

Examination of The Cranbrook Local Plan**Inspector: Janet Wilson BA(Hons) BTP MRTPI DMS**

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20 January 2021**To East Devon District Council****Dear Mr Brown****Cranbrook Local Plan Examination****Introduction**

1. The hearing sessions for the examination of the [Cranbrook Local Plan](#) (2019 to 2031) (the Plan) began in January 2020. Hearings were adjourned at the Council's request¹ to enable them to undertake further work relating to recalculating and clarifying figures important to the consideration of viability. Hearing sessions resumed in a virtual environment in November 2020. At those sessions it became apparent that there remained fundamental differences between the Council and the promoters of the expansion areas as to whether policies CB2 to CB6 were justified and effective.
2. Planning Practice Guidance (Paragraph: 006 Reference ID: 10-006-20190509) advises that 'Plan makers should engage with landowners, developers, and infrastructure and affordable housing providers to secure evidence on costs and values to inform viability assessment at the plan making stage'.
3. This interim letter deals with matters principally relating to viability and infrastructure costs. Its purpose is to clarify various parameters following which I expect the Council to carry out further viability work and assess its priorities in terms of infrastructure and other requirements such as affordable housing.
4. It is clear that the Council, site promoters and other representors are some distance apart on a number of inputs into the viability report and this has led to significant concerns that the extent of the requirements of the plan would lead to the development of the expansion areas being unviable and thus undeliverable.

¹ [Inspectors statement](#) to the Examination on 12 February 2020

5. On the basis of the evidence before me at this point the policies relating to the expansion areas (policies CB2 to CB5) and relating to infrastructure delivery (policy CB6) lack precision and are ambiguous and it is not clear how a decision maker should react to development proposals. I have concerns that these flaws mean the expansion areas may not be deliverable. If that is the case then the policies are neither justified nor effective and cannot in their current form be found sound.
6. Other matters examined earlier in the examination are not addressed here but may be the subject of main modifications which will eventually be subject to consultation and may require further sustainability appraisal work. These will be dealt with later in the examination process.

Viability

7. Policies CB2 to CB5 set out lists of key requirements for each of the four expansion areas. Policy CB6 relates to Infrastructure Delivery and sets out three categories within which infrastructure requirements are placed and then assigns a priority. This links to a much more detailed Infrastructure Delivery Plan (IDP). Policy CB6 expects delivery to be in accordance with that document even though it is not a development plan document in itself. The Council's viability report evaluates the broad costs associated with the infrastructure requirements and these are set out in [PSD21a](#). The viability report has been critically appraised by the site promoters and other representors who say that the totality of the requirements would render the expansion areas unviable.
8. In summary the main points of difference include: -
 - a. The methodology of the Council's [updated viability report](#) (PSD21a);
 - b. The extent to which the Council's requirements for infrastructure and other facilities impact upon on the deliverability of housing in the expansion areas;
 - c. The approach to costs equalisation;
 - d. Whether the undergrounding of pylons (policies CB4 and CB5) and the construction of the footbridge (policies CB2 and CB3) are necessary to facilitate the development.
9. Paragraph 34 of the National Planning Policy Framework (Framework) advises that plans should set out the contributions expected from development and that policies should not undermine the deliverability of the plan. Based on the evidence to date, the costs associated with the infrastructure requirements of Policy CB6 are undermining the deliverability of the plan. This is not an exact science and at this stage in the plan process the assessments should be a broad analysis of costs in order to provide high level assurance for the plan. Nonetheless the IDP has created significant concerns for developers regarding costs.
10. The Council has outlined elements of infrastructure delivery which are critical to the success of the expansion areas, yet these are not explicitly expressed as requirements in the Plan policies. It is important, if policies are to be effective, that the requirements of them are clearly understood by all parties and that they are underpinned by relevant and up-to-date evidence. Those

items that are essential for the delivery of the plan should be included in the policies in order for them to be effective. These are matters that the Council must address.

