

Cornwall Local Plan Strategic Policies - Examination

PRELIMINARY FINDINGS FOLLOWING THE HEARINGS IN MAY 2015

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1. INTRODUCTION

1.1 I confirmed at the hearings that I would issue some Preliminary Findings following the first week of hearings. In this note I identify matters covered in the first week where the plan is unsound and some matters on which it is not compliant with the Regulations. The purpose of issuing these findings now is to enable the Council to consider how it wishes to proceed and to enable me to conduct the Examination in the most efficient manner. As a result of my findings, I would not be in a position to recommend adoption of the plan without the Council undertaking further work and consulting on various possible changes to the plan.

1.2 The changes likely to be necessary to make the plan sound may also affect the policies for the Community Network Areas (CNAs). As I indicated at the hearings, I have decided to postpone the hearings that were scheduled to take place at the end of July which would have covered the policies for CNAs (and some other matters). This postponement will ensure that the implications for the CNAs of the Council's proposed changes are made clear before any such hearings are held.

1.3 The next step will be for the Council to consider how it wishes to respond to this note. If it wishes the Examination to proceed by way of a suspension, it should set out the further work it considers necessary and the timetable for undertaking that work, including appropriate consultation on changes. Provided that I consider that there are reasonable prospects for a successful outcome within a reasonable period, I would then formally suspend the Examination. I would not resume the Examination until the consultation on changes is complete and the representations made in response have been duly organised for my consideration. Following any resumption, it is likely that further hearings will be required on some of the matters already covered, as well as those not yet considered at hearings.

1.4 If the Examination does proceed by way of a suspension, I will issue a further note to cover concerns or questions I have on other matters in the plan not yet considered at hearings. That note would not, of course, come to any conclusion on those matters, but would highlight where I am unclear as to the Council's intentions, where there appears to be ambiguity in the wording of the plan, or where there seems, on its face, an inconsistency with national policy. This second note would enable the Council to consider whether it should include possible changes in the consultation to clarify matters I highlight.

1.5 The primary purpose of this note is to enable the Council to decide how it should proceed and what further work is required. Accordingly, I comment only briefly or not at all on matters which I consider are sound. Comments on this note from other parties are not invited and will not be accepted.

2. STATUTORY AND REGULATORY MATTERS

Duty to Cooperate

2.1 By the time of the hearings, there was no substantial challenge with regard to the Duty. During the long period over which the plan was developed various concerns had been raised by the Council's Duty to Cooperate partners, but these issues had been overcome or were no longer regarded as raising a conflict with the Duty. The Council's record of working with its Duty partners and its response to concerns expressed is set out in its Duty to Cooperate Statement and Appendices (A.7). I am satisfied that the statutory Duty has been met.

2.2 Plymouth City Council has a well-established aim of growing the city well above demographic projections. A new Strategic Plan which aims to continue this approach is due to be submitted for Examination in March 2016. The City Council is not currently seeking any of its aspirational need to be met in Cornwall. Whether or not the City's needs/aspirations are justified and whether they can be adequately met outside Cornwall will be a matter for the Examination of the City's Plan in due course. But at the present time there is no requirement for additional housing for Plymouth to be accommodated in Cornwall. More detailed considerations of the relationship between the south east corner of Cornwall and Plymouth will be addressed (where necessary and relevant) in any later hearings on the Community Network Areas.

Habitats Regulations Assessment

2.3 I have previously highlighted (ID.01) the concerns of Natural England (NE) with 2 inconsistencies between the assumptions and conclusions of the HRA (the most recent version being October 2014, A.6) and the contents the plan. Firstly, with regard to measures necessary to protect the water quality of the River Camel Special Area of Conservation (SAC) and, secondly, with regard to recreational pressure on 7, mainly coastal, SACs/Special Protection Area (SPA). There needs to be a very clear read-across between the mitigation measures set out in the HRA and what the plan proposes. I give particular weight to the views of NE as it is the Government's principal adviser on the protection of European sites, with experience of such issues across the country

2.4 The various changes to text and policy in relation to the River Camel in the Council's *Updated Schedule of Proposed Further Significant Changes* (ID.01.CC.2.4.1) are necessary for regulatory compliance in relation to the River Camel SAC.

2.5 In relation to 7 SACs/SPA and recreational pressures, there is not the evidence base to be certain about the effect of development. It is agreed between the Council and NE that recreational visitor surveys need to be undertaken this summer (due to commence imminently) and a detailed mitigation strategy derived from that evidence, including the distance from the SACs where development is likely to give rise to in-combinations effects. In the meantime, it is necessary to put in place an interim mitigation strategy including interim buffer zones on a precautionary basis where proposals will need to be subject to a site-level HRA and/or contribute to interim mitigation measures. Substantial changes to put this approach into effect had been included in the Council's *Schedule of Proposed Further Significant Changes*, but NE were not satisfied with the robustness of the wording.

2.6 Immediately prior to the hearing, the Council and NE agreed additional substantial wording (HD.CC.01) to be inserted in policy 23 (*Natural Environment*) so as to provide a clear policy context for both the interim situation and the necessary hook for the subsequent detailed mitigation strategy to be set out in a Supplementary Planning Document (SPD), as done elsewhere. Wording along these lines is necessary for regulatory compliance. As I raised at the hearing, given that, pending the further evidence, the buffers zones and need for mitigation are based on assumptions and the precautionary principle, the policy must allow for an exception to the interim requirements, namely: *unless demonstrated as unnecessary by a site-specific HRA*. This caveat should be included. As a separate issue, the Council will need to consider whether the policy as amended will have any impact on the expected delivery of sites included in its 5 year land supply.

2.7 Notwithstanding all the above, I remain unclear as to whether a bespoke approach or separate explanation in the text is needed for Carrine Common SAC. The HRA (paragraph 4.4.10) concluded that there would be no adverse effect from recreational pressures, but NE considers that significant effects cannot be ruled out and the Council has included Carrine Common in the Table of SACs to be included in the plan. In agreement with NE, the Council should clarify the position and amend the changes if required.

Sustainability Appraisal (SA)

2.8 NE has consistently expressed serious concerns about the adequacy of the SA (A.5), particularly in relation to the assessment of the impacts on landscape (notably the national designated landscapes of the AONBs) and of the apportionment of housing development to the individual Community Network Areas (CNAs) in the absence of testing the individual CNA policies on landscape. I share the central concerns expressed by NE and for the reasons given below consider that the SA is not adequate and regulatory compliant.

2.9 I accept that the assessment of development options for Cornwall as a whole was made with adequate regard to landscape impacts. There was

adequate baseline information for Cornwall and appropriate SA objectives and decision criteria were set out. Assessments at this scale are inevitably fairly broad-brush, but the SA was sufficient at that stage.

2.10 The extent and proportion of protected landscapes (and other international/national designations such as the World Heritage Site WHS) vary considerably between CNAs, as does their proximity and setting to the main town(s) within each CNA. For each CNA, the potential impact of the scale of development proposed on such assets, taking account of the capacity of each CNA outside the protected areas and their settings, needs to be assessed.

2.11 I acknowledge that the *Sustainability Appraisal, Planning Future Cornwall: Preferred Approach*, December 2011 (E.3), tested policies for each CNA (as then proposed) against the SA objectives including landscape, heritage and so on. But the assessments are all very similar and generalised. The mitigation measures proposed in the light of identified potential impacts focus on the wording of policies. There is no assessment of the actual ability of each CNA to accommodate the scale of development proposed so as to be able to comply with the policy wording suggested.

