

AGENDA

LOCAL DEVELOPMENT FRAMEWORK PANEL MEETING

Date: Thursday, 25 February 2016

Time: 7.00 pm

Venue: Council Chamber, Swale House, East Street, Sittingbourne, Kent, ME10 3HT

Membership:

Councillors Mike Baldock, Andy Booth, Richard Darby, Gerry Lewin (Chairman), Bryan Mulhern (Vice-Chairman), Prescott, George Samuel, Roger Truelove and John Wright

Quorum = 3

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	Pages
1. Fire Evacuation Procedure	
The Chairman will advise the meeting of the evacuation procedures to follow in the event of an emergency.	
2. Apologies for Absence and Confirmation of Substitutes	
3. Minutes	
To approve the Minutes of the Meeting held on 18 June 2015 (Minute Nos. 77 - 82) as a correct record.	
4. Declarations of Interests	
Councillors should not act or take decisions in order to gain financial or other material benefits for themselves or their spouse, civil partner or person with whom they are living with as a spouse or civil partner. They	

must declare and resolve any interests and relationships.

The Chairman will ask Members if they have any interests to declare in respect of items on this agenda, under the following headings:

(a) Disclosable Pecuniary Interests (DPI) under the Localism Act 2011. The nature as well as the existence of any such interest must be declared. After declaring a DPI, the Member must leave the meeting and not take part in the discussion or vote. This applies even if there is provision for public speaking.

(b) Disclosable Non Pecuniary (DNPI) under the Code of Conduct adopted by the Council in May 2012. The nature as well as the existence of any such interest must be declared. After declaring a DNPI interest, the Member may stay, speak and vote on the matter.

Advice to Members: If any Councillor has any doubt about the existence or nature of any DPI or DNPI which he/she may have in any item on this agenda, he/she should seek advice from the Director of Corporate Services as Monitoring Officer, the Head of Legal or from other Solicitors in Legal Services as early as possible, and in advance of the Meeting.

PART A REPORTS FOR RECOMMENDATION TO CABINET

5. Swale Community Infrastructure Levy (CIL) - Preliminary Draft Charging Schedule 1 - 22

The purpose of this report is to update Members on the work that is being done to prepare a CIL Schedule for Swale and seeks approval for publication of a Preliminary Draft Charging Schedule for public consultation.

6. Update on Bearing Fruits: Swale Borough Local Plan 23 - 44

The first tranche of Interim Findings were received from the Local Plan Inspector on 4 February 2016. As expected, they cover the housing target issue and a recommendation that it now be increased. The item presents the interim findings, their implications, and sets out an indicative programme to progress the Local Plan through the Proposed Main Modifications stage of the process, during the remainder of the year.

Issued on Monday, 15 February 2016

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**Corporate Services Director,, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

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Local Development Framework Panel Meeting

Meeting Date	25 February 2016
Report Title	Swale Community Infrastructure Levy (CIL) – Draft Charging Schedule
Cabinet Member	Cllr Gerry Lewin, Cabinet Member for Planning
SMT Lead	Kathryn Carr – Director of Regeneration
Head of Service	James Freeman – Head of Planning
Lead Officer	James Freeman – Head of Planning
Recommendations	<ol style="list-style-type: none">1. Authorise the publication of the Swale Borough Community Infrastructure Levy Preliminary Draft Charging Schedule for public consultation;2. Authorise the Head of Planning in consultation with Cabinet Member for Planning to make minor amendments before commencement of public consultation.

1 Purpose of Report and Executive Summary

- 1.1 The purpose of this report is to update members on the work that is being undertaken to prepare a Community Infrastructure Levy (CIL) for Swale and seek approval that a Preliminary Draft Charging Schedule is published for public consultation for six weeks during early Spring 2016.

2 Background

- 1.2 The Community Infrastructure Levy (CIL) is a charge that Local Authorities can levy on all new development in their area to fund infrastructure improvements related to new development. The Planning Act (2008) and the Community Infrastructure Levy Regulations (2010) (as amended) sets out the legislative framework. The Planning Act 2008 provides a broad definition of infrastructure projects which can be funded by the levy including transport, flood defences, schools, hospitals and other health and social care facilities. Affordable housing is an obvious example of the type of infrastructure explicitly excluded from the process
- 1.3 The CIL is intended to supplement other funding streams. For example, a number of contributions will still be acquired through S.106 planning obligations. These include affordable housing requirements and site specific infrastructure. However, the range and monetary value of S.106 planning obligations will fall with the introduction of a CIL because an authority is not permitted to charge the developer twice via s.106 and via CIL. Indeed, the Council will need to make it clear what infrastructure it intends to deliver via CIL and what is delivered by S.106 through a Section 123 List.

- 1.4 Since April 2015 the use of tariff based S.106 obligations has been restricted to only allowing local planning authorities to enter into five planning obligations to secure funding for the same item of infrastructure. This will seriously limit the ability of the Council to raise funds from S.106 in the longer term and it is therefore essential that the CIL is implemented.
- 1.5 The CIL takes the form of a charge per square metre of additional floorspace (new build or extensions) and can be charged for most new developments. The Council has flexibility over what the funds are spent on, provided it is on 'infrastructure'. Unlike S.106, CIL does not require the authority to say precisely where every one pound collected from a specific developer will be spent. Each pound simply goes into a CIL 'pot', and then the Council determines what infrastructure to spend it on and when.
- 1.6 Another important element of the CIL is that it is non-negotiable. Once a CIL is in place, a developer/landowner must pay the set rate. There is no room for negotiation, either higher or lower, irrespective of whether the Council or developer / landowner would like to. This gives developers and businesses more certainty at the start of the process as to the overall amount of money a development will be required to pay in order to mitigate the wider impacts of their development. However, where a development scheme becomes unviable due to a CIL charge that would arise, there is nothing the Council or the developer can do to relax the Levy.

3 Proposal

- 1.7 As members are aware, the Council has recently been subject to public examination of its Submission Local Plan. It is anticipated that the Planning Inspector is likely to issue her Interim Findings by March 2016 and that will include a requirement to identify further sites to meet a higher housing target. This would in turn require a reopening of the examination later in the year with the intention of adopting a Local Plan early 2017. The proposed programme for the introduction of the CIL charge has been coordinated to run in parallel with the Local Plan adoption process but with different dates to ensure the planning policy position required runs in advance of decisions on CIL:

Preliminary Charging Scheme (6 week consultation)	- March to May 16
Submission Charging Schedule (6 week consultation)	- Aug to Oct 16
CIL Examination	- Dec16 / Jan 17
Adoption / Implementation	- Mid 2017

- 3.2 In order for the Council to establish a CIL, the following evidence base is required to support the proposed charges:

- The Council's Infrastructure Implementation and delivery Schedule will be amended to highlight and demonstrate that a significant funding gap exists between what is needed and what is funded;
- A viability assessment to demonstrate what the proposed development within the Borough can afford to pay in terms of CIL; and

- Explain the approach to be taken in adopting a Regulation 123 list of infrastructure items to be funded by CIL.

Infrastructure Implementation and Delivery Schedule

- 3.3 An Infrastructure Implementation and Delivery Schedule (IIDS) was prepared as part of the evidence base for the Submission Local Plan 2015. There is clearly a funding gap that exists between what is needed and the currently identified funding and the IIDS will be amended to demonstrate the gap. As such this procedural requirement will be satisfied and demonstrates that CIL would make a positive contribution to help facilitate the infrastructure delivery within the Borough.

Preliminary CIL Charging Scheme

- 3.4 To develop evidence on viability, specialist consultants Peter Bretts Associates (PBA) were engaged to carry out a viability assessment for the Local Plan and for the introduction of CIL. These have been reported to the LDF Panel previously in progressing the Local Plan to submission stage. The latest addendum report is appended to this report – Appendix I. The purpose of the addendum report is to update the cost and value assumptions to establish the maximum level of developer contributions for CIL against different development uses (using the Use Classes Order); the recommended level of affordable housing and the cumulative viability implications of these and other policies in the emerging Local Plan.
- 3.5 A summary of the viability findings and study recommendations are included at Page 28 of the addendum study at appendix I. The main conclusions are:
- Whilst there has been improvement in viability across the borough, it has been marginal;
 - The appraisal demonstrates a need for a trade-off between the need to deliver infrastructure and the need to meet affordable housing needs – this is reflected with the stated Submission Local Plan policy D8 regarding affordable housing – see Appendix II;
 - That further testing does suggest that a CIL rate should be applied to older people's housing; and
 - That the North West Sittingbourne housing allocation should have a nil CIL rate applied on the basis that the development would be expected to provide significant land and funding for the required primary/secondary school and to support significant funding for transport and highway junction improvements which would be secured through a site specific S.106 / S.278 agreements
- 3.6 The rates proposed include a 35% headroom rate as used by many other Local Planning Authorities who have adopted CIL recently to ensure there is built in resilience to cater for potential varying viabilities across sites. Any reduction in headroom rates would be likely to be opposed by developers which could pose a threat to the soundness of the Council's case at examination and delay implementation of CIL. It should be noted that the Council are in a position to review any CIL charging scheme on a regular basis to take account of market viability changes – say every two to three years.