Infrastructure Delivery Plan

11. In order for the plan to be effective all of the essential infrastructure requirements associated with each expansion area should be set out in Policies CB2 to CB5. This is important for developers when preparing applications for planning permission. The IDP outlines circa £118 million of developer contributions against a total development value of £1.2 billion (around 10%). Requiring development to 'accord' with a separate document such as an IDP, which is not part of the development plan, would not meet the tests of soundness. It could represent an open-ended and changing list of requirements which would fail to deliver certainty.
12. Whilst the Council have given clarity to the methodology for the annual update of the IDP², linking it to the wording of policy CB6 is neither justified nor effective. These factors require the Council to revisit some of the fundamental factors of the IDP and reframe the content of Policies CB2 to CB6 in order that they can be made effective.
13. Policy CB6 sets out different categories for infrastructure items though it is the IDP which indicates the priority of critical, important or desirable to each. The Council should reflect on those items in the IDP which are not directly listed in the policies but which it regards as critical or important to the delivery of the expansion areas. These should be included in the policies of the plan, in order to provide clarity to the Council's requirements and more certainty to the developers.
14. The rationalised list in the IDP should set out the items in an updated costs schedule³. It should distinguish items which will be normal elements allied to planning applications. It should also clearly distinguish items where external funding is involved, or where the delivery is a statutory responsibility. The table should be split into sections for the four expansion areas and then broken down further by core area for example education, infrastructure, transport, energy, community facilities. Costs associated with a specific expansion area i.e. costs associated with mineral rights at CB3 clearly impact on viability but it is not necessary to elevate them to policy requirements as they are matters separate to the planning obligations
15. It should be clear which costs are associated solely with the expansion area and which are to fund facilities for all and are to be legitimately shared across all expansion areas. This will enable the requirements set out in Policies CB2 to CB5 to be clear and the basis on which the elements within them are justified.
16. The Council have set out that the costs per unit for Phase 1 were reached in a different manner. They have clarified that costs per unit for phase 1 amounted to £16,700⁴. However, they set out that in the earlier phase almost double the amount of affordable housing was provided and the

² Section 14 of [PSD25](#)

³ [Previous costs schedule](#) link

⁴ Para 1.11 [Page 6 of EDDC response to additional questions AQ1 to AQ12](#)

delivery was via a consortium whereby land costs were absorbed. The effect was that per unit costs were, by comparison, much lower. I have little evidence before me to suggest that it is reasonable to expect the per plot contribution to equate to the same level as the earlier phase.

17. Phase 2 is a significantly different delivery model where there is no consortium. In this model the Council is acting as the 'broker' to facilitate the delivery of a wide range of community and other provisions needed to support the new community. This, the Council argues, necessitates the equalisation of costs and I shall return to this matter later in my letter. It is also important to acknowledge that some of the items will benefit from external funding either through partnership arrangements or funding from statutory bodies. All of these elements affect the balance of funding solutions.
18. Moreover, the Cranbrook Plan has already reduced the affordable housing contributions required in recognition of the complex nature of requirements which have been allowed for by the Council and which has moderated the draw on costs to the scheme.

East Devon District Council (EDDC) Viability report July 2020

19. The Planning Practice Guidance (PPG) requires viability reports are prepared with professional integrity by a suitably qualified practitioner and presented in accordance with National Planning Guidance. Whilst the absence of '*RICS expertise*' in preparing the viability report may have undermined the confidence of a number of participants, it is a matter of fact that the PPG does not specify that a RICS qualification or accreditation is a prerequisite in conducting reports of this kind. The RICS guidance⁵ makes clear that a financial viability report does not necessarily have to be undertaken by a chartered surveyor however they are likely to be beneficial to the process if they are involved.
20. It will be important to foster greater confidence through the reworking of the viability report particularly on the critical points of difference so that all parties will respect and commit to the outputs. Participants have expressed a willingness to come to the table to discuss matters further and the establishment of common ground is to be encouraged and should be set out in joint Statements of Common Ground.
21. This should enable the capacity of the development to fund infrastructure to be established and for the Council then to make judgements on how that capacity will be best utilised at Cranbrook.
22. Participants at the examination requested specific guidance from me on aspects of the infrastructure requirements set out in the IDP, along with other policy requirements such as affordable housing, with a view to decisions being taken as to whether they remain requirements of the plan or are removed. These are choices and priorities that the Council need to consider and reach a view on, taking account of the need for development to be viable. It seems likely that the four expansion areas will not be able to

⁵ [RICS guidance – Financial Viability in Planning 2012 – Appendix G](#)

deliver all of the items on the Council's 'wish list' and compromises will have to be made.

