



Hartlepool Local Planning Framework Emerging Local Plan

Matter 15

Plan Viability



September 2017



Please note the Council is assembling additional evidence on plan-wide viability (see Council letter of 25 May 2017 (EX/HBC/12)). This will be made available on the Examination website after 18 August 2017. The Inspector will pose supplementary questions in due course which will be circulated in advance of the hearing session.

Issue 1 – Has the preparation of the Plan ensured that collectively its policies and proposals are viable and deliverable? (NPPF paragraphs 173-177). Is there a reasonable prospect that necessary infrastructure to support the Plan’s proposals will be delivered in a timely fashion?

Q1. Is the Council’s evidence on infrastructure and viability, up-to-date and robust? Does it demonstrate that the Plan, as submitted, is deliverable in this regard? Is it consistent with the advice in the Planning Practice Guidance on ‘Viability and Plan Making’¹

The Council considers the evidence on infrastructure and viability to be up to date and robust. The infrastructure requirements (both highway and community) have been factored into the assumptions and costs within the Deliverability Risk Assessment (DRA) (EX/HBC/64). The costs for major highway infrastructure improvement have been costed as part of the detailed design works and are considered to be realistic with built in contingency levels. The proposed highway improvements ensure that the impacts of the proposed allocations within the Local Plan are fully mitigated.

In the DRA the assessment of viability focuses on three levels of developer contributions, enabling, minimum and expected. Highway infrastructure requirements are considered enabling and are therefore considered within all three scenarios. The enabling level of contributions is viable for all types of development site. The requirement for the Elwick bypass and grade separated junction does have an impact on viability of related developments; this is linked to the level of developer contributions which are able to be achieved beyond the enabling level. Funding opportunities are being progressed and scenarios are presented in the DRA which detail how grant funding for the Elwick bypass and grade separated junction would improve the economic viability of developments, moving closer towards achieving the full expected developer contributions. The costs considered within the DRA are consistent with advice set out in Planning Practice Guidance on ‘Viability and Plan Making’ and help to demonstrate that the Local Plan, as submitted, is deliverable.

Q2. Does the viability assessment work take account of all the Plan’s policy requirements? Does it show that there would be a competitive return to developers and landowners?

The Deliverability Risk Assessment (DRA) (EX/HBC/64) does factor in all policy requirements of the plan. The DRA assumes a 20% developer profit and competitive return for landowners. In terms of the plans policy requirements such as affordable housing and education the DRA illustrates that on they are viable on High Quality Greenfield (rural) and High Quality Greenfield (Urban Edge/villages) and whilst not all achievable on the other sites, they become viable if grant funding for the bypass is secured and could also be viable with small adjustments in terms of land values or developers profit were negotiated on what are considered to be generally low risk sites in good market areas.

¹ PPG Paragraphs 005-015 starting at Reference ID:05-015-20140306

- Q3. **In addition to funding from development, how will other agencies and organisations will be involved in delivering this spatial Plan? What level of commitment/agreement is there? Are there review mechanisms given the changeable nature of funding? Explain what funding is currently secured and what funding gap remains.**

In terms of the highway improvements necessary for the delivery of the Local Plan the only funding secured to date is the £600,000 of Growing Places Fund to pay for the detailed design and land acquisition for the Elwick bypass and grade separated junction. The £10m NPIF bid was submitted earlier in 2017 and a decision is expected in the Autumn Statement; the bid was supported by the Tees Valley Combined Authority and has been included in presentations to Government regarding infrastructure within the Tees Valley. A bid to the Housing Investment Fund is to be submitted by the end of September for the remainder of the funding for the Elwick bypass and grade separated junction. As a final resort, and only if other funding bids are unsuccessful, the Council's Finance and Policy Committee agreed to Prudential borrow to fund the delivery of the Elwick bypass and grade separated junction up front to be recouped through section 106 legal agreements. This decision is to be ratified by full Council on the 28th September 2017.

In terms of funding for the primary schools identified within the Inf4 policy, it is envisaged the funding for the schools will come through the Department for Education in terms of the delivery of free schools. A recent email from Carrie Oxley (Project Director, Free School Capital, Education, Skills and Funding Agency) stated "The DfE remains committed to an ambitious free schools programme that delivers choice, innovation and higher standards for parents and will announce arrangements for future free school applications in due course. As soon as we know the details of future arrangements we will let you know." This helps to give confidence that future rounds of funding will be coming forward shortly which will enable the delivery of the schools in the plan. There is, alongside the central application route, the local authority presumption free schools route: this existing process applies where an LA has identified that an area needs enough additional places to warrant the creation of a new school. In this scenario the LA runs a competition and chooses the provider it wants to run the schools, although the final decision rests with DfE, however at the current time this option is not being progressed.

