



Medway Core Strategy Examination 2012

Background Paper

Deliverability of the Core Strategy



DELIVERABILITY

1. Introduction

- 1.1 This is one of a short series of background papers prepared by Medway Council to inform the independent examination into the Medway Core Strategy 2012.
- 1.2 The papers simply draw together elements of the 'evidence base' so that information about a topic can be seen in one place. They do not contain any new information but it is hoped that they will assist all participants during the examination. Where appropriate, links are provided to source documents.
- 1.3 The series of papers cover the following topics:
 - Conformity
 - Cross Boundary Issues
 - The Thames Gateway
 - Spatial Strategy
 - The Plan Preparation Process
 - The Basis for Housing and Employment Growth Targets
 - Deliverability
 - Land Allocations and Development Management DPD.
- 1.4 PPS12 states that Core Strategies should show how the vision, objectives and strategy for the area will be delivered, by whom and when, including making it clear how infrastructure which is needed to support the strategy will be provided, ensuring that what is in the plan is consistent with other related plans and strategies relating to adjoining areas.
- 1.5 PPS3 requires the planning system to deliver a sufficient quantity of housing taking into account need and demand, the need to improve choice, in suitable, sustainable locations, on sites which make efficient and effective use of land, including the re-use of previously developed land. Emphasis is on having a continuous five-year supply of suitable sites.
- 1.6 The Draft National Planning Policy Framework states that to enable deliverability of identified sites, obligations and policy burdens should not inhibit their viability, to provide acceptable returns to developers.
- 1.7 Accordingly this paper draws together the evidence base in relation to this. The paper should be also read alongside others in the series, in particular those relating to the Thames Gateway and the Basis for Housing and Employment Growth Targets.

2. Background

- 2.1 For many years Medway Council has had sophisticated monitoring systems in place covering all major land uses and particularly employment and housing. The results are published in the Annual Monitoring Report (AMR) and the Strategic Land Availability Assessment (SLAA)¹ has also been refreshed on an annual basis since it was first compiled.
- 2.2 The monitoring process involves annual visits to all sites – both large and small - with recorded results being crosschecked and verified. This is managed in a purpose built database system called LUPIN. By holding records in a single system losses and gains between different land uses can be accurately tracked. So, for example, an employment site or corner shop being 'lost' to housing or a site being cleared pending redevelopment is accurately captured.
- 2.3 Moreover the results of this monitoring work are not just published as a summary in the AMR. The Council is one of only a few authorities that publish detailed tables. This is done in a companion Volume 2 to the AMR².
- 2.4 In updating the most recent revision to the SLAA all site owners/developers were contacted to ensure that every effort was made to record site constraints and up to date intentions in terms of sites commencing and anticipated build rates. This is fully reflected in the housing and employment floor space trajectories included in the Submission Core Strategy.
- 2.5 The base date for the Core Strategy is 2006. This is to ensure that recent trends are taken into account in setting policy targets and there is full compatibility with the South East Plan – including addressing any historic shortfalls.
- 2.6 No local planning authority has direct control over local property markets and whether any particular site comes forward is subject to a host of factors over which it has little or no influence. These include the performance of the national economy, the availability of mortgage finance, the amount paid for a site and numerous other factors.
- 2.7 This notwithstanding, the Council has a variety of arrangements in place to seek to influence delivery of the 'development pipeline' and these are described below.

¹ http://www.medway.gov.uk/PDF/SLAA_Draft_January_2012_with_added_emp-retail_tables.pdf

² <http://www.medway.gov.uk/pdf/AMR2011Volume2.pdf>

3. The Development Pipeline

- 3.1 The basis for the housing and employment targets in the Core Strategy is explained in a separate background paper but it is appropriate to compare them here with the already identified 'pipeline' of sites.

