

# **APPENDIX B**

## **WAVERLEY BOROUGH COUNCIL**

### **EXECUTIVE - 02/07/2013**

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**Title:**

**CORE STRATEGY**

**[Portfolio Holder: Cllr Bryn Morgan]  
[Wards Affected: All]**

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**Summary and purpose:**

The purpose of this report is to set out the current status of the Council's Core Strategy (CS). The CS is currently at the Examination stage and on 5<sup>th</sup> June the appointed Inspector held hearing sessions focused on the new 'duty to co-operate' and housing needs. The Inspector has since informed the Council that further work needs to be undertaken before the CS can progress. The Inspector has set out options for the Council to consider. The purpose of this report is for the Executive and Council to agree a way forward in response to the Inspector's letter.

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**How this report relates to the Council's Corporate Priorities:**

The Core Strategy and its policies will have an important role in supporting and delivering Corporate Priorities, including protecting the environment and delivering affordable housing.

**Financial Implications:**

In February 2013 the Council set aside a budget of £100,000 for costs associated with the Local Development Framework. The cost of producing a new Strategic Housing Market Assessment (SHMA) is estimated to be in the region of £20,000 and will be met from the Local Development Framework budget in 2013/14.

**Legal Implications:**

In examining the Core Strategy the Inspector is assessing whether both the legal and general tests of soundness have been met.

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**Introduction**

1. The Council submitted the Core Strategy to the Secretary of State for examination on 31 January 2013, following its approval by Full Council on 22<sup>nd</sup> January. The Core Strategy sets out the planning policies for the Borough Council for the period up until 2028. It sets policies to support housing and employment provision to meet the needs of our communities, balanced against environmental and other constraints.

2. The process of examination by the Planning Inspector started as soon as the Council's Development Plan was submitted. The examination is a continuous process running from the date of submission through to the receipt of the Planning Inspector's Report. The Inspector's task is to assess the Core Strategy and its policies and test them for their "soundness" to see if they comply with Government policies, which are contained within the new National Planning Policy Framework (NPPF). The NPPF was published in March 2012 at which stage the Council's Core Strategy was at an advanced stage of preparation.

### **Background**

3. The preparation of the current Core Strategy started in 2007 and has taken place at a time of major upheaval in the planning system, with the recent introduction of the NPPF and major legislative change culminating in the partial revocation of the South East Plan (SEP). The SEP has been a major influence on the development of the Core Strategy, not least because, until its partial revocation, there was a requirement for Waverley's Core Strategy to be in general conformity with it. In his letter the Inspector emphasised however that continued reliance on a figure that is derived from the SEP would be unlikely to succeed. This shifting national policy position has represented a particular challenge to the Council in taking forward its Plan.
4. The evolution of the Core Strategy was influenced by a number of consultations on a range of matters. A particular focus was on the issue of the number of new homes that Waverley should be planning for and their broad distribution. The Council put forward a Plan that it felt struck the right balance between responding to the need for homes and other development in Waverley whilst also recognising and safeguarding the character and qualities of the Borough. Indeed the Inspector has acknowledged the significance of the Borough's environmental assets and designations.

### **The Examination Hearings**

5. On 20<sup>th</sup> February the Inspector sent his 'Initial Note' to the Council. Having reviewed the Core Strategy and accompanying evidence, he identified some concerns relating to the 'duty to co-operate', meeting housing needs, the location of development and traveller sites. Following the Council's response to his Initial Note, the Inspector decided that the issues he had identified should best be raised within the format of the public hearing sessions. Therefore, he set a programme of hearing sessions, starting with sessions on 5<sup>th</sup> June to consider the 'duty to co-operate' and meeting housing needs elements.
6. Although the Inspector set a programme of hearing sessions to consider other matters, he made it clear at the outset that if serious soundness concerns emerged from these opening sessions, he would take a view on whether there was merit in holding the sessions scheduled for the second week.
7. At the end of the sessions on 5<sup>th</sup> June, the Inspector decided not to continue with the remaining sessions and said that he would write to the Council with his findings from his consideration of the first two matters.

