarding the realism of the timetable"*. Specifically he says *"I am also concerned that the process of identifying sites and potentially also broad locations for growth could well take longer than envisaged given the need to fully consider options and appraise them and the potential need for close working with neighbouring authorities for instance in relation to infrastructure provision"*.

3.21 His points have been noted, particularly with regard to the potential complexities surrounding infrastructure planning. As a result, officers have since been working up further detail regarding the required work and have reviewed the timetable. The outcomes from this are shown in **Appendix 3**. This revised timetable takes note of the Inspector's doubts and the fact that some of the work surrounding infrastructure planning is likely to be beyond the Council's direct control. The revised timetable therefore indicates that the Council's proposed modifications will be submitted to the Inspector in May 2016.

4. **Policy Framework**

- 4.1 **Submitted Local Plan** – The report seeks to ensure the successful progression of the submitted Local Plan through examination to adoption.
- 4.2 **Fit for the Future** – The Local Plan will need to align with and help deliver the Sustainable Community Strategy (SCS) and the Council's Fit for the Future programme where appropriate. It will also need to align with our partners documents, such as the Warwickshire Local Transport Plan.
- 4.3 **Impact Assessments** – During the preparation of the Local Plan an Equalities Impact Assessment has been undertaken. This looked at a wide range of potential impacts and concluded that three areas needed to be focussed on in addressing potential negative impacts: consultation; housing mix/affordable housing; and Gypsies and Travellers. The preparation of the Plan has addressed these three issues, with further extensive consultations in line with the Statement of Community Involvement; a clear and strong approach to affordable housing (see policy H2) and housing mix (see Policies H4, H5 and H6); and ongoing work to identify suitable site for provide for the accommodation needs of Gypsies and Travellers (see policies H7 and H8).

5. **Budgetary Framework**

- 5.1 At its meeting on 28th January 2015, the Executive approved a budget of £120,000 to be set aside from the Planning Appeals Reserves to support the Local Plan Examination. In the main this budget was to support the costs of the Inspector and the Programme Officer. In the event that the Inspector agrees to the suspension of the examination, this budget will still be required to support the completion of the examination, potentially along with the additional costs of £30,000 agreed by Council at the meeting of 12th August.
- 5.2 In the event that the Plan is withdrawn (either through a decision of the Council or because the Inspector adheres to his previous view that the Plan should be withdrawn), the additional costs are expected to be higher as it is probable that aspects of the evidence base will need to be updated to inform the preparation of fresh plan proposals. Although it is not currently known what the financial implications of withdrawal would be, it is estimated that the costs would be in excess £50,000.

6. Risks

- 6.1 Section 7 of the report to Council on 12th August set out in some detail the risks associated with both withdrawing the Local Plan and a period of suspension. These risks remain valid.
- 6.2 It is particularly important to emphasise that there remain some real risks associated with pursuing a period of suspension:
- Limiting the range of site options that can be considered: whilst the work carried out to date indicates that the strategy of the submitted Local Plan continues to be justified and reasonable, it does inevitably limit the Council's ability to progress sites that align with other (less sustainable) strategic spatial options such as dispersal or a new settlement. This will inevitably limit that the range of site options that officers are able to put to members to meet the need for additional allocations. There is therefore a fine line to be trodden between providing sufficient sites to meet the new housing requirement at the same time as avoiding substantial changes to the Plan's strategy.
 - Satisfying the Inspector that the MoU is robust: the Inspector has indicated in his letter of 28th August the "much relies on the outcome of the joint working". The MoU provides concrete evidence of that joint working. However there remains a risk that the Inspector will be unconvinced by the ability of the MoU to ensure the HMA's housing requirement is met in full, particularly in light of Nuneaton and Bedworth's decision not to agree to the MoU at this stage.
 - Satisfying the Inspector that the proposed modifications do not represent a substantial change to the Plan's strategy: this has been discussed in paragraphs 3.13 to 3.15 above. Whilst steps are being taken to address this risk, the Inspector has made it clear in his letter that he is concerned about the extent of change with regard to the scale and distribution of housing, particularly given the significant proportion of the district covered by green belt and there remains a significant risk that the Inspector will still require the Plan to be withdrawn for this reason.
 - Satisfying the Inspector that the timeline set out in **Appendix 3** can be achieved and that the period of suspension will not be unduly long: this has been discussed in paras 3.20 to 3.21 above. Whilst the timeline in **Appendix 3** seeks to address the Inspector's concerns, there remains a significant risk that the Inspector will still require the Plan to be withdrawn for this reason. Further this risk would increase significantly if any of the key staff involved in delivering the programme of work are absent for a protracted period of time. It should be noted, that there is a particular pinch-point in the timetable during December and January when the Christmas period will coincide with a period when work will need to be completed on site assessments, infrastructure, the housing trajectory and other associated modifications to the Plan, so that a report can be prepared and presented to the Council by the end of January. To mitigate this risk officers are carrying out a detailed resource assessment, including contingency options.
 - Housing Trajectory and 5 year Land Supply: there is a risk that the evidence arising from the trajectory of housing delivery (based on the

timing of delivery for each site) will not deliver a 5 year housing land supply on adoption of the Plan, particularly given the significant increase in the housing requirement. As a result the Inspector could find the Plan unsound.

- Finally, there remains a risk that the Inspector will agree to a period of suspension, but subsequently will still find the Plan unsound. If the inspector does agree to a suspension, this in no way indicates that he thinks the emerging proposals are necessarily sound. Clearly such an outcome would lead to a substantial additional delay.

6.3 In reaching a balanced decision on the way forward, the risks outlined above need to be offset against the risks associated with a more substantial delay, as is likely, in the event that the Plan is withdrawn. Paragraph 7.2 below provides a reminder of some of these risks.