Values and outputs of the viability report

23. The Policies (CB2 to CB6) are not specific on the detailed matters relating to values or viability and this is not unusual. It is the detailed application of the IDP which has caused participants to raise concerns over the ability of the development to fund all the Council's requirements. This has led to a great deal of focus on the values used in the viability report.
24. There is agreement on the Benchmark Land Value for developable land which is accepted by the participants and the Council as £300,000 per hectare.
25. The key differences between the parties relate to: -
 - a. Value of Suitable Alternative Green Space (SANGS) land
 - b. Developer return on market housing
 - c. Developer return on affordable housing
 - d. Base build costs
 - e. Finance costs
 - f. Sales and marketing costs
 - g. The implications of changes to parts L and F of Building Regulations (Future Homes Standard)

I shall deal with each of these items in turn.

Value of SANGS land

26. Land which is to be used as SANGS is valued at £25,000 per hectare by the Council, but not all participants agree with that figure. The point at issue is whether the viability report should use the £25,000 value or the same figure as for developable land (£300,000). The Council's position is that the SANGS land would not otherwise be appropriate/developable for housing land and therefore has an inherent agricultural value. The Council, as a compromise, advocate a blended value whereby a benchmark value of £222,491⁶ would aggregate the costs consistently across the expansion areas.
27. As the provision of SANGS land would be required in advance of the occupation of any additional dwellings (as it is required to mitigate the impact of new development on the Pebblebed Heaths Special Protection Area (SPA)), developers argue that it should have the same land value as the developable land.
28. There is a £21.5 million difference between these two approaches. The starting point for assessing values should be in response to local circumstances, based on a premium over existing use. In the circumstances at Cranbrook the SANGS land would not have an alternative use value (AUV) for residential development given its location beyond the expansion areas designated for built development. The SANGS areas would be located in open countryside in planning policy terms. PPG (Paragraph: 017 Reference ID: 10-017-20190509), advises 'if applying alternative uses when

⁶ Table 3.7 page 16 of July 2020 [Viability report EDDC](#)

establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies...’.

29. Whilst an uplift on agricultural values would be warranted in order to encourage the land to be brought forward for SANGS, for the reasons I have already set out and considering the constraints of topography and, in places the implications of flooding, an equal value would not be justified.
30. The Council’s figure of 27% above agricultural land value is comparable to the figure used for SANGS in connection with an urban expansion development at Exeter⁷. On the basis of the evidence before me I consider the Council’s approach to be reasonable and justified.

Developer Return on Market Housing

31. The Council have used a figure of 17.5% of Gross Development Value developer return in their viability report on the basis that this is a mid-point within the range of 15-20% suggested in the PPG (Paragraph: 018 Reference ID: 10-018-20190509). The developers and participants argue that the 20% rate of return used elsewhere in East Devon (the rate utilised at the February 2020 EDDC Community Infrastructure Levy examination)⁸ should be employed.
32. It was put to the examination by the developers’ legal representatives that the complexity of developing the expansion areas and the demanding levels of obligations warrant a developer profit at the higher end of the scale. The Homes and Communities Agency Viability Model referred to by the Council⁹ indicates that 17.5% to 20.0% is a guide and the actual figure will depend on the state of the market and the complexity of the scheme. The Council argue that a higher rate of return may be appropriate in circumstances where there is less certainty in respect of site infrastructure and planning obligation costs whereas there is a higher degree of certainty that development will proceed at Cranbrook and this reduces the risk. Evidence given to the examination demonstrates that the uptake of housing at Cranbrook continues to be successful and the lower risks associated with a phase 2 development at Cranbrook are reflected in the continued market interest; particularly so given the significantly higher land values in other parts of East Devon. Even given the current uncertainties related to the Covid pandemic, I am not persuaded that the level of risk is at the highest end of the scale outlined in the HCA guidance or the PPG.
33. Nonetheless the Council has subsequently indicated that they intend to model a number of levels of developer profit scenarios between 15.5% and 19.5%¹⁰. I do not consider it appropriate to reduce the level of profit to below 17.5%, which the viability reports have previously indicated to be the appropriate level. Once other variables have been recalculated developer profit should be modelled and tested at the Council’s preferred level of