- 3.7 Based on the PBA evidence, it is therefore recommended that the Council consults and defends at a subsequent examination if required, based on the following Draft charging schedule:

The Residential CIL	
North West Sittingbourne	£0 per sqm CIL
Sittingbourne and Iwade	£51 per sqm CIL
Sheppey	£0 per sqm CIL
Faversham	£104 per sqm CIL
Rest of Borough	£250 per sqm CIL
Extra care and retirement dwellings	£125 per sqm CIL
Non residential CIL	
Retail development within all identified centres	£0 per sqm CIL
Out of centre retail	£130 per sqm CIL
All other forms of liable floorspace	£0 per sqm CIL

The nil charge for non residential, excluding out of town retail, acknowledges the marginal viability position with regard to those particular uses and the need to ensure employment provision is not stymied by any CIL charge.

- 3.8 A draft map setting out the proposed charging areas to correspond with Policy DM 8 of the emerging Local Plan will be presented at the meeting.

Regulation 123 list

- 3.9 CIL will not generate sufficient funding to pay for the entire infrastructure needs across the Borough. Nevertheless, the Council needs to agree and publish its intentions for how revenue raised from the levy will be spent. This is done through the Reg.123 list. It should be noted however, that simply because a project or infrastructure theme goes onto the Reg 123 list, it does not mean the project will definitely happen or get paid for through CIL funds. However, it does mean that said project must not receive any funding from S.106. At this stage the Council would only need to set out its broad approach to how it is likely to establish its Reg 123 List although a more detailed listing is required for the formal publication stage in advance of an examination.

- 3.10 As Reg 123 lists have been developed nationally, experience has shown that there is normally a need to identify both broad areas of infrastructure e.g. townscape improvements; and some specific infrastructure items e.g. a named school or highway scheme; noting that this would mean that developer contributions for these specific items could not be secured through S.106 obligations. Therefore a judgement needs to be made on how best to secure funding as a too broad a description of the infrastructure to be funded by CIL, could preclude any S.106 contributions for any such facilities. Additionally, where a large development could generate the need for say its own primary school or sports pitches; it would most likely be appropriate for this to be secured through a S106 obligation.
- 3.11 Appendix III sets out the draft statement to accompany the CIL charging scheme setting out the proposed approach of the Council to establishing its Reg 123 List.

4 Alternative Options

- 4.1 The Council could decide to not progress a CIL and rely on S.106 negotiations to fund development related off site infrastructure. However, this is not advised given that the restriction of only being able to pool a maximum of five separate development contributions towards a major infrastructure item would limit the ability to fund such schemes and undermine the Council's ability to provide adequate infrastructure to meet its development requirements.

5 Consultation Undertaken or Proposed

- 5.1 Consultation to date has been confined to the Strategic Management Team and the Cabinet Member for Planning. The purpose of this report is to agree to a draft CIL charging scheme for public consultation. Once these comments have been taken into account in modifications to the scheme, the CIL charging scheme would then be formally submitted to the Secretary of State for the purpose of a public examination if required and a PINS inspector would be appointed to consider the soundness of the proposed CIL charging schedule and associated supporting evidence.

6 Implications

Issue	Implications
Corporate Plan	<p>The CIL will impact on all the Corporate Plan priorities.</p> <p>A Borough to be proud of - The use of CIL income to bring forward key items of infrastructure to facilitate economic growth and to protect the built and natural environment</p> <p>A community to be proud of - To support the infrastructure needs of the local community</p> <p>A Council to be proud of - To ensure an efficient administrative and governance framework is in place to secure and spend CIL.</p>

Financial, Resource and Property	<p>The costs of instigating the CIL can be met from the existing service budget. The costs of setting up the administrative and governance arrangements and its ongoing operation can be met from the CIL receipts up to a maximum of 5% of the annual income.</p> <p>Any CIL income is ring fenced for the purposes of providing new infrastructure to meet the needs generated by new development and can only be used on infrastructure items included on the Reg 123 List noting that 15% (25% if within a neighbourhood plan designation) of the income would be transferred to the Parish Council to be used by them on local infrastructure items.</p> <p>At this stage it is not possible to accurately forecast the CIL receipts due to the complicated nature of levying the new charge, although we would be expecting to collect millions of pounds on an annual basis once the scheme has been fully operational for a 2 to 3 year period as planning permissions move to starts on site.</p>
Legal and Statutory	<p>Work on the swale CIL including consultation on a Preliminary Draft Charging Schedule and publication of a draft Charging Schedule will be in accordance with the planning Act 2008 and Community Infrastructure Regulations 2010 since amended by the CIL Regulations of 2011, 2012, 2013 and 2014 and National Planning Practice Guidance as amended in June 2014.</p>
Crime and Disorder	<p>None identified at this stage'</p>
Sustainability	<p>None identified at this stage'</p>
Health and Wellbeing	<p>None identified at this stage'</p>
Risk Management and Health and Safety	<p>None identified at this stage'</p>
Equality and Diversity	<p>The DCLG undertook an equalities impact assessment of the CIL legislation and regulations in January 2012 and concluded that:</p> <p>'The CIL is unlikely to have an adverse impact on any social group. By making communities more sustainable, the CIL will facilitate economic growth and liveability and so create opportunity for all. The infrastructure and services that the CIL will provide will enhance accessibility and liveability for all sectors of society and could help deliver new infrastructure that serves different needs in the community, for example by increasing mobility and accessibility'.</p> <p>Additionally, the CIL charging scheme will be informed by the emerging local Plan which has been subject to its Equalities Impact assessment.</p> <p>If after consultation and examination the Council decides to adopt the CIL, it must ensure that:</p> <ul style="list-style-type: none"> • There is a transparent governance structure in place (including clear priorities and criteria) for allocating CIL funding or granting

	<p>discretionary relief from CIL charges;</p> <ul style="list-style-type: none"> • All decisions on allocating funds or granting discretionary relief are fair and consistent, consider the needs of the local communities and businesses and adhere to the council's Public Sector Equality Duty; • The Annual Monitoring Report (AMR) reflects on relevant equalities and diversity aspects and reports on adverse impacts identified, if any.
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5 Appendices

7.1 The following documents are to be published with this report and form part of the report

- Appendix I: Swale Borough Council Local Plan Viability Testing Addendum Report part 1: Community Infrastructure Levy Update - September 2015;
- Appendix II: Policy DM 8 of bearing Fruits 2031 – The Swale Borough Local Plan Publication version December 2014
- Appendix III: Supporting Statement to Charging schedule

8 Background Papers

Bearing Fruits 2031; the Swale Borough Local Plan part 1; Publication version, December 2014

Implementation and Delivery Schedule December 2014 – The swale Borough Local Plan Part 1

SBC Local Plan Viability Testing Economic Viability Study September 2014



Swale Borough Council

Local Plan Viability Testing

Addendum Report Part 2: Testing of specific sites

September 2015

On behalf of **Swale Borough Council**



Project Ref: 31030 | Rev: AA | Date: February 2015

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Document Control Sheet

Project Name: Swale Local Plan Viability Testing

Project Ref: 34141

Report Title: Addendum Report Part 2

Doc Ref: Final Report

Date: September 2015

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Approved by:	John Baker	Partner	JB	September 2015
For and on behalf of Peter Brett Associates LLP				

Revision	Date	Description	Prepared	Reviewed	Approved
01	September 2015	Final Report	TM	MF	JB

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1 Introduction

- 1.1.1 In September 2014, PBA were commissioned to undertake an economic Viability Assessment of proposals to be brought forward in Swale Borough Council Development Plan.
- 1.1.2 The objective of the study (titled **Swale Borough Council Local Plan Viability Testing**) was to help inform the decisions by locally elected members about the risk and balance between the policy aspirations of achieving sustainable development and the realities of economic viability. The report provided guidance on:
- The maximum level of development contributions, including potential for a Community Infrastructure Levy (CIL);
 - The recommended level of affordable housing in policy that will work with the recommended development contribution, including a potential CIL; and
 - The cumulative viability implications of these and other policy costs.
- 1.1.3 In order to accurately provide information regarding these decisions it is important, and set out in planning guidance, that relevant, up-to-date costs and values are used as part of the testing.
- 1.1.4 PBA has issued a report 'Local Plan Viability Testing Addendum Report Part 1 that updates the information on costs and values and tests a wider range of generic typologies.
- 1.1.5 In addition, PBA have also been asked to test a range of specific sites that are identified in the Plan and a range of specific sites from the SHLAA. This is to help further demonstrate to the Examination that the identified sites are deliverable with the proposed policies of the Plan.
- 1.1.6 It is intended that that this addendum is read in conjunction with the original report **Swale Borough Council Local Plan Viability Testing** and also the **Addendum Part 1: Community Infrastructure Levy Update** as the same approach to testing has been undertaken and many of the assumptions used in testing are also the same. Where a different approach is taken will be highlighted in following chapters.

