

Examination of the North Hertfordshire Local Plan (2011-2031)

Examination hearing sessions

Statement of North Hertfordshire District Council

Matter 6 – Deliverability (the housing trajectory, infrastructure and viability) Issues

Question 6.1 Is the housing trajectory shown in Figure 6 of Section 5 of the Plan based on a realistic assessment of the likely timing of housing delivery? What evidence is there to support the completions shown for each year, and what assumptions have been made?

In answering these questions, I ask the Council to produce a revision to the housing trajectory chart illustrating the various components within each 'bar' – Strategic Housing Sites, Local Housing Sites, windfall sites etc.

1. The Housing Background Paper 2016 (Examination Document HOU1) and The Housing Background Paper 2017 Update (Examination Document ED3) together provide a full and comprehensive summary of the evidence to support the timing of housing delivery anticipated by the plan. The housing trajectory shown in the plan has been updated and is superseded by the trajectory shown on Page 11 of Exam ED3 which is based on the site by site completions anticipated as outlined in Appendix 2 of the same document. A detailed response to the question of the timings anticipated by the housing trajectory in respect of five-year land supply is set out in our response to Matter 4. However, a summary is included within this statement at paragraphs 2 and 3 for ease of reference.
2. For existing commitments, sites of 50 or more dwellings have been scheduled within the trajectory based on known/anticipated progress based on routine monitoring of commitments in accordance with the monitoring regime. For sites of less than 50 dwellings there is an assumption that 45% of extant permissions will be completed in Year 1, 40% in Year 2 and 15% in Year 3. This assumption is supported by an analysis of the implementation of permissions over the 2016 to 2017 monitoring year.
3. The timing of the delivery of all proposed allocations is supported by the evidence shown in Appendix 1 of Exam ED3 which includes a full schedule of representations supporting the allocated sites together with an update of the progress made with bringing the proposed allocations forward to delivery. In general smaller sites have been assumed to be brought forward by smaller building firms and lower building rates are assumed. Larger sites are assumed to have the scope for multiple outlets and in accordance with industry standard assumptions the trajectory assumes 25 to 30 dwellings per annum per outlet in the first year and 50 to 75 dwellings per outlet in subsequent years. This is broadly consistent with the assumptions made in the viability

assessment (TI2, Appendix 1). Where market demand is strongest in the district, around Luton, Stevenage and Hitchin, the higher rates of delivery have been assumed.

4. The Inspector has requested a revised housing trajectory showing the components of supply; this is appended to this statement at Appendix 1. The revised trajectory is consistent with Exam Document ED3.

6.2 Is the level and distribution of housing and other development based on a sound assessment of infrastructure requirements and their deliverability, including expected sources of funding? In particular:

a) Does the Infrastructure Delivery Schedule at Appendix 1 of the Infrastructure Delivery Plan [TI1] represent a comprehensive list of the infrastructure needed to facilitate the successful delivery of the housing and other development planned?

5. The IDP represents an assessment of the environmental, social and physical infrastructure required to support the spatial strategy throughout the plan period, in accordance with paragraphs 156 and 162 of the NPPF. The IDP is a strategic level assessment of infrastructure need and is partially based on approximated costings and estimates. Where actual project information has not been available, infrastructure need and cost has been based on benchmark specifications and costs and comparable information from similar projects.
6. The Planning Practice Guidance at Paragraph: 018 (Reference ID: 12-018-20140306) sets out that “The Local Plan should make clear, for at least the first 5 years, what infrastructure is required, who is going to fund and provide it, and how it relates to the anticipated rate and phasing of development....For the later stages of the plan period less detail may be provided as the position regarding the provision of infrastructure is likely to be less certain.” Infrastructure delivery studies therefore need to take a pragmatic view towards delivery, crucial to this is a focus on delivery in the first five years; the IDP takes this approach setting out detailed requirements, where appropriate for the first five year period, providing details as available for the latter stages of the plan period.
7. The level and distribution of housing and other development set out by the Plan is considered to be based on a sound assessment of infrastructure requirements and its deliverability. The infrastructure list shown at Appendix 1 of the Infrastructure Delivery Plan provides a detailed assessment of the types and costs of the infrastructure anticipated to be required to support the development envisaged over the plan period.
8. It should be noted that, particularly for transport, health and education infrastructure, there is an element of need which is associated with the existing infrastructure deficit. It has been necessary for work on the IDP to investigate the infrastructure needs resulting from the development proposed by the plan from a baseline of infrastructure