2.12 Accordingly, with regard to landscape alone this shortcoming requires a revision to the SA for the CNAs. In relation to potential landscape impacts the evidence and policy context in which the housing distribution to the CNAs needs to be assessed has developed since the SA was published. The Council is proposing an amendment to policy 3 to confirm that major development in AONBs will not be supported and that small scale affordable housing proposals will need to consider the landscape character of the AONBs and their setting. New evidence has assessed the deliverability of the housing apportionments within the rural areas without requiring sites in the AONBs (A.17). Further work is being undertaken on the potential for housing development to affect the setting of the AONBs. Accordingly, it should now be possible to address this particular shortcoming effectively and will overcome NE's concern about the lack of evidence.

2.13 However, the impact on landscape is only part of a wider concern I have with the justification and testing through the SA process of the apportionment of housing to the CNAs and, within each CNA, between its main town(s) and its rural area. Similar concerns arise in relation to SA objectives such as on heritage (eg the effect on the WHS and its setting) and biodiversity (eg the European sites already discussed).

2.14 I had postponed to the later hearings the justification for the apportionment of housing as it is clearly most relevant to the policies for the individual CNAs. But given the further work that is required, I set out this wider concern now on a preliminary basis so that the Council can take it into account in considering how it should respond to these findings and the scale of work that would be required during a suspension.

2.15 Policy 2, part 7 refers to dispersed development in a *proportional manner* and policy 3 indicates that development and investment should be *proportionate* to the role and function of places. But *proportional* to what? Documents A.12 and BN18 present differing ways of measuring proportionality.

2.16 The plan's proposals result in an apportionment of 63% of new housing to the 16 main towns, 32% outside those and 5% to the eco-community (A12, p5). This is a hybrid outcome from the 3 core spatial strategy options tested in 2011. Whilst the 3 options originally tested may be sufficient to explain and test the outcome on a Cornwall-wide basis (eg as shown in Table 9 A.12) further assessment and testing is required for the consequential apportionment to the CNAs and the split within each CNA between main town(s) and rural area.

2.16 Document A.12 gives a summary of how the apportionments have evolved between stages of the plan, but given the fluctuating overall requirement at these various stages and the different types of adjustment made, it is impossible to follow what were the final remaining reasons for the resulting apportionment. It is unclear, for example, how the 3 bullet considerations highlighted on p18 were applied to individual CNAs.

2.17 Where the allocation to a CNA varies materially from a straightforward pro rata apportionment of the existing position (that base line having been defined) and/or where the main town/rural split within a CNA varies materially from the existing split (also having been defined) there needs to be a clear explanation for those variations. I note from Table 7 in A.12 that variations in the apportionment from the pro-rata existing position range between about 1%-2% below to 1%-4% above the existing proportion of households. These might seem small variations, but the table gives a false impression of insignificance. One per cent of the housing requirement is 475 dwellings. This is a significant proportion of the allocation for many CNAs. The Council will have to identify a suitable threshold to test and justify variations from the pro-rata positions.

2.18 Overlaying the need to address the above concerns, the Council will need to justify and carry out SA for the overall increase in the housing requirement flowing from the Council's response to my conclusions; its revised apportionment to CNAs; and of any changes required to ensure compatibility with the land use requirements of the economic strategy. In these circumstances I cannot be prescriptive about the methodology to be used.

2.19 I am satisfied that all other statutory and regulatory matters are met.

3. OBJECTIVELY ASSESSED NEED (OAN) AND THE HOUSING REQUIREMENT

Background

3.1 The plan (policy 2, part 4) provides for 47,500 homes at an average annual rate of 2,300. This figure is consistent with the dwelling requirement identified in the *Strategic Housing Needs Assessment (SHMNA)* July 2013 (C.9) derived from the rebased Sub National Populations Projection (SNPP) of 2010 (Table 6.24, C.9) which incorporates a 3% vacancy rate to convert future households to dwellings required.

3.2 The demographic projection is only a starting point and national policy and guidance requires consideration of a number of other matters, including whether any uplift is required in response to market signals or to meet in full affordable housing needs and to ensure alignment between the economic strategy and future workforce availability. In Cornwall there is an additional issue relating to holiday/second homes when converting the demographic projection to a dwelling requirement.

Housing Market Area (HMA)

3.3 Cornwall is sufficiently aligned with a single housing market area for housing needs to be considered on a Cornwall-only basis. I have seen no substantial evidence to justify requiring an alternative approach to the geographic coverage of the SHMNA.

The demographic starting point

3.4 A number of representations indicate that past projections for Cornwall by the Office for National Statistics (ONS) and Department of Communities and Local Government (DCLG) over-estimated future growth compared with what actually happened and that therefore they are not a reliable basis for planning. Since the Census of 2011, ONS has undertaken considerable updating and correcting of the data that is used for population/household projections to ensure that projections are as robust as possible. I have not seen evidence to demonstrate that past projections were so out of step with what occurred in Cornwall compared with elsewhere or that such large variations would occur in the future to justify a departure from national policy/guidance on their use as the demographic starting point.

3.5 On 27 February 2015 the (DCLG) published new household projections based on the 2012 SNPP published last year. These projections post-date the SHMNA. From subsequent analysis undertaken on behalf of the Council, publication of these projections would not, in isolation, have justified a change in the housing requirement in the plan (*Edge Analytics* ID.01.CC.3.3 and ID.01.CC.2.2.). However, as explained by Edge Analytics, the latest projections embed revised data, including the revision by the ONS of the inter-census Mid-

Year Estimates on which the components of past changes used for future projections are calculated. These recent projections are thus derived from more robust data than was available for use in the SHMNA. In addition, to provide the most robust projections appropriate to Cornwall, some adjustment to the ONS/DCLG methodology is justified as highlighted below.

3.6 *Migration.* The demographic model used in the SHMNA and the more recent ONS projection uses migration flows from the previous 5 years only. Given the significance of migration as a component of change for Cornwall and to even-out the likely effect of the recent recession on migration between 2008-2012 a longer period than 5 years would give a more realistic basis for projecting this component. A period of 10-12 years was suggested at the hearing and I consider that this would be reasonable, rather than the 17 year period used in ID.01.CC.3.3. I also consider that the ONS' *Unattributable Population Change* component should be assigned to international migration for the reasons given by Edge Analytics in ID.01.CC3.3. This approach was not disputed at the hearing.

3.7 *Household formation/headship rate (HR).* Tables 5 and Fig 8 in ID.01.CC.3.3 indicate that there is not a substantial difference in the annual household growth rate between projections to 2035 using the 2008-based HR and the 2012-based HR (although the figures would be slightly different if only covering the plan period to 2030). I accept that the 2012 HR used in the new household projections is much more robust than that used in the earlier 2011-based interim projection. There is now no basis to rely on the 2008 HR in full, as done in the SHMNA.

3.8 Nonetheless, the HR 2012 may still embed some recessionary effect. It would be inconsistent with the national policy for growth to project any such effect throughout the plan period. Accordingly, the projections developed as part of this further update should show both the HR 2008 and HR 2012 and the mid-point, blended approach. On the current evidence, I consider that the most robust approach for deriving the housing requirement would be a projection using a blended HR rate. (I am aware that there are various simple and sophisticated methodologies which have been used to blend different HRs to achieve a part return to the earlier trend over the projection period, but I see no need to be prescriptive.)

3.9 In undertaking this further demographic modelling, it would be useful to show alongside the above, the comparable figures derived directly from the SNPP based 2012 projections without the above adjustments (as done in ID.01.CC3.3).

3.10 The updated projections by Edge Analytics are for 2012-2035 which is not the plan period. The annual average requirement will vary depending on the length of the projection period used. The annual requirement for the plan period should be based only on the data that covers this period (to ensure that the

needs arising in that period are met in that period). This approach has the effect of increasing slightly the annual rates from those shown in Table 5 of ID.01.CC3.3.1 (as shown in the Council's Hearing Statement, top of p5). The latter approach should be the basis on which the housing requirement for the plan period is derived. The further work must also include additional information for the annual household growth rate for the period 2010-2012, so that the full plan period is addressed. All such matters should be clearly explained in the further work so that it is straightforward for all parties to follow. I expect that the combination of the above changes will result in a small increase in the demographic starting point from that shown in the SHMNA.