7. Alternative Option(s) considered

7.1 **Recommendation 1:** No alternatives

7.2 **Recommendation 2:** the Council could decide not to endorse the MoU. Although the MoU results in a substantial additional housing requirement for the District, this is not recommended for the following reasons:

- Duty to Cooperate is both a legal requirement and an important element in developing a sound plan. If the Council chooses not to endorse the MoU it will be hard to demonstrate that the Duty has been complied with. It will also make it impossible to progress towards a sound Plan as we will not be able to demonstrate that the HMA's housing requirement is being met in full nor that Warwick District is playing its part in this. The consequence would be that the Inspector asks the Council to withdraw the Plan.
- Failure to endorse the MoU will have consequences for the progression of all the Local Plans within the HMA which in turn will undermine the potential for the sub-region to grow and prosper
- Failure to endorse the MoU will inevitably lead to a delay in a progressing the Local Plan. This would result in significant risks that have been set out in the report to Council on 12th August as follows:
 - **Delay in delivering Local Plan Housing Sites:** Any Local Plan housing sites in the Green Belt cannot be brought forward until the Plan is adopted. Withdrawal of the Plan will therefore hold up the delivery of all housing sites within the Green Belt including at Kenilworth and Lillington. This undermines the Council's ambitions to boost housing supply in line with the NPPF but will also mean that the community benefits that these developments are intended to bring will be delayed.
 - **Consequences for the sub-regional and other employment sites:** The proposed sub-regional employment site is currently within the Green Belt, this cannot be progressed until the Plan is adopted. This is likely to have implications for the supply of readily available large-scale employment land within the sub-region. Such delay will clearly hinder the recovery of the local economy slowing the growth of businesses and jobs and undermine the sub-region's Strategic Economic Plan. The same is true for the development of the University of Warwick campus,

for Stoneleigh Park and for the proposed employment land at Stratford Road, Warwick.

- **Applications for development on unwanted sites:** Whilst the Council does not have a Local Plan in place there is a risk that applications for development on non-Green Belt sites which fall outside our spatial strategy, will receive planning permission through appeals. This is particularly the case when there is not a 5 year supply of housing land, something which can best be remedied in a controlled way through the adoption of the Local Plan. This may have particular implications for the Asps appeal (900 houses) and the Gallows Hill appeal south of Warwick (450 houses).
- **Outdated Plan Policies:** The policies in the emerging Local Plan (for instance those covering retail, economy, flooding, healthy communities, housing etc.) cannot be given weight in the event that the Plan is withdrawn. This would mean that decisions on a whole range of planning applications would have to be based on policies in the extant Local Plan that are long in the tooth or on national policy that does not reflect local circumstances and issues in Warwick District.
- **Infrastructure Delivery:** The delivery and funding of Infrastructure will be more difficult to achieve for two reasons. Firstly, the Council will be at risk from applications on unallocated sites for which infrastructure requirements have not been fully assessed and planned, making it harder to identify and justify developer contributions. Secondly, a delay to the Local Plan adoption will also delay the Council's ability to adopt a Community Infrastructure Levy (CIL) Scheme. This will increase the risk that Section 106 contributions cannot be justified for all infrastructure requirements due to "pooling restrictions".
- **Government Intervention:** Although specific details have yet to emerge, the Government has announced that if Plans have not progressed by early 2017 then it may intervene (see paragraph 7.1.6) and "*arrange for the plan to be written, in consultation with local people, to accelerate production of a local plan*" which can also be taken to mean that development and its location will be imposed on the District irrespective of the Council's views.

7.3 **Recommendation 3:** The Council could choose to withdraw the submitted Local Plan and commence work on a new Local Plan. This would be a reasonable option to take and would provide opportunities to fully explore alternative options for distributing the District's housing requirement. However it would potentially lead to a substantial delay in achieving an adopted Plan with the resulting consequences set out in paragraph 7.2 above. For this reason, officers consider that the balance of argument weigh in favour of continuing to pursue a period of suspension.

7.4 **Recommendation 4:** The Council could decide not to object to Nuneaton and Bedworth's Borough Plan. However in the event that NBBC then submitted their Plan, this would limit this Council's options for participating in the Examination and for influencing their Inspector. Equally importantly this would mean a missed opportunity to influence NBBC itself before the Plan is submitted.

- 7.5 A further alternative would be to seek approval from Executive for any representations. Whilst this would be possible, this would appear to be an unnecessary administrative step and in view of the fact the NBBC's consultation period is likely to be 6 weeks, there is a risk that the Committee Timetable would not allow this.
- 7.6 **Recommendation 5:** One alternative would be to adhere rigidly to the timetable agreed by Council on 12th August. However, the Inspector has indicated some doubts regarding this timetable and, in particular the point he raises with regard to infrastructure is important. It is therefore suggested that including some contingency within the timetable is prudent and provides a more realistic approach. This reduces the risk that the Council will fail to meet the published timetable, which would have consequences for the whole examination process and would undermine the Inspector's need to plan ahead as well as raising doubts for the Inspector regarding the Council's ability to deliver other aspects of the Plan. A second alternative would be to set out a substantially extended timetable. This would have the advantage of reducing the risk that the timetable will not be achieved. However, at best, it would result in a longer than necessary delay to the Plan and potentially it could raise doubts for the Inspector about the length of the suspension and would therefore increase the risk that the Inspector would recommend that the Plan is withdrawn.