2 Findings from Part 1 study

2.1 Conclusions: Residential testing

- 2.1.1 Our testing in Part 1 identified a clear difference in viability between the four value areas; Faversham, Sittingbourne, Sheppey and Rural. Of the four areas, both Faversham and Rural locations were considered the most viable, and could accommodate a rate of 35% and 40% respectively and a CIL charge. Conversely, Sheppey and Sittingbourne were considered significantly less viable. In Sheppey, our testing recommended that development could not provide an affordable housing contribution or CIL. In Sittingbourne, with the exception of the North West Sittingbourne site (where we recommend a zero CIL rate), it was found developments could accommodate a CIL charge and an affordable rate of 10%. These findings are broadly consistent with those found within the original report. Our full recommendations are listed in Table 2.1 below:

Table 2.1: Recommended affordable housing and CIL rate

Area/Use	Affordable housing rate	Recommended CIL rate (with a 35% buffer)
Faversham	35%	£104
Sittingbourne (except NW Sittingbourne)	10%	£51
Site at North West Sittingbourne	10%	Zero rate
Sheppey	0%	Zero rate
Rural	40%	£250

2.2 Conclusions: Older people dwellings

- 2.2.1 In terms of older people dwellings, our testing showed that there was little scope for CIL and affordable housing for either retirement or extracare properties within Sheppey and Sittingbourne. For the higher value areas of Faversham and Rural locations, we presented a range of options available to the council which are summarised in Table 2.2.

Table 2.2: Recommended affordable housing options and CIL rate

Rural areas	Recommended Affordable Housing % and CIL rate
Retirement dwellings and extra care units in Faversham and Rural areas	Option 1: 20% affordable housing and £20 CIL rate
	Option 2: 10% affordable housing and £80 CIL rate
	Option 3: 0% affordable housing and £125 CIL rate
Retirement dwellings and extra care units in Sittingbourne and Sheppey	Zero % affordable housing rate and Zero CIL rate

2.3 Conclusions: Non-residential testing

- 2.3.1 Finally, Part 1 provided an indication of viability for Non-residential units. Consistent with the previous report it was found that only retail floorspace outside of the town centre could accommodate a CIL rate, which we suggested should be £130 per square metre. It was recommended that all other non-residential development is exempt. These recommendations are summarised in Table 2.3.

Table 2.3: Non Residential recommendations

	Recommended CIL rate
Retail floorspace outside of defined town centres	£130 per square metre
All other forms of non-residential liable floorspace	£0 per square metre

3 Testing of additional sites

3.1 Typologies of additional sites tested

- 3.1.1 In both the 2014 report and the Addendum Part 1 update in September 2015, the approach was to test a range of generic site options which represented future supply in Swale. These were made up of a mix of actual proposed sites and typologies which reflected broad site sizes and locations that were identified in the proposed Submitted Plan.
- 3.1.2 As table 3.1 illustrates the majority of housing identified in the Submitted Plan is located with Sittingbourne and Sheppey (76%), with the remainder in Faversham and the rural areas. Therefore the focus for testing should be at Sittingbourne and Sheppey.

Table 3.1 Broad location of housing supply (Submitted Plan)

Broad location	Anticipated supply	Proportion of supply
Sittingbourne	4,059	49%
Sheppey	2,194	27%
Faversham	1,052	13%
Rural areas	904	11%
Total	8,209	

- 3.1.3 Within Sittingbourne the largest allocation is an urban extension (NW Sittingbourne, which has been allocated for 1,350 dwellings) and a range of smaller sites such as Milton Pipes (235 dwellings) and Crown Quay Lane (491 dwellings). The majority of the remaining supply already has the benefit of planning permission.
- 3.1.4 In Sheppey the three key sites are at Thistle Hill, Minster (428 dwellings), West of Rushenden Road (480 dwellings) and South of Queenborough Creek (380 dwellings).
- 3.1.5 These six sites make up or are representative of the majority of supply of housing within the borough that is yet to benefit from planning permission. Not all sites have been tested as some are already permitted or are very similar in size and location to those tested. The sites to be tested within this report are set out in Table 3.2, which includes details of the gross site area, the net site area and the number of dwellings. The table also shows the contribution in Gypsy and Traveller pitches, should that policy apply.

Table 3.2 Strategic local plan sites tested

ID	Local Plan sites	Nominal Location	Dwelling Capacity	Gross area (ha)	Net area (ha)	G&T pitches
SW/040	Land north of Quinton Road	Sittingbourne	1,180*	60.90	30.45	12
SW/111	Milton Pipes,	Sittingbourne	235	4.00	2.90	2

SW/326	Thistle Hill, Minster	Sheppey	426	11.60	8.41	4
SW/335	West of Rushenden Road	Sheppey	480	13.30	9.64	5
SW/337	Crown Quay Lane,	Sittingbourne	491	19.30	12.06	5
SW/370	South of Queenborough Creek	Sheppey	380	7.00	5.08	4

*Dwelling figure adjusted to reflect discussion with site promoter

- 3.1.6 As well as testing the sites identified in the Submitted Plan, the Council also requested that a number of sites shown in the SHLAA work are subjected to more detailed viability testing to determine whether they would be viable should further supply of housing be required, following discussions on housing numbers at the Examination. These additional sites have been identified by the Council and it is understood that the sites identified are those that would still meet the overall broad objectives of the spatial strategy in terms of location of growth, if further housing supply is required. This report does not seek to undertake detailed testing of all SHLAA sites and makes no recommendations as to whether these sites are more or less viable than either those shown in the Submitted Plan or other sites within the SHLAA work.
- 3.1.7 To illustrate the approach to selecting the additional sites for testing, if these additional sites are included within the figures set out in Table 3.1, it can be seen that the distribution strategy is broadly similar in percentage terms as set out in the Submitted Plan.

Table 3.3 Broad location of housing supply (Submitted Plan plus additional sites from SHLAA work)

Broad location	Anticipated supply	Proportion of supply
Sittingbourne	4,679	44%
Sheppey	2,862	28%
Faversham	1,548	14%
Rural areas	1,602	15%
Total	10,691	

- 3.1.8 The second set of tested sites, total 17 and are set out in Table 3.4. As with the first set, the table includes details of gross site area, the net site area, number of dwellings and Gypsy and Traveller pitches where applicable.

Table 3.4 Additional sites tested

ID	Additional sites	Nominal Location	Dwelling Capacity	Gross area (ha)	Net area (ha)	G&T pitches
SW/454	Doubleday Lodge	Sittingbourne	20	0.43	0.35	0
SW/334	Land at Graveney Road	Faversham	60	2.90	2.10	1
SW/457	Land at Chequers Road	Sheppey	20	0.40	0.33	0
SW/159	Land adj. Dantlings, Plough Road	Sheppey	8	0.20	0.20	0

SW/165	Belgrave Road	Sheppey	140	5.00	3.63	1
SW/194	Barton Hill Drive	Sheppey	500	25.00	15.63	5
SW/010	The Tracies, Calloways Lane	Rural (rest of the borough)	15	0.30	0.30	0
SW/123	Land east of Iwade	Rural (rest of the borough)	346	11.10	8.05	3
SW/183	Land south east of Iwade	Rural (rest of the borough)	89	2.70	1.96	1
SW/086	Jubilee Fields	Rural (rest of the borough)	40	1.73	1.43	0
SW/128/ 436/37	Land east and west of Wises Lane	Sittingbourne	600	29.63	18.52	6
SW/413	Perry Court Farm	Faversham	310	8.85	6.42	3
SW/441	West Brogdale Road	Faversham	66	3.55	2.57	1
SW/407	Land off High Street	Rural (rest of the borough)	82	2.93	2.12	1
SW/410	Land adj. School Lane	Rural (rest of the borough)	40	2.20	1.60	0
SW/453	Land at School Lane	Rural (rest of the borough)	24	0.80	0.66	0
SW/101	Land at Hempstead Lane	Rural (rest of the borough)	62	1.93	1.59	1

3.2 Assumptions

- 3.2.1 To ensure consistency with the generic testing set out in the Part 1 report, the general method and many of the broad assumptions used are the same. However, as this assessment is considering specific sites it was considered appropriate to seek the views of those developing and promoting the sites to ascertain the suitability of the generic assumptions.
- 3.2.2 Where contact details were known for the local plan sites each developer/promoter was contacted to check on broad assumptions on values, costs and housing delivery trajectory. Unfortunately feedback was only received on half of the sites and therefore the more generic assumptions have remained on most of the sites. However, from the information that was received it was confirmed that many of the generic assumptions were appropriate to use.
- 3.2.3 Where feedback has differed from the generic assumptions, amendments have been made to reflect the alternative figures. In particular consultees were able to provide us with a breakdown of the (known or estimated) types of housing that are likely to be brought forward on the sites, which we have included into the appraisals. Where known, PBA have also updated the estimated timeframes for the various sites. Some site promoters were also able to provide a figure regarding what they envisage s106 and s278 payments to be, which have also been incorporated into the model for those sites.

