



To:

Mr Graham Parrott  
Planning Policy Manager  
Waverley Borough Council  
The Burys  
Godalming  
Surrey, GU7 1HR

Date: 13 June 2013

My ref: PINS/R3650/429/7

Dear Mr Parrott

**PLANNING AND COMPULSORY PURCHASE ACT 2004 (AS AMENDED)  
WAVERLEY CORE STRATEGY (CS) EXAMINATION  
INSPECTOR'S PRELIMINARY CONCLUSIONS**

---

1. As I explained at the end of the hearing session held in Godalming on 5 June 2013, I am writing to you, first, to give a preliminary view on whether Waverley Borough Council has satisfied the duty to co-operate required by section 33A of the 2004 Act (as amended) and, second, to expand upon my comments made at the hearing about the Plan's approach to meeting housing needs. While this note is issued without prejudice to any final report that I may prepare, you will see that I have substantial concerns about the Plan's soundness that may be difficult to resolve within the scope of the present examination.

**Duty to Co-operate (DTC)**

2. Having read and heard the representations made in respect of this matter, I am able to reach a preliminary conclusion about whether your Council has satisfied the DTC. Given that there is no remedy if the duty has not been met, it is appropriate – indeed necessary – to consider compliance with the DTC early in the examination.
3. As you will be aware, my initial note (20 February 2013) raised a number of concerns about the DTC. These related in particular to the assessment of need within a relevant housing market area and the ability of developments outside Waverley Borough to meet the assessed need.
4. In respect of the first matter, it will be apparent from my later comments that I have serious concerns about the housing needs evidence that supports the CS. Nevertheless, with reference to relevant examination documents<sup>1</sup> and comments (written and oral) from other local planning authorities, I am satisfied that your Council has engaged constructively, actively and on an ongoing basis with the

---

<sup>1</sup> Notably Core Documents CD5/23 and CD5/54.

required bodies in respect of the housing needs assessment process. Such bodies have not raised DTC objections in respect of this matter. In particular, neighbouring planning authorities do not seek to challenge the boundaries of the West Surrey housing market area (HMA) – notwithstanding an acceptance that there is some overlap (in functional terms) between HMA and other neighbouring market areas.

5. The second matter is more problematic. While earlier versions of the CS contained assumptions about the ability of developments in Rushmoor Borough and East Hampshire District to meet Waverley's needs<sup>2</sup>, such assumptions had not been confirmed by the local planning authorities concerned. Nevertheless, your Council did eventually approach these Councils to explore this matter prior to submitting the CS<sup>3</sup>. You accept that these matters have not been agreed<sup>4</sup>.
6. Nevertheless, I have sympathy with the view of some representors that the wording of CS paragraph 6.15 (to which Rushmoor Borough Council has objected on DTC grounds) can be read as continuing to rely on such developments. Including this information 'as a matter of fact, to draw attention to these nearby developments, the connection they have with Waverley and their potential to meet some housing needs arising outside these districts<sup>5</sup>' serves little purpose if formal agreement to off-set part of Waverley Borough's housing need has not been reached. Furthermore, your Council has decided in any event to maintain the draft CS housing target of 230 dwellings per annum (dpa) despite the lack of such agreement.
7. I have considered carefully whether this matter amounts to a failure to co-operate effectively in the terms of section 33A. However, it seems to me that the objections of other authorities made in respect of the DTC relate more to the final wording of CS paragraph 6.15 than to a lack of engagement between your Council and other local planning authorities on this matter. Indeed, Rushmoor Borough Council stated at the hearing that its objection could be resolved by deleting the reference to the Aldershot Urban Extension from that paragraph. As such, this matter bears more seriously upon the Plan's soundness than upon the DTC.
8. A further concern discussed at the hearing was the extent to which other neighbouring local planning authorities were asked to assist in meeting Waverley's housing needs. While a number of these Councils were approached in respect of the DTC, only the two already mentioned plus Guildford Borough Council were specifically asked

---

<sup>2</sup> For example paragraph 6.27 of the Revised Preferred Options and Draft Policies version (February 2012) – Core Document CD1/14.

<sup>3</sup> Core Document CD5/54.

<sup>4</sup> Document WBC001, paragraph 3.