CLlr Andrew Mobbs
Leader of Warwick District Council

Our Ref:

PINS/T3725/429/5

Date:

28 August 2015

Dear Councillor Mobbs,

Examination of the Warwick District Local Plan: request for suspension of the examination

1. Thank you for your letter of 13 August 2015 in which you request a suspension of the examination. I appreciate the Council's willingness to seek to address the issues raised in my letter of 1 June 2015 in a constructive and pragmatic manner.
2. I note the discussions that have taken place with the other Coventry and Warwickshire authorities and that additional joint working is underway. As I understand it the intention is to undertake further work on the Objectively Assessed Need (OAN) for housing, complete capacity assessments and reach agreement on the distribution of housing provision to meet the identified needs for the Housing Market Area (HMA) in full, including any unmet needs from particular authorities. I note that a new Memorandum of Understanding will be recommended to the Shadow Economic Prosperity Board on 29 September 2015. This is a welcome development and brings forward the timescale for this process considerably compared with that presented to me at the initial hearings. My understanding is that the intention is for identified housing needs to be met in full through this round of plan making; again this is a welcome development.
3. Subject to the outcome of this joint working, you indicate a willingness to consider an increased housing requirement to accommodate a proportion of unmet needs from Coventry and to put forward additional site allocations or broad locations for growth, along with modifications to Policy DS20. I also note the intention to put forward additional site allocations to address my concerns over the reliance on windfall sites and the need to provide for an adequate housing land supply with a degree of flexibility.
4. You request a suspension of the examination until March 2016 to allow necessary work and consultation to be undertaken. However, much relies on the outcome of joint working currently underway and the meeting of the Shadow Economic Prosperity Board planned for 29 September 2015. In advance of this, it is not yet clear that there will be a strategy to meet the

housing needs of the HMA in full within this round of plan making. The level of housing provision required in Warwick District to achieve such a strategy is also not yet clear. The latter point has obvious implications for the amount of additional housing site allocations that may be required.

5. Whilst noting your views on the matter, I remain concerned over the potential extent of change to the submitted plan in terms of the scale and distribution of additional site allocations, particularly given the significant proportion of the District covered by Green Belt. I am also concerned that the process of identifying sites and potentially also broad locations for growth could well take longer than envisaged given the need to fully consider options and appraise them and the potential need for close working with neighbouring authorities for instance in relation to infrastructure provision. Full public consultation on potential additional sites would be necessary and experience elsewhere shows that this is likely to generate considerable interest from local communities and the promoters of alternative sites.
6. The Council itself highlighted concerns over the likely impact of identifying significant additional site allocations and broad locations for growth immediately following the initial hearings (para. 20 of EXAM 20).
7. I have reconsidered the option of suspending the examination in light of the proposals put forward in your letter and the further co-operation that has taken place between authorities since the initial hearings, in particular the revised timescale to identify and fully address housing needs in the HMA. I consider that in principle a suspension of the examination may be an appropriate way forward.
8. However, as set out above, at this point in time there is uncertainty as to the outcome of joint working, the scale of additional site allocations that would be required and how they would be brought forward. I remain concerned over the extent of change to the submitted plan and have some doubts regarding the realism of the timescale to bring forward and appraise site allocations and broad locations for growth.
9. It seems to me that a key stage in the process will be the outcome of the meeting of the Shadow Economic Prosperity Board on 29 September 2015. Hopefully this, along with other information you intend to provide, will help to clarify matters, particularly the scale of additional allocations required and the approach to identifying them. I will therefore review the situation following the outcome of that meeting and once the Council has provided me with the information referred to in your letter. It would be helpful if the Council could also provide further clarification at that stage in terms of how it intends to identify additional housing land i.e. through site allocations or broad locations and the process involved. In the meantime I can confirm that the examination process will be held in abeyance.

Yours sincerely

Kevin Ward

INSPECTOR



Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area (HMA)

PARTIES TO THE MEMORANDUM

The Memorandum is agreed by the following Councils:

- Coventry City Council
- North Warwickshire Borough Council
- Nuneaton & Bedworth Borough Council
- Rugby Borough Council
- Warwick District Council
- Stratford-on-Avon District Council
- Warwickshire CC

PURPOSE

This memorandum of understanding seeks to ensure that the housing needs of the C&W HMA are met in full.

This memorandum of understanding establishes a framework for co-operation between the constituent authorities with respect to the delivery of housing across the Coventry and Warwickshire HMA. It is framed within the Localism Act 2011 and the duty to cooperate set out in Section 110. This sets out the way in which the Councils will consult one another and work together on matters which affect more than one local authority area.

There is clear evidence that Coventry City Council is unable to meet its full objectively assessed housing needs within the city boundary and thus is unable to meet the requirements of paragraph 47 of the NPPF. It is agreed that for plan making purposes there is a primary housing market area comprising Coventry and the whole of Warwickshire. As a result the City Council and the five Borough/District Councils within Warwickshire have collaborated to assess the full housing needs of the market area and to establish realistic assumptions about the availability, suitability and viability of land to meet that need, in accordance with paragraphs 159 and 160 of the NPPF.

The focus of this memorandum is to ensure that housing needs arising from the growth of the city's population but not capable of being met within Coventry itself will be met within the HMA as a whole. Each local authority will make best endeavours to deliver the housing as set out in this MoU.

POINTS OF AGREEMENT

The Memorandum has the following broad objective:

The Warwickshire authorities accept that Coventry City Council is unable to accommodate its full housing need. Each Council will therefore cooperate to establish a revised distribution of housing which ensures that the overall needs across the housing market area will be met.

To achieve this objective, it is agreed that:

1. The OAN for the HMA is 85,540 (2011-2031).
2. The table below contains the OAN of each authority within it.

	Average annualised total	Total OAN* (2011-2031)
Coventry	2,120	42,400
North Warwickshire	237	4,740
Nuneaton & Bedworth	502	10,040
Rugby	480	9,600
Stratford-on-Avon	659	13,180
Warwick	600	12,000

Source: Updated assessment of housing need for the C&W HMA, September 2015.