⁷ Para 2.5 of [PSD25](#)

⁸ The Report on the [Examination of the Councils Community Infrastructure Levy](#) Charging Schedule in February 2020 concluded that the Councils levy rate of £0psm ‘is justified on available evidence and would strike an appropriate balance between helping to fund new infrastructure supporting the aims and objectives of the EDLP whilst ensuring viability’. The viability report supporting that assessment is the same document which accompanies this plan albeit updated in July 2020.

⁹ [PSD 30 Paragraph 5.1]

¹⁰ Letter dated 26 November from EDDC to Inspector (not yet published)

17.5%, the developer's preferred level of 20% and a point midway between the two, so, 18.75%. These would all be within the range set out in the PPG¹¹.

Developer return on Affordable Housing

34. The Council needs to clarify why it has calculated a 6% developer return based on base build costs rather than GDV. The Council should clarify the precise PPG reference upon which it relies to justify this calculation method given that the PPG (paragraph 018 Reference ID: 10-018-20190509), indicates a range of return on GDV should be used and indicates a lower figure for affordable housing.

Base Build Costs

35. The revised base build costs have utilised lower and median quartile build costs with the only explanation given that they are suitable for large scale development such as Cranbrook. Conversely developers argue that higher build costs were justified. However, there is little before me to conclusively demonstrate that build costs should be above the median Building Cost Information Service data. It has been argued that building regulations enhancements plus the need to adhere to design codes may mean higher build costs are justified. That may prove to be the case but I am not satisfied on the basis of the evidence before me that higher build costs across a development of this overall size would be justified. Scenarios should test build costs at the median and higher levels in order to demonstrate their impact on viability before higher levels can be justified.

Finance Costs

36. A discussion took place at the hearings about the impact of finance costs where developers and participants argued that the finance costs would impact on the scheme much earlier in the process than had been allowed for in the viability report. Whilst it is clear that this is a scheme of some complexity, I am not persuaded that the purchase costs of land would be pushed well into the future as suggested by the Council. Instead there are more likely to be early costs which will require ongoing developer finance. In the early phases of development, it might be necessary for some proposals to frontload the delivery of infrastructure to open the site up to development and the housing trajectory¹² indicates that it is expected that in the early years less houses will be constructed.
37. Developers argue that industry standards should be used when setting out the costs attributable to developer finance and I agree. Where there are variances from the norm it would be helpful for the Council to identify why alternative values have been used and how they are justified.

Sales/Marketing costs

38. Sales costs have been allowed at 3.0% by the Council and have been applied to affordable housing, gypsy and traveller sites and employment. The Council should clarify on what basis this figure has been chosen in

¹¹ Paragraph: 018 Reference ID: 10-018-20190509

¹² Table 3.11 of the Cranbrook Viability Update Study (the July 2020 Viability Report)

preference to the suggested industry standard of 5% outlined in evidence from the developers and why it has been applied to affordable housing and gypsy and traveller sites.

Building Regulations changes

39. Developers and participants have argued that cost allowances should be made for the Future Homes Standard, anticipating changes to Building Regulations requirements (Parts L and F) since the changes are likely to impact on the build costs. As these would not be unique to this settlement nor would they necessarily impact to a greater extent than on any other development site. Whilst some adjustment in costs may be needed, I have no tangible evidence to demonstrate the basis for the £13.6 million of costs increase which the participants have argued would be required.

Gypsy and Traveller sites

40. Gypsy and traveller sites are a form of housing like any other and their provision responds to an identified need in the district which is to be accommodated at Cranbrook. Nonetheless the sites will be made available by specific developers from expansion areas CB3 and CB4 respectively and costs will be recovered directly. In this regard the provision should not be a cost equalised across all four expansion areas .