deficit to a position of infrastructure neutrality, so it is not necessarily the case that all the infrastructure needs set out are directly a result of the planned growth but instead reflect an idealised situation where all infrastructure needs across the district have been met.

9. For example the transport modelling undertaken in support of the plan (Examination Document T13) shows that a number of schemes arise under the “do minimum” scenario before proposed Local Plan growth is added to the forecasting. In addition current County Council forecasts for secondary education requirements (Exam Document T113) already show rising demand for secondary school places, generally peaking in 2023-24. This is derived from their forecasts which include existing children already in the earlier years of the school system. These current existing infrastructure deficits have been taken into consideration in meeting the planned infrastructure requirements for the plan.
10. The development proposed by the plan is focussed on the four main centres of Letchworth, Baldock, Hitchin and Royston. The amount of development proposed is not of a scale for there to be any single item of infrastructure on which delivery of the anticipated development hinges, although it should be noted that the base scenario for the transport modelling work assumes implementation of an all lane running scheme for the A1(M). The additional vehicle movements likely to occur due to the implementation of the plan was shown by the transport modelling work to indicate that the strategic road network can continue to operate at an acceptable level of efficiency subject to minor junction upgrades that would necessarily accompany development under the regular application of Section 278 and/or off-site Section 106 works. Indeed, a number of the schemes envisaged by the Transport Plan (Examination Document T13) would be necessary for the efficient operation of the highway network even without the growth proposed by the plan.
11. The detailed infrastructure lists show that requirements for education, healthcare, sports and leisure, community and transport infrastructure are all of a scale that could be provided for under normal S106 negotiations; where there are cumulative impacts of the plan there are a sufficiently small number of contributing developments that the restrictions to the pooling of contributions made under the CIL regulations, will not necessarily be triggered. This will continue to be the case under the recommendations of the CIL Review Team made in the document “A new approach to developer contributions” published by the Government in February 2017. It is expected that the CIL guidelines will be amended at the time of the 2017 Autumn Budget.
12. It should be noted that the IDP (Examination Document T11) will need to be updated. The original IDP was based on the findings of the Local Plan Transport Technical Review (Examination Document T13). The findings of the review have now been incorporated into the NHDC Transport Strategy (October 2017) (Examination Document ED14). The updated IDP will be based on the October 2017 Transport

Strategy and incorporates other updates to the funding regime as appropriate. In general the Transport Strategy shows that:

- i. A modest modal shift should be achievable within main towns;
- ii. There are sufficient allowances and / or divertable funds from schemes within the existing IDP to ensure prioritisation and implementation of sustainable measures (physical works and behavioural change) within the existing overall 'budget' identified in TI1 for transport works.

b) What reassurances are there that these elements can and will be delivered when and where they are needed?

13. The plan contains a specific requirement that infrastructure requirements are delivered in a timely manner. Policy SP7 Clause B requires that new infrastructure to support new development is operational at a time which is compatible with the occupation of the development. This policy is most likely to be enacted through agreements made to support the grant of planning permission. The majority of the funding required to support the proposed allocations will be delivered through S106 and S278 agreements which will in themselves contain provisos to ensure that the required infrastructure is delivered in a timely manner. Further detail on the policy framework to support infrastructure delivery is included in the answer to part (d) of this question from Paragraph 18.

c) Where, when and how will the infrastructure required as a result of the housing and other development planned for be delivered?