3.3 Recommendations

- 3.3.1 PBA have tested the typologies at the affordable housing rates set out in the Addendum Part 1 update report, and are set out in Table 3.5. The table also outlines the CIL suggested in Part

- 1, against the headrooms identified in the Part 2 testing. The final column concludes whether the site is able to accommodate the recommended CIL rate.
- 3.3.2 In terms of the three sites in Sheppey, the viability results identify that there continues to be a viability issue in terms of delivering sites at Sheppey, confirming the approach set out in the 2014 report of minimising costs of development in terms of affordable housing and CIL to provide the best opportunity for delivery.
- 3.3.3 For Sittingbourne, based on our understanding of the sites, Milton Pipes (SW/111) and Crown Quay Lane (SW/337) are viable and can deliver the required level of affordable housing and CIL, albeit slightly marginal at the Crown Quay site.
- 3.3.4 As suggested in the Part 1 report, the site at the land North of Quinton Road is viable with minimal levels of affordable housing and CIL. It is clear from the testing that the site is unlikely to be able to afford both S106 contributions of circa £17m (as suggested by the site promoter, which includes provision for education and other site specific mitigation) and affordable housing at 10% as well as a CIL contribution. Therefore the recommendation of 10% affordable housing and zero CIL as set out in the Part 1 report remains an appropriate approach to limit risks to delivery.

Table 3.5 Viability results of local plan strategic sites

ID	Generic Site	Nominal Location	Affordable housing %	CIL recommended Part 1	Cil Liable Headroom (£ per sq.m)	Able to pay recommended CIL rate?
SW/040	Land north of Quinton Road	Sittingbourne	10%	£0	£38	Yes
SW/111	Milton Pipes,	Sittingbourne	10%	£51	£125	Yes
SW/326	Thistle Hill, Minster	Sheppey	0%	£0	£63	-
SW/335	West of Rushenden Road	Sheppey	0%	£0	-£14	-
SW/337	Crown Quay Lane,	Sittingbourne	10%	£51	£59	Yes
SW/370	South of Queenborough Creek	Sheppey	0%	£0	£7	-

- 3.3.5 In terms of the second set of sites, Table 3.6 sets out the applicable affordable housing and CIL rates recommended in Part 1 in comparison with achieved headrooms. From the table we are able to conclude the following:
- Sites in **Sheppey** are viable, but the headrooms are still relatively marginal, suggesting the recommended policy approach towards affordable housing and CIL is appropriate.
 - In **Faversham**, all the sites are viable and able to deliver policy requirements on CIL and affordable housing.
 - For **Sittingbourne**, the testing showed that Doubleday Lodge is viable but that the site at Wises Lane is marginal. It is noted that density at this site is slightly lower than might be expected and there is also an allowance for six Gypsy and Traveller pitches. Therefore there is scope for negotiation on the number of units and other policy requirements which may enable the site to be less marginal.
 - In terms of the **Rural** sites, it can be seen that all are viable with the suggested affordable housing rate and with the exception of one site (Land adj. to School Lane SW/410) they are viable with the proposed CIL rate. Whilst the School Lane site was not viable with 40% affordable housing and the CIL rate at £250 per square metre there could be

opportunity to reduce policy burdens through negotiation which will allow a variable CIL rate.

Table 3.6 Viability results of additional sites

ID	Generic Site	Nominal Location	Affordable housing %	CIL recommended Part 1	Cil Liable Headroom (£ per sq.m)	Able to pay recommended CIL rate?
SW/454	Doubleday Lodge	Sittingbourne	10%	£51	£145	Yes
SW/334	Land at Craveny Road	Faversham	35%	£104	£307	Yes
SW/457	Land at Chequers Road	Sheppey	0%	£0	£38	Yes
SW/159	Land adj. Dantlings, Plough Road	Sheppey	0%	£0	£45	Yes
SW/165	Belgrave Road	Sheppey	0%	£0	£17	Yes
SW/194	Barton Hill Drive	Sheppey	0%	£0	-£43	Yes
SW/010	The Tracies, Calloways Lane	Rural	40%	£250	£520	Yes
SW/123	Land east of Iwade	Rural	40%	£250	£418	Yes
SW/183	Land south east of Iwade	Rural	40%	£250	£460	Yes
SW/098	Jubilee Fields	Rural	40%	£250	£264	Yes
SW/126/436/37	Land east and west of Wises Lane	Sittingbourne	10%	£51	£20	No
SW/413	Perry Court Farm	Faversham	35%	£104	£332	Yes
SW/441	West Brogdale Road	Faversham	35%	£104	£130	Yes
SW/407	Land off High Street	Rural	40%	£250	£375	Yes
SW/410	Land adj. School Lane	Rural	40%	£250	£178	No
SW/453	Land at School Lane	Rural	40%	£250	£352	Yes
SW/101	Land at Hempstead Lane	Rural	40%	£250	£373	Yes

3.4 Conclusion from testing

- 3.4.1 The site specific testing for local plan sites shows that most of these sites are deliverable with the policy requirements and recommended CIL rates. As is normal for plan wide assessments there is the odd exception, however in this case it is considered that a higher density or revised site size would overcome the viability concerns.
- 3.4.2 In general, the site specific testing demonstrates that the spatial distribution is achievable but compromises are required, as set out in the 2014 report, in terms of infrastructure funding and affordable housing delivery. The Council, in common with many authorities, will therefore need to explore alternative methods to deliver affordable housing and seek funding for key strategic infrastructure from others sources such as the LEP.
- 3.4.3 In terms of the additional testing it can be seen that higher housing numbers are deliverable, whilst maintaining a broadly similar approach to the spatial strategy in terms of distribution. Nearly all of the identified sites are deliverable at the same rates of affordable housing and proposed CIL as used for the submitted local plan sites. As with the submitted local plan sites there are a couple of exceptions but again changes in the mix and scale of development or

changes in the provision of negotiated aspects such as Gypsy and Traveller contributions or affordable housing will enable these sites to come forward.

- 3.4.4 As an illustration as to the potential CIL contribution from these additional sites Table 3.6 sets out the total amount of CIL that could be realised if the additional sites are included within the future housing supply. In summary the CIL return has risen nearly £15m from £29.8m to £44.6m with the inclusion of the additional sites.

Table 3.6 Total potential CIL including submitted Local Plan supply and additional sites

Value area	Dwellings	Dwellings minus affordable housing	CIL rate (per sqm)	CIL receipt
Sittingbourne	3,300	2,970	£51	£13.6m
NW Sittingbourne	1,350	1,215	£0	
Faversham	1,548	1,008	£104	£9.4
Sheppey	2,862	2,862	£0	
Rural (rest of the borough)	1,602	961	£250	£21.6
Total	10,691	9,014		£44.6m

Policy DM 8 - Affordable housing

For development proposals of ten or more dwellings and where a need to provide affordable housing has been determined as appropriate (including within a rural area as determined by a Parish Housing Needs Assessment), provision will be made for affordable housing (including those for Gypsies and Travellers) as follows:

1. In accordance with the affordable housing target ranges and as appropriate to the local housing market areas as follows:

Table 7.3.1 Affordable Housing Ranges

Table 7.3.1 Affordable Housing Ranges	
Area	Affordable Housing Percentage Sought
Isle of Sheppey	No affordable housing requirement
Sittingbourne town, urban extensions and Iwade	10% affordable housing
Faversham town and urban extensions	30% affordable housing
All other rural areas	40% affordable housing

2. The size and type of affordable housing units in accordance with the needs of the area;
3. Where possible, by designing homes for use by disabled, elderly and vulnerable residents;
4. In exceptional circumstances, and in accordance with a supplementary planning document to be prepared by the Borough Council:
 - a. on-site affordable housing provision may be commuted to a financial contribution to be used off-site, singly or in combination with other contributions. Commuted sums may also be considered in respect of sites at Faversham and the rural areas so as to support the provision of affordable housing in less viable locations; or
 - b. where no Registered Social Landlord is available, the full affordable housing provision requirement will be cascaded to another provider and/or site or via a commuted sum, its calculation having regard to the full amount of market housing that has been achieved on the site; or
 - c. where an applicant can demonstrate that providing the full affordable housing provision would result in the scheme becoming unviable, a reduced requirement may be considered and will be subject to a legal agreement to ensure that full provision of affordable housing is reconsidered should land values rise prior to the commencement of development or any subsequent phases and/or an adjustment made to the tenure split.
5. If evidence demonstrates that economic conditions have positively changed the impact of viability of the provision of affordable housing, the Council will seek a proportion of affordable housing closer to the assessed level of need.

Please note this Policy will be subject to main modifications.