Market signals

3.11 From the range of signals highlighted in the Council's evidence (mainly Briefing Note 14 and SHMNA) and in representations (eg by Barton Willmore rep 576, and Savills rep 783), I consider that no consistent picture emerges. For example, indexed dwelling stock growth in Cornwall between 2002-2011 was greater in Cornwall than for England. Housing delivery was well above that required by the Structure Plan over this period. Although delivery was below that required by the previously emerging Regional Spatial Strategy (RSS) I do not give much weight to that factor given that the RSS was never formally approved and from 2010 it was clear that it was not going to be progressed. Median house prices are above those for England, but there is no worsening trend.

3.12 Between 1997 and 2002 the ratio of lower quartile house prices to lower quartile earning for Cornwall was similar to the South West and above that for England. The trend was slightly worsening over that period. Between 2003 - 2008, the affordability ratio for Cornwall worsened significantly, rising well above the regional figure, which in turn worsened compared with the figure for England. All 3 of these ratios improved during the recession with Cornwall showing the most improvement (between 2008-2009). But Cornwall remains significantly above the regional and national figures. Over the long term, the picture is of a worsening trend and a position significantly worse than the regional and national averages. National guidance is that a worsening trend in any relevant market signal should result in an uplift. But for the reasons given below I do not consider that I should require such an uplift to be made for Cornwall at this time.

3.13 Given that much of Cornwall forms a largely self-contained HMA, any uplift large enough to make a significant difference would have questionable deliverability because it would be out of step with the availability of households to fill the additional dwellings, based on a robust demographic projection (already including significant net migration). Furthermore, there is considerable variation in average house prices across Cornwall (SHMNA Figs 5.3 and 5.4) and

weak viability affecting delivery in some important towns (see below). In this context a generic uplift would not seem a relevant response to the problem.

3.14 One element of the affordability ratio is earnings and earnings are particularly low in Cornwall (see, for example, BN17 p3). It is one of the issues that the Council and Local Economic Partnership (LEP) are seeking to address (see below). It would be counter-productive for the success of that strategy (which I endorse) if population growth and the resulting increase in the workforce was out of step with the strategy and resulted in earnings not improving as planned. I am requiring further work from the Council to explain its jobs/workforce expectations. It will be for the Council to consider whether an uplift to the demographic projection is required in the wider context of aligning housing and (targeted) economic growth.

3.15 At the hearing, the only specific suggestion for an uplift was the modest 10% required by Inspectors in a few other Examinations recently. But for Cornwall I consider that the 7% I am requiring to recognise second homes/holiday homes is a more specific, evidence-based adjustment to the demographic projection to reflect the realities of an important element of the housing market in Cornwall.

Affordable housing need

3.16 The total affordable housing need identified in the SHMNA is 30,912 households (summarised in Table 8 ID.02.CC.1, drawn from SHMNA figs 7.2 and 7.3). To address the backlog element of this need over 5 years and still meet newly arising need would require 2,240 units a year, which is most of the overall annual housing requirement in the plan. At the hearing, there was broad acceptance that the scale of need had been adequately identified.

3.17 The assessment of affordable housing need is separate from the objective assessment of need arising from demographic projections. The existing households in need of affordable housing are not included in the demographic projection. But if such households were able to move from their existing unsuitable private rented accommodation to suitable affordable housing their existing accommodation would become available for others (for whom it may be suitable). So there is no need for this element to be added to the overall OAN. Equally, this element should not be subtracted from the total affordable housing need as suggested by the Council.

3.18 I have found (see below) that expected delivery is likely to be less than the Council's calculation of 22,000 affordable homes over the plan period (Table 9, final form in HD.CC.06). There is thus a substantial gap between delivery and overall need. The backlog and newly arising need has not been met in the first 5 years of the plan. National Guidance states: *An increase in the total housing figures included in the local plan should be considered where it could help deliver*

the required number of affordable homes. (Paragraph: 029 Reference ID: 2a-029-20140306).

3.19 I do not doubt the Council's very strong commitment to the delivery of affordable housing using imaginative models to do so and substantial Council funds. Nonetheless, I cannot see in the evidence any serious, objective *consideration*, as required by national guidance, as to the scope for further narrowing the gap between identified need and expected delivery by some increase in market housing. This is a matter the Council needs to consider afresh in the light of my findings on need and delivery.

3.20 National guidance requires *consideration* of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites. The realism of achieving the intended benefit of additional affordable housing from any such uplift is relevant at this stage, otherwise any increase may not achieve its purpose.

3.21 Any uplift on the demographic starting point such as the 7% addition for second/holiday homes that I am requiring (see below) would deliver some additional affordable housing and can be taken into account in judging whether any further uplift is justified. A very substantial uplift would raise the same concerns as I set out above in relation to market signals, but some further uplift should still be carefully considered by the Council. The weight to be given to any such uplift is clearly related to the proportion of affordable housing that would be delivered as a result. Thus additional delivery in zone 1 would be more beneficial than in zone 5. But the appropriateness of such a response would also need to be considered such as the desirability of meeting needs broadly where they arise, given the size and distinct geography of Cornwall. The Council will need to explain its assessment and response to this matter carefully.

Holiday homes/second homes/vacancy rate

3.22 The SHMNA used a 3% vacancy rate to convert the household projection to a dwelling requirement. The Council's Briefing Note 11, p5 comments: *Second homes account for a significant proportion of dwellings in Cornwall and it could be argued that we need to plan for a number of new dwellings to meet this need in addition to that planned to meet future household growth needs.* There is a similar point in Briefing Note 12, *Note of Caution 4*. But no such allowance has been made.

3.23 The National Planning Policy Framework (NPPF) does not identify second/holiday homes as a "need" and therefore such homes should not be counted as part of the objectively assessed need (OAN) required by the NPPF. But the acquisition of future new dwellings as holiday/second homes would remove those dwellings from the stock available for the needs which have been assessed. More generally, if at 2030 the proportion of the total housing stock

occupied as holiday/second homes is similar to now, additional existing homes would have been acquired as holiday/second homes and be unavailable to meet assessed needs, even if newly built homes in some locations are not attractive for such use. Accordingly, in converting the OAN into a housing requirement for the plan, an allowance should be added for second/holiday homes. It is reasonable to assume that the proportion of holiday homes will not decline over the plan period, especially given recent and planned improvements in transport connections serving Cornwall.

3.24 The 2011 Census recorded unoccupied household spaces as 11.2% of the stock, but this figure includes the 3% vacancy rate already used in the SHMNA. So the maximum rate that could be used for holiday/second homes would be 8.2%. Until 2013, the Council offered a discount on homes occupied as second/holiday homes. Such a discount was given on 5.4% of homes. Many, but not necessarily all qualifying households would have applied for such a discount, given that it was only 10%. The allowance for holiday homes should not therefore be less than 5.4%. The remaining unoccupied households recorded by the census may be accounted for, in part at least, by properties used as short term holiday accommodation as part of a business on which business rates are charged.

3.25 On the evidence currently available and adopting a pragmatic approach between the minimum and maximum figures referred to above, I consider that 7% should be added for second/holiday homes when converting the OAN to the housing requirement for the plan, in addition to the vacancy rate.