14. As far as is practicable, the infrastructure likely to be required as a result of the development proposed by the plan has been set out in Table A attached to this paper. Table A shows the anticipated development at each location, the timing of funding required to support the development and the types of infrastructure that it is anticipated will need to be funded. The information within Table A has been derived in the first instance from TI1 with updated information in the form of likely and proposed transport schemes from ED14, and discussions with education provided as appropriate. It should be noted that there are elements of infrastructure, such as Social and Green Infrastructure and contributions to the Emergency Services, identified by the IDP for which no specific location is available at the present time.

15. It is anticipated that the funding sources in the first five years would primarily be Section 106 based particularly for transport, education and primary healthcare schemes. In addition local authority capital funding via the NHDC capital programme, HCC Transportation Funding, Department of Health Funding for secondary healthcare (plus use of private finance initiatives) would also support delivery coupled with

Government programmes such as the Growth Deal, Housing Infrastructure Fund. Other sources of funding that may also be drawn on for infrastructure investment during the first five years include bonds and loans such as the Home Building Fund, Local Government Bonds, PWLB, Local Government Pension scheme. In addition it is anticipated that some infrastructure will be self funding or privately funded for example through bus operator contributions.

16. It is anticipated that funding sources for the second and third five year periods would be as for the first five years but with increasing potential around government programmes on productivity, congestion alleviation and air quality. There is also likely to be an increased use of bonds and loans during the latter stages of the plan period.

17. The following delivery mechanisms are anticipated for the different types of infrastructure:

Transport - HCC as highways authority working with NHDC and developers;
Education - HCC as education authority working with school providers (mainly free schools and academies);
Primary Healthcare - NHS England working with East and North Herts Clinical Commissioning Group and primary healthcare providers (often GP consortia);
Secondary healthcare - specialist providers working with ENHCCG;
Social infrastructure - local authority procurements, sports clubs or commercial providers;
Green Infrastructure - largely local authority.

d) Does the Plan do all it should to help ensure the delivery of the necessary infrastructure?

18. Yes. The plan has taken a number of appropriate steps to ensure that the necessary infrastructure is delivered. The plan includes two policies that will help to ensure the delivery of necessary infrastructure; these are SP6: Sustainable Transport and SP7: Infrastructure requirements and developer contributions. Together these policies will work to secure necessary infrastructure for both allocated sites and windfall development which comes forward over the plan period.

19. Policy SP7 is critical to the delivery of supporting infrastructure in that it requires developers to provide or contribute towards infrastructure provision that is related to the development and to contribute towards the maintenance and/or operating costs of any such infrastructure provided.

20. In addition, Clause C of SP6 helps to ensure that a range of transport infrastructure is secured to ensure a choice of means of transport for potential occupiers and commits the district council to working with Hertfordshire County Council, Highways England and service providers to achieve that aim.

21. For Strategic Allocations each individual allocation includes a suite of site-specific requirements which site promoters will need to satisfy in order to secure planning permission. Settlement allocations also include site specific requirements that will need to be considered by site promoters. As the council continues to work with infrastructure providers to refine the infrastructure requirements for each of the proposed allocations, the site specific requirements will also be refined to ensure that deliverability of all allocations is maximised. To ensure effectiveness, the Council will be proposing modifications to the infrastructure requirements in its statements for Matters 10 and 11.
22. The level of certainty in infrastructure delivery will increase as the allocation proposals progress through master planning and securing of consent. Site specific infrastructure will be secured through a mixture of mechanisms including S106 obligations as appropriate. Transport and education infrastructure will be particularly critical to enable delivery of the proposed growth.
23. Certain infrastructure providers have a statutory duty to provide an assurance of supply. Therefore there exists a level of certainty for delivery of key sector specific infrastructure. Funding for other critical enabling infrastructure such as utility connections and necessary utilities upgrades would come from site developers.
24. Further detail of infrastructure requirements will be agreed in detailed master planning and at the time of any planning consent which will include the timing and revised costs for identified infrastructure. The deliverability of allocations on a site-by-site and settlement-by-settlement basis will be set out in further detail in the Council's statements on Matters 10 and 11 as per the Inspector's questions and will be further considered in the relevant examination sessions. In addition, Statements of Common Ground are in the process of being prepared between the Council and the promoters of the proposed strategic allocations; it is anticipated that these will detail the infrastructure requirements that it is agreed will be provided by the respective developments.