41. Insofar as costings for the two sites, the Council need to make clear the rationale behind the different costs given the points made to the examination about access road costs to the Treasbeare site being accounted for elsewhere. Similarly, clarity on the Council's specific requirements for the infrastructure expected to be provided for these sites will, provide the necessary transparency to enable all parties to understand the basis on which the land cost to be used is justified. I have not yet been presented with a cogent argument that these sites should be brought forward with a value the same or close to residential land on a per hectare basis.

Specific Item Costs

42. Comments are set out below in relation to the following items: -

- Pylons
- Treasbeare/Bluehayes Bridge
- The provision of connections for Combined Heat and Power (CHP)
- Health and Wellbeing Hub
- Extra Care facilities
- Retail endowment
- Requirement for roundabout at the Cobdens Lane junction
- The second railway station.

Pylons

43. It is an undisputed fact that the cost of undergrounding pylons at Cobdens and the Grange expansion areas would be significant. These cost estimates range between £5.1 million and an upper cost of around £8 million. The benefit of undergrounding the pylons is not simply related to the land which would be freed up for development. Evidence indicates that undergrounding would free up land for around just 23 additional homes on an expansion area

accommodating up to 1495 homes. It is argued by the developers¹³ that this would result in a prohibitively high cost per unit to deliver. It would also significantly delay development as undergrounding would take between 4 and 6 years to achieve; not only would this have an impact on other costs such as developer finance, it would also affect the Council's 5 year housing land supply as this site is expected in the Council's housing trajectory to begin to deliver housing in 2022.

44. The undergrounding would achieve significant visual benefits and would impact positively on the placemaking agenda and the quality of development which could be delivered. The Council will however need to weigh the importance of these visual benefits balanced against the disbenefits such as the cost and the delay to housing delivery. This will need to be taken into account by the Council when it reviews its priorities. Only then can it be decided whether undergrounding should be retained on the list of requirements in Policies CB4 and CB5 and included in the IDP.
45. In relation to costs equalisation, on the basis of the evidence to date and in the context of the Framework guidance¹⁴, I regard the undergrounding of the pylons as a site-specific cost affecting only Cobdens and The Grange expansion areas (Policies CB4 and CB5). In the context of Policy CB6¹⁵ it would be infrastructure which is site specific to the two expansion areas and not a direct benefit to other expansion areas such that the equalisation of its cost would be justified across all four expansion areas.

Treasbeare/Bluehayes Bridge

46. Though not explicitly required by Policies CB2 and CB3 the Plan indicates in the supporting text¹⁶ to Policy CB25 relating to London Road improvements that land to facilitate a bridge crossing should be identified and retained for this purpose. The purpose being to achieve *'an identified crossing point on one side of the road must be matched by coordinated and connected points opposite to ensure that a comprehensive and well used network of routes are provided to help strengthen the sustainability, legibility and health benefits of living and working in the town'*¹⁷. The cost of the bridge is estimated at around £2.8 million.
47. During discussions at the hearings it became clear that other options to connect Bluehayes and Treasbeare (CB2 and CB3) may be possible utilising an at grade solution. The provision of a bridge is not a policy requirement, however the safeguarding of land to enable crossing points is. The bridge is referenced only in supporting text to policy CB25 in the following manner *'is likely that the installation of a well-designed gateway bridge which spans the road and allows a meaningful and attractive connection between Bluehayes and Treasbeare will be supported.'*
48. On the basis of the current evidence the requirement for the provision of a bridge has not been justified and the wording should be adjusted accordingly. Should the bridge subsequently be deemed a highway safety requirement

¹³ RPS for Persimmon Homes

¹⁴ Paragraph 56 of the Framework

¹⁵ [Page 38 of the Cranbrook Plan](#)

¹⁶ Paragraph 4.67 of the Cranbrook plan

¹⁷ Paragraph 4.66 of the Cranbrook Plan

then this may require other costs within the allocation to be revised through the planning application process. This cost would be directly related only to the Treasbeare and Bluehayes site (CB2 and CB3).