Supporting Statement to the draft Preliminary CIL Charging Scheme

The infrastructure listed below is an initial view on the infrastructure items which would be eligible to be funded through the Community Infrastructure Levy (CIL). The Council would wish to receive comments on this list and will then consider modifications and clarification to the list with a view to preparing a draft Regulation 123 List to accompany the Draft Charging Schedule when submitted for formal consultation and examination.

The List sets out the Councils broad approach to defining potential projects and/or types/sections of infrastructure that the Council will contribute funding through CIL revenues. The List will not be definitive and in no order or priority as no formal decisions have yet been taken to confirm how CIL receipts will be allocated amongst the listed infrastructure projects. It would be used as a list to identify what CIL could be used to fund, subject to council priorities and levels of available CIL and other funding.

However, it is anticipated that the Council recognises the importance of the first two items as necessities in order to accommodate the level of growth proposed within the Local Plan. In these circumstances, the Council would be considering to allocate say 80% of available CIL funding for these major items in the first instance. The other remaining items on any Regulation 123 list would then be eligible for spend through the cumulative pooling of the remaining 20% CIL receipt.

Grovehurst road Junction with A249
Construction costs associated with the Quinton Road through School as part of North West Sittingbourne Housing allocation
New Burial plots on Sheppey
Townscape Improvements grants scheme for Faversham, Sheerness and Sittingbourne Town Centres
Bus and Cycle schemes in accordance with Swale Transport Strategy
Habitat creation for specified projects not related to SAMMS
Off site sports facilities provision
Parks improvement/maintenance grant scheme

Local Development Framework Panel Meeting	
Meeting Date	25 February 2016
Report Title	Bearing Fruits: Swale Borough Local Plan – Update and Inspector’s Interim Findings post Examination in Public
Cabinet Member	Cllr Gerry Lewin, Cabinet Member for Planning
SMT Lead	Kathryn Carr
Head of Service	James Freeman
Lead Officer	Gill Harris
Key Decision	Yes/No
Classification	Open
Forward Plan	Reference number:
Recommendations	<ol style="list-style-type: none"> 1. Note the Inspector’s Interim Findings (Introduction, Part 1 and Part 2) on the Swale Local Plan; 2. Endorse officers’ actions undertaken to act on the Inspector’s recommendation to prepare draft Modifications to deliver the new OAN of 776 dwellings per annum, whilst maintaining the settlement strategy of two planning areas; 3. Endorse the indicative programme to deal with Proposed Recommendations for the remainder of 2016.

1 Purpose of Report and Executive Summary

- 1.1 This report updates Members on progress on the Local Plan; the Inspector’s Interim Findings (IF) from the Examination in Public; and the way forward.
- 1.2 The main recommendation from the Inspector is that the housing target for the plan be increased to 776 dwellings per annum, and that the Council should seek to identify and allocate additional land to accommodate that and undertake public consultation on these sites as part of the Proposed Main Modifications consultation.
- 1.3 It is recommended that Members acknowledge the IF and proceed on the basis of these recommendations.

2 Background

- 2.1 Bearing Fruits 2013: The Swale Borough Local Plan Part 1 was submitted to the Planning Inspectorate on 20 April 2014 for Examination in Public. The housing target proposed in the Plan was 540 dwellings per annum, which was below the then 'Objectively Assessed Need' figure of 740 dwellings per annum. This was based on:
- (i) concerns over low delivery rates during the recessionary years;
 - (ii) more certainty that the proposed target had been demonstrated as consistently deliverable over the longer term; and
 - (iii) serious concerns over the capacity of the strategic road infrastructure to cope with higher development targets beyond the short to medium term.
- 2.2 The strategy was therefore to seek adoption of the Plan and proceed to an immediate and early review should any of these matters change.
- 2.3 Upon submission, the Council also formally requested that the Inspector propose any Main Modifications to the Plan which may be needed to render it sound. The Inspector noted very quickly that the submitted Plan ran counter to national planning policy, and suggested additional research and a number of measures to rectify the situation, which are summarised in ID/9b (attached to this report at Appendix I.
- 2.4 The key points of this involved re-setting the base date of the Plan at 2014, which resulted in the Plan being less encumbered by poor recessionary-based delivery rates, and reviewing the latest demographic and economic trends to provide an updated context for its housing target. Further work was also carried out on the Strategic Housing Land Availability Assessment and Sustainability Appraisal to test the implications of accommodating a higher housing development target. The Examination in Public was postponed to November – December 2015 to facilitate this work.
- 2.5 The new research indicated a revised objectively assessed need (OAN) of 776 dwellings per annum, based on the 2014 ONS population projections, and taking into account the expected capacity of the local economy to create jobs locally. A purely population-based approach indicated a need of 861 dpa. A number of the developers making representations to the Examination were seeking to justify an even higher OAN (up to 1,100 dpa).
- 2.6 The EIP Hearings themselves took place over eight days in November and December 2015, with the main focus of debate on the housing target and the development strategy of the Plan. The Inspector's programme of matters and issues for discussion was completed, although the Examination itself is not yet complete.

2.7 Nonetheless, the Inspector has issued Interim Findings on the Housing Land Supply, and further Interim Findings are expected late February / early March, which will make recommendations on other matters. This will enable the Council to complete its proposed draft Main Modifications, and put them forward for public consultation.

Interim Findings (IF) Part 1 and Part 2

2.8 The Inspector's introduction to the IF and Parts 1 and 2 are attached to this Item at Appendix I.

2.9 The Introduction ID/09a sets out how the IF are structured. ID/9b Part 1 sets out the background and progress of the EIP and how the Inspector approached this. ID/9c Part 2 comprises the headline findings on housing land supply and other key matters which enable the Council to progress work on modifying the Plan. Part 3, which will comprise the overall IF, is expected late February / mid March 2016.

2.10 The key points from the IF Part 2 are:

- the dwelling target is 776 dwellings per annum, and the Council should proceed to allocate sites to meet this;
- the Local Plan period is revised to 2014-31, making a total housing target of 13,192 dwellings ;
- the evidence base, particularly the Strategic Housing Market Assessment and Strategic Housing Land Availability Assessment, were found to be NPPF compliant and sound;
- the Plan's settlement strategy of two panning areas is confirmed, with the focus of development on the Kent Thames Gateway part of the Borough. A 'proportional' boost to allocations in Faversham and rural areas in a sensitive way without detriment to the settlement strategy is also recommended;
- indication that the new OAN figure can be met without incursion on local landscape designations;
- the Duty to Cooperate during Plan preparation and on the additional work to inform proposed modifications has been found to be met; and
- there is no need to rely upon an early Local Plan Review, and the Plan should plan positively for the full period to 2031.

Next Steps

2.11 The IF provides the Council with a very robust basis upon which to prepare Main Modifications to the Plan. The schedule of draft Main Modifications which the Council drafted and published for discussion during the EIP will be the subject of further IF and recommendations before the Modifications drafting can be completed.

- 2.12 The Modifications will need to entail a number of new housing land allocations to meet the new housing target. This will be essential to achieve a sound Plan which can be adopted. During the EIP, the Inspector was keen to point out that the choice of additional allocations (subject to her broad recommendations on development strategy) should be for the Council to determine, and all of the Modifications will need to be subject to Sustainability Appraisal and further work on supporting infrastructure and service requirements prior to going out to public consultation. This work needs to be expedited in order to enable the Plan to keep to a reasonable timetable, and was the reason for the inspector issuing these 'Headline' findings as early as possible.
- 2.13 Officers have already set in train work to establish a Sustainability Appraisal and a call for sites, so that a fair and even-handed approach can be taken to assessing new potential housing sites, which were presented to the Council during the EIP and subsequently (and which had not previously been presented for consideration through our Strategic Housing Land Availability Assessment).
- 2.14 All of the Maim Modifications will be incorporated into a temporary version of the Local Plan document, with text proposed for deletion and proposed new text highlighted accordingly. This will be brought to Members to agree for public consultation purposes. At this stage the public may only comment on the proposed changes to the Plan.
- 2.15 It is important to note, however, that our Examination in Public is not yet concluded, and that the results of the public consultation on Modifications go back to the Inspector for consideration - not the Council. At that point, the Inspector will decide whether to reconvene the Examination hearings for a few days. Subject to satisfactory conclusion of any such hearings, the Inspector will issue a Final Report and any additional recommendations prior to the Plan being found sound for adoption.
- 2.16 An indicative timetable for these events for the remainder of 2016 is attached to this item as Appendix II.

3 Proposals

- 3.1 It is proposed that Members:
- (i) note the Inspector's Interim Findings (Introduction, Part 1 and Part 2) on the Swale Local Plan;
 - (ii) endorse officers' actions undertaken to act on the Inspector's recommendation to prepare draft Modifications to deliver the new OAN of 776 dwellings per annum, whilst maintaining the settlement strategy of two planning areas; and
 - (iii) endorse the indicative programme to deal with Proposed Recommendations for the remainder of 2016.