In answering these questions, I ask the Council to produce a chart (a gantt chart or similar)

Showing the level of anticipated housing delivery from each allocated site on a year by year basis, along with the delivery of the infrastructure needed to support the new homes. It may help to group sites on a settlement by settlement basis. This should tie-in with the revised housing trajectory I have requested above and should illustrate the timing of housing delivery and the delivery of the infrastructure needed to support it. A column indicating the likely costs, funding sources and mechanisms to secure funding would also be of considerable assistance.

25. Table A of this statement shows the level of anticipated housing delivery from each allocated site along with the delivery of the infrastructure needed to support the new homes.

6.3 Is the economic and housing development set out in Policies SP3 (employment), SP4 (retail floorspace), SP8 (housing), and are the proposed land allocations for these uses, financially viable? In particular:

a) are the viability assessments in the Local Plan Viability Assessment - Update (August 2016) [TI2] sufficiently robust and are they based on reasonable assumptions?

b) do the viability assessments adequately reflect the nature and circumstances of the proposed allocations?

c) has the cost of the full range of expected requirements on new development been taken into account, including those arising through policies in the Plan (for example, in relation to affordable housing and the site-specific policy requirements)?

d) does the evidence demonstrate that such costs would not threaten the delivery of the development planned for and the sites proposed?

26. This question is answered in general terms before each sub-question is dealt with further below.

27. In terms of housing development, the local market is inherently relatively strong and while economic circumstances are bound to vary across the life of a Local Plan, the prospects for delivering the necessary growth are good; supported by a generally positive viability picture and underlying strength in the nature of the relationship between local development values and costs.

28. The viability assessment also appropriately acknowledges, however, a more mixed position in respect of the prospects for some forms of commercial and non-residential development. Whilst, broadly, retail development is expected to be viable, employment development comprising of 'B' uses looks likely to see a more mixed picture, with it not being possible at the current time to confirm universally good prospects for significant development delivery, certainly in the short term. This is recognised for example at section 3.5 (page 37) of the 2016 viability assessment update report (Exam document TI2), and refers back to both the CIL Viability Assessment 2012 (for which a full range of non-residential / commercial development scenarios were considered and tested)¹.