The needs of particular groups

3.26 As indicated at the hearing, I find that the need for housing for particular groups (for example, in relation to the private rented sector, self-build, older people, and households with specific needs) has not been adequately assessed and further work is required in this regard. Chapter 8 of the SHMNA provides various relevant demographic information, but there no assessment, for example of the future need for specialist accommodation for older people broken down by tenure and type (eg sheltered, enhanced sheltered, extra care, registered care) or the demand for self-build plots (see National Planning Guidance Paragraph: 021 Reference ID: 2a-021-20150320).

Compatibility with the economic strategy

3.27 Many parties highlighted the much higher household projections based on economic projections (SHMNA, Fig 9.2) and the past high rate of job growth in Cornwall. But those projections (from 2010-2012) do not take into account the LEP's Economic Strategy. The high rate of past job growth did not overcome the structural weaknesses in the economy of Cornwall, including low earnings/low Gross Value Added. Accordingly, as explained below, I endorse the LEP Strategy and do not consider that reliance on past trends or the economic projections in

the SHMNA are an appropriate basis for assessing the housing requirement. Following the further work required by the Council in ensuring that the plan is delivering the economic strategy and clarification in relation to job expectations, the Council will need to demonstrate that there would be a suitable alignment between economic development, job and workforce growth and the housing requirement.

4. ECONOMIC NEEDS AND STRATEGY

The economic strategy

4.1 The stated intention of the plan (eg paragraph 2.3) is to support the Council's and the LEP's Economic Strategies (ID.01.CC.1.4 and ID.01.CC.1.5 respectively) which are closely aligned. These strategies seek to address the underlying and long term economic weaknesses in the economy of Cornwall (summarised for example in ID.01.CC.2.3). The poor performance of the Cornish economy means that Cornwall is the only part of the UK which qualifies for EU regional convergence funding. The LEP strategy is to address these deficiencies by a range of interventions which will include substantial public funding eg targeting companies and sectors that will promote high quality jobs growth; improving infrastructure, including transport connections and broadband; improving skills.

4.2 The only representations which seriously dispute the thrust of the economic strategy of the Council and the LEP are those which argue for a radical alternative model to conventional assumptions about the benefit of economic growth. However, economic growth is a key Government aim which is reflected in the NPPF. The plan is sound in seeking to facilitate the mainstream model of economic growth, albeit with the particular focus already highlighted. Other representations consider that the plan does not sufficiently address the needs of particular sectors (eg agriculture and tourism), but overall the LEP's and Council's economic strategy is largely accepted or unchallenged.

4.3 LEPs are the lead body endorsed by the Government for promoting local economic development. The Government is clearly supportive of the LEP's aims and substantial national and EU funds for economic growth are being channelled through the LEP or in joint programmes in which it is a key partner.

4.4 As already noted, a simple continuation of past trends is unlikely to address the problems which exist. I therefore accept that a more targeted approach is required, as expressed in the LEP's strategy. The plan is sound in as much as it intends to support and deliver the land use elements of that strategy.

The shortcomings of the plan

4.5 Policy 2, part 1 seeks to improve conditions for business and investment providing an overall increase in jobs and supporting the provision of better paid full time equivalent opportunities to drive an increase in the Gross Domestic

Product to rise above 75% of the EU average. But apart from this headline statement which seeks to align the plan with the LEP strategy, it is not clear whether the policies and proposals in the plan will most appropriately achieve this aim, or achieve it at all. There is no clear evidence and analysis to identify and explain what land use requirements are needed to deliver the economic strategy.

4.6 The main evidence on which the plan does rely for this task is the *Employment Land Review* (ELR 2010, C.14) but this is inadequate for the reasons below. There are many and varied references in the supporting evidence to future jobs, but it is wholly unclear what is the Council's expectation or target for job growth over the plan period and whether the proposals for economic development in the plan would deliver that expectation/target (and whether any such expectations are aligned with housing provision).

4.7 The ELR (C.14) was completed in 2010. This makes it relatively dated. But it is not the date *per se* which is my primary concern. It undertook only a very general assessment of the suitability of existing employment sites to meet future employment needs. NPPF paragraph 161 makes clear that, amongst other matters, economic assessments should include both quantitative and qualitative needs and the suitability of land to meet identified needs. The ELR was undertaken before the LEP's Economic Strategy was put in place. So there is no assessment of the suitability of existing employment sites and existing commitments to provide sites for the types of development necessary to achieve the aims of the economic strategy.

4.8 The overall scale of new employment floorspace identified in the ELR was first divided-up on the basis of the existing proportions of office/industrial floorspace in 8 Travel to Work Areas and then further subdivided by the Council between the CNAs making up those TWAs. There is not the evidence to know whether the apportionment of the B class employment floorspace to the CNAs and the split between B1 and B2/B8 floorspace is compatible with the economic strategy.

4.9 Several CNAs have very large commitments of existing employment land which the Council notes as having uncertain delivery. For some CNAs these commitments greatly exceed the level of B class floorspace apportioned to them. There is no evidence that these commitments are in locations which are likely to be attractive to the sectors being promoted in the economic strategy. Excessive commitments of potentially unviable employment land in unsuitable places may have a number of negative consequences. The present plan is the place to address, at least in principle, what needs to be done in subsequent plans about such sites.

4.10 The Council highlights the flexibility provided in this plan for more exploration of a range of economic matters in subsequent plans, but in my view that is rather an abdication of the proper role of this strategic plan to provide a

clear framework for consistent subsequent delivery in later plans, including neighbourhood plans. This is the plan in which any strategic spatial choices/priorities need to be identified. Flexibility may well be a justified element of a sound strategy (and there was support for it at the hearing), but as highlighted by the LEP, businesses are particularly hindered by uncertainty about the outcome of development proposals. The degree of flexibility must not be so opaque as to foster uncertainty. The scope for flexibility may need to be prescribed in the plan eg in relation to the scale or location of proposals, or the degree of fit with the strategy (where this has been well articulated in land use terms).

4.11 There is inconsistency between the strategic part of the plan i.e policies 2 and 5 and table 2 and the policies for individual CNAs in relation to the employment floorspace requirements. Table 2 indicates that for nearly half the CNAs the residual floorspace to be provided is negative (ie existing over-provision), but for all CNAs, B class floorspace is expressed as a positive requirement for specific levels of new floorspace. This is confusing. Where, following the further analysis required above, there remains a substantial oversupply in particular CNAs and especially where that supply includes sites which are not likely to be viable, this plan should make clear the principles/process by which the future appropriate use for those sites will be determined and the consequences for any new supply. On this and other matters this plan does not currently explain clearly what is required of the Allocations Plan.

4.12 Accordingly, the plan as submitted is unsound because there is not the evidence to demonstrate that its policies and proposals will achieve its stated economic aims and there is not sufficient clarity in the wording of the plan's policies and proposals to enable them to be effectively delivered.

The way forward

4.13 The core elements of the further work required may be summarised as follows (several elements are closely interrelated and may require iterative working so as to be informed by the initial findings of other work):

- Review by the Council, together with the LEP and other relevant partners, of the key land use implications and requirements necessary to deliver the agreed strategy and what the plan needs to do to facilitate these.
- Explicit explanation of the Council's/plan's economic strategy beyond 2020 (which is the period covered by the current LEP strategy).
- A review (to include both the site-specific characteristics, overall location and viability, where relevant) of existing employment sites and existing unimplemented commitments to consider whether they are consistent with business requirements best fitted to achieve the economic strategy

(the scale/level of detail of this work should be informed by preliminary findings from the work on business needs).