<sup>5</sup> Document WBC001, paragraph 4.

whether developments within their respective areas had the potential to contribute to housing needs within Waverley Borough<sup>6</sup>.

9. You accepted at the hearing that, with hindsight, it may have been prudent to pose this question more widely. I agree. Nevertheless, I accept that your Council did contact the three authorities with which, on the evidence before me (about which I have more to say below), Waverley Borough's housing market has the strongest functional linkages. Given that your Council had (incorrectly) assumed that reliance could be placed on developments in more closely-linked Council areas, and bearing in mind that practical application of the DTC was evolving through much of the plan preparation period, I am satisfied on balance that this matter does not amount to a material failure to meet the DTC. Accordingly, and taking into account the other actions described in the Council's DTC topic paper, I see no reason to reach a conclusion that the duty has not been complied with.

## **Meeting Housing Needs**

### *Needs Assessment*

10. It is a requirement of the National Planning Policy Framework (paragraph 159) that local planning authorities should have a clear understanding of housing needs in their area. While the submitted evidence base seeks on one hand to demonstrate that the 2009 Strategic Housing Market Assessment (SHMA) remains robust<sup>7</sup>, it was apparent from your comments at the hearing that your Council does not itself accept that the SHMA accurately describes the full, objectively assessed housing needs of the housing market area, as required by paragraph 47 of the Framework.
11. In particular, you referred to various factors that have changed in the intervening period since the SHMA was prepared: these include the availability of more up-to-date population and household projections, newer employment evidence and changes to the eligibility criteria for housing waiting lists. This list is not exhaustive. You went on to suggest that the total housing need (for the Borough) amounted to some 300-450 dpa. This is a significant departure from the SHMA figure of 706 dpa (affordable and market housing), which is also set out in CS paragraph 6.11.
12. As such, it appears on your own terms that the 2009 SHMA is insufficient to provide the up-to-date assessment of housing needs required by paragraph 47 of the Framework. Such an assessment should properly be undertaken within the context of a SHMA, the preparation of which is itself a requirement of the Framework (paragraph 159). This requires a more considered assessment of housing needs than a simple reliance on demographic and household data and, importantly, requires such consideration to take place within

---

<sup>6</sup> Core Document CD5/54 and the Council's comments at the hearing.

<sup>7</sup> For example at WBC Matter 2 statement paragraph 2.1.14.

the context of the housing market area. As I explained at the hearing, an evidence base that solely refers to demographic and other changes within Waverley Borough, without consideration of the market area as a whole, is unlikely to be sufficient. For these reasons, I can give little weight to the housing needs figure that you quoted at the hearing.

13. While I would not wish to pre-empt the outcome of any revised housing needs assessment exercise, I would draw your attention to the other requirements of paragraph 159 of the Framework. These include the need to take account of migration and demographic change. As such, realistic assumptions in respect of future migration patterns would be required. Given the evidence that is already before me about the relative lack of containment within the West Surrey HMA, any scenario based upon zero net-migration (as included in your Population Topic Paper and your suggested modifications [January 2013]<sup>8</sup>) would need to be robustly justified.
14. Taking these factors together, it is therefore unlikely that I could reach a finding of soundness on the basis of the housing needs assessment evidence that is before me. A new SHMA is required. However, this would require your Council to work with other authorities – given that the HMA crosses administrative boundaries (see paragraph 159 of the Framework) – as well as with other stakeholders. As such, I am concerned that it may not be practicable or realistic to undertake and complete this exercise within the context and timescale of the present examination. If it is not possible to do this, then your Council should consider withdrawing the Plan.

#### *Core Strategy Housing Total*

15. During the hearing, I gained the strong impression that your Council is unwilling, as a matter of principle, to depart from the 230 dpa housing total that is set out in the CS. For example, as already discussed, this figure was not revisited when your previous assumption that reliance could be placed upon developments in neighbouring authorities proved to be incorrect.
16. If my impression is correct, then I must advise that continued reliance on a figure that is derived from the South East Plan (SEP) process is unlikely to result in a finding of soundness. The planning policy context has changed substantially and, as already discussed, you have accepted that the evidence base applying at the time of the SEP is out of date<sup>9</sup>. As I emphasised at the hearing, the requirement of the National Planning Policy Framework (paragraph 47) is that **the Local Plan should meet the full objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the Framework**. Seeking

---

<sup>8</sup> Core Documents CD4/36 and CD1/02 respectively.