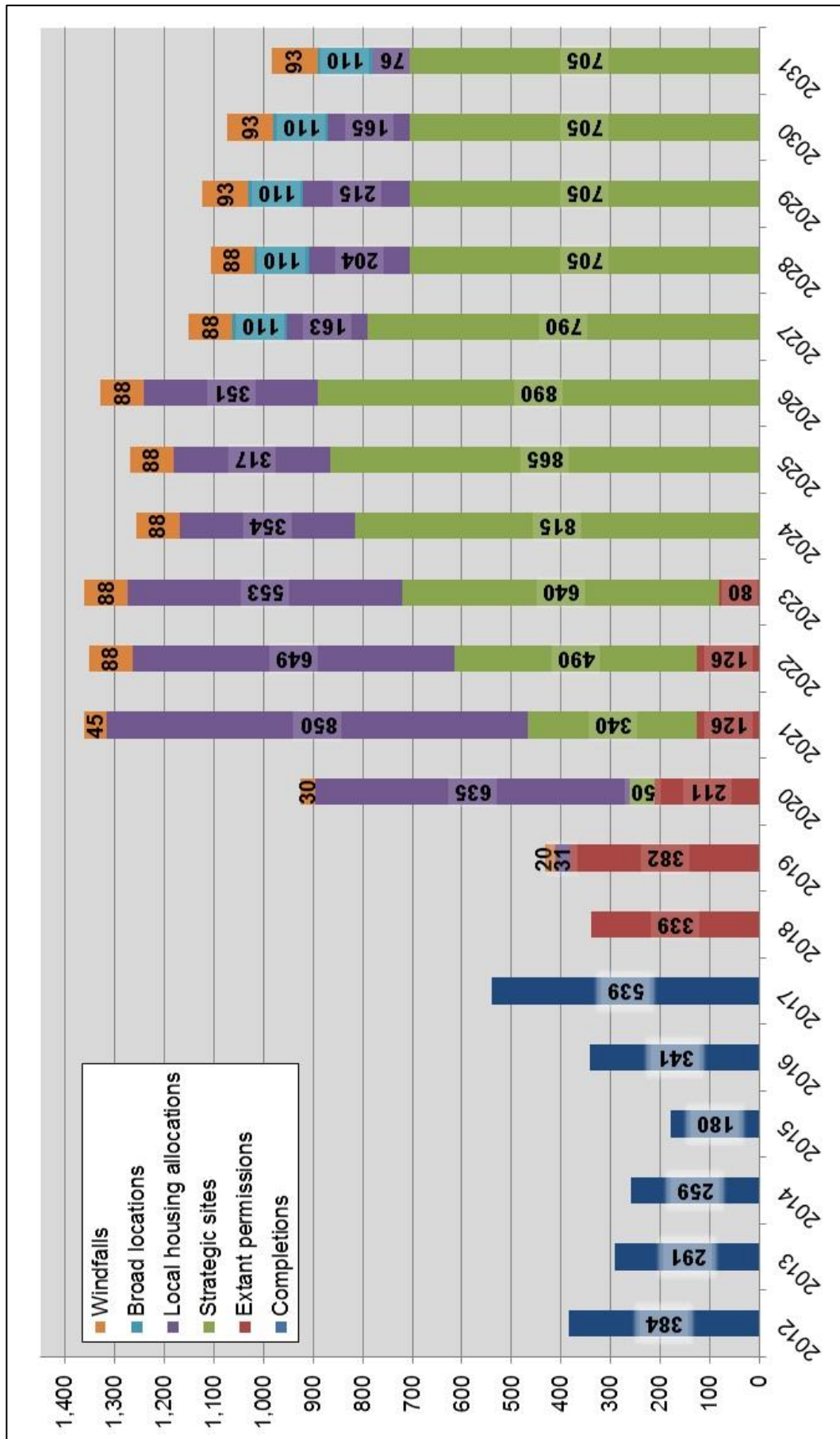
¹ Note: Only the most up-to-date iterations of studies which support the proposals in the submitted plan, have been included in the Examination Library. Earlier iterations of studies can be made available on request if required.

29. This does not mean that such developments are not viable per se however, since, as noted, individual owners and occupiers may make decisions based on different criteria than those that are appropriate as assumptions for CIL viability testing.
30. The assessment work suggests that these are areas for the Council to keep under review, working proactively and adaptably with promoters, land owners, developers and planning applicants as appropriate. Additionally, a key point to note is that in respect of these other forms of development, the scope of the Council's influence over the viability of schemes is very limited in comparison with the impact of policies that can contribute significantly to determining viability on housing developments (for example through policies on affordable housing, as considered in detail across the viability assessment work).
31. a). Yes, the approach to and assumptions used within the viability assessment work are considered robust and reasonably reflective of national and local policy positions.
32. T12, The latest viability assessment (update) was completed in August 2016 over a short period of time, based on latest available information reviewed in the period June to July 2016. In DSP's experience the intervening time period to the current stage of Examination represents approximately the shortest period practically possible between such an assessment, commissioned alongside a wide range of other information and evidence. As such, the information is considered to be up to date for its purpose.
33. The assessment, builds on similar previous work for the Council by Dixon Searle Partnership (DSP) that was used to inform the Plan development at earlier stages. This is consistent with DSP's wide previous experience of preparing appropriate, proportionate viability evidence using a structure and detail that is also consistent with the need for and approach to strategic level viability assessment as recognised in the NPPF and in other currently available guidance such as within the Planning Practice Guidance and the Sir John Harman chaired Local Housing Delivery Group Report (June 2012) – Viability Testing Local Plans.
34. The assumptions used are informed by locally targeted research and review, supported also through wider experience of the assessment process. Acknowledged as necessarily but also appropriately high-level, the assumptions are based on recognised and established sources. Those are all set out (for example as summarised at report Appendix I) and varied according to the development and site types appraised, across a range of value level sensitivity tests, and incorporating different assumptions sets that are representative of the strategic level proposed site allocations.
35. Overall, the comprehensive viability assessment work is considered to be sufficiently up to date, appropriate, reasonably prepared and proportionate in its nature.
36. b) Yes, the viability assessment recognises that a range of sites and development types are proposed to support the overall level of growth identified in the Plan. The