- Assessment of whether the apportionment to the CNAs of new land/floorspace (derived from the ELR) based on the current proportionate approach will deliver the strategy; readjustment as appropriate.
- An assessment of whether the strategy requires differentiation between types of B class floorspace and other employment related development or whether, at least at a strategic level, flexibility between different types of economic development is appropriate (thus obviating the need for disaggregation).
- Clear explanation of the Council's expectations for job change/growth over the plan period. The Council has emphasised that the plan is not jobs-led, but this has resulted in a lack of clarity. As explained orally at the hearing by the Council, fulfilment of some of the aims of the economic strategy (eg lowering the rate of unemployment, increasing the economic activity rate; a proportion of part-time workers moving to full time jobs etc) and age-related changes to employment could collectively require an additional 30-50,000 jobs. In as much as these are expectations, or the positive consequences of achieving the strategy, the Council needs to demonstrate that the plan enables the necessary scale of employment /economic development to occur. This assessment will need to take into account the workforce arising from the reassessment of the housing requirement.
- Clarity as to the task of the Allocations Plan in taking forward the strategic policies.
- Clarity and consistency between the strategic part of the plan and the policies for the CNAs.
- Care will be needed to check whether in the light of any proposed changes the supporting text throughout the plan remains correct (eg any references to a *proportionate* distribution of employment space).

4.15 I cannot anticipate the outcome of this further work and cannot therefore be more specific as to what needs to be done to make the plan sound. From the outline of my concerns and the possible way forward at the hearing, the Council considered that the necessary work was achievable in a reasonable time.

4.16 I would emphasise that the Council should keep the plan focussed on the land use requirements or implications of achieving the strategy. A single "Economic Strategy" topic paper should bring together the new analysis, making

very specific cross-references to existing evidence or new evidence where relevant. That topic paper, rather than the plan, would be the place to explain (if necessary) how the plan, or changes to it, relate to other non-planning elements eg the LEP's Training/Skills Plan. All data should be used in a consistent way. Where data in the topic paper has had to be adjusted from the figures in the original source, the adjustment should be explained (eg with a footnote of the calculations). It is particularly important that the topic paper explains how the LEP's references to jobs targets compare with the Council's expectations. Care is required in relation to base dates, periods covered and technical terms.

4.17 The Council will appreciate that the above work and any resultant changes to the plan will need to be the subject of further testing as part of the Examination in due course. To make this as efficient and focussed as possible, it is particularly important that the assumptions made and evidence relied on are clearly explained so as to facilitate informed comment from parties in due course and focussed discussion.

4.18 Some representations expressed concern that the plan did not sufficiently recognise or give encouragement to the tourism and agricultural and food sectors. These are undoubtedly very important parts of the Cornish economy and will remain so. However, the plan does not need to be descriptive in reciting what is important, but should focus on what needs to be done to facilitate the strategy. The extent to which any additional specific policies or proposals are required for these sectors will flow from the conclusions of the further work that the Council needs to undertake in relation to the land use consequences and requirements of the economic strategy. Whilst concerns were raised at the hearing about the protection of agricultural land, those are more appropriately considered in the context of policy 22 *Best Use of land and existing buildings* which will need to be considered at the later hearings.

4.19 Notwithstanding the need for further work, I highlight below some detailed points which need attention (all of which were the subject of pre-hearing and agenda questions):

- NPPF paragraph 154 states that only policies that provide a clear indication of how a decision maker should react to a development proposal should be included in the plan. As previously indicated, the text of Policy 2, part 1 is not appropriate as a policy, particularly given the Council's comment in paragraph 34 of the Economic Strategy Briefing Paper. If retained, it should be moved to the supporting text.
- I cannot see the justification for the Council to have subtracted the 40% churn allowance made in the ELR from the overall floorspace figures used in the plan. Whilst the Council considers that this could be added back in at a local level in subsequent plans, this seems a recipe for inconsistency and confusion. In as much as the findings and recommendations of the

ELR are intended still to be relied on as part of the further work, this element should be reincorporated.

- Policy 5 states that existing and potential *strategic employment land and buildings* will be safeguarded. The Council accepts that it would be helpful to include a definition and I consider that this is the minimum necessary to enable the policy to be delivered effectively and consistently through the Allocations Plan. The definition of *strategic* referred to by the Council may need to be amended in the light of the further work.
- The Key Diagram annotates the whole length of the A30 from Launceston to Bodmin as *Logistics Sector*. Such a logistics corridor is not mentioned anywhere in the plan and thus there is uncertainty as to what the plan is proposing. The Council accepted that the matter needs clarifying. Whether or not the plan should refer to the A30 corridor or focus logistics and other development only at key towns along the A30 will need to be informed by the further analysis to be undertaken.
- Policy 5, part 1 refers to enhancing the quality and range of tourism facilities and upgrading of existing facilities in *sustainable locations*. At the hearing, the Council explained that this was not intended simply to involve assessing sustainability in terms of the accessibility of the site, but to encompass all three pillars of sustainable development. I consider that the policy wording is insufficiently clear to be effective and needs to be amplified to provide practical guidance as to how planning applications for tourism related development will be assessed. Given that many existing facilities may be in rural locations, the policy should enable the economic benefits of improved facilities on existing permanent sites to be considered alongside issues of accessibility. The Council needs to bear in mind that in the absence of any planned development plan document (DPD) to contain development management policies, the policies in this strategic plan need to be sufficiently clear to inform in a practical way development management decisions.

Retail

4.20 The retail policies of the plan were informed by the *Cornwall Retail Study* (2010, C.15). Because of several substantial planning permissions for retail development that have been granted since that study was undertaken and other likely changes in the retail sector, the Council commissioned a further retail capacity study for the 14 main town centres in Cornwall. This was published in March 2015 as *Retail Study Update* (ID.01.CC.3.1). The new study's assessments of capacity for the period 2014- 2030 are substantially lower than the figures in the plan and the Council is proposing changes to update the retail figures for each CNA with a main town centre.

4.21 Several representations on the plan sought an updating of the retail capacity evidence. In pre-hearing statements and at the hearing there were no objections raised to the use of the figures in the *Retail Study Update*. Because of the changes which have occurred in the first few year of the plan period the retail figures in the plan are clearly out of date and an updating based on the new evidence is necessary.

4.22 The new retail capacity figures should be presented in a table in association with policy 4. This would ensure a consistent approach to the presentation of strategic matters, given the tables for housing and B class employment distribution in this part of the plan. The table needs to make clear the new base date for the figures. It should provide an overall figure for Cornwall derived from the capacity of the 14 main towns. The capacity figures should also be split into phases over the plan period. Some capacity emerges only towards the end of the plan and new provision too early could have negative consequences. The table should indicate where the assessment of capacity would significantly change if existing unimplemented commitments did not proceed. There was support for, and no objection to, these detailed matters at the hearing.

4.23 The projections in the *Retail Study Update* are based on existing centres retaining their current market share (or adapting to the consequences of unimplemented permissions in adjoining centres). Policy 2, part 8 refers to supporting retail development in some towns (eg Pool, St Austell and Penzance). In identifying as part of the strategy some towns for retail development, but not others, the plan is ambiguous as to whether such retail development is intended to increase the market share of those towns (which would be at the expense of the market share of other centres in Cornwall). The Council confirmed at the hearing that this was not the intention. This should be clearly stated in policy 4. Consequential amendments or additions to other parts of the text may be required for consistency and clarity.

4.24 Policy 2 8c) proposes to *grow* Truro's role as a retail alternative to major centres outside Cornwall. The key diagram states *Maintain Truro's role*. There is thus inconsistency in the plan and the wording does not reflect the Council's intention described above. The Council has proposed an amendment to *maintain* Truro's role in the retail hierarchy.

4.25 Where future retail capacity is identified in the text of the plan for various CNAs it is stated as *capacity in the centre, edge of centre and out of centre locations of the town* (eg paragraph 4.18, but similarly elsewhere). I have not seen any evidence to indicate that edge of centre/out of centre locations are required to accommodate retail growth in all the towns referred to, especially on the basis of the modest future capacity figures now applicable to most centres. Accordingly, such references undermine the centre first/sequential approach of

national policy and should be deleted. The Council has proposed a change to this effect.