<sup>9</sup> Furthermore, your Council was already seeking to depart from the actual SEP figure of 250 dpa.

to meet such needs is part of the soundness test of being positively prepared (paragraph 182 of the Framework).

17. As such, I would expect your Council to take a positive approach to providing the scale and mix of housing identified in any updated housing needs assessment – consistent with other policies of the National Planning Policy Framework. In the latter context, I do not under-estimate the significance of the Borough’s environmental assets and designations. However, any failure to meet the full, objectively assessed housing needs as a result of constraints arising from those designations would have to be clearly and specifically justified in the terms of the Framework’s policies. As discussed at the hearing, and contrary to the views of some representors, these policies do not set out ‘blanket bans’ on housing development: they should however be read carefully and within the context of the Framework as a whole.
18. In particular, careful consideration should be given as to whether the CS adequately distinguishes (in terms of both the location of new development and the wording of specific policies) between (1) those national designations to which the Framework attaches particular importance (such as the Green Belt and Area of Outstanding Natural Beauty), (2) those designations that are not the subject of specific policies in the Framework and (3) the remainder of the Borough<sup>10</sup>. If the location of new development is to be influenced by local landscape designations<sup>11</sup> (as is stated by CS paragraph 6.26), then the purpose and nature of such designations should be justified by the evidence base. It will not be sufficient to rely on a future review of designations in the Development Management and Site Allocation Local Plan (DMSALP)<sup>12</sup>. The ‘sound reasons’ for their retention mentioned in CS paragraph 13.17 must be made explicit and subject to testing.
19. Equally, the approach in respect of international nature conservation sites should accord with relevant legislation and policy – including SEP Policy NRM6, with which general conformity is still required. The statement of common ground between your Council, Natural England and the RSPB is noted and welcomed, although some outstanding issues remain upon which I would wish to hear discussion.
20. I note that your Council’s justification for not undertaking a Green Belt review<sup>13</sup> derives in part from its view that housing sites outside the Green Belt were available to meet the policy CS2 housing target. However, given that this target was itself explicitly influenced by the presence of constraints including the Green Belt, this appears to be a circular argument. While the SEP identified no requirement for a Green Belt review in Waverley Borough, the relevant SEP policies have been revoked. If the Council wishes to maintain its opposition to a Green Belt review, then such a stance would need to be justified in the

---

<sup>10</sup> See paragraph 113 of the Framework.

<sup>11</sup> Such as the Strategic Gap and the Areas of Strategic Visual Importance.

<sup>12</sup> WBC Matter 8 statement, paragraphs 8.1.8-8.1.9.

<sup>13</sup> WBC Matter 2 statement, paragraphs 2.2.23-27.

context of the Framework's policies, as discussed above. However, if a Green Belt review were to be considered then this has the potential to amount to a fundamental change to the Plan's strategy that could not be accommodated within the present examination.

21. A number of developers have put forward specific housing sites for consideration. I make no comment on the merits of these sites: detailed site allocation is a matter for the DMSALP. Nevertheless, if your Council were to maintain a position of providing less housing than required by a revised needs assessment, it would – in line with paragraph 47 of the Framework – need to demonstrate why the development of such sites would be inconsistent with the policies of the Framework.
22. In that context, the Council's approach (in Core Strategy policy CS2) of seeking to allocate 'reserve' greenfield sites in excess of the intended level of greenfield housing provision appears inconsistent with its justification for an essentially capacity-based housing target. If such sites can be brought forward for development consistent with the Framework's policies then this should be considered in principle and signalled as such in the CS (although I accept that their actual allocation could appropriately be deferred to the DMSALP). If however their development would conflict with the Framework's policies then it is hard to see how they could form an effective reserve in any event.
23. As you are aware, I have raised concerns that the level of housing need set out in the 2009 SHMA was not adequately tested through the Sustainability Appraisal (SA) process – both in terms of the numbers that were assessed (which fell substantially short of the 706 dpa figure set out in the SHMA) and the broad-brush nature of the assessment itself. A thorough and effective SA that takes into account the output of any revised housing needs assessment would clearly be required, along with accompanying public consultation and Habitats Regulations Assessment. While it is possible in principle to prepare an 'addendum' SA report to address changes to a Local Plan (such as the 'main modifications' recommended by an Inspector), I am concerned that the above-noted comments imply a more substantive revisiting of the overall Plan strategy. This would be outside the scope of the present examination.
24. As discussed at the hearing, it is necessary that any housing target should contain sufficient flexibility to ensure that the target will actually be delivered. As discussed at the hearing, the approach of allocating only enough housing land to meet that target *exactly* risks creating a shortfall if any of the underlying assumptions fall short or if sites do not come forward as expected. I note that there was some disagreement at the hearing about the present availability of a 5 year housing land supply: ideally, it would assist if common ground could be reached on this matter.
25. In addition, I am concerned that the Council's evidence in support of the Plan's windfall assumptions may be insufficiently robust,