Housing

- 3.2 The proposed target is an average of 815 units over the period 2006 – 2028; that is 17,930 (815 x 22 years). 3,895 units were completed up to March 2011, leaving a residual requirement of 14,035 over 17 years. 62% of completions to date were on previously developed land.
- 3.3 The identified pipeline on the other hand is currently 20,918 in total, of which 19,276 units are forecast to be completed by 2028. This represents a potential surplus of 1,346 or 2,988 if the element forecast for the post 2028 period came forward sooner. 83% of the identified housing sites are on previously developed land.
- 3.4 Over the shorter term, that is the period 2011 – 2017, a small deficit is forecast with a surplus thereafter but this needs to be considered in relation to:
- In the 2010 AMR completions for the following year were forecast to be 591, reflecting concerns over the economic downturn. However actual completions came to 657, significantly exceeding the forecast
 - The phasing of many sites has been deferred in the 2011 AMR to reflect the economic climate – as opposed to the preparedness of a site. With a large number of sites having the benefit of planning permission, many can be regarded as ready to go, subject to reasonable market conditions
 - None of the forecasts make any allowance for 'windfall' sites coming forward, despite these being a significant contributor historically. Over the period from 2006 – 2011 such sites accounted for 1,548 or a very significant 40% of all completions. Given the very large size and nature of the main urban area there is every expectation that contributions will continue to come from this source throughout the period of the Core Strategy. It can be reasonably expected that the proportion will reduce over time but it will always be a contributor. No allowance is made for this in the identified pipeline but it demonstrates the inherent flexibility that currently exists
 - Unlike many other areas, Medway has not experienced major sites being 'mothballed' following the economic downturn. There was a concern that, as major sites that were already underway were built out, new sites with planning permission would not start. However this has, again, not proved to be the case. This gives confidence that a reasonable scale of delivery will be achieved despite the gloomy short-term economic outlook.

Employment Floorspace

- 3.5 A total of 881,737 sq.m. of employment floor space has been identified as available for development. This far exceeds the identified requirement.
- 3.6 Of this total 715,742 sq.m is accounted for by just two sites, at Kingsnorth and Grain. These are exceptionally large brownfield sites unsuited to any other purpose and can be expected to have a lower employment density than more urban locations. Just less than 81% of the total is on previously developed land.
- 3.7 The Employment Land Review Consolidation study completed in 2010 reviewed the land requirements of employment sub-areas in Medway, estimating a need for 392, 610 sq.m or 54.4 hectares (to 2026). This indicates that there is generally sufficient land available though there is a slight mismatch between sub-areas. This is to be expected given the particular characteristics of the Grain and Kingsnorth sites and that such sub areas had not been considered before the consolidation study was prepared. The need for 392,610 sq.m reflects the explicitly ambitious employment target proposed in the Core Strategy of 21,500 jobs by 2028.
- 3.8 Taking account of the study and the already identified pipeline the proposed phasing is as set out in the table below.

Employment phasing summary				
2010-2012	2012-2017	2017-2022	2022-2027	2027-2028
46,475	499,630	282,095	35,245	18,292

- 3.9 Of this quantum of floorspace, both the Kingsnorth and Grain sites have received planning permission over the last two years and at the former essential advance infrastructure has been installed. All significant town centre employment (office) sites are the subject of adopted development briefs or masterplans. The only significant exception, across the area, is land at Rochester Airfield. Here a masterplan is currently being prepared, jointly with BAE Systems.

4. Delivery Arrangements

- 4.1 As pointed out above local planning authorities have very limited opportunities to bring sites forward but Medway Council has a range of experience in this area, particularly given past arrangements connected to the Thames Gateway (see separate paper).
- 4.2 The Council has a well-established process for encouraging structured pre-application discussions with intending developers. This includes

opportunities to present proposals direct to members via all member presentations. Full details are provided on the Council's website³. In addition the Council encourages the use of planning performance agreements for larger proposals and will, on a 'without prejudice' basis, negotiate S.106 terms prior to an application being submitted.

- 4.3 All of these initiatives are intended to front load the application process and minimise risk to intending developers. In the case of Lodge Hill quite complex arrangements have been in place for some time, including monthly liaison meetings, twice yearly meetings with leading members and directors, all member briefings and presentations to the Rural Liaison Committee. The latter includes representatives from all the parish councils' in addition to Medway councillors.
- 4.4 The Council has a quite exceptional record in delivering affordable housing through very close liaison with a panel of registered providers and the HCA. Of total completions over the plan period to date some 1,362 or just over one third have been affordable. This substantially exceeds the current policy target of 25%.
- 4.5 Affordable housing requirements elsewhere often appear to inhibit rather than promote private developments but that has not been the experience locally. There are a number of reasons for this, including a record of being able to draw down grant from the HCA, providing a 'marriage broker' service between private housebuilders and registered providers and tailoring provision on individual sites to best support the type of private development proposed. Over the last three years there are a number of cases where a development has been able to proceed thanks to the approach taken.
- 4.6 The Council has a readily accessible and comprehensive Developer Contributions Guide⁴ and a viability model that was developed alongside the Strategic Housing Market Assessment (SHMA) and recently updated. It was also one of the first in the country to put in place a protocol for deferred S106 payments and related initiatives to respond to the economic downturn.
- 4.7 At a more strategic level there is a Medway Strategic Housing Board with a membership that includes the Portfolio Holder responsible for housing, a representative from the Private Landlords Association, plus a number of registered providers and the university accommodation officers. The Home Builders Federation has a standing invitation to join but has not yet been able to find the capacity to do so.
- 4.8 The Board receives quarterly reports on all aspects of housing delivery and acts as sponsor for the SLAA.