4 Alternative Options

- 4.1 The Local Plan requires substantial modification in order to be found sound and then adopted. This includes a substantially higher housing target than that preferred in the Local Plan as submitted. Whilst this may be of considerable concern to Members, the alternative option of rejecting the Inspector's findings at this point means that the Plan will be unsound and the whole process will need to be restarted. This would be likely to take a further three years or so (in the absence of major national planning policy change). During this period we expect further changes to national population projections; the review of the Greater London Plan; the Medway Towns Local Plan. Other West Kent districts, such as Gravesham, Tonbridge and Malling, which are situated partially or wholly within the Metropolitan Green Belt are also in the process of Local Plan preparation and are likely to be faced with high pressure for growth, coupled with Green Belt constraints. Together with the effects of Ebbsfleet, the Lower Thames Crossing and Paramount Park, the development pressures on Swale are likely to increase, not least through Duty to Cooperate requests. In the absence of an up-to-date Local Plan, the Council would have little defence against any unsuitable development proposals to meet its own needs, and would also be required to also take account of the considerable external pressures in any new Swale plan.
- 4.2 Rejection of the Inspector's IF at this stage is therefore not recommended, as it would mean that the Council has no means of effective coordination of new development or robust development management policies. Additionally, government has stated its intention to place local authorities which have not made substantial progress towards achieving an up to date Local Plan by 2017 in special measures, which include removing the ability to pursue a locally prepared plan; and to reduce (possibly to zero) the amount of New Homes Bonus that can be received on new dwellings built locally.

5 Consultation Undertaken or Proposed

- 5.1 Public consultation will be undertaken on the Proposed Main Modifications to the Local Plan, anticipated late June / July 2016. Although the results of the consultation will be reported to Members for information, it should be noted that the Local Plan Examination in Public is still 'live' and the Local Plan Inspector will be considering them, if necessary through reconvening the Examination hearings and reporting accordingly.

6 Implications

Issue	Implications
Corporate Plan	Supports Open for Business; Embracing Localism; Healthy Environment objectives.
Financial,	None anticipated at this time. Spreading the process over a longer

Resource and Property	time period has enabled the cost of additional work to be covered from the regular Local Plan budget and unspent reserves from previous years.
Legal and Statutory	None anticipated at this time. The Council has been assisted by a barrister throughout the Examination process.
Crime and Disorder	None anticipated at this time.
Sustainability	The proposed main Modifications to the Plan will be subject to Sustainability Appraisal, both in terms of their cumulative impact and in respect of any new site allocations. This is required to be published alongside the Modifications themselves, and will be a context for Members' consideration of the Modifications for consultation.
Health and Wellbeing	None anticipated at this time.
Risk Management and Health and Safety	None anticipated at this time.
Equality and Diversity	The submitted Local Plan was subject to a Community Impact Assessment, and the Proposed Modifications will be likely to require a review or update.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- **Appendix I: Interim Findings on Swale Local Plan**
ID/9a Introduction and structure of findings
ID/9b Part 1: Background and progress of the examination
ID/9c Part 2: Headline Interim Findings on Housing Supply
- **Appendix 2: Indicative Programme for the Local Plan Proposed Modifications 2015-2016.**

8 Background Papers

8.1 None.

Introduction and structure of the findings**Sue Turner MRTPI**

An Inspector appointed by the Secretary of State for Communities and Local Government

Introduction to the Interim Findings

1. The Interim Findings are presented in three parts as set out below. They provide a basis for the Council to update its schedule of Main Modifications (**SBC/PS/036**) and should be read alongside the Council's Indicative Programme for 2015 - 2016, (17 December 2015), which can be found on the Council's examination website. In taking the Plan forward through consultation on Main Modifications the Council should satisfy itself that it has met statutory consultation requirements and that it is proceeding in accordance with its Statement of Community Involvement. Also, the modifications will of course need to be subject to Sustainability Appraisal.
2. The Interim Findings (IF) do not constitute a report under Section 20(5) of the Planning and Compulsory Purchase Act 2004, but are a summary of my findings from the examination to date, including the hearings which took place in November and December 2015.

Structure of the Interim Findings

3. Part 1: Background and progress of the examination
 - Background: early concerns
 - Background: evidence update
 - Progress: context, concerns and taking the examination forward
 - Summary and further action
4. Part 2: Headline Interim Findings on Housing Supply
 - Duty to co-operate
 - Early Local Plan review
 - Objectively Assessed Need
 - Housing Target
5. Part 3: Overall Interim Findings
 - Duty to Co-operate overall assessment
 - Overall strategy/ Two planning areas and distribution of growth
 - Other housing issues
 - Employment growth and distribution
 - Strategic infrastructure
 - Environmental considerations
 - Site or area specific considerations

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Part 1: Background and progress of the examination**Sue Turner MRTPI**

An Inspector appointed by the Secretary of State for Communities and Local Government

1. This paper, Part 1, is the first of three documents which set out the Interim Findings on the Swale Local Plan (the Plan). It explains the background and context to the examination and the approach that has been taken to moving the Plan forward.

Background: Early concerns and the Council's response

2. The Plan was submitted for examination on 20 April 2015. It identified an Objectively Assessed Need (OAN) of 14,800 dwellings (740 pa) and proposed a housing target of 10,800 dwellings (540 pa). On 29 May 2015 I issued examination document **ID3**, requesting additional information on housing land supply and development viability. The note expressed concern that the failure to meet Objectively Assessed Need (OAN) was based on a high level viability study using generic site appraisals. It also questioned reliance on an early review of the Plan to ensure soundness, particularly when such a review was indicated in the LDS as commencing in September 2015, during the examination of the submitted Plan.
3. The Council's response to **ID3**, set out in **SBC/PS/006**, cites historic housing performance and viability concerns, combined with the strategic focus for growth on the north of the Borough (the Thames Gateway area) as reasons for taking a cautious approach to housing supply in the short term. It also refers to the potential for an early review to re-align the Plan's start date to 2015/16, which would result in a Plan less encumbered by the recessionary based poor performance than the submitted Plan, which has a start date of 2011. At this stage the Council undertook to review the latest demographic and economic trends to provide an updated context for its housing target.
4. Inspector's note **ID4** dated 4 June 2015 clarified that, despite serious concerns relating to OAN and the Plan's housing target, the examination hearings should proceed and set out the reasons for this decision. These included the need to allow all those who had already participated in consultation and who wished to be heard to prepare and present their case in the normal way.
5. Further to this note the Council acknowledged (in document **SBC/PS/007**) that its OAN evidence had a number of shortcomings and indicated its intention to update elements of the evidence base to address these matters.

Interim Findings on Swale Local Plan

Background – evidence update and revised programme

6. A pre hearing meeting (PHM) was held on 22 June 2015. Prior to the PHM the programme was discussed, as noted in **ID5**. The Council presented document **SBC/PS/012** which lists additional work being undertaken to update and expand the evidence, together with publication dates. It suggested postponing the examination hearings until November 2015.
7. After the PHM a revised timetable was prepared and placed on the examination website. This postponed the start of the examination hearings to 17 November 2015.
8. The Council proceeded to prepare updated and additional evidence in accordance with **SBC/PS/012**, together with a draft schedule of proposed Main Modifications. However the volume of evidence produced was significantly greater than had been anticipated at the PHM.

Progress - taking the examination forward: context, concerns and the approach taken

9. In the lead up to the examination hearings several respondents argued that in view of the large amount of new evidence the examination hearings should be postponed or the Plan withdrawn. In considering this request I took account of the following:
 - On 21 July 2015 the Minister of State for Housing and Planning issued a Written Statement on Local Plans. This recognised that Councils and others who have produced the Local Plan have committed considerable resources and should be able to rely on Planning Inspectors to support them in the Planning process.
 - At Swale the Council had expressed a clear preference for continuing with the examination of the submitted Plan. Furthermore significant contributions had already been made by local groups and residents in responding to the consultation on the Plan and many had expressed a wish to develop their arguments through the hearings process.
 - Work carried out by the Council and other stakeholders had produced updated evidence, leading to proposed draft main modifications which could resolve a number of uncertainties and questions raised in consultation. Furthermore the evidence now included an up to date Strategic Housing Market Assessment (SHMA) for a proposed revised plan period, dated 2013/14, as well as a review and updating of the Strategic Housing Land Availability Assessment (SHLAA)

Interim Findings on Swale Local Plan

- All new evidence had been made immediately available on the Council's website and the direction taken and reasoning behind proceeding with the examination had been explained on the website and been discussed openly in the examination hearings.
10. The above factors support the decision to continue with the examination and work with all concerned to make the submitted Plan sound and progress to adoption as soon as possible, rather than require the Council to start the process again. I am satisfied that the process has been transparent, fair and purposeful.
11. During the examination hearings it was suggested that, having explored the issues of OAN and the housing target, there was no need for the hearings to continue to consider site allocations and non-allocated (omission) sites put forward by respondents. It was argued that I could make a recommendation based on the SHMA and SHLAA evidence and the hearing discussions on OAN and housing supply.
12. However NPPF paragraph 182 makes it clear that to be sound a Local Plan must be deliverable. It would be illogical for me to recommend a housing target to meet OAN if there were no realistic prospect that this could be delivered. At my request the Council has carried out detailed analysis to establish whether there is a supply of sites, in addition to those allocated in the Plan, capable of delivering an increased housing target.
13. This additional work is contained in the provisional updated 2014/15 SHLAA (**SBC/PS/037**), the post submission interim Sustainability Appraisal Report Part II Site Options (**SBC/PS/033a**) and the ranked assessment of non-allocated sites (**SBC/PS/039**). This evidence has informed debate at the hearings and my recommendations set out in Part 2 of the IF.