£5.8 billion of basic need funding has been committed since 2015 to deliver places needed by 2020. This funding enables LAs to meet their 'sufficiency duty' to provide enough school places. In addition the Council is progressing with a school improvement programme and £37million has been secured from the ESFA for the period up to 2020 focused at improving two secondary schools (High Tunstall and English Martyrs); this is not related to meeting the need for additional places due to the new developments, but is because of the condition of the current buildings and will not include additional places for any of the developments but is to accommodate pupils already in the education system. These works will be commencing once planning permission has been secured.

- Q4. **Are there contingencies for the potential non-delivery of infrastructure? Is the Plan sufficiently flexible to deal with this?**

In terms of highway infrastructure, there is not an option for it not to be delivered. The mitigation is needed to make the developments acceptable in Highway terms and to satisfy Highways England and enable them to remove holding recommendations to the developments. The vital need for these mitigation works is reflected within the Deliverability Risk Assessment (DRA) (EX/HBC/64) where the infrastructure costs are considered as an enabling cost and are shown to be viable in all developments. It is considered that the way in which the Council has approached the funding and delivery of the highways infrastructure is positive and will help to secure significant grant funding towards the works and provides a final back up option of prudential borrowing if the bids are unsuccessful.

The information provided in question 5 above helps to illustrate that funding streams will be available for the delivery of the new primary schools identified in the plan.

Q5. Is Policy QP1 justified, effective, positively prepared and consistent with national policy? Does it reflect available viability evidence?

The Council consider that QP1 is justified, effective, positively prepared and in line with national policy. The purpose of the policy is to provide a mechanism to secure developer contributions where it is considered lawful and the obligation is:

- 1) Necessary to make the proposed development acceptable in planning terms;
- 2) Directly related to the proposed development and
- 3) Fairly and reasonably related in scale and kind to the proposed development.

The detail of specific costs is set out in the Planning Obligations Supplementary Planning Document (HLP03/4), both the policy and the SPD are clear in their reference to viability and offer the opportunity for viability assessments to be submitted through the planning application process.

The Deliverability Risk Assessment (DRA) (EX/HBC/64) updates the position of the November 2015 SPD and includes the costs of the highway infrastructure within the plan and reflects that viability does vary across development schemes as a result of the development value, however it also details that all of the development types are viable and deliverable with varying levels of planning obligations being achieved and become significantly more viable and deliverable if grant funding is secured for the highways infrastructure.

Q6. It has been submitted that 1455 dwellings (sites HSG5, 5a and 7) will contribute to funding the Elwick bypass and grade separated junction resulting in a £12,400 contribution per dwelling. Is this a reasonable analysis? What about site HSG3(3)?

In relation to the developer contributions to the Elwick bypass and grade separated junction the cost per dwelling has been calculated based on the £18million cost of the infrastructure being delivered by 1500 new homes within the vicinity of the infrastructure development. This results in a cost per dwelling of £12,000. This assumes 1200 from High Tunstall (HSG5), 220 from Quarry Farm (HSG5a), 35 from Elwick Village (HSG7), 14 from Briarfields (HSG3) and the remaining 31 would be from other small scale developments. It should be noted that contributions towards this infrastructure have already recently been secured from a 14 dwelling development at Southbrooke Farm at Summerhill Lane (H/2017/0054).

Only Briarfields of the HSG3 sites was required to make a contribution due to likely movements to and from the sites.

Q7. What is the intention of the Planning Obligations SPD, having regard to paragraph 153 of the NPPF?

The intention of the Planning Obligations SPD is to add further guidance on the current planning obligations which are necessary to ensure sustainable development, this is supplementary to Policy QP1 (Planning Obligations). The detail of the SPD includes the current rates of obligation, e.g. education costs per school place. Such detail is subject to change in light of the most up to date information which is available. Presenting this detail within the SPD ensures that this information can be changed (subject to consultation where appropriate) to reflect changing local circumstances. It is not considered it would be practical to include the information within the Local Plan given the level of information included within the SPD.

Q8. Is the Council still contemplating the possibility of introducing CIL?

The Council is not currently progressing with introducing CIL at the current time, previous investigations illustrated that it was not viable and could have a significant negative impact in development terms in Hartlepool.