**OAN for NWBC and SDC contains need external to the HMA (2,620 gross dwellings). There is also an element of economic uplift in SDC, NWBC and NBBC which will support redistribution of housing from Coventry (3,800 gross dwellings).*

3. As of September 2015, the table below reflects an appropriate and robust distribution of housing across Coventry and Warwickshire

	TOTAL (2011-2031)
COVENTRY	Minimum of 24600 *
NORTH WARWICKSHIRE	5280
NUNEATON AND BEDWORTH	14060
RUGBY	12400
STRATFORD-ON-AVON	13180
WARWICK	18640
TOTALS	88160

* Should Coventry’s capacity increase then the number redistributed to Warwickshire authorities will be considered against the methodology underpinning this report.

4. In the event that, as a result of the completion of Strategic Housing Land Availability Assessment’s (to the agreed C&W methodology) it is shown that

the distribution in the Table above cannot be delivered, this MOU will be reviewed so that the overall housing requirement is met within the HMA.

5. In the event that, as a result of co-operation with a local authority outside the housing market area, additional development is to be accommodated within the CWHMA at a level that materially affects the distribution set out in this document, the MoU will be reviewed.
6. Each local planning authority will prepare a Local Plan that reflects the agreed distribution.
7. Each local authority will ensure the most efficient use of land is promoted when delivering housing sites across their area. In doing so density assumptions should be appropriate, justified and deliverable.
8. The plan making process will ultimately establish the capacity of each area and quantities of housing that can be delivered. Through the plan making process, the Councils will continue to monitor the capacity of the HMA and in particular any authority that is unable to meet its OAN or redistributed housing requirement. In this instance, the Councils will seek to maximise the quantity of housing delivered in these authorities.
9. Each local authority is committed to ongoing cooperation and engagement by both officers and members in relation to delivery of housing for the C&W HMA.

LIMITATIONS

For the avoidance of doubt, this Memorandum shall not fetter the discretion of any of the Councils in the determination of any planning application, or in the exercise of any of their statutory powers and duties, or in their response to consultations, and is not intended to be legally binding but shows clear commitment and intent to meeting the full housing needs of the market area.

LIAISON

Member level representatives of the Local Authorities through the Shadow Economic Prosperity Board (EPB) will meet as a minimum yearly or more frequently when appropriate, in order to;

- Maintain and update the memorandum, as necessary.
- Monitor the preparation of Local Plans across the six authorities and discuss strategic issues emerging from them

TIMESCALE

The Memorandum of Understanding is intended to run up to 2031 to align with the timescale of the evidence.

MONITORING

Annual monitoring will be carried out to ensure that housing delivery is maintained throughout the HMA. This will be overseen by the C&W monitoring group which will agree monitoring targets to include permissions, completions and densities. However, due to fluctuations in the market and sites coming on stream a review trigger will come into force if there is a persistent under delivery of housing (against the HMA annualised target) over a consecutive 3 year period.

REVIEW

The document will be reviewed no less than every three years but will be reviewed when new evidence, that renders this MOU out of date, emerges

**Signed on behalf of Coventry City Council
Councillor Ann Lucas**

**Signed on behalf of Warwick District Council
Councillor Andrew Mobbs**

Date:

Date:

**Signed on behalf of North Warwickshire Borough Council
Councillor David Humphreys**

**Signed on behalf of Stratford-on-Avon District Council
Councillor Chris Saint**

Date:

Date:

**Signed on behalf of Nuneaton & Bedworth Borough Council
Councillor Dennis Harvey**

Date:

**Signed on behalf of Warwickshire County Council
Councillor Isobel Seccombe**

Date:

**Signed on behalf of Rugby Borough Council
Councillor Michael Stokes**

Date:

Updated Assessment of Housing Need: Coventry-Warwickshire HMA

Executive Summary

September 2015

Prepared by

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1 EXECUTIVE SUMMARY

- 1.1 This report provides an updated assessment of the need for housing in the Coventry and Warwickshire Housing Market Area (HMA). It includes a review of existing evidence, and updated assessment of housing need – taking account of the latest evidence including official 2012-based Population and Household Projections, 2013 and 2014 Mid-Year Population Estimates (MYEs), and up-to-date evidence regarding economic growth potential. The report draws this together, using the approach set out in Planning Practice Guidance, to identify the objectively assessed need for housing in the HMA and its consistent authorities.
- 1.2 The 2012-based Household Projections are the ‘starting point’ for considering housing need, following the approach in the PPG. These are based on projecting forward past demographic trends. They show a need for 4,200 homes per year across the HMA between 2011-31. This takes account of 2013 and 2014 MYEs.
- 1.3 A sensitivity analysis is provided setting out that population growth could be from -13% to +20% either side of the core SNPP population projections. Growth at either of these extremes is unlikely, however the analysis demonstrates the potential for a larger error margin associated with projections for Coventry.
- 1.4 The report then assesses economic growth potential, and considers whether this might result in a higher overall need for housing or point towards an alternative distribution of housing provision within the HMA. Three economic forecasts are considered, together with other evidence.
- 1.5 The report concludes that it would be reasonable to plan for 0.7% growth in employment per annum across the HMA over the period to 2031. This would require between 3,600 -3,800 homes per year (2011-31), depending on the distribution of employment growth.
- 1.6 Evidence of economic growth potential in each of the constituent local authorities is considered, and conclusions drawn on the potential scale of employment growth which might be expected, leaving aside supply-side factors. The analysis suggests 3,730 homes per year would be needed. It suggests a need to consider higher potential housing provision in Nuneaton and Bedworth, North Warwickshire and Stratford-on-Avon. For these authorities trend-based population projections see lower overall levels of population growth, supporting limited workforce growth. The report considers that higher levels of migration to these areas might be expected in the future, relative to past trends.
- 1.7 GL Hearn considers that where an authority is meeting unmet needs from another, this will support population and workforce growth within the receiving authority’s area. On this basis it is important not to double count unmet needs and provision to meet economic growth.