4.26 In relation to possible out of centre development, policy 4 refers to the sequential test but also, as an alternative, to demonstrating *an overriding strategic role for the economic and social sustainability of Cornwall*. Such an exception undermines the sequential test in national policy. In any case, it is not necessary to state such an exception in policy, since exceptions can be made if material considerations outweigh adherence to any given policy. This phrase should be deleted. The Council has proposed a change to this effect.

4.27 A party proposed that the plan should introduce a local threshold for impact assessments (NPPF, paragraph 26). The Council does not see the need to do so. Whilst the NPPF assumes there will be a local threshold in most cases, I do not regard it as mandatory and its absence does not make the plan unsound. If the Council were to introduce such a threshold, it would need to be clearly justified on the basis of the up to date evidence on capacity and on vitality and viability.

5. AFFORDABLE HOUSING DELIVERY AND POLICIES

Affordable housing thresholds

5.1 Policy 8 in the plan for the provision of affordable housing has a threshold of 2 dwellings. The plan was finalised prior to the change in national policy as expressed in the Written Ministerial Statement on *Small Scale Developers*, 28 November 2014 and National Planning Guidance on Planning Obligations (Paragraph: 012 Reference ID: 23b-012-20150326) which indicate that contributions should not be sought from developments of 10 units or less (other than in *designated* rural areas, where local planning authorities may choose to apply a lower threshold of 5 units).

5.2 The Council had submitted objections to the Government on this new policy at the consultation stage, but those representations were not persuasive. I recognise that that this policy is not a mandatory requirement, but it is clearly a change to which the previous Government attached considerable importance. I am not persuaded that the pattern of development in Cornwall or the past success in delivering affordable housing on small sites is so different in Cornwall to other parts of the country as to justify a departure from this new policy.

5.3 If the new policy has to be applied in principle, the Council wants to introduce the permissible lower threshold of 5 dwellings. This is acceptable. But it also wants to add some additional parishes to the designated rural areas to which the lower threshold would apply. The Council considers that these additional parishes are anomalies, being largely rural in character (Plan at Appendix 2 of the Council's Hearing Statement). The AONB and rural parishes designated in accordance with the Guidance cover a substantial part of Cornwall

and I see no justification for introducing locally defined designated areas. The policy should be amended to comply with national policy.

5.4 The Council is aware of a pending High Court challenge to the introduction of this policy. The Council will need to take into account any consequences of the Court's judgement in considering what changes are appropriate. On this and all other matters, I will eventually be determining the soundness of the plan on the basis of the policy and law at the date of my final report and recommendations.

Affordable housing proportions

5.5 The plan (Figure 2) divides Cornwall into 5 house price value zones for the purposes of considering the viability of affordable housing on market sites. Policy 8 requires 50% provision in zones 1 and 2 and 40% in zones 3, 4 and 5. With the exception of Zone 1, the affordable housing targets in policy 8 at the specified tenure proportions are not viable on the basis of the viability evidence at the time the plan was published and submitted- *Housing Strategic Viability Appraisal Final Report* September 2012 (D6) - nor in the light of the update of that report commissioned by the Council - *Viability Study Refresh* March 2015 (ID.01.CC3.2).

5.6 The detailed assumptions in the *Viability Study Refresh* were not seriously challenged. Most parties at the hearing seeking a change to the proportions in policy 8 advocated, or would accept, changes to reflect the findings of the study as summarised on p5 of the Study and set out more fully in Table 7.1. These are Zone 1, 50%; zone 2, 40%; zones 3, 35%; and zone 4, 30%. Zone 5 has very weak values and Table 7.1 indicates that no affordable housing can be provided, but 20% is suggested in the Study to try and capture those sites with some viability to deliver affordable housing.

5.7 In response to my requests for clarification about expected delivery from affordable housing over the plan period, the Council produced a table of planning permissions granted since 2010 and the proportions of affordable housing secured in S106 undertakings. This table underwent 2 revisions to try and remove sites which were not conventional market sites to which policy 8 would normally apply and to separate out any additional affordable housing achieved by public subsidy (ID.02.CC.2.1 and HD.CC.05).

5.8 In summary, this table indicates the following averages have been secured (without any additional public subsidy): 32% and 34% in zones 1 and 2 respectively, but from only a few, small sites; 35% in zone 3; 34% in zone 4; and 29% in zone 5. It is in zone 5 where there is the greatest divergence between the conclusions of the *Viability Study Refresh* and past S106 agreements, demonstrating that the Council has been more successful in securing affordable housing than the *Refresh* suggests is currently achievable. However, for none of the zones does the table support the percentages set out

in the policy. This past evidence must be used with caution. A number of the sites in the table were granted outline planning permission a few years ago and have not progressed. Thus what was secured in S106 agreements has not all been delivered. In addition, the split between rented units and intermediate units varies considerably from the target proportions in the policy.

5.9 Local plans should be aspirational, but realistic (NPPF, paragraph 154). The planning system should be plan-led and policies should give a clear indication of how development proposals will be assessed. If affordable housing targets are too high to be achievable on most sites there is uncertainty for developers, the local community and the Council about likely affordable housing delivery; more time is likely to be required in negotiating an acceptable solution; and compromises may be made in the type of affordable housing being provided which may not be best suited to meeting local needs. There is therefore a strong case for affordable housing targets being achievable on most sites.

5.10 The only comprehensive and up to date evidence on which to recommend alternative targets to make the plan sound are those set out in the *Refresh*. The only exception I would make is in zone 5 where an unusual set of circumstances seems to exist given the divergence between the conclusions of the *Refresh* and recent delivery. Several sites in the Council's table, including large sites, have been completed or are underway with affordable housing at 25% or more. For zone 5, I consider that an appropriate balance between aspiration and realism is in the order of 25%, provided that for all other zones the percentages are as recommended in the Study (Table 7.1, with the preferred tenure mix being achieved).

Detailed matters and other affordable housing policies

5.11 Policy 8 requires the rented affordable homes to be owned and or managed by a *bona fide affordable housing provider*. Several parties consider that this wording is too prescriptive and discourages or effectively precludes some parties from offering affordable homes (eg rural estates which want to retain their land and property). I appreciate that a *bona fide* provider is the simplest and most effective means of ensuring that homes remain truly affordable, but it is likely to stifle some provision. The definition of social rented housing in the Glossary of the NPPF refers to provision by local authorities and private registered providers, but also to *other persons and provided under equivalent rental arrangements* as agreed with the local authority or the Homes and Communities Agency. Accordingly, I consider that the requirement in the policy is too prescriptive and should be deleted.

5.12 Policy 8 refers to viability and negotiation on tenure split; policy 11 sets out 4 matters, in what is described as a sequential approach to guide negotiations to achieve a deliverable scheme. The reference to these negotiating matters as sequential (ie in order of priority) is too prescriptive. The Council intends that the policy is applied flexibly. Any alterations to the housing

mix should relate only to the affordable housing element rather than the market housing. The developer is best placed to judge the mix (subject to policy 6). Changes are required to reflect these points.

5.13 The text at 2.26 and policy 8 refer (in differing ways) to contributions to affordable housing from non-housing development. The Council accepts that this would apply only in exceptional circumstances (which therefore do not need to be addressed in the plan) and that these references should be deleted. I see no reason to take a different view as these requirements have not been adequately justified or articulated.

5.14 Policy 9 is entitled *affordable housing led schemes* and is a policy to enable affordable housing schemes in smaller towns, villages and hamlets. The Council accepted at the hearing that this policy is intended as a *rural exceptions policy* as referred to in paragraph 54 of the NPPF. Such schemes are defined in the Glossary of the NPPF as small sites for affordable housing where sites would not normally be used for housing. The policy allows for up to 50% of the homes or land take to be market housing where it is essential for successful delivery.