³ <http://www.medway.gov.uk/environmentandplanning/planning.aspx>

⁴ <http://www.medway.gov.uk/environmentandplanning/planning/developercontributions.aspx>

- 4.9 In relation to employment generating developments a range of assistance is available to intending developers. Services include:
- Ready access to staff in the Council's Economic Development Unit
 - Access to the Council's inward investment service, Locate in Kent
 - Access to waiting list information for the Council's managed workplace schemes and the Medway Innovation Centre. This can be particularly valuable in identifying local growth businesses, by sector
 - Site promotion through a new website service that is about to be launched
 - Access to the Medway Economic Board, a high level body with a membership drawn from major local companies, developers, the universities and leading members. The Board in turn reports into the Local Strategic Partnership Board
 - Emerging initiatives being delivered via the LEP.
- 4.10 Despite recent success however the Council is far from complacent and is always open to proposals for further initiatives that will assist in delivering development in challenging times.

5. Infrastructure

- 5.1 The Core Strategy includes a comprehensive Infrastructure Delivery Schedule at Table 11-2. The format used closely follows that in the London Borough of Sutton Core Strategy that was recommended to the Council as best practice.
- 5.2 In investigating the likely infrastructure requirements arising from planned developments, substantial research was undertaken. Being a unitary authority it was possible to identify and reconcile the requirements of all service departments relatively easily. All major service partners were contacted and interviewed to determine and validate their requirements. These included all the major statutory undertakers.
- 5.3 In parallel, work was undertaken to identify the future investment programmes of each service provider and to identify any current deficiencies. This work was crosschecked with the HCA who had selected Medway as a pilot area for its local Infrastructure Delivery Plan (IDP) model.
- 5.4 It will be seen from the schedule that, in all but one case, necessary infrastructure is to be provided through the normal developer contributions route. The exception is the large employment site at Grain where the schedule refers to Medway Council having a role as well as the developer. This reflects an ongoing investment programme for upgrading the A228 funded by a combination of public and private finance. The latest scheme is a new bridge over a level crossing at

Stoke, which is being funded by the developer, HCA and the Council. It is currently being constructed.

- 5.5 Given the scale of development envisaged over the next 15 years this picture might be considered surprising. However, as explained in the Thames Gateway Background Paper, Medway has received over £210 million of Government investment over the last few years, with a high proportion of this being in new physical infrastructure. This has given what might be termed a 'breathing space' in terms of the need for further infrastructure investment, in the short term at least.
- 5.6 At the same time it is acknowledged that some of the waterfront regeneration sites may require further assistance, particularly if market conditions do not improve. However this is being constantly reviewed and discussed with the HCA, LEP and others.

6. Conclusions

- 6.1 At a time of such global economic uncertainty there can be no guarantee that any Core Strategy will be fully deliverable. In Medway's case the targets for both housing and employment floorspace are openly acknowledged as being ambitious. This could be regarded as foolhardy but careful examination of the evidence shows that:
- In both cases the already identified pipeline of sites is more than sufficient to meet the targets proposed
 - Other than Lodge Hill, none of the pipeline sites require new allocations and the great majority already have planning approval or are the subject of adopted development briefs or masterplans. Even in the case of Lodge Hill a development brief has recently been adopted by the Council
 - There is a wide range of types and size of sites available, so there is no undue reliance on particular forms of development. It is accepted that some of the waterfront regeneration sites present significant challenges in bringing them forward but they are critical to the effective regeneration of the area and should not constrain the pace of development, even if they are completed later in the plan period
 - As described above there are various arrangements in place to support delivery and the Council is always open to further possibilities.
- 6.2 A longstanding principle of the development planning system is that individual plans, particularly those of a strategic nature, should take a genuinely long term view and not over react to the peaks and troughs that inevitably occur in the economic cycle. Current conditions are very challenging but the Core Strategy is looking 15 years ahead and the Council has determined that it should remain ambitious for its area.
- 6.3 When all these factors are taken into account it is considered that the Core Strategy is deliverable and that it has sufficient flexibility to take

account of changing circumstances. Should that prove not to be the case close monitoring would provide early warning and, if necessary, prompt a full or partial review of the Core Strategy in accordance with the guidance in PPS12.