1.8 The report has considered market signals, and if there is a case for adjusting housing provision to improve affordability. The evidence points to market conditions in the HMA which are very much “average” relative to the national position. Affordability is similar to the national average. The average house price is below the national average, as is the average rental cost. The evidence does however show that affordability declined over the decade to 2007. It suggests a relationship between this and household formation amongst younger households.

1.9 The report includes an updated assessment of the need for affordable housing, following the approach set out in the Planning Practice Guidance. Overall a net need for affordable housing of 1,462 per annum is identified. This represents the level of housing provision which would be needed if all households who required some form of financial support were to be allocated an affordable home.

1.10 The table below sets out the demographic-based need, affordable housing need and housing need necessary to support economic growth for each local authority. It compares the affordable need with those derived from the demographic projections.

Table 1: Affordable Need relative to Demographic- and Economic-led Projections

Housing Need per Annum, 2011-31	Annual Affordable Need	2012-based SNPP	Affordable as % SNPP	Economic-led Need	Affordable as % Economic-led Need
Coventry	600	2,099	29%	1,350	44%
North Warwickshire	92	163	56%	210	44%
Nuneaton & Bedworth	85	423	20%	496	17%
Rugby	171	464	37%	425	40%
Stratford-on-Avon	233	449	52%	650	36%
Warwick	280	600	47%	600	47%
Coventry/Warwickshire	1,462	4,197	35%	3,731	39%

1.11 Taking account of the evidence of affordable housing need and the market signals analysis, there is some basis for considering the case for adjustments to the overall housing need in order to improve affordability. The report considers that the net impact of an improvement in affordability on overall housing need would be to enhance household formation amongst younger households in their 20s and 30s. The report identifies that an additional 75 homes per year would be sufficient to support this.

1.12 The evidence is drawn together to provide conclusions on housing need for the HMA, and consistent authorities. The need is built up using the following approach:

- The demographic-based need forms the starting point; plus
- Adjustments where appropriate to support economic growth (more people); and
- Adjustments where appropriate to improve affordability (higher household formation).

Table 2: Conclusions on Objectively-Assessed Housing Need, Homes per Annum 2011-31

	Demographic-based Need	Supporting Economic Growth	Improving Affordability	Total
Coventry	2,099	0	21	2,120
North Warwickshire	163	47	27	237
Nuneaton & Bedworth	423	73	6	502
Rugby	464	0	16	480
Stratford-on-Avon	449	201	9	659
Warwick	600	0	0	600
Coventry/Warwickshire	4,197	-	75	4,272

- 1.13 The OAN conclusions are for C3 dwellings. This does not include provision for C2 accommodation for older persons, not student bedspaces such as within halls of residence.
- 1.14 OAN figures do not represent plan targets. They represent a starting point for considering housing provision within local plans. It is for the plan-making process to overlay issues related to land availability, development constraints and infrastructure; and to consider other policy factors. The figures set out however provide an important starting point for plan-making, following national policy.
- 1.15 GL Hearn considers that unmet needs should be assessed against the demographic-based need plus affordability uplift. Adjustments to support economic growth can contribute to meeting unmet needs from other areas, as meeting unmet needs will support population and workforce growth.

Report to the Coventry, Warwickshire and South West Leicestershire Shadow Economic Prosperity Board

Tuesday 29th September 2015

Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area (HMA)

Introduction

- 1 At its meeting on 6th July 2015, the shadow Economic Prosperity Board (sEPB) agreed to a process and timetable to develop a Memorandum of Understanding (MoU) to ensure the Housing Market Area's (HMA) housing need is planned for in full, through the current round of plan-making.
- 2 This report seeks the agreement of the Shadow Economic Prosperity Board (sEPB) to the Memorandum of Understanding which is set out in **Appendix 1**.
- 3 The preparation of the MoU and this covering report is based on an intensive period of research and cooperation between the six planning authorities with responsibility for planning for housing need, as well as Warwickshire County Council.
- 4 The report to the sEPB on the 6th July, set out the key tasks to be undertaken to enable a robust, evidence based MoU to be developed. Four key tasks have been undertaken as follows:
 - Task 1: Develop proposals for the distribution of any unmet need arising in the HMA
 - Task 2: Confirmation of Housing Need across the HMA and at an individual local authority level and alignment with employment needs
 - Task 3: Confirmation of each authority's capacity for housing
 - Task 4: Identification of an aligned housing and employment need across the HMA alongside a proposed distribution of that need
 Further details of the outcomes from each of these tasks is set out in Appendix 1 and explained in paragraphs 15 to 23 below.