5.15 The Council has long operated a policy of this type and it has been remarkably successful in delivering affordable homes. Several such schemes listed in ID.02.CC.2.1 have been large, with several over 100 dwellings and others over 50. The Council accepted that in the absence of an up to date plan there had been something of an overlap between what would better be described as development plan "departure" sites and "exception" sites. The Council also accepted that in the future schemes facilitated by this policy would not be as large as some of those permitted in the past.

5.16 There is an ambiguity in the plan about the role of policy 9. To make the intended scope of the policy clear and consistent with national policy, the text should refer to the policy as a *rural exception sites* policy in accordance with the NPPF. The NPPF definition would then be engaged and I see no need for a separate definition in the plan. The Council has suggested a change to policy 9 to refer to small scale development in the AONB where there is landscape capacity. This change is consistent with national policy. However, given that the Council intends that the plan be read as a whole, the insertion in policy 9 is unnecessary given the proposed insertion of similar wording in policy 3 which would have wider applicability. I do not comment further here on the policy for the AONB as it was not part of the discussion at the hearing.

5.17 The Council accepts that the reference to "local need" in Policy 9 i) is not intended to apply to the necessary market element of the scheme (necessary to make the scheme viable). Point i) is illogical, unjustified and should be deleted.

5.18 Policy 9 iii) requires *local community support for schemes*. I am concerned that this could be an unjustified impediment to an otherwise necessary and sustainable development coming forward. It should therefore be

deleted. Further definition within the plan of what is meant by *local needs* is not required. *Local needs* is the expression used in paragraph 54 of the NPPF in relation to rural exception sites. The policy requires schemes to be *well related* to the settlement and appropriate in scale, character and appearance. This is a reasonable test. Although small settlements in Cornwall vary widely in form and character, it is a well-used term capable of assessment in accordance with normal planning judgement.

5.19 Other than in Zone 1, policy 10 seeks a higher proportion of affordable housing (50%) on public sector sites than private sites. I consider that this policy is unsound and should be deleted. It does not have the support of all public sector landowners in Cornwall. It is not supported by the Council's professional officers. The policy would divert public funds to affordable housing from other important public services. I have seen no assessment of this impact or justification for the policy which takes into account its potential adverse consequences.

5.20 Policy 6 (housing mix) simply highlights what national policy and guidance says is required about meeting the needs of different groups, but it does not take it any further. It does not assist applicants/developers to know what is required. The Council is relying on SPD to provide detail, but SPD can only provide advice. This plan, or a subsequent DPD, should add evidence-based detail about housing mix and the types of accommodation required by different groups so as to address national policy (NPPF, paragraph 159 and the Guidance under *Housing and Economic Development Needs Assessment* Paragraph: 021 Reference ID: 2a-021-20150326.)

5.21 The Council has already proposed the deletion of the reference to zero carbon in part 6 of policy 14 and the consequential updating of the text. This change is necessary to accord with the outcome of the Housing Standards Review set out in the written Ministerial Statement on various planning matters published on 25 March 2015.

5.22 The content of the Council's SPD on housing standards or other topics is not a matter for me. The plan can refer to such SPDs, but cannot require adherence to them since SPD should only be providing further detail on matters already addressed in policy. The Council should check that all references to SPDs are factual, rather than prescriptive.

Affordable housing delivery

5.23 The Council's main evidence on affordable housing delivery is in the Briefing Note that I requested (ID.02.CC.1 in response to ID.02). In particular, Table 9 lists the affordable housing secured or likely to be secured from different sources. Further explanation and revision to some of the figures was made by the Council at the hearing. At my request, the Council updated the table and added notes to reflect what had been explained orally (HD.CC.06). Hearing

participants had the opportunity to comment on this material and I have taken the relevant comments made into account (HD.RE.10)

5.24 Affordable housing completed since 2010 and affordable housing already secured in existing planning permissions not yet built amount to over 8,000 units. The Council has included *First Buy* completions in these figures, but not *Help to Buy*. I am not convinced that *First Buy* is an affordable housing product as defined in the NPPF, but I do not need to determine this point as it does not make a significant difference in the overall analysis. (The figure for completions agreed between the Council and Emery Planning was 3,721, whereas the Council is now counting 3,874 completions.)

5.25 The Council's estimate for delivery from the remainder of the housing requirement yet to receive planning permission is just under 5,000 units based on the affordable housing percentages recommended in the *Viability Study Refresh* discussed above (applying 20% in zone 5). This figure is thus more realistic than the estimate based on the percentages in the policy which are unjustified. The figure may still be an over-estimate because some sites will still not be viable at those percentages. I am not clear whether the calculation reflects the full application of the new thresholds in national policy (as explored above). The Council will need to update these expectations in the light of the further work required.

5.26 In addition to the above, there are 6 categories where the Council is seeking to deliver additional affordable housing. These categories amount to nearly 9,000 units over the remainder of the plan period. The Council is clearly making a significant commitment to the delivery of additional affordable housing over and above that to be secured in conventional S106 agreements. Nonetheless, the Council's expectations are ambitious.

5.27 As explained in the Council's accompanying notes to Table 9, the Council has reduced the figures from those previously given to try and discount any overlap of sites/delivery already accounted for under normal s106 agreements (line 3 of Table 9) so as to properly reflect only the uplift in provision that would be secured by the various sources of public funding. Whilst there will be an overlap of sites between line 3 and some of the other special categories, the Council is seeking to count only the additional affordable housing that would be gained from the special measures.

5.28 Line 6 of Table 9 is future affordable supply from *departure sites*, but from the discussion at the hearing and explanatory notes it is clear that these are *rural exceptions sites* under policy 9 as discussed above. Given the Council's record of delivery and the scope provided by the policy, this expectation is not unreasonable. But it raises other issues. With the necessary supporting market housing, total housing delivery under the exception heading may be in the order of 4 - 5,000 dwellings or more over the remainder of the plan period. At any resumed hearings, I would need to explore whether such exception sites can be

treated as part of the anticipated housing supply, including counting small exception sites (less than 10 dwellings) in the justification for its windfall allowance (as appears to be the case from A.10 top of p34). The definitions in the NPPF are relevant as windfall sites *normally comprise previously developed sites* and exceptions sites are *where sites would not normally be used for housing*. For present purposes, I accept that 3,000 affordable units may arise from exception sites, but currently regard such sites as likely to result in additional delivery to the housing requirement of 47,500 in the plan.

5.29 Line 8 of Table 9 is delivery from spending secured and expected commuted payments where affordable housing has not been provided on site. The £20m not already secured by S106 agreements assume contributions for 50 units a year over the next 15 years. Provided that this is justified by what might arise from development of 6-10 units in designated rural areas, then there would not be double counting with line 3. Payments are collected at the full additional cost of an affordable housing unit (£57,000 which includes a land element), but the £40m assumed to be available to spend is expected to deliver 2,000 units (a subsidy or grant per unit of only £20,000). I do not dispute these cost/subsidy figures in isolation, but it is difficult to accept as reasonable an analysis whereby the Council justifies the collection of commuted payments under S106 at much higher cost per unit than it expects to spend in actually delivering them. I have therefore halved expected delivery under this heading.

5.30 There are inevitable uncertainties about other elements of provision in the table and delivery will require on-going commitments from the Council (eg following the pilot scheme of the *Housing Mandate* proposals) and from other parties. But with the exceptions explored above, I am satisfied that the remaining elements of the table are reasonable for the purpose of the Examination.