The provision of connections to Combined Heat and Power (CHP)

49. The vision for Cranbrook as a zero-carbon development is stated as being based on a connection to a district heating network served by combined heat and power and private wire electricity connections. This was the subject of some debate earlier in the examination process and again during the viability hearing sessions when the Council outlined the updated position. The concerns related to establishing costs and that any substantive increases would not impact on the estimated 106 contribution of £5,000 per plot. From the evidence regarding external funding bids and the progress which has been made to bring this forward the Council's approach to the requirements and the safeguarding of land appear realistic. The provision of energy efficient heating networks supports objectives set out in paragraph 148 of the Framework in relation to the transition to low carbon future. As such provision for district heating connections as part of Policy CB13 is justified and consistent with national policy.
50. The examination heard evidence from the Council regarding the funding bids to support the provision of CHP which indicated that national funding to assist delivery would be sought. Whilst costs cannot be guaranteed it seems to me that any assistance with funding from external sources would be likely to decrease costs rather than increase them and £5k per plot would be a reasonable figure for this provision.

Health and Wellbeing Hub

51. The provision of a health and wellbeing hub is intended to provide a campus-based approach to delivering health and related care activities. This will meet the needs of the community as it continues to grow as the existing GP provision is insufficient to meet the needs of the expanded areas. The full cost of this facility is estimated to be around £16.3 million, of which £8.7 is sought from the expansion areas on an equalised basis¹⁸. There is no evidence to demonstrate that this requirement is excessive in relation to a settlement of 20,000 people and it is required as a direct result of the expansion of the town. The requirement for its provision is both reasonable and necessary to service the expansion of the settlement. The priority given to it over and above other facilities will be a matter for the Council to determine in relation to overall costs and priorities. Nonetheless some adjustment to the text of the policy will be required to clarify the requirements of Policy CB22 in order to make it effective.

Extra Care facilities

52. Extra care housing provision is intended as part of the Town Centre Policy which requires extra care housing to be delivered. Strategy 36 of the EDLP requires accessible and adaptable homes and care/extra care provision. That policy would not be superseded by the Cranbrook Plan. However, Policy

¹⁸ As set out at [page 7 of the IDP](#)

CB22 does not specify any quantum for this provision. It is only in the IDP that a specific requirement is set out.

53. The Framework at paragraph 60 indicates that the housing needs of different groups in the community should be reflected in planning policies and EDLP Strategy 36 accords with this. At Cranbrook it is envisaged that this will be brought forward through the provision of serviced land and by a financial contribution via section 106 agreements. The County Council gave evidence at the hearings that there is a specific and identified need for extra care provision and that they will be funding the majority of development costs.
54. The provision of the site and partial funding is considered to be justified. However, the wording of CB22 requires revision to make the actual specific requirements clear in order for the policy to be effective.

Retail endowment

55. I have been requested to express a view on the issue of the retail endowment requirements. This matter requires further clarification by the Council as the references to endowments in the IDP, in so far as I understand them relate to endowments for SANG land and not for retail purposes. In any event these are not policy requirements

Requirement for a roundabout at the Cobdens Lane/London Road junction

56. The IDP includes reference to costs relating to the formation of a 3-armed roundabout at the point where Cobdens Lane meets London Road with an estimated cost of £1.83 million indicated to be developer funded. This is intended to provide safe access to Cobdens and The Grange expansion areas through the formation of a principal access into both these sites. The future developers of these sites argue that this would be an over engineered solution.
57. As far as the current evidence presented is concerned I have nothing to confirm that the creation of a junction of this specification is necessary in the interests of highway safety, though it is evident from my visual inspection that the junction would require upgrading before it would be capable of accommodating new development. Whilst this is a matter that a planning submission would address in due course it is important that the Council clarifies its requirements and the likely costs in greater detail as part of the revised viability report and any separate reference in the supporting IDP, particularly if it is necessary for highway safety reasons. This would provide some certainty for the developers at this stage, rather than the planning application stage.

Second railway station

58. The policy requirement for land to accommodate a second railway station to be safeguarded throughout the plan period, will enable the additional station to come forward through national funding mechanisms in the future. Given the nature and position of the land there would be no detriment in this being incorporated into the open space provision for the duration of the plan period. On the basis of the evidence before me the requirement for the safeguarding of the land and the contribution to further feasibility works appear justified and therefore sound.