Explaining the Memorandum of Understanding

- 5 The Memorandum of Understanding seeks to ensure that the housing needs of the C&W HMA are met in full.
- 6 The MoU is set out in full in **Appendix 1**. Based on the 2015 updates to the SHMA, it seeks to agree a need for 88,160 dwellings within Coventry and Warwickshire between 2011 and 2031 (4408 dwellings per annum), and proposes that these dwellings are distributed as follows:

Table 1

	TOTAL PER ANNUM	TOTAL 2011-2031
Coventry	1230	24,600
North Warwickshire	264	5,280
Nuneaton & Bedworth	703	14,060
Rugby	620	12,400

Stratford-on-Avon	659	13,180
Warwick	932	18,640
C&W Total	4408	88,160

7 **Evidence:** The MoU is based on a robust evidence base which has been developed since the 6th July. This includes:

- Updated Housing Needs and Employment Forecasts Study: GL Hearn, August 2015. A summary of this report is included as **Appendix 2**. The conclusions from this study regarding OAN are:

Table 2

	A: Housing need based on demographic projections	B: Change based on housing need to support Economic Growth (taking account of commuting patterns within the HMA)	C: Total for the C&W HMA (A+B)	Additional change required to support Economic Growth (taking account of commuting patterns outside C&W HMA)
Coventry	2,120	-190	1,930	-
North Warwickshire	190	16	206	31
Nuneaton & Bedworth	429	73	502	0
Rugby	480	0	480	0
Stratford-on-Avon	458	101	559	100
Warwick	600	0	600	0
C&W Total	4,277	0	4,277	131

- Updates to the capacity assessments (Strategic Housing Land Availability Assessments or SHLAAs) in Coventry CC and Rugby BC areas. These are published on the websites of the respective authorities. In addition, Stratford DC and Warwick DC have undertaken further SHLAA work to update their overall capacity. As a result of this work a clearer position regarding the capacity of each authority is emerging, although it should be noted that work is ongoing, particularly in Nuneaton and Bedworth to ensure that all the SHLAA's across the HMA have been completed according to a consistent methodology.

8 **Conclusions on the scale of Unmet Need:** With regard to Coventry, the 2015 SHLAA demonstrates that the City is unable to meet its housing requirement within the City boundary and that the shortfall is up to 17,800. The City Council has prepared a SHLAA in accordance with the agreed sub-regional methodology and has provided its work to each of the Warwickshire Districts for scrutiny to demonstrate that their conclusions on capacity are robust.

9 **Redistribution of the Unmet Need:** the evidence shows that there is a shortfall of up to 17,800 dwellings between Coventry's demographic housing need and the capacity in the City. This represents the unmet housing need of the HMA which needs to be addressed through the MoU.

10 Officers have considered a range of ways to redistribute the 17,800 dwellings to ensure the agreed approach is firmly supported by evidence and offers an objective and fair way forward. The options considered by officers fall into two broad approaches: spatial options and functional relationship options.

11 **Spatial Options:** the starting point for the spatial options was to consider the most sustainable spatial options regardless of administrative boundaries. To do this, 6 spatial options were appraised:

- Edge of Coventry
- No delivery within the green belt
- Extensions to principal urban areas
- Growth Corridors
- Dispersed across all settlements (i.e principal urban areas and smaller settlements)
- New Settlement

A simple sustainability appraisal was undertaken on each of these options. The outcome of this work is shown in **Appendix 3**. This indicated that the Edge of Coventry and Growth Corridor options are likely to be the most sustainable spatial approaches

12 **Functional Relationship Options:** these options looked at the relative relationships of each of the Warwickshire Districts/Boroughs with Coventry City, based on existing migration and commuting trends. Two options were considered: relationship with Coventry based on two way commuting flows and relationships with Coventry based on gross migration flows. The data relating to these two options is shown in **Appendix 4**. Consideration of these two options indicated that both were important and a valid means of assessing functional relationships and that therefore they should be given equal weighting. As a result, officers developed an approach which applied the average percentage of migration and commuting flows to the functional redistribution approach. The resulting approach is set out in paragraphs 15 to 23 below.

13 Following discussions with the members’ reference group, it was concluded that the functional relationship approach should be used to shape the MoU. It was felt that this approach best reflected existing patterns of movement, provided a robust and objective methodology and retained local sovereignty in terms of the spatial approach to be used by each Borough/District to meet the resulting housing requirement. The spatial approach has therefore not been used to influence the MoU but provides shared evidence which should be considered in preparing the spatial strategies within local plans.

14 Applying the functional relationship approach indicates that Warwick and Nuneaton and Bedworth have the strongest relationships with Coventry, with Rugby also having a significant relationship and Stratford-on-Avon and North Warwickshire having weaker relationships. The evidence suggests that the following percentages should be applied as the basis for this redistribution approach:

Table 3

	Functional Relationship Percentage (commuting and migration)
North Warwickshire	5.15
Nuneaton and Bedworth	32.30
Rugby	16.51
Stratford-on-Avon	6.51
Warwick	39.37

15 **Final Proposed Redistribution Approach:** The final approach to redistribution which has been used to inform the MoU has two stages. The second stage is to take account of the functional relationships as set out in table 3 above. However before applying these percentages, the approach has considered the impact of the economic uplift for Nuneaton and Bedworth, Stratford-on-Avon and North Warwickshire arising from the GL Hearn Report and shown in Table 2 above.

16 The GL Hearn report indicates that North Warwickshire’s demographic housing need should be uplifted by 47 dwellings per annum to take account of the need to support economic growth. Similarly Stratford-on-Avon’s and Nuneaton and Bedworth’s uplifts are 101 and 73 dwellings per annum respectively.

17 To an extent, these uplifts involve redistribution of need from Coventry because they impact on commuting flows rather than the overall housing requirement of the HMA. However, a part of the uplift should also be seen as a redistribution from neighbouring HMAs (particularly Greater Birmingham). Applying data relating to functional relationship between the three local authorities concerned and neighbouring HMAs, it can be concluded that the following percentages of the economic uplift can be used to inform an initial redistribution as follows:

Table 4

	Total Uplift to support economic growth (dwellings per annum)	% internal to HMA	Total within HMA (dwellings per annum)
North Warwickshire	47	33%	16
Stratford-on-Avon	201	50%	101
Nuneaton and Bedworth	73	100%	73
Total stage 1 redistribution from Coventry			190

18 As a result of this stage 1 redistribution, 190 dwellings per annum of Coventry’s need has been addressed.

19 **Appendix 5** shows how the functional relationship formula set out in table 3 above has been applied to the remaining shortfall. This results in the final distribution set out in the MoU and in Table 1 above.