particularly in respect of the allowance that has been made for the changed national policy stance in respect of the status of private residential gardens. Your view that 'the scope to release additional greenfield land provides the necessary flexibility' in respect of that matter<sup>14</sup> appears at odds with the requirement of paragraph 48 of the Framework that 'compelling evidence' should be available to support any windfall allowance. Given that windfall developments account for a substantial part of your Council's overall housing supply figures, failure to provide such robust evidence could amount to a serious failing of soundness.

26. Although not discussed at last week's hearing, you will also be aware of my concerns about the CS's potential lack of compliance with the Planning Policy for Traveller Sites (PPTS). These are set out in more detail in my note of 20 February 2013.
27. I note that a statement of common ground has been agreed between your Council and Hampshire and Surrey County Councils in respect of transportation matters. While this is welcomed, it does not appear that Hampshire County Council's objection has been fully overcome – although this is not entirely clear from the way that the statement has been presented (unlike other statements, it does not have an 'outstanding issues' section). If an outstanding objection remains in respect of this point then it would need to be explored in more detail.

## **Conclusions**

28. The comments set out above imply a significant amount of additional work. This includes the reassessment of housing needs in line with the Framework's requirements, the proper testing of alternatives through the SA process, a reconsideration of the Borough's capacity to accommodate new housing in the light of the Framework's policies, a reassessment of the present approach to 'additional' greenfield sites and the demonstration of a robust housing supply. All of the above would require to be subject to public consultation.
29. Taken together, these matters are both so significant and so central to the Plan's overall strategy that I am concerned that it may not be possible to consider them appropriately within the context of the present examination – which, as previously advised, is based upon the August 2012 version of the Plan that was subject to formal public consultation. It would be a significant waste of time and resources if such work was undertaken only to result in modifications that were so substantial that they could not be reasonably considered in the context of the present examination. Equally, any additional work would need to be carried out within an acceptable timescale: a substantial delay would create considerable uncertainty within the examination process for those who have submitted representations at the publication stage.

---

<sup>14</sup> WBC Matter 2 statement, paragraph 2.3.15.

30. As such, it seems to me that there are three alternative courses of action:
- (1) I proceed to write my report on the basis of the evidence that is already before me (although in such circumstances I would need to consider whether further hearings would be required). It will be apparent from the above that this is unlikely to result in a finding that the Plan is sound; or
  - (2) Your Council undertakes the above-noted additional work **if it feels that this could be accommodated (1) without fundamentally altering the Plan's spatial strategy, (2) without prejudicing the preparatory work and public consultation that has already been carried out and (3) within a realistic timescale.** As already discussed, this option carries a substantial risk that such work could be wasted if it were to, on the one hand, result in the Plan effectively being rewritten or, on the other hand, fail to properly address the concerns described in this letter; or
  - (3) Your Council withdraws the Core Strategy, carries out the work described above, republishes the Plan for consultation and then submits it for formal examination. Given my comments on the previous two options, and with regret, I suggest that this may well be the most appropriate course of action.
31. I therefore ask your Council to carefully consider how it wishes to take matters forward in the light of this note, and to advise me (via the Programme Officer [PO]) of its response as soon as possible. This note, along with your response, should be made available on the examination website. If you have any queries on the above, please let me know via the PO.

Yours sincerely

*M J Hetherington*

INSPECTOR