Sensitivity testing

59. The extent of sensitivity testing summarised in PSD21a was the subject of discussion at the hearings. During these sessions it became apparent that deficiencies previously identified by participants had not been adequately tested and for some scenarios there had been no testing at all. This work needs to be carried out by the Council. Whatever assumptions the Council now chooses to make, the basis, range and robustness of the sensitivity testing needs to be set out clearly in order that it can be adequately understood and properly scrutinised.
60. Criticisms were also made that the Three Dragons model explored in the viability report was inconsistent with work which had been undertaken elsewhere in the locality by Three Dragons and which utilised different inputs but which gives no explanation as to why different values had been employed. The differing levels are indicated in representations¹⁹. The Council should review these in detail in order that it can be clearly understood why different figures have been applied in similar situations as this affects the credibility of the report and the consistency with key assumptions made elsewhere in comparable circumstances. The Council should have regard to these matters in clarifying inputs into the viability assessment.
61. The Council in responding to the matters raised should ensure that as part of the additional work it is able to demonstrate the justification for revised figures and set out what scenarios have been considered and how these have been tested for sensitivity.

Main Modifications

62. The Council are requested to draw together an updated list of draft main modifications (MMs) to draw together changes indicated to date. This will enable particularly complex wording, including that indicated in relation to education provision to be finalised. It would be beneficial if the Council were to engage with representors to discuss relevant MMs also. It is likely there will be a need for some more MMs following the additional work set out above. In time these will need formally consulting on and further sustainability work may be required.

Next steps

63. The Council has accepted the need to look again at viability in order to break the impasse. There was a strong measure of agreement between the Council and developers at the recent examination hearings where each affirmed their desire to see the Plan progress successfully and stated a willingness to work with the Council to achieve this. Participants indicated the need to maintain momentum and it is envisaged that further viability work would begin as soon as possible in 2021
64. The Council needs to reappraise the expansion area sites based on those infrastructure requirements which are justified, taking into account my findings set out above. The Council has important choices to make on which items from their infrastructure list are critical and to reappraise what have

¹⁹ [As detailed in Appendix 1 to Cranbrook LVA LLP response](#)

been referred to the participants as 'big ticket' items. On some of these matters I have given my view e.g. equalisation. The Council then needs to consider whether those choices ensure the expansion areas are viable and deliverable.

Conclusion

65. I made it clear at the examination that some ground needs to be ceded by the Council if the plan is to reach a point where it can be found sound. For this to happen, the policy requirements must be appropriately balanced to ensure that the expansion areas are deliverable.
66. Failure to bring forward policies that are likely to result in the development of the expansion areas has serious consequences for this examination and also the Council's 5-year housing land supply which relies on the development to provide over 1800 dwellings across all four expansion areas, with delivery starting in 2022/3.
67. Once the Council has had chance to digest the contents of this letter it should provide a timetable for the following work:
 - a. Discussion and agreement, where possible, between the Council and developers in relation to values and inputs into the viability model;
 - b. Discussion with key developers to seek agreement on Statements of Common Ground
 - c. Reassessment and revision of the IDP/costs schedule and policy content to include items that are critical/essential for the delivery of the plan;
 - d. Clarify the specification required for the Gypsy and Traveller sites in order that land costs can be clarified;
 - e. Scenario test on the basis of different levels of developer return as set out in paragraph 21 to 33 above;
 - f. Preparation of revised viability model taking into account points a) to e) above.
68. Once I have received the additional work from the Council, I shall decide whether more hearing sessions are necessary or if the outstanding matters could be dealt with more efficiently by way of written statements and statements of common ground.
69. I look forward to hearing from you in due course. I am not setting a deadline for a response from the Council, but an early indication of when the Council is likely to be able to provide a response would be appreciated.
70. I am not seeking a response to this letter from any other parties and will not receive any comments on it. Nevertheless, I am happy to provide any necessary clarification to the Council via the Programme Officer.

Janet Wilson

Examining Inspector