20 It should be noted that the MoU deals directly with the housing needs arising from within the Coventry and Warwickshire HMA. It does not address any shortfall arising within the Greater Birmingham HMA. Although work to assess the shortfall from the Greater Birmingham HMA is progressing, at this point in time it is not clear to what extent any unmet need will have to be met within Coventry and Warwickshire and in particular Stratford-on-Avon and North Warwickshire. It is recognised that this could add further pressures to provide additional housing within the HMA, but until more is known, this cannot be effectively addressed, nor can it form part of the formal agreement.

21 At this point in time, the evidence shows that there is some uncertainty about the ability of Nuneaton and Bedworth BC to meet the whole of the additional requirement that the evidence suggests should be allocated within the Borough. Nuneaton and Bedworth BC is still in the process of updating its SHLAA to assess whether there will be a resulting further unmet need and if so what the scale of this will be. The MoU recognises this position in clause 4 by providing for an early review in the event that updated SHLAA work indicates that the redistributed housing requirement cannot be met in full.

22 Within Warwickshire, responsibility for identifying and planning for housing need lies with the District and Borough Councils through the local plan process. Formally, the parties to the

agreement are therefore the 5 District/Borough Councils within Warwickshire, plus Coventry City Council. However, Warwickshire County Council has been involved in the process for preparing the MoU, because all parties understand the importance of their role in supporting the delivery of housing through infrastructure planning and provision. Therefore, although Warwickshire County Council are not formally a party to agreement, the importance of their role is recognised in the MoU.

- 23 Monitoring of the MoU will be important to ensure the housing requirements it sets out are delivered. The Coventry and Warwickshire local authorities have already established a monitoring group which seeks to ensure consistent and effective monitoring across the sub-region and which is providing data to support sub-regional planning, including the C&WLEP. This group, under the supervision of the Policy Officers' Group, will be responsible for establishing the indicators that will be used to monitor the MoU and for ensuring the measures are collected, collated and reported on at least an annual basis.

Background to the Memorandum of Understanding

- 24 **Legislation and National Policy:** The Localism Act 2011 places a legal duty on local planning authorities, county councils in England and public bodies to engage constructively, actively and on an ongoing basis. The duty requires that engagement should be constructive, active and ongoing. It requires cooperation to take place that is for the mutual benefit of neighbouring authorities. Importantly, Councils are expected to cooperate on strategic matters. This includes planning for housing need.
- 25 As well as the legal requirements set out in the Localism Act, the National Planning Policy Framework (NPPF) sets out the national policy regarding the Duty (see paragraphs 178 to 181). Specifically it indicates that:
- The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.
 - Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework
 - Local planning authorities will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. Could be by way of plans or policies prepared as part of a joint committee, a memorandum of understanding or a jointly prepared strategy which is presented as evidence of an agreed position.
- 26 To enable Local Plans to progress successfully through examination, this legislative and policy framework therefore requires cooperation to be demonstrable, diligent and effective in delivering solutions. It also indicates that where a need is identified, the cooperation process should provide the mechanism to ensure that this need is met in full
- 27 **Inspector's Findings - Warwick Local Plan:** In May 2015, the submitted Warwick District Local Plan was subject to 5 days of hearings. In June 2015, the Inspector wrote to the Council setting out his initial findings. A key element of his findings was concern that there was an identified unmet housing need in Coventry and Warwickshire (at least 234 dwellings per annum). He required this to be addressed (jointly with the other authorities in the Housing Market Area). He rejected the collaborative process that had been agreed by the authorities within the Coventry and Warwickshire Housing Market Area to address the unmet need – namely that the unmet need can be dealt with through adopting individual Local Plans and then undertaking early plan reviews. Instead he has asked for the unmet need to be addressed in the current plan making round. There are therefore implications for all of the Coventry and Warwickshire authorities in his findings.