scenario testing scope and detail was discussed at length with Council officers as part of seeking to make the assessment as reflective as possible, while having to acknowledge (as always at this level of review) that at this stage not all site-specifics are known and can be taken into account. Again, the approach taken is considered appropriate in light of national policy, and reflective of the available guidance.

37. c) Yes, as the viability assessment report text sets out within its Chapter 2 (para 2.2 to 2.4.9 – pages 20 to 28), and reaffirms at Appendix I, the scope of the appraisals covers the full extent of the Council's proposed policy positions, combined with the influence of national policy and the regular costs of development. Therefore the necessary view of policy factors and development costs, considered collectively, has been taken into account. This has informed the development of policy positions where the Council's decisions directly influence viability.
38. d) Yes. The assessment concludes (as noted at its para 3.6.1 – page 40) that the policy set, viewed overall across the Plan context, will not unduly impact viability. Individual site factors can be highly variable and inevitably will influence - and in some cases may ultimately constrain - what can be provided. In some cases discussion as to priorities will be required, reflecting not just this Council's experience and approach, but the realities of delivery across a wide range of circumstances, including varying market influences. This is a normal feature of site-level planning and the development process more widely. On this basis, supported by the viability assessment, the sites are considered to have a reasonable prospect of delivery overall.

Appendix 1: Components of Supply in the Housing Trajectory



Town / parish	Total No. of homes	Plan ref	Address	No of homes	Anticipated Number of Homes Delivered in Monitoring Year Ending					Specific Infrastructure Required at the Location to Support the Development Anticipated.	Infrastructure Costs for first five years	Anticipated Number of Homes Delivered in Monitoring Year Ending					Specific Infrastructure Required at the Location to Support the Development Anticipated.	Infrastructure Costs for second five years	Anticipated Number of Homes Delivered in Monitoring Year Ending				Specific Infrastructure Required at the Location to Support the Development Anticipated.	Infrastructure Costs for end of plan period.							
					2018	2019	2020	2021	2022			2023	2024	2025	2026	2027			2028	2029	2030	2031									
Luton (adjoining)	2100	EL1	Luton East (west)	1050				50	100	Transport improvement contribution. Education contribution Health contribution. Social infrastructure contribution.	T: 1.0 E: 4.731 H: 1.275 SI: 1.0 Total 8.006	100	100	100	100	100	Transport improvement contribution. Through school (to include Children's centre) - 4FE Community Centre Provision of new GP surgery x1 Health contribution.	E: 13.305 H: 3.585 ES: 1.5 Total 18.39	100	100	100	100	Transport improvement contribution. Community Centre Health contribution.	E: 11.531 H: 3.107 Total 14.638							
		EL2	Luton East (east)	350				30	30			30	30	30	30	30			35	35	35	35									
		EL3	Land north east of Luton	700				60	60			60	60	60	60	60				70	70	70	70								
Preston	21	PR1	Land east of Butchers Lane	21						Education contribution Health contribution	-	21					Education contribution Health contribution	E: 0.295 H: 0.080 Total 0.375					Education contribution Health contribution	-							