Summary and further action

14. The submitted Plan is flawed in failing to meet objectively assessed need and failing to justify its reliance on an early review to achieve soundness.
15. Between the PHM and commencement of hearings the Council has undertaken a comprehensive update of its evidence on a number of matters, but most significantly on housing need and the availability of sustainable sites for housing.
16. The course of the examination has been tailored to the specific circumstances at Swale for the following reasons:

Interim Findings on Swale Local Plan

- To respond to the Council's preferred course of action to build on the submitted Plan and maintain the momentum of the examination;
- To take account of advice in Ministerial Written Statement to support Councils in the planning process;
- To avoid the risk of undermining the considerable investment that has already been made in the Plan through consultation by stakeholders, local residents and groups.
- To capitalise on the potential offered by updated evidence and main modifications to replace reliance on an early review of the Plan.

17. Following the receipt of the Part 2 of the IF the Council should commence work, including ongoing sustainability appraisal, to allocate additional sites for housing to meet the recommended target. On receipt of Part 3 of the IF the Council will be able to complete its proposed draft Main Modifications, and proceed in accordance with its Indicative Programme for 2015-2016.

18. After consultation on the draft main modifications, currently scheduled for May to July 2016, it is anticipated that further hearings will be required in the autumn of 2016.

Part 2: Headline Interim Findings on Housing Supply**Sue Turner MRTPI**

An Inspector appointed by the Secretary of State for Communities and Local Government

Matter 1: Duty to Co-operate (for OAN, housing market area and meeting housing need)

1. A Duty to Co-operate (DTC) statement was submitted with the Plan and was updated in October 2015 in a DTC addendum. The DTC statement summarises co-operation that has taken place on strategic issues during preparation of the Plan. The DTC addendum records continuing dialogue with neighbouring authorities on the evidence update, particularly the Council's further work on OAN in Swale's 2015 SHMA - Part 1: Objectively Assessed Housing Need (2015 SHMA) (SBC/PS/025a).
2. In preparing the Plan the Council has worked effectively with Kent County Council, the neighbouring authorities of Ashford Borough Council, Canterbury City Council, Medway Council and Maidstone Borough Council as well as with the prescribed bodies. With regard to housing needs and development targets in particular, the Council sought to establish its housing market area in the context of the SHMAs for North Kent, East Kent and Mid Kent. The DTC statement concludes that there was only limited overlap with Canterbury in the east of the Borough and with Medway in the west. However when the Plan was submitted Swale had not been asked to accommodate the unmet need from any other districts and no other district had the capacity to meet Swale's unmet need.
3. As part of the evidence update the 2015 SHMA seeks to address the complex HMA situation and tests the rationale behind a self-contained Swale HMA. It examines cross boundary migration, cross boundary commuting and travel to work areas, house price data and contextual evidence such as retail and school catchment areas. It concludes that despite links to Medway and Canterbury there is enough evidence to show that a Swale centred HMA is a pragmatic response to the characteristics of this area. It is highlighted, however, that strong links to the west with Medway and to the east with Canterbury need to be reflected in DTC discussions.
4. Discussions with Canterbury City Council and Medway Council have continued during the evidence update and both agree with the approach Swale is taking in seeking to meet its own OAN. The Council has also continued dialogue with the other neighbouring authorities, based on work set out in the 2015 SHMA and the conclusion that Swale intends to meet its own housing need within its own area. The DTC addendum confirms that all of the neighbouring authorities are seeking to meet their own OAN within their administrative boundaries.

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5. Neither the DTC statement nor the DTC addendum provide any detail regarding engagement with the GLA and this raises the question of whether the OAN takes account of London's unmet housing need. However the 2015 SHMA looks in detail at the relationship between London and Swale with regard to migration. In addition, the Council has submitted its Note re London & the Swale OAN (SBC/PS/093) dated 11 November 2015. This provides further information about the way in which the 2015 SHMA addresses the issues of London's housing need.

On the basis of the above I am satisfied that preparation of the Plan and additional work which will inform proposed draft main modifications has been based on co-operation and effective collaboration with the relevant organisations and that the DTC has been met.

Matter 2: Early Local Plan review

6. Policy ST2 and Chapter 8 provide for an early review of the Plan within 3 years of its adoption or sooner. A commitment to an early Local Plan review has been used in some cases to address shortcomings in plans and allowed them to proceed to adoption. However advice by the Planning Advisory Service in 'Early Reviews' and Local Plans suggests that they cannot be used to resolve matters critical to the Plan's strategy and that they are not a panacea for addressing the difficult issues.
7. In this case the justification for making the Plan short term in nature, as set out in paragraph 4.2.32, is neither logical nor appropriate. The Local Plan review is shown on the Local Development Scheme as commencing in September 2015. By this time the Council had commenced its evidence update, the results of which has fed into proposed main modifications and has informed these Interim Findings. The timing in the LDS suggests that preparatory work should already have started on the review but it is hard to see what will have changed in such a short time that would enable a review to overcome the failure of the Plan to meet OAN. Furthermore even if the review date were delayed it would be based on the same updated evidence and work that is informing this examination. For example the 2015 SHMA addresses the balance between employment development and housing and further work on infrastructure planning has been undertaken to support delivery of the Plan. Subject to the main modifications required by these Interim Findings the Plan will have addressed the difficult issue of housing delivery and there will be no need for an early review.

To conclude, there is no justification to rely on an early Local Plan review and the Plan should plan positively for the full Plan period.

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Matter 3: Objectively Assessed Need and revised base date for the Plan

8. The submitted Plan is informed by the 2013 SHMA and identifies an OAN of 14,000 dwellings for the Plan period 2011-31. The 2015 SHMA uses the ONS 2014 mid-year population estimates and updated economic data to consider housing need over the period 2014 – 2031. The 2015 SHMA takes account of under delivery up to 2014/15 and provides up to date evidence to support re- basing the Plan period to start in 2014. It concludes that the full objectively assessed need for this period is 776 dwellings per annum.
9. Various aspects of the methodology used in the 2015 SHMA have been questioned during the examination. Most significantly criticism has been levelled at the use of the ONS 2014 mid-year population estimates, rather than the ONS 2012 sub-national population projections (SNPP) and the CLG 2012 Household Projections, as well as the use of a longer trend period (2004-2014), compared to the five year trend used in the SNPP.
10. The 2012 SNPP and the CLG Household Projections represent the official indication of baseline demographic needs for Swale. It is this data, published by the DCLG, that Planning Practice Guidance (PPG) on Housing and Economic Needs Development Assessment recommends to provide the starting point estimate of overall housing need. However the PPG accepts that there is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need. It advises that councils should explain why their particular local circumstances have led them to adopt a different approach where this is the case.
11. The Swale 2015 SHMA sets out the results of testing of the ONS 2012 SNPP and the CLG 2012 Household Projections, which lead to a requirement for 861 net new homes per annum for the period 2014 – 31. However it highlights concerns that the five year trend period may not correctly reflect long term migration into Swale and that the SNPP based figure may be too high due to the failure to adjust for unattributable population change (UPC). It explores a number of alternative projections, using both 5 and 10 year trend periods and 2014 based projections and identifies the 2004-14 trends projection as the preferred scenario. This scenario mirrors the GLA's demographic modelling and reflects the level and age profile of inward migration to Swale. The 2015 SHMA proceeds to test this scenario against market signals and future job growth to conclude that the OAN remains at 776 dwellings per annum for the period 2014-2031.
12. Part 2 of the SHMA identifies a net need of 288 affordable dwellings pa, which when refined to meet the local housing market becomes 190 affordable dwellings pa, which is approximately 25% of the OAN. It

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concludes that this number can be met through the OAN. However it advises that when setting the affordable housing target the Council will need to consider the full range of evidence, including viability assessment.