- 28 **What are the implications of failing to reach agreement?** The Duty to Cooperate means that resolving HMA's housing need in full is essential to enable each Local Plan to progress. Without an agreement none of the Councils within the Housing Market Area can expect to be able to prepare plans which will be found sound. The Inspector for Warwick's Local Plan has made it clear that for any plan (not just Warwick's) within the HMA to progress, it must be done within the context of a robust agreement about how the HMA's housing requirement will be met in full and that it is not something that can be dealt with through a future plan review.
- 29 Failure to reach an agreement will therefore hinder plan making across the whole HMA and will inevitably lead to some major challenges in relation to decisions taken on planning applications. Without a mechanism to demonstrate that the HMA's housing requirement will be met, it is likely that all Councils will face applications on unwanted sites and will find these far harder to resist. The result could be unsustainable development and significant difficulties in identifying and funding infrastructure to support that development. A further issue linked to slow or no plan progress is that badly needed development within the green belt will not be able to progress. Some substantial housing releases are proposed within the green belt as is the sub-regional employment site in the vicinity of Coventry Airport. This will potentially be damaging to the sub-regional economy and will undermine the desire to demonstrate that Coventry and Warwickshire is "open for business".
- 30 Failure to agree an MoU and therefore to progress local plans exposes all the Councils in the sub-region to the risk of Government intervention in the plan making process. In his July Ministerial Statement, the Planning Minister indicated the Government's intention to publish league tables setting out local authorities' progress on their local plans and in cases where no local plan has been produced by early 2017 - five years after the publication of the National Planning Policy Framework - it will intervene to "*arrange for the plan to be written, in consultation with local people, to accelerate production of a local plan*".
- 31 Therefore, whilst it is recognised that the MoU provides major challenges for all the authorities within the HMA, failure to agree has very significant consequences now and on an ongoing basis in to the future.
- 32 **Where is the evidence to justify the figures in the MoU?** The proposals within the MoU are difficult for all the Warwickshire authorities. The additional housing requirement arising from this work is substantial in each case. However, as set out in paras 7 to 23 above, the MoU is based on an objective assessment of the evidence and on a robust methodology that seeks to ensure the redistribution is fair. Further evidence and detail are provided in the appendices to this report. This evidence should be read alongside each Council's most recent Strategic Housing Land Availability Assessment (SHLAA). In addition, it is important to emphasise that the Warwickshire authorities have carefully reviewed and challenged Coventry City Council's SHLAA. As a result of this, officers are satisfied that the City's SHLAA has been carried out in accordance with the agreed methodology and provides a robust piece of evidence to show that the City's capacity has been appropriately assessed.
- 33 **Why do we need to do deal with this quickly?** Given that Warwick and Stratford-on-Avon's plans are both in Examination, and the former in particular requires the agreement to enable the examination to progress there is a real urgency to reach agreement. However the urgency also applies to those Councils (Rugby, Coventry and Nuneaton and Bedworth) that want to progress their plans to publication stage within a few months. In other words, it is in all the six Councils' interest to not only reach agreement on these matters, but to do so as soon as possible
- 34 The withdrawal of the Warwick Local Plan would have repercussions on the progress of the adjoining Local Plans in the sub-region. Without up to date Local Plans in the Sub-region would create a policy gap for the proper development within each council area that could put in jeopardy the funding for strategic transport, education, and other infrastructure to support

growth. The timely delivery of infrastructure plays a significant part in driving the economy of the sub-region. The policy gap would indicate uncertainty and lack of ambition for growth to existing businesses and inward investors and make desirable schemes less likely to happen. For example, the delay may mean significant delay for the delivery of the sub-regional employment site (The Gateway) and for the new jobs that it is expected to bring. The Gateway forms a key site for the development contained in the Strategic Economic Plan of the Coventry and Warwickshire Local Enterprise Partnership. Therefore, delay of the Local Plan will slow the pace of growth in the wider area.

- 35 A further issue to consider in relation to the timing of the MoU and plan preparation is that in 2016 the ONS will be releasing updated population projections. Whilst this in itself will not necessarily render local plans or the MoU out of date, it is likely to complicate matters further if an MoU has not been agreed and if Local Plans are not progressed. Recent population and household trends and forecasts show a rapidly growing population and housing need in Coventry. In recent years, Coventry has been the fastest growing city outside London and as a result, the housing need forecasts for the City have increased in each of the last four housing projections. There is therefore a strong possibility that the 2016 could show a further increase in the City's population forecasts and without an MoU in place, the issues associated with this could be even harder to resolve and agree. In other words, it is perhaps preferable to "bite the bullet" now as the issues are unlikely to be easier in the future.
- 36 **How does the MoU relate to Birmingham's housing capacity shortfall?** The MoU has been prepared at a time when it is understood that Birmingham City Council has a substantial shortfall in capacity to meet its housing requirement. This shortfall amounts to 37,900 dwellings. **Appendix 6** shows how the Greater Birmingham HMA overlaps with the Coventry and Warwickshire HMA in relation to Stratford-on-Avon and North Warwickshire. The authorities within the Greater Birmingham area have been working together to identify spatial options for addressing Birmingham's shortfall. A number of these options potentially impact on Stratford and North Warwickshire and therefore on the HMA as a whole. However, at the moment no conclusions have been reached regarding the preferred spatial options and involvement of North Warwickshire and Stratford in the process has been limited. The Coventry and Warwickshire MoU therefore cannot and does not directly address the potential implications of Birmingham's shortfall as these are unknown.
- 37 **Is there a joint Spatial Strategy for Coventry and Warwickshire?** No. The merits of different spatial approaches have been assessed and are set out in **appendix 3**. However this does not form part of the MoU and it has been an important principle underpinning the preparation of the MoU that the "sovereignty" of each Council to prepare a local plan according to a locally derived spatial strategy must be adhered to. The MoU therefore sets out the quantum of housing to be delivered by each authority, but does not constrain the spatial strategy to provide this housing.
- 38 **Does the level of housing align with the employment forecasts for the HMA?** Yes. The employment forecasts have been closely examined within the work undertaken by GL Hearn. This shows that for the HMA as a whole, the working age population required for the level of jobs forecast will comfortably be accommodated within the proposed level of housing. In the case of three authorities (Stratford, Nuneaton and Bedworth and North Warwickshire), an uplift in the housing requirement has been agreed to address specific local issues regarding employment growth.
- 39 **How does the MoU relate to the Strategic Economic Plan?** As explained in para 37 above, the MoU does not set out a preferred spatial strategy. However it will be important that the distribution of housing across the HMA takes account of the location of major employment growth centres.

Recommendations

The Shadow EPB is recommended to:

Recommendation 1: Agree the principle of a redistribution in line with the methodology set out in paragraphs 12 to 19 above

Recommendation 2: Agree the Memorandum of Understanding set out in Appendix 1, noting that at this moment in time, clause 4 of the MOU and paragraph 21 of this report, is pertinent to Nuneaton and Bedworth BC.

Recommendation 3: Agree that each of the six Local Plan Authorities within the HMA will seek to formally endorse the MoU by end of November 2015