Reed	22	RD1	Land at Blacksmiths Lane	22						Education contribution Health contribution	E: 0.310 H: 0.083 Total 0.393						Education contribution Health contribution	-				22	Education contribution Health contribution	-							
Royston	759	RY1	Land west of Ivy Farm, Baldock	279			50	80	80	Royston Traffic Management Study. Mitigation measures to junction of A505/Old North Road at Royston.	T: 3.415 E: 5.343 H: 1.440 GI 0.22 Total 10.418	69					Refurbishment of Royston Town Hall. Children's Centre Primary school - 1FE Secondary school expansion - potential expansion of the Meridian Health contribution. Provision of new GP surgery x1 Social infrastructure contribution.	T: 0.135 E: 4.702 H: 1.267 SI: 0.65 Total 6.754					Secondary school expansion - potential expansion of the Meridian Health contribution	E: 0.641 H: 0.173 Total 0.814							
		RY4	Land north of Lindsay Close	100			40			A505/A10 access roundabout at Royston. Mitigation measures to junction Old North road/York Way, Royston.			40	20																	
		RY7	Anglian Business Park, Orchard Road	48								Railway crossing improvements, Royston. Completion of town-wide cycling network, Royston. Sustainable transport promotional activities, Royston.																			
		RY8	Land at Lumen Road	14				14				Town centre parking review, Royston. Primary school - 1FE Health contribution. Improvements and enhancements to allotment sites.		60	60	60															
		RY10	Land south of Newmarket Road	300				60	60																						
		RY11	Land at Barkway Road	18																								18			
St Ippolyts	52	SI1	Land south of Waterdell Lane (north)	40						Education contribution Health contribution	E: 0.168 H: 0.036 Total 0.204						Education contribution Health contribution	-				20	20	Education contribution Health contribution	E: 0.564 H: 0.161 Total 0.725						
		SI2	Land south of Stevenage Road	12					12																						
St Paul's Walden	41	SP2	Land between Horn Hill and Bendish Lane, Whitwell	41			20	21		Education contribution Health contribution	E: 0.577 H: 0.156 Total 0.733						Education contribution Health contribution	-					Education contribution Health contribution	-							
Stevenage (adjoining)	1830	GA1	Stevenage North East (Roundwood)	330			100	100	100	Community centre Education contribution Health contribution	T: 1.5 E: 6.442 H: 1.736 Total 9.678	30					Upgraded junction at intersection of Graveley Road/North Road. A1M Improvements to J8/A4602 at Stevenage. Rat run avoidance at Graveley (Linked to A1M improvements at Stevenage). Community centre. Children's centre. Primary schools x2 - 2FE Secondary school expansion - Former Bamwell East plus expansion of other school in Stevenage. Provision of new GP Surgery x1 Social infrastructure contribution.	E: 12.638 H: 3.332 SI: 1.0 Total 16.97					-	-							
		GA2	Land off Mendip Way, Great Ashby	600				50	100				100	100	100	100			50												
		NS1	Stevenage North	900										50	100	125			125							125	125	125	125		
Therfield	12	TH1	Police Row (east)	12						-	-						-	-				12		Education contribution Health contribution	E: 0.169 H: 0.046 Total 0.215						
Weston	40	WE1	Land off Hitchin Road	40			25	15		Education contribution Health contribution	E: 0.563 H: 0.152 Total 0.715						-	-													
Wymondley	300	WY1	Land south of Little Wymondley	300				50	50	Traffic management of flows in Codicote, Graveley, Knebworth and Wymondley onto more strategic routes. Education contribution Health contribution	T: 0.15 E: 1.394 H: 0.376 Total 1.92	50	50	50	50		Primary school expansion Health contribution Social infrastructure contribution	E: 2.830 H: 0.762 SI: 0.6 Total 4.192													