5.31 Total affordable housing delivery is thus likely to be less than the Council's figure of 22,000 units over the plan period and/or result in housing delivery being above the 47,500 requirement. Irrespective of the precise figures, there is a substantial shortfall compared with the need identified in the SHMNA of about 31,000. I have addressed the response to this shortfall in the assessment of the housing requirement.

5.32 The provision of affordable housing from the sources listed in Table 9 is not mentioned in the plan. Despite my reservations about particular elements of Table 9, expected delivery outside the conventional market/S106 route is so significant that the plan cannot remain silent on the matter. Assumed delivery will be an important consideration in deciding what other steps, if any, should be taken to try to meet affordable housing needs. Accordingly, delivery under these headings must be monitored and significant under-performance over a 5 year period would be a trigger for a review of the plan. The plan should include an affordable housing trajectory for Cornwall, since delivery will not be a simple

proportion of overall delivery as is normally the case. This trajectory should detail expected delivery from the different sources listed in Table 9 and a commitment to monitor delivery under these headings in the Annual Monitoring Report.

6. PROVISION FOR GYPSIES, TRAVELLERS AND TRAVELLING SHOWPEOPLE

6.1 The need for new pitches for Gypsies and Travellers in the submitted plan is based on a calculation set out in Appendix 1 of the *Gypsy and Traveller Accommodation Briefing Note 19*, using a methodology in the *South West Gypsy and Traveller Accommodation Needs Assessment* (GTNA) May 2014 (produced by GVA Consultants, ID.01.CC.4). National policy is set out in *Planning Policy for Traveller Sites* (PPTS) 2012.

6.2 I consider that the methodology for identifying the permanent accommodation needs of Gypsies and Travellers is not sufficiently robust and comprehensive to provide a sound figure of need in the plan. I highlight below my main concerns.

6.3 An overarching concern is that the assessment of need has not been developed in conjunction with, or informed by, active and targeted engagement with representatives of the Gypsy and Traveller Community in Cornwall, as required by PPTS (paragraph 6). In the absence of such informed engagement, the assessment is overly reliant on the biannual caravan count and various assumptions applied in a mechanical manner. I cannot be satisfied that the count does not miss out some travellers in need of accommodation who are not currently known to the Council.

6.4 The measure of overcrowding used in the assessment model appears to be only persons per caravan. There is no assessment of overcrowding in relation to caravans per pitch/site (on both public and private sites). Doubling-up on pitches, or overcrowded sites should be counted as a need.

6.5 The assessment of any need arising from Gypsies and Travellers living in bricks and mortar accommodation who are doing so only because of a lack of sites is widely recognised as a difficult task. It is the type of need where the Council would benefit from an informed contribution from Traveller representatives.

6.6 The model assumes 9 vacancies per year from the 3 public sites in Cornwall. This makes a very significant contribution to meeting future arising need, as the Council acknowledge, and therefore it is a figure which needs to be well justified. Despite the discussion of the matter at the hearing, I am not satisfied that this figure represents genuine vacancies which would be available to families with a need who are not already on a public site. Genuine vacancies need to be

distinguished from new tenancies which might arise from existing families moving within a site or between public sites or being issued for other reasons.

6.7 Irrespective of whether 9 is a realistic annual vacancy rate, I am not satisfied that meeting such a high proportion of need on these 3 public sites is reasonable bearing in mind the size of Cornwall, that 2 of the sites are close together; and the unacceptability of living on those sites for some in need of a pitch given the different cultural traditions within the Traveller community.

6.8 There is no up to date assessment of the accommodation needs of Travelling Showpeople. The needs identified in the 2006 GTAA have been extrapolated to 2027. I do not consider that this is a sound assessment of need and an up to date assessment is required. This may not need to be a particularly complicated process, but it must be informed by active engagement of representatives of Travelling Showpeople. The relevant representative organisations often have good knowledge of need among their members.

6.9 The plan relies on the figure in the draft RSS for needed transit sites (extrapolated to 2027). Assessing the need for transit sites is more difficult than the need for permanent pitches and plots and will normally require a more than local approach. Clearly the draft RSS was able to take such a wider view and has some merit for that reason, although it is clearly now dated. It was accepted by Traveller representatives at the hearing that although this was not good up-to-date evidence, the more critical matter at present is making progress on some transit provision and then reviewing need in the light of any such provision made in the near future. A specific proposal is currently being pursued by the Council's housing company. On balance, rather than requiring a fresh analysis now, I consider that the plan should acknowledge that transit needs are currently only an estimate and needs should be reviewed in the light of any transit provision which is made in the short term.

6.10 The policy sets out needs only until 2027 thus falling short of the full plan period. This is unacceptable. In the further work required, needs for the full plan period should be identified. The Council has accepted that it is also necessary to make clear what is the immediate need and the basis for calculating the current 5 year supply of pitches for Gypsies and Travellers (on the present evidence, 20 pitches).

6.11 Policy 12 sets out criteria for both residential sites and transit sites. I consider that it is unjustified to require all the criteria to be met for all types of sites. The policy needs to address more carefully the different priorities and balance of considerations that are likely to be appropriate when selecting sites for allocation in the forthcoming DPD; sites the subject of applications from private individuals, which may be for a single pitch only; and for transit sites, where accessibility to the main travelling routes may be more important than to a full range of services. The policy should be expressed flexibly to ensure that

sufficient sites can be found to meet all identified needs within the terms of the policy.

7. MINERALS AND WASTE POLICIES

7.1 The Council's *Updated Schedule of Proposed Further Significant Changes* (ID.01.CC.2.4.1 V2) included some changes to both the text and policies concerning minerals and waste. At the hearing, the Council suggested some other changes and accepted adjustments to them. These were subsequently set out in HD.CC.09.1. Other than those which are solely factual corrections or updating, I consider that these changes are required and should be included in the Council's consultation for the reasons briefly summarised below.

7.2 There is a large landbank of sites with permission for the extraction of aggregates, but some of this landbank is sites not yet started. The plan (policy 18 and related text) needs to make clear that further development at existing sites is not ruled-out solely because of the landbank and that the benefits of any such proposals will be weighed against harm. More efficient working practices at existing sites should be supported.

7.3 The Council is intending to prepare a Minerals DPD to identify appropriate safeguarded sites/areas, so policy 19 in the present plan is providing the overarching approach rather than the detail. The policy should encompass *existing, planned and potential* resources (NPPF, paragraph 143), include *storage* areas and for metals, *shaft and adits* of (old) mines. Safeguarding should be considered for all minerals, not just aggregates.

7.4 Because of the risk of bird strikes, aviation safety is a relevant consideration to be highlighted in both minerals and waste policies to ensure activities, including restoration uses, do not result in a dangerous concentration of birds near airfields/airport (NPPF, paragraph 143).

7.5 It is important to ensure that the effective operation of existing waste sites are not prejudiced by new incompatible development being permitted nearby. This should be a strategic principle included in policy 20.

7.6 As a result of representations made, the Council reworked and significantly reduced its assessment of recycling capacity for commercial and industrial waste (HD.CC.07). However, I am satisfied that the revised evidence does not point to a need for new allocations to be made in the plan. The plan needs to make clear that, given the importance of moving the treatment of waste up the waste hierarchy, proposals for additional reuse/recycling/recovery will be supported notwithstanding the Council's assessment of capacity.

7.7 As indicated at the hearing, a number of other matters raised by parties are concerned with operational waste matters, such as the collection of waste, or the interpretation and enforcement of environmental regulations. These are not matters for me or for this plan.

8. Council's Response

8.1 As explained in the introduction, the Council should consider how it wishes the Examination to proceed in the light of these findings. It would be helpful to have a response by Friday 26 June. Comments on this note from other parties are not invited and will not be accepted.

Simon Emerson

5 June 2015