13. The Council's Position Statement (SBC/PS/031) (PS) explores viability, particularly in the context of differences across the Borough and the proposed variable policy for affordable housing provision. I endorse the Council's conclusions on this matter and agree that an increase in the housing target to improve the rate of affordable housing delivery is unnecessary and in any event would undermine the settlement strategy by requiring an increase above OAN in Faversham and the rural areas.
14. I have carefully considered arguments that the 2015 SHMA has methodological failings, that it proposes a scenario based on inappropriate data and that there is inadequate justification for lowering OAN from the 2012 SNPP figure of 861. I have also taken account of criticism of the inclusion of a UPC adjustment, the allowance for the younger age profile of inward migration and arguments that insufficient weight has been given to supporting employment growth and boosting affordable housing. Detailed information has been submitted both for and against the approach taken in the 2015 SHMA and I have carefully considered all of this evidence, but I am satisfied that the report follows a methodical and logical process which is consistent with the PPG and that its conclusions are robust.

In these circumstances I support the Council's proposal that the Plan should be based on the revised Plan period 2014 – 2031 with an OAN of 13,192 or 776 dwellings per annum.

Matter 4 - Housing Target

The target in the submitted Plan

15. The submitted Plan proposes delivery of 10,800 dwellings with an indicative split of 9,350 in the Swale Thames gateway area and 1,450 in Faversham and the rest of Swale. This split reflects the concept of two planning areas which underpins the Plan's settlement strategy. However the overall target clearly falls short of the OAN in the Plan which is 14,800 (740 dwellings pa) for the 20 years of the Plan period and is significantly below the updated OAN of 13,000 (776 dwellings pa) for the proposed re-based Plan period.
16. The reasons given in the Plan to justify not planning to deliver the OAN of 14,800 dwellings fall into three broad areas. First, environmental concerns, including impact on best and most versatile agricultural land (BMV); second,

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infrastructure concerns, including impact on the strategic road network; and third the issue of viability and deliverability, including past performance and the need to maximise housing delivery whilst maintaining the focus for growth on the Thames Gateway where viability is poorest.

Review of constraints as part of the evidence update

17. The Council has revisited these constraints as part of the evidence update and summarises its approach to the environmental and infrastructure constraints in its PS. This concludes that subject to confirmation by SA and HRA work and based on the Plan's settlement strategy, no barriers to delivering the revised OAN delivery of 776 dwellings per annum appear to be presented by international, national or local environmental designations, flood risk or heritage assets.
18. The PS notes that the impact of any further site allocations should be considered individually against these considerations. Additionally the individual and cumulative impact of any new allocations on important local countryside gaps and locally sensitive landscapes should be assessed, whilst any loss of the best and most versatile (BMV) agricultural land will need to be taken into account as proposed by the Council in paragraph 42 of the PS. On this basis I endorse the conclusion in the PS that in principle environmental capacity does not prevent the Plan meeting the OAN.
19. Transport infrastructure is cited in the Plan as a constraint to delivering more than 740 dwellings pa. During the examination the Council has continued dialogue with Kent County Council and Highways England and has prepared statements of common ground (SCG) with both organisations (**SBC/PS/028** and **SBC/PS/011**). These confirm that whilst transport capacity does not present a barrier to delivering up to 740 dwellings per annum, a higher level may require further work on the Swale Borough Council/ Kent County Council Transport Model, possibly requiring a new model.
20. Other infrastructure is addressed in the Kent and Medway Growth and Infrastructure Framework 2015, which provides a starting point for assessing the level and cost of infrastructure to support growth in Swale to 2031. Whilst this is based on delivery of 11,300 dwellings, KCC has expressed its willingness to work with SBC to test an increased quantum of development and further site allocations in order to identify infrastructure requirements. The work that the Council has undertaken during the examination demonstrates that, subject to further testing, infrastructure provision presents no barrier to delivering the full OAN of 776 dwellings per annum for the revised plan period.

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21. The inability of the submitted Plan to meet OAN is partially justified by a weak housing market and poor viability. It is common ground that Swale is one of the weaker housing markets in Kent with particularly poor viability in the Thames Gateway area, where the settlement strategy seeks to direct housing growth. As the Council states in paragraph 44 of its PS, short term viability issues should not lead to a viability-led strategy which could undermine the growth in the Thames Gateway. However poor housing delivery in the past does not justify taking a pessimistic approach to the future and indeed this would be inconsistent with paragraph 47 of the NPPF, which seeks to boost significantly the supply of housing. Setting a target that is too low could be self-fulfilling and act as a constraint to development.
22. With its new base date of 2014 and removal of the early review requirement the Plan is for a period of 17 years rather than the three years proposed in the submitted Plan. In this context short term viability concerns do not justify deliberately suppressing growth for the whole of the Plan period.

Site allocations

23. The Plan's housing site allocations have been considered through the examination process and the Council has embarked upon a process of monitoring progress and updating the number of units that each will deliver. The proposed draft main modifications include amended details and numbers on some of the allocations and address some concerns raised by participants during the examination. Subject to these modifications the housing site allocations are soundly based and consistent with the settlement strategy.
24. The Council has responded positively to criticism of the Plan's failure to meet the OAN for housing. As part of the evidence update it has produced three documents which use different methodologies to assess non allocated sites. These are:
- The Provisional 2014/15 SHLAA (SBC/PS/037). This is based on the original 2013-14 SHLAA (submitted with the Plan), but overcomes a number of shortcomings in the earlier SHLAA and provides a clear and transparent analysis of all land and sites put forward during consultation on the submitted Plan. There has been no new call for sites therefore the Council will need to decide whether this is necessary or whether it is satisfied that assessment of sites brought to its attention through the examination process, together with the updated SHLAA are adequate to ensure that all potential sites have been considered. However the provisional SHLAA includes assessment of the omission sites (non-allocated sites promoted by developers or

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landowners) and takes all potential sites through various stages or “sweeps” to assess their suitability for development.

- The Ranked Assessment of non-allocated site options (SBC/PS/039) places sites in tiers and rankings using a methodology that reflects their environmental constraints and landscape impacts. The seven tiers reflect international, national and local environmental designations, Flood Zone 3A as well as non-designated environments and constraints and matters affecting the transport network.
- The Post submission interim SA report Part II (Site Options) (SBC/PS/033a) is, as its title suggests, an interim assessment of the non-allocated sites which has been carried out by the Council.

25. These three documents together represent a robust and methodical analysis of non-allocated sites. They provide a sound basis for the Council to allocate additional sites to deliver the OAN.
26. However the assessment documents are clearly a technical survey of the sites and they do not take a strategic approach or refine the ranking in relation to the settlement strategy or cumulative impact on infrastructure or the environment. The Council will need to take account of these factors when allocating additional sites. However the ranked assessment in particular, whilst noting the presence of locally defined Important Countryside Gaps, makes it clear that this definition does not necessarily preclude the allocation of sites within the gaps. This is consistent with the wording of DM Policy 25, which recognises that allocated sites may lie within the defined Countryside Gaps.
27. Concerns have been raised that additional site allocations could undermine the settlement strategy or harm the rural character of some villages and rural lanes. However the evidence demonstrates that there is a range potential additional sites across the Plan area. This provides the Council with sufficient flexibility to plan for a carefully managed uplift in allocations across the two planning areas without undermining the settlement strategy or harming its objectives.
28. The work that the Council has done places it in an informed position to sensitively nudge the housing target upwards across the Borough so that growth continues to be focused on the Thames Gateway area, but with a proportional boost to allocations in Faversham and the rural areas. This is consistent with the approach suggested by the Council in paragraph 38 of its

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PS and the evidence is now available to enable those difficult decisions to be made in a logical and consistent way.

The Council's work to update the evidence base demonstrates that there are sufficient sites available to enable it to deliver the full OAN for the plan period whilst maintaining the settlement strategy of two planning areas. The Council should therefore proceed to allocate sites to meet a revised target of 776 dwellings pa.

APPENDIX II:**Swale Borough Local Plan Examination in Public - Indicative Programme for 2015 – 2016**

Events	Indicative Completion Date
First round of Examination in Public hearings complete.	16 December 2015
Council to post outstanding draft modifications arising from 2015 Hearings discussion to website.	by 18 January 2016 - Complete
Inspector's 'Headline' Interim Findings: Parts 1 and 2 (includes new development target).	4 February 2015 - Complete
Inspector's Overall Interim Findings: Part 3	Late Feb – Mid March 2016
Council undertake any further necessary work to complete Main Modifications Schedule in the light of Inspector's Interim Findings.	by end April 2016
Swale Borough Council Local Development Framework Panel to consider and recommend approval of Main Modifications to Plan for public consultation. Cabinet sign off of LDF Panel recommendation.	Late May 2016
Council prepares public consultation documents; and publicity arrangements; parish council briefing sessions.	June 2016
Six week public consultation on Local Plan Proposed Modifications; Sustainability Appraisal / HRA; plus draft revised Local Transport Strategy and Implementation and Delivery Schedule.	Late June – early August 2016
Council collate and pass representations on public consultation to Inspector.	by early September 2016
If necessary, Inspector reconvenes Examination in Public hearings.	Complete by late November / early December 2016
Inspector's Final Report	January 2017

SBC: 17 December 2015;
Updated 4 February 2016.

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