## **The Inspector's Letter of 13<sup>th</sup> June 2013**

8. On 13<sup>th</sup> June the Inspector wrote to the Council (attached copy of the letter is at Annexe 1) setting out his preliminary view on whether the Council had met the legal duty to co-operate, and his findings in relation to the matter of meeting housing needs.
9. With regard to the duty to co-operate, the Inspector was satisfied that the Council had engaged constructively, actively and on an ongoing basis in relation to the housing needs assessment process. Overall, he said that he could see no reason to reach a conclusion that the duty to co-operate has not been complied with. It is important to highlight that the duty to cooperate is a continuous process and, whatever decision the Council takes, will require further consultation and cooperation with neighbouring authorities.
10. On the issue of meeting housing needs, the Inspector referred to the requirements of the NPPF and expressed concerns about the robustness of the current Strategic Housing Market Assessment (SHMA). He said that a new SHMA should be produced. He said that in doing this, the Council should work with other authorities, given that the housing market area crosses administrative boundaries.
11. The Inspector also said that continued reliance on a housing figure derived from the SEP process is unlikely to result in a finding of soundness. He said that he would expect the 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 in the NPPF. The Inspector said that he did not under-estimate the significance of Waverley's environmental assets. However, he said that failure to meet housing needs due to constraints arising from these designations would have to be clearly and specifically justified in terms of the NPPF policies.
12. In his conclusions the Inspector said that his comments imply a significant amount of work and said he was concerned that it may not be possible to consider them appropriately within the context of the present Examination. However, he identified three alternative courses of action:-
  - 1) He proceeds to write his report based on the evidence before him. He says that this is unlikely to result in a finding that the Plan is sound; or
  - 2) The Council undertakes the additional work if it feels that this could be accommodated without fundamentally altering the Plan's spatial strategy, without prejudicing the preparatory work and public consultation that has already been carried out and is completed within a realistic timescale; or
  - 3) The Council withdraws the Core Strategy, carries out the work described in the letter, republishes the Plan for consultation and then submits the Plan for examination. He says that, with regret, this may well be the most appropriate course of action.
13. The Inspector asks the Council to carefully consider how it wishes to take matters forward and to advise him of its response as soon as possible.

## **Taking the Core Strategy Forward**

14. In the light of the Inspector's comments, it is necessary for the Council to decide how it wishes to proceed.
15. It is clear that Option 1, based on what the Inspector has said in his letter, and his conclusions to the hearing sessions, is not realistically viable. The real choice for the Council is between Options 2 and 3.
16. The advantage of Option 2 would be that progress with the Core Strategy would continue, having regard to all the work that led to its original submission, including the extensive public consultation. However, the Inspector has pointed out the risks associated with this approach. In essence this is that the amount of work needed could take longer than could reasonably be considered in the context of a suspension of the Examination and may result in changes to the Core Strategy itself that are too significant to be considered in the context of the Plan that the Inspector is examining (i.e. the Plan that was published in August 2012).
17. With regard to Option 3, the potential advantage of this approach is that it provides more flexibility in terms of making changes to the overall strategy, if these are needed as a result of the findings of the updated SHMA. The significant disadvantage with Option 3 is that it would lengthen the time needed to get the Core Strategy in place in conflict with the Council's desire to have up-to-date planning policies in place as soon as possible to manage future development in the Borough. This may further encourage developers to submit proposals for unplanned housing development which the Council would need to consider in the context of the NPPF. This has in reality been the case since the publication of the NPPF in March 2012 but further delay may increase the likelihood of ad hoc schemes being promoted.
18. While there are some advantages and disadvantages with both Options 2 and 3 it is considered that Option 2 should be followed as will retain momentum with the delivery of the Core Strategy. What is common to both options is the need to update the evidence of housing need through a new SHMA. Clearly, until that work has been completed and the Council has identified what it regards as being the current objectively assessed need for new homes, it is difficult to identify the extent of other work that may be needed so that the Council can consider the implications of delivering that level of housing in Waverley. The process of updating the SHMA should be completed by October 2013.
19. Another factor which should be borne in mind is the Community Infrastructure Levy (CIL). The Council has already consulted on a draft tariff but the timescale for further progress may need to be reviewed as it cannot be adopted until such as time as the Core Strategy is adopted. This carries the risk that the Council may have a period when it will no longer be able to collect contributions under the current Planning Infrastructure Policy (due to legislative changes which come into force in April 2014) before it is replaced by CIL. However, the situation remains uncertain as the Government has recently consulted on extending the transition period for limiting the use of pooled planning obligations from April 2014 to April 2015.

## **Resources**

20. The delivery of the Core Strategy will continue to be largely managed through existing resources, including the budget set aside for the use of consultants to support the work on the Core Strategy. In the first instance, it will be necessary for the housing needs evidence to be updated through a new SHMA and officers estimate that this could cost in the region of £20,000. Other potential costs will depend on the findings of the SHMA, but may include the need to update other supporting documents, including the Sustainability Appraisal and the Habitats Regulations Assessment, both of which were produced for the Council by specialist consultants.

## **Conclusion**

21. It is important to recognise that the Core Strategy has not been found unsound. However, the Inspector has given a very strong steer that in its current form that this is the most likely outcome.
22. A new SHMA will be required regardless of whether option 2 or 3 is followed. Bearing in mind the work that has been already been undertaken, including extensive public consultation and the Council's commitment to put in place a Core Strategy which reflects the communities wishes, it is considered appropriate to follow the Inspector's option 2. At the current time this represents the best opportunity to get an update Core Strategy in place in the short period possible.

## **Recommendation**

It is recommended

1. to the Council that it follows the Option 2 highlighted by the Inspector and that he be asked to suspend the Examination of the Core Strategy in order for the Council to carry out the additional work needed; and
2. that the Executive agrees to undertake the Strategic Housing Market Assessment to be funded from the Local Development Framework Budget.

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## **